



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

CERTIFIED PUBLIC ACCOUNTANTS

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STATE OF NEW MEXICO

CITY OF RUIDOSO DOWNS

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2019

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CITY OF RUIDOSO DOWNS

OFFICIAL ROSTER

JUNE 30, 2019

CITY COUNCIL

<u>Name</u>	<u>Title</u>
<i>Gary L. Williams</i>	<i>Mayor</i>
<i>Judy Miller</i>	<i>Mayor Pro-Tem</i>
<i>Sebrina Lundquist</i>	<i>Councilor</i>
<i>James Romero</i>	<i>Councilor</i>
<i>Shane Walker</i>	<i>Councilor</i>

INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund of the City of Ruidoso Downs (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2019, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ruidoso Downs, as of June 30, 2019, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the City as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12 and the pension liability schedules on pages 62 through 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has elected to omit the management's discussion and analysis (MD&A). Accounting principles generally accepted in the United States of America require that the MD&A be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. Our opinions on the basic financial statements are not affected by this omitted information.

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2019 on our consideration of the City of Ruidoso Downs's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

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

December 12, 2019

CITY OF RUIDOSO DOWNS

STATEMENT OF NET POSITION

JUNE 30, 2019

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Current Assets			
Cash and cash equivalents	\$3,788,311	\$2,970,654	\$6,758,965
Restricted cash held by trustee	0	715,052	715,052
Accounts receivable, net	1,367	142,972	144,339
Taxes receivable			
Gross Receipts	665,325	172,444	837,769
Franchise	13,423	0	13,423
Property	37,518	0	37,518
Lodgers	25,515	0	25,515
Gasoline	4,555	0	4,555
Due from other governments	303,117	0	303,117
Inventory	36,068	143,631	179,699
<i>Total current assets</i>	4,875,199	4,144,753	9,019,952
Noncurrent Assets			
Restricted cash and cash equivalents	64,150	87,193	151,343
Capital assets, net	11,037,975	12,279,242	23,317,217
<i>Total noncurrent assets</i>	11,102,125	12,366,435	23,468,560
Deferred outflows of resources			
Pensions	999,177	141,895	1,141,072
Total assets and deferred outflows	\$16,976,501	\$16,653,083	\$33,629,584
Current Liabilities			
Accounts payable	\$328,567	\$159	\$328,726
Accrued payroll liabilities	10,288	0	10,288
Accrued payroll	42,618	6,441	49,059
Accrued compensated absences	8,771	0	8,771
Accrued interest	15,168	0	15,168
Current portion of long-term debt	98,990	71,780	170,770
<i>Total Current Liabilities</i>	504,402	78,380	582,782
Noncurrent Liabilities			
Customer deposits	0	73,512	73,512
Accrued compensated absences	69,731	16,381	86,112
Long-term debt, net of current portion	955,522	855,699	1,811,221
Net pension liabilities	3,164,072	510,001	3,674,073
<i>Total Noncurrent Liabilities</i>	4,189,325	1,455,593	5,644,918
Deferred Inflows of Resources			
Net pension liability deferred inflows	326,759	25,850	352,609
Total Liabilities and Deferred Inflows	\$5,020,486	\$1,559,823	\$6,580,309

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

CITY OF RUIDOSO DOWNS

STATEMENT OF NET POSITION

JUNE 30, 2019

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Net Position			
Net investment in capital assets	\$9,983,463	\$11,438,956	\$21,422,419
Restricted for:			
Special revenue funds	1,500,667	0	1,500,667
Debt service	69,738	0	69,738
Unrestricted (deficit)	402,147	3,654,304	4,056,451
<i>Total Net Position</i>	11,956,015	15,093,260	27,049,275
<i>Total Liabilities, Deferred Inflows and Net Position</i>	\$16,976,501	\$16,653,083	\$33,629,584

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, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary Government							
Governmental Activities:							
General government	\$1,090,247	\$5,368	\$90,000	\$0	(\$994,879)	\$0	(\$994,879)
Public safety	1,425,323	0	128,106	0	(1,297,217)	0	(1,297,217)
Public works	540,563	0	0	763,105	222,542	0	222,542
Culture and recreation	576,215	224,485	0	0	(351,730)	0	(351,730)
Health and welfare	100,893	4,279	5,756	0	(90,858)	0	(90,858)
Interest and admin fees	35,468	0	0	0	(35,468)	0	(35,468)
<i>Total governmental activities</i>	<i>3,768,709</i>	<i>234,132</i>	<i>223,862</i>	<i>763,105</i>	<i>(2,547,610)</i>	<i>0</i>	<i>(2,547,610)</i>
Business-Type Activities:							
Sewer fund	901,582	399,924	0	0	0	(501,658)	(501,658)
Sanitation fund	291,091	210,658	0	0	0	(80,433)	(80,433)
Water fund	848,288	458,270	0	0	0	(390,018)	(390,018)
Improvements fund	75,317	0	0	1,741,004	0	1,665,687	1,665,687
<i>Total business-type activities</i>	<i>2,116,278</i>	<i>1,068,852</i>	<i>0</i>	<i>1,741,004</i>	<i>0</i>	<i>693,578</i>	<i>693,578</i>
Total primary government	\$5,884,987	\$1,302,984	\$223,862	\$2,504,109	(\$2,547,610)	\$693,578	(\$1,854,032)

General Revenues

Taxes:

Gross receipts tax	\$3,112,869	\$803,576	\$3,916,445
Franchise tax	67,920	0	67,920
Property tax	306,089	0	306,089
Gas tax and MVD	28,943	0	28,943
Lodgers tax	235,394	0	235,394
Other taxes	14,850	0	14,850
License and permits	10,372	0	10,372
Fines and forfeitures	41,913	0	41,913
Miscellaneous	38,640	0	38,640
Net transfers	(605,926)	605,926	0
<i>Total general revenues and transfers</i>	<i>3,251,064</i>	<i>1,409,502</i>	<i>4,660,566</i>
Change in net position	703,454	2,103,080	2,806,534
Net position (deficit), beginning of year, as previously stated	12,152,334	15,654,367	27,806,701
Restatement	(899,773)	(2,664,187)	(3,563,960)
<i>Net position (deficit), beginning of year, as restated</i>	<i>11,252,561</i>	<i>12,990,180</i>	<i>24,242,741</i>
Net position (deficit), end of year	\$11,956,015	\$15,093,260	\$27,049,275

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

CITY OF RUIDOSO DOWNS

GOVERNMENTAL FUNDS

BALANCE SHEETS

JUNE 30, 2019

	Major Funds			
	General	CDBG	Nonmajor	Total
	Fund	Grant Fund	Governmental Funds	Governmental Funds
ASSETS				
Cash and cash equivalents				
Unrestricted	\$2,273,583	\$0	\$1,514,728	\$3,788,311
Restricted - debt service	0	0	64,150	64,150
Accounts receivable	1,367	0	0	1,367
Taxes receivable:				
Gross receipts	633,941	0	31,384	665,325
Franchise	13,423	0	0	13,423
Property	27,339	0	10,179	37,518
Lodgers	0	0	25,515	25,515
Gasoline and MVD	1,173	0	3,382	4,555
Due from other governments	2,241	300,876	0	303,117
Due from other funds	35,079	0	0	35,079
Inventory	0	0	36,068	36,068
Total assets	\$2,988,146	\$300,876	\$1,685,406	\$4,974,428
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$12,804	\$300,876	\$14,887	\$328,567
Accrued payroll liabilities	10,288	0	0	10,288
Accrued payroll	38,454	0	4,164	42,618
Accrued compensated absences	8,771	0	0	8,771
Due to other funds	0	35,079	0	35,079
Total liabilities	70,317	335,955	19,051	425,323
Deferred inflows of resources:				
Deferred inflows - property taxes	11,290	0	4,604	15,894
Fund Balances:				
Nonspendable	0	0	36,068	36,068
Restricted	0	0	1,500,667	1,500,667
Debt service	0	0	69,738	69,738
Assigned	0	0	55,278	55,278
Unassigned	2,906,539	(35,079)	0	2,871,460
Total fund balance	2,906,539	(35,079)	1,661,751	4,533,211
Total liabilities, deferred inflows of resources, and fund balances	\$2,988,146	\$300,876	\$1,685,406	\$4,974,428

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, 2019

FUND BALANCE of Governmental Funds	\$4,533,211
Amounts reported for governmental activities in the statement of net position are different because:	
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	11,037,975
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.	15,894
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	(69,731)
Notes and Bonds Payable	(1,054,512)
Accrued Interest	(15,168)
Net pension liability and deferred outflows and inflows of resources related to the pension are applicable to future periods, and therefore are not included in the Governmental Funds.	
NPL Deferred Outflows	999,177
NPL Deferred Inflows	(326,759)
Net Pension Liability	(3,164,072)
<i>Net position of governmental activities</i>	\$11,956,015

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, 2019

	Major Funds			Total Governmental Funds
	General Fund	CDBG Grant Fund	Nonmajor Governmental Funds	
REVENUES				
Taxes				
Gross receipts	\$2,966,282	\$0	\$146,587	\$3,112,869
Franchise	67,920	0	0	67,920
Property	262,691	0	92,869	355,560
Gasoline and MVD	7,452	0	21,491	28,943
Lodgers	0	0	235,394	235,394
Other	14,850	0	0	14,850
Charges for service/sales	2,502	0	120,138	122,640
Intergovernmental				
Federal operating grants	443	0	5,756	6,199
Federal capital grants	0	393,105	0	393,105
State operating grants	90,000	0	127,663	217,663
State capital grants	0	0	370,000	370,000
Memberships	0	0	111,492	111,492
Licenses and permits	10,372	0	0	10,372
Fines and forfeitures	41,913	0	0	41,913
Miscellaneous	37,092	0	1,548	38,640
<i>Total revenues</i>	<i>3,501,517</i>	<i>393,105</i>	<i>1,232,938</i>	<i>5,127,560</i>
EXPENDITURES				
Current:				
General government	1,176,033	0	5,118	1,181,151
Public safety	1,180,668	0	83,727	1,264,395
Public works	333,438	0	8,227	341,665
Culture and recreation	139,379	0	404,025	543,404
Health and welfare	53,207	0	47,686	100,893
Debt Service				
Principal	0	0	68,000	68,000
Interest and administrative fees	0	0	37,727	37,727
Capital outlay	104,478	0	581,703	686,181
<i>Total expenditures</i>	<i>2,987,203</i>	<i>0</i>	<i>1,236,213</i>	<i>4,223,416</i>

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, 2019

	Major Funds			Total Governmental Funds
	General Fund	CDBG Grant Fund	Nonmajor Governmental Funds	
Excess (Deficiency) of revenues over Expenditures before transfers	514,314	393,105	(3,275)	904,144
OTHER FINANCING SOURCES (USES)				
Transfers in	28,125	0	256,597	284,722
Transfers out	(91,131)	(446,801)	(352,716)	(890,648)
<i>Total Other Financing Sources (Uses)</i>	(63,006)	(446,801)	(96,119)	(605,926)
<i>Net change in fund balances</i>	451,308	(53,696)	(99,394)	298,218
<i>Fund balance, beginning of year</i>	2,455,231	18,617	1,761,145	4,234,993
<i>Fund balance, end of year</i>	\$2,906,539	(\$35,079)	\$1,661,751	\$4,533,211

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, 2019

Net change in fund balances - Governmental Funds	\$298,218
Amounts reported for governmental activities in the statement of activities are different because:	
Property tax levied but not collected within 60 days	(49,471)
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.	627,656
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.	(399,364)
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	7,500
Change in Accrued Interest	2,259
Long-Term Obligations Principal Payments	71,988
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	144,668
<i>Change in net position of governmental activities</i>	\$703,454

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

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, 2019

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Taxes				
Gross receipts	\$2,825,103	\$2,825,103	\$2,863,973	\$38,870
Franchise	78,156	78,156	69,718	(8,438)
Property	319,379	319,379	253,519	(65,860)
Gasoline and MVD	6,828	6,828	8,068	1,240
Lodgers	0	0	0	0
Other	9,600	9,600	14,850	5,250
Charges for service/sales	4,020	4,020	2,502	(1,518)
Intergovernmental				
Federal operating grants	0	0	443	443
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	10,525	10,525	10,373	(152)
Fines and forfeitures	89,800	89,800	39,725	(50,075)
Miscellaneous	39,844	39,844	35,730	(4,114)
<i>Total revenues</i>	<u>3,473,255</u>	<u>3,473,255</u>	<u>3,388,901</u>	<u>(84,354)</u>
EXPENDITURES				
Current:				
General government	1,415,110	1,415,110	1,159,521	255,589
Public safety	1,555,199	1,555,199	1,241,221	313,978
Public works	381,872	381,872	346,357	35,515
Culture and recreation	168,969	168,969	143,231	25,738
Health and welfare	34,500	125,012	46,667	78,345
Debt Service				
Principal	0	0	0	0
Interest and administrative fees	0	0	0	0
Capital outlay	<u>163,031</u>	<u>163,031</u>	<u>104,478</u>	<u>58,553</u>
<i>Total expenditures</i>	<u>3,718,681</u>	<u>3,809,193</u>	<u>3,041,475</u>	<u>767,718</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(245,426)	(335,938)	347,426	683,364
Other Financing Sources (Uses):				
Operating transfers in	28,125	28,125	28,125	0
Operating transfers (out)	(53,000)	(53,000)	(91,131)	(38,131)
<i>Total other financing sources (uses)</i>	<u>(24,875)</u>	<u>(24,875)</u>	<u>(63,006)</u>	<u>(38,131)</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(270,301)	(360,813)	<u>\$284,420</u>	<u>\$645,233</u>
Budgeted cash carryover	<u>\$270,301</u>	<u>\$360,813</u>		
Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			\$284,420	
Adjustments for revenue accruals			112,616	
Adjustments for expenditure accruals			54,272	
<i>Net changes in fund balance (GAAP Basis)</i>			<u>\$451,308</u>	

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, 2019

	Sewer Fund	Sanitation Fund	Water Fund	Improvements Fund	Total Proprietary Fund
ASSETS					
Current Assets:					
Cash and cash equivalents	\$1,618,724	\$49,720	\$367,961	\$934,249	\$2,970,654
Restricted cash - held by trustee	0	0	0	715,052	715,052
Accounts receivable, net of allowance for doubtful accounts	35,307	19,245	37,474	50,946	142,972
Infrastructure gross receipts tax receivable	125,388	15,672	0	31,384	172,444
Inventory	0	0	143,631	0	143,631
<i>Total current assets</i>	<i>1,779,419</i>	<i>84,637</i>	<i>549,066</i>	<i>1,731,631</i>	<i>4,144,753</i>
Non-Current Assets					
Restricted cash - customer deposits	0	0	87,193	0	87,193
Capital assets, Net	3,963,581	0	5,657,997	2,657,664	12,279,242
<i>Total noncurrent assets</i>	<i>3,963,581</i>	<i>0</i>	<i>5,745,190</i>	<i>2,657,664</i>	<i>12,366,435</i>
<i>Total assets</i>	<i>5,743,000</i>	<i>84,637</i>	<i>6,294,256</i>	<i>4,389,295</i>	<i>16,511,188</i>
DEFERRED OUTFLOWS OF RESOURCES					
Pensions	57,869	0	84,026	0	141,895
<i>Total Deferred Outflows of Resources</i>	<i>57,869</i>	<i>0</i>	<i>84,026</i>	<i>0</i>	<i>141,895</i>
Total Assets and Deferred Outflows of Resources	\$5,800,869	\$84,637	\$6,378,282	\$4,389,295	\$16,653,083
LIABILITIES					
Current Liabilities:					
Accounts payable	\$0	\$0	\$159	\$0	\$159
Accrued payroll	1,766	0	4,675	0	6,441
Current portion of long-term debt	23,539	0	26,456	21,785	71,780
<i>Total current liabilities</i>	<i>25,305</i>	<i>0</i>	<i>31,290</i>	<i>21,785</i>	<i>78,380</i>
Non-Current Liabilities:					
Customer deposits	0	0	73,512	0	73,512
Accrued compensated absences	7,460	0	8,921	0	16,381
Long-term debt, net of current position	270,143	0	320,016	265,540	855,699
Net pension liability	207,868	0	302,133	0	510,001
<i>Total noncurrent liabilities</i>	<i>485,471</i>	<i>0</i>	<i>704,582</i>	<i>265,540</i>	<i>1,455,593</i>
<i>Total liabilities</i>	<i>510,776</i>	<i>0</i>	<i>735,872</i>	<i>287,325</i>	<i>1,533,973</i>
DEFERRED INFLOWS OF RESOURCES					
Pensions	10,536	0	15,314	0	25,850
<i>Total Deferred Inflows of Resources</i>	<i>10,536</i>	<i>0</i>	<i>15,314</i>	<i>0</i>	<i>25,850</i>
Net Position:					
Net investment in capital assets	3,669,899	0	5,398,718	2,370,339	11,438,956
Unrestricted	1,609,658	84,637	228,378	1,731,631	3,654,304
<i>Total net position</i>	<i>5,279,557</i>	<i>84,637</i>	<i>5,627,096</i>	<i>4,101,970</i>	<i>15,093,260</i>
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$5,800,869	\$84,637	\$6,378,282	\$4,389,295	\$16,653,083

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, 2019

	Sewer Fund	Sanitation Fund	Water Fund	Improvements Fund	Total Proprietary Fund
OPERATING REVENUES					
Charges for services	\$393,006	\$210,658	\$435,864	\$0	\$1,039,528
Tap and reconnect fees	6,918	0	10,351	0	17,269
Late fees	0	0	11,964	0	11,964
Other income	0	0	91	0	91
<i>Total operating revenues</i>	<u>399,924</u>	<u>210,658</u>	<u>458,270</u>	<u>0</u>	<u>1,068,852</u>
OPERATING EXPENSES					
Sewer	831,012	0	0	0	831,012
Sanitation	0	291,091	0	0	291,091
Water	0	0	670,428	0	670,428
Other expenditures	0	0	0	62,209	62,209
Depreciation	42,808	0	163,560	11,720	218,088
<i>Total operating expenses</i>	<u>873,820</u>	<u>291,091</u>	<u>833,988</u>	<u>73,929</u>	<u>2,072,828</u>
<i>Net income (loss) from operations</i>	(473,896)	(80,433)	(375,718)	(73,929)	(1,003,976)
NON-OPERATING REVENUES (EXPENSES)					
Infrastructure gross receipts tax	583,945	73,045	0	146,586	803,576
Grant proceeds	0	0	0	1,741,004	1,741,004
Interest expense	(27,762)	0	(14,300)	(1,388)	(43,450)
<i>Total non-operating revenues (expenses)</i>	<u>556,183</u>	<u>73,045</u>	<u>(14,300)</u>	<u>1,886,202</u>	<u>2,501,130</u>
<i>Change in net position before transfers</i>	<u>82,287</u>	<u>(7,388)</u>	<u>(390,018)</u>	<u>1,812,273</u>	<u>1,497,154</u>
TRANSFERS					
Transfers in	48,881	25,000	23,970	560,926	658,777
Transfers out	(15,000)	0	0	(37,851)	(52,851)
<i>Net Transfers</i>	<u>33,881</u>	<u>25,000</u>	<u>23,970</u>	<u>523,075</u>	<u>605,926</u>
<i>Change in net position</i>	116,168	17,612	(366,048)	2,335,348	2,103,080
Net position, beginning of year, as previously stated	3,285,751	67,025	5,602,024	6,699,567	15,654,367
Restatement	1,877,638	0	391,120	(4,932,945)	(2,664,187)
Net position, beginning of year, as restated	<u>5,163,389</u>	<u>67,025</u>	<u>5,993,144</u>	<u>1,766,622</u>	<u>12,990,180</u>
<i>Net position, end of year</i>	<u>\$5,279,557</u>	<u>\$84,637</u>	<u>\$5,627,096</u>	<u>\$4,101,970</u>	<u>\$15,093,260</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, 2019

	Sewer Fund	Sanitation Fund	Water Fund	Improvements Fund	Total Proprietary Fund
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users	\$363,030	\$220,078	\$471,719	(\$56,030)	\$998,797
Payments to and on behalf of employees	(140,044)	0	(262,850)	0	(402,894)
Payments to suppliers and contractors	(650,339)	(307,994)	(169,776)	(53,623)	(1,181,732)
Other receipts and payments, net	0	0	0	0	0
<i>Net cash provided (used) by operating activities</i>	<i>(427,353)</i>	<i>(87,916)</i>	<i>39,093</i>	<i>(109,653)</i>	<i>(585,829)</i>
CASH FLOWS FROM INVESTING ACTIVITIES					
Internet expenses	(27,762)	0	(14,300)	(1,388)	(43,450)
<i>Net cash used by investing activities</i>	<i>(27,762)</i>	<i>0</i>	<i>(14,300)</i>	<i>(1,388)</i>	<i>(43,450)</i>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Infrastructure gross receipts tax	583,945	73,045	0	146,586	803,576
Transfers in	48,881	25,000	23,970	560,926	658,777
Transfers out	(15,000)	0	0	(37,851)	(52,851)
<i>Net cash provided (used) by non-capital financing activities</i>	<i>617,826</i>	<i>98,045</i>	<i>23,970</i>	<i>669,661</i>	<i>1,409,502</i>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Purchase of capital assets	0	0	0	(1,653,361)	(1,653,361)
Loan proceeds	0	0	0	75,722	75,722
Grant proceeds	0	0	0	1,741,004	1,741,004
Interest paid on debt	(6,473)	0	(1,474)	(8,531)	(16,478)
Principal paid on debt	(10,593)	0	(24,982)	(4,782)	(40,357)
<i>Net cash provided (used) by capital financing activities</i>	<i>(17,066)</i>	<i>0</i>	<i>(26,456)</i>	<i>150,052</i>	<i>106,530</i>
<i>Net change in cash</i>	<i>145,645</i>	<i>10,129</i>	<i>22,307</i>	<i>708,672</i>	<i>886,753</i>
Cash, beginning of year	1,473,079	39,591	432,847	899,946	2,845,463
Restatements	0	0	0	40,683	40,683
Cash, beginning of year, as restated	1,473,079	39,591	432,847	940,629	2,886,146
Cash, end of year	\$1,618,724	\$49,720	\$455,154	\$1,649,301	\$3,772,899
Reconciliation of operating income to net cash provided (used) by operating activities					
Operating income (loss)	(\$473,896)	(\$80,433)	(\$375,718)	(\$73,929)	(\$1,003,976)
Adjustments to reconcile operating loss to cash provided (used) by operating activities:					
Depreciation	42,808	0	163,560	11,720	218,088
Changes in:					
Accounts receivable	(36,894)	9,420	(1,128)	(56,030)	(84,632)
Inventory	0	0	14,577	0	14,577
Accounts payable	(119,618)	(16,903)	(3,257)	0	(139,778)
Note payable	6,473	0	1,474	8,586	16,533
Accrued payroll	(2,540)	0	(10)	0	(2,550)
Accrued compensated absences	(4,221)	0	3,640	0	(581)
Net pension liability	160,535	0	233,421	0	393,956
Customer deposits	0	0	2,534	0	2,534
<i>Net cash provided (used) by operating activities</i>	<i>(427,353)</i>	<i>(87,916)</i>	<i>\$39,093</i>	<i>(\$109,653)</i>	<i>(\$585,829)</i>
Reconciliation to the Balance Sheet					
Unrestricted	\$1,618,724	\$49,720	\$367,961	\$934,249	\$2,970,654
Restricted	0	0	87,193	715,052	802,245
	\$1,618,724	\$49,720	\$455,154	\$1,649,301	\$3,772,899

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

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019

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, 2019

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 **CDBG Fund** is a capital projects fund which accounts for the projects funded with federal grant monies from the Community Development Block Grant Program.

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.

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.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Excess of Expenditures over Appropriations

For the year ended June 30, 2019, the Sanitation Fund expenditures exceeded budgetary appropriations by \$40,142.

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, 2019

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, 2019

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, 2019.

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, 2019

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, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

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

- ***Net investment in capital assets*** -This category reflects the portion of net position that is associated with capital assets, net of accumulated depreciation reduced by the outstanding capital asset-related debt and adding back unspent proceeds.
- ***Restricted net position*** -This category reflects the portion of net position that has third party limitations on its use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- ***Unrestricted net position*** -This category reflects net position of the City, not restricted for any project or other purpose.

Deficit Fund Balance/Net Position

The CDGB Grant fund had a deficit fund balance of \$35,079 at the end of the fiscal year. The deficit will be funded by future revenues.

Revenues

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

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

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

Interfund Activity

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

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019

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, 2019, 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, 2019.

Restricted Cash - The City has restricted \$64,150 in the Debt Service Fund for debt service payments and \$87,193 for customer deposits in the Water Fund.

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

	BBVA Compass Bank
Total deposit in bank	\$7,198,298
Less: FDIC Coverage	250,000
<i>Uninsured public funds</i>	6,948,298
Pledged Letters of Credit	7,900,000
<i>Uninsured and Uncollateralized</i>	<i>\$951,702</i>
<hr/>	
50% Pledged Collateral Requirement per State Statute	\$3,474,149
Total Pledged Collateral	7,900,000
<i>(Over) Under Collateralized</i>	<i>\$4,425,851</i>

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019, \$6,948,298 of the City's bank deposit balance of \$7,198,298 was exposed to custodial credit risk before applying the pledged collateral. The Federal Home Loan Bank, Atlanta, Georgia, holds the lines of credit pledged toward the City.

BBVA Compass Bank				
Pledged Collateral:	Letter Number	Maturity	Market Value	Par Value
Line of Credit	136182	1/10/2020	\$4,500,000	\$4,500,000
Line of Credit	138824	3/20/2020	1,000,000	1,000,000
Line of Credit	128422	7/19/2020	400,000	400,000
Line of Credit	132567	10/23/2019	2,000,000	2,000,000
Total Collateral Pledged			\$7,900,000	\$7,900,000

NOTE 3. RECEIVABLES

Government Activities

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

Business-type Activities

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

	Sewer	Sanitation	Water	Total
Gross Accounts Receivable	\$60,081	\$30,719	\$84,436	\$175,236
Less Allowance for Doubtful Accounts	(24,774)	(11,474)	(46,962)	(83,210)
<i>Net Accounts Receivable</i>	<i>\$35,307</i>	<i>\$19,245</i>	<i>\$37,474</i>	<i>\$92,026</i>

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

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3. RECEIVABLES(CONTINUED)

Concentrations of Risk

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

NOTE 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, 2019, consisted of the following:

<u>Inter-Fund Receivable</u>	Inter-Fund Payable		
	General	CDBG Grant Fund	Total
General Fund	\$0	\$35,079	\$35,079
CDBG Fund	0	0	0
Other Governmental Funds	0	0	0
	<u>\$0</u>	<u>\$35,079</u>	<u>\$35,079</u>

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

Interfund transfers are as follows:

<u>Transfers In</u>	Transfers Out					Total
	General	CDBG Grant Fund	Other Governmental Funds	Sewer Fund	Improvement Fund	
General Fund	\$0	\$0	\$28,125	\$0	\$0	\$28,125
CDBG Grant Fund	0	0	0	0	0	0
Funds	66,131	0	190,466	0	0	256,597
Sewer Fund	0	0	35,000	0	13,881	48,881
Sanitation Fund	25,000	0	0	0	0	25,000
Water Fund	0	0	0	0	23,970	23,970
Improvements Fund	0	446,801	99,125	15,000	0	560,926
	<u>\$91,131</u>	<u>\$446,801</u>	<u>\$352,716</u>	<u>\$15,000</u>	<u>\$37,851</u>	<u>\$943,499</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, 2019

NOTE 5. CAPITAL ASSETS

The following capital asset activity for the year ended June 30, 2019 is as follows:

	Balance June 30, 2018	Restatements	Adjusted Balance June 30, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Governmental Activities:							
Capital Assets, Not Being Depreciated:							
Museum Artifacts and Collections	\$5,501,635	\$0	\$5,501,635	\$0	\$0	\$0	\$5,501,635
Land	226,634	0	226,634	0	0	0	226,634
Construction in progress	0	36,140	36,140	565,297	0	(566,842)	34,595
<i>Total capital assets, not being depreciated</i>	<u>5,728,269</u>	<u>36,140</u>	<u>5,764,409</u>	<u>565,297</u>	<u>0</u>	<u>(566,842)</u>	<u>5,762,864</u>
Depreciable capital assets:							
Buildings and improvements	4,151,696	(666,611)	3,485,085	0	0	0	3,485,085
Streets and Other Infrastructure	3,641,079	(472,491)	3,168,588	0	0	566,842	3,735,430
Vehicles, Machinery and Equipment	2,837,503	427,418	3,264,921	254,859	(65,570)	0	3,454,210
<i>Total depreciable capital assets</i>	<u>10,630,278</u>	<u>(711,684)</u>	<u>9,918,594</u>	<u>254,859</u>	<u>(65,570)</u>	<u>566,842</u>	<u>10,674,725</u>
Less accumulated depreciation:							
Buildings and improvements	(1,159,911)	(157,787)	(1,317,698)	(98,433)	0	0	(1,416,131)
Streets and Other Infrastructure	(2,600,752)	1,299,520	(1,301,232)	(157,394)	0	0	(1,458,626)
Vehicles, Machinery and Equipment	(1,080,928)	(1,365,962)	(2,446,890)	(143,537)	65,570	0	(2,524,857)
<i>Total accumulated depreciation</i>	<u>(4,841,591)</u>	<u>(224,229)</u>	<u>(5,065,820)</u>	<u>(399,364)</u>	<u>65,570</u>	<u>0</u>	<u>(5,399,614)</u>
<i>Depreciable capital assets, net</i>	<u>5,788,687</u>	<u>(935,913)</u>	<u>4,852,774</u>	<u>(144,505)</u>	<u>0</u>	<u>566,842</u>	<u>5,275,111</u>
<i>Total capital assets, net</i>	<u>\$11,516,956</u>	<u>(\$899,773)</u>	<u>\$10,617,183</u>	<u>\$420,792</u>	<u>\$0</u>	<u>\$0</u>	<u>\$11,037,975</u>

Depreciation has been charged to the following functions:

General Government	\$89,157
Public Safety	74,510
Public Works	202,886
Culture and Recreation	32,811
Total	<u>\$399,364</u>

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5. CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2018	Restatements	Adjusted Balance June 30, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Business-Type Activities:							
Construction in progress	\$2,344,282	\$933,180	\$3,277,462	\$1,653,361	\$0	\$0	\$4,930,823
Land and water rights	1,194,277	(2)	1,194,275	0	0	0	1,194,275
Investment in WWTP (VOR)	4,757,128	(4,757,128)	0	0	0	0	0
<i>Total business-type activities, not being depreciated</i>	<u>8,295,687</u>	<u>(3,823,950)</u>	<u>4,471,737</u>	<u>1,653,361</u>	<u>0</u>	<u>0</u>	<u>6,125,098</u>
Depreciable capital assets:							
Buildings and improvements	1,127,383	193,730	1,321,113	0	0	0	1,321,113
Distribution systems	6,649,356	668,748	7,318,104	0	0	0	7,318,104
Vehicles, Machinery and Equipment	941,841	552,317	1,494,158	0	0	0	1,494,158
<i>Total depreciable capital assets</i>	<u>8,718,580</u>	<u>1,414,795</u>	<u>10,133,375</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,133,375</u>
Less accumulated depreciation:							
Buildings and improvements	(383,346)	71,285	(312,061)	(25,140)	0	0	(337,201)
Distribution systems	(2,279,668)	(466,828)	(2,746,496)	(146,784)	0	0	(2,893,280)
Vehicles, Machinery and Equipment	(801,813)	99,228	(702,585)	(46,164)	0	0	(748,749)
<i>Total accumulated depreciation</i>	<u>(3,464,827)</u>	<u>(296,315)</u>	<u>(3,761,142)</u>	<u>(218,088)</u>	<u>0</u>	<u>0</u>	<u>(3,979,230)</u>
<i>Depreciable capital assets, net</i>	<u>5,253,753</u>	<u>1,118,480</u>	<u>6,372,233</u>	<u>(218,088)</u>	<u>0</u>	<u>0</u>	<u>6,154,145</u>
<i>Total capital assets, net</i>	<u>\$13,549,440</u>	<u>(\$2,705,470)</u>	<u>\$10,843,970</u>	<u>\$1,435,273</u>	<u>\$0</u>	<u>\$0</u>	<u>\$12,279,243</u>

Depreciation by fund:

Sewer	\$42,808
Water	163,560
Improvement	11,720
Total	\$218,088

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019 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, 2018	Increases	Decreases	Balance June 30, 2019	Amount Due Within One Year
Governmental Activities	\$77,231	\$61,512	(\$60,241)	\$78,502	\$8,771
Business-Type Activities	16,962	12,802	(13,383)	16,381	0
Total	\$94,193	\$74,314	(\$73,624)	\$94,883	\$8,771

NOTE 7. LONG-TERM DEBT

The City had the following long-term debt obligations as of June 30, 2019:

Governmental Activities:

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 general obligation bond issues totals \$1,046,818 at June 30, 2019. During the year ended June 30, 2019, the City recognized \$105,738 in pledged revenues, and retired \$105,738 in bond 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%.

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019	Amounts Due Within One Year
NMFA - 2090-PP	\$934,000	\$0	\$68,000	\$866,000	\$74,000
Caterpillar Lease	0	192,500	3,988	188,512	24,990
	\$934,000	\$192,500	\$71,988	\$1,054,512	\$98,990

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7. LONG-TERM DEBT (CONTINUED)

Business-type Activities:

USDA-RUS

The City entered into an agreement with the USDA-Rural Utilities Service in June 1998 to fund construction and improvements to the City's utility infrastructure. Initial principal was \$425,000 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 \$435,110 at June 30, 2019. During the year ended June 30, 2019 the City recognized \$410,913 in pledged revenues and retired \$23,540 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 \$71,489 at June 30, 2019. During the year ended June 30, 2019 the City recognized \$146,587 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 \$149,890 at June 30, 2019. During the year ended June 30, 2019 the City recognized \$146,587 in pledged revenues and retired \$8,838 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 \$124,449 at June 30, 2019. During the year ended June 30, 2019 the City recognized \$583,945 in pledged revenues and retired \$6,473 in principal.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 \$98,392 at June 30, 2019. During the year ended June 30, 2019 the City recognized \$583,945 in pledged revenues and retired \$6,150 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 \$11,158 at June 30, 2019. During the year ended June 30, 2019 the City recognized \$583,945 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 \$54,683 at June 30, 2019. During the year ended June 30, 2019 the City recognized \$146,587 in pledged revenues and retired \$0 in principal and interest.

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 \$75,722 at June 30, 2019. During the year ended June 30, 2019 the City recognized \$583,945 in pledged revenues and retired \$3,646 in principal.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7. LONG-TERM DEBT (CONTINUED)

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019	Amounts Due Within One Year
USDA-RUS	\$280,000	\$0	(\$9,000)	\$271,000	\$10,000
JCB Finance	91,454	0	(15,982)	75,472	16,456
NMED ARRA SWSRF 02	69,402	0	(4,782)	64,674	4,822
NMFA 3514-CIF	129,449	0	0	129,449	6,473
NMFA 0347-WTB	146,929	0	0	146,929	16,963
NMFA 3358-CIF	104,542	0	(6,150)	98,392	6,150
NMFA 2718-CIF	11,955	0	(797)	11,158	797
NMFA 2975-CIF	58,329	0	(3,646)	54,683	3,646
NMFA 4628-CIF	0	75,722	0	75,722	0
	\$892,060	\$75,722	(\$40,357)	\$927,479	\$65,307

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
2020	\$98,990	\$48,059	\$147,049	\$71,780	\$17,686	\$89,466
2021	104,908	43,070	147,978	61,273	16,585	77,858
2022	113,972	37,661	151,633	62,947	15,455	78,402
2023	120,195	31,829	152,024	63,638	14,266	77,904
2024	171,447	25,300	196,747	53,018	13,143	66,161
2025 - 2029	445,000	39,616	484,616	243,171	55,024	298,195
2030 - 2034	0	0	0	245,079	34,333	279,412
2035 - 2039	0	0	0	122,786	13,052	135,838
2040 - 2044	0	0	0	3,787	0	3,787
	\$1,054,512	\$225,535	\$1,280,047	\$927,479	\$179,544	\$1,107,023

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, 2019

NOTE 8. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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

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

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

Benefits Provided - For a description of the benefits provided and recent changes to the benefits see Note D in the PERA audited financial statements for the fiscal year ended June 30, 2018 available at:
<http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2018-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 18 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 18 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, 2017. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2018, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2018.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members, municipal police members, municipal fire members, state general members, state police members, and legislative members. The Town's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2018.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2017 to June 30, 2018 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2018 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, 2019, the City reported a liability of \$2,417,065 for its proportionate share of the net pension liability. At June 30, 2018, the City's proportionate share was .1516%, which was higher than its .1412% proportionate share measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized PERA Fund - General, pension expense of \$285,628. At June 30, 2019, 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	\$219,141	\$13,897
Changes in Proportion	95,908	45,153
Differences Between Expected and Actual Experience	69,858	63,459
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	179,262	0
<u>City Contributions Subsequent to Measurement Date</u>	<u>108,196</u>	<u>0</u>
Total	\$672,365	\$122,509

For the General Division, \$108,196 is reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date June 30, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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:	
2020	\$259,291
2021	117,610
2022	55,445
2023	9,314
2024	0
Totals	\$441,660

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

For PERA Fund Division Municipal Police - At June 30, 2019, the City reported a liability of \$1,001,623 for its proportionate share of the net pension liability. At June 30, 2018, the City's proportionate share was .1468%, which was higher than its .1380% proportionate share measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized PERA Fund-Police, pension expense of \$94,419. At June 30, 2019, 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	\$114,287	\$6,123
Changes in proportion	83,110	100,182
Differences between expected and actual experience	49,034	99,287
Net difference between projected and actual earnings on pension plan investments	68,926	0
City Contributions Subsequent to the Measurement Date	54,380	0
Total	\$369,737	\$205,592

For the Police Division, \$54,380 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date June 30, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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:	
2020	\$80,585
2021	(10,213)
2022	35,668
2023	3,725
2024	0
	\$109,765

For PERA Fund Division Municipal Fire - At June 30, 2019, the City reported a liability of \$255,385 for its proportionate share of the net pension liability. At June 30, 2018, the City's proportionate share was .0399%, which was higher than its .0266% proportion measured as of June 30, 2017.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

For the year ended June 30, 2019, the City recognized PERA Fund-Fire, pension expense of \$42,614. At June 30, 2019, 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	\$14,749	\$933
Changes in Proportion	60,302	4,950
Differences between expected and actual experience	\$4,104	\$18,625
Net difference between projected and actual earnings on pension plan investments	8,956	0
<u>City Contributions Subsequent to the Measurement Date</u>	<u>10,863</u>	<u>0</u>
Total	\$98,974	\$24,508

For the Fire Division, \$10,863 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date June 30, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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:	
2020	\$25,711
2021	15,920
2022	21,327
2023	645
2024	0
	\$63,603

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, 2017 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, 2018 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, 2018. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2017 actuarial valuation.

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

Valuation date	June 30, 2017
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, 2010 through June 30, 2018 (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	43.50%	7.39%
Risk Reduction & Mitigation	21.50%	1.79%
Client Oriented Fixed Income	15.00%	5.77%
Real Assets	20.00%	7.35%
Total	100.0%	

CITY OF RUIDOSO DOWNS
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

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

Discount rate: The discount rate used to measure the total pension liability was 7.25% for the first ten years (select period) then 7.75% for all other years (ultimate). The equivalent blended rate of 7.25% will be used to measure the total pension liability. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.25% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town of Clayton's proportionate share of the net pension liability to changes in the discount rate. The following table show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Association's net pension liability in each PERA Fund Division in which the Association participates, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.25%) or one percentage point higher (8.25%) than the single discount rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
PERA Fund Division Municipal General			
City of Ruidoso Down's proportionate share of the net pension liability	\$3,724,535	\$2,417,065	\$1,336,232
PERA Fund Division Municipal Police			
City of Ruidoso Down's proportionate share of the net pension liability	\$1,540,085	\$1,001,623	\$526,649
PERA Fund Division Municipal Fire			
City of Ruidoso Down's proportionate share of the net pension liability	\$340,920	\$255,385	\$185,315

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY18 PERA financial report. The report is available at: www.pera.state.nm.us/publications.html.

Payables to the pension plan. At June 30,2019, 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, 2019

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 \$472,329 for the City’s 15% of the operating costs during the year ended June 30, 2019.

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. GSW A 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

Proprietary funds net position were restated for the following:

Sewer Fund - correction of capital assets	\$1,877,638
Water Fund - correction of capital assets	\$391,120
Improvements Fund - removal of waste water treatment plant maintained by the Village of Ruidoso	(4,757,128)
Correction of capital assets	(216,500)
NMFA program funds available at 6-30-18	40,683
	(\$4,932,945)

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, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
	2019	2018	2017	2016	2015
City of Ruidoso Downs's proportion of the net pension liability (asset)	0.1516%	0.1412%	0.1469%	0.1515%	0.1528%
City of Ruidoso Downs's proportionate share of the net pension liability (asset)	\$2,417,065	\$1,940,208	\$2,346,968	\$1,544,674	\$1,192,004
City of Ruidoso Downs's covered-employee payroll	\$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	188.96%	150.48%	186.46%	122.85%	94.83%
Plan fiduciary net position as a percentage of the total pension liability	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, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
	2019	2018	2017	2016	2015
City of Ruidoso Downs's proportion of the net pension liability (asset)	0.1468%	0.1380%	0.1753%	0.1384%	0.1555%
City of Ruidoso Downs's proportionate share of the net pension liability (asset)	\$1,001,623	\$766,680	\$1,293,415	\$665,505	\$506,913
City of Ruidoso Downs's covered-employee payroll	\$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	323.05%	260.04%	371.01%	238.59%	172.89%
Plan fiduciary net position as a percentage of the total pension liability	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, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
	2019	2018	2017	2016	2015
City of Ruidoso Downs's proportion of the net pension liability (asset)	0.0399%	0.0266%	0.0284%	0.0269%	0.0277%
City of Ruidoso Downs's proportionate share of the net pension liability (asset)	\$255,385	\$152,191	\$189,457	\$138,836	\$115,620
City of Ruidoso Downs's covered-employee payroll	\$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	503.88%	300.27%	564.60%	452.81%	381.34%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%	69.18%	76.99%	81.29%

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

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

	2019	2018	2017	2016	2015
Contractually required contribution	\$108,196	\$122,159	\$123,132	\$120,081	\$118,832
Contributions in relation to the contractually required contribution	\$108,196	\$122,159	\$123,132	\$120,081	\$118,832
City of Ruidoso Downs covered employee payroll	\$1,132,942	\$1,279,152	\$1,289,340	\$1,258,711	\$1,257,393
Contributions as a percentage of covered-employee payroll	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*

	2019	2018	2017	2016	2015
Contractually required contribution	\$54,380	\$58,599	\$55,722	\$65,889	\$51,283
Contributions in relation to the contractually required contribution	\$54,380	\$58,599	\$55,722	\$65,889	\$51,283
City of Ruidoso Downs covered employee payroll	\$287,725	\$310,048	\$294,825	\$348,619	\$278,931
Contributions as a percentage of covered-employee payroll	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*

	2019	2018	2017	2016	2015
Contractually required contribution	\$10,863	\$10,973	\$7,265	\$7,170	\$6,638
Contributions in relation to the contractually required contribution	\$10,863	\$10,973	\$7,265	\$7,170	\$6,638
City of Ruidoso Downs covered employee payroll	\$50,176	\$50,684	\$33,557	\$33,118	\$30,661
Contributions as a percentage of covered-employee payroll	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, 2019

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 FY18 audit available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2018.pdf.

Changes of assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2017 report is available at http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2017%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, 2019

Special Revenue Funds

Police Grant Fund - Accounts for special funds from state and local agencies and private donations for expenditures incurred for additional DWI or special event patrols. Authority for this fund is City management.

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.

Litter Control Fund - Accounts for grants and contributions and the expenditures for the beautification and maintenance of the parks within the City. Authority for this fund is City management.

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

DEBT SERVICE FUNDS

JUNE 30, 2019

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, 2019

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, 2019

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, 2019

	Police Grant Fund	Local Government Corrections	Judicial Education Fund	Court Automation Fund	Litter Control Fund	Lincoln County Transit Fund
ASSETS						
Cash and cash equivalents						
Unrestricted	\$0	\$52,380	\$312	\$621	\$0	\$23,880
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	\$0	\$52,380	\$312	\$621	\$0	\$23,880
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$0	\$0	\$0	\$0	\$0	\$0
Accrued payroll liabilities	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	0	52,380	312	621	0	23,880
Assigned	0	0	0	0	0	0
Total fund balance	0	52,380	312	621	0	23,880
Total liabilities, deferred inflows of resources and fund balance	\$0	\$52,380	\$312	\$621	\$0	\$23,880

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, 2019

	Emergency Medical Services Fund	Street Improvement Fund	Gas Tax Road Fund	Fire Protection Fund	FEMA Fund
ASSETS					
Cash and cash equivalents					
Unrestricted	\$1,051	\$316,594	\$6,385	\$53,123	\$23,116
Restricted	0	0	0	0	0
Taxes Receivable					
Gross receipts	0	0	0	0	0
Property	0	0	0	0	0
Lodgers	0	0	0	0	0
Gasoline	0	0	3,382	0	0
Inventory	0	0	0	0	0
Total assets	\$1,051	\$316,594	\$9,767	\$53,123	\$23,116
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$0	\$7,736	\$0	\$0	\$0
Accrued payroll liabilities	0	0	0	0	0
Accrued payroll	0	0	0	0	0
Total liabilities	0	7,736	0	0	0
DEFERRED INFLOW OF RESOURCES					
Deferred Inflows - property taxes	0	0	0	0	0
Total liabilities and deferred inflows	0	0	0	0	0
Fund Balance:					
Nonspendable	0	0	0	0	0
Restricted	1,051	308,858	9,767	53,123	23,116
Assigned	0	0	0	0	0
Total fund balance	1,051	308,858	9,767	53,123	23,116
Total liabilities, deferred inflows of resources and fund balance	\$1,051	\$316,594	\$9,767	\$53,123	\$23,116

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, 2019

	Law Enforcement Protection Fund	Lodgers Tax Fund	Museum Fund	Recreation Fund	Infrastructure Fund	Total
ASSETS						
Cash and cash equivalents						
Unrestricted	\$26,227	\$108,518	\$65,093	\$3,709	\$811,429	\$1,492,438
Restricted	0	0	0	0	0	0
Taxes Receivable						
Gross receipts	0	0	0	0	31,384	31,384
Property	0	0	0	0	0	0
Lodgers	0	25,515	0	0	0	25,515
Gasoline	0	0	0	0	0	3,382
Inventory	0	0	36,068	0	0	36,068
Total assets	\$26,227	\$134,033	\$101,161	\$3,709	\$842,813	\$1,588,787
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$0	\$1,500	\$5,651	\$0	\$0	\$14,887
Accrued payroll liabilities	0	0	0	0	0	0
Accrued payroll	0	0	4,164	0	0	4,164
Total liabilities	0	1,500	9,815	0	0	19,051
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	36,068	0	0	36,068
Restricted	26,227	132,533	0	3,709	842,813	1,478,390
Assigned	0	0	55,278	0	0	55,278
Total fund balance	26,227	132,533	91,346	3,709	842,813	1,569,736
Total liabilities, deferred inflows of resources and fund balance	\$26,227	\$134,033	\$101,161	\$3,709	\$842,813	\$1,588,787

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, 2019

	Police Grant Fund	Local Government Corrections	Judicial Education Fund	Court Automation Fund	Litter Control Fund	Lincoln County Transit 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	0
Lodgers	0	0	0	0	0	0
Charges for service	0	0	1,582	3,283	0	4,279
Intergovernmental						
Federal operating grants	0	0	0	0	0	5,756
Federal capital grants	0	0	0	0	0	0
State operating grants	4,906	10,385	0	0	0	0
State capital grants	0	0	0	0	0	0
Memberships	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>	4,906	10,385	1,582	3,283	0	10,035
EXPENDITURES						
Current:						
General government	0	0	1,596	3,339	0	0
Public safety	4,906	13,099	0	0	0	0
Public works	0	0	0	0	0	0
Culture and recreation	0	0	0	0	0	0
Health and welfare	0	0	0	0	0	47,686
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	0	0
<i>Total expenditures</i>	4,906	13,099	1,596	3,339	0	47,686
<i>Excess (deficiency) of revenues over expenditures</i>	0	(2,714)	(14)	(56)	0	(37,651)
Other Financing Sources (Uses):						
Operating transfers in	0	0	0	0	0	53,000
Operating transfers (out)	0	0	0	0	0	0
<i>Total other financing sources (uses)</i>	0	0	0	0	0	53,000
<i>Net changes in fund balances</i>	0	(2,714)	(14)	(56)	0	15,349
<i>Fund balance, beginning of year</i>	0	55,094	326	677	0	8,531
<i>Fund balance (deficit), end of year</i>	\$0	\$52,380	\$312	\$621	\$0	\$23,880

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, 2019

	Emergency Medical Services Fund	Street Improvement Fund	Gas Tax Road Fund	Fire Protection Fund	FEMA Fund
REVENUES					
Taxes					
Gross receipts	\$0	\$0	\$0	\$0	\$0
Property	0	0	0	0	0
Gasoline and MVD	0	0	21,491	0	0
Lodgers	0	0	0	0	0
Charges for service	0	0	0	0	0
Intergovernmental					
Federal operating grants	0	0	0	0	0
Federal capital grants	0	0	0	0	0
State operating grants	7,258	0	0	80,914	0
State capital grants	0	370,000	0	0	0
Memberships	0	0	0	0	0
Fines and forfeitures	0	0	0	0	0
Miscellaneous	0	0	0	0	0
<i>Total revenues</i>	7,258	370,000	21,491	80,914	0
EXPENDITURES					
Current:					
General government	0	0	0	0	0
Public safety	7,133	0	0	58,589	0
Public works	0	8,227	0	0	0
Culture and recreation	0	0	0	0	0
Health and welfare	0	0	0	0	0
Debt Service:					
Principal	0	0	0	0	0
Interest and administrative fees	0	0	0	0	0
Capital Outlay	0	553,393	0	0	0
<i>Total expenditures</i>	7,133	561,620	0	58,589	0
<i>Excess (deficiency) of revenues over expenditures</i>	125	(191,620)	21,491	22,325	0
Other Financing Sources (Uses):					
Operating transfers in	0	5,466	0	0	0
Operating transfers (out)	0	0	(13,904)	0	0
<i>Total other financing sources (uses)</i>	0	5,466	(13,904)	0	0
<i>Net changes in fund balances</i>	125	(186,154)	7,587	22,325	0
<i>Fund balance, beginning of year</i>	926	495,012	2,180	30,798	23,116
<i>Fund balance (deficit), end of year</i>	\$1,051	\$308,858	\$9,767	\$53,123	\$23,116

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, 2019

	Law Enforcement Protection Fund	Lodgers Tax Fund	Museum Fund	Recreation Fund	Infrastructure Fund	Total
REVENUES						
Taxes						
Gross receipts	\$0	\$0	\$0	\$0	\$146,587	\$146,587
Property	0	0	0	0	0	0
Gasoline and MVD	0	0	0	0	0	21,491
Lodgers	0	235,394	0	0	0	235,394
Charges for service	0	0	110,994	0	0	120,138
Intergovernmental						
Federal operating grants	0	0	0	0	0	5,756
Federal capital grants	0	0	0	0	0	0
State operating grants	24,200	0	0	0	0	127,663
State capital grants	0	0	0	0	0	370,000
Memberships	0	0	111,492	0	0	111,492
Fines and forfeitures	0	0	0	0	0	0
Miscellaneous	0	1,548	0	0	0	1,548
<i>Total revenues</i>	24,200	236,942	222,486	0	146,587	1,140,069
EXPENDITURES						
Current:						
General government	0	0	0	0	0	4,935
Public safety	0	0	0	0	0	83,727
Public works	0	0	0	0	0	8,227
Culture and recreation	0	33,915	370,110	0	0	404,025
Health and welfare	0	0	0	0	0	47,686
Debt Service:						
Principal	0	0	0	0	0	0
Interest and administrative fees	0	0	0	0	0	0
Capital Outlay	11,139	0	0	0	16,545	581,077
<i>Total expenditures</i>	11,139	33,915	370,110	0	16,545	1,129,677
<i>Excess (deficiency) of revenues over expenditures</i>	13,061	203,027	(147,624)	0	130,042	10,392
Other Financing Sources (Uses):						
Operating transfers in	0	0	160,000	0	38,131	256,597
Operating transfers (out)	0	(204,687)	0	0	(35,000)	(253,591)
<i>Total other financing sources (uses)</i>	0	(204,687)	160,000	0	3,131	3,006
<i>Net changes in fund balances</i>	13,061	(1,660)	12,376	0	133,173	13,398
<i>Fund balance, beginning of year</i>	13,166	134,193	78,970	3,709	709,640	1,556,338
<i>Fund balance (deficit), end of year</i>	\$26,227	\$132,533	\$91,346	\$3,709	\$842,813	\$1,569,736

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, 2019

	Colonias Grant Fund	Capital Appropriations Fund	Total
ASSETS			
Cash and cash equivalents			
Unrestricted	\$22,277	\$0	\$22,277
Restricted	0	0	0
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	\$22,277	\$0	\$22,277
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$0	\$0	\$0
Accrued payroll liabilities	0	0	0
<i>Total liabilities</i>	0	0	0
DEFERRED INFLOW OF RESOURCES			
Deferred Inflows - property taxes	0	0	0
<i>Total liabilities and deferred inflows</i>	0	0	0
Fund Balance:			
Restricted	22,277	0	22,277
Unassigned	0	0	0
<i>Total fund balance</i>	22,277	0	22,277
Total liabilities, deferred inflows of resources and fund balance	\$22,277	\$0	\$22,277

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, 2019

	Colonias Grant Fund	Capital Appropriations 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			0
Federal operating grants	0	0	0
Federal capital grants	0	0	0
State operating grants	0	0	0
State capital grants	0	0	0
Fines and forfeitures	0	0	0
Miscellaneous	0	0	0
<i>Total revenues</i>	0	0	0
EXPENDITURES			
Current:			
General government	0	0	0
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	626	0	626
<i>Total expenditures</i>	626	0	626
<i>Excess (deficiency) of revenues over expenditures</i>	(626)	0	(626)
Other Financing Sources (Uses):			
Operating transfers in	0	0	0
Operating transfers (out)	(93,009)	0	(93,009)
<i>Total other financing sources (uses)</i>	(93,009)	0	(93,009)
<i>Net changes in fund balances</i>	(93,635)	0	(93,635)
<i>Fund balance, beginning of year</i>	115,912	0	115,912
<i>Fund balance (deficit), end of year</i>	<i>\$22,277</i>	<i>\$0</i>	<i>\$22,277</i>

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

CITY OF RUIDOSO DOWNS
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2019

	Debt Service Fund
ASSETS	
Cash and cash equivalents	
Unrestricted	\$13
Restricted	64,150
Taxes Receivable	
Gross receipts	0
Property	10,179
Lodgers	0
Gasoline	0
Total assets	\$74,342
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$0
Accrued payroll liabilities	0
<i>Total liabilities</i>	0
DEFERRED INFLOW OF RESOURCES	
Deferred Inflows - property taxes	4,604
<i>Total liabilities and deferred inflows</i>	4,604
Fund Balance:	
Restricted	69,738
Assigned	0
<i>Total fund balance</i>	69,738
Total liabilities, deferred inflows of resources and fund balance	\$74,342

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, 2019

	Debt Service Fund
REVENUES	
Taxes	
Gross Receipts	\$0
Property	92,869
Gasoline	0
Lodgers	0
<i>Total revenues</i>	92,869
EXPENDITURES	
Current:	
General government	183
Public safety	0
Public works	0
Culture and recreation	0
Health and welfare	0
Debt Service:	
Principal	68,000
Interest and administrative fees	37,727
Capital Outlay	
<i>Total expenditures</i>	105,910
<i>Excess (deficiency) of revenues over expenditures</i>	(13,041)
Other Financing Sources (Uses):	
Operating transfers in	0
Operating transfers (out)	(6,116)
<i>Total other financing sources (uses)</i>	(6,116)
<i>Net changes in fund balances</i>	(19,157)
<i>Fund balance, beginning of year</i>	88,895
<i>Fund balance (deficit), end of year</i>	<i>\$69,738</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, 2019

	Special Revenue	Capital Projects	Debt Services	Total
ASSETS				
Cash and cash equivalents				
Unrestricted	\$1,492,438	\$22,277	\$13	\$1,514,728
Restricted	0	0	64,150	64,150
Taxes Receivable				
Gross receipts	31,384	0	0	31,384
Property	0	0	10,179	10,179
Lodgers	25,515	0	0	25,515
Gasoline and MCD	3,382	0	0	3,382
Inventory	36,068	0	0	36,068
Total assets	\$1,588,787	\$22,277	\$74,342	\$1,685,406
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$14,887	\$0	\$0	\$14,887
Accrued payroll liabilities	0	0	0	0
Accrued payroll	4,164	0	0	4,164
Total liabilities	19,051	0	0	19,051
DEFERRED INFLOW OF RESOURCES				
Deferred Inflows - property taxes	0	0	4,604	4,604
Total liabilities and deferred inflows	0	0	4,604	4,604
Fund Balance:				
Nonspendable	36,068	0	0	36,068
Restricted	1,478,390	22,277	69,738	1,570,405
Assigned	55,278	0	0	55,278
Total fund balance	1,569,736	22,277	69,738	1,661,751
Total liabilities, deferred inflows of resources and fund balance	\$1,588,787	\$22,277	\$74,342	\$1,685,406

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, 2019

	Special Revenue	Capital Projects	Debt Services	Total
REVENUES				
Taxes				
Gross receipts	\$146,587	\$0	\$0	\$146,587
Property	0	0	92,869	92,869
Gasoline and MVD	21,491	0	0	21,491
Lodgers	235,394	0	0	235,394
Charges for service	120,138	0	0	120,138
Intergovernmental				
Federal operating grants	5,756	0	0	5,756
Federal capital grants	0	0	0	0
State operating grants	127,663	0	0	127,663
State capital grants	370,000	0	0	370,000
Memberships	111,492	0	0	111,492
Fines and forfeitures	0	0	0	0
Miscellaneous	1,548	0	0	1,548
<i>Total revenues</i>	1,140,069	0	92,869	1,232,938
EXPENDITURES				
Current:				
General government	4,935	0	183	5,118
Public safety	83,727	0	0	83,727
Public works	8,227	0	0	8,227
Culture and recreation	404,025	0	0	404,025
Health and welfare	47,686	0	0	47,686
Debt Service:				
Principal	0	0	68,000	68,000
Interest and administrative fees	0	0	37,727	37,727
Capital Outlay	581,077	626	0	581,703
<i>Total expenditures</i>	1,129,677	626	105,910	1,236,213
<i>Excess (deficiency) of revenues over expenditures</i>	10,392	(626)	(13,041)	(3,275)
Other Financing Sources (Uses):				
Operating transfers in	256,597	0	0	256,597
Operating transfers (out)	(253,591)	(93,009)	(6,116)	(352,716)
<i>Total other financing sources (uses)</i>	3,006	(93,009)	(6,116)	(96,119)
<i>Net changes in fund balances</i>	13,398	(93,635)	(19,157)	(99,394)
<i>Fund balance, beginning of year</i>	1,556,338	115,912	88,895	1,761,145
<i>Fund balance (deficit), end of year</i>	\$1,569,736	\$22,277	\$69,738	\$1,661,751

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, 2019

Financial Institution: Account Name	Type of Account	Bank Balance	Reconciling Items	Book Balance
BBVA - General Fund 4200045500	Checking	\$6,380,728	(\$235,162)	\$6,145,566
BBVA - Hubbard Museum 2228100524	Checking	511,114	0	511,114
BBVA - WWTP Construction 2511531287	Checking	80,349	0	80,349
BBVA - Merchant Services 6754627792	Checking	84,586	0	84,586
BBVA - CDGB	Checking	53,786	(53,786)	0
BBVA - Water Security Deposit 4200045632	Checking	87,735	(542)	87,193
		\$7,198,298	(\$289,490)	\$6,908,808
Cash held with Trustee				
NMFA (3514-CIF)		\$71,505	\$0	\$71,505
NMFA (4628-CIF)		643,547	0	643,547
		\$715,052	\$0	\$715,052
Total Cash - Financial Institutions				7,623,860
Petty Cash				1,500
				\$7,625,360
Governmental Activities				
Unrestricted				3,788,311
Restricted				64,150
Business-Type Activities				
Cash and cash equivalents				2,970,654
Restricted cash - help by trustee				715,052
Restricted cash - customer deposits				87,193
				\$7,625,360

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, 2019, 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 12, 2019.

Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2018-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and responses as items 2019-001, 2019-003, 2019-004, 2018-005 to be significant deficiencies.

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

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2019-002 and 2018-009.

City of Ruidoso Downs' Response to Findings

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

Purpose of this Report

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

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

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

December 12, 2019

CITY OF RUIDOSO DOWNS
SUMMARY OF AUDIT RESULTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

FINANCIAL STATEMENTS

Type of Auditor's Report issued:

Unmodified

Internal Control Over Financial Reporting:

Material weakness(es) identified?

 X Yes No

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

 X Yes No

Noncompliance material to financial statements noted?

 Yes X No

CITY OF RUIDOSO DOWNS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

CURRENT YEAR FINDINGS:

2019-001 Disbursements – Significant Deficiency

Condition – Disbursement procedures not consistently followed. In a sample of 40 disbursements the following was noted:

- No signature/”OK to pay” documented (15 instances)
- Purchase order dated after invoice (1 instance)
- No quote obtained/documented for purchase over \$5,000 (1 instance)
- Travel and Per Diem – Travel Order and Expense Request established by city policy is not signed by traveler or finance director as required (3 instances of 10 tested)

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

Cause – Lack of care and employee turnover.

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

Recommendation – Approval during the disbursement process should also address approval as to the proper documentation procedures as well as amount and vendor being paid. No payments should be made until all established documentation procedures have been performed and documented.

Management Response - The Finance Director will create a check list for accounts payable that will establish guidelines on how to process an invoice. The checklist will identify all the necessary steps in which must be performed before a check can be issued to a vendor. The list will cover matching the invoice to the purchase order, signatures indicating that the goods were received, and payment can proceed along with the any necessary quotes and back up documentation. The backup documentation along with the invoice will be maintained in orderly fashion. This check list will mitigate any employee turnover in which the City has been subject to in the last fiscal year.

Responsible Position: Finance Director

Time Line: January 2020

2019-002 Payroll Documentation/Compliance – Other Non-Compliance

Condition – During our testwork of payroll policies and procedures we noted that one employee had claimed “exempt” from income tax withholding. The exemption claim requires a new form each year to affirm the claim. The last exemption form in the file was for 2015.

Criteria – The IRS allows an employee to claim exempt from income taxes by completing and signing the W-4. This form must be completed each year if claiming exempt.

Cause – Lack of clear understanding of IRS exempt status claims.

Effect – Potential that IRS could require City to pay for under withholding of income tax.

Recommendation – Require any employee claiming exempt status to complete new W-4 each year. City may want to consider new W-4’s for all employees each year.

CITY OF RUIDOSO DOWNS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

CURRENT YEAR FINDINGS (CONTINUED):

2019-002 Payroll Documentation/Compliance – Other Non-Compliance (Conitined)

Management Response - City employees will be required to fill out a new W-4 at the beginning of every calendar year to rectify this situation.

Responsible Position: HR Specialist

Time Line: January 2020

2019-003 Documentation Maintenance – Significant Deficiency

Condition – There are no clear procedures establishing maintenance of documentation:

- Vendor payable files inconsistent
 - Payments to vendors on one check for multiple P.O.'s
 - Vendor files include payments for other vendors
 - Files not maintained in any consistent order
- Construction project files (not managed by SENMEDD) are not maintained
- Long-term debt files including debt agreement and activity by year not maintained

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

Cause – Change in personnel and lack of established procedures.

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

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

Management Response - The Finance Director will create a check list for accounts payable that will establish guidelines on how to process an invoice. The checklist will identify all the necessary steps in which must be performed before a check can be issued to a vendor. The list will cover matching the invoice to the purchase order, signatures indicating that the goods were received, and payment can proceed along with the any necessary quotes and back up documentation. The backup documentation along with the invoice will be maintained in orderly fashion. This check list will mitigate any employee turnover in which the City has been subject to in the last fiscal year. Vendor files will be subject to random audits by the Finance Director to determine if the check list is being followed. The Finance Director will maintain all debt files.

Responsible Position: Finance Director

Time Line: January 2020

2019-004 Debt Payments Not Made Timely – Significant Deficiency

Statement of Condition – Annual principal and interest payments of two debt obligations were paid late.

- Water Trust Board (0347-WTB) annual payment due 6-1-19 of \$8,838 (Principal and interest).
- Wastewater system improvement (3514-CIF) annual payment due 6-01-19 of \$6,473 (Principal only).

CITY OF RUIDOSO DOWNS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

CURRENT STATUS ON PRIOR YEAR FINDINGS:

2019-004 Debt Payments Not Made Timely – Significant Deficiency (Continued)

Criteria – Debt payments are contractual and may incur additional interest charges when not paid timely.

Cause – Traditionally, invoices were received by the City from the debt holder. In fiscal year 2019, invoices for these obligations were not received.

Effect – Additional interest due.

Recommendation – Set up a calendared tickler system to schedule and make payments timely.

Management’s Response – City of Ruidoso Downs will establish a debt calendar with all known debt payments and will be adopted by council and updated when needed to establish a permanent record of when debt payments shall be made on behalf of the City of Ruidoso Downs.

Responsible Position: Finance Director

Time Line: January 2020

2018-001 (2017-003) - Lack of Lodgers Tax Advisory Board or Audits - Material Weakness

Resolved and not repeated.

2018-002 (2017-005) - Late Submission of Audit Report - Other Non-Compliance

Resolved and not repeated.

2018-003 -Control over Capital Asset Inventory-Material Weakness

Repeated with modification.

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

- The annual physical inventory had not been performed at the fiscal year-end
- The capital asset inventory, assets and deletions were not presented to City Council for approval.
- The capital asset schedule beginning balance did not agree to the prior year audit.
- Written notice to State Auditor’s office for dispositions did not occur.

This finding remains essentially the same as prior year.

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

Section 13-6-4 and 13-6-2 NMSA 1978 requires that proposed dispositions be sent to the State Auditor’s office 30 days prior to disposal.

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

CITY OF RUIDOSO DOWNS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):

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

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. The lack of accurate accounting resulted in substantial restatements to the financial statements.

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. The City should notify the State Auditor's office of any disposal of assets.

Management Response - In response to this finding the Finance Department has determined that an interim inventory will be performed immediately following the submission of this report. The interim inventory will allow the Finance Department to identify any discrepancies and reconcile the data in the accounting software to the audited numbers. The interim inventory will also allow the Finance Director to visit the departments and asses capital asset controls implemented by previous management.

Inventory will be performed by the Finance Director at year end submitted to the council identifying asset additions, deletions for FY 19/20 no later than July 2020.

Any deletions/disposal will be submitted no later than thirty days to State Auditor's office.

Responsible Position: Finance Director

Time Line: March 2020

2018-004 - Segregation of Duties - Significant Deficiency

Resolved and not repeated.

2018-005 - Inadequate Cross-training of Departmental Duties - Significant Deficiency

Repeated.

Condition -The City has traditionally relied on the skills of one individual to perform the duties and responsibilities of the office or department to which that person is assigned within the finance, human resources and utility administration departments. Lack of sufficient personnel backup could cause extensive delays, missed deadlines, and possibly incur unnecessary expense. Due to transitions in the finance director position and the administrative assistant position the City has not made progress in this area.

Criteria -In its Establishing a Comprehensive Framework for Internal Control (Framework) best practice, GFOA (Government Finance Officers Association) recommended that state and local governments adopt the Committee of Sponsoring Organizations' (COSO) Internal Control-Integrated Framework (2013) as their conceptual basis for designing, implementing, operating, and evaluating internal control so as to provide reasonable assurance that they are achieving their operational, reporting, and compliance objectives.

CITY OF RUIDOSO DOWNS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):

2018-005 - Inadequate Cross-training of Departmental Duties - Significant Deficiency (Continued)

Per the Committee of Sponsoring Organization (COSO) report which defines internal control for organizations, under the control environment, management should have employees that are competent to perform functions that have a direct alignment with their financial reporting objectives. The duties are imperative to the financial reporting for the City both internally and externally.

Governments should commit to attracting and retaining competent employees by:

- a) Developing comprehensive job descriptions;
- b) Ensuring that hiring panels include experts in the desired skill sets;
- c) Providing opportunities for employees to gain continuing professional education to stay current in their field;
- d) Encouraging membership in professional organizations to develop networking;
- e) Supporting the development of succession planning;
- f) Cross-training staff;
- g) Thoroughly documenting the responsibilities of each position and appropriate processes for succession planning;
- h) Providing managerial training, in addition to technical training, for staff members who will be promoted;
- i) Requiring that supervisors give staff members hands-on training on key responsibilities; and
- j) Developing an ongoing mentoring program to enhance employees' skills.

Cause -Due to budget and time and space constraints, the City has assigned only one person to each particular department and has not committed the necessary resources to provide the staff the training needed to perform duties outside of their normal routine.

Effect -The City is at risk of significant operational disruptions or delays if critical tasks, day-to-day processing and controls cannot be completed due to an extended or unforeseen absence, resignation or termination of personnel without personnel to be sufficiently trained to perform the duties in the interim. personnel without the proper skills and abilities to conduct the necessary duties increases risk that financial errors and omissions would not be detected timely.

Recommendation -Cross-trained employees ensure that someone will be able to perform all essential tasks required by each Department. Additionally, cross-trained employees become a valuable resource as their understanding of more aspects of Departmental operations increase. This understanding helps them to better fulfill their responsibilities and recommend improvements in other areas as well. Cross-training will also help the City avoid the steep costs and operational disruptions involved with hiring outside help in the event an employee's extended absence. All department heads should be familiar with all policies and procedures within their office and be able to complete all necessary tasks in order to sufficiently train employees or to substitute for employees on an interim basis.

Management Response – Due to the limited size of our staff the City acknowledges the lack of cross training. To counter act the staffing issues the City faces, the City Administrator has asked each department located inside City Hall to determine the key tasks that must be done on a day to day to keep the City running in regard to the City's finances. These are the items in which the City will focus on cross training its employees to be able to perform others job other than their own in case of temporary absences of key employees.

Responsible Position: HR Specialist

Time Line: April 2020

CITY OF RUIDOSO DOWNS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):

2018-006 - Grant Compliance - Other Non-Compliance

Resolved and not repeated.

2018-007 - Control Over Disbursements - Significant Deficiency

Resolved and not repeated.

2018-008 - Control Over Hubbard Museum Inventory-Significant Deficiency

Resolved and not repeated.

2018-009 - Legal Compliance with Budget - Other Non-Compliance

Repeated with modification.

Condition -The City's actual expenditures exceeded authorized budgetary expenditures in the Sanitation Fund by approximately \$40,142.

Criteria -Section 6-6-6 NMSA 1978 requires the Town to keep expenditures within the approved budget at the fund level, rather than at the individual line item level.

Cause -The City failed to maintain the budget adjustments in their accounting software to provide the monitoring tool to identify budget issues.

Effect -The City may not have accurate information for planning activities and cash flows in the funds that exceeded the budget.

Recommendation -The City should diligently review the budget and amended budget information through their general ledger software each month to identify potential budget overruns.

Management Response – The City of Ruidoso Downs has implemented a new budgeting report that allows the City to compare Budget to Actual at the click of a button. The Finance Department sends the report out to all the departments on a weekly basis and reviews the entire budget for unexplained differences. This report will allow adequate time to submit budget adjustments to the city council in a timely manner.

Responsible Position: Finance Director

Time Line: January 2020

CITY OF RUIDOSO DOWNS
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

FINDINGS - FINANCIAL STATEMENT AUDIT

CURRENT STATUS

2018-001 (2017-003) Lack of Lodger Tax Advisory Board or Audits	Resolved
2018-002 (2017-005) Late Submission of Audit Report	Resolved
2018-003 Control Over Capital Asset Inventory	Repeated with modification
2018-004 Segregation of Duties	Resolved
2018-005 Inadequate Cross-training of Departmental Duties	Repeated with modification
2018-006 Grant Compliance – Other Non-Compliance	Resolved
2018-007 Control Over Disbursements	Resolved
2018-008 Control Over Hubbard Museum Inventory	Resolved
2018-009 Legal Compliance with Budget	Repeated with modification

CITY OF RUIDOSO DOWNS
EXIT CONFERENCE
JUNE 30, 2019

EXIT CONFERENCE:

The exit conference was held December 13, 2019 and was attended by the following:

Representing City of Ruidoso Downs:

Gary L. Williams, Mayor
Carol Virden, Clerk
Tai Etcheverry, Accounting Consultant
Timothy Winrow, Finance Director

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

Debbie Gray, CPA/Shareholder
Jesus Cortez, Staff Auditor

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.