

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION  
JUNE 30, 2016**

## **INTRODUCTORY SECTION**

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CITY OF RUIDOSO DOWNS  
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**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
OFFICIAL ROSTER  
JUNE 30, 2016**

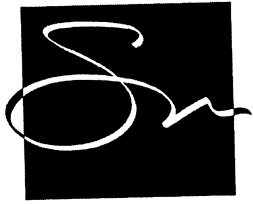
**CITY COUNCIL**

<b>Name</b>	<b>Title</b>
Gary L. Williams	Mayor
Judy Miller	Councilor
Margie Morales	Councilor
James Romero	Councilor
Shane Walker	Councilor

**CITY OFFICIAL**

<b>Name</b>	<b>Title</b>
Mary Castaneda	Finance Director
Carol Virden	City Clerk/Treasurer

## **FINANCIAL SECTION**



**SCOTT NORTHAM, CPA, PC**  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Timothy Keller, New Mexico State Auditor, and  
Honorable Mayor and Councilors of  
City of Ruidoso Downs  
Ruidoso Downs, New Mexico

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue funds of the City of Ruidoso Downs, New Mexico as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the City's nonmajor governmental, nonmajor enterprise, and the budgetary comparisons for the major capital project funds, debt service funds and all nonmajor funds presented as supplemental information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ruidoso Downs, New Mexico as of June 30, 2016, and, the respective changes in financial position and cash flows thereof and the respective budgetary comparison for the General Fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, nonmajor enterprise, of the City as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the major capital project funds, debt service funds, and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require the budgetary comparison information as noted in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required Supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has elected to omit the MD&A for the year ended June 30, 2016, which is required to be presented to supplement the basic financial statements by accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it an essential part of financial reporting. Our opinion on the basic financial statements is not affected by this omitted information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements, that collectively comprise the City of Ruidoso Downs's basic financial statements, the combining and individual fund financial statements and the budgetary comparisons. The schedules required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Vendor Expenditures has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Scott Northam, CPA, PC  
Ruidoso, New Mexico  
December 14, 2016

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
STATEMENT OF NET POSITION  
JUNE 30, 2016**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ 2,979,560	\$ 2,395,966	\$ 5,375,526
Accounts Receivable, Net	-	83,137	83,137
Taxes Receivable			
Gross Receipts	471,545	108,113	579,658
Franchise	15,694	-	15,694
Property, Net	70,100	-	70,100
Lodgers	19,232	-	19,232
Gasoline	746	-	746
Other Receivable	48,753	-	48,753
Prepaid Expenses	10,758	-	10,758
Inventory	31,980	145,718	177,698
<b>Total Current Assets</b>	<b>3,648,368</b>	<b>2,732,934</b>	<b>6,381,302</b>
<b>NONCURRENT ASSETS</b>			
Restricted Cash and Cash Equivalents	-	79,524	79,524
Capital Assets, Net	11,261,286	10,435,487	21,696,773
<b>Total Noncurrent Assets</b>	<b>11,261,286</b>	<b>10,515,011</b>	<b>21,776,297</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Net Pension Liability Deferred Outflows	54,899	-	54,899
Post Measurement Date Employer Contributions	193,140	-	193,140
<b>Total Deferred Outflows</b>	<b>248,039</b>	<b>-</b>	<b>248,039</b>
<b>Total Assets and Deferred Outflows</b>	<b>\$ 15,157,693</b>	<b>\$ 13,247,945</b>	<b>\$ 28,405,638</b>

The accompanying notes are an integral part of these financial statements.

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$ 8,996	\$ 76,705	\$ 85,701
Accrued Payroll	51,588	6,942	58,530
Accrued Interest	17,163	-	17,163
Current Portion of Long-Term Debt	59,000	17,987	76,987
<b>Total Current Liabilities</b>	<u>136,747</u>	<u>101,634</u>	<u>238,381</u>
<b>NONCURRENT LIABILITIES</b>			
Customer Deposits	-	66,288	66,288
Accrued Compensated Absences	76,441	8,277	84,718
Long-Term Debt, Net of Current Portion	998,000	437,764	1,435,764
Net Pension Liability	2,349,015	-	2,349,015
<b>Total Noncurrent Liabilities</b>	<u>3,423,456</u>	<u>512,329</u>	<u>3,935,785</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Net Pension Liability Deferred Inflows	122,109	-	122,109
Deferred Property Taxes	43,590	-	43,590
<b>Total Deferred Inflows of Resources</b>	<u>165,699</u>	<u>-</u>	<u>165,699</u>
<b>Total Liabilities and Deferred Inflows</b>	<u>3,725,902</u>	<u>613,963</u>	<u>4,339,865</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	10,204,286	9,979,736	20,184,022
Restricted for:			
Special Revenue Funds	1,241,648	-	1,241,648
Debt Service	84,821	377,170	461,991
Unrestricted (Deficit)	(98,964)	2,277,076	2,178,112
<b>Total Net Position</b>	<u>11,431,791</u>	<u>12,633,982</u>	<u>24,065,773</u>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<u>\$ 15,157,693</u>	<u>\$ 13,247,945</u>	<u>\$ 28,405,638</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<i>Primary Government</i>				
<b>Governmental Activities:</b>				
General Administration	\$ 937,780	\$ 40,881	\$ 120,973	\$ 922,477
Streets and Transportation	581,678	-	67,881	-
Public Safety	1,339,033	-	28,000	-
Culture, Recreation and Promotion	481,453	99,323	104,598	-
Judicial	131,023	154,977	-	-
Interest and Fiscal Charges	44,471	-	-	-
Depreciation	347,847	-	-	-
<i>Total Governmental Activities</i>	<u>3,863,285</u>	<u>295,181</u>	<u>321,452</u>	<u>922,477</u>
<b>Business-Type Activities:</b>				
Sewer Fund	608,013	389,200	-	-
Sanitation Fund	288,102	210,779	-	-
Water Fund	614,861	454,242	-	-
Improvement Funds	1,661	-	-	23,649
<i>Total Business-Type Activities</i>	<u>1,512,637</u>	<u>1,054,221</u>	<u>-</u>	<u>23,649</u>
<b>Total - Primary Government</b>	<u>\$ 5,375,922</u>	<u>\$ 1,349,402</u>	<u>\$ 321,452</u>	<u>\$ 946,126</u>

**General Revenues**

Taxes:

- Gross Receipts Tax
- Environmental Gross Receipts Tax
- Franchise Tax
- Property Tax
- Gas Tax
- Lodgers Tax
- Other Taxes

Miscellaneous

**Total General Revenues**

Net Transfers

**Total General Revenues and Transfers**

Change in Net Position

**Net Position Beginning of Year - Originally Stated**

Prior Period Adjustments

**Net Position Beginning of Year**

**Net Position End of Year**

The accompanying notes are an integral part of these financial statements.

<b>Net (Expense) Revenue and Changes in Net Position</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ 146,551	\$ -	\$ 146,551
(513,797)	-	(513,797)
(1,311,033)	-	(1,311,033)
(277,532)	-	(277,532)
23,954	-	23,954
(44,471)	-	(44,471)
(347,847)	-	(347,847)
<u>(2,324,175)</u>	<u>-</u>	<u>(2,324,175)</u>
-	(218,813)	(218,813)
-	(77,323)	(77,323)
-	(160,619)	(160,619)
-	21,988	21,988
<u>-</u>	<u>(434,767)</u>	<u>(434,767)</u>
<u>(2,324,175)</u>	<u>(434,767)</u>	<u>(2,758,942)</u>
2,850,451	-	2,850,451
-	612,549	612,549
70,953	-	70,953
402,827	-	402,827
10,253	-	10,253
198,590	-	198,590
16,340	-	16,340
43,483	-	43,483
<u>3,592,897</u>	<u>612,549</u>	<u>4,205,446</u>
<u>(1,992)</u>	<u>1,992</u>	<u>-</u>
<u>3,590,905</u>	<u>614,541</u>	<u>4,205,446</u>
1,266,730	179,774	1,446,504
10,107,349	12,394,741	22,502,090
57,712	59,467	117,179
<u>10,165,061</u>	<u>12,454,208</u>	<u>22,619,269</u>
<u>\$ 11,431,791</u>	<u>\$ 12,633,982</u>	<u>\$ 24,065,773</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	General Fund	Museum Fund	Debt Service Fund	Other Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,740,529	\$ 13,853	\$ 84,820	\$ 1,140,358	\$ 2,979,560
Taxes Receivable					
Gross Receipts	471,545	-	-	23,389	494,934
Franchise	15,694	-	-	-	15,694
Property, Net	51,534	-	18,566	-	70,100
Lodgers	-	-	-	19,232	19,232
Gasoline	-	-	-	746	746
Other Receivable	-	-	-	48,753	48,753
Prepaid Expenses	10,758	-	-	-	10,758
Inventory	-	31,980	-	-	31,980
<b>Total Assets</b>	<u>\$ 2,290,060</u>	<u>\$ 45,833</u>	<u>\$ 103,386</u>	<u>\$ 1,232,478</u>	<u>\$ 3,671,757</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 8,996	\$ 91	\$ -	29,057	\$ 38,144
Accrued Payroll	51,588	5,732	-	1,783	59,103
<b>Total Liabilities</b>	60,584	5,823	-	30,840	97,247
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Inflows - Property Taxes	51,081	-	18,565	-	69,646
<b>Total Liabilities and Deferred Inflows</b>	111,665	5,823	18,565	30,840	166,893
<b>FUND BALANCES</b>					
Restricted					
Debt Service	-	-	84,821	-	84,821
Assigned	-	40,010	-	1,201,638	1,241,648
Unassigned	2,178,395	-	-	-	2,178,395
<b>Total Fund Balances</b>	<u>2,178,395</u>	<u>40,010</u>	<u>84,821</u>	<u>1,201,638</u>	<u>3,504,864</u>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<u>\$ 2,290,060</u>	<u>\$ 45,833</u>	<u>\$ 103,386</u>	<u>\$ 1,232,478</u>	<u>\$ 3,671,757</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
RECONCILIATION OF GOVERNMENTAL FUNDS  
FUND BALANCE TO GOVERNMENT ACTIVITIES  
NET POSITION  
JUNE 30, 2016**

<b>Total Fund Balance - Governmental Funds</b>	\$	3,504,864
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		11,261,286
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred inflows of resources in the fund financial statements but are considered revenue in the Statement of Activities.		39,330
Certain liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds. Those long-term liabilities include:		
Accrued Compensated Absences	(76,441)	
Notes and Bonds Payable	(1,057,000)	
Accrued Interest	(17,163)	
	(1,150,604)	(1,150,604)
Net Pension liability and deferred outflows and inflows of resources related to the pension are applicable to future periods, and therefore are not included in the governmental funds.		
Contributions Subsequent to the Measurement Date	193,140	
NPL Deferred Outflows	54,899	
NPL Deferred Inflows	(122,109)	
Net Pension Liability	(2,349,015)	
	(2,223,085)	(2,223,085)
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>11,431,791</b>

The accompanying notes are an integral part of these financial statements.



**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016**

	General Fund	Museum Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes					
Gross Receipts	\$ 2,716,116	\$ -	\$ -	\$ 134,335	\$ 2,850,451
Franchise	70,953	-	-	-	70,953
Property	296,479	-	106,348	-	402,827
Gas	-	-	-	10,253	10,253
Lodgers	-	-	-	198,590	198,590
Other	16,340	-	-	-	16,340
Charges for Service	2,289	-	-	25,229	27,518
Intergovernmental					
Federal	-	-	-	67,881	67,881
State	94,489	-	-	873,725	968,214
Local	4,098	-	-	28,000	32,098
Admissions	-	53,052	-	-	53,052
Memberships	-	5,650	-	-	5,650
Gift Shop Sales	-	39,171	-	-	39,171
Licenses, Fees and Permits	13,363	-	-	-	13,363
Fines and Forfeitures	102,589	-	-	52,388	154,977
Rentals	-	1,450	-	-	1,450
Grants and Contributions	22,386	104,598	-	48,752	175,736
Miscellaneous	42,378	600	-	505	43,483
	<u>3,381,480</u>	<u>204,521</u>	<u>106,348</u>	<u>1,439,658</u>	<u>5,132,007</u>
<b>Total Revenues</b>					
<b>EXPENDITURES</b>					
<b>Current</b>					
General Administration					
Executive	55,693	-	-	-	55,693
Elections	5,201	-	-	-	5,201
Finance and Administration	631,115	-	-	-	631,115
Legal	191,041	-	-	-	191,041
Planning and Zoning	174,337	-	-	-	174,337
Streets and Transportation	422,712	-	-	157,172	579,884
Public Safety					
Police	1,052,506	-	-	23,600	1,076,106
Fire	75,992	-	-	69,694	145,686
Animal Control	64,135	-	-	-	64,135
Code Enforcement	50,096	-	-	-	50,096
Culture, Recreation and Promotion					
Lodgers Tax Programs	-	-	-	29,278	29,278
Parks and Recreation	114,778	-	-	-	114,778
Museum	-	331,389	-	-	331,389
Senior Center	6,008	-	-	-	6,008
Judicial	107,610	-	-	23,047	130,657
<b>Capital Outlay</b>					
Minor Capital Outlay Under \$5,000	-	-	-	975	975
Capital Outlay Over \$5,000	87,023	-	-	863,105	950,128
<b>Debt Service</b>					
Principal	-	-	55,000	-	55,000
Interest and Administrative Fees	-	-	45,941	-	45,941
	<u>3,038,247</u>	<u>331,389</u>	<u>100,941</u>	<u>1,166,871</u>	<u>4,637,448</u>
<b>Total Expenditures</b>					
<b>Excess (Deficiency) of Revenues over Expenditures</b>	343,233	(126,868)	5,407	272,787	494,559

The accompanying notes are an integral part of these financial statements.

	General Fund	Museum Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	26,960	135,000	-	136,505	298,465
Transfers Out	<u>(51,992)</u>	<u>-</u>	<u>-</u>	<u>(248,465)</u>	<u>(300,457)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(25,032)</u>	<u>135,000</u>	<u>-</u>	<u>(111,960)</u>	<u>(1,992)</u>
<b>Change in Fund Balance after Transfers</b>	318,201	8,132	5,407	160,827	492,567
<b>Fund Balance, Previously Reported</b>	1,802,482	31,878	79,414	1,040,811	2,954,585
Prior Period Adjustments	<u>57,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,712</u>
<b>Fund Balance, Adjusted</b>	<u>1,860,194</u>	<u>31,878</u>	<u>79,414</u>	<u>1,040,811</u>	<u>3,012,297</u>
<b>Fund Balance, End of Year</b>	<u>\$ 2,178,395</u>	<u>\$ 40,010</u>	<u>\$ 84,821</u>	<u>\$ 1,201,638</u>	<u>\$ 3,504,864</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
RECONCILIATION OF GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE TO THE GOVERNMENTAL ACTIVITIES  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016**

**Net Changes in Fund Balance - Governmental Funds** \$ 492,567

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays over \$5,000 as expenditures in the Governmental Funds, but the cost of those assets is reported as capital assets in the Statement of Net Position. 950,128

Depreciation Expense allocated the cost of capital assets over their useful lives in the Statement of Activities, but the cost of the capital assets has already been expended in prior periods in the Governmental Funds. (347,847)

Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred inflows of resources in the fund financial statements but are considered revenue in the Statement of Activities. 2,038

Changes in long-term liabilities are reported as expenditures in the Governmental Funds but as changes in liabilities in the Statement of Activities. . Those changes in long-term liabilities include:

Change in Accrued Compensated Absences	(9,110)
Change in Accrued Interest	407
Long-Term Obligations Principal Payments	55,000

Changes in the Net Pension liability and deferred outflows and inflows of resources related to the pension are expended in the Statement of Activities but applicable to future periods in the Governmental Funds, and therefore are not included in the Governmental Funds. 123,547

<b>Change in Net Position of Governmental Activities</b>	<b>\$ 1,266,730</b>
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**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
GENERAL FUND  
YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Taxes				
Gross Receipts	\$ 2,715,660	\$ 2,716,273	\$ 2,716,116	\$ (157)
Franchise	78,156	78,156	70,953	(7,203)
Property	318,481	318,481	296,479	(22,002)
Other	16,328	16,428	16,340	(88)
Charges for Service	4,656	4,656	2,289	(2,367)
Intergovernmental				
State	70,000	90,000	94,489	4,489
Local	2,000	5,000	4,098	(902)
Licenses, Fees and Permits	12,025	12,025	13,363	1,338
Fines and Forfeitures	67,396	105,819	102,589	(3,230)
Grants and Contributions	10,000	12,387	22,386	9,999
Miscellaneous	49,484	63,597	42,378	(21,219)
<b>Total Revenues</b>	<u>3,344,186</u>	<u>3,422,822</u>	<u>3,381,480</u>	<u>(41,342)</u>
<b>EXPENSES</b>				
<b>Current</b>				
General Administration				
Executive	61,546	63,546	55,693	7,853
Elections	7,328	7,328	5,201	2,127
Finance and Administration	660,478	660,858	631,115	29,743
Legal	249,110	269,110	191,041	78,069
Planning and Zoning	203,116	203,196	174,337	28,859
Streets and Transportation	481,779	481,779	422,712	59,067
Public Safety				
Police	1,100,502	1,110,502	1,052,506	57,996
Fire	78,809	78,809	75,992	2,817
Animal Control	64,663	64,663	64,135	528
Code Enforcement	60,745	60,745	50,096	10,649
Culture, Recreation and Promotion				
Parks and Recreation	137,014	137,014	114,778	22,236
Senior Center	10,200	10,200	6,008	4,192
Judicial	117,036	117,036	107,610	9,426
Capital Outlay	81,101	90,221	87,023	3,198
<b>Total Expenditures</b>	<u>3,313,427</u>	<u>3,355,007</u>	<u>3,038,247</u>	<u>316,760</u>
<b>Excess of Revenues over Expenditures</b>	30,759	67,815	343,233	275,418
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	27,188	28,766	26,960	(1,806)
Transfers Out	(50,000)	(51,992)	(51,992)	-
<b>Total Other Financing sources (Uses)</b>	<u>(22,812)</u>	<u>(23,226)</u>	<u>(25,032)</u>	<u>(1,806)</u>
<b>Net Change in Fund Balance after Transfers</b>	7,947	44,589	318,201	273,612
<b>Cash Balance, Beginning of Year</b>	<u>1,470,286</u>	<u>1,470,286</u>	<u>1,470,286</u>	-
<b>Cash Balance, End of Year</b>	<u>\$ 1,478,233</u>	<u>\$ 1,514,875</u>	1,788,487	<u>\$ 273,612</u>
<b>Reconciliation to GAAP Basis</b>				
Change in:				
Taxes Receivable				
Gross Receipts			(27,921)	
Franchise			(2,367)	
Property			1,108	
Accounts Payable			(19,231)	
Deferred Property Taxes			453	
<b>Cash Balance - GAAP Basis</b>			<u>\$ 1,740,529</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
MUSEUM FUND  
YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Admissions	\$ 75,000	\$ 75,000	\$ 53,052	\$ (21,948)
Memberships	19,000	19,000	5,650	(13,350)
Gift Shop Sales	59,000	58,902	39,171	(19,731)
Rentals	1,600	1,600	1,450	(150)
Grants and Contributions	101,500	104,598	104,598	-
Miscellaneous	2,400	2,400	600	(1,800)
<b>Total Revenues</b>	<u>258,500</u>	<u>261,500</u>	<u>204,521</u>	<u>(56,979)</u>
<b>EXPENSES</b>				
<b>Current</b>				
Culture, Recreation and Promotion Museum	<u>392,129</u>	<u>395,627</u>	<u>331,389</u>	<u>64,238</u>
<b>Total Expenditures</b>	<u>392,129</u>	<u>395,627</u>	<u>331,389</u>	<u>64,238</u>
<b>Excess (Deficit) of Revenues over Expenditures</b>	(133,629)	(134,127)	(126,868)	7,259
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	135,000	135,000	135,000	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>135,000</u>	<u>135,000</u>	<u>135,000</u>	<u>-</u>
<b>Net Change in Fund Balance after Transfers</b>	1,371	873	8,132	7,259
<b>Cash Balance, Beginning of Year</b>	<u>15,115</u>	<u>15,115</u>	<u>15,115</u>	<u>-</u>
<b>Cash Balance, End of Year</b>	<u>\$ 16,486</u>	<u>\$ 15,988</u>	<u>23,247</u>	<u>\$ 7,259</u>
<b>Reconciliation to GAAP Basis</b>				
Change in:				
Inventory			(2,048)	
Accounts Payable			<u>(7,346)</u>	
<b>Cash Balance - GAAP Basis</b>			<u>\$ 13,853</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
DEBT SERVICE FUND  
YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes				
Property	\$ 113,573	\$ 113,573	\$ 106,348	\$ (7,225)
<b>Total Revenues</b>	113,573	113,573	106,348	(7,225)
<b>EXPENSES</b>				
<b>Debt Service</b>				
Principal	55,000	55,000	55,000	-
Interest and Administrative Fees	49,089	49,089	45,941	3,148
<b>Total Expenditures</b>	104,089	104,089	100,941	3,148
<b>Excess (Deficit) of Revenues over Expenditures</b>	9,484	9,484	5,407	(4,077)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	-	-	-	-
<b>Net Change in Fund Balance after Transfers</b>	9,484	9,484	5,407	(3,148)
<b>Cash Balance, Beginning of Year</b>	79,713	79,713	79,713	-
<b>Cash Balance, End of Year</b>	\$ 89,197	\$ 89,197	85,120	\$ (3,148)
<b>Reconciliation to GAAP Basis</b>				
Change in:				
Property Taxes			(300)	
<b>Cash Balance - GAAP Basis</b>			\$ 84,820	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
STATEMENT OF NET POSITION  
ENTERPRISE FUNDS  
JUNE 30, 2016**

	Sewer Fund	Sanitation Fund	Water Fund	Improvements Fund	Total Enterprise Funds
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	\$ 1,090,123	\$ 41,711	\$ 364,016	\$ 900,116	\$ 2,395,966
Accounts Receivable, Net	15,645	27,309	40,183	-	83,137
Gross Receipt Taxes Receivable	23,389	9,414	-	75,310	108,113
Inventory	-	-	145,718	-	145,718
<b>Total Current Assets</b>	<u>1,129,157</u>	<u>78,434</u>	<u>549,917</u>	<u>975,426</u>	<u>2,732,934</u>
<b>Noncurrent Assets</b>					
Restricted Cash and Cash Equivalents	-	-	79,524	-	79,524
Capital Assets, Net	65,031	-	5,564,934	4,805,522	10,435,487
<b>Total Noncurrent Assets</b>	<u>65,031</u>	<u>-</u>	<u>5,644,458</u>	<u>4,805,522</u>	<u>10,515,011</u>
<b>Total Assets</b>	<u>\$ 1,194,188</u>	<u>\$ 78,434</u>	<u>\$ 6,194,375</u>	<u>\$ 5,780,948</u>	<u>\$ 13,247,945</u>
 <b>LIABILITIES AND NET POSITION</b>					
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable	\$ 41,114	\$ 29,779	\$ 5,812	\$ -	\$ 76,705
Accrued Payroll	-	-	6,942	-	6,942
Current Portion of Long Term Debt	4,443	-	9,000	4,544	17,987
<b>Total Current Liabilities</b>	<u>45,557</u>	<u>29,779</u>	<u>21,754</u>	<u>4,544</u>	<u>101,634</u>
<b>Noncurrent Liabilities</b>					
Customer Deposits	-	-	66,288	-	66,288
Accrued Compensated Absences	-	-	8,277	-	8,277
Long-Term Debt, Net of Current Portion	74,727	-	289,000	74,037	437,764
<b>Total Noncurrent Liabilities</b>	<u>74,727</u>	<u>-</u>	<u>363,565</u>	<u>74,037</u>	<u>512,329</u>
<b>Total Liabilities</b>	<u>120,284</u>	<u>29,779</u>	<u>385,319</u>	<u>78,581</u>	<u>613,963</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	(14,139)	-	5,266,934	4,726,941	9,979,736
Restricted for Debt Service	79,170	-	298,000	-	377,170
Unrestricted	1,008,873	48,655	244,122	975,426	2,277,076
<b>Total Fund Net Position</b>	<u>1,073,904</u>	<u>48,655</u>	<u>5,809,056</u>	<u>5,702,367</u>	<u>12,633,982</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 1,194,188</u>	<u>\$ 78,434</u>	<u>\$ 6,194,375</u>	<u>\$ 5,780,948</u>	<u>\$ 13,247,945</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
ENTERPRISE FUNDS  
YEAR ENDED JUNE 30, 2016**

	Sewer Fund	Sanitation Fund	Water Fund	Improvements Funds	Total Enterprise Funds
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 378,100	\$ 210,779	\$ 422,612	\$ -	\$ 1,011,491
Tap and Reconnect Fees	10,200	-	9,809	-	20,009
Late Fees	-	-	17,310	-	17,310
Other Income	900	-	4,511	-	5,411
<b>Total Operating Revenues</b>	<b>389,200</b>	<b>210,779</b>	<b>454,242</b>	<b>-</b>	<b>1,054,221</b>
<b>OPERATING EXPENSES</b>					
Personnel Services	122,081	-	192,917	-	314,998
Contracted Services	400,702	288,102	136,895	-	825,699
Maintenance, Materials and Supplies	65,675	-	30,523	-	96,198
Other Expenditures	19,555	-	30,496	-	50,051
Depreciation	-	-	209,495	-	209,495
<b>Total Operating Expenses</b>	<b>608,013</b>	<b>288,102</b>	<b>600,326</b>	<b>-</b>	<b>1,496,441</b>
<b>Operating Loss</b>	<b>(218,813)</b>	<b>(77,323)</b>	<b>(146,084)</b>	<b>-</b>	<b>(442,220)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Gross Receipts Tax	423,513	53,135	-	135,901	612,549
Interest Expense	-	-	(14,535)	(1,661)	(16,196)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>423,513</b>	<b>53,135</b>	<b>(14,535)</b>	<b>134,240</b>	<b>596,353</b>
<b>Change in Net Position Contributions and Transfers</b>	<b>204,700</b>	<b>(24,188)</b>	<b>(160,619)</b>	<b>134,240</b>	<b>154,133</b>
<b>CONTRIBUTIONS AND TRANSFERS</b>					
State Grant Assistance	-	-	-	23,649	23,649
Transfers In	51,333	26,992	-	12,370	90,695
Transfers Out	(12,370)	-	-	(76,333)	(88,703)
<b>Total Contributions and Transfers</b>	<b>38,963</b>	<b>26,992</b>	<b>-</b>	<b>(40,314)</b>	<b>25,641</b>
<b>Net Change in Net Position</b>	<b>243,663</b>	<b>2,804</b>	<b>(160,619)</b>	<b>93,926</b>	<b>179,774</b>
<b>Net Position, Originally Reported</b>	<b>807,001</b>	<b>66,686</b>	<b>5,986,209</b>	<b>5,534,845</b>	<b>12,394,741</b>
Prior Period Adjustments	23,240	(20,835)	(16,534)	73,596	59,467
<b>Net Position, As Restated</b>	<b>830,241</b>	<b>45,851</b>	<b>5,969,675</b>	<b>5,608,441</b>	<b>12,454,208</b>
<b>Net Position, End of Year</b>	<b>\$ 1,073,904</b>	<b>\$ 48,655</b>	<b>\$ 5,809,056</b>	<b>\$ 5,702,367</b>	<b>\$ 12,633,982</b>

The accompanying notes are an integral part of these financial statements.



**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
YEAR ENDED JUNE 30, 2016**

	Sewer Fund	Sanitation Fund	Water Fund	Improvements Funds	Total Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Customers and Users	\$ 388,359	\$ 211,162	\$ 449,882	\$ -	\$ 1,049,403
Payments to and on Behalf of Employees	(122,081)	-	(192,917)	-	(314,998)
Payments to Suppliers and Contractors	(432,265)	(292,548)	(194,895)	-	(919,708)
Other Receipts and Payments, Net	(18,655)	-	(25,985)	-	(44,640)
Net Cash Provided (Used) by Operating Activities	<u>(184,642)</u>	<u>(81,386)</u>	<u>36,085</u>	<u>-</u>	<u>(229,943)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Capital Asset Purchases	(65,031)	-	(19,930)	(48,394)	(133,355)
Net Cash Used by Investing Activities	<u>(65,031)</u>	<u>-</u>	<u>(19,930)</u>	<u>(48,394)</u>	<u>(133,355)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
State Grant Assistance	-	-	-	23,649	23,649
Gross Receipts Tax	423,513	53,135	-	134,187	610,835
Transfers In	51,333	26,992	-	12,370	90,695
Transfers Out	(12,370)	-	-	(76,333)	(88,703)
Net Cash Provided by Non-Capital Financing Activities	<u>462,476</u>	<u>80,127</u>	<u>-</u>	<u>93,873</u>	<u>636,476</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>					
Interest Paid on Debt	-	-	(14,535)	(1,661)	(16,196)
Principal Paid on Debt	(4,443)	-	(8,000)	(4,455)	(16,898)
Net Cash Used by Capital Financing Activities	<u>(4,443)</u>	<u>-</u>	<u>(22,535)</u>	<u>(6,116)</u>	<u>(33,094)</u>
<b>NET CHANGE IN CASH</b>	208,360	(1,259)	(6,380)	39,363	240,084
<b>CASH AT BEGINNING OF YEAR</b>	881,763	42,970	449,920	860,753	2,235,406
<b>CASH AT END OF YEAR</b>	<u>\$ 1,090,123</u>	<u>\$ 41,711</u>	<u>\$ 443,540</u>	<u>\$ 900,116</u>	<u>\$ 2,475,490</u>
<b>Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities</b>					
Operating Loss	\$ (218,813)	\$ (77,323)	\$ (146,084)	\$ -	\$ (442,220)
Adjustments to Reconcile Operating Loss to Cash Provided (Used) by Operating Activities:					
Depreciation	-	-	209,495	-	209,495
Changes in:					
Accounts Receivable	59	383	151	-	593
Inventory	-	-	(34,222)	-	(34,222)
Accounts Payable	34,112	(4,446)	6,745	-	36,411
Net Cash Provided (Used) by Operating Activities	<u>\$ (184,642)</u>	<u>\$ (81,386)</u>	<u>\$ 36,085</u>	<u>\$ -</u>	<u>\$ (229,943)</u>
<b>Reconciliation to the Balance Sheet</b>					
Unrestricted	\$ 1,090,123	\$ 41,711	\$ 364,016	\$ 900,116	\$ 2,395,966
Restricted	-	-	79,524	-	79,524
	<u>\$ 1,090,123</u>	<u>\$ 41,711</u>	<u>\$ 443,540</u>	<u>\$ 900,116</u>	<u>\$ 2,475,490</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This following summary presentation of significant accounting policies of the City of Ruidoso Downs (the City) is to assist in the understanding of the City's financial statements. The financial statements and notes are the representation of the City's management who is responsible for their integrity and objectivity. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units and the Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures, and Financial Accounting Standards Board (FASB) pronouncements applicable to governmental agencies.

**Organization** - The City is a political subdivision of the State of New Mexico and was incorporated under provisions of Chapter 3, Article 2, NMSA 1978 as amended. The City operates under the mayor-council form of government. The City provides the following authorized services: public safety (police and fire), highways and streets, water, sanitation, health and welfare, social services, culture and recreation, public improvements, and general administrative services. The City's basic financial statements include all activities and accounts of the City's financial reporting entity.

The financial reporting entity consists of the primary government, and any another organization for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The GASB 14 definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, activities, or level of services performed or provided by the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Based upon the GASB 14 criteria above, there are no component units of the City, nor is the City considered a component unit of another governmental agency during the fiscal year ended June 30, 2016.

**Measurement Focus, Basis of Accounting, Financial Statement Presentation**

**Government-wide Financial Statements** - The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which relies on fees and charges for support. The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*.

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

In accordance with GASB Statement No. 33, the City follows the following revenue recognition principles applied to non-exchange transactions:

- Derived tax revenues are recognized as revenue in the period when the underlying exchange transaction has occurred and the resources are available. Derived tax revenues include gross receipts, gasoline, and cigarette taxes.
- Imposed non-exchange revenue other than property taxes are recognized in the period when an enforceable legal claim has arisen and the resources are available.
- Property tax revenue is recorded on a cash basis and the revenue is recognized in the fiscal year for which the taxes are levied.
- Government-mandated non-exchange transactions and voluntary non-exchange transactions are recognized when all applicable eligibility requirements have been met and the resources are available. These include grant revenues, state shared taxes and intergovernmental revenue. Grant revenues are recognized as revenues when the related costs are incurred.

The City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Generally, intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property, franchise, sales and public service tax revenues associated with the current fiscal period are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is immaterial. Taxes and other items not properly included among program revenues are reported as general revenues. Grants and similar items are recognized as revenue as soon as all the eligibility requirements of time, reimbursement, and contingencies imposed by the provider are met.

The Lincoln County Treasurer levies and collects property taxes on behalf of the City. Property taxes are levied in November and are payable in two installments, half on November 10, which becomes delinquent on December 10, and half on April 10, which becomes delinquent on May 10, which is also the lien date.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. Investment earnings are recorded as earned since they are measurable and available.

Other revenues susceptible to accrual are investment income and charges for services. All other revenues are recognized when they are received and are not susceptible to accrual because they are usually not measurable until payment is actually received.

**STATE OF NEW MEXICO  
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JUNE 30, 2016**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

The government-wide statement of activities demonstrates the degree to which the direct expenses of a function category (general government, public safety, etc.) or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity; 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity; and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity.

The City reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The City does not currently employ indirect cost allocation systems. Depreciation expense is a specifically identified function and is included as a separate line item on the Statement of Activities rather than a direct expense of each function. Interest on general and long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. Transfers between funds and other internal activity are eliminated at the government-wide financial statements.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the governmental fund financial statements is on the major individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations.

**Governmental Fund Financial Statements** - Governmental fund level financial statements report activity using the current financial resources measurement focus and the modified accrual basis of accounting. The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balance of financial resources) rather than upon net income. Revenue recognition is as soon as they are both measurable and available.

Separate fund based financial statements are provided for governmental funds and proprietary funds. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. Management also has the option to report a fund as major even though it does not fit the criteria. The nonmajor funds are combined in a column in the fund financial statements. The nonmajor funds are detailed in the Supplemental information section of the report.

Governmental funds are used to account for the City's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt.

Under the requirements of GASB No. 34, the City is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include only the General Fund. No other funds were required to be presented as major or at the discretion of management.

**STATE OF NEW MEXICO  
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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

The City reports the following major governmental funds:

The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the City except for items included in other funds.

The **Museum Fund** is a special revenue fund which accounts for the financial operations of the Hubbard Museum of the American West, which was donated to the City on September 1, 2005.

The **Debt Service Fund** reflects the activity relating accumulation of fund to service debt of the City.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

**Business-Type Activities** – Business-Type Activities and all proprietary funds are accounted for on a flow of economic resources measurement focus and on an accrual basis. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases and decreases (e.g., revenues and expenses) in net total position.

Proprietary funds use the *flow of economic resources measurement focus* for accounting purposes. The accounting objectives are a determination of net income, financial position, and changes in cash flow. The Proprietary Funds are accounted for using the *accrual basis of accounting*. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City applies all applicable FASB (Financial Accounting Standards Board) pronouncements issued after November 30, 1989, to government-wide financial statements (business-type activities) and to proprietary funds in the fund financial statements.

The City reports the following major proprietary funds:

- The **Water Fund** is used to account for the provision of water services to the residents of the City, and is considered an enterprise fund. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, billing and collection.
- The **Sanitation Fund** accounts for refuse collection and disposal services, including yard waste, provided to City residents including administration, operations, maintenance, debt service, and billing and collection.
- The **Sewer Fund** was established from a joint powers agreement (JPA) between the City and the Village of Ruidoso. The JPA created a Joint Use Board for the implementation of planning, construction, and maintenance control of the regional wastewater treatment facilities. This fund accounts for the wastewater services provided to residents of the City, including the City's allocation of administration, operations, maintenance, debt service, and billing and collection.
- The **Improvements Fund** is used to record the receipts of state grants and designated environmental gross receipts tax for the debt service and capital outlay of the water and sewer infrastructure system.

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**Budgetary Information** - Budgets for all funds are prepared by management and is approved by the City Council and the New Mexico Department of Finance and Administration.

The City clerk/treasurer is responsible for preparing the budget from requests submitted by department heads. The appropriated budget is prepared by line item within object class, program, department and fund; revenues expected to be available are estimated to provide an approved budget. The comprehensive budget package is brought before the City Council for approval by resolution. The proposed budget is then submitted by June 1st to the New Mexico Department of Finance and Administration Local Government Division (DFA) for approval. DFA certifies a pending budget by July 1st with final certification of the original budget by the first Monday of September. The expenditure section of the budget, once adopted, is legally binding. Exceeding the budgeted expenditures may result in an audit finding. Based on the final certified budget submitted, DFA certifies the allowable tax rates for property taxes in September.

These budgets are prepared on the non-GAAP cash basis, and secure appropriation of funds for only one year. Carryover funds from the previous fiscal year are re-appropriated in the budget of the subsequent fiscal year. The budget process in the state of New Mexico requires that the beginning cash balance be utilized to fund deficit budgets appropriated in the budget of the subsequent fiscal year. Such appropriated balance is presented as a committed portion of fund balance.

Actual expenditures may not exceed the budget on a fund basis. Budgets may be amended in two ways. If a budget transfer is necessary within a fund, this may be accomplished with only City Council approval. If a transfer between "funds" or a budget increase is required, approval must be obtained from the Department of Finance and Administration. The budgetary information presented in these financial statements has been prepared in accordance with the above procedures.

**Assets, Liabilities, Net Position or Fund Equity, Other Matters**

**Cash and Investments** - Cash includes amounts in demand deposits and short-term investments. Cash deposits are reported at carrying amount, which reasonably estimates fair value. All investments are stated at fair value, which is determined by using selected bases. Interest income and realized gains and losses on investment transactions are included for financial statement purposes as investment income.

**Cash Flow Liquidity** - For purposes of the statement of cash flows, the City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

**Restricted Cash** - The City restricts a compensating amount of cash equal to the amount of the customer deposits held on hand. These reserves are not required but are separated by management.

**Use of Restricted Cash** - When the City incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

**Grants and Contributions** - The City receives grants as well as contributions in the course of operations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expenses.

**Utility Receivables** - Substantially all of the City's outstanding utility receivables are due from its customers for water and sewer service and solid waste collection. Collateral is generally not required on receivables, but a deposit is required to activate new service.

**STATE OF NEW MEXICO  
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JUNE 30, 2016**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**Allowance for Doubtful Accounts** – Management reviews the accounts receivable periodically to determine which accounts may not be collectible and adjust the account accordingly.

**Customer Deposits** - The City requires a deposit to establish service for the customer. Deposits are not considered revenue for the City unless or until the customer closes their account, at which time any remaining balance due on the account is deducted from the deposit and the customer is refunded the excess.

**Concentration of Credit Risk** - The City grants credit without collateral to its customers for its services, but the customers are subject to security deposits at the start of service and service termination if the receivables are not settled within a specified time frame. The customer deposits held by the City helps mitigate the credit risk.

**Inventory** - Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and materials. The consumption accounting method is used to record the City’s inventories. An asset is recorded when the supplies are purchased and the recognition of the expenditure is deferred to the period in which the inventories are actually used

**Prepaid Items** - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when used rather than purchased.

**Property and Equipment** - Capital assets which may include software, property, plant, equipment, vehicles, and infrastructure assets (e.g., building, roads, bridges, sidewalks, and similar items) are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Land owned by the City is always capitalized.

GASB Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments* allows Phase III governments an exemption from the retroactive application of the capitalization requirements to major general infrastructure assets. The City has elected not to retroactively record infrastructure assets since being considered a Phase III municipality. However, it must report all infrastructure assets purchased or built after July 1, 2003.

Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings, Structures and Improvements	10-40
Water and Wastewater Systems	25
Infrastructure	25
Office and Maintenance Equipment	7
Vehicles	5

**Analysis of Impairments** - Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is determined based on comparison of future cash flows to the recorded value of the assets. Impairment losses are measured based on the fair value of the impaired assets. No such impairment losses were recorded during the year ended June 30, 2016.

**STATE OF NEW MEXICO  
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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**Long-Term Obligations** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or business-type activities within the statement of net position. Issuance costs associated with notes entered into are expensed in the year of issuance.

Long-term obligations are reported as debt in the proprietary fund. In the governmental funds the long-term obligations are not reported as liabilities. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Compensated Absences** - Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. Even though the City has appropriated, accumulated and earmarked expendable available fund resources for these amounts, the portion not normally expected to be liquidated with expendable available financial resources is not reported as a fund liability in accordance with Interpretation No. 6 of the Governmental Accounting Standards Board Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

**Deferred Outflows of Resources** - In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that time.

**Deferred Inflows of Resources** - Deferred inflows of resources represent the acquisition of net position that is applicable to a future reporting period.

- ***Government-Wide Statements*** - Unearned revenues represent the prepaid revenues advanced to the City. Such advances are reported as unearned revenue until the earnings process is complete.
- ***Fund Financial Statements*** - Within the governmental funds, revenues must be available in order to be recognized. Revenues, such as property taxes that have been assessed and remain uncollected, are reflected as unearned revenues if they are not available in the current period, which the City has established as sixty days after year end.

**Fund Equity** - Governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of resources: Non-spendable, Restricted, Committed, Assigned and Unassigned. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form, e.g., prepaid items or inventories; or (b) legally or contractually required to be maintained intact. Restricted fund balances have limitations placed on the funds by external means or legislation. Committed fund balances have self-imposed limitations. Assigned fund balances have an intended use factor for a specific fund, and unassigned fund balances are excess funds not categorized in the other classifications.

**Net Position** - The government-wide financial statements and proprietary funds utilize a net position presentation. Net position is reported represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net position is reported in three categories:

- ***Net investment in capital assets*** – This category reflects the portion of net position that is associated with capital assets, net of accumulated depreciation reduced by the outstanding capital asset-related debt and adding back unspent proceeds.



**STATE OF NEW MEXICO  
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JUNE 30, 2016**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

- **Restricted net position** – This category reflects the portion of net position that has third party limitations on its use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Unrestricted net position** – This category reflects net position of the City, not restricted for any project or other purpose.

**Operating and Non-operating Revenues** - Revenues are classified as operating or non-operating according to the following criteria:

*Operating revenue* - include activities which have the characteristic of exchange transactions, such as charges for services and fees, net of any allowance for uncollectible amounts.

*Non-operating revenues* - include activities which have the characteristics of non-exchange transactions, such as capital grants and investment income.

**Interfund Activity** - Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund balances as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

**Expenses** - Expenses are classified as operating or non-operating according to the following criteria:

*Operating expenses* - include activities that have the characteristics of an exchange transaction such as employee salaries, benefits, and related expenses; maintenance, operations and contractual services; materials and supplies; office expenses; and depreciation expenses related to City capital assets.

*Non-operating expenses* - include activities that have the characteristics of non-exchange transactions such as interest on capital asset-related debt and bond expenses that are defined as non-operating expenses by GASB Statement No. 9 - *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*, and GASB Statement No. 34.

**Encumbrances** - Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds and Capital Projects Funds.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Risk Management** - The City is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any preceding years. A surety bond as required by Section 12-6-7 NMSA 1978 Compilation and the New Mexico State Auditor Rule covers the officials and certain employees of the City.

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**Subsequent Events** - FASB ASC 855-10-50-1 requires reporting entities to disclose the date through which subsequent events have been evaluated and whether that date is the date the financial statements were issued or available to be issued. Management has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued.

**NOTE B - CASH AND CASH EQUIVALENTS**

The City pools its cash of the various funds in order to facilitate effective cash management. Cash applicable to a particular fund is readily identifiable. The pooled cash accounts balance is available to meet current operating requirements.

The At June 30, 2016, the City had cash and cash equivalents on deposit with local financial institutions, consisting of checking and money market accounts. Checking accounts required for debt service or for grant purposes are prohibited from accruing interest. Following is a schedule as of June 30, 2016, of the cash and cash equivalents.

	<b>Bank Balance June 30, 2016</b>	<b>Net Items Outstanding</b>	<b>Book Balance June 30, 2016</b>
<b>BBVA Compass Bank</b>			
<b>General Checking:</b>			
General Operating Account	\$ 5,065,535	\$ (146,128)	\$ 4,919,407
Hubbard Museum Account	368,855	-	368,855
Construction Account	80,349	-	80,349
Water Security Deposit (Restricted)	79,798	(274)	79,524
Obligation Funds	<u>10</u>	<u>-</u>	<u>10</u>
Total - BBVA Compass Bank	<u>\$ 5,594,547</u>	<u>\$ (146,402)</u>	<u>\$ 5,488,145</u>

In accordance with Section 6-10-17, NMSA 1978 compilation, deposits of public monies are required to be collateralized. Pledged collateral is required in amounts in aggregate equal to one half of the amount of uninsured public money in each account during the fiscal year. Securities which are obligations of the State of New Mexico, its agencies, institutions, counties, or municipalities or other subdivisions are accepted as security at par value; all other securities are accepted as security at market value. No security is required for the deposit of public money being insured by the Federal Deposit Insurance Corporation.

	<b>BBVA Compass Bank</b>
Deposits	\$ 5,594,547
Less FDIC Coverage	<u>(250,000)</u>
Uninsured Funds	5,344,547
Pledged Collateral Securities	<u>5,750,000</u>
Uninsured and Uncollateralized	<u>\$ (405,453)</u>
50% Pledged Collateral Requirement per Statute	\$ 2,672,274
Pledged Collateral	<u>5,750,000</u>
(Over) Under Collateralized	<u>\$ (3,077,726)</u>

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE B - CASH AND CASH EQUIVALENTS (Cont.)**

**Custodial Credit Risk - Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to them. The City does not have a deposit policy for custodial credit risk. As of June 30, 2016, \$5,344,547 of the City's bank balance of \$5,594,547 was exposed to custodial credit risk before applying the pledged collateral. The Federal Home Loan Bank, Atlanta, Georgia, holds the lines of credit pledged toward the City.

<b>BBVA Compass Bank Pledged Collateral:</b>	<b>Maturity</b>	<b>Market Value</b>	<b>Par Value</b>
Line of Credit	10/09/2016	\$ 1,500,000	\$ 50,000
Line of Credit	01/09/2017	4,000,000	\$ 50,000
Line of Credit	04/15/2017	<u>250,000</u>	<u>50,000</u>
Total Collateral Pledged		<u>\$ 5,750,000</u>	<u>\$ 5,750,000</u>

**NOTE C - FUND TRANSFERS**

The City transfers between fund to subsidize or reimburse other funds for expenditures, either by statute or by Council authorization. Below details the transfers between funds for the fiscal year.

<b>From Fund</b>	<b>To Fund</b>	<b>Reason</b>	<b>Amount</b>	<b>Totals</b>
General Fund	Museum	Subsidize Fund Operations	\$ 25,000	
	Sanitation	Subsidize Fund Operations	<u>26,992</u>	\$ 51,992
Gas Tax Road	Street Improvements General Fund	Reimburse Expenditures	5,004	
		Reimburse Expenditures	<u>6,632</u>	11,636
Lodgers Tax	General Fund	10% Admin Fees	20,328	
	Museum Fund	Promotional and Nonpromotional Assistance	<u>110,000</u>	130,328
Infrastructure	Capital Appropriations CDBG Grant	Reimburse Expenditures	86,500	
		Reimburse Expenditures from Grant Funds	<u>20,001</u>	106,501
Sewer	Improvements	Reimburse Expenditures	12,370	12,370
Improvements	Colonias Grant Sewer	Reimburse Expenditures	25,000	
		Reimburse Expenditures	<u>51,333</u>	<u>76,333</u>
Total Transfers				<u>\$ 389,160</u>

<b>From Fund</b>	<b>To Fund</b>	<b>Amount</b>	<b>Totals</b>
Government	Government	\$ 273,465	
	Proprietary	<u>26,992</u>	\$ 300,457
Proprietary	Proprietary	63,703	
	Government	<u>25,000</u>	<u>88,703</u>
Total Transfers			<u>\$ 389,160</u>

**STATE OF NEW MEXICO  
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**NOTE D - RECEIVABLES**

**Government Activities** - The City fully reserves delinquent property taxes that are outstanding as of fiscal year-end. Total property taxes receivable as of June 30, 2016 is \$88,665. \$18,565 of the delinquent taxes have been fully reserved, leaving \$70,100 of net current year property taxes potentially collectible. Of that amount, \$51,081 of the net property taxes have been recorded as deferred inflows because of the collectability of the taxes is considered to be outside the sixty day window of collection.

**Business-type Activities** - The City reserves a portion of the utility accounts receivable due to the accounts not being susceptible to collection. The amount of the allowances for the Proprietary funds are below as of the fiscal year end:

	<b>Sewer</b>	<b>Sanitation</b>	<b>Water</b>	<b>Total</b>
Gross Accounts Receivables	\$ 32,406	\$ 56,567	\$ 83,232	\$ 172,205
Less Allowance for Doubtful Accounts	<u>(16,761)</u>	<u>(29,258)</u>	<u>(43,049)</u>	<u>(89,068)</u>
Net Accounts Receivables	<u>\$ 15,645</u>	<u>\$ 27,309</u>	<u>\$ 40,183</u>	<u>\$ 83,137</u>

**Concentrations of Risk** - The City depends on financial resources flowing from, or associated with, property taxes, gross receipts taxes, the Federal Government and the State of New Mexico. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State Appropriations; changes in gross receipts tax rates, collections, tourism, and property values

**NOTE E - CAPITAL ASSETS**

The following capital asset activity for the year ended June 30, 2016 is as follows:

	<b>Balance June 30, 2015</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2016</b>
<b>Governmental Activities:</b>				
<b>Non-depreciable Capital Assets</b>				
Museum Artifacts and Collections	\$ 5,501,634	\$ -	\$ -	\$ 5,501,634
Land	<u>226,634</u>	<u>-</u>	<u>-</u>	<u>226,634</u>
Total Non-depreciable Capital Assets	<u>5,728,268</u>	<u>-</u>	<u>-</u>	<u>5,728,268</u>
<b>Depreciable Capital Assets</b>				
Buildings and Improvements	3,039,812	838,905	-	3,878,717
Streets and Other Infrastructure	3,116,503	-	-	3,116,503
Vehicles, Machinery and Equipment	<u>2,778,952</u>	<u>111,223</u>	<u>(163,185)</u>	<u>2,726,990</u>
Total Depreciable Capital Assets	<u>8,935,267</u>	<u>950,128</u>	<u>(163,185)</u>	<u>9,722,210</u>
<b>Accumulated Depreciation</b>				
Buildings and Improvements	(926,067)	(55,612)	-	(981,679)
Streets and Other Infrastructure	(261,344)	(45,350)	-	(306,694)
Vehicles, Machinery and Equipment	<u>(2,817,119)</u>	<u>(246,885)</u>	<u>163,185</u>	<u>(2,900,819)</u>
Accumulated Depreciation	<u>(4,004,530)</u>	<u>(347,847)</u>	<u>163,185</u>	<u>(4,189,192)</u>
Total Depreciable Capital Assets, Net	<u>4,930,737</u>	<u>588,031</u>	<u>-</u>	<u>5,533,018</u>
Capital Assets, Net	<u>\$ 10,659,005</u>	<u>\$ 588,031</u>	<u>\$ -</u>	<u>\$ 11,261,286</u>

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
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**NOTE E - CAPITAL ASSETS (Cont.)**

Management has elected to present the Governmental Activities depreciation expense of \$347,847 as a separate line-item expense on the Statement of Activities rather than allocating the expense to each function within the primary government.

	<b>Balance June 30, 2015</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2016</b>
<b>Business-type Activities:</b>				
<b>Non-depreciable Capital Assets</b>				
Land and Water Rights	\$ 1,194,277	\$ -	\$ -	\$ 1,194,277
Investment in Wastewater Treatment Plant	<u>4,757,128</u>	<u>-</u>	<u>-</u>	<u>4,757,128</u>
Total Non-depreciable Capital Assets	<u>5,951,405</u>	<u>-</u>	<u>-</u>	<u>5,951,405</u>
<b>Depreciable Capital Assets</b>				
Buildings and Improvements	36,221	-	-	36,221
Distribution Systems	6,559,632	48,394	-	6,608,026
Vehicles, Machinery and Equipment	<u>750,602</u>	<u>84,961</u>	<u>-</u>	<u>835,563</u>
Total Depreciable Capital Assets	<u>7,346,455</u>	<u>133,355</u>	<u>-</u>	<u>7,479,810</u>
<b>Accumulated Depreciation</b>				
Buildings and Improvements	(37,344)	(1,381)	-	(38,725)
Distribution Systems	(2,154,394)	(136,793)	-	(2,291,187)
Vehicles, Machinery and Equipment	<u>(594,495)</u>	<u>(71,321)</u>	<u>-</u>	<u>(665,816)</u>
Accumulated Depreciation	<u>(2,786,233)</u>	<u>(209,495)</u>	<u>-</u>	<u>(2,995,728)</u>
Total Depreciable Capital Assets, Net	<u>4,560,222</u>	<u>(76,140)</u>	<u>-</u>	<u>4,484,082</u>
Capital Assets, Net	<u>\$ 10,511,627</u>	<u>\$ (76,140)</u>	<u>\$ -</u>	<u>\$ 10,435,487</u>

**NOTE F - COMPENSATED ABSENCES**

Vacation and sick leave is earned by employees during the year based on time worked, is non-cumulative and considered to be a long-term liability. Vacation leave due, if any, is paid upon an employee's termination. Compensation for sick leave is limited to time off and is not monetarily compensated. The activity of the vacation leave due to employees as of June 30, 2016 is detailed below. Vacation for the governmental activities are paid by the General Fund or special revenue funds, respectively. Proprietary funds incur the expenditures for the Business-type activities for the employees assigned to the respective funds.

	<b>Balance June 30, 2015</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2016</b>	<b>Payable Within One Year</b>
Governmental Activities	\$ 67,331	\$ 71,004	\$ (64,894)	\$ 76,441	\$ 68,139
Business-type Activities	<u>7,336</u>	<u>8,164</u>	<u>(7,253)</u>	<u>8,277</u>	<u>7,616</u>
Total	<u>\$ 74,667</u>	<u>\$ 79,168</u>	<u>\$ (72,147)</u>	<u>\$ 84,718</u>	<u>\$ 75,755</u>

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**NOTE G - LONG-TERM DEBT**

The City had the following long-term debt obligations as of June 30, 2016:

**Governmental Activities:**

**NMFA 2090-PP - Regional Wastewater Treatment Plant** - The City entered into an agreement with NMFA in July 2007 to administer a project to fund the City's portion of the construction of the regional wastewater treatment plant. Initial principal was \$1,400,00 with repayment terms of 20 annual payments ranging from \$81,233 to \$127,260, bearing interest of 3.6% to 4.3% with interest paid semi-annually and maturing in August 2027.

The City paid approximately \$45,941 in interest expense during the fiscal year from the governmental funds. No interest was paid from the proprietary funds. Long-term debt activity for the year ended June 30, 2016 was as follows:

<b>Governmental</b>	<b>Balance June 30, 2015</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2016</b>	<b>Due Within One Year</b>
NMFA – 2090-PP	<u>\$ 1,112,000</u>	<u>\$ -</u>	<u>\$ (55,000)</u>	<u>\$ 1,057,000</u>	<u>\$ 59,000</u>

**Business-type Activities:**

**USDA-RUS** - The City entered into an agreement with the USDA-Rural Utilities Service in June 1998 to fund construction and improvements to the City's utility infrastructure. Initial principal was \$425,00 with repayment terms of 40 annual payments ranging from \$24,190 to \$27,240, bearing interest of 4.75% with interest paid annually and maturing in June 2038.

**NMED ARRA CWSRF 02** - The City entered into an agreement with the New Mexico Environment Department in July 2010 to fund construction and improvements to the City's utility infrastructure. Initial principal was \$100,000 with repayment terms of 20 annual payments of approximately \$6,116, bearing interest of 2.0% with interest paid annually and maturing in July 2030

**NMFA 2781-CIF - Colonias Infrastructure Project Grant** - The City entered into an agreement with NMFA in June, 2013 to administer a Grant/Loan project to improve the water and wastewater infrastructure of the City to remain in compliance with NMED and the EPA. Terms of the loan are 20 annual, non-interest bearing payments of approximately \$797, and maturing in June 2033.

**NMFA 2975-CIF - Colonias Infrastructure Project Grant** - The City entered into an agreement with NMFA in June, 2014 to administer a Grant/Loan project to improve the water and wastewater infrastructure of the City to remain in compliance with NMED and the EPA. Terms of the loan are 20 annual, non-interest bearing payments of approximately \$3,646, and maturing in June 2034.

<b>Proprietary</b>	<b>Balance June 30, 2015</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2016</b>	<b>Due Within One Year</b>
USDA-RUS	\$ 306,000	\$ -	\$ (8,000)	\$ 298,000	\$ 9,000
NMED	83,036	-	(4,455)	78,581	4,544
NMFA – 2781-CIF	14,346	-	(797)	13,549	797
NMFA – 2975-CIF	<u>69,267</u>	<u>-</u>	<u>(3,646)</u>	<u>65,621</u>	<u>3,646</u>
Total Long-term Debt	<u>\$ 472,649</u>	<u>\$ -</u>	<u>\$ (16,898)</u>	<u>\$ 455,751</u>	<u>\$ 17,987</u>

**STATE OF NEW MEXICO  
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**NOTE G - LONG-TERM DEBT (Cont.)**

Long-term debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 59,000	\$ 42,698	\$ 101,698	\$ 17,987	\$ 16,962	\$ 34,949
2018	64,000	40,318	104,318	18,078	16,451	34,529
2019	68,000	37,738	105,738	18,171	15,928	34,099
2020	74,000	34,919	108,919	19,265	15,404	34,669
2021	78,000	31,847	109,847	19,361	14,838	34,199
2022-2026	479,000	103,736	582,736	107,323	64,920	172,243
2027-2031	235,000	10,316	245,316	126,041	46,712	172,753
2032-2036	-	-	-	107,525	25,430	132,955
2037-2041	-	-	-	<u>22,000</u>	<u>2,280</u>	<u>24,280</u>
	<u>\$ 1,057,000</u>	<u>\$ 301,572</u>	<u>\$ 1,358,572</u>	<u>\$ 455,751</u>	<u>\$ 218,925</u>	<u>\$ 674,676</u>

**Pending Commitments**

**NMFA 3358-CIF - Colonias Infrastructure Project Grant** - The City entered into an agreement with NMFA in February 2016 to administer a Grant/Loan project to improve the water and wastewater infrastructure of the City to remain in compliance with NMED and the EPA. The City has committed to approximately \$1,185,840 of system improvements, of which \$1,067,256 is grant funds and the remaining \$118,584 is a loan financed through NMFA. Terms of the loan are 20 annual, non-interest bearing payments of approximately \$6,150, and maturing in June 2035. The grant funds have until June 20, 2019 to be drawn down or any remaining funds will revert back at that time.

**Contingent Liabilities**

The City participates in a Joint Use Board (JUB) which operates the regional wastewater treatment plant in conjunction with the Village of Ruidoso. The JUB has acquired a loan from the state of New Mexico to finance a portion of these improvements. The City is a guarantor of that debt and is billed by the Joint Use Board for its respective share of the debt service expenditures.

**NOTE G - JOINT POWERS AGREEMENTS**

The City is party to the following joint powers agreements which are material in nature.

The Ruidoso/Ruidoso Downs Joint Use Board (JUB) is an agreement between the Village of Ruidoso, the City of Ruidoso Downs and the County of Lincoln whereby the entities secured a grant for the construction of a wastewater treatment plant for the benefit of both municipalities. The budgetary and financial accountability for the operation of the plant lies within the Village of Ruidoso and is included in their annual audit as an enterprise fund. The City received a federal capital grant in the amount of \$2,900,000 passed through the New Mexico Environment Department in addition to \$1,085,731 in legislative appropriations to fund improvements to the regional waste water treatment plant. The City has capitalized the investment in the facility in the joint Water and Sewer Proprietary Fund. The total investment to date is \$4,757,128.

An updated JPA is pending approval from the New Mexico Department of Finance and Administration. The new agreement changes the number and method of board of director appointments by the respective members, and clarifies financial and maintenance accountability of the plant expenses and interceptor lines.

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CITY OF RUIDOSO DOWNS  
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**NOTE G - JOINT POWERS AGREEMENTS (Cont.)**

The Greentree Solid Waste Authority (GSWA) provides solid waste disposal service to various communities in Lincoln County and the City is a member of the authority. GSWA acts as its own fiscal agent as do other such cooperative organizations and provides an independent audit. All powers rest with the Authority including budgetary, finance, and bonded debt. The City of Ruidoso Downs has committed the Environmental Gross Receipts Tax collected to service debt of the Authority.

The participants in GSWA have entered into a joint powers agreement with Otero County, Alamogordo, Tularosa and Cloudcroft for the purpose of forming the Otero-Greentree Regional landfill. The Otero-Greentree Regional Landfill is owned by Otero County and Lincoln County and includes those municipalities within those jurisdictions. The City of Alamogordo is the Managing Agency for this operation and operations are included in the City of Alamogordo's audited financial statements. The Otero-Greentree Regional Landfill is a New Mexico permitted solid waste facility designed to dispose of residential, commercial and construction waste. Additionally, it is permitted to accept certain special waste such as asbestos and sludge waste. The Otero-Greentree Regional Landfill was designed with a life span of 99 years. It was incorporated in January 1994. The City of Ruidoso Downs has committed the Environmental Gross Receipts Tax collected to service bonds issued by Alamogordo to construct the facility.

There are no required capital contributions to the joint power entities and the only financial transactions are for charges for services in the normal course of business.

**NOTE H - RETIRE HEALTH CARE ACT CONTRIBUTIONS**

The Retiree Health Care Act (10-7C-1 to 10-7C-16, NMSA 1978) provides comprehensive care group health insurance for persons who have retired from certain public service in New Mexico. As authorized under Section 9D. of Chapter 6, Laws of 1990, the City has elected not to participate in the program by adoption of Ordinance 1990-02.

**NOTE I- PERA PENSION PLAN**

**Pensions.** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Plan Description.** This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-IIA-1 to 10-IIA-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C- 1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.



**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
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**NOTE I- PERA PENSION PLAN (Cont.)**

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org> using the Audit Report Search function for agency 366.

**Benefits Provided.** For a description of the benefits provided and recent changes to the benefits see Note I in the PERA audited financial statements for the fiscal year ended June 30, 2015 available at:  
[www.pera.state.nm.us/pdf/AuditFinaneialStatements/366 Public Employees Retirement Association 2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinaneialStatements/366%20Public%20Employees%20Retirement%20Association%202014.pdf).

**Contributions.** The contribution requirements of defined benefit plan members and the City are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY 14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY 14 annual audit report at [http://osanm.org/media/audits/366 Public Employees Retirement Association 2014.pdf](http://osanm.org/media/audits/366%20Public%20Employees%20Retirement%20Association%202014.pdf). The PERA coverage options that apply to City are: General Division, Fire Division and Police Division. Statutorily required contributions to the pension plan from the City were \$150,684 and employer paid member benefits that were "picked up" by the employer were \$0 for the year ended June 30,2015.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were preformed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general ~embers; state police members and legislative members. The City's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

**PERA Fund Division - General.** At June 30, 2016, the City reported a liability of \$1,544,674 for its proportionate share of the net pension liability. At June 30, 2015, the City's proportion was 0.1515 percent, which was lower than its 0.1528 percent proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City recognized PERA Fund - General, pension expense of \$115,870. At June 30, 2016, the City reported PERA Fund Division - General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

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CITY OF RUIDOSO DOWNS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE I- PERA PENSION PLAN (Cont.)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in Assumption	\$ -	\$ 602
Changes in Proportion	-	7,744
Differences Between Expected and Actual Experience	-	34,215
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	4,886
City Contributions Subsequent to Measurement Date	<u>127,472</u>	<u>-</u>
<b>Totals</b>	<b><u>\$ 163,705</u></b>	<b><u>\$ 47,447</u></b>

For the General Division, \$127,472 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date June 30, 2015 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30,</b>	
2017	\$ (40,912)
2018	(40,912)
2019	(40,912)
2020	<u>75,289</u>
<b>Totals</b>	<b><u>\$ (47,447)</u></b>

**PERA Fund Division - Police.** At June 30, 2016, the City reported a liability of \$665,505 for its proportionate share of the net pension liability. At June 30, 2015, the City's proportion was 0.1384 percent, which was lower than its 0.1555 percent proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City recognized PERA Fund - General, pension expense of \$115,870. At June 30, 2016, the City reported PERA Fund Division - Police deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in Assumption	\$ -	\$ 27,533
Changes in Proportion	-	42,566
Differences Between Expected and Actual Experience	46,503	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,846
City Contributions Subsequent to Measurement Date	<u>56,011</u>	<u>-</u>
<b>Totals</b>	<b><u>\$ 102,514</u></b>	<b><u>\$ 71,945</u></b>

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**NOTE I- PERA PENSION PLAN (Cont.)**

For the Police Division, \$56,011 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date June 30, 2015 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30,</b>	
2017	\$ (5,667)
2018	(5,667)
2019	(5,667)
2020	<u>(8,441)</u>
<b>Totals</b>	<b><u>\$ (25,442)</u></b>

**PERA Fund Division - Fire.** At June 30, 2016, the City reported a liability of \$138,836 for its proportionate share of the net pension liability. At June 30, 2015, the City's proportion was 0.0269 percent, which was lower than its 0.0277 percent proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City recognized PERA Fund - General, pension expense of \$9,657. At June 30, 2016, the City reported PERA Fund Division - Fire deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in Assumption	\$ 2,928	\$ -
Changes in Proportion	-	2,550
Differences Between Expected and Actual Experience	5,468	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	167
City Contributions Subsequent to Measurement Date	<u>9,657</u>	<u>-</u>
<b>Totals</b>	<b><u>\$ 18,053</u></b>	<b><u>\$ 2,717</u></b>

For the Fire Division, \$9,657 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date June 30, 2015 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30,</b>	
2017	\$ 1,649
2018	1,649
2019	1,649
2020	<u>732</u>
<b>Totals</b>	<b><u>\$ 5,679</u></b>

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
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**NOTE I- PERA PENSION PLAN (Cont.)**

**Actuarial assumptions.** As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2014 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

Actuarial Valuation Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Pay
Amortization Period	Solved for Based on Statutory Rates
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Investment Rate of Return	7.75% Annual Rate, Net of Investment Expense
Projected Benefit Payment	100 Years
Payroll Growth	3.50% Annual Rate
Projected Salary Increases	3.50% to 14.25% Annual Rate
Included Inflation at	3.00% Annual Rate

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS – Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.1%	5.00 %
International Equity	24.8	5.20
Private Equity	7.0	8.20
Core and Global Fixed Income	26.1	1.85
Fixed Income Plus Sectors	5.0	4.80
Real Estate	5.0	5.30
Real Assets	7.0	5.70
Absolute Return	4.0	4.15
<b>Totals</b>	<u>100.0%</u>	

**Discount rate:** The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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NOTES TO FINANCIAL STATEMENTS  
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**NOTE I- PERA PENSION PLAN (Cont.)**

**Sensitivity of the Association's proportionate share of the net pension liability to changes in the discount rate** - The following table show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Association's net pension liability in each PERA Fund Division in which the Association participates, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

<b>Proportionate Share of Net Pension Liability</b>	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
General	\$ 2,629,967	\$ 1,544,674	\$ 642,327
Police	1,099,041	665,505	309,858
Fire	<u>188,296</u>	<u>138,836</u>	<u>98,074</u>
	<u>\$ 3,917,304</u>	<u>\$ 2,349,015</u>	<u>\$ 1,050,259</u>

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued FY15 PERA financial report. The report is available at: [www.pera.state.nm.us/publications.html](http://www.pera.state.nm.us/publications.html).

**Payables to the pension plan.** At June 30,2016, the City had no outstanding amount of contributions to the pension plan and therefore, had no payables reported at fiscal year 2016.

**NOTE H - PRIOR PERIOD ADJUSTMENTS**

Prior period adjustments were made in the following funds the beginning fund balance/net position amounts to correct the accruals in respective funds. Below are the effects of the adjustments.

	<b>General Fund</b>	<b>Sewer</b>	<b>Sanitation</b>	<b>Water</b>	<b>Improvements</b>
Net Position - Originally Reported	\$ 1,802,482	\$ 807,001	\$ 66,686	\$ 5,986,208	\$ 5,534,845
Adjust Taxes Receivable	74,424	23,240	9,199	-	73,956
Adjust Accounts Payable Accrual	(16,712)	-	(30,034)	-	-
Adjust Customer Deposits	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,534)</u>	<u>-</u>
Total Adjustments	<u>57,712</u>	<u>23,240</u>	<u>(20,835)</u>	<u>(16,534)</u>	<u>73,956</u>
<b>Net Position – As Adjusted</b>	<u><b>\$ 1,860,194</b></u>	<u><b>\$ 830,241</b></u>	<u><b>\$ 45,851</b></u>	<u><b>\$ 5,969,674</b></u>	<u><b>\$ 5,608,801</b></u>

**REQUIRED SUPPLEMENTAL INFORMATION**

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION  
LIABILITY AND REQUIRED CONTRIBUTIONS  
LAST 10 FISCAL YEARS\***

<b>Municipal General Division</b>			
<b>Actuarial Valuation Date</b>	<b>6/30/15</b>	<b>6/30/16</b>	
Portion of Net Pension Liability	0.1528%	0.1515%	
Net Pension Liability	1,192,004	1,544,674	
Annual Covered Payroll	1,256,930	1,259,339	
NPL as Percentage of Covered Payroll	95%	82%	
Fiduciary Net Position as a Percentage of Total Pension Liability	81.29%	76.99%	
Contractually Required Contribution	118,832	120,081	
Contributions Made	118,832	120,081	
Contributions as Percentage of Covered Payroll	9.45%	9.54%	
 <b>Municipal Police Division</b>			
<b>Actuarial Valuation Date</b>	<b>6/30/15</b>	<b>6/30/16</b>	
Portion of Net Pension Liability	0.1555%	0.1384%	
Net Pension Liability	506,913	665,505	
Annual Covered Payroll	278,931	348,619	
NPL as Percentage of Covered Payroll	182%	191%	
Fiduciary Net Position as a Percentage of Total Pension Liability	81.29%	76.99%	
Contractually Required Contribution	51,283	65,889	
Contributions Made	51,283	65,889	
Contributions as Percentage of Covered Payroll	18.39%	18.90%	
 <b>Municipal Fire Division</b>			
<b>Actuarial Valuation Date</b>	<b>6/30/15</b>	<b>6/30/16</b>	
Portion of Net Pension Liability	0.0277%	0.0269%	
Net Pension Liability	115,620	138,836	
Annual Covered Payroll	30,683	33,117	
NPL as Percentage of Covered Payroll	377%	419%	
Fiduciary Net Position as a Percentage of Total Pension Liability	81.29%	76.99%	
Contractually Required Contribution	6,638	7,170	
Contributions Made	6,638	7,170	
Contributions as Percentage of Covered Payroll	21.63%	21.65%	

\*The amounts presented above for trend analysis are determined as of June 30. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
YEAR ENDED JUNE 30, 2016**

**Changes of Benefit Terms**. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY15 audit available at:  
[http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2015.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf).

**Changes of Assumptions**. Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at:  
[http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2015%20PERA%20Valuation%20Report\\_FINAL.pdf](http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2015%20PERA%20Valuation%20Report_FINAL.pdf).

The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio.

For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.



**SUPPLEMENTAL INFORMATION**

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
NONMAJOR FUND DESCRIPTIONS  
JUNE 30, 2016**

**Local Government Correction Fund** - Account for the fees imposed upon conviction of an individual as stipulated under Sections 34-9-12 and 35-14-11 NMSA 1978. The funds collected are restricted to be used in the operation and maintenance of the City's jail facilities.

**Judicial Education Fund** - Accounts for a designated portion of traffic fines to be remitted to the state judicial education center under Sections 34-9-12 and 35-14-11 NMSA 1978.

**Court Automation Fund** - Accounts for a portion of traffic fines designated for the purpose of purchasing, maintaining and operating a court automation system in that municipality's municipal court. Authority for this fund is Sections 34-9-12 and 35-14-11 NMSA 1978.

**Lincoln Co. Transit Fund** - Accounts for operational funds related to the local transit system. Authorization is by resolution.

**Emergency Medical Services Fund** - Accounts for an annual ambulance subsidy from the State of New Mexico and related expenditures. Authority for this fund is Section 24-10A-3 NMSA 1978.

**Street Improvement Fund** - Accounts for funds designated for street repairs. Authority for this fund is City management.

**Gas Tax Road Fund** - Accounts for a portion of the gasoline tax revenue received from the State and the expenditure thereof. This fund was created under the authority provided by Section 3-31-1 NMSA 1978.

**Fire Protection Fund** - Accounts for the receipts and expenditures of special gasoline taxes authorized under Section 7-1-6.1 NMSA 1978 which are restricted for use in repairing and maintaining roads and streets within the City. This fund was created under the authority provided by Section 3-31-1 NMSA 1978.

**FEMA Grant Fund** - Accounts for grant funds received from Federal sources. Authorization is by resolution.

**Law Enforcement Protection Fund** - Accounts for the operations and maintenance of a special grant for the police department. Financing is provided by a grant from the State. The grant may be used only for the operations of the police department. Authority is Section 29-13-3 NMSA 1978.

**Lodgers' Tax Fund** - Accounts for the operation of promotional activity for the City, mostly through payment to promotion oriented agencies. Financing is provided primarily by a specific tax levy on area motels and hotels. Authority is Section 3-38-15 NMSA 1978.

**Recreation Fund** - Accounts for the operation and maintenance of the City owned parks. Financing is provided by the cigarette tax. Authority is Section 7-12-15 NMSA 1978.

**Infrastructure Fund** - Accounts for the operations and maintenance of funds restricted for the repair and replacement of infrastructure improvements. Financing is provided by a 1/2 of 1% tax on the gross receipts within the City. The funds may be used only for sewer and street repairs and replacements, or for the acquisition of rights-of-way. Authority is by City ordinance.

**CDGB Grant Fund** - Accounts for the City's Community Development Block Grants projects funded by special appropriation.

**Colonias Grant Fund** - Accounts for the City's State Funded capital projects funded by special appropriation.

**Capital Appropriations Fund** - Created by Council authority, this fund accounts for general capital outlay expenditures and any reimbursements from external sources.

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	<b>Local Government Correction Fund</b>	<b>Judicial Education Fund</b>	<b>Court Automation Fund</b>	<b>Lincoln County Transit Fund</b>
<b>ASSETS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 54,013	\$ 326	\$ 677	\$ 2,912
Taxes Receivable				
Gross Receipts	-	-	-	-
Lodgers	-	-	-	-
Gas	-	-	-	-
Other Receivable	-	-	-	-
<b>Total Assets</b>	<u>\$ 54,013</u>	<u>\$ 326</u>	<u>\$ 677</u>	<u>\$ 2,912</u>
 <b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Payroll	-	-	-	1,783
<b>Total Liabilities</b>	-	-	-	1,783
 <b>FUND BALANCES</b>				
Assigned	<u>54,013</u>	<u>326</u>	<u>677</u>	<u>1,129</u>
<b>Total Fund Balances</b>	<u>54,013</u>	<u>326</u>	<u>677</u>	<u>1,129</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 54,013</u>	<u>\$ 326</u>	<u>\$ 677</u>	<u>\$ 2,912</u>

The accompanying notes are an integral part of these financial statements.

<b>Emergency Medical Services Fund</b>	<b>Street Improvement Fund</b>	<b>Gas Tax Road Fund</b>	<b>Fire Protection Fund</b>	<b>FEMA Fund</b>	<b>Law Enforcement Protection Fund</b>
\$ -	\$ 226,919	\$ 2	\$ 61,701	\$ 23,116	\$ -
-	-	-	-	-	-
-	-	746	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 226,919</u>	<u>\$ 748</u>	<u>\$ 61,701</u>	<u>\$ 23,116</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	226,919	748	61,701	23,116	-
-	226,919	748	61,701	23,116	-
<u>\$ -</u>	<u>\$ 226,919</u>	<u>\$ 748</u>	<u>\$ 61,701</u>	<u>\$ 23,116</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	<b>Lodgers Tax Fund</b>	<b>Recreation Fund</b>	<b>Infrastructure Fund</b>	<b>CDBG Grant Fund</b>
<b>ASSETS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 215,037	\$ 3,709	\$ 344,211	\$ 18,617
Taxes Receivable				
Gross Receipts	-	-	23,389	-
Lodgers	19,232	-	-	-
Gas	-	-	-	-
Other Receivable	-	-	-	-
<b>Total Assets</b>	<u>\$ 234,269</u>	<u>\$ 3,709</u>	<u>\$ 367,600</u>	<u>\$ 18,617</u>
 <b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Payroll	-	-	-	-
<b>Total Liabilities</b>	-	-	-	-
 <b>FUND BALANCES</b>				
Assigned	234,269	3,709	367,600	18,617
<b>Total Fund Balances</b>	<u>234,269</u>	<u>3,709</u>	<u>367,600</u>	<u>18,617</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 234,269</u>	<u>\$ 3,709</u>	<u>\$ 367,600</u>	<u>\$ 18,617</u>

The accompanying notes are an integral part of these financial statements.

<b>Colonias Grant Fund</b>	<b>Capital Appropriations Project Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 124,060	\$ 65,058	\$ 1,140,358
-	-	23,389
-	-	19,232
-	-	746
<u>-</u>	<u>48,753</u>	<u>48,753</u>
<u>\$ 124,060</u>	<u>\$ 113,811</u>	<u>\$ 1,232,478</u>
\$ -	29,057	\$ 29,057
<u>-</u>	<u>-</u>	<u>1,783</u>
-	29,057	\$ 30,840
<u>124,060</u>	<u>84,754</u>	<u>1,201,638</u>
<u>124,060</u>	<u>84,754</u>	<u>1,201,638</u>
<u>\$ 124,060</u>	<u>\$ 113,811</u>	<u>\$ 1,232,478</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016**

	Local Government Correction Fund	Judicial Education Fund	Court Automation Fund	Lincoln County Transit Fund
<b>REVENUES</b>				
Taxes				
Gross Receipts	\$ -	\$ -	\$ -	\$ -
Gas	-	-	-	-
Lodgers	-	-	-	-
Charges for Service	-	-	-	25,229
Intergovernmental				
Federal	-	-	-	67,881
State	-	-	-	-
Local	-	-	-	28,000
Fines and Fees	35,160	5,658	11,570	-
Capital Grants and Contributions	-	-	-	-
Miscellaneous	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Revenues</b>	35,160	5,658	11,570	121,110
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Safety				
Police				
Fire				
Judicial	5,819	5,658	11,570	
Transportation	-	-	-	157,172
Culture, Recreation and Promotion	-	-	-	-
<b>Capital Outlay</b>				
Minor Capital Outlay Under \$5,000	-	-	-	-
Capital Outlay Over \$5,000	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Expenditures</b>	5,819	5,658	11,570	157,172
<b>Excess (Deficit) of Revenues over Expenditures</b>	29,341	-	-	(36,062)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Other Financing Sources (Uses)</b>	-	-	-	-
<b>Net Change in Fund Balance after Transfers</b>	29,341	-	-	(36,062)
<b>Fund Balance, Beginning of Year</b>	24,672	326	677	37,191
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Balance, End of Year</b>	<u>\$ 54,013</u>	<u>\$ 326</u>	<u>\$ 677</u>	<u>\$ 1,129</u>

The accompanying notes are an integral part of these financial statements.

<b>Emergency Medical Services Fund</b>	<b>Street Improvement Fund</b>	<b>Gas Tax Road Fund</b>	<b>Fire Protection Fund</b>	<b>FEMA Fund</b>	<b>Law Enforcement Protection Fund</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	10,253	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7,456	-	-	73,960	-	24,200
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>7,456</u>	<u>-</u>	<u>10,253</u>	<u>73,960</u>	<u>-</u>	<u>24,200</u>
8,977	-	-	60,717	-	23,600
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>8,977</u>	<u>-</u>	<u>-</u>	<u>60,717</u>	<u>-</u>	<u>47,800</u>
(1,521)	-	10,253	13,243	-	(23,600)
-	5,004	-	-	-	-
<u>-</u>	<u>-</u>	<u>(11,636)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	5,004	(11,636)	-	-	-
<u>(1,521)</u>	<u>5,004</u>	<u>(1,383)</u>	<u>13,243</u>	<u>-</u>	<u>(23,600)</u>
<u>1,521</u>	<u>221,915</u>	<u>2,131</u>	<u>48,458</u>	<u>23,116</u>	<u>23,600</u>
<u>\$ -</u>	<u>\$ 226,919</u>	<u>\$ 748</u>	<u>\$ 61,701</u>	<u>\$ 23,116</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.



**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016**

	<b>Lodgers Tax Fund</b>	<b>Recreation Fund</b>	<b>Infrastructure Fund</b>	<b>CDBG Grant Fund</b>
<b>REVENUES</b>				
Taxes				
Gross Receipts	\$ -	\$ -	\$ 134,335	\$ -
Gas	-	-	-	-
Lodgers	198,590	-	-	-
Charges for Service	-	-	-	-
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	461,977
Local	-	-	-	-
Fines and Fees	-	-	-	-
Capital Grants and Contributions	-	-	-	-
Miscellaneous	505	-	-	-
	<u>199,095</u>	<u>-</u>	<u>134,335</u>	<u>461,977</u>
<b>Total Revenues</b>	<b>199,095</b>	<b>-</b>	<b>134,335</b>	<b>461,977</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Safety				
Police				
Fire				
Judicial				
Transportation	-	-	-	-
Culture, Recreation and Promotion	29,278	-	-	-
<b>Capital Outlay</b>				
Minor Capital Outlay Under \$5,000	-	975	-	-
Capital Outlay over \$5,000	-	-	-	482,275
	<u>29,278</u>	<u>975</u>	<u>-</u>	<u>482,275</u>
<b>Total Expenditures</b>	<b>29,278</b>	<b>975</b>	<b>-</b>	<b>482,275</b>
<b>Excess (Deficit) of Revenues over Expenditures</b>	<b>169,817</b>	<b>(975)</b>	<b>134,335</b>	<b>(20,298)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	20,001
Transfers Out	(130,328)	-	(106,501)	-
	<u>(130,328)</u>	<u>-</u>	<u>(106,501)</u>	<u>20,001</u>
<b>Total Other Financing Sources (Uses)</b>	<b>(130,328)</b>	<b>-</b>	<b>(106,501)</b>	<b>20,001</b>
<b>Net Change in Fund Balance after Transfers</b>	<b>39,489</b>	<b>(975)</b>	<b>27,834</b>	<b>(297)</b>
<b>Fund Balance, Beginning of Year</b>	<b>194,780</b>	<b>4,684</b>	<b>339,766</b>	<b>18,914</b>
<b>Fund Balance, End of Year</b>	<b>\$ 234,269</b>	<b>\$ 3,709</b>	<b>\$ 367,600</b>	<b>\$ 18,617</b>

The accompanying notes are an integral part of these financial statements.

<b>Colonias Grant Fund</b>	<b>Capital Appropriations Fund</b>	<b>Total Nonmajor Governmental Funds</b>
	\$ -	\$ 134,335
-	-	10,253
-	-	198,590
-	-	25,229
-	-	67,881
306,132	-	873,725
-	-	28,000
-	-	52,388
-	48,752	48,752
-	-	505
<u>306,132</u>	<u>48,752</u>	<u>1,439,658</u>
		23,600
		69,694
		23,047
-	-	157,172
-	-	29,278
		975
<u>306,132</u>	<u>50,498</u>	<u>863,105</u>
<u>306,132</u>	<u>50,498</u>	<u>1,166,871</u>
-	(1,746)	272,787
-	-	-
25,000	86,500	136,505
-	-	(248,465)
<u>25,000</u>	<u>86,500</u>	<u>(111,960)</u>
25,000	84,754	160,827
<u>99,060</u>	<u>-</u>	<u>1,040,811</u>
<u>\$ 124,060</u>	<u>\$ 84,754</u>	<u>\$ 1,201,638</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CITY OF RUIDOSO DOWNS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**LOCAL GOVERNMENT CORRECTION FUND**  
**YEAR ENDED JUNE 30, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Fines and Fees	\$ 35,000	\$ 35,160	\$ 35,160	\$ -
<b>Total Revenues</b>	35,000	35,160	35,160	-
<b>EXPENSES</b>				
<b>Current</b>				
Judicial	19,100	19,100	5,819	13,281
<b>Total Expenditures</b>	19,100	19,100	5,819	13,281
<b>Excess (Deficit) of Revenues over Expenditures</b>	15,900	16,060	29,341	13,281
<b>Cash Balance, Beginning of Year</b>	24,672	24,672	24,672	-
<b>Cash Balance, End of Year</b>	\$ 40,572	\$ 40,732	\$ 54,013	\$ 13,281

STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
JUDICIAL EDUCATION FUND  
YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Fines and Fees	\$ 5,400	\$ 5,658	\$ 5,658	\$ -
<b>Total Revenues</b>	5,400	5,658	5,658	-
<b>EXPENSES</b>				
<b>Current</b>				
Judicial	5,400	5,658	5,658	-
<b>Total Expenditures</b>	5,400	5,658	5,658	-
<b>Excess (Deficit) of Revenues over Expenditures</b>	-	-	-	-
<b>Cash Balance, Beginning of Year</b>	326	326	326	-
<b>Cash Balance, End of Year</b>	\$ 326	\$ 326	\$ 326	\$ -

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
COURT AUTOMATION FUND  
YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Fines and Fees	\$ 10,950	\$ 11,570	\$ 11,570	\$ -
<b>Total Revenues</b>	10,950	11,570	11,570	-
<b>EXPENSES</b>				
<b>Current</b>				
Judicial	10,950	11,570	11,570	-
<b>Total Expenditures</b>	10,950	11,570	11,570	-
<b>Excess (Deficit) of Revenues over Expenditures</b>	-	-	-	-
<b>Cash Balance, Beginning of Year</b>	677	677	677	-
<b>Cash Balance, End of Year</b>	\$ 677	\$ 677	\$ 677	\$ -

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CITY OF RUIDOSO DOWNS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**LINCOLN COUNTY TRANSIT FUND**  
**YEAR ENDED JUNE 30, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Charges for Service	\$ 40,000	\$ 40,000	\$ 25,229	\$ (14,771)
Intergovernmental				
Federal	138,000	138,000	67,881	(70,119)
Local	<u>28,000</u>	<u>28,000</u>	<u>28,000</u>	<u>-</u>
<b>Total Revenues</b>	206,000	206,000	121,110	(84,890)
<b>EXPENSES</b>				
<b>Current</b>				
Transportation	<u>191,065</u>	<u>191,065</u>	<u>157,172</u>	<u>33,893</u>
<b>Total Expenditures</b>	<u>191,065</u>	<u>191,065</u>	<u>157,172</u>	<u>33,893</u>
<b>Excess (Deficit) of Revenues over Expenditures</b>	14,935	14,935	(36,062)	(50,997)
<b>Cash Balance, Beginning of Year</b>	<u>37,191</u>	<u>37,191</u>	<u>37,191</u>	<u>-</u>
<b>Cash Balance, End of Year</b>	<u><u>\$ 52,126</u></u>	<u><u>\$ 52,126</u></u>	<u><u>\$ 1,129</u></u>	<u><u>\$ (50,997)</u></u>

STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
EMERGENCY MEDICAL SERVICES FUND  
YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Intergovernmental State	\$ 7,939	\$ 7,939	\$ 7,456	\$ (483)
<b>Total Revenues</b>	7,939	7,939	7,456	(483)
<b>EXPENSES</b>				
<b>Current</b>				
Public Safety				
Fire	7,939	9,460	8,977	483
<b>Total Expenditures</b>	7,939	9,460	8,977	483
<b>Excess (Deficit) of Revenues over Expenditures</b>	-	(1,521)	(1,521)	-
<b>Cash Balance, Beginning of Year</b>	1,521	1,521	1,521	-
<b>Cash Balance, End of Year</b>	\$ 1,521	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
STREET IMPROVEMENT FUND  
YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Intergovernmental				
State	\$ -	\$ -	\$ -	\$ -
<b>Total Revenues</b>	-	-	-	-
<b>EXPENSES</b>				
<b>Current</b>				
Transportation	40,000	40,000	-	40,000
<b>Total Expenditures</b>	40,000	40,000	-	40,000
<b>Excess (Deficit) of Revenues over Expenditures</b>	(40,000)	(40,000)	-	40,000
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	5,466	5,466	5,004	(462)
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	5,466	5,466	5,004	(462)
<b>Net Change in Fund Balance after Transfers</b>	(34,534)	(34,534)	5,004	39,538
<b>Cash Balance, Beginning of Year</b>	221,915	221,915	221,915	-
<b>Cash Balance, End of Year</b>	\$ 187,381	\$ 187,381	\$ 226,919	\$ 39,538

The accompanying notes are an integral part of these financial statements.



STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
GAS TAX ROAD FUND  
YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes				
Gas	\$ 13,904	\$ 13,904	\$ 10,253	\$ (3,651)
<b>Total Revenues</b>	13,904	13,904	10,253	(3,651)
<b>EXPENSES</b>				
<b>Current</b>				
Transportation	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-
<b>Excess (Deficit) of Revenues over Expenditures</b>	13,904	13,904	10,253	(3,651)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	(13,904)	(13,904)	(11,636)	2,268
<b>Total Other Financing Sources (Uses)</b>	(13,904)	(13,904)	(11,636)	2,268
<b>Net Change in Fund Balance after Transfers</b>	-	-	(1,383)	(1,383)
<b>Cash Balance, Beginning of Year</b>	2,131	2,131	2,131	-
<b>Cash Balance, End of Year</b>	<u>\$ 2,131</u>	<u>\$ 2,131</u>	<u>\$ 748</u>	<u>\$ (1,383)</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FIRE PROTECTION FUND  
YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Intergovernmental State	\$ 71,881	\$ 73,960	\$ 73,960	\$ -
<b>Total Revenues</b>	71,881	73,960	73,960	-
<b>EXPENSES</b>				
<b>Current</b>				
Public Safety Fire	71,881	91,580	60,717	30,863
<b>Total Expenditures</b>	71,881	91,580	60,717	30,863
<b>Excess of Revenues over Expenditures</b>	-	(17,620)	13,243	30,863
<b>Cash Balance, Beginning of Year</b>	48,458	48,458	48,458	-
<b>Cash Balance, End of Year</b>	<u>\$ 48,458</u>	<u>\$ 30,838</u>	<u>\$ 61,701</u>	<u>\$ 30,863</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
LAW ENFORCEMENT PROTECTION FUND  
YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Intergovernmental				
State	\$ 24,200	\$ 24,200	24,200	\$ -
<b>Total Revenues</b>	24,200	24,200	24,200	-
<b>EXPENSES</b>				
<b>Current</b>				
Public Safety				
Police	-	23,600	23,600	-
<b>Capital Outlay</b>	24,200	24,200	24,200	-
<b>Total Expenditures</b>	24,200	47,800	47,800	-
<b>Deficit of Revenues over Expenditures</b>	-	(23,600)	(23,600)	-
<b>Cash Balance, Beginning of Year</b>	23,600	23,600	23,600	-
<b>Cash Balance, End of Year</b>	\$ 23,600	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
LODGERS TAX FUND  
YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes				
Lodgers	\$ 187,500	\$ 203,786	\$ 198,590	\$ (5,196)
Miscellaneous	-	-	505	505
<b>Total Revenues</b>	187,500	203,786	199,095	(4,691)
<b>EXPENSES</b>				
<b>Current</b>				
Culture, Recreation and Promotion				
Lodgers Tax Projects	58,750	64,400	(101,050)	165,450
<b>Total Expenditures</b>	58,750	64,400	(101,050)	165,450
<b>Excess (Deficit) of Revenues over Expenditures</b>	128,750	139,386	300,145	160,759
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	(128,750)	(130,328)	(130,328)	-
<b>Total Other Financing Sources (Uses)</b>	(128,750)	(130,328)	(130,328)	-
<b>Net Change in Fund Balance after Transfers</b>	-	9,058	169,817	160,759
<b>Cash Balance, Beginning of Year</b>	194,780	194,780	194,780	-
<b>Cash Balance, End of Year</b>	\$ 194,780	\$ 203,838	\$ 364,597	\$ 160,759

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
RECREATION FUND  
YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Intergovernmental				
State	\$ -	\$ -	\$ -	\$ -
<b>Total Revenues</b>	-	-	-	-
<b>EXPENSES</b>				
<b>Current</b>				
Culture, Recreation and Promotion				-
<b>Capital Outlay</b>				
Minor Capital Outlay Under \$5,000	4,684	4,684	975	3,709
<b>Total Expenditures</b>	4,684	4,684	975	3,709
<b>Deficit of Revenues over Expenditures</b>	(4,684)	(4,684)	(975)	3,709
<b>Cash Balance, Beginning of Year</b>	4,684	4,684	4,684	-
<b>Cash Balance, End of Year</b>	\$ -	\$ -	\$ 3,709	\$ 3,709

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
INFRASTRUCTURE FUND  
YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes				
Gross Receipts	\$ 128,155	\$ 134,187	\$ 134,335	\$ 148
<b>Total Revenues</b>	128,155	134,187	134,335	148
<b>EXPENSES</b>				
<b>Current</b>				
Culture, Recreation and Promotion				
Lodgers Tax Projects	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-
<b>Excess (Deficit) of Revenues over Expenditures</b>	128,155	134,187	134,335	148
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	(20,001)	(106,501)	(106,501)	-
<b>Total Other Financing Sources (Uses)</b>	(20,001)	(106,501)	(106,501)	-
<b>Net Change in Fund Balance after Transfers</b>	108,154	27,686	27,834	148
<b>Cash Balance, Beginning of Year</b>	339,766	339,766	339,766	-
<b>Cash Balance, End of Year</b>	<u>\$ 447,920</u>	<u>\$ 367,452</u>	<u>\$ 367,600</u>	<u>\$ 148</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
CDBG GRANT FUND  
YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Intergovernmental				
State	\$ 500,048	\$ 500,048	\$ 461,977	\$ (38,071)
<b>Total Revenues</b>	500,048	500,048	461,977	(38,071)
<b>EXPENSES</b>				
<b>Capital Outlay</b>	520,049	520,049	482,275	37,774
<b>Total Expenditures</b>	520,049	520,049	482,275	37,774
<b>Deficit of Revenues over Expenditures</b>	(20,001)	(20,001)	(20,298)	(297)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	20,001	20,001	20,001	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	20,001	20,001	20,001	-
<b>Net Change in Fund Balance after Transfers</b>	-	-	(297)	(297)
<b>Cash Balance, Beginning of Year</b>	18,914	18,914	18,914	-
<b>Cash Balance, End of Year</b>	\$ 18,914	\$ 18,914	\$ 18,617	\$ (297)

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
COLONIAS GRANT FUND  
YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Intergovernmental State	\$ 688,853	\$ 1,874,693	\$ 306,132	\$ (1,568,561)
<b>Total Revenues</b>	688,853	1,874,693	306,132	(1,568,561)
<b>EXPENSES</b>				
<b>Capital Outlay</b>	664,788	1,969,212	306,132	1,663,080
<b>Total Expenditures</b>	664,788	1,969,212	306,132	1,663,080
<b>Deficit of Revenues over Expenditures</b>	24,065	(94,519)	-	94,519
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	25,000	143,584	25,000	(118,584)
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	25,000	143,584	25,000	(118,584)
<b>Net Change in Fund Balance after Transfers</b>	49,065	49,065	25,000	(24,065)
<b>Cash Balance, Beginning of Year</b>	99,060	99,060	99,060	-
<b>Cash Balance, End of Year</b>	<u>\$ 148,125</u>	<u>\$ 148,125</u>	<u>\$ 124,060</u>	<u>\$ (24,065)</u>

The accompanying notes are an integral part of these financial statements.



STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
CAPITAL APPROPRIATIONS FUND  
YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Capital Grants and Contributions	\$ -	\$ 86,500	\$ 48,752	\$ (37,748)
<b>Total Revenues</b>	-	86,500	48,752	(37,748)
<b>EXPENSES</b>				
<b>Capital Outlay</b>	-	86,500	50,498	36,002
<b>Total Expenditures</b>	-	86,500	50,498	36,002
<b>Deficit of Revenues over Expenditures</b>	-	-	(1,746)	(1,746)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	86,500	86,500	86,500	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	86,500	86,500	86,500	-
<b>Net Change in Fund Balance after Transfers</b>	86,500	86,500	84,754	(1,746)
<b>Cash Balance, Beginning of Year</b>	-	-	-	-
<b>Cash Balance, End of Year</b>	\$ 86,500	\$ 86,500	\$ 84,754	\$ (1,746)

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)  
SEWER FUND  
YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Charges for Services	\$ 347,000	\$ 366,300	\$ 378,100	\$ 11,800
Tap and Reconnect Fees	21,000	17,435	10,200	(7,235)
Late Fees	-	-	-	-
Other Income	-	900	900	-
<b>Total Operating Revenues</b>	<u>368,000</u>	<u>384,635</u>	<u>389,200</u>	<u>4,565</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Personnel Services	154,675	154,675	122,081	32,594
Contracted Services	497,586	496,690	401,834	94,856
Maintenance, Materials and Supplies	81,796	82,360	65,675	16,685
Other Expenditures	21,400	21,700	19,555	2,145
<b>Capital Outlay</b>	<u>65,000</u>	<u>65,032</u>	<u>-</u>	<u>65,032</u>
<b>Total Operating Expenses</b>	<u>820,457</u>	<u>820,457</u>	<u>609,145</u>	<u>211,312</u>
<b>Operating Income</b>	(452,457)	(435,822)	(219,945)	215,877
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State Grant Assistance			-	-
Environmental Gross Receipts Tax	440,000	423,365	423,513	148
<b>Debt Service</b>				
Principal	(18,324)	(21,372)	-	21,372
Interest and Administrative Fees	-	-	-	-
Transfers In	51,333	51,333	51,333	-
Transfers Out	(15,000)	(133,584)	(12,370)	121,214
<b>Total Nonoperating Revenues (Expenses)</b>	<u>458,009</u>	<u>319,742</u>	<u>462,476</u>	<u>142,734</u>
<b>Net Change in Net Position After Transfers</b>	5,552	(116,080)	242,531	358,611
<b>Cash - Beginning of Year</b>	<u>881,763</u>	<u>881,763</u>	<u>881,763</u>	<u>-</u>
<b>Cash - End of Year</b>	<u>\$ 887,315</u>	<u>\$ 765,683</u>	1,124,294	<u>\$ 358,611</u>
<b>Reconciliation to GAAP Basis</b>				
Change in:				
Accounts Receivable			(59)	
Accounts Payable			(34,112)	
<b>Cash Balance - GAAP Basis</b>			<u>\$ 1,090,123</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)  
SANITATION FUND  
YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Charges for Services	\$ 189,000	\$ 208,446	\$ 210,779	\$ 2,333
<b>Total Operating Revenues</b>	189,000	208,446	210,779	2,333
<b>EXPENDITURES</b>				
<b>Current</b>				
Contracted Services	266,776	288,359	288,102	257
<b>Total Operating Expenses</b>	266,776	288,359	288,102	257
<b>Operating Income</b>	(77,776)	(79,913)	(77,323)	2,590
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Environmental Gross Receipts Tax	52,776	52,921	53,135	214
Transfers In	25,000	26,992	26,992	-
<b>Total Nonoperating Revenues (Expenses)</b>	77,776	79,913	80,127	214
<b>Net Change in Net Position After Transfers</b>	-	-	2,804	2,804
<b>Cash - Beginning of Year</b>	42,970	42,970	42,970	-
<b>Cash - End of Year</b>	<u>\$ 42,970</u>	<u>\$ 42,970</u>	45,774	<u>\$ 2,804</u>
<b>Reconciliation to GAAP Basis</b>				
Change in:				
Accounts Receivable			383	
Accounts Payable			<u>(4,446)</u>	
<b>Cash Balance - GAAP Basis</b>			<u>\$ 41,711</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)  
WATER FUND  
YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Charges for Services	\$ 469,400	\$ 463,913	\$ 422,612	\$ (41,301)
Tap and Reconnect Fees	9,000	11,000	9,809	(1,191)
Late Fees	15,000	17,310	17,310	-
Other Income	4,400	7,234	4,511	(2,723)
<b>Total Operating Revenues</b>	<u>497,800</u>	<u>499,457</u>	<u>454,242</u>	<u>(45,215)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Personnel Services	176,145	192,009	192,917	(908)
Contracted Services	111,270	114,837	136,895	(22,058)
Maintenance, Materials and Supplies	72,000	64,750	30,523	34,227
Other Expenditures	43,700	36,588	30,496	6,092
<b>Capital Outlay</b>	<u>45,000</u>	<u>41,020</u>	<u>19,930</u>	<u>21,090</u>
<b>Total Operating Expenses</b>	<u>448,115</u>	<u>449,204</u>	<u>410,761</u>	<u>38,443</u>
<b>Operating Income</b>	49,685	50,253	43,481	(6,772)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
<b>Debt Service</b>				
Principal	(16,800)	(16,800)	(8,000)	8,800
Interest and Administrative Fees	(15,800)	(14,711)	(14,535)	176
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(32,600)</u>	<u>(31,511)</u>	<u>(22,535)</u>	<u>8,976</u>
<b>Net Change in Net Position After Transfers</b>	17,085	18,742	20,946	2,204
<b>Cash - Beginning of Year</b>	<u>449,920</u>	<u>449,920</u>	<u>449,920</u>	<u>-</u>
<b>Cash - End of Year</b>	<u>\$ 467,005</u>	<u>\$ 468,662</u>	470,866	<u>\$ 2,204</u>
<b>Reconciliation to GAAP Basis</b>				
Change in:				
Accounts Receivable			151	
Inventory			(34,222)	
Accounts Payable			6,745	
<b>Cash Balance - GAAP Basis</b>			<u>\$ 443,540</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)  
IMPROVEMENTS FUND  
YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES</b>				
Capital Outlay	1,861,952	1,861,952	48,394	1,813,558
Total Operating Expenses	1,861,952	1,861,952	48,394	1,813,558
Operating Income	(1,861,952)	(1,861,952)	(48,394)	1,813,558
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State Grant Assistance	1,811,952	1,811,952	23,649	1,788,303
Environmental Gross Receipts Tax	140,000	140,000	135,901	(4,099)
<b>Debt Service</b>				
Principal	(4,455)	(4,455)	(4,455)	-
Interest and Administrative Fees	(1,662)	(1,662)	(1,661)	1
Transfers In	15,000	15,000	12,370	(2,630)
Transfers Out	(76,333)	(76,333)	(76,333)	-
Total Nonoperating Revenues (Expenses)	1,884,502	1,884,502	89,471	(1,795,031)
Net Change in Net Position After Transfers	22,550	22,550	41,077	18,527
Cash - Beginning of Year	860,753	860,753	860,753	-
Cash - End of Year	<u>\$ 883,303</u>	<u>\$ 883,303</u>	901,830	<u>\$ 18,527</u>
<b>Reconciliation to GAAP Basis</b>				
Change in:				
Taxes Receivable			<u>(1,716)</u>	
Cash Balance - GAAP Basis			<u>\$ 900,114</u>	

The accompanying notes are an integral part of these financial statements.

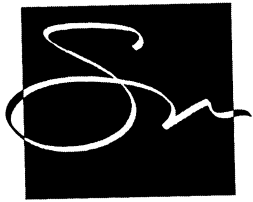
STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
SCHEDULE OF VENDOR INFORMATION  
EXPENDITURES OVER \$60,000 (EXCLUDING GRT)  
(UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2016

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</i>
RFP#13-01	Competitive (RFP or RFB)	H. John Underwood, LTD	171,368.45	171,368.45	1221 Mechem, Suite 5, Ruidoso, NM 88345
RFP# 2014-02	Competitive (RFP or RFB)	Dennis Engineering, INC.	133,162.00	133,162.11	21 Main Street, Edgewood, NM 87015
RFB# CDBG 14-C-RS-1-07-G-18	Competitive (RFP or RFB)	Ducross Construction	388,540.67	380,073.38	DuCross Construction, LLC 250 Crawford BLVD, Las Cruces, NM 88007/ PO Box 13230, Las Cruces, NM 88013
RFB# CDBG 14-C-RS-1-07-G-18	Competitive (RFP or RFB)				Sierra Valley Contractors, LLC 701 Juniper Street Truth or Consequences, NM 87901
RFB# CDBG 14-C-RS-1-07-G-18	Competitive (RFP or RFB)				Marrow Enterprises, Inc. 6525 W Picacho Ave Las Cruces, NM 88004
RFB# CDBG 14-C-RS-1-07-G-18	Competitive (RFP or RFB)				Smithco Construction, 6 King Canyon Loop, Caballo, NM 87931/PO Box 45 Caballo NM 87931
RFB# CDBG 14-C-RS-1-07-G-18	Competitive (RFP or RFB)				Burn Construction Co. Inc. 311 Southgate Court Las Cruces NM 88005
RFB# CDBG 14-C-RS-1-07-G-18	Competitive (RFP or RFB)				Garcia Underground, Inc PO Box 345 Guadalupe NM 87722
RFB# CDBG 14-C-RS-1-07-G-18	Competitive (RFP or RFB)				Renegade Construction, LLC PO Box 830 Fairacres NM 88033

<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
Y	N/A	Legal Services
y	N/A	Engineering Services
Y	N/A	Construction Agua Fria Wastewater Phase 1
Y	N/A	Construction Agua Fria Wastewater Phase 1
Y	N/A	Construction Agua Fria Wastewater Phase 1
Y	N/A	Construction Agua Fria Wastewater Phase 1
Y	N/A	Construction Agua Fria Wastewater Phase 1
N	N/A	Construction Agua Fria Wastewater Phase 1
N	N/A	Construction Agua Fria Wastewater Phase 1

## **INTERNAL CONTROL AND COMPLIANCE**





**SCOTT NORTHAM, CPA, PC**  
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Timothy Keller,  
New Mexico State Auditor, and  
Mayor and City Council  
City of Ruidoso Downs  
Lake Arthur, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue funds of the City of Ruidoso Downs, New Mexico as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the City's nonmajor governmental, nonmajor enterprise, and the budgetary comparisons for the major capital project funds, debt service funds and all nonmajor funds presented as supplemental information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016, as listed in the table of contents and have issued our report thereon dated December 14, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be either a material weakness or a significant deficiency.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not find any deficiencies to be material weaknesses.

*A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompany schedule of findings and responses as item 2016-001 to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and Section 12-6-5 NMSA 1978

**City’s Responses to Findings**

The City’s responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Scott Northam, CPA, PC  
Ruidoso, New Mexico  
December 14, 2016

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2016**

**2016-001 – Lodgers Taxes Not Being Collected – Significant Deficiency**

**CONDITION** - The City has not been pursuing collections of lodgers tax from one delinquent vendor during the fiscal year.

**CRITERIA** - State Statute 3-38-13 to 3-38-24 NMSA 1978 requires municipalities to collect lodgers taxes from vendors who provide short-term lodging or accommodations within the city limits. The taxes are due to the City from the lodgers within twenty days of the close of the month.

**EFFECT** - The City is in violation of State Statute and the vendor is in arrears to the City for a calculated amount of approximately \$31,768.

**CAUSE** – The vendor has not paid any lodgers tax since July, 2015. The City’s collections efforts including certified mailing of demand letters to the vendor continued through September 2015 at which time collection activities ceased. No significant legal efforts have been made to compel the vendor to comply with State statute.

**RECOMMENDATION** – The City should reassert collection efforts toward this vendor, including legal efforts involving the City Attorney to remediate this situation.

**MANAGEMENT RESPONSE AND PLANNED CORRECTIVE ACTION** - The City Clerk will send Notice of the Failure to Pay based upon this audit to the vendor before December 30, 2016 as required by City Ordinance. If the matter is then not resolved on or before January 22, 2017, the City shall proceed to file a Municipal Lien on or before January 31, 2017. If the Lodger fails to satisfy the Lien within 90 days thereafter the City will proceed to foreclose the Lien in District Court of Lincoln County, New Mexico as provided by law.

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
STATUS OF PRIOR YEAR FINDINGS  
JUNE 30, 2016**

<b>Finding</b>	<b>Status</b>
FS 2015-001 Late Report Submission	Resolved
FS 2015-002 Stale Dated Utility Fund Deposit Refund Check	Resolved

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
EXIT CONFERENCE  
JUNE 30, 2016**

The contents of this report were discussed with the City of Ruidoso Downs representatives on December 14, 2016. The following individuals were present for the conference:

**City of Ruidoso Downs**

Gary Williams, Mayor  
Carol Virden, City Clerk  
Mary Castaneda, Finance Director

**Scott Northam, CPA, PC**

Scott Northam, CPA

The financial statements of the City of Ruidoso Downs were prepared by Scott Northam, CPA, PC from original books and records provided by and with assistance from the management of the City.

Although standards strongly emphasize the City prepare its own financial statements, the consensus between City management and the auditor was that it would be more time and cost efficient for the auditor to prepare the financial statements and the related notes. Accordingly, the City designated a competent management-level individual to oversee the auditor's services, make all management decisions and perform all management functions. The City reviewed, approved, and accepted responsibility for the accompanying financial statements and related notes and Supplemental schedules, and for ensuring that the underlying accounting records adequately support the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America and that the records are current and in balance.