



KRIEGEL/GRAY/SHAW & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

TRADITIONAL YET PROGRESSIVE SERVICE SINCE 1962

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STATE OF NEW MEXICO

CITY OF RUIDOSO DOWNS

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2021

CITY OF RUIDOSO DOWNS

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CITY OF RUIDOSO DOWNS

OFFICIAL ROSTER

JUNE 30, 2021

CITY COUNCIL

<u>Name</u>	<u>Title</u>
<i>Dean Holman</i>	<i>Mayor</i>
<i>James Romero</i>	<i>Mayor Pro-Tem</i>
<i>Sebrina Lundquist</i>	<i>Councilor</i>
<i>Judy R. Miller</i>	<i>Councilor</i>
<i>Shane Walker</i>	<i>Councilor</i>

INDEPENDENT AUDITORS' REPORT

Mr. Brian S. Colón, State Auditor and
Honorable Mayor and Councilors of
City of Ruidoso Downs
Ruidoso Downs, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund of the City of Ruidoso Downs (the City), as of and for the year ended June 30, 2021, 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 also have audited the financial statements of each of the City's nonmajor governmental funds presented as supplementary 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, 2021, 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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.

Mr. Brian S. Colón, State Auditor and
Honorable Mayor and Councilors of
City of Ruidoso Downs
Ruidoso Downs, New Mexico
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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, as of June 30, 2021, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund 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 fund of the City as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by that missing information.

Accounting principles generally accepted in the United States of America require that the pension liability schedules on pages 43 through 49 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 supplementary 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.

Mr. Brian S. Colón, State Auditor and
Honorable Mayor and Councilors of
City of Ruidoso Downs
Ruidoso Downs, New Mexico
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Other Information

Our audit was conducted for the purpose of forming opinions on the City's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. *The other supplementary information required by 2.2.2.NMAC* are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The *other supplementary information required by 2.2.2 NMAC* is the responsibility of management and was derived from and relates 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 the auditing standards generally accepted in the United States of America. In our opinion, the *other supplementary information required by 2.2.2 NMAC* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2021 on our consideration of the City of Ruidoso Downs'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.

Kriegel/Gray/Shaw & Co., P.C.

Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico

December 14, 2021

CITY OF RUIDOSO DOWNS

STATEMENT OF NET POSITION

JUNE 30, 2021

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Current Assets			
Cash and cash equivalents	\$4,819,507	\$3,803,500	\$8,623,007
Restricted cash	144,824	30,481	175,305
Accounts receivable, net	0	108,991	108,991
Taxes receivable			
Gross Receipts	679,258	137,163	816,421
Franchise	14,373	0	14,373
Property	43,307	0	43,307
Lodgers	28,050	0	28,050
Gasoline	3,721	0	3,721
Due from other governments	3,160	0	3,160
Internal balances	(25,932)	25,932	0
Inventory	36,762	136,035	172,797
<i>Total current assets</i>	5,747,030	4,242,102	9,989,132
Noncurrent Assets			
Restricted cash and cash equivalents	197,409	13,040	210,449
Capital assets, net	13,051,322	13,143,340	26,194,662
<i>Total assets</i>	13,248,731	13,156,380	26,405,111
Deferred outflows of resources			
Pensions	857,394	145,283	1,002,677
<i>Total assets and deferred outflows</i>	\$19,853,155	\$17,543,765	\$37,396,920
Current Liabilities			
Accounts payable	\$154,574	\$41,023	\$195,597
Accrued payroll and payroll liabilities	89,565	10,031	99,596
Accrued compensated absences	0	0	0
Accrued interest	15,168	0	15,168
Current portion of long-term debt	127,861	62,823	190,684
<i>Total Current Liabilities</i>	387,168	113,877	501,045
Noncurrent Liabilities			
Customer deposits	0	13,040	13,040
Accrued compensated absences	81,128	22,640	103,768
Long-term debt, net of current portion	816,752	762,325	1,579,077
Net pension liabilities	2,863,116	510,693	3,373,809
<i>Total Noncurrent Liabilities</i>	3,760,996	1,308,698	5,069,694
Deferred Inflows of Resources			
Prepaid services	0	59,000	59,000
Net pension liability deferred inflows	423,509	73,678	497,187
<i>Total Liabilities and Deferred Inflows</i>	\$4,571,673	\$1,555,253	\$6,126,926

The Notes to Financial Statements are an integral part of these statements.

CITY OF RUIDOSO DOWNS

STATEMENT OF NET POSITION

JUNE 30, 2021

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Net Position			
Net investment in capital assets	\$12,106,709	\$12,318,192	\$24,424,901
Restricted for:			
Special revenue funds	1,708,531	0	1,708,531
Capital projects	145,559	30,481	176,040
Debt service	201,347	0	201,347
Unrestricted (deficit)	1,119,336	3,639,839	4,759,175
<i>Total Net Position</i>	15,281,482	15,988,512	31,269,994
<i>Total Liabilities, Deferred Inflows and Net Position</i>	\$19,853,155	\$17,543,765	\$37,396,920

The Notes to Financial Statements are an integral part of these statements.

CITY OF RUIDOSO DOWNS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary Government							
Governmental Activities:							
General government	\$1,370,649	\$16,301	\$99,700	\$0	(\$1,254,648)	\$0	(\$1,254,648)
Public safety	1,147,825	0	139,555	0	(1,008,270)	0	(1,008,270)
Public works	702,820	0	110,000	606,124	13,304	0	13,304
Culture and recreation	399,405	26,094	0	0	(373,311)	0	(373,311)
Health and welfare	59,593	0	0	0	(59,593)	0	(59,593)
Interest and admin fees	46,904	0	0	0	(46,904)	0	(46,904)
<i>Total governmental activities</i>	<i>3,727,196</i>	<i>42,395</i>	<i>349,255</i>	<i>606,124</i>	<i>(2,729,422)</i>	<i>0</i>	<i>(2,729,422)</i>
Business-Type Activities:							
Sewer fund	692,770	426,170	0	0	0	(266,600)	(266,600)
Sanitation fund	305,427	216,857	0	0	0	(88,570)	(88,570)
Water fund	549,072	552,297	0	101,437	0	104,662	104,662
Improvements fund	151,234	0	0	0	0	(151,234)	(151,234)
<i>Total business-type activities</i>	<i>1,698,503</i>	<i>1,195,324</i>	<i>0</i>	<i>101,437</i>	<i>0</i>	<i>(401,742)</i>	<i>(401,742)</i>
Total primary government	\$5,425,699	\$1,237,719	\$349,255	\$707,561	(\$2,729,422)	(\$401,742)	(\$3,131,164)

General Revenues

Taxes:

Gross receipts tax	\$3,280,107	\$863,684	\$4,143,791
Franchise tax	70,691	0	70,691
Property tax	485,668	0	485,668
Gas tax and MVD	24,247	0	24,247
Lodgers tax	188,364	0	188,364
Other taxes	15,607	0	15,607
License and permits	10,432	0	10,432
Fines and forfeitures	88,567	0	88,567
Miscellaneous	56,635	0	56,635
Net transfers	81,472	(81,472)	0
<i>Total general revenues and transfers</i>	<i>4,301,790</i>	<i>782,212</i>	<i>5,084,002</i>
Change in net position	1,572,368	380,470	1,952,838
Net position (deficit), beginning of year, as previously stated	13,709,114	15,630,870	29,339,984
Restatement	0	(22,828)	(22,828)
<i>Net position (deficit), beginning of year, as restated</i>	<i>13,709,114</i>	<i>15,608,042</i>	<i>29,317,156</i>
Net position (deficit), end of year	\$15,281,482	\$15,988,512	\$31,269,994

The Notes to Financial Statements are an integral part of these statements.

CITY OF RUIDOSO DOWNS

GOVERNMENTAL FUNDS

BALANCE SHEETS

JUNE 30, 2021

	Major Funds				
	General	Colonias	Capital	Nonmajor	Total
	Fund	Grant Fund	Appropriations Fund	Governmental Funds	Governmental Funds
ASSETS					
Cash and cash equivalents					
Unrestricted	\$3,160,002	\$735	\$12,491	\$1,646,279	\$4,819,507
Restricted - held by trustee	0	90,763	0	0	90,763
Accounts receivable	0	0	0	251,470	251,470
Taxes receivable:					0
Gross receipts	631,815	0	0	47,443	679,258
Franchise	14,373	0	0	0	14,373
Property	43,307	0	0	0	43,307
Lodgers	0	0	0	28,050	28,050
Gasoline and MVD	0	0	0	3,721	3,721
Due from other governments	3,160	0	0	0	3,160
Due from other funds	0	0	0	0	0
Inventory	0	0	0	36,762	36,762
Total assets	\$3,852,657	\$91,498	\$12,491	\$2,013,725	\$5,970,371
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$24,946	\$0	\$129,626	\$0	\$154,572
Accrued payroll	89,565	0	0	0	89,565
Due to other funds	25,933	0	0	0	25,933
Total liabilities	140,444	0	129,626	0	270,070
Deferred inflows of resources:					
Deferred inflows - property taxes	33,443	0	0	13,024	46,467
Fund Balances:					
Nonspendable	0	0	0	36,762	36,762
Restricted					
Special revenue	0	0	0	1,708,531	1,708,531
Capital projects	0	91,498	0	54,061	145,559
Debt service	0	0	0	201,347	201,347
Assigned	0	0	0	0	0
Unassigned	3,678,770	0	(117,135)	0	3,561,635
Total fund balance	3,678,770	91,498	(117,135)	2,000,701	5,653,834
Total liabilities, deferred inflows of resources, and fund balances	\$3,852,657	\$91,498	\$12,491	\$2,013,725	\$5,970,371

The Notes to Financial Statements are an integral part of these statements.

CITY OF RUIDOSO DOWNS
RECONCILIATION OF THE FUND BALANCE OF GOVERNMENTAL FUNDS
TO GOVERNMENTAL ACTIVITIES NET POSITION
JUNE 30, 2021

FUND BALANCE of Governmental Funds	\$5,653,834
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.	13,051,322
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are reported as deferred inflows of resources in the fund financial statements, but are considered revenue in the Statement of Activities.	46,466
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	(81,128)
Notes and Bonds Payable	(944,613)
Accrued Interest	(15,168)
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.	
NPL Deferred Outflows	857,394
NPL Deferred Inflows	(2,863,116)
Net Pension Liability	(423,509)
<i>Net position of governmental activities</i>	\$15,281,482

The Notes to Financial Statements are an integral part of these statements.

CITY OF RUIDOSO DOWNS
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Major Funds				
	General Fund	Colonias Grant Fund	Capital Appropriations Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes					
Gross receipts	\$3,128,922	\$0	\$0	\$151,185	\$3,280,107
Franchise	70,691	0	0	0	70,691
Property	342,466	0	0	143,202	485,668
Gasoline and MVD	5,865	0	0	18,382	24,247
Lodgers	0	0	0	188,364	188,364
Other	15,607	0	0	0	15,607
Charges for service/sales	1,899	0	0	14,502	16,401
Intergovernmental					
Federal operating grants	9,700	0	0	0	9,700
Federal capital grants	0	0	0	139,911	139,911
State operating grants	90,000	0	0	249,555	339,555
State capital grants	0	0	466,213	0	466,213
Memberships and contributions	0	0	0	25,994	25,994
Licenses and permits	10,432	0	0	0	10,432
Fines and forfeitures	88,567	0	0	0	88,567
Miscellaneous	54,755	1,032	0	848	56,635
<i>Total revenues</i>	3,818,904	1,032	466,213	931,943	5,218,092
EXPENDITURES					
Current:					
General government	1,297,130	0	0	15,122	1,312,252
Public safety	1,205,355	0	0	35,710	1,241,065
Public works	515,056	0	0	0	515,056
Culture and recreation	155,280	0	0	172,641	327,921
Health and welfare	59,593	0	0	0	59,593
Debt Service					
Principal and interest	41,973	0	0	109,838	151,811
Capital outlay	72,102	1,085,938	593,529	229,115	1,980,684
<i>Total expenditures</i>	3,346,489	1,085,938	593,529	562,426	5,588,382

The Notes to Financial Statements are an integral part of these statements.

CITY OF RUIDOSO DOWNS
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Major Funds				
	General Fund	Colonias Grant Fund	Capital Appropriations Fund	Nonmajor Governmental Funds	Total Governmental Funds
Excess (Deficiency) of revenues over Expenditures before transfers	472,415	(1,084,906)	(127,316)	369,517	(370,290)
OTHER FINANCING SOURCES (USES)					
Loan proceeds	0	0	0	0	0
Transfers in	51,836	315,532	0	267,165	634,533
Transfers out	(171,000)	0	0	(382,061)	(553,061)
<i>Total Other Financing Sources (Uses)</i>	(119,164)	315,532	0	(114,896)	81,472
<i>Net change in fund balances</i>	353,251	(769,374)	(127,316)	254,621	(288,818)
Fund balance, beginning of year, as previously stated	3,325,519	860,872	10,181	1,746,080	5,942,652
Restatement	0	0	0	0	0
Fund balance, beginning of year, as restated	3,325,519	860,872	10,181	1,746,080	5,942,652
<i>Fund balance, end of year</i>	\$3,678,770	\$91,498	(\$117,135)	\$2,000,701	\$5,653,834

The Notes to Financial Statements are an integral part of these statements.

CITY OF RUIDOSO DOWNS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Net change in fund balances - Governmental Funds	(\$288,818)
Amounts reported for governmental activities in the statement of activities are different because:	
Property tax levied but not collected within 60 days	0
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.	1,833,725
Depreciation expense allocates the cost of capital assets over their useful lives in the Statement of Activities, but the cost if the capital assets has already been expended in prior periods in the Governmental Funds.	(389,643)
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	(13,538)
Loan Proceeds	0
Long-Term Obligations Principal Payments	104,907
Changes in 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.	
Change in Net Pension Liability	325,735
<i>Change in net position of governmental activities</i>	<i>\$1,572,368</i>

CITY OF RUIDOSO DOWNS

GENERAL FUND

STATEMENT OF REVENUES AND EXPENDITURES BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Taxes				
Gross receipts	\$2,948,149	\$3,211,347	\$2,993,992	(\$217,355)
Franchise	78,156	91,656	70,198	(21,458)
Property	369,379	369,379	342,467	(26,912)
Gasoline and MVD	6,828	6,828	7,109	281
Lodgers	0	0	0	0
Other	9,600	9,600	15,600	6,000
Charges for service/sales	3,450	3,450	1,899	(1,551)
Intergovernmental				
Federal operating grants	0	0	9,700	9,700
Federal capital grants	0	0	0	0
State operating grants	90,000	90,000	90,000	0
State capital grants	0	0	0	0
Memberships	0	0	0	0
Licenses and permits	9,850	9,850	10,432	582
Fines and forfeitures	54,000	101,417	98,567	(2,850)
Miscellaneous	51,412	51,412	42,846	(8,566)
<i>Total revenues</i>	<u>3,620,824</u>	<u>3,944,939</u>	<u>3,682,810</u>	<u>(262,129)</u>
EXPENDITURES				
Current:				
General government	1,462,268	1,584,559	1,389,704	194,855
Public safety	1,488,587	1,541,673	1,225,203	316,470
Public works	590,190	590,190	532,141	58,049
Culture and recreation	179,101	199,101	160,497	38,604
Health and welfare	84,756	112,267	59,593	52,674
Debt Service				
Principal and interest	38,131	38,131	41,973	(3,842)
Capital outlay	172,900	128,698	78,548	50,150
<i>Total expenditures</i>	<u>4,015,933</u>	<u>4,194,619</u>	<u>3,487,659</u>	<u>706,960</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(395,109)	(249,680)	195,151	444,831
Other Financing Sources (Uses):				
Operating transfers in	35,459	58,575	51,837	(6,738)
Operating transfers (out)	(61,001)	(176,001)	(171,000)	5,001
<i>Total other financing sources (uses)</i>	<u>(25,542)</u>	<u>(117,426)</u>	<u>(119,163)</u>	<u>(1,737)</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(420,651)	(367,106)	\$75,988	\$443,094
Budgeted cash carryover	\$420,651	\$367,106		
Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)				
Adjustments for revenue accruals			136,093	
Adjustments for expenditure accruals			141,170	
<i>Net changes in fund balance (GAAP Basis)</i>			\$353,251	

The Notes to Financial Statements are an integral part of these statements.

CITY OF RUIDOSO DOWNS
PROPRIETARY FUNDS
STATEMENT OF FUND NET POSITION
JUNE 30, 2021

	Sewer Fund	Sanitation Fund	Water Fund	Improvements Fund	Total Proprietary Fund
ASSETS					
Current Assets:					
Cash and cash equivalents	\$2,305,387	\$92,530	\$501,886	\$903,697	\$3,803,500
Restricted cash - held by trustee	0	0	0	30,481	30,481
Accounts receivable, net of allowance for doubtful accounts	38,075	18,623	52,293	0	108,991
Infrastructure gross receipts tax receivable	137,163	0	0	0	137,163
Inventory	0	0	136,035	0	136,035
Due from other funds	5,762	0	20,170	0	25,932
<i>Total current assets</i>	<u>2,486,387</u>	<u>111,153</u>	<u>710,384</u>	<u>934,178</u>	<u>4,242,102</u>
Non-Current Assets					
Restricted cash - customer deposits	0	0	13,040	0	13,040
Capital assets, Net	4,263,444	0	5,457,313	3,422,583	13,143,340
<i>Total noncurrent assets</i>	<u>4,263,444</u>	<u>0</u>	<u>5,470,353</u>	<u>3,422,583</u>	<u>13,156,380</u>
<i>Total assets</i>	<u>6,749,831</u>	<u>111,153</u>	<u>6,180,737</u>	<u>4,356,761</u>	<u>17,398,482</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pensions	44,551	0	100,732	0	145,283
<i>Total Deferred Outflows of Resources</i>	<u>44,551</u>	<u>0</u>	<u>100,732</u>	<u>0</u>	<u>145,283</u>
Total Assets and Deferred Outflows of Resources	\$6,794,382	\$111,153	\$6,281,469	\$4,356,761	\$17,543,765
LIABILITIES					
Current Liabilities:					
Accounts payable	\$40,603	\$0	\$420	\$0	\$41,023
Accrued payroll	2,851	0	7,180	0	10,031
Current portion of long-term debt	17,066	0	28,543	17,214	62,823
<i>Total current liabilities</i>	<u>60,520</u>	<u>0</u>	<u>36,143</u>	<u>17,214</u>	<u>113,877</u>
Non-Current Liabilities:					
Customer deposits	0	0	13,040	0	13,040
Accrued compensated absences	11,740	0	10,900	0	22,640
Long-term debt, net of current position	248,634	0	263,437	250,254	762,325
Net pension liability	155,428	0	355,265	0	510,693
<i>Total noncurrent liabilities</i>	<u>415,802</u>	<u>0</u>	<u>642,642</u>	<u>250,254</u>	<u>1,308,698</u>
<i>Total liabilities</i>	<u>476,322</u>	<u>0</u>	<u>678,785</u>	<u>267,468</u>	<u>1,422,575</u>
DEFERRED INFLOWS OF RESOURCES					
Prepaid services	59,000	0	0	0	59,000
Pensions	22,424	0	51,254	0	73,678
<i>Total Deferred Inflows of Resources</i>	<u>81,424</u>	<u>0</u>	<u>51,254</u>	<u>0</u>	<u>132,678</u>
Net Position:					
Net investment in capital assets	3,997,744	0	5,165,333	3,155,115	12,318,192
Restricted	0	0	0	30,481	30,481
Unrestricted	2,238,892	111,153	386,097	903,697	3,639,839
<i>Total net position</i>	<u>6,236,636</u>	<u>111,153</u>	<u>5,551,430</u>	<u>4,089,293</u>	<u>15,988,512</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$6,794,382	\$111,153	\$6,281,469	\$4,356,761	\$17,543,765

The Notes to Financial Statements are an integral part of these statements.

CITY OF RUIDOSO DOWNS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Sewer Fund	Sanitation Fund	Water Fund	Improvements Fund	Total Proprietary Fund
OPERATING REVENUES					
Charges for services	\$415,240	\$216,857	\$534,476	\$0	\$1,166,573
Tap and reconnect fees	10,930	0	7,229	0	18,159
Late fees	0	0	9,867	0	9,867
Other income	0	0	725	0	725
<i>Total operating revenues</i>	<u>426,170</u>	<u>216,857</u>	<u>552,297</u>	<u>0</u>	<u>1,195,324</u>
OPERATING EXPENSES					
Sewer	599,643	0	0	0	599,643
Sanitation	0	305,427	0	0	305,427
Water	0	0	473,973	0	473,973
Other expenditures	0	0	0	77,276	77,276
Depreciation	82,716	0	72,325	72,435	227,476
<i>Total operating expenses</i>	<u>682,359</u>	<u>305,427</u>	<u>546,298</u>	<u>149,711</u>	<u>1,683,795</u>
<i>Net income (loss) from operations</i>	(256,189)	(88,570)	5,999	(149,711)	(488,471)
NON-OPERATING REVENUES (EXPENSES)					
Infrastructure gross receipts tax	644,452	68,047	0	151,185	863,684
Grant proceeds	0	0	0	101,437	101,437
Interest expense	(10,411)	0	(2,774)	(1,523)	(14,708)
<i>Total non-operating revenues (expenses)</i>	<u>634,041</u>	<u>68,047</u>	<u>(2,774)</u>	<u>251,099</u>	<u>950,413</u>
<i>Change in net position before transfers</i>	<u>377,852</u>	<u>(20,523)</u>	<u>3,225</u>	<u>101,388</u>	<u>461,942</u>
TRANSFERS					
Transfers in	4,443	50,000	17,321	33,285	105,049
Transfers out	(14,668)	0	0	(171,853)	(186,521)
Capital transfers in	0	0	0	0	0
<i>Net Transfers</i>	<u>(10,225)</u>	<u>50,000</u>	<u>17,321</u>	<u>(138,568)</u>	<u>(81,472)</u>
<i>Change in net position</i>	367,627	29,477	20,546	(37,180)	380,470
Net position, beginning of year, as previously stated	5,869,009	81,676	5,553,712	4,126,473	15,630,870
Prior period adjustments	0	0	(22,828)	0	(22,828)
Net position, beginning of year, as restated	5,869,009	81,676	5,530,884	4,126,473	15,608,042
<i>Net position, end of year</i>	<u>\$6,236,636</u>	<u>\$111,153</u>	<u>\$5,551,430</u>	<u>\$4,089,293</u>	<u>\$15,988,512</u>

The Notes to Financial Statements are an integral part of these statements.

CITY OF RUIDOSO DOWNS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Sewer Fund	Sanitation Fund	Water Fund	Improvements Fund	Total Proprietary Fund
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users	\$429,610	\$212,846	\$486,422	\$0	\$1,128,878
Payments to and on behalf of employees	(83,077)	0	(211,838)	0	(294,915)
Payments to suppliers and contractors	(466,329)	(305,427)	(199,458)	(77,276)	(1,048,490)
Other receipts and payments, net	0	0	0	0	0
<i>Net cash provided (used) by operating activities</i>	<i>(119,796)</i>	<i>(92,581)</i>	<i>75,126</i>	<i>(77,276)</i>	<i>(214,527)</i>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Infrastructure gross receipts tax	604,812	68,047	0	145,085	817,944
Transfers in	4,443	50,000	17,321	33,285	105,049
Transfers out	(14,668)	0	0	(171,853)	(186,521)
Due from other funds	(5,762)	0	(20,170)	0	(25,932)
<i>Net cash provided (used) by non-capital financing activities</i>	<i>588,825</i>	<i>118,047</i>	<i>(2,849)</i>	<i>6,517</i>	<i>710,540</i>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Purchase of capital assets	(29,248)	0	0	(179,537)	(208,785)
Loan proceeds	0	0	0	21,322	21,322
Grant proceeds	0	0	0	101,437	101,437
Interest paid on debt	(10,411)	0	(2,774)	(1,523)	(14,708)
Principal paid on debt	(10,916)	0	(26,991)	(19,581)	(57,488)
<i>Net cash provided (used) by capital financing activities</i>	<i>(50,575)</i>	<i>0</i>	<i>(29,765)</i>	<i>(77,882)</i>	<i>(158,222)</i>
<i>Net change in cash</i>	<i>418,454</i>	<i>25,466</i>	<i>42,512</i>	<i>(148,641)</i>	<i>337,791</i>
Cash, beginning of year	1,886,933	67,064	495,242	1,052,338	3,501,577
Restatement	0	0	(22,828)	0	(22,828)
Beginning	1,886,933	67,064	472,414	1,052,338	3,478,749
<i>Cash, end of year</i>	<i>\$2,305,387</i>	<i>\$92,530</i>	<i>\$514,926</i>	<i>\$903,697</i>	<i>\$3,816,540</i>
Reconciliation of operating income to net cash provided (used) by operating activities					
Operating income (loss)	(\$256,189)	(\$88,570)	\$5,999	(\$149,711)	(\$488,471)
Adjustments to reconcile operating loss to cash provided (used) by operating activities:					
Depreciation	82,717	0	72,325	72,435	227,477
Changes in:					
Accounts receivable	3,440	(4,011)	(5,403)	0	(5,974)
Inventory	0	0	24,498	0	24,498
Accounts payable	40,603	0	420	0	41,023
Note payable	0	0	0	0	0
Accrued payroll	(510)	0	(1,239)	0	(1,749)
Accrued compensated absences	(1,397)	0	(1,329)	0	(2,726)
Unearned revenue	0	0	0	0	0
Net pension liability	11,540	0	40,327	0	51,867
Customer deposits	0	0	(60,472)	0	(60,472)
<i>Net cash provided (used) by operating activities</i>	<i>(\$119,796)</i>	<i>(\$92,581)</i>	<i>\$75,126</i>	<i>(\$77,276)</i>	<i>(\$214,527)</i>
Reconciliation to the Balance Sheet					
Unrestricted	\$2,305,387	\$92,530	\$501,886	\$903,697	\$3,803,500
Restricted	0	0	13,040	0	13,040
	<i>\$2,305,387</i>	<i>\$92,530</i>	<i>\$514,926</i>	<i>\$903,697</i>	<i>\$3,816,540</i>

The Notes to Financial Statements are an integral part of these statements.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. 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.

Reporting Entity-

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, 2021.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund 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 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 rely 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.

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 occurs, 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 arises, and the resources are available.
- Property tax revenue is recorded, and the revenue is recognized in the fiscal year for which the taxes are levied, subject to the sixty-day availability criteria.
- 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 expenditures generally to be 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, governmental charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is immaterial. Proprietary funds charges for services are recognized when the service is billed to the customer. 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 may be 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.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 of similar type 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 the transaction is 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 supplementary information section of the report.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 **Colonias Grant Fund** is a capital projects fund which accounts for state approved capital projects funded by special appropriation.

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

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, and revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary fund-type operating statements present increases and decreases (e.g., revenues and expenses) in net total position.

- The **Water Fund** is used to account for the provision of water services to the residents of the City. 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, and 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 JP A 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 infrastructure environmental gross receipts tax for the debt service and capital outlay of the water and sewer infrastructure system.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Information –

Budgetary basis of accounting annual budgets are prepared and adopted on a cash basis of accounting, which is consistent with generally accepted accounting principles, for the general fund, special revenue funds, debt services funds, and enterprise funds. Capital project funds adopt project-length budgets. Any agency funds in the City's custody are not budgeted. Appropriated budgets are prepared by fund, department, and functional category (i.e., personnel, operations, and capital outlay). The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is at the fund level.

Prior to June 1st, budgets are prepared, balanced, and approved by resolution by the City Council and submitted to the State of New Mexico's Department of Finance and Administration (DFA) for oversight approval. Once the budget has been formally approved, amendments (increases, decreases to the overall amounts) must be approved by the Mayor and the City Council and DFA.

All annual appropriations lapse at fiscal year-end even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. Valid outstanding encumbrances (performance under the executory contract is expected in the next year) are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

GASB Statement No. 77, Tax Abatement Disclosure - The City is not subject to any tax abatement agreements subject to being reported under the requirements of GASB 77.

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. The City also restricts certain funds as debt service reserves as required by federal and/or state loan covenants.

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.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Contributions

The City receives grants and 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.

Allowance for Doubtful Accounts

Management reviews the accounts receivable periodically to determine which accounts may not be collectible and adjusts the reserve 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.

Capital Assets

Capital assets which may include software, property, plant, equipment, vehicles, and infrastructure assets (e.g., 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. Water rights are considered to have an indefinite life and are not subject to amortization under GASB 51.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB 34 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 it is 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
Building, 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, 2021.

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 or proprietary activity. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. For fund financial reporting, bond premiums and discounts are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source, net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Compensated Absences

The City permits employees to accumulate a limited amount of earned, but unused vacation leave based on employment classification and length of employment. The liability for these compensated absences is recorded as a long-term liability in the government-wide statements. The current portion of this liability is estimated based on historical trends. Proprietary funds report the liability as incurred.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Qualified employees are entitled to accumulate annual leave according to a graduated leave schedule depending on the length of service. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental or proprietary fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the General Fund, Museum Fund, or the proprietary funds. Amounts vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide Statement of Net Position.

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, such as PERA pension deferred outflows, and grant and loan proceeds appropriated and available for use during a future period.

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, and PERA pension deferred inflows and grant and loan proceeds appropriated and available for use during a future period.
- **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.

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 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.

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., Unassigned fund balances are excess funds not categorized in the other classifications or should a special revenue fund have a negative fund balance.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.
- ***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.

Deficit Fund Balance/Net Position

The Capital Appropriations fund had a deficit fund balance of \$117,135 at the end of the fiscal year. The deficit will be funded by future revenues.

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 or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenditures

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

Operating expenditures - 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 expenditures - 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 used as an extension of formal budgetary integration in the governmental and proprietary 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.

Subsequent Events

GASB 56 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.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2. CASH AND CASH EQUIVALENTS

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

At June 30, 2021, 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.

State statutes 2-60-2 NMSA, 1978 authorize the investment of City funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pools, money market accounts, and United States Government obligations. Deposits of funds may be made in interest or non-interest-bearing checking accounts in one or more banks or credit union associations within the geographical boundaries of the City, or the County if no institutions are available within the city limits. All invested fund of the City properly followed State investment and depository requirements as of June 30, 2021.

Restricted Cash - The City has restricted cash of \$197,409 in the Debt Service Fund for debt service payments, \$13,040 for customer deposits in the Water Fund and various grant project funding of \$54,061.

Collateralization - 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. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district, or political subdivision of the State of New Mexico. 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.

	BBVA Compass Bank
Total deposit in bank	\$9,039,587
Less: FDIC Coverage	250,000
<i>Uninsured public funds</i>	8,789,587
Pledged Standby Letter of Credit	9,750,000
<i>Uninsured and Uncollateralized (over collateralized)</i>	<i>(\$960,413)</i>
50% Pledged Collateral Requirement per State Statute	\$4,394,794
Total Pledged Collateral	9,750,000
<i>(Over) Under Collateralized</i>	<i>\$5,355,206</i>

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

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 other than state statutes. As of June 30, 2021, \$8,789,587 of the City's bank deposit balance of \$9,039,587 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.

BBVA Compass Bank Pledged Collateral:	Letter Number	Maturity	Market Value	Par Value
Standby Letter of Credit	161145	3/10/2022	\$8,750,000	\$8,750,000
Standby Letter of Credit	161956	3/10/2022	500,000	500,000
Standby Letter of Credit	163186	3/10/2022	500,000	500,000
<i>Total Pledged Collateral</i>			\$9,750,000	\$9,750,000

NOTE 3. RECEIVABLES

Government Activities

Receivable amounts for property taxes, gross receipts, franchise, lodger's and gasoline taxes in the Governmental Activities are considered to be fully collectible.

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:

	Sewer	Sanitation	Water	Total
Gross Accounts Receivable	\$66,072	\$32,015	\$102,194	\$200,281
Less Allowance for Doubtful Accounts	(27,997)	(13,392)	(49,901)	(91,290)
<i>Net Accounts Receivable</i>	\$38,075	\$18,623	\$52,293	\$108,991

Receivable amounts for gross receipts taxes in the Business-type activities are considered to be fully collectible.

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

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4. INTER-FUND ACTIVITY

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

Inter-fund balances at June 30, 2021, consisted of the following:

<u>Inter-Fund Payable</u>	Inter-Fund Receivable			Total
	General	Sewer Fund	Water Fund	
General Fund	\$0	\$5,763	\$20,170	\$25,933

These amounts are expected to be repaid within one year, and the advances were made to meet operating expenses, or fund projects.

Interfund transfers are as follows:

<u>Transfers In</u>	Transfers Out				Total
	General	Other Governmental Funds	Sewer Fund	Improvements Fund	
General Fund	\$0	\$51,836	\$0	\$0	\$51,836
Colonias Fund	0	161,400	0	154,532	315,932
Non Major Governmental Funds	121,000	146,165	0	0	267,165
Sewer Fund	0	4,443	0	0	4,443
Sanitation Fund	50,000	0	0	0	50,000
Water Fund	0	0	0	17,321	17,321
Improvements Fund	0	18,617	14,668	0	33,285
	\$171,000	\$382,461	\$14,668	\$171,853	\$739,982

The transfers were made to fund debt service payments, fund construction projects and provide operating funds.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5. CAPITAL ASSETS

The following capital asset activity for the year ended June 30, 2021 is as follows:

	Balance June 30, 2020	Adjusted Balance June 30, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Governmental Activities:						
Capital Assets, Not Being Depreciated:						
Museum Artifacts and Collections	\$5,501,635	\$5,501,635	\$0	\$0	\$0	\$5,501,635
Land	226,634	226,634	0	0	0	226,634
Construction in progress	620,563	620,563	1,730,750	0	0	2,351,313
<i>Total capital assets, not being depreciated</i>	<u>6,348,832</u>	<u>6,348,832</u>	<u>1,730,750</u>	<u>0</u>	<u>0</u>	<u>8,079,582</u>
Depreciable capital assets:						
Buildings and improvements	3,485,085	3,485,085	0	0	0	3,485,085
Streets and Other Infrastructure	4,566,685	4,566,685	0	0	0	4,566,685
Vehicles, Machinery and Equipment	2,968,018	2,968,018	102,975	0	0	3,070,993
<i>Total depreciable capital assets</i>	<u>11,019,788</u>	<u>11,019,788</u>	<u>102,975</u>	<u>0</u>	<u>0</u>	<u>11,122,763</u>
Less accumulated depreciation:						
Buildings and improvements	(1,512,319)	(1,512,319)	(127,647)	0	0	(1,639,966)
Streets and Other Infrastructure	(1,840,753)	(1,840,753)	(154,300)	0	0	(1,995,053)
Vehicles, Machinery and Equipment	(2,408,308)	(2,408,308)	(107,696)	0	0	(2,516,004)
<i>Total accumulated depreciation</i>	<u>(5,761,380)</u>	<u>(5,761,380)</u>	<u>(389,643)</u>	<u>0</u>	<u>0</u>	<u>(6,151,023)</u>
<i>Depreciable capital assets, net</i>	<u>5,258,408</u>	<u>5,258,408</u>	<u>(286,668)</u>	<u>0</u>	<u>0</u>	<u>4,971,740</u>
<i>Total capital assets, net</i>	<u>\$11,607,240</u>	<u>\$11,607,240</u>	<u>\$1,444,082</u>	<u>\$0</u>	<u>\$0</u>	<u>\$13,051,322</u>

Depreciation has been charged to the following functions:

General Government	\$80,167
Public Safety	50,228
Public Works	187,764
Culture and Recreation	71,484
Total	<u>\$389,643</u>

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5. CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2020	Adjusted Balance June 30, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Business-Type Activities:						
Construction in progress	\$814,356	\$814,356	\$179,537	\$0	\$0	\$993,893
Land and water rights	1,194,275	1,194,275	0	0	0	1,194,275
<i>Total business-type activities, not being depreciated</i>	<u>2,008,631</u>	<u>2,008,631</u>	<u>179,537</u>	<u>0</u>	<u>0</u>	<u>2,188,168</u>
Depreciable capital assets:						
Buildings and improvements	1,321,113	1,321,113	0	0	0	1,321,113
Distribution systems	12,213,663	12,213,663	0	0	0	12,213,663
Vehicles, Machinery and Equipment	1,812,392	1,812,392	29,247	0	0	1,841,639
<i>Total depreciable capital assets</i>	<u>15,347,168</u>	<u>15,347,168</u>	<u>29,247</u>	<u>0</u>	<u>0</u>	<u>15,376,415</u>
Less accumulated depreciation:						
Buildings and improvements	(350,736)	(350,736)	(14,927)	0	0	(365,663)
Distribution systems	(3,034,226)	(3,034,226)	(150,768)	0	0	(3,184,994)
Vehicles, Machinery and Equipment	(808,805)	(808,805)	(61,781)	0	0	(870,586)
<i>Total accumulated depreciation</i>	<u>(4,193,767)</u>	<u>(4,193,767)</u>	<u>(227,476)</u>	<u>0</u>	<u>0</u>	<u>(4,421,243)</u>
<i>Depreciable capital assets, net</i>	<u>11,153,401</u>	<u>11,153,401</u>	<u>(198,229)</u>	<u>0</u>	<u>0</u>	<u>10,955,172</u>
<i>Total capital assets, net</i>	<u>\$13,162,032</u>	<u>\$13,162,032</u>	<u>(\$18,692)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$13,143,340</u>

Depreciation by fund:

Sewer	\$82,716
Water	72,325
Improvement	72,435
Total	<u>\$227,476</u>

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6. COMPENSATED ABSENCES

Vacation and sick leave hours are earned by employees during the year based on position and seniority with the City, is non-cumulative and considered to be a long-term liability for both Governmental Activities and Proprietary Funds. 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 time due to employees as of June 30, 2021 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.

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021	Amount Due Within One Year
Governmental Activities	\$67,590	\$34,279	\$20,741	\$81,128	\$0
Business-Type Activities	25,366	20,092	22,818	22,640	0
Total	\$92,956	\$54,371	\$43,559	\$103,768	\$0

NOTE 7. LONG-TERM DEBT

The City had the following long-term debt obligations as of June 30, 2021:

Governmental Activities:

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021	Amounts Due Within One Year
NMFA - 2090-PP	\$792,000	\$0	\$78,000	\$714,000	\$85,000
NMFA - 4922-CIF	94,000	0	0	94,000	4,700
Caterpillar Lease	163,521	0	26,907	136,613	38,161
	\$1,049,521	\$0	\$104,907	\$944,613	\$127,861

NMFA 2090-PP - Regional Wastewater Treatment Plant

The City entered into an agreement with NMFA in July 2007 to purchase the City's general obligation bonds and to administer a project to fund the City's portion of the construction of the regional wastewater treatment plant. Initial principal was \$1,400,000 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 future revenue pledged for this note payable totals \$828,053 at June 30, 2021. During the year ended June 30, 2021, the City recognized \$119,709 in pledged revenues, and retired \$109,847 in principal and interest.

NMFA 4922-CIF

The City entered into a loan/grant agreement with the Colonias Infrastructure Board and the New Mexico Finance Authority (NMFA) for the design and construction of Phase III of the street and drainage improvements in the Agua Fria area. The initial principal was \$94,000 (grant of \$846,000) with repayment terms of 20 annual payments of \$4,700 at 0% interest. The loan will start amortizing 24 months after the closing date of December 6, 2019.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7. LONG-TERM DEBT (CONTINUED)

The future revenue pledged for this note payable totals \$94,000 at June 30, 2021. During the year ended June 30, 2021, the City recognized \$0 in pledged revenue and retired \$0 in principal and interest.

Caterpillar Lease

The City entered into a lease for the purchase of an asphalt paver for \$192,500 in April 2019. The lease requires monthly payments of \$3,178 for 60 months with a balloon payment of \$48,930 at maturity (May 2, 2024). The calculated nominal annual interest rate is 7.415%.

Business-type Activities:

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021	Amounts Due Within One Year
USDA-RUS	\$260,000	\$0	\$10,000	\$250,000	\$11,000
JCB Finance	58,971	0	16,991	41,980	17,543
NMED ARRA CWSRF 02	60,039	0	4,918	55,121	5,017
NMFA 3514-CIF	122,976	0	6,473	116,503	6,473
NMFA 0347-WTB	129,966	0	8,514	121,452	8,535
NMFA 3358-CIF	92,242	0	0	92,242	6,150
NMFA 2718-CIF	10,361	0	797	9,564	797
NMFA 2975-CIF	51,037	0	3,646	47,391	3,646
NMFA 4628-CIF	75,722	0	6,149	69,573	3,662
NMFA 5109-WPF	0	13,615	0	13,615	0
NMFA 5185-WPF	0	7,707	0	7,707	0
	<u>\$861,314</u>	<u>\$21,322</u>	<u>\$57,488</u>	<u>\$825,148</u>	<u>\$62,823</u>

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 \$425,000 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 2037.

The future pledged revenue (water sales) totals \$355,630 at June 30, 2021. During the year ended June 30, 2021 the City recognized \$445,824 in pledged revenues and retired \$19,525 in principal and interest.

JCB Finance - Backhoe Capital Lease

The City entered into a capital lease agreement with JCB Finance for the financing of the lease-purchase of a 2017 JCB backhoe loader in October 2017. The initial principal was \$101,828, with repayment terms of 72 monthly payments of approximately \$1,556, bearing interest at 3.2%, and maturing in October 2023.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7. LONG-TERM DEBT (CONTINUED)

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 at 2%, and maturing in July 2030.

The future pledged revenue (Infrastructure Water and Sewer 1/8% GRT) totals \$61,157 at June 30, 2021. During the year ended June 30, 2021 the City recognized \$151,185 in pledged revenues and retired \$6,116 in principal and interest.

NMFA 0347-WTB

Storage, Conveyance and Delivery of Water-The City entered into an agreement with NMFA in February 2016 to administer a \$1,661,952 Grant/Loan project to improve the water storage and delivery system of the City. Initial principal was \$166,195 with repayment terms of 20 annual payments of approximately \$8,838 at 0.25% interest and maturing in June 2035.

The future pledged revenue (Infrastructure Water and Sewer 1/8% GRT) totals \$123,732 at June 30, 2021. During the year ended June 30, 2021 the City recognized \$151,185 in pledged revenues and retired \$8,839 in principal and interest.

NMFA 3514-CIF

Wastewater System Improvements Phase III Colonias Grant-The City entered into an agreement with NMFA in February 2016 to administer approximately a \$1,294.485 Grant/Loan project to the wastewater infrastructure of the City. Initial principal was \$129,449 with repayment terms of 20 annual, non-interest-bearing payments of approximately \$6,639, and maturing in June 2038.

The future pledged revenue (Infrastructure – WWTP 1/8 percent GRT) totals \$116,503 at June 30, 2021. During the year ended June 30, 2021 the City recognized \$151,185 in pledged revenues and retired \$6,473 in principal.

NMFA 3358-CIF

Wastewater System Improvements Colonias Grant - The City entered into an agreement with NMF A in May 2016 to administer approximately a \$1,185,840 Grant/Loan project to the wastewater infrastructure of the City. Initial principal was \$118,584 with repayment terms of 20 annual, non-interest-bearing payments of approximately \$6,150, and maturing in June 2035.

The future pledged revenue (Infrastructure - WWTP 1/8 percent GRT) totals \$92,242 at June 30, 2021. During the year ended June 30, 2021 the City recognized \$151,185 in pledged revenues and retired \$0 in principal.

NMFA 2718-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 wastewater infrastructure of the City to remain in compliance with NMED and the EPA. Initial principal was \$15,940 with repayment terms of 20 annual, non-interest-bearing payments of approximately \$797, and maturing in June 2033.

The future pledged revenue (Infrastructure - WWTP 1/8 percent GRT) totals \$9,564 at June 30, 2021. During the year ended June 30, 2021 the City recognized \$151,185 in pledged revenues and retired \$797 in principal.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7. LONG-TERM DEBT (CONTINUED)

NMFA 4628-CIF

North Parker Road Project – the City entered into an agreement with NMFA in June 2019 including \$681,502 in grant funds and \$75,722 in loan funds. Loan is to be repaid over 20 years with annual principal payments of \$3,786 (no interest) maturing June 2040.

The future pledged revenue (Infrastructure Water and Sewer 1/8 percent GRT) totals \$69,573 at June 30, 2021. During the year ended June 30, 2021 the City recognized \$151,185 in pledged revenues and retired \$3,662 in principal and interest. The City also needed unexpected loan funds of \$2,487.

NMFA 2975-CIF

Colonias Infrastructure Wastewater System Improvements Project Grant-The City entered into an agreement with NMFA in June 2014 to administer a Grant/Loan project to improve the wastewater infrastructure of the City to remain in compliance with NMED and the EPA. Initial principal was \$72,913 with repayment terms of 20 annual, non-interest-bearing payments of approximately \$3,646, and maturing in June 2034.

The future pledged revenue (Infrastructure - WWTP 1/8 percent GRT) totals \$47,391 at June 30, 2021. During the year ended June 30, 2021 the City recognized \$151,185 in pledged revenues and retired \$3,646 in principal.

NMFA 5109-WPF

Riverside Waterline and Spring Tank Project – The City entered into an agreement with NMFA in November 2020 to administer approximately \$2,230,909 grant/loan funds for the project. Initial principal was \$446,182 with repayment terms of 20 annual, non-interest bearing payments of approximately \$21,000 (beginning June 2023) and maturing June 2042.

The pledged revenue (infrastructure 1/16 GRT) totals \$446,182 at June 30, 2021. During the year ended June 30, 2021 the City recognized \$151,185 in pledged revenues and retired \$0 in principal.

NMFA 5185-WPF

The Eastward Distribution Project – The City entered into an agreement with NMFA in November 2020 to administer approximately \$1,535,000 grant/loan funds for the project. Initial principal was \$153,500 with repayment terms of 20 annual non-interest bearing payments of approximately \$7,678 (beginning June 2023) and maturing June 2042.

The pledged revenue (infrastructure 1/16 GRT) totals \$153,550 at June 30, 2021. During the year ended June 30, 2021 the City recognized \$151,185 in pledged revenues and retired \$0 in principal.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7. LONG-TERM DEBT (CONTINUED)

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
2022	\$118,673	\$37,661	\$156,334	\$62,823	\$16,585	\$79,408
2023	124,895	31,829	156,724	85,836	15,455	101,291
2024	176,146	25,301	201,447	52,980	14,266	67,246
2025	106,700	16,882	123,582	47,651	13,143	60,794
2026	347,700	22,734	370,434	48,888	13,498	62,386
2027 - 2031	23,500	0	23,500	246,034	57,387	303,421
2032 - 2036	23,500	0	23,500	217,981	38,124	256,105
2037 - 2041	23,500	0	23,500	62,955	1,616	64,571
2042 - 2045	0	0	0	0	0	0
	<u>\$944,614</u>	<u>\$134,407</u>	<u>\$1,079,021</u>	<u>\$825,148</u>	<u>\$170,074</u>	<u>\$995,222</u>

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 facility 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. The obligations are reported on the Village's financial statements and the debt service expenditures billed by the JUB are considered operating expenses in the City's financial statements.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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 Officers, 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 (10-1 1A-1 to 10-1 1A-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.

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-B.

Benefits Provided - For a description of the benefits provided and recent changes to the benefits see Note D in the PERA audited financial statements for the fiscal year ended June 30, 2021 available at:
<http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2020-Final.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 19 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures of the PERA FY 19 annual audit report, which may be obtained at <http://saonm.org> using the Audit Report Search function for agency 366-B.

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, 2019. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2020, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2020.

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 performed separately for each of the membership groups: municipal general members, municipal police members, municipal fire members, state general members, state police members, and legislative members. The Town'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, 2020.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Only employer contributions for the pay period end dates that fell within the period of July 1, 2018 to June 30, 2020 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2019 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, 2021, the City reported a liability of \$2,220,406 for its proportionate share of the net pension liability. At June 30, 2020, the City's proportionate share was 0.1098%, which was lower than its .1193% proportionate share measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized PERA Fund - General, pension expense of (\$40,638). At June 30, 2021, the City reported PERA Fund Division - General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$41,082	\$0
Changes in Proportion	32,182	320,339
Differences Between Expected and Actual Experience	61,532	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	406,046	0
<u>City Contributions Subsequent to Measurement Date</u>	<u>91,432</u>	<u>0</u>
Total	\$632,274	\$320,339

For the General Division, \$91,432 is reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date June 30, 2020 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$33,529
2022	79
2023	87,265
2024	99,630
2025	0
Totals	\$220,503

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

For PERA Fund Division Municipal Police - At June 30, 2021, the City reported a liability of \$912,119 for its proportionate share of the net pension liability. At June 30, 2020, the City's proportionate share was .1062%, which was lower than its .1175% proportionate share measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized PERA Fund-Police, pension expense of (\$82,465). At June 30, 2021, the City reported PERA Fund Division - Police deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$21,600	\$0
Changes in proportion	12,428	141,487
Differences between expected and actual experience	53,004	0
Net difference between projected and actual earnings on pension plan investments	156,558	0
City Contributions Subsequent to the Measurement Date	68,458	0
Total	\$312,048	\$141,487

For the Police Division, \$68,458 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date June 30, 2020 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$25,177
2022	2,173
2023	36,317
2024	38,436
2025	0
	\$102,103

For PERA Fund Division Municipal Fire - At June 30, 2021, the City reported a liability of \$241,284 for its proportionate share of the net pension liability. At June 30, 2020, the City's proportionate share was .0319%, which was lower than its .0399% proportion measured as of June 30, 2018.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

For the year ended June 30, 2021, the City recognized PERA Fund-Fire, pension expense of \$10,779. At June 30, 2021, the City reported PERA Fund Division - Fire deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$2,892	\$0
Changes in Proportion	19,584	35,361
Differences between expected and actual experience	\$5,348	\$0
Net difference between projected and actual earnings on pension plan investments	22,332	0
City Contributions Subsequent to the Measurement Date	8,199	0
Total	\$58,355	\$35,361

For the Fire Division, \$8,199 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date June 30, 2020 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$15,348
2022	(4,824)
2023	(1,211)
2024	5,482
2025	0
	\$14,795

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, 2019 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, 2020 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, 2020. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2019 actuarial valuation.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Amortization period	Solved for based on statutory rates
Actuarial assumptions:	
Investment rate of return	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.00%
Projected salary increases*	3.25% to 13.50% annual rate
Includes inflation at	2.50%
	2.75% all other years
Mortality Assumption	The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
Experience Study Dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2013 through June 30, 2017 (economic)

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
Global Equity	35.50%	5.90%
Risk Reduction & Mitigation	19.50%	1.00%
Client Oriented Fixed Income	15.00%	4.20%
Real Assets to Include Real Estate Equity	20.00%	6.00%
Multi-Risk Allocation	10.00%	6.40%
Total	100.0%	

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Discount rate: The discount rate used to measure the total pension liability was 7.25% for the first ten years (select period) then 7.75% for all other years (ultimate). The equivalent blended rate of 7.25% will be used to measure the total pension liability. 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 7.25% 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.

Sensitivity of the Town of Clayton'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 (6.25%) or one percentage point higher (8.25%) than the single discount rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
PERA Fund Division Municipal General			
City of Ruidoso Down's proportionate share of the net pension liability	\$3,179,044	\$2,220,406	\$1,425,502
PERA Fund Division Municipal Police			
City of Ruidoso Down's proportionate share of the net pension liability	\$1,308,979	\$912,119	\$587,311
PERA Fund Division Municipal Fire			
City of Ruidoso Down's proportionate share of the net pension liability	\$312,252	\$241,284	\$182,953

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

Payables to the pension plan. At June 30, 2021, the City had no outstanding amount of contributions payable to the pension plan.

NOTE 9. 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.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10. 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 paid the Village of Ruidoso \$394,273 for the City's 15% of the operating costs during the year ended June 30, 2021.

An updated JPA was approved by the New Mexico Department of Finance and Administration in December 2016. 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.

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 11. RESTATEMENTS

Water Fund:

To correct posting of principal and interest due to lack of reconciliation and appropriate accounting knowledge of the prior finance position.	\$22,828
	<hr/>
	<hr/>
	\$22,828

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE CITY OF RUIDOSO DOWN'S PROPORATIONATE SHARE
OF THE NET PENSION LIABILITY OF PERA FUND DIVISION
MUNICIPAL GENERAL
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years***

	As of Measurement Date						
	June 30, 2020 2021	June 30, 2019 2020	June 30, 2018 2019	June 30, 2017 2018	June 30, 2016 2017	June 30, 2015 2016	June 30, 2014 2015
City of Ruidoso Downs's proportion of the net pension liability (asset)	0.1098%	0.1193%	0.1516%	0.1412%	0.1469%	0.1515%	0.1528%
City of Ruidoso Downs's proportionate share of the net pension liability (asset)	\$2,220,406	\$2,065,202	\$2,417,065	\$1,940,208	\$2,346,968	\$1,544,674	\$1,192,004
City of Ruidoso Downs's covered-employee payroll	\$1,052,531	\$1,132,942	\$1,279,152	\$1,289,340	\$1,258,711	\$1,257,393	\$1,256,930
City of Ruidoso Downs's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	210.96%	182.29%	188.96%	150.48%	186.46%	122.85%	94.83%
Plan fiduciary net position as a percentage of the total pension liability	66.36%	70.52%	71.13%	73.74%	69.18%	76.99%	81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City of Ruidoso Downs will present information for those years for which information is available.

**SCHEDULE OF THE CITY OF RUIDOSO DOWN'S PROPORATIONATE SHARE
OF THE NET PENSION LIABILITY OF PERA FUND DIVISION
MUNICIPAL POLICE**

Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

	As of Measurement Date						
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
	2021	2020	2019	2018	2017	2016	2015
City of Ruidoso Downs's proportion of the net pension liability (asset)	0.1062%	0.1175%	0.1468%	0.1380%	0.1753%	0.1384%	0.1555%
City of Ruidoso Downs's proportionate share of the net pension liability (asset)	\$912,119	\$867,936	\$1,001,623	\$766,680	\$1,293,415	\$665,505	\$506,913
City of Ruidoso Downs's covered-employee payroll	\$274,752	\$287,725	\$310,048	\$294,825	\$348,619	\$278,931	\$293,190
City of Ruidoso Downs's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	331.98%	301.65%	323.05%	260.04%	371.01%	238.59%	172.89%
Plan fiduciary net position as a percentage of the total pension liability	66.36%	70.52%	71.13%	73.74%	69.18%	76.99%	81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City of Ruidoso Downs will present information for those years for which information is available.

**SCHEDULE OF THE CITY OF RUIDOSO DOWN'S PROPORATIONATE SHARE
OF THE NET PENSION LIABILITY OF PERA FUND DIVISION
MUNICIPAL FIRE
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years***

	As of Measurement Date						
	June 30, 2020 2021	June 30, 2019 2020	June 30, 2018 2019	June 30, 2017 2018	June 30, 2016 2017	June 30, 2015 2016	June 30, 2014 2015
City of Ruidoso Downs's proportion of the net pension liability (asset)	0.0319%	0.0378%	0.0399%	0.0266%	0.0284%	0.0269%	0.0277%
City of Ruidoso Downs's proportionate share of the net pension liability (asset)	\$241,284	\$259,775	\$255,385	\$152,191	\$189,457	\$138,836	\$115,620
City of Ruidoso Downs's covered-employee payroll	\$45,744	\$50,176	\$50,684	\$33,557	\$33,118	\$30,661	\$30,319
City of Ruidoso Downs's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	527.46%	517.73%	503.88%	300.27%	564.60%	452.81%	381.34%
Plan fiduciary net position as a percentage of the total pension liability	66.36%	70.52%	71.13%	73.74%	69.18%	76.99%	81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City of Ruidoso Downs will present information for those years for which information is available.

SCHEDULE OF CITY OF RUIDOSO DOWN'S CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA FUND DIVISION - MUNICIPAL GENERAL
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$91,432	\$103,148	\$108,196	\$122,159	\$123,132	\$120,081	\$118,832
Contributions in relation to the contractually required contribution	\$91,432	\$103,148	\$108,196	\$122,159	\$123,132	\$120,081	\$118,832
City of Ruidoso Downs covered employee payroll	\$932,980	\$1,052,531	\$1,132,942	\$1,279,152	\$1,289,340	\$1,258,711	\$1,257,393
Contributions as a percentage of covered-employee payroll	9.80%	9.80%	9.55%	9.55%	9.55%	9.54%	9.45%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City of Ruidoso Downs will present information for those years for which information is available.

SCHEDULE OF CITY OF RUIDOSO DOWN'S CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA FUND DIVISION MUNICIPAL POLICE
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$68,458	\$52,615	\$54,380	\$58,599	\$55,722	\$65,889	\$51,283
Contributions in relation to the contractually required contribution	\$68,458	\$52,615	\$54,380	\$58,599	\$55,722	\$65,889	\$51,283
City of Ruidoso Downs covered employee payroll	\$357,483	\$274,752	\$287,725	\$310,048	\$294,825	\$348,619	\$278,931
Contributions as a percentage of covered-employee payroll	19.15%	19.15%	18.90%	18.90%	18.90%	18.90%	18.39%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City of Ruidoso Downs will present information for those years for which information is available.

SCHEDULE OF CITY OF RUIDOSO DOWN'S CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA FUND DIVISION MUNICIPAL FIRE
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$8,199	\$10,018	\$10,863	\$10,973	\$7,265	\$7,170	\$6,638
Contributions in relation to the contractually required contribution	\$8,199	\$10,018	\$10,863	\$10,973	\$7,265	\$7,170	\$6,638
City of Ruidoso Downs covered employee payroll	\$37,438	\$45,744	\$50,176	\$50,684	\$33,557	\$33,118	\$30,661
Contributions as a percentage of covered-employee payroll	21.90%	21.90%	21.65%	21.65%	21.65%	21.65%	21.65%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City of Ruidoso Downs will present information for those years for which information is available.

CITY OF RUIDOSO DOWNS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

Public Employee Retirement Association Plan (PERA)

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA audit available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association.

Changes of assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2019 report is available at http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2019%20PERA%20Valuation%20Report_FINAL.pdf. The summary of Key Findings for the PERA Fund provides summary information for each division.

SUPPLEMENTARY INFORMATION

CITY OF RUIDOSO DOWNS
SPECIAL REVENUE FUNDS
JUNE 30, 2021

Special Revenue Funds

Local Government Correction Fund - To account for revenues collected from the assessment of correction fees and court costs, pursuant to NMSA 35-14-11. Expenditures from this fund may be used for training municipal jailers and juvenile detention officers; for planning, construction, operating and maintaining a municipal jail for juveniles in a detention facility; or for complying with match or contribution requirements for the receipt of federal funds relating to jailing or juvenile detention 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 35-14-11NMSA1978.

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 35-14-11NMSA1978.

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

Emergency Medical Services Fund -To account for state revenues received pursuant to the Emergency Medical Services Fund Act, 59A-53-1, NMSA 1978. Expenditures from this fund may be used for the establishment of emergency medical services; to acquire emergency medical services vehicles, equipment and supplies; and for training and licensing of local emergency management services personnel.

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

Gas Tax Road Fund - Accounts for revenues received from the levy of a tax per gallon of gasoline purchased within City boundaries, pursuant to the County and Municipal Gasoline Tax Act, NMSA 7-1-6.9, NMSA 1978. Expenditures from this fund may be used for bridge and road projects on transit routes; for purchasing, maintaining or operating transit facilities; for operating a transit authority; for operating a vehicle emissions inspection program; or for road, street or highway construction, repair or maintenance or transit routes.

Fire Protection Fund - To account for state revenues received pursuant to the Fire Protection Fund Law, NMSA 59A-53-1. Expenditures from this fund may be used for the purchase, construction, operation, and maintenance of fire stations, except for the station's water supply system; fire apparatus and equipment; the payment of insurance premiums on the above; and for insurance premiums for injuries or death of firefighters.

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

CITY OF RUIDOSO DOWNS
SPECIAL REVENUE FUNDS
JUNE 30, 2021

Special Revenue Funds

Law Enforcement Protection Fund -To account for state revenues received pursuant to the Law Enforcement Correction Act, NMSA 29-13-3. Expenditures from this fund may be used for the repair and purchase of law enforcement apparatus and equipment, expenditures associated with advanced law enforcement planning and training, complying with match or contribution requirements for receipt of federal funds, and salaries for law enforcement personnel under certain conditions.

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 - To account for revenues collected from taxes on cigarettes sold within city boundaries pursuant to the Cigarette Tax Act, NMSA 7-12-1 and 7-12-15. Expenditures from this fund may be used for recreational facilities and salaries of employees necessary for the operation of such facilities.

Infrastructure Fund - Accounts for the operation and maintenance of funds restricted for the repair and replacement of infrastructure improvements. Financing is provided by a 112 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.

CITY OF RUIDOSO DOWNS
SPECIAL REVENUE FUNDS
JUNE 30, 2021

Debt Service Funds

Debt Service Fund - Reflects the activity relating to the accumulation of funds to service the general long-term debt obligations of the City.

CITY OF RUIDOSO DOWNS
CAPITAL PROJECT FUNDS
JUNE 30, 2021

Capital Project Funds

CDGB Grant Fund - Accounts for the City's Community Development Block Grants projects funded by the Community Development Block Program, a federal program.

Colonias Grant Fund - Accounts for the City's State approved 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.

CITY OF RUIDOSO DOWNS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2021

	Local Government Corrections	Judicial Education Fund	Court Automation Fund	Lincoln County Transit Fund	Emergency Medical Services Fund
ASSETS					
Cash and cash equivalents					
Unrestricted	\$87,717	\$1,258	\$1,307	\$61	\$2,793
Restricted	0	0	0	0	0
Taxes Receivable					
Gross receipts	0	0	0	0	0
Property	0	0	0	0	0
Lodgers	0	0	0	0	0
Gasoline	0	0	0	0	0
Inventory	0	0	0	0	0
Total assets	\$87,717	\$1,258	\$1,307	\$61	\$2,793
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$0	\$0	\$0	\$0	\$0
Accrued payroll	0	0	0	0	0
<i>Total liabilities</i>	0	0	0	0	0
DEFERRED INFLOW OF RESOURCES					
Deferred Inflows - property taxes	0	0	0	0	0
<i>Total liabilities and deferred inflows</i>	0	0	0	0	0
Fund Balance:					
Nonspendable	0	0	0	0	0
Restricted	87,717	1,258	1,307	61	2,793
Assigned	0	0	0	0	0
<i>Total fund balance</i>	87,717	1,258	1,307	61	2,793
Total liabilities, deferred inflows of resources and fund balance	\$87,717	\$1,258	\$1,307	\$61	\$2,793

The Notes to Financial Statements are an integral part of these statements.

CITY OF RUIDOSO DOWNS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
June 30, 2021

	Street Improvement Fund	Gas Tax Road Fund	Fire Protection Fund	FEMA Fund	Law Enforcement Protection Fund
ASSETS					
Cash and cash equivalents					
Unrestricted	\$341,947	\$13,741	\$136,174	\$0	\$15,282
Restricted	0	0	0	0	0
Taxes Receivable					
Gross receipts	0	0	0	0	0
Property	0	0	0	0	0
Lodgers	0	0	0	0	0
Gasoline	0	3,721	0	0	0
Inventory	0	0	0	0	0
Total assets	\$341,947	\$17,462	\$136,174	\$0	\$15,282
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$0	\$0	\$0	\$0	\$0
Accrued payroll	0	0	0	0	0
Total liabilities	0	0	0	0	0
DEFERRED INFLOW OF RESOURCES					
Deferred Inflows - property taxes	0	0	0	0	0
Total liabilities and deferred inflows	0	0	0	0	0
Fund Balance:					
Nonspendable	0	0	0	0	0
Restricted	341,947	17,462	136,174	0	15,282
Assigned	0	0	0	0	0
Total fund balance	341,947	17,462	136,174	0	15,282
Total liabilities, deferred inflows of resources and fund balance	\$341,947	\$17,462	\$136,174	\$0	\$15,282

The Notes to Financial Statements are an integral part of these statements.

CITY OF RUIDOSO DOWNS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2021

	Lodgers Tax Fund	Museum Fund	Recreation Fund	Infrastructure Fund	Total
ASSETS					
Cash and cash equivalents					
Unrestricted	\$270,786	\$16,125	\$3,709	\$755,379	\$1,646,279
Restricted	0	0	0	0	0
Taxes Receivable					
Gross receipts	0	0	0	30,481	30,481
Property	0	0	0	0	0
Lodgers	28,050	0	0	0	28,050
Gasoline	0	0	0	0	3,721
Inventory	0	36,762	0	0	36,762
Total assets	\$298,836	\$52,887	\$3,709	\$785,860	\$1,745,293
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$0	\$0	\$0	\$0	\$0
Accrued payroll	0	0	0	0	0
<i>Total liabilities</i>	0	0	0	0	0
DEFERRED INFLOW OF RESOURCES					
Deferred Inflows - property taxes	0	0	0	0	0
<i>Total liabilities and deferred inflows</i>	0	0	0	0	0
Fund Balance:					
Nonspendable	0	36,762	0	0	36,762
Restricted	298,836	16,125	3,709	785,860	1,708,531
Assigned	0	0	0	0	0
<i>Total fund balance</i>	298,836	52,887	3,709	785,860	1,745,293
Total liabilities, deferred inflows of resources and fund balance	\$298,836	\$52,887	\$3,709	\$785,860	\$1,745,293

The Notes to Financial Statements are an integral part of these statements.

CITY OF RUIDOSO DOWNS

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Local Government Corrections	Judicial Education Fund	Court Automation Fund	Lincoln County Transit Fund	Emergency Medical Services Fund
REVENUES					
Taxes					
Gross receipts	\$0	\$0	\$0	\$0	\$0
Property	0	0	0	0	0
Gasoline and MVD	0	0	0	0	0
Lodgers	0	0	0	0	0
Charges for service	0	5,027	9,475	0	0
Intergovernmental					
Federal operating grants	0	0	0	0	0
Federal capital grants	0	0	0	0	0
State operating grants	28,573	0	0	0	0
State capital grants	0	0	0	0	0
Memberships and contributions	0	0	0	0	0
Fines and forfeitures	0	0	0	0	0
Miscellaneous	0	0	0	0	0
Total revenues	28,573	5,027	9,475	0	0
EXPENDITURES					
Current:					
General government	0	4,081	8,789	0	0
Public safety	6,810	0	0	0	685
Public works	0	0	0	0	0
Culture and recreation	0	0	0	0	0
Health and welfare	0	0	0	0	0
Debt Service:					
Principal	0	0	0	0	0
Interest and administrative fees	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Total expenditures	6,810	4,081	8,789	0	685
<i>Excess (deficiency) of revenues over expenditures</i>	21,763	946	686	0	(685)
Other Financing Sources (Uses):					
Operating transfers in	0	0	0	0	0
Operating transfers (out)	0	0	0	0	0
Total other financing sources (uses)	0	0	0	0	0
<i>Net changes in fund balances</i>	21,763	946	686	0	(685)
<i>Fund balance, beginning of year</i>	65,954	312	621	61	3,478
Fund balance (deficit), end of year	\$87,717	\$1,258	\$1,307	\$61	\$2,793

The Notes to Financial Statements are an integral part of these statements.

CITY OF RUIDOSO DOWNS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Street Improvement Fund	Gas Tax Road Fund	Fire Protection Fund	FEMA Fund	Law Enforcement Protection Fund
REVENUES					
Taxes					
Gross receipts	\$0	\$0	\$0	\$0	\$0
Property	0	0	0	0	0
Gasoline and MVD	0	18,382	0	0	0
Lodgers	0	0	0	0	0
Charges for service	0	0	0	0	0
Intergovernmental					
Federal operating grants	0	0	0	0	0
Federal capital grants	0	0	0	0	0
State operating grants	110,000	0	88,582	0	22,400
State capital grants	0	0	0	0	0
Memberships and contributions	0	0	0	0	0
Fines and forfeitures	0	0	0	0	0
Miscellaneous	0	0	0	0	0
<i>Total revenues</i>	110,000	18,382	88,582	0	22,400
EXPENDITURES					
Current:					
General government	0	0	0	0	0
Public safety	0	0	28,215	0	0
Public works	0	0	0	0	0
Culture and recreation	0	0	0	0	0
Health and welfare	0	0	0	0	0
Debt Service:					
Principal	0	0	0	0	0
Interest and administrative fees	0	0	0	0	0
Capital Outlay	93,102	0	0	0	33,345
<i>Total expenditures</i>	93,102	0	28,215	0	33,345
<i>Excess (deficiency) of revenues over expenditures</i>	16,898	18,382	60,367	0	(10,945)
Other Financing Sources (Uses):					
Operating transfers in	8,456	0	0	0	0
Operating transfers (out)	0	(19,546)	0	(23,116)	0
<i>Total other financing sources (uses)</i>	8,456	(19,546)	0	(23,116)	0
<i>Net changes in fund balances</i>	25,354	(1,164)	60,367	(23,116)	(10,945)
<i>Fund balance, beginning of year</i>	316,593	18,626	75,807	23,116	26,227
<i>Fund balance (deficit), end of year</i>	\$341,947	\$17,462	\$136,174	\$0	\$15,282

The Notes to Financial Statements are an integral part of these statements.

CITY OF RUIDOSO DOWNS

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Lodgers Tax Fund	Museum Fund	Recreation Fund	Infrastructure Fund	Total
REVENUES					
Taxes					
Gross receipts	\$0	\$0	\$0	\$151,185	\$151,185
Property	0	0	0	0	0
Gasoline and MVD	0	0	0	0	18,382
Lodgers	188,364	0	0	0	188,364
Charges for service	0	0	0	0	14,502
Intergovernmental					
Federal operating grants	0	0	0	0	0
Federal capital grants	0	0	0	0	0
State operating grants	0	0	0	0	249,555
State capital grants	0	0	0	0	0
Memberships and contributions	0	25,994	0	0	25,994
Fines and forfeitures	0	0	0	0	0
Miscellaneous	848	0	0	0	848
Total revenues	189,212	25,994	0	151,185	648,830
EXPENDITURES					
Current:					
General government	0	0	0	0	12,870
Public safety	0	0	0	0	35,710
Public works	0	0	0	0	0
Culture and recreation	0	172,641	0	0	172,641
Health and welfare	0	0	0	0	0
Debt Service:					
Principal	0	0	0	0	0
Interest and administrative fees	0	0	0	0	0
Capital Outlay	0	0	0	51,897	178,344
Total expenditures	0	172,641	0	51,897	399,565
<i>Excess (deficiency) of revenues over expenditures</i>	189,212	(146,647)	0	99,288	249,265
Other Financing Sources (Uses):					
Operating transfers in	0	164,000	0	0	172,456
Operating transfers (out)	(60,630)	0	0	(255,709)	(359,001)
Total other financing sources (uses)	(60,630)	164,000	0	(255,709)	(186,545)
<i>Net changes in fund balances</i>	128,582	17,353	0	(156,421)	62,720
<i>Fund balance, beginning of year</i>	170,254	35,534	3,709	942,281	1,682,573
Fund balance (deficit), end of year	\$298,836	\$52,887	\$3,709	\$785,860	\$1,745,293

The Notes to Financial Statements are an integral part of these statements.

CITY OF RUIDOSO DOWNS
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEETS
June 30, 2021

CDBG
Grant
Fund

ASSETS

Cash and cash equivalents	
Unrestricted	\$0
Restricted	54,061
Taxes Receivable	
Gross receipts	0
Property	0
Lodgers	0
Gasoline	0
Due from other governments	0
Total assets	\$54,061

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$0
Due to other funds	0
<i>Total liabilities</i>	0

DEFERRED INFLOW OF RESOURCES

Deferred Inflows - property taxes	0
<i>Total liabilities and deferred inflows</i>	0

Fund Balance:

Restricted	54,061
Unassigned	0
<i>Total fund balance</i>	54,061

Total liabilities, deferred inflows of resources and fund balance	\$54,061
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The Notes to Financial Statements are an integral part of these statements.

CITY OF RUIDOSO DOWNS
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	CDBG Grant Fund
REVENUES	
Taxes	
Gross receipts	\$0
Property	0
Gasoline	0
Lodgers	0
Charges for service	0
Intergovernmental	
Federal operating grants	0
Federal capital grants	139,911
State operating grants	0
State capital grants	0
Fines and forfeitures	0
Miscellaneous	0
<i>Total revenues</i>	139,911
EXPENDITURES	
Current:	
General government	0
Public safety	0
Public works	0
Culture and recreation	0
Health and welfare	0
Debt Service:	
Principal	0
Interest and administrative fees	0
Capital Outlay	50,771
<i>Total expenditures</i>	50,771
 <i>Excess (deficiency) of revenues over expenditures</i>	 89,140
Other Financing Sources (Uses):	
Loan proceeds	0
Operating transfers in	0
Operating transfers (out)	0
<i>Total other financing sources (uses)</i>	0
 <i>Net changes in fund balances</i>	 89,140
 <i>Fund balance, beginning of year</i>	 (35,079)
<i>Fund balance (deficit), end of year</i>	<i>\$54,061</i>

The Notes to Financial Statements are an integral part of these statements.

CITY OF RUIDOSO DOWNS
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2021

	Debt Service Fund
ASSETS	
Cash and cash equivalents	
Unrestricted	\$0
Restricted	197,409
Taxes Receivable	
Gross receipts	16,962
Property	0
Lodgers	0
Gasoline	0
Total assets	\$214,371
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$0
<i>Total liabilities</i>	0
DEFERRED INFLOW OF RESOURCES	
Deferred Inflows - property taxes	13,024
<i>Total liabilities and deferred inflows</i>	13,024
Fund Balance:	
Restricted	201,347
Assigned	0
<i>Total fund balance</i>	201,347
 Total liabilities, deferred inflows of resources and fund balance	 \$214,371

The Notes to Financial Statements are an integral part of these statements.

CITY OF RUIDOSO DOWNS
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Debt Service Fund
REVENUES	
Taxes	
Gross Receipts	\$0
Property	143,202
Gasoline	0
Lodgers	0
<i>Total revenues</i>	143,202
EXPENDITURES	
Current:	
General government	2,252
Public safety	0
Public works	0
Culture and recreation	0
Health and welfare	0
Debt Service:	
Principal	78,000
Interest and administrative fees	31,838
Capital Outlay	
<i>Total expenditures</i>	112,090
<i>Excess (deficiency) of revenues over expenditures</i>	31,112
Other Financing Sources (Uses):	
Operating transfers in	94,709
Operating transfers (out)	(23,060)
<i>Total other financing sources (uses)</i>	71,649
<i>Net changes in fund balances</i>	102,761
<i>Fund balance, beginning of year</i>	98,586
<i>Fund balance (deficit), end of year</i>	<i>\$201,347</i>

The Notes to Financial Statements are an integral part of these statements.

CITY OF RUIDOSO DOWNS
TOTAL ALL NONMAJOR GOVERNMENTAL FUND TYPES
COMBINING BALANCE SHEET
JUNE 30, 2021

	Special Revenue	Capital Projects	Debt Services	Total
ASSETS				
Cash and cash equivalents				
Unrestricted	\$1,646,279	\$0	\$0	\$1,646,279
Restricted	0	54,061	197,409	251,470
Taxes Receivable				
Gross receipts	30,481	0	16,962	47,443
Property	0	0	0	0
Lodgers	28,050	0	0	28,050
Gasoline and MCD	3,721	0	0	3,721
Inventory	36,762	0	0	36,762
Total assets	\$1,745,293	\$54,061	\$214,371	\$2,013,725
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$0	\$0	\$0	\$0
Accrued payroll	0	0	0	0
Due to other funds	0	0	0	0
Total liabilities	0	0	0	0
DEFERRED INFLOW OF RESOURCES				
Deferred Inflows - property taxes	0	0	13,024	13,024
Total liabilities and deferred inflows	0	0	13,024	13,024
Fund Balance:				
Nonspendable	36,762	0	0	36,762
Restricted	1,708,531	54,061	201,347	1,963,939
Assigned	0	0	0	0
Total fund balance	1,745,293	54,061	201,347	2,000,701
Total liabilities, deferred inflows of resources and fund balance	\$1,745,293	\$54,061	\$214,371	\$2,013,725

The Notes to Financial Statements are an integral part of these statements.

CITY OF RUIDOSO DOWNS
TOTAL ALL NONMAJOR GOVERNMENTAL FUND TYPES
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Special Revenue	Capital Projects	Debt Services	Total
REVENUES				
Taxes				
Gross receipts	\$151,185	\$0	\$0	\$151,185
Property	0	0	143,202	143,202
Gasoline and MVD	18,382	0	0	18,382
Lodgers	188,364	0	0	188,364
Charges for service	14,502	0	0	14,502
Intergovernmental				
Federal operating grants	0	0	0	0
Federal capital grants	0	139,911	0	139,911
State operating grants	249,555	0	0	249,555
State capital grants	0	0	0	0
Memberships	25,994	0	0	25,994
Fines and forfeitures	0	0	0	0
Miscellaneous	848	0	0	848
<i>Total revenues</i>	648,830	139,911	143,202	931,943
EXPENDITURES				
Current:				
General government	12,870	0	2,252	15,122
Public safety	35,710	0	0	35,710
Public works	0	0	0	0
Culture and recreation	172,641	0	0	172,641
Health and welfare	0	0	0	0
Debt Service:				
Principal and interest	0	0	109,838	109,838
Capital Outlay	178,344	50,771	0	229,115
<i>Total expenditures</i>	399,565	50,771	112,090	562,426
<i>Excess (deficiency) of revenues over expenditures</i>	249,265	89,140	31,112	369,517
Other Financing Sources (Uses):				
Operating transfers in	172,456	0	94,709	267,165
Operating transfers (out)	(359,001)	0	(23,060)	(382,061)
<i>Total other financing sources (uses)</i>	(186,545)	0	71,649	(114,896)
<i>Net changes in fund balances</i>	62,720	89,140	102,761	254,621
<i>Fund balance, beginning of year</i>	1,682,573	(35,079)	98,586	1,746,080
<i>Fund balance (deficit), end of year</i>	\$1,745,293	\$54,061	\$201,347	\$2,000,701

The Notes to Financial Statements are an integral part of these statements.

OTHER SUPPLEMENTARY INFORMATION

CITY OF RUIDOSO DOWNS

SCHEDULE OF CASH ACCOUNTS

JUNE 30, 2021

Financial Institution: Account Name	Type of Account	Bank Balance	Reconciling Items	Book Balance
BBVA - General Fund 4200045500	Checking	\$8,021,004	(\$149,534)	\$7,871,470
BBVA - Hubbard Museum 2228100524	Checking	558,996	0	558,996
BBVA - WWTP Construction 2511531287	Checking	80,349	0	80,349
BBVA - Merchant Services 6754627792	Checking	268,091	0	268,091
GO Bond Series 2007	Checking	10	0	10
BBVA - CDGB	Checking	13,459	(3,236)	10,223
BBVA - Water Security Deposit 4200045632	Checking	97,678	(800)	96,878
		\$9,039,587	(\$153,570)	\$8,886,017
<hr/>				
Cash held with Trustee				
NMFA (4922-CIF)				\$90,763
NMFA (4628-CIF)				0
				\$90,763
<hr/>				
Total Cash - Financial Institutions				\$8,976,780
Petty Cash				1,500
				\$8,978,280
<hr/>				
Governmental Activities				
Unrestricted				\$4,819,507
Restricted cash - held by trustee				90,763
Restricted cash				251,470
Business-Type Activities				
Cash and cash equivalents				3,803,500
Restricted cash - customer deposits				13,040
				\$8,978,280

The Notes to Financial Statements are an integral part of these statements.

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

Mr. Brian S. Colón, State Auditor and
Honorable Mayor and Councilors of
City of Ruidoso Downs
Ruidoso Downs, New Mexico

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and the budgetary comparison of the general fund of the City of Ruidoso Downs, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Ruidoso Downs' basic financial statements and have issued our report thereon dated December 14, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Ruidoso Downs' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Ruidoso Downs' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Ruidoso Downs' 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 consider the deficiency described in the accompanying schedule of findings and responses as item 2021-003 (2018-003) to be a material weakness.

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 deficiencies described in the accompany schedule of findings and responses as items 2021-001 (2019-001) and 2021-002 (2019-003) to be significant deficiencies.

Mr. Brian S. Colón, State Auditor and
Honorable Mayor and Councilors of
City of Ruidoso Downs
Ruidoso Downs, New Mexico
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Ruidoso Downs' 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Ruidoso Downs' Response to Findings

City of Ruidoso Downs' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Ruidoso Downs' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kriegel/Gray/Shaw & Co., P.C.

Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico

December 14, 2021

CITY OF RUIDOSO DOWNS
SUMMARY OF AUDIT RESULTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

FINANCIAL STATEMENTS

Type of Auditor's Report issued:

Unmodified

Internal Control Over Financial Reporting:

Material weakness(es) identified?

 X Yes No

Significant deficiencies identified that are not considered to be material weaknesses?

 X Yes No

Noncompliance material to financial statements noted?

 Yes X No

CITY OF RUIDOSO DOWNS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CURRENT YEAR FINDINGS:

2021-001 (2019-001) Disbursements – Significant Deficiency

Repeated with modification.

Condition – Gas card and travel procedures not consistently followed.

While testing a sample of 4 months of gas card charges (2 vehicle analysis reports per month) (\$893) the mileage logs required by policy were not used.

In a sample of 5 travel and per diem disbursements the following was noted:

- One travel form was not fully completed, not approved by department director (\$200).

There has been substantial improvement with disbursements from prior year.

Criteria – Good internal controls require consistent application of established control procedures.

Cause – Lack of care and employee turnover.

Effect – Potential for errors to go undetected/uncorrected for an extended period of time.

Recommendation – Approval during the disbursement process should require forms and adequate supporting documentation. No payments should be made until all established documentation procedures have been performed and documented.

Management Response –

Travel/Mileage

City vehicle files have been created to keep all mileage logs for all city vehicles. Mileages logs are required to be turned in with payroll sheets.

Responsible Position:
All employees that drive a city vehicle
All Directors to review payroll sheets and verify mileage logs are attached

Timeline:
August 2021

Travel request and reimbursement.

Training on travel will become a requirement for all employees who are traveling or other city business. This will help with the process of the filing of travel paperwork and reimbursement of travel. We do have a policy on travel and will make sure all staff is trained accordingly.

Responsible Position:
All employees who travel
All Directors who approve travel request
Accounts payable clerk
Finance Director

Timeline:
August 2021

CITY OF RUIDOSO DOWNS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CURRENT YEAR FINDINGS (CONTINUED):

2021-002 (2019-003) Documentation Maintenance – Significant Deficiency

Repeated.

Condition – There are no clear procedures establishing maintenance of documentation for construction projects and long term debt.

- Construction project files (not managed by SENMEDD) are not maintained
- Long-term debt files including debt agreement and activity by year not maintained

This finding has improved with regard to general vendor files but construction project files and long term debt continue to be deficient.

Criteria – Good internal controls require clear documentation to provide audit trail.

Cause – Change in personnel and lack of established procedures.

Effect – Lack of documentation creates inefficiencies and potential for non-compliance and poor management decisions.

Recommendation – The City should establish written minimum documentation procedures for each significant financial process within the City.

Management Response – Construction Project files will be kept on all current construction projects in the finance department. They will be balanced to the NMFA distribution of monies of those projects. Currently, we have a grant administrator who is not on site and isn't balancing to NMFA. I will make sure I can get all required documents for each of the construction projects kept here.

Responsible Position:
Finance Director
Accounts Payable Clerk
All staff requesting purchases.

Timeline:
Immediately start working
on the formation of the files

Debt service: The debt schedules provided are original schedules given at the time of debt. Time and payments have changed the amortization schedules that were given at the beginning of the debt. Now have received current amortization schedules on the current debt. Finance Director will make sure the NMFA schedules are correct and tie to the payments.

Responsible Position:
Finance Director

Timeline:
Corrected during audit

CITY OF RUIDOSO DOWNS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CURRENT YEAR FINDINGS (CONTINUED):

2021-003 (2018-003) -Control over Capital Asset Inventory-Material Weakness

Repeated.

Condition - The City had the following deficiencies over capital assets:

- The annual physical inventory had not been performed at the fiscal year-end
- The capital asset schedule beginning balance did not agree to the prior year audit.

This finding remains essentially the same as prior year.

Criteria - Section 12-6-10 NMSA 1978 and 2.20.1.15 NMAC requires an annual physical inventory of equipment over \$5,000 on the inventory list and a certification of the list by the governing authority, and to establish controls over its capital assets for the primary purpose of safeguarding the assets and establishing accountability for their custody and use. Assets must be properly capitalized, classified, valued and depreciated.

Cause – Due to significant staff turnover and therefore, familiarity with the software is insufficient. In addition, there are no set procedures for asset additions.

Effect -Without a complete and accurate capital assets inventory list, there is a greater risk of undetected misappropriation of assets by either not recording the assets on the inventory list, or by unauthorized removal of the assets from City custody without detection. This may have a material effect on the financial statements if left unaccounted for.

Recommendation - The City should take inventory of its capital assets to ensure completeness and establish policies and procedures necessary to continually maintain the listing of all City capital assets and related depreciation and assign an administrative employee with the responsibility to continually monitor and update the asset inventory.

Management Response - Asset control will be processed all year long with the proper asset forms being used for purchases that are over \$5000.00 limit. These forms for additions and deletions will be used to keep the assets current. There will be a physical inventory every year by the individual departments to verify the assets are currently in use and on site. Depreciation will be processed at the end of the fiscal year to depreciate current assets. Additions and deletions will be presented to council for approval each year. Cross training of this process will be provided for all departments.

Responsible Position:
Finance Director
Accounts Payable Clerk
Department Directors

Timeline:
Immediately

CITY OF RUIDOSO DOWNS
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

FINDINGS - FINANCIAL STATEMENT AUDIT

CURRENT STATUS

2020-001 Lack of Knowledge in Financial Positions	Resolved
2020-002 Receipting Process Not Maintained	Resolved
2020-004 (2019-002) Payroll Documentation/Compliance	Resolved
2020-007 (2018-005) Inadequate Cross-training of Departmental Duties	Resolved
2021-001 (2019-001) Disbursements	Repeated and modified
2021-002 (2019-003) Documentation Maintenance	Repeated
2021-003 (2018-003) Control Over Capital Asset Inventory	Repeated

CITY OF RUIDOSO DOWNS
EXIT CONFERENCE
JUNE 30, 2021

EXIT CONFERENCE:

The exit conference was held December 14, 2021 and was attended by the following:

Representing City of Ruidoso Downs:

Dean Holman, Mayor
Ally Giron, City Clerk, Treasurer
Mary Castaneda, Finance Director
Donna Miller, Human Resource Specialist

Representing Kriegel/Gray/Shaw & Co., P.C.:

Debbie Gray, CPA/Shareholder

FINANCIAL STATEMENTS PREPARATION

Preparation of financial statements is the responsibility of management. Although, the City of Ruidoso Downs's personnel provided significant assistance in the preparation, the statements and related footnotes were prepared by Kriegel/Gray/Shaw & Co., P.C.