



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, 2022

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CITY OF RUIDOSO DOWNS

OFFICIAL ROSTER

JUNE 30, 2022

CITY COUNCIL

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information and the budgetary comparisons for the general fund of the City of Ruidoso Downs as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Ruidoso Downs' basic financial statements as listed in the table of contents.

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, the aggregate remaining fund information and the budgetary comparisons for the general fund of the City of Ruidoso Downs, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Ruidoso Downs, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Ruidoso Downs' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Mr. Brian S. Colón, State Auditor and
Honorable Mayor and Councilors of
City of Ruidoso Downs
Ruidoso Downs, New Mexico
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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Ruidoso Downs' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Ruidoso Downs' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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.

Mr. Brian S. Colón, State Auditor and
Honorable Mayor and Councilors of
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Ruidoso Downs, New Mexico
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Accounting principles generally accepted in the United States of America require that the pension liability schedules on pages 45 through 51 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ruidoso Downs' basic financial statements. The combining and individual nonmajor fund financial statements *and the other schedules required by 2.2.2.NMAC* per the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements *and the other schedules required by 2.2.2.NMAC* per the table of contents are 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, 2022 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 solely 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 effectiveness of the City of Ruidoso Downs 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 of Ruidoso Downs' internal control over financial reporting and compliance.



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

December 14, 2022

CITY OF RUIDOSO DOWNS

STATEMENT OF NET POSITION

JUNE 30, 2022

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Current Assets			
Cash and cash equivalents	\$5,698,452	\$4,070,725	\$9,769,177
Restricted cash	132,693	0	132,693
Accounts receivable, net	0	165,017	165,017
Taxes receivable			
Gross Receipts	683,670	148,713	832,383
Franchise	13,240	0	13,240
Property	60,270	0	60,270
Lodgers	28,116	0	28,116
Gasoline	2,351	0	2,351
Due from other governments	101	0	101
Internal balances	(25,932)	25,932	0
Inventory	53,332	147,496	200,828
<i>Total current assets</i>	6,646,293	4,557,883	11,204,176
Noncurrent Assets			
Restricted cash and cash equivalents	0	73,513	73,513
Capital assets, net	14,845,384	14,759,819	29,605,203
<i>Total assets</i>	14,845,384	14,833,332	29,678,716
Deferred outflows of resources			
Pensions	431,992	37,184	469,176
<i>Total assets and deferred outflows</i>	\$21,923,669	\$19,428,399	\$41,352,068
Current Liabilities			
Accounts payable	\$37,847	\$0	\$37,847
Accrued payroll and payroll liabilities	173,865	18,641	192,506
Accrued compensated absences	0	0	0
Accrued interest	11,145	0	11,145
Current portion of long-term debt	132,670	83,679	216,349
<i>Total Current Liabilities</i>	355,527	102,320	457,847
Noncurrent Liabilities			
Customer deposits	0	73,513	73,513
Accrued compensated absences	125,236	29,421	154,657
Long-term debt, net of current portion	829,695	1,021,978	1,851,673
Net pension liabilities	1,738,429	302,080	2,040,509
<i>Total Noncurrent Liabilities</i>	2,693,360	1,426,992	4,120,352
Deferred Inflows of Resources			
Prepaid services	0	59,000	59,000
Net pension liability deferred inflows	976,161	203,613	1,179,774
<i>Total Liabilities and Deferred Inflows</i>	\$4,025,048	\$1,791,925	\$5,816,973

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

CITY OF RUIDOSO DOWNS

STATEMENT OF NET POSITION

JUNE 30, 2022

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Net Position			
Net investment in capital assets	\$13,883,019	\$13,654,162	\$27,537,181
Restricted for:			
Special revenue funds	1,930,728	0	1,930,728
Capital projects	53,254	0	53,254
Debt service	126,452	0	126,452
Unrestricted (deficit)	1,905,168	3,982,312	5,887,480
<i>Total Net Position</i>	<u>17,898,621</u>	<u>17,636,474</u>	<u>35,535,095</u>
<i>Total Liabilities, Deferred Inflows and Net Position</i>	<u>\$21,923,669</u>	<u>\$19,428,399</u>	<u>\$41,352,068</u>

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, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	
Primary Government							
Governmental Activities:							
General government	\$1,497,203	\$42,695	\$405,222	\$0	(\$1,049,286)		(\$1,049,286)
Public safety	1,544,214	0	124,079	24,200	(1,395,935)		(1,395,935)
Public works	487,611	0	0	1,447,268	959,657		959,657
Culture and recreation	279,175	0	0	0	(279,175)		(279,175)
Health and welfare	37,633	0	2,745	0	(34,888)		(34,888)
Interest and admin fees	34,948	0	0	0	(34,948)		(34,948)
<i>Total governmental activities</i>	<i>3,880,784</i>	<i>42,695</i>	<i>532,046</i>	<i>1,471,468</i>	<i>(1,834,575)</i>	<i>0</i>	<i>(1,834,575)</i>
Business-Type Activities:							
Sewer fund	977,263	411,984	0	0	0	(565,279)	(565,279)
Sanitation fund	339,665	206,657	0	0	0	(133,008)	(133,008)
Water fund	531,787	437,822	0	0	0	(93,965)	(93,965)
Improvements fund	114,509	0	0	1,452,788	0	1,338,279	1,338,279
<i>Total business-type activities</i>	<i>1,963,224</i>	<i>1,056,463</i>	<i>0</i>	<i>1,452,788</i>	<i>0</i>	<i>546,027</i>	<i>546,027</i>
Total primary government	\$5,844,008	\$1,099,158	\$532,046	\$2,924,256	(\$1,834,575)	\$546,027	(\$1,288,548)

General Revenues

Taxes:

Gross receipts tax	\$3,668,550	\$1,067,360	\$4,735,910
Franchise tax	75,396	0	75,396
Property tax	395,560	0	395,560
Gas tax and MVD	23,010	0	23,010
Lodgers tax	286,250	0	286,250
Other taxes	0	0	0
License and permits	11,784	0	11,784
Fines and forfeitures	86,422	0	86,422
Miscellaneous	30,080	0	30,080
Net transfers	(26,868)	26,868	0
<i>Total general revenues and transfers</i>	<i>4,550,184</i>	<i>1,094,228</i>	<i>5,644,412</i>
Change in net position	2,715,609	1,640,255	4,355,864
Net position (deficit), beginning of year, as previously stated	15,281,482	15,988,512	31,269,994
Restatement	(98,470)	7,707	(90,763)
<i>Net position (deficit), beginning of year, as restated</i>	<i>15,183,012</i>	<i>15,996,219</i>	<i>31,179,231</i>
Net position (deficit), end of year	\$17,898,621	\$17,636,474	\$35,535,095

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

CITY OF RUIDOSO DOWNS

GOVERNMENTAL FUNDS

BALANCE SHEETS

JUNE 30, 2022

	Major Funds			
	General	Colonias	Nonmajor	Total
	Fund	Grant Fund	Governmental Funds	Governmental Funds
ASSETS				
Cash and cash equivalents				
Unrestricted	\$3,745,661	\$735	\$1,952,056	\$5,698,452
Restricted	0	0	132,693	132,693
Accounts receivable	0	0	0	0
Taxes receivable:				0
Gross receipts	683,670	0	0	683,670
Franchise	13,240	0	0	13,240
Property	43,307	0	16,963	60,270
Lodgers	0	0	28,116	28,116
Gasoline and MVD	0	0	2,351	2,351
Due from other governments	101	0	0	101
Due from other funds	0	0	0	0
Inventory	16,570	0	36,762	53,332
Total assets	\$4,502,549	\$735	\$2,168,941	\$6,672,225
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$28,391	\$0	\$9,456	\$37,847
Accrued payroll and payroll liabilities	173,865	0	0	173,865
Due to other funds	25,932	0	0	25,932
Total liabilities	228,188	0	9,456	237,644
Deferred inflows of resources:				
Deferred inflows - property taxes	33,443	0	13,024	46,467
Fund Balances:				
Nonspendable	16,570	0	36,762	53,332
Restricted				
Special revenue	0	0	1,930,728	1,930,728
Capital projects	0	735	52,519	53,254
Debt service	0	0	126,452	126,452
Assigned	0	0	0	0
Unassigned	4,224,348	0	0	4,224,348
Total fund balance	4,240,918	735	2,146,461	6,388,114
Total liabilities, deferred inflows of resources, and fund balances	\$4,502,549	\$735	\$2,168,941	\$6,672,225

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, 2022

FUND BALANCE of Governmental Funds	\$6,388,114
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.	14,845,384
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.	46,467
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	(125,236)
Notes and Bonds Payable	(962,365)
Accrued Interest	(11,145)
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	431,992
NPL Deferred Inflows	(976,161)
Net Pension Liability	(1,738,429)
<i>Net position of governmental activities</i>	\$17,898,621

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, 2022

	Major Funds			
	General	Colonias	Nonmajor	Total
	Fund	Grant Fund	Governmental Funds	Governmental Funds
REVENUES				
Taxes				
Gross receipts	\$3,529,625	\$0	\$138,925	\$3,668,550
Franchise	75,396	0	0	75,396
Property	348,362	0	47,198	395,560
Gasoline and MVD	6,551	0	16,459	23,010
Lodgers	0	0	286,250	286,250
Other	0	0	0	0
Charges for service/sales	32,207	0	10,488	42,695
Intergovernmental				
Federal operating grants	0	0	315,222	315,222
Federal capital grants	0	0	2,229	2,229
State operating grants	90,000	0	126,824	216,824
State capital grants	0	1,210,210	259,029	1,469,239
Memberships and contributions	0	0	0	0
Licenses and permits	11,784	0	0	11,784
Fines and forfeitures	86,422	0	0	86,422
Miscellaneous	28,660	0	1,420	30,080
<i>Total revenues</i>	4,209,007	1,210,210	1,204,044	6,623,261
EXPENDITURES				
Current:				
General government	1,445,476	0	10,461	1,455,937
Public safety	1,475,457	0	62,351	1,537,808
Public works	293,751	0	0	293,751
Culture and recreation	137,311	0	59,842	197,153
Health and welfare	32,513	0	5,120	37,633
Debt Service				
Principal and interest	39,440	0	117,300	156,740
Capital outlay	226,780	1,338,051	655,310	2,220,141
<i>Total expenditures</i>	3,650,728	1,338,051	910,384	5,899,163

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, 2022

	Major Funds			Total Governmental Funds
	General Fund	Colonias Grant Fund	Nonmajor Governmental Funds	
Excess (Deficiency) of revenues over Expenditures before transfers	558,279	(127,841)	293,660	724,098
OTHER FINANCING SOURCES (USES)				
Loan proceeds	0	127,841	5,964	133,805
Transfers in	85,278	0	438,495	523,773
Transfers out	(81,409)	0	(469,232)	(550,641)
<i>Total Other Financing Sources (Uses)</i>	3,869	127,841	(24,773)	106,937
<i>Net change in fund balances</i>	562,148	0	268,887	831,035
Fund balance, beginning of year, as previously stated	3,678,770	91,498	1,883,566	5,653,834
Restatement	0	(90,763)	(5,992)	(96,755)
Fund balance, beginning of year, as restated	3,678,770	735	1,877,574	5,557,079
Fund balance, end of year	\$4,240,918	\$735	\$2,146,461	\$6,388,114

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, 2022

Net change in fund balances - Governmental Funds	\$831,035
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.	2,256,567
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.	(462,505)
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	(44,108)
Loan Proceeds	(133,805)
Long-Term Obligations Principal Payments	117,769
Accrued Interest	4,023
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	146,633
<i>Change in net position of governmental activities</i>	<i>\$2,715,609</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, 2022

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Taxes				
Gross receipts	\$3,038,945	\$3,498,443	\$3,477,770	(\$20,673)
Franchise	91,656	91,656	76,528	(15,128)
Property	369,379	369,379	348,362	(21,017)
Gasoline and MVD	6,828	6,828	6,551	(277)
Lodgers	0	0	0	0
Other	9,600	9,600	0	(9,600)
Charges for service/sales	3,450	9,388	7,987	(1,401)
Intergovernmental				
Federal operating grants	0	0	0	0
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	12,232	11,784	(448)
Fines and forfeitures	89,800	89,800	86,419	(3,381)
Miscellaneous	49,768	83,806	52,517	(31,289)
Total revenues	3,759,276	4,261,132	4,157,918	(103,214)
EXPENDITURES				
Current:				
General government	1,666,046	1,667,805	1,445,559	222,246
Public safety	1,732,293	1,548,390	1,472,089	76,301
Public works	457,703	456,203	339,239	116,964
Culture and recreation	174,913	172,913	135,507	37,406
Health and welfare	50,559	52,559	36,361	16,198
Debt Service				
Principal and interest	38,131	39,631	39,440	191
Capital outlay				
	168,400	206,430	142,188	64,242
Total expenditures	4,288,045	4,143,931	3,610,383	533,548
<i>Excess (deficiency) of revenues over expenditures</i>	(528,769)	117,201	547,535	430,334
Other Financing Sources (Uses):				
Operating transfers in	62,659	62,659	85,278	22,619
Operating transfers (out)	(8,438)	(10,753)	(81,409)	(70,656)
Total other financing sources (uses)	54,221	51,906	3,869	(48,037)
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(474,548)	169,107	\$551,404	\$382,297
Budgeted cash carryover	\$474,548			
Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			\$551,404	
Adjustments for revenue accruals			51,089	
Adjustments for expenditure accruals			(40,345)	
Net changes in fund balance (GAAP Basis)			\$562,148	

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, 2022

	Sewer Fund	Sanitation Fund	Water Fund	Improvements Fund	Total Proprietary Fund
ASSETS					
Current Assets:					
Cash and cash equivalents	\$2,576,031	\$66,079	\$438,345	\$990,270	\$4,070,725
Restricted cash - held by trustee	0	0	0	0	0
Accounts receivable, net of allowance for doubtful accounts	36,937	19,646	42,338	66,096	165,017
Infrastructure gross receipts tax receivable	148,713	0	0	0	148,713
Inventory	0	0	147,496	0	147,496
Due from other funds	5,762	0	20,170	0	25,932
<i>Total current assets</i>	<i>2,767,443</i>	<i>85,725</i>	<i>648,349</i>	<i>1,056,366</i>	<i>\$4,557,883</i>
Non-Current Assets					
Restricted cash - customer deposits	0	0	73,513	0	73,513
Capital assets, Net	4,211,314	0	5,382,995	5,165,510	14,759,819
<i>Total noncurrent assets</i>	<i>4,211,314</i>	<i>0</i>	<i>5,456,508</i>	<i>5,165,510</i>	<i>14,833,332</i>
<i>Total assets</i>	<i>6,978,757</i>	<i>85,725</i>	<i>6,104,857</i>	<i>6,221,876</i>	<i>19,391,215</i>
DEFERRED OUTFLOWS OF RESOURCES					
Pensions	16,719	0	20,465	0	37,184
<i>Total Deferred Outflows of Resources</i>	<i>16,719</i>	<i>0</i>	<i>20,465</i>	<i>0</i>	<i>37,184</i>
Total Assets and Deferred Outflows of Resources	\$6,995,476	\$85,725	\$6,125,322	\$6,221,876	\$19,428,399
LIABILITIES					
Current Liabilities:					
Accounts payable	\$0	\$0	\$0	\$0	\$0
Accrued payroll	8,029	0	10,612	0	18,641
Current portion of long-term debt	17,066	0	29,114	37,499	83,679
<i>Total current liabilities</i>	<i>25,095</i>	<i>0</i>	<i>39,726</i>	<i>37,499</i>	<i>\$102,320</i>
Non-Current Liabilities:					
Customer deposits	0	0	73,513	0	73,513
Accrued compensated absences	14,995	0	14,426	0	29,421
Long-term debt, net of current position	218,945	0	234,788	568,245	1,021,978
Net pension liability	134,258	0	167,822	0	302,080
<i>Total noncurrent liabilities</i>	<i>368,198</i>	<i>0</i>	<i>490,549</i>	<i>568,245</i>	<i>\$1,426,992</i>
<i>Total liabilities</i>	<i>393,293</i>	<i>0</i>	<i>530,275</i>	<i>605,744</i>	<i>1,529,312</i>
DEFERRED INFLOWS OF RESOURCES					
Prepaid services	59,000	0	0	0	59,000
Pensions	90,495	0	113,118	0	203,613
<i>Total Deferred Inflows of Resources</i>	<i>149,495</i>	<i>0</i>	<i>113,118</i>	<i>0</i>	<i>\$262,613</i>
Net Position:					
Net investment in capital assets	3,975,303	0	5,119,093	4,559,766	13,654,162
Restricted	0	0	0	0	0
Unrestricted	2,477,385	85,725	362,836	1,056,366	3,982,312
<i>Total net position</i>	<i>6,452,688</i>	<i>85,725</i>	<i>5,481,929</i>	<i>5,616,132</i>	<i>17,636,474</i>
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$6,995,476	\$85,725	\$6,125,322	\$6,221,876	\$19,428,399

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, 2022

	Sewer Fund	Sanitation Fund	Water Fund	Improvements Fund	Total Proprietary Fund
OPERATING REVENUES					
Charges for services	\$405,779	\$206,657	\$398,914	\$0	\$1,011,350
Tap and reconnect fees	6,205	0	21,781	0	27,986
Late fees	0	0	13,450	0	13,450
Other income	0	0	3,677	0	3,677
<i>Total operating revenues</i>	<u>411,984</u>	<u>206,657</u>	<u>437,822</u>	<u>0</u>	<u>\$1,056,463</u>
OPERATING EXPENSES					
Sewer	875,045	339,665	0	0	1,214,710
Sanitation	0	0	0	0	0
Water	0	0	448,690	0	448,690
Other expenditures	0	0	0	1,457	1,457
Depreciation	84,867	0	83,097	113,052	281,016
<i>Total operating expenses</i>	<u>959,912</u>	<u>339,665</u>	<u>531,787</u>	<u>114,509</u>	<u>\$1,945,873</u>
<i>Net income (loss) from operations</i>	(547,928)	(133,008)	(93,965)	(114,509)	(889,410)
NON-OPERATING REVENUES (EXPENSES)					
Infrastructure gross receipts tax	773,538	88,830	0	204,992	1,067,360
Grant proceeds	0	0	0	1,452,788	1,452,788
Interest expense	(17,351)	0	0	0	(17,351)
<i>Total non-operating revenues (expenses)</i>	<u>756,187</u>	<u>88,830</u>	<u>0</u>	<u>1,657,780</u>	<u>\$2,502,797</u>
<i>Change in net position before transfers</i>	<u>208,259</u>	<u>(44,178)</u>	<u>(93,965)</u>	<u>1,543,271</u>	<u>\$1,613,387</u>
TRANSFERS					
Transfers in	47,040	18,750	24,464	17,676	107,930
Transfers out	(39,247)	0	0	(41,815)	(81,062)
Capital transfers in	0	0	0	0	0
<i>Net Transfers</i>	<u>7,793</u>	<u>18,750</u>	<u>24,464</u>	<u>(24,139)</u>	<u>\$26,868</u>
<i>Change in net position</i>	216,052	(25,428)	(69,501)	1,519,132	1,640,255
Net position, beginning of year, as previously stated	6,236,636	111,153	5,551,430	4,089,293	15,988,512
Prior period adjustments	0	0	0	7,707	7,707
Net position, beginning of year, as restated	<u>6,236,636</u>	<u>111,153</u>	<u>5,551,430</u>	<u>4,097,000</u>	<u>15,996,219</u>
<i>Net position, end of year</i>	<u>\$6,452,688</u>	<u>\$85,725</u>	<u>\$5,481,929</u>	<u>\$5,616,132</u>	<u>17,636,474</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, 2022

	Sewer Fund	Sanitation Fund	Water Fund	Improvements Fund	Total Proprietary Fund
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users	\$413,122	\$205,634	\$508,250	\$0	\$1,127,006
Payments to and on behalf of employees	(240,074)	0	(318,678)	0	(558,752)
Payments to suppliers and contractors	(592,409)	(339,665)	(180,246)	(1,457)	(1,113,777)
Other receipts and payments, net	0	0	0	0	0
<i>Net cash provided (used) by operating activities</i>	<i>(419,361)</i>	<i>(134,031)</i>	<i>9,326</i>	<i>(1,457)</i>	<i>(545,523)</i>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Infrastructure gross receipts tax	761,989	88,830	0	169,378	1,020,197
Transfers in	47,040	18,750	24,464	17,675	107,929
Transfers out	(39,247)	0	0	(41,815)	(81,062)
Due from other funds	0	0	0	0	0
<i>Net cash provided (used) by non-capital financing activities</i>	<i>769,782</i>	<i>107,580</i>	<i>24,464</i>	<i>145,238</i>	<i>1,047,064</i>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Purchase of capital assets	(32,737)	0	(8,779)	(1,855,979)	(1,897,495)
Loan proceeds	0	0	0	325,698	325,698
Grant proceeds	0	0	0	1,452,788	1,452,788
Interest paid on debt	(17,351)	0	0	0	(17,351)
Principal paid on debt	(29,689)	0	(28,079)	20,285	(37,483)
<i>Net cash provided (used) by capital financing activities</i>	<i>(79,777)</i>	<i>0</i>	<i>(36,858)</i>	<i>(57,208)</i>	<i>(173,843)</i>
<i>Net change in cash</i>	<i>270,644</i>	<i>(26,451)</i>	<i>(3,068)</i>	<i>86,573</i>	<i>327,698</i>
Cash, beginning of year	2,305,387	92,530	514,926	903,697	3,816,540
Cash, end of year	\$2,576,031	\$66,079	\$511,858	\$990,270	\$ 4,144,238
Reconciliation of operating income to net cash provided (used) by operating activities					
Operating income (loss)	(\$547,928)	(\$133,007)	(\$93,965)	(\$114,509)	(\$889,409)
Adjustments to reconcile operating loss to cash provided (used) by operating activities:					
Depreciation	84,867	0	83,097	113,052	281,016
Changes in:					
Accounts receivable	1,138	(1,023)	9,955	0	10,070
Inventory	0	0	(11,461)	0	(11,461)
Accounts payable	(40,603)	0	(420)	0	(41,023)
Note payable	0	0	0	0	0
Accrued payroll	5,178	0	3,433	0	8,611
Accrued compensated absences	3,255	0	3,526	0	6,781
Unearned revenue	0	0	0	0	0
Net pension liability	0	0	(45,312)	0	(45,312)
Customer deposits	0	0	60,473	0	60,473
<i>Net cash provided (used) by operating activities</i>	<i>(\$494,093)</i>	<i>(\$134,030)</i>	<i>\$9,326</i>	<i>(\$1,457)</i>	<i>\$ (620,254)</i>
Reconciliation to the Balance Sheet					
Unrestricted	\$2,576,031	\$66,079	\$438,345	\$990,270	\$4,070,725
Restricted	0	0	73,513	0	73,513
	\$2,576,031	\$66,079	\$511,858	\$990,270	\$ 4,144,238

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

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022

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, 2022

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.

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, 2022

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, 2022

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, 2022

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, 2022.

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, 2022

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, 2022

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.

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, 2022

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, 2022

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, 2022, 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, 2022.

Restricted Cash - The City has restricted cash of \$122,513 in the Debt Service Fund for debt service payments, \$73,513 for customer deposits in the Water Fund and various grant project funding of \$10,180.

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.

	PNC
Total deposit in bank	\$10,141,628
Less: FDIC Coverage	250,000
<i>Uninsured public funds</i>	9,891,628
Pledged Collateral	10,989,815
<i>Uninsured and Uncollateralized (over collateralized)</i>	<i>(\$1,098,187)</i>
50% Pledged Collateral Requirement per State Statute	\$4,945,814
Total Pledged Collateral	10,989,815
<i>(Over) Under Collateralized</i>	<i>\$6,044,001</i>

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022, \$9,891,628 of the City's bank deposit balance of \$10,141,628 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:	Cusip Number	Maturity	Market Value	Par Value
FSNM FNMA 30YR	3140F9WA9	1/1/2047	\$297,022	\$303,806
FSNM FNMA 30YR	3140F9WA9	1/1/2047	10,692,793	10,937,017
<i>Total Pledged Collateral</i>			\$10,989,815	\$11,240,823

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	\$63,296	\$33,714	\$90,991	\$188,001
Less Allowance for Doubtful Accounts	(26,359)	(14,068)	(48,653)	(89,080)
<i>Net Accounts Receivable</i>	\$36,937	\$19,646	\$42,338	\$98,921

Receivable amounts for gross receipts taxes of \$66,096 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, 2022

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, 2022, consisted of the following:

<u>Inter-Fund Payable</u>	Sewer Fund	Water Fund	Total
General Fund	\$5,762	\$20,170	\$25,932

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>	<u>Transfers Out</u>				Total
	General	Non-Major Governmental Funds	Sewer Fund	Improvements Fund	
General Fund	\$0	\$85,278	\$0	\$0	\$85,278
Non Major Governmental Funds	62,659	350,603	25,233	0	438,495
Sewer Fund	0	29,689	0	17,351	47,040
Sanitation Fund	18,750	0	0	0	18,750
Water Fund	0	0	0	24,464	24,464
Improvements Fund	0	3,662	14,014	0	17,676
	<u>\$81,409</u>	<u>\$469,232</u>	<u>\$39,247</u>	<u>\$41,815</u>	<u>\$631,703</u>

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, 2022

NOTE 5. CAPITAL ASSETS

The following capital asset activity for the year ended June 30, 2022 is as follows:

	Balance June 30, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Museum Artifacts and Collections	\$5,501,635	\$0	\$0	\$0	\$5,501,635
Land	226,634	0	0	0	226,634
Construction in progress	2,351,313	2,010,541	0	(1,655,405)	2,706,449
<i>Total capital assets, not being depreciated</i>	<u>8,079,582</u>	<u>2,010,541</u>	<u>0</u>	<u>(1,655,405)</u>	<u>8,434,718</u>
Depreciable capital assets:					
Buildings and improvements	3,485,085	0	0	0	3,485,085
Streets and Other Infrastructure	4,566,685	9,856	0	1,655,405	6,231,946
Vehicles, Machinery and Equipment	3,070,993	236,170	0	0	3,307,163
<i>Total depreciable capital assets</i>	<u>11,122,763</u>	<u>246,026</u>	<u>0</u>	<u>1,655,405</u>	<u>13,024,194</u>
Less accumulated depreciation:					
Buildings and improvements	(1,639,966)	(132,106)	0	0	(1,772,072)
Streets and Other Infrastructure	(1,995,053)	(210,774)	0	0	(2,205,827)
Vehicles, Machinery and Equipment	(2,516,004)	(119,625)	0	0	(2,635,629)
<i>Total accumulated depreciation</i>	<u>(6,151,023)</u>	<u>(462,505)</u>	<u>0</u>	<u>0</u>	<u>(6,613,528)</u>
<i>Depreciable capital assets, net</i>	<u>4,971,740</u>	<u>(216,479)</u>	<u>0</u>	<u>1,655,405</u>	<u>6,410,666</u>
<i>Total capital assets, net</i>	<u>\$13,051,322</u>	<u>\$1,794,062</u>	<u>\$0</u>	<u>\$0</u>	<u>\$14,845,384</u>

Depreciation has been charged to the following functions:

General Government	\$140,840
Public Safety	61,221
Public Works	188,126
Culture and Recreation	72,318
Total	<u>\$462,505</u>

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5. CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Business-Type Activities:					
Construction in progress	\$993,893	\$1,855,980	\$0	(\$2,849,873)	\$0
Land and water rights	1,194,275	0	0	0	1,194,275
<i>Total business-type activities, not being depreciated</i>	2,188,168	1,855,980	0	(2,849,873)	1,194,275
Depreciable capital assets:					
Buildings and improvements	1,321,113	0	0	0	1,321,113
Distribution systems	12,213,663	0	0	2,849,873	15,063,536
Vehicles, Machinery and Equipment	1,841,639	41,516	0	0	1,883,155
<i>Total depreciable capital assets</i>	15,376,415	41,516	0	2,849,873	18,267,804
Less accumulated depreciation:					
Buildings and improvements	(365,663)	(14,927)	0	0	(380,590)
Distribution systems	(3,184,994)	(202,158)	0	0	(3,387,152)
Vehicles, Machinery and Equipment	(870,586)	(63,932)	0	0	(934,518)
<i>Total accumulated depreciation</i>	(4,421,243)	(281,017)	0	0	(4,702,260)
<i>Depreciable capital assets, net</i>	10,955,172	(239,501)	0	2,849,873	13,565,544
<i>Total capital assets, net</i>	\$13,143,340	\$1,616,479	\$0	\$0	\$14,759,819

Depreciation by fund:

Sewer	\$84,867
Water	83,097
Improvement	113,052
Total	\$281,016

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022 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, 2021	Increases	Decreases	Balance June 30, 2022	Amount Due Within One Year
Governmental Activities	\$81,128	\$114,845	\$70,737	\$125,236	\$0
Business-Type Activities	22,640	25,069	18,289	29,420	0
Total	\$103,768	\$139,914	\$89,026	\$154,656	\$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, 2021	Restatement	Increases	Decreases	Balance June 30, 2022	Amounts Due Within One Year
NMFA - 2090-PP	\$714,000	\$7,707	\$0	\$85,000	\$629,000	\$89,000
NMFA - 4922-CIF	94,000	0	5,964	3,797	90,175	4,797
NMFA - 5185-WPF	0	(5,992)	127,841	0	135,548	7,678
Caterpillar Lease	136,614	0	0	28,972	107,642	31,195
	\$944,614	\$1,715	\$133,805	\$117,769	\$962,365	\$132,670

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 \$714,550 at June 30, 2021. During the year ended June 30, 2022, the City recognized \$169,378 in pledged revenues, and retired \$113,503 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, 2022

NOTE 7. LONG-TERM DEBT (CONTINUED)

The future revenue pledged for this note payable totals \$90,175 at June 30, 2022. During the year ended June 30, 2022, the City recognized \$169,378 in pledged revenue and retired \$0 in principal and interest.

NMFA 5185-WPF

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 the Eastward Distribution System. The loan was for \$153,550 (grant of \$1,381,950) with repayment terms of 20 annual payments of \$7,677 at 0% interest. The first principal payment is due June 1, 2023 and matures June 2042.

The future revenue pledged for this note payable totals \$153,550 at June 30, 2022. During the year 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 2021	Restatement	Increases	Decreases	Balance June 30, 2022	Amounts Due Within One Year
USDA-RUS	\$250,000	\$0	\$0	\$11,000	\$239,000	\$11,000
JCB Finance	41,980	0	0	17,079	24,901	18,113
NMED ARRA CWSRF 02	55,121	0	0	5,016	50,105	5,117
NMFA 3514-CIF	116,503	0	0	12,946	103,557	6,473
NMFA 0347-WTB	121,452	0	0	8,535	112,917	8,556
NMFA 3358-CIF	92,242	0	0	12,300	79,942	6,150
NMFA 2718-CIF	9,564	0	0	797	8,767	797
NMFA 2975-CIF	47,391	0	0	3,646	43,745	3,646
NMFA 4628-CIF	69,573	0	0	3,662	65,911	3,662
NMFA 5109-WPF	13,615	0	363,197	0	376,812	20,164
NMFA 5185-WPF	7,707	(7,707)	0	0	0	0
	\$825,148	(\$7,707)	\$363,197	\$74,981	\$1,105,657	\$83,678

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7. LONG-TERM DEBT (CONTINUED)

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 \$360,750 at June 30, 2022. During the year ended June 30, 2022 the City recognized \$443,766 in pledged revenues and retired \$22,875 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.

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 \$55,228 at June 30, 2022. During the year ended June 30, 2022 the City recognized \$169,378 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 \$114,902 at June 30, 2022. During the year ended June 30, 2022 the City recognized \$169,378 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 \$103,557 at June 30, 2022. During the year ended June 30, 2022 the City recognized \$169,378 in pledged revenues and retired \$12,946 in principal.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7. LONG-TERM DEBT (CONTINUED)

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 \$79,942 at June 30, 2022. During the year ended June 30, 2022 the City recognized \$169,378 in pledged revenues and retired \$12,300 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 \$8,767 at June 30, 2022. During the year ended June 30, 2022 the City recognized \$169,378 in pledged revenues and retired \$797 in principal.

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 \$69,911 at June 30, 2022. During the year ended June 30, 2022 the City recognized \$169,378 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 \$43,745 at June 30, 2022. During the year ended June 30, 2022 the City recognized \$169,378 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 \$459,735 at June 30, 2022. During the year ended June 30, 2022 the City recognized \$169,378 in pledged revenues and retired \$0 in principal.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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
2023	\$132,670	\$31,829	\$164,499	\$83,678	\$17,089	\$100,767
2024	183,825	25,301	209,126	76,236	14,208	90,444
2025	114,378	16,882	131,260	69,628	13,418	83,046
2026	120,378	12,417	132,795	70,810	12,689	83,499
2027	125,378	10,686	136,064	70,994	11,907	82,901
2028 - 2032	183,890	2,630	186,520	368,899	47,147	416,046
2033 - 2037	61,885	0	61,885	303,250	24,554	327,804
2038 - 2042	39,961	0	39,961	62,162	857	63,019
2043 - 2047	0	0	0	0	0	0
	\$962,365	\$99,745	\$1,062,110	\$1,105,657	\$141,869	\$1,247,526

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, 2022

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://www.nmpera.org/financial-overview/>.

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, 2022 available at:
[http://www.nmpera.org/assets/uploads/downloads/annual comprehensive annual report / ACFR-2022-Final.pdf](http://www.nmpera.org/assets/uploads/downloads/annual%20comprehensive%20annual%20report/ACFR-2022-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 21 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, 2020. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2021, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2021.

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 City's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2021.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2020 to June 30, 2021 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2021 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 \$1,118,814 for its proportionate share of the net pension liability. At June 30, 2021, the City's proportionate share was 0.0993%, which was lower than its 0.1098% proportionate share measured as of June 30, 2020.

For the year ended June 30, 2021, the City recognized PERA Fund - General, pension income of (\$63,757). 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	\$368	\$0
Changes in Proportion	319	290,525
Differences Between Expected and Actual Experience	27,851	3,830
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	459,768
<u>City Contributions Subsequent to Measurement Date</u>	<u>108,613</u>	<u>0</u>
Total	\$137,151	\$754,123

For the General Division, \$108,613 is reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date June 30, 2021 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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:	
2022	(\$247,127)
2023	(157,868)
2024	(132,464)
2025	(188,126)
2026	0
Totals	(\$725,585)

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 \$762,715 for its proportionate share of the net pension liability. At June 30, 2021, the City's proportionate share was 0.1475%, which was higher than its 0.1062% proportionate share measured as of June 30, 2020.

For the year ended June 30, 2021, the City recognized PERA Fund-Police, pension expense of \$121,551. 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	\$297	\$0
Changes in proportion	194,232	76,426
Differences between expected and actual experience	57,662	0
Net difference between projected and actual earnings on pension plan investments	0	276,474
City Contributions Subsequent to the Measurement Date	73,708	0
Total	\$325,899	\$352,900

For the Police Division, \$73,708 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date June 30, 2021 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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:	
2022	(\$8,412)
2023	21,506
2024	(1,166)
2025	(112,637)
2026	0
	(\$100,709)

For PERA Fund Division Municipal Fire - At June 30, 2021, the City reported a liability of \$158,980 for its proportionate share of the net pension liability. At June 30, 2021, the City's proportionate share was 0.0262%, which was lower than its 0.0319% proportion measured as of June 30, 2021.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 \$10,840. 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	\$24	\$0
Changes in Proportion	195	49,318
Differences between expected and actual experience	\$2,382	\$221
Net difference between projected and actual earnings on pension plan investments	0	23,212
City Contributions Subsequent to the Measurement Date	3,525	0
Total	\$6,126	\$72,751

For the Fire Division, \$3,525 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date June 30, 2021 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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:	
2022	(\$25,930)
2023	(22,041)
2024	(12,542)
2025	(9,637)
2026	0
	(\$70,150)

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, 2020 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, 2021 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, 2021. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2020 actuarial valuation.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

Valuation date	June 30, 2020
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, 2022

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

Discount rate: A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2021. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

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	\$2,006,907	\$1,118,814	\$382,116
PERA Fund Division Municipal Police			
City of Ruidoso Down's proportionate share of the net pension liability	\$1,335,309	\$762,715	\$294,143
PERA Fund Division Municipal Fire			
City of Ruidoso Down's proportionate share of the net pension liability	\$219,468	\$158,980	\$109,267

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, 2022, 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, 2022

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 \$545,200 for the City’s 15% of the operating costs during the year ended June 30, 2022.

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

	Funds	BTA	Government Activities
Colonia Grant Fund - Correction of NMFA Cash/Grant funds not drawn	(\$90,763)		(\$90,763)
Improvements Fund - BTA - Correction (transfer of NMFA loan to Infrastructure Fund	(5,992)		
Infrastructure Fund - Correction (transfer of NMFA loan from BTA improvements fund).NMFA loan not fully drawn down			(7,707)
Improvements Fund - BTA - Correction (transfer of NMFA loan to Infrastructure Fund).		7,707	
	(\$96,755)	\$7,707	(\$98,470)

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 12 – LEASES

The City has financing leases (which transfer ownership) for equipment that have been recorded as assets and related leases payables, see Note 7.

The City also has four leases (previously called operating leases) for copy machines and a postage meter at July 1, 2021. The effect of the new lease accounting under GASB 87 is immaterial to the accounting for these leases and therefore the City has chosen not to report these leases in accordance with Governmental Accounting Standards.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE CITY OF RUIDOSO DOWN'S PROPORTIONATE 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, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
	2022	2021	2020	2019	2018	2017	2016	2015
City of Ruidoso Downs's proportion of the net pension liability (asset)	0.0993%	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)	\$1,118,814	\$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	\$932,980	\$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	119.91%	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	77.25%	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 PROPORTIONATE 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, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
	2022	2021	2020	2019	2018	2017	2016	2015
City of Ruidoso Downs's proportion of the net pension liability (asset)	0.1475%	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)	\$762,715	\$912,119	\$867,936	\$1,001,623	\$766,680	\$1,293,415	\$665,505	\$506,913
City of Ruidoso Downs's covered-employee payroll	\$357,483	\$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	213.35%	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	77.25%	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 PROPORTIONATE 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, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
	2022	2021	2020	2019	2018	2017	2016	2015
City of Ruidoso Downs's proportion of the net pension liability (asset)	0.0262%	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)	\$158,980	\$241,284	\$259,775	\$255,385	\$152,191	\$189,457	\$138,836	\$115,620
City of Ruidoso Downs's covered-employee payroll	\$37,438	\$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	424.65%	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	77.25%	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 - MUNICIPIAL GENERAL
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$108,613	\$91,432	\$103,148	\$108,196	\$122,159	\$123,132	\$120,081	\$118,832
Contributions in relation to the contractually required contribution	\$108,613	\$91,432	\$103,148	\$108,196	\$122,159	\$123,132	\$120,081	\$118,832
City of Ruidoso Downs covered employee payroll	\$1,111,506	\$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	9.77%	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*

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$73,708	\$68,458	\$52,615	\$54,380	\$58,599	\$55,722	\$65,889	\$51,283
Contributions in relation to the contractually required contribution	\$73,708	\$68,458	\$52,615	\$54,380	\$58,599	\$55,722	\$65,889	\$51,283
City of Ruidoso Downs covered employee payroll	\$384,900	\$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%	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*

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$3,525	\$8,199	\$10,018	\$10,863	\$10,973	\$7,265	\$7,170	\$6,638
Contributions in relation to the contractually required contribution	\$3,525	\$8,199	\$10,018	\$10,863	\$10,973	\$7,265	\$7,170	\$6,638
City of Ruidoso Downs covered employee payroll	\$16,096	\$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%	21.90%	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, 2022

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, 2020 report is available at http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2020%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, 2022

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, 2022

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, 2022

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, 2022

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, 2022

	Court Automation Fund	Emergency Medical Services Fund	Federal Recovery ARPA	Fire Protection Fund	Fiscal Recovery ARPA	Gas Tax Road Fund
ASSETS						
Cash and cash equivalents						
Unrestricted	\$1,724	\$8,863	\$50,000	\$175,048	\$177,718	\$115,318
Restricted	0	0	0	0	0	0
Taxes Receivable						
Gross receipts	0	0	0	0	0	0
Property	0	0	0	0	0	0
Lodgers	0	0	0	0	0	0
Gasoline	0	0	0	0	0	2,351
Inventory	0	0	0	0	0	0
Total assets	\$1,724	\$8,863	\$50,000	\$175,048	\$177,718	\$117,669
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$0	\$0	\$0	\$0	\$0	\$0
Accrued payroll	0	0	0	0	0	0
Total liabilities	0	0	0	0	0	0
DEFERRED INFLOW OF RESOURCES						
Deferred Inflows - property taxes	0	0	0	0	0	0
Total liabilities and deferred inflows	0	0	0	0	0	0
Fund Balance:						
Nonspendable	0	0	0	0	0	0
Restricted	1,724	8,863	50,000	175,048	177,718	117,669
Assigned	0	0	0	0	0	0
Total fund balance	1,724	8,863	50,000	175,048	177,718	117,669
Total liabilities, deferred inflows of resources and fund balance	\$1,724	\$8,863	\$50,000	\$175,048	\$177,718	\$117,669

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, 2022

	Infrastructure Fund	Judicial Education Fund	KDBC Litter Control	Law Enforcement Protection Fund	Lincoln County Transit Fund	Local Government Corrections
ASSETS						
Cash and cash equivalents						
Unrestricted	\$685,739	\$1,383	\$354	\$0	\$61	\$57,375
Restricted	0	0	0	0	0	0
Taxes Receivable						
Gross receipts	0	0	0	0	0	0
Property	0	0	0	0	0	0
Lodgers	0	0	0	0	0	0
Gasoline	0	0	0	0	0	0
Inventory	0	0	0	0	0	0
Total assets	\$685,739	\$1,383	\$354	\$0	\$61	\$57,375
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$9,456	\$0	\$0	\$0	\$0	\$0
Accrued payroll	0	0	0	0	0	0
Total liabilities	9,456	0	0	0	0	0
DEFERRED INFLOW OF RESOURCES						
Deferred Inflows - property taxes	0	0	0	0	0	0
Total liabilities and deferred inflows	0	0	0	0	0	0
Fund Balance:						
Nonspendable	0	0	0	0	0	0
Restricted	676,283	1,383	354	0	61	57,375
Assigned	0	0	0	0	0	0
Total fund balance	676,283	1,383	354	0	61	57,375
Total liabilities, deferred inflows of resources and fund balance	\$685,739	\$1,383	\$354	\$0	\$61	\$57,375

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, 2022

	Lodgers Tax Fund	Museum Fund	Police Grants	Recreation Fund	Street Improvement Fund	Total
ASSETS						
Cash and cash equivalents						
Unrestricted	\$496,990	\$1,702	\$0	\$3,709	\$133,733	\$1,909,717
Restricted	0	0	0	0	0	0
Taxes Receivable						
Gross receipts	0	0	0	0	0	0
Property	0	0	0	0	0	0
Lodgers	28,116	0	0	0	0	28,116
Gasoline	0	0	0	0	0	2,351
Inventory	0	36,762	0	0	0	36,762
Total assets	\$525,106	\$38,464	\$0	\$3,709	\$133,733	\$1,976,946
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$0	\$0	\$0	\$0	\$0	\$9,456
Accrued payroll	0	0	0	0	0	0
Total liabilities	0	0	0	0	0	9,456
DEFERRED INFLOW OF RESOURCES						
Deferred Inflows - property taxes	0	0	0	0	0	0
Total liabilities and deferred inflows	0	0	0	0	0	0
Fund Balance:						
Nonspendable	0	36,762	0	0	0	36,762
Restricted	525,106	1,702	0	3,709	133,733	1,930,728
Assigned	0	0	0	0	0	0
Total fund balance	525,106	38,464	0	3,709	133,733	1,967,490
Total liabilities, deferred inflows of resources and fund balance	\$525,106	\$38,464	\$0	\$3,709	\$133,733	\$1,976,946

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, 2022

	Court Automation Fund	Emergency Medical Services Fund	Federal Recovery ARPA	Fire Protection Fund	Fiscal Recovery ARPA	Gas Tax Road Fund
REVENUES						
Taxes						
Gross receipts	\$0	\$0	\$0	\$0	\$0	\$0
Property	0	0	0	0	0	0
Gasoline and MVD	0	0	0	0	0	16,459
Lodgers	0	0	0	0	0	0
Charges for service	7,106	0	0	0	0	0
Intergovernmental						
Federal operating grants	0	0	0	0	315,222	0
Federal capital grants	0	0	0	0	0	0
State operating grants	0	7,310	0	85,422	0	0
State capital grants	0	0	0	0	0	101,577
Memberships and contributions	0	0	0	0	0	0
Fines and forfeitures	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
<i>Total revenues</i>	7,106	7,310	0	85,422	315,222	118,036
EXPENDITURES						
Current:						
General government	6,689	0	0	0	0	0
Public safety	0	0	0	46,548	0	0
Public works	0	0	0	0	0	0
Culture and recreation	0	0	0	0	0	0
Health and welfare	0	1,240	0	0	0	0
Debt Service:						
Principal	0	0	0	0	0	0
Interest and administrative fees	0	0	0	0	0	0
Capital Outlay	0	0	0	0	137,504	0
<i>Total expenditures</i>	6,689	1,240	0	46,548	137,504	0
<i>Excess (deficiency) of revenues over expenditures</i>	417	6,070	0	38,874	177,718	118,036
Other Financing Sources (Uses):						
Loan Proceeds	0	0	0	0	0	0
Operating transfers in	0	0	50,000	0	0	0
Operating transfers (out)	0	0	0	0	0	(17,829)
<i>Total other financing sources (uses)</i>	0	0	50,000	0	0	(17,829)
<i>Net changes in fund balances</i>	417	6,070	50,000	38,874	177,718	100,207
<i>Fund balance, beginning of year</i>	1,307	2,793	0	136,174	0	17,462
<i>Restatements</i>	0	0	0	0	0	0
<i>Fund balance, beginning of year as restated</i>	1,307	2,793	0	136,174	0	17,462
<i>Fund balance (deficit), end of year</i>	<i>\$1,724</i>	<i>\$8,863</i>	<i>\$50,000</i>	<i>\$175,048</i>	<i>\$177,718</i>	<i>\$117,669</i>

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, 2022

	Infrastructure Fund	Judicial Education Fund	KDBC Litter Control	Law Enforcement Protection Fund	Lincoln County Transit Fund	Local Government Corrections
REVENUES						
Taxes						
Gross receipts	\$138,925	\$0	\$0	\$0	\$0	\$0
Property	0	0	0	0	0	0
Gasoline and MVD	0	0	0	0	0	0
Lodgers	0	0	0	0	0	0
Charges for service	0	3,382	0	0	0	0
Intergovernmental						
Federal operating grants	0	0	0	0	0	0
Federal capital grants	0	0	0	0	0	0
State operating grants	0	0	2,745	0	0	22,623
State capital grants	0	0	0	24,200	0	0
Memberships and contributions	0	0	0	0	0	0
Fines and forfeitures	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
Total revenues	138,925	3,382	2,745	24,200	0	22,623
EXPENDITURES						
Current:						
General government	0	3,257	0	0	0	0
Public safety	0	0	0	0	0	7,079
Public works	0	0	0	0	0	0
Culture and recreation	0	0	0	0	0	0
Health and welfare	0	0	3,880	0	0	0
Debt Service:						
Principal	3,797	0	0	0	0	0
Interest and administrative fees	0	0	0	0	0	0
Capital Outlay	14,654	0	0	39,482	0	0
Total expenditures	18,451	3,257	3,880	39,482	0	7,079
<i>Excess (deficiency) of revenues over expenditures</i>	120,474	125	(1,135)	(15,282)	0	15,544
Other Financing Sources (Uses):						
Loan Proceeds	5,964	0	0	0	0	0
Operating transfers in	0	0	1,489	0	0	0
Operating transfers (out)	(230,023)	0	0	0	0	(45,886)
Total other financing sources (uses)	(224,059)	0	1,489	0	0	(45,886)
<i>Net changes in fund balances</i>	(103,585)	125	354	(15,282)	0	(30,342)
<i>Fund balance, beginning of year</i>	785,860	1,258	0	15,282	61	87,717
<i>Restatements</i>	(5,992)	0	0	0	0	0
<i>Fund balance, beginning of year as restated</i>	779,868	1,258	0	15,282	61	87,717
Fund balance (deficit), end of year	\$676,283	\$1,383	\$354	\$0	\$61	\$57,375

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, 2022

	Lodgers Tax Fund	Museum Fund	Police Grants	Recreation Fund	Street Improvement Fund	Total
REVENUES						
Taxes						
Gross receipts	\$0	\$0	\$0	\$0	\$0	\$138,925
Property	0	0	0	0	0	0
Gasoline and MVD	0	0	0	0	0	16,459
Lodgers	286,250	0	0	0	0	286,250
Charges for service	0	0	0	0	0	10,488
Intergovernmental						
Federal operating grants	0	0	0	0	0	315,222
Federal capital grants	0	0	0	0	0	0
State operating grants	0	0	8,724	0	0	126,824
State capital grants	0	0	0	0	0	125,777
Memberships and contributions	0	0	0	0	0	0
Fines and forfeitures	0	0	0	0	0	0
Miscellaneous	1,320	100	0	0	0	1,420
Total revenues	287,570	100	8,724	0	0	1,021,365
EXPENDITURES						
Current:						
General government	0	0	0	0	0	9,946
Public safety	0	0	8,724	0	0	62,351
Public works	0	0	0	0	0	0
Culture and recreation	32,660	27,182	0	0	0	59,842
Health and welfare	0	0	0	0	0	5,120
Debt Service:						
Principal	0	0	0	0	0	3,797
Interest and administrative fees	0	0	0	0	0	0
Capital Outlay	0	0	0	0	215,291	406,931
Total expenditures	32,660	27,182	8,724	0	215,291	547,987
<i>Excess (deficiency) of revenues over expenditures</i>	254,910	(27,082)	0	0	(215,291)	473,378
Other Financing Sources (Uses):						
Loan Proceeds	0	0	0	0	0	5,964
Operating transfers in	0	12,659	0	0	7,077	71,225
Operating transfers (out)	(28,640)	0	0	0	0	(322,378)
Total other financing sources (uses)	(28,640)	12,659	0	0	7,077	(245,189)
<i>Net changes in fund balances</i>	226,270	(14,423)	0	0	(208,214)	228,189
<i>Fund balance, beginning of year</i>	298,836	52,887	0	3,709	341,947	1,745,293
<i>Restatements</i>	0	0	0	0	0	(5,992)
<i>Fund balance, beginning of year as restated</i>	298,836	52,887	0	3,709	341,947	1,739,301
Fund balance (deficit), end of year	\$525,106	\$38,464	\$0	\$3,709	\$133,733	\$1,967,490

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, 2022

	Capital Appropriations Fund	CDBG Grant Fund	Total
ASSETS			
Cash and cash equivalents			
Unrestricted	\$1	\$42,338	\$42,339
Restricted	0	10,180	10,180
Taxes Receivable			
Gross receipts	0	0	0
Property	0	0	0
Lodgers	0	0	0
Gasoline	0	0	0
Due from other governments	0	0	0
Total assets	\$1	\$52,518	\$52,519
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$0	\$0	\$0
Due to other funds	0	0	0
Total liabilities	0	0	0
DEFERRED INFLOW OF RESOURCES			
Deferred Inflows - property taxes	0	0	0
Total liabilities and deferred inflows	0	0	0
Fund Balance:			
Restricted	1	52,518	52,519
Unassigned	0	0	0
Total fund balance	1	52,518	52,519
Total liabilities, deferred inflows of resources and fund balance	\$1	\$52,518	\$52,519

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, 2022

	Capital Appropriations Fund	CDBG Grant Fund	Total
REVENUES			
Taxes			
Gross receipts	\$0	\$0	\$0
Property	0	0	0
Gasoline	0	0	0
Lodgers	0	0	0
Charges for service	0	0	0
Intergovernmental			
Federal operating grants	0	0	0
Federal capital grants	0	2,229	2,229
State operating grants	0	0	0
State capital grants	133,252	0	133,252
Fines and forfeitures	0	0	0
Miscellaneous	0	0	0
Total revenues	133,252	2,229	135,481
EXPENDITURES			
Current:			
General government	0	43	43
Public safety	0	0	0
Public works	0	0	0
Culture and recreation	0	0	0
Health and welfare	0	0	0
Debt Service:			
Principal	0	0	0
Interest and administrative fees	0	0	0
Capital Outlay	244,650	3,729	248,379
Total expenditures	244,650	3,772	248,422
<i>Excess (deficiency) of revenues over expenditures</i>	<i>(111,398)</i>	<i>(1,543)</i>	<i>(112,941)</i>
Other Financing Sources (Uses):			
Loan proceeds	0	0	0
Operating transfers in	228,534	0	228,534
Operating transfers (out)	0	0	0
Total other financing sources (uses)	228,534	0	228,534
<i>Net changes in fund balances</i>	<i>117,136</i>	<i>(1,543)</i>	<i>115,593</i>
<i>Fund balance, beginning of year</i>	<i>(117,135)</i>	<i>54,061</i>	<i>(63,074)</i>
Fund balance (deficit), end of year	\$1	\$52,518	\$52,519

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, 2022

	Debt Service Fund
ASSETS	
Cash and cash equivalents	
Unrestricted	\$0
Restricted	122,513
Taxes Receivable	
Gross receipts	0
Property	16,963
Lodgers	0
Gasoline	0
Total assets	\$139,476
 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	126,452
Assigned	0
<i>Total fund balance</i>	126,452
Total liabilities, deferred inflows of resources and fund balance	\$139,476

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, 2022

	Debt Service Fund
REVENUES	
Taxes	
Gross Receipts	\$0
Property	47,198
Gasoline	0
Lodgers	0
<i>Total revenues</i>	47,198
EXPENDITURES	
Current:	
General government	472
Public safety	0
Public works	0
Culture and recreation	0
Health and welfare	0
Debt Service:	
Principal	85,000
Interest and administrative fees	28,503
Capital Outlay	
	0
<i>Total expenditures</i>	113,975
<i>Excess (deficiency) of revenues over expenditures</i>	(66,777)
Other Financing Sources (Uses):	
Operating transfers in	138,736
Operating transfers (out)	(146,854)
<i>Total other financing sources (uses)</i>	(8,118)
<i>Net changes in fund balances</i>	(74,895)
<i>Fund balance, beginning of year</i>	201,347
<i>Fund balance (deficit), end of year</i>	<i>\$126,452</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, 2022

	Special Revenue	Capital Projects	Debt Services	Total
ASSETS				
Cash and cash equivalents				
Unrestricted	\$1,909,717	\$42,339	\$0	\$1,952,056
Restricted	0	10,180	122,513	132,693
Taxes Receivable				
Gross receipts	0	0	0	0
Property	0	0	16,963	16,963
Lodgers	28,116	0	0	28,116
Gasoline and MCD	2,351	0	0	2,351
Inventory	36,762	0	0	36,762
Total assets	\$1,976,946	\$52,519	\$139,476	\$2,168,941
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$9,456	\$0	\$0	\$9,456
Accrued payroll	0	0	0	0
Due to other funds	0	0	0	0
Total liabilities	9,456	0	0	9,456
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	1,930,728	52,519	126,452	2,109,699
Assigned	0	0	0	0
Total fund balance	1,967,490	52,519	126,452	2,146,461
Total liabilities, deferred inflows of resources and fund balance	\$1,976,946	\$52,519	\$139,476	\$2,168,941

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, 2022

	Special Revenue	Capital Projects	Debt Services	Total
REVENUES				
Taxes				
Gross receipts	\$138,925	\$0	\$0	\$138,925
Property	0	0	47,198	47,198
Gasoline and MVD	16,459	0	0	16,459
Lodgers	286,250	0	0	286,250
Charges for service	10,488	0	0	10,488
Intergovernmental				
Federal operating grants	315,222	0	0	315,222
Federal capital grants	0	2,229	0	2,229
State operating grants	126,824	0	0	126,824
State capital grants	125,777	133,252	0	259,029
Memberships	0	0	0	0
Fines and forfeitures	0	0	0	0
Miscellaneous	1,420	0	0	1,420
<i>Total revenues</i>	1,021,365	135,481	47,198	1,204,044
EXPENDITURES				
Current:				
General government	9,946	43	472	10,461
Public safety	62,351	0	0	62,351
Public works	0	0	0	0
Culture and recreation	59,842	0	0	59,842
Health and welfare	5,120	0	0	5,120
Debt Service:				
Principal and interest	3,797	0	113,503	117,300
Capital Outlay	406,931	248,379	0	655,310
<i>Total expenditures</i>	547,987	248,422	113,975	910,384
<i>Excess (deficiency) of revenues over expenditures</i>	473,378	(112,941)	(66,777)	293,660
Other Financing Sources (Uses):				
Loan proceeds	5,964	0	0	5,964
Operating transfers in	71,225	228,534	138,736	438,495
Operating transfers (out)	(322,378)	0	(146,854)	(469,232)
<i>Total other financing sources (uses)</i>	(245,189)	228,534	(8,118)	(24,773)
<i>Net changes in fund balances</i>	228,189	115,593	(74,895)	268,887
<i>Fund balance, beginning of year</i>	1,745,293	(63,074)	201,347	1,883,566
<i>Restatements</i>	(5,992)	0	0	(5,992)
<i>Fund balance, beginning of year as restated</i>	1,739,301	(63,074)	201,347	1,877,574
Fund balance (deficit), end of year	\$1,967,490	\$52,519	\$126,452	\$2,146,461

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, 2022

Financial Institution: Account Name	Type of Account	Bank Balance	Reconciling Items	Book Balance
PNC Bank - General Fund 4200045500	* Checking	\$10,025,360	(\$167,310)	\$9,858,050
BBVA - CDGB	* Checking	10,180	0	10,180
BBVA - Water Security Deposit 4200045632	* Checking	106,088	(435)	105,653
		\$10,141,628	(\$167,745)	\$9,973,883
Total Cash - Financial Institutions				\$9,973,883
Petty Cash				1,500
				\$9,975,383
Governmental Activities				
Unrestricted				\$5,698,452
Restricted cash				132,693
Business-Type Activities				
Cash and cash equivalents				4,070,725
Restricted cash - customer deposits				73,513
				\$9,975,383

* Non interest bearing

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, 2022, 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, 2022.

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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 (2018-003) that we consider to be a significant deficiency.

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

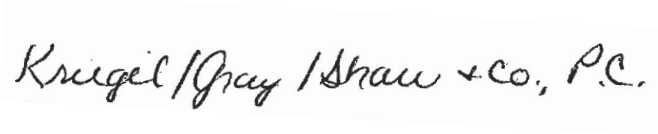
As part of obtaining reasonable assurance about whether the City of Ruidoso Downs' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 responses 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.
Las Cruces, New Mexico

December 14, 2022

CITY OF RUIDOSO DOWNS
SUMMARY OF AUDIT RESULTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

FINANCIAL STATEMENTS

Type of Auditor's Report issued:

Unmodified

Internal Control Over Financial Reporting:

Material weakness(es) identified?

_____ Yes X 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, 2022

CURRENT YEAR FINDINGS:

2022-001 (2018-003) -Control over Capital Asset Inventory-Significant Deficiency

Repeated with Modification.

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

- The capital asset schedule beginning balance did not agree to the prior year audit (\$82,967).
- Construction in progress is being depreciated in pieces prior to completion.

The asset list included all additions for the year properly except for construction in progress and the physical inventory continues to need attention. .

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 controls have been established and are being followed. The physical inventory is in place annually and we are working on balancing the current asset listing with the physical inventory. We will add assets that are ongoing construction projects that are not finished to our land inventory which will keep track of the progress without depreciating value until the projects are completed. This will assist with getting all of the current projects in one location in the asset listing. Training will continue with all departments within the city for asset control.

Responsible Position:
Finance Director
Accounts Payable Clerk
Department Directors

Timeline:
December 15, 2022

CITY OF RUIDOSO DOWNS
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

FINDINGS - FINANCIAL STATEMENT AUDIT

CURRENT STATUS

2021-001 (2019-001) Disbursements	Resolved
2021-002 (2019-003) Documentation Maintenance	Resolved
2021-003 (2018-003) Control Over Capital Asset Inventory	Repeated

CITY OF RUIDOSO DOWNS
EXIT CONFERENCE
JUNE 30, 2022

EXIT CONFERENCE:

The exit conference was held December 15, 2022 and was attended by the following:

Representing City of Ruidoso Downs:

Shane L. Walker, Mayor Pro Tem
Selena Chavez, Assistant City Clerk
Mary Castaneda, Finance Director

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.