



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

CERTIFIED PUBLIC ACCOUNTANTS

TRADITIONAL YET PROGRESSIVE SERVICE SINCE 1962

2452 Missouri Ave., P.O. Box 2707, Las Cruces, New Mexico 88004 • Phone: (575) 523-7444, Fax: (575) 527-0872

STATE OF NEW MEXICO

OTERO COUNTY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

JUNE 30, 2020

OTERO COUNTY
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OTERO COUNTY

OFFICIAL ROSTER

JUNE 30, 2020

BOARD OF COMMISSIONERS

<u>Name</u>	<u>Title</u>
<i>Gerald Matherly</i>	<i>Chairperson</i>
<i>Lori Bies</i>	<i>Vice-Chairperson</i>
<i>Couy Griffin</i>	<i>Member</i>

ELECTED OFFICIALS

<i>Steve Boyle</i>	<i>County Assessor</i>
<i>Robyn Holmes</i>	<i>County Clerk</i>
<i>Laura Whiteside</i>	<i>County Treasurer</i>
<i>David Black</i>	<i>County Sheriff</i>
<i>LaTanya Boyce</i>	<i>County Probate Judge</i>

ADMINISTRATIVE OFFICIALS

<i>Pamela Heltner</i>	<i>County Manager</i>
<i>Julianne Hall</i>	<i>County Finance Director</i>
<i>Rachel Black</i>	<i>County Deputy Treasurer</i>

INDEPENDENT AUDITORS' REPORT

Mr. Brian S. Colón, State Auditor and
The Board of County Commissioners
Otero County
Alamogordo, 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 and the major special revenue fund, as of and for the year ended June 30, 2020, and the related notes to the financial statements which collectively comprise Otero County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of Otero County'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, 2020, 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.

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.

Mr. Brian S. Colón, State Auditor and
The Board of County Commissioners
Otero County
Alamogordo, New Mexico
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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 Otero County, as of June 30, 2020, and the respective changes in financial position and the respective budgetary comparisons for the general fund and the major special revenue 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 Otero County as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by that missing information.

Accounting principles generally accepted in the United States of America require that the pension liability schedules on pages 55 through 58 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.

Other Information

Our audit was conducted for the purpose of forming opinions on Otero County's financial statements, the combining and individual fund financial statements, and the budgetary comparisons of the general fund and the major special revenue fund. The Schedule of Expenditures of Federal Awards required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and 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.

Mr. Brian S. Colón, State Auditor and
The Board of County Commissioners
Otero County
Alamogordo, New Mexico
Page Three

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2021 on our consideration of Otero County'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 Otero County's internal control over financial reporting and compliance.

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

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

January 20, 2021

OTERO COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$9,799,669	\$0	\$9,799,669
Investments	28,516,446	0	28,516,446
Receivables:			
Property taxes	913,368	0	913,368
Other taxes	1,902,211	0	1,902,211
Other receivables	767,177	7,840,235	8,607,412
Inventory	100,927	0	100,927
Prepaid expenses	492,564	0	492,564
<i>Total current assets</i>	<i>42,492,362</i>	<i>7,840,235</i>	<i>50,332,597</i>
Noncurrent Assets			
Restricted cash and cash equivalents	0	29,162,642	29,162,642
Restricted investments	0	0	0
Bond discounts, net of accumulated amortization of \$13,680 and \$260,130, respectively	30,130	165,851	195,981
Capital assets	169,388,095	77,114,450	246,502,545
Less: accumulated depreciation	(93,333,848)	(25,093,095)	(118,426,943)
<i>Total noncurrent assets</i>	<i>76,084,377</i>	<i>81,349,848</i>	<i>157,434,225</i>
Deferred Outflow of Resources			
Pension	3,582,364	0	3,582,364
<i>Total deferred outflow of resources</i>	<i>3,582,364</i>	<i>0</i>	<i>3,582,364</i>
<i>Total assets and deferred outflow of resources</i>	<i>\$122,159,103</i>	<i>\$89,190,083</i>	<i>\$211,349,186</i>

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

OTERO COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities			
Accounts payable	\$576,470	\$9,938,498	\$10,514,968
Accrued payroll expenses	447,300	0	447,300
Accrued interest	150,536	1,118,855	1,269,391
Internal balances	1,336,413	(1,336,413)	0
Current portion of loans and capital leases payables	431,994	0	431,994
Current portion of bonds payable	870,000	5,190,000	6,060,000
<i>Total current liabilities</i>	<i>3,812,713</i>	<i>14,910,940</i>	<i>18,723,653</i>
Noncurrent Liabilities			
Accrued compensated absences	557,690	0	557,690
Bond premiums, net of accumulated amortization of \$22,300	49,122	0	49,122
Loans and capital leases payable	3,781,658	0	3,781,658
Bonds payable	9,695,000	54,830,000	64,525,000
Net pension liability	18,342,557	0	18,342,557
<i>Total noncurrent liabilities</i>	<i>32,426,027</i>	<i>54,830,000</i>	<i>87,256,027</i>
<i>Total liabilities</i>	<i>36,238,740</i>	<i>69,740,940</i>	<i>105,979,680</i>
Deferred Inflow of Resources			
Pension	1,778,223	0	1,778,223
<i>Total deferred inflows of resources</i>	<i>1,778,223</i>	<i>0</i>	<i>1,778,223</i>
NET POSITION			
Net investment in capital assets	62,558,597	(7,835,794)	54,722,803
Restricted for:			
Debt service	9,364,334	0	9,364,334
Capital projects	10,022,267	0	10,022,267
Other purposes - special revenue	9,991,071	0	9,991,071
Detention Center	0	19,247,510	19,247,510
Processing Center	0	9,915,132	9,915,132
Unrestricted	(7,794,129)	(1,877,705)	(9,671,834)
<i>Total net position</i>	<i>84,142,140</i>	<i>19,449,143</i>	<i>103,591,283</i>
Total liabilities, deferred inflow of resources, and net position	\$122,159,103	\$89,190,083	\$211,349,186

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

OTERO COUNTY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Operating	Capital Grants	Primary Government		
		Charges for	Grants and	and	Governmental	Business-type	
Functions/Programs	Expenses	Services	Contributions	Contributions	Activities	Activities	Total
Primary Government							
Governmental Activities:							
General government	\$5,903,244	\$1,007,873	\$1,961,156	\$184,340	(\$2,749,875)	\$0	(\$2,749,875)
Public safety	16,746,478	28,785	3,641,125	0	(13,076,568)	0	(13,076,568)
Public works	8,621,071	25,350	349,467	401,998	(7,844,256)	0	(7,844,256)
Health and welfare	3,218,527	0	0	591,032	(2,627,495)	0	(2,627,495)
Culture and recreation	544,342	0	0	1,106,610	562,268	0	562,268
Capital outlay	288,033	0	0	0	(288,033)	0	(288,033)
Interest and other debt cost	511,567	0	0	0	(511,567)	0	(511,567)
<i>Total governmental activities</i>	35,833,262	1,062,008	5,951,748	2,283,980	(26,535,526)	0	(26,535,526)
Business-Type Activities:							
Detention Center	35,569,860	36,813,305	0	0	0	1,243,445	1,243,445
Processing Center	25,878,691	28,551,016	0	0	0	2,672,325	2,672,325
<i>Total business-type activities</i>	61,448,551	65,364,321	0	0	0	3,915,770	3,915,770
<i>Total primary government</i>					<i>(\$26,535,526)</i>	<i>\$3,915,770</i>	<i>(\$22,619,756)</i>

General Revenues

Taxes:			
Property	\$10,876,337	\$0	\$10,876,337
Gross receipts	10,583,431	0	10,583,431
Gasoline and motor vehicle	1,337,792	0	1,337,792
Payment in lieu of taxes	3,550,775	0	3,550,775
Rents	1,119,470	0	1,119,470
Franchise fees	164,513	0	164,513
Investment income (loss)	946,292	280,373	1,226,665
Miscellaneous income	901,458	0	901,458
Loss on asset disposal / sale of property	160,833	0	160,833
Transfers in (out)	0	0	0
<i>Total general revenues</i>	<i>29,640,901</i>	<i>280,373</i>	<i>29,921,274</i>
Change in net position	3,105,375	4,196,143	7,301,518
Net position, beginning of year	81,036,765	15,253,000	96,289,765
Net position, end of year	\$84,142,140	\$19,449,143	\$103,591,283

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

OTERO COUNTY
GOVERNMENTAL FUNDS
BALANCE SHEETS
June 30, 2020

	General Fund	Hold Harmless Revenue Bond (Revenue)	Hold Harmless Revenue Bond (Acquisition)	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$1,973,506	\$1,456,813	\$555,295	\$5,810,836	\$9,796,450
Investments	8,392,675	6,262,431	9,187,578	4,673,762	28,516,446
Receivables:					
Property taxes	913,368	0	0	0	913,368
Other taxes	566,478	659,924	0	675,809	1,902,211
Other receivables	450,947	0	0	316,230	767,177
Inventory	0	0	0	100,927	100,927
Prepaid expenses	403,163	0	0	89,401	492,564
Due from other funds	11,818	0	0	0	11,818
Total assets	\$12,711,955	\$8,379,168	\$9,742,873	\$11,666,965	\$42,500,961

LIABILITIES AND FUND BALANCE

Liabilities:					
Accounts payable	\$185,035	\$0	\$0	\$391,435	\$576,470
Accrued payroll expenses	354,617	0	0	92,683	447,300
Due to other funds	1,336,413	0	0	11,818	1,348,231
Total liabilities	1,876,065	0	0	495,936	2,372,001

DEFERRED INFLOWS OF RESOURCES

Unavailable Revenue:					
Property taxes	742,924	0	0	0	742,924
Grant revenue	191,556	0	0	0	191,556
Total deferred inflows of resources	934,480	0	0	0	934,480

Fund Balance:

Nonspendable					
Inventory	0	0	0	100,927	100,927
Prepaid expenses	403,162	0	0	22,607	425,769
Spendable					
Restricted for:					
General county operations	0	0	0	628,936	628,936
Maintenance of roads	0	0	0	498,407	498,407
Environment	0	0	0	85,229	85,229
Recreation	0	0	0	3,222	3,222
Public safety	208,136	0	0	5,331,068	5,539,204
Healthcare/health services	0	0	0	3,236,073	3,236,073
Debt service expenditures	0	8,379,168	0	985,166	9,364,334
Capital projects	0	0	9,742,873	279,394	10,022,267
Committed to:					
Minimum fund balance	3,668,058	0	0	0	3,668,058
Unassigned	5,622,054	0	0	0	5,622,054
Total fund balance	9,901,410	8,379,168	9,742,873	11,171,029	39,194,480

Total liabilities, deferred inflows of resources, and fund balances	\$12,711,955	\$8,379,168	\$9,742,873	\$11,666,965	\$42,500,961
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The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY
RECONCILIATION OF THE FUND BALANCE OF GOVERNMENTAL FUNDS
TO GOVERNMENTAL ACTIVITIES NET POSITION
June 30, 2020

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

FUND BALANCE of Governmental Funds	\$39,194,480
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	76,054,247
Residual balances of the internal service funds are included within the governmental activities and are not reported within the governmental funds.	3,219
Unavailable revenue not collected in sixty days after year end not considered revenue in the fund financial statements, but considered revenue in the Statement of Activities.	
Property taxes	742,924
Grant revenue	191,556
Deferred outflow and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds.	
Deferred outflows of resources	3,582,364
Deferred inflows of resources	(1,778,223)
Certain liabilities, including bonds payable, net pension liability, and current and long-term portions of accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued interest payable	(150,536)
Accrued compensated absences not due and payable	(557,690)
Bond discounts	30,130
Bond premiums	(49,122)
Bonds payable	(10,565,000)
Loans and capital leases payable	(4,213,652)
Net pension liability	(18,342,557)
<i>Net position of governmental activities</i>	<i>\$84,142,140</i>

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

OTERO COUNTY
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED June 30, 2020

	General Fund	Hold Harmless Revenue Bond (Revenue)	Hold Harmless Revenue Bond (Acquisition)	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	\$10,854,970	\$0	\$0	\$0	\$10,854,970
Gross receipts	3,268,054	3,811,173	0	3,504,204	10,583,431
Gasoline and motor vehicle	151,820	0	0	1,185,972	1,337,792
Intergovernmental:					
Federal operating grants	21,389	0	0	165,173	186,562
Federal capital grants	0	0	0	498,739	498,739
State operating grants	1,941,993	0	0	3,631,637	5,573,630
State capital grants	0	0	0	1,785,241	1,785,241
Payment in lieu of taxes	3,550,775	0	0	0	3,550,775
Franchise Fees	164,513	0	0	0	164,513
Charges for services	640,088	0	0	421,920	1,062,008
Sale of property	51,729	208,714	0	0	260,443
Investment income (loss)	586,276	0	159,165	200,818	946,259
Miscellaneous	1,722,108	0	0	298,820	2,020,928
<i>Total revenues</i>	<i>22,953,715</i>	<i>4,019,887</i>	<i>159,165</i>	<i>11,692,524</i>	<i>38,825,291</i>
EXPENDITURES					
Current:					
General government	4,505,991	134,376	0	417,509	5,057,876
Public works	840,167	0	0	3,967,288	4,807,455
Public safety	11,793,907	0	0	2,743,854	14,537,761
Health and welfare	1,030,566	0	0	2,052,378	3,082,944
Culture and recreation	283,784	0	0	0	283,784
Capital outlay	1,932,033	0	1,111,352	4,203,576	7,246,961
Debt Service					
Principal	0	0	0	1,235,228	1,235,228
Interest	0	0	0	530,746	530,746
<i>Total expenditures</i>	<i>20,386,448</i>	<i>134,376</i>	<i>1,111,352</i>	<i>15,150,579</i>	<i>36,782,755</i>
<i>Excess (deficiency) of revenues over expenditures</i>	<i>2,567,267</i>	<i>3,885,511</i>	<i>(952,187)</i>	<i>(3,458,055)</i>	<i>2,042,536</i>
Other Financing Sources (Uses):					
Proceeds from debt	0	0	0	624,687	624,687
Cost of issuance	0	0	0	(4,685)	(4,685)
Transfers in	3,629,709	0	0	3,616,366	7,246,075
Transfers (out)	(5,852,138)	(477,482)	0	(916,455)	(7,246,075)
<i>Total other financing sources (uses)</i>	<i>(2,222,429)</i>	<i>(477,482)</i>	<i>0</i>	<i>3,319,913</i>	<i>620,002</i>
<i>Net changes in fund balances</i>	<i>344,838</i>	<i>3,408,029</i>	<i>(952,187)</i>	<i>(138,142)</i>	<i>2,662,538</i>
Fund balance - beginning of year	9,556,572	4,971,139	10,695,060	11,309,171	36,531,942
<i>Fund balance - end of year</i>	<i>\$9,901,410</i>	<i>\$8,379,168</i>	<i>\$9,742,873</i>	<i>\$11,171,029</i>	<i>\$39,194,480</i>

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

OTERO COUNTY
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, 2020

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

Net change in fund balances - Governmental Funds	\$2,662,538
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Change in net position of internal service funds	(167)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures (additions net of deletions)	6,859,318
Depreciation expense	(5,310,931)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:

Change in property taxes	21,367
Change in grant revenue deferred	191,556

Governmental funds report County pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:

County pension contributions/pension expense	(1,890,391)
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The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Accrued interest expense	23,864
Increase in accrued compensated absences	(64,475)
Proceeds from issuance of debt	(624,687)
Principal payments on bonds and leases payable	1,235,228
Amortization expense for debt discount	(3,420)
Amortization expense for debt premium	5,575

<i>Change in net position of governmental activities</i>	<i>\$3,105,375</i>
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OTERO COUNTY

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Approved Budget	Final Adjusted Budget	Actual	Favorable (Unfavorable)
REVENUES				
Taxes:				
Property	\$10,407,220	\$10,407,220	\$10,887,195	\$479,975
Gross receipts	2,600,000	2,832,364	3,177,774	345,410
Gasoline and motor vehicle	148,000	148,000	150,983	2,983
Intergovernmental:				
Federal operating grants	0	0	91,997	91,997
Federal capital grants	0	0	0	0
State operating grants	1,753,080	1,777,230	1,889,291	112,061
State capital grants	0	0	7,056	7,056
Payment in lieu of taxes	3,597,300	3,597,300	3,550,775	(46,525)
Franchise fees	200,000	200,000	162,646	(37,354)
Charges for services	688,103	689,681	812,702	123,021
Investment income (loss)	370,500	370,500	402,193	31,693
Miscellaneous	1,418,700	1,454,204	1,887,280	433,076
<i>Total revenues</i>	<i>21,182,903</i>	<i>21,476,499</i>	<i>23,019,892</i>	<i>1,543,393</i>
EXPENDITURES				
Current:				
General government	4,938,920	4,879,486	4,354,867	524,619
Public safety	12,698,495	14,222,949	11,975,462	2,247,487
Public works	1,029,146	995,147	787,047	208,100
Culture and recreation	292,252	322,172	282,349	39,823
Health and welfare	930,519	1,069,488	1,000,800	68,688
Capital outlay	1,000,185	3,237,103	1,928,914	1,308,189
Debt Service:				
Principal	0	0	0	0
Interest	0	0	0	0
<i>Total expenditures</i>	<i>20,889,517</i>	<i>24,726,345</i>	<i>20,329,439</i>	<i>4,396,906</i>
<i>Excess (deficiency) of revenues over expenditures</i>	<i>293,386</i>	<i>(3,249,846)</i>	<i>2,690,453</i>	<i>5,940,299</i>

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

OTERO COUNTY

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Approved Budget	Final Adjusted Budget	Actual	Favorable (Unfavorable)
Other Financing Sources (Uses):				
Proceeds from debt	\$0	\$0	\$0	\$0
Transfers in	7,001,890	8,538,668	3,629,709	(4,908,959)
Transfers (out)	(8,060,890)	(8,244,289)	(5,852,138)	2,392,151
<i>Total other financing sources (uses)</i>	<i>(1,059,000)</i>	<i>294,379</i>	<i>(2,222,429)</i>	<i>(2,516,808)</i>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<i>(765,614)</i>	<i>(2,955,467)</i>	<u><u>\$468,024</u></u>	<u><u>\$3,423,491</u></u>
Budgeted cash carryover	765,614	2,955,467		
	<u><u>\$0</u></u>	<u><u>\$0</u></u>		
 Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			\$468,024	
Adjustments for revenue accruals			(66,177)	
Adjustments for expenditures accruals			(57,009)	
Net changes in fund balance (GAAP basis)			<u><u>\$344,838</u></u>	

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

OTERO COUNTY

HOLD HARMLESS REVENUE BOND (REVENUE)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Approved Budget	Final Adjusted Budget	Actual	Favorable (Unfavorable)
REVENUES				
Taxes:				
Property	\$0	\$0	\$0	\$0
Gross receipts	3,300,000	3,300,000	3,745,905	445,905
Gasoline and motor vehicle	0	0	0	0
Intergovernmental:				
Federal operating grants	0	0	0	0
Federal capital grants	0	0	0	0
State operating grants	0	0	0	0
State capital grants	0	0	0	0
Payment in lieu of taxes	0	0	0	0
Franchise fees	0	0	0	0
Charges for services	0	0	0	0
Investment income (loss)	0	0	58,633	58,633
Miscellaneous	0	0	0	0
<i>Total revenues</i>	<i>3,300,000</i>	<i>3,300,000</i>	<i>3,804,538</i>	<i>504,538</i>
EXPENDITURES				
Current:				
General government	108,000	108,000	113,966	(5,966)
Public safety	0	0	0	0
Public works	0	0	0	0
Culture and recreation	0	0	0	0
Health and welfare	0	0	0	0
Capital outlay	0	0	0	0
Debt Service:				
Principal	0	0	0	0
Interest	0	0	0	0
<i>Total expenditures</i>	<i>108,000</i>	<i>108,000</i>	<i>113,966</i>	<i>(5,966)</i>
<i>Excess (deficiency) of revenues over expenditures</i>	<i>3,192,000</i>	<i>3,192,000</i>	<i>3,690,572</i>	<i>498,572</i>

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

OTERO COUNTY

HOLD HARMLESS REVENUE BOND (REVENUE) STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Approved Budget	Final Adjusted Budget	Actual	Favorable (Unfavorable)
Other Financing Sources (Uses):				
Proceeds from debt	\$0	\$0	\$0	\$0
Transfers in	0	0	0	0
Transfers (out)	(3,120,000)	(5,142,500)	(477,482)	4,665,018
<i>Total other financing sources (uses)</i>	<i>(3,120,000)</i>	<i>(5,142,500)</i>	<i>(477,482)</i>	<i>4,665,018</i>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	72,000	(1,950,500)	<u>\$3,213,090</u>	<u>\$5,163,590</u>
Budgeted cash carryover	0	1,950,500		
	<u>\$72,000</u>	<u>\$0</u>		
Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			\$3,213,090	
Adjustments for revenue accruals			215,349	
Adjustments for expenditures accruals			(20,410)	
Net changes in fund balance (GAAP basis)			<u>\$3,408,029</u>	

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

OTERO COUNTY
PROPRIETARY FUNDS
STATEMENTS OF FUND NET POSITION
JUNE 30, 2020

	Enterprise Funds			Governmental Activities
	Detention Center	Processing Center	Total	Self-Insurance Internal Service Fund
ASSETS				
Current Assets:				
Cash and cash equivalents	\$0	\$0	\$0	\$3,219
Customer receivables	5,852,758	1,987,477	7,840,235	0
Due from general fund	823,150	513,263	1,336,413	0
<i>Total current assets</i>	6,675,908	2,500,740	9,176,648	3,219
Non-Current Assets				
Restricted cash and cash equivalents	19,247,510	9,915,132	29,162,642	0
Bond discounts, net of accumulated amortization of \$19,019 and \$241,111, respectively	23,031	142,820	165,851	0
Capital assets	31,983,032	45,131,418	77,114,450	0
Less: accumulated depreciation	(12,958,505)	(12,134,590)	(25,093,095)	0
<i>Total non-current assets</i>	38,295,068	43,054,780	81,349,848	0
Total assets	\$44,970,976	\$45,555,520	\$90,526,496	\$3,219
LIABILITIES AND FUND NET POSITION				
LIABILITIES				
Current Liabilities:				
Accounts payable	\$6,617,784	\$3,320,714	\$9,938,498	\$0
Claims payable	0	0	0	0
Accrued interest payable	309,305	809,550	1,118,855	0
Current portion of bonds payable	2,085,000	3,105,000	5,190,000	0
<i>Total current liabilities</i>	9,012,089	7,235,264	16,247,353	0
Noncurrent Liabilities:				
Bonds payable	21,955,000	32,875,000	54,830,000	0
<i>Total noncurrent liabilities</i>	21,955,000	32,875,000	54,830,000	0
<i>Total liabilities</i>	30,967,089	40,110,264	71,077,353	0
Fund Net Position:				
Net investment in capital assets	(4,992,442)	(2,843,352)	(7,835,794)	0
Restricted for:				
Detention Center	19,247,510	0	19,247,510	0
Processing Center	0	9,915,132	9,915,132	0
Unrestricted	(251,181)	(1,626,524)	(1,877,705)	3,219
<i>Total fund net position</i>	14,003,887	5,445,256	19,449,143	3,219
Total liabilities and fund net position	\$44,970,976	\$45,555,520	\$90,526,496	\$3,219

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

OTERO COUNTY
PROPRIETARY FUNDS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Enterprise Funds			Governmental Activities
	Detention Center	Processing Center	Total	Self-Insurance Internal Service Fund
OPERATING REVENUES				
Charges for services	\$36,813,305	\$28,551,016	\$65,364,321	\$0
Insurance premiums	0	0	0	0
<i>Total operating revenues</i>	<i>36,813,305</i>	<i>28,551,016</i>	<i>65,364,321</i>	<i>0</i>
OPERATING EXPENDITURES				
Contractual services	33,249,128	21,692,844	54,941,972	0
Depreciation	1,173,233	731,443	1,904,676	0
Claims and judgements	0	0	0	200
<i>Total operating expenditures</i>	<i>34,422,361</i>	<i>22,424,287</i>	<i>56,846,648</i>	<i>200</i>
<i>Operating income (loss)</i>	<i>2,390,944</i>	<i>6,126,729</i>	<i>8,517,673</i>	<i>(200)</i>
NON-OPERATING REVENUES (EXPENSES)				
Interest expense	(1,144,116)	(3,435,975)	(4,580,091)	0
Amortization expenses	(3,383)	(18,429)	(21,812)	0
Interest income (loss)	173,299	107,074	280,373	33
<i>Total non-operating revenues (expenses)</i>	<i>(974,200)</i>	<i>(3,347,330)</i>	<i>(4,321,530)</i>	<i>33</i>
<i>Net income (loss) before contributions and transfers</i>	<i>1,416,744</i>	<i>2,779,399</i>	<i>4,196,143</i>	<i>(167)</i>
Other Financing Sources (Uses):				
Cost of conversion	0	0	0	0
Transfers in	0	0	0	0
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Change in fund net position</i>	<i>1,416,744</i>	<i>2,779,399</i>	<i>4,196,143</i>	<i>(167)</i>
Total fund net position, beginning of year, as previously stated	12,587,143	2,665,857	15,253,000	3,386
<i>Total fund net position, end of year</i>	<i>\$14,003,887</i>	<i>\$5,445,256</i>	<i>\$19,449,143</i>	<i>\$3,219</i>

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

OTERO COUNTY
PROPRIETARY FUND TYPES
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Enterprise Funds			Governmental Activities
	Detention Center	Processing Center	Total	Self-Insurance Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$40,248,772	\$32,107,408	\$72,356,180	\$0
Cash payments to suppliers for goods and services	(36,194,162)	(28,393,957)	(64,588,119)	(200)
<i>Net cash provided (used) by operating activities</i>	4,054,610	3,713,451	7,768,061	(200)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Interfund transfers	0	0	0	0
<i>Net cash provided (used) by non-capital financing activities</i>	0	0	0	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Cost of conversion	0	0	0	0
Interest paid	(1,256,574)	(3,501,900)	(4,758,474)	0
Principal payments on issuance of long-term debt	(2,010,000)	(2,930,000)	(4,940,000)	0
<i>Net cash provided (used) by capital and related financing activities</i>	(3,266,574)	(6,431,900)	(9,698,474)	0
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of investments	0	0	0	0
Interest on investments	173,299	107,074	280,373	33
<i>Net cash provided (used) by investing activities</i>	173,299	107,074	280,373	33
<i>Net increase (decrease) in cash and cash equivalents</i>	961,335	(2,611,375)	(1,650,040)	(167)
Cash and cash equivalents, beginning of year	18,286,175	12,526,507	30,812,682	3,386
<i>Cash and cash equivalents, end of year</i>	\$19,247,510	\$9,915,132	\$29,162,642	\$3,219
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$2,390,944	\$6,126,729	\$8,517,673	(\$200)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,173,233	731,443	1,904,676	0
Changes in assets and liabilities				
Receivables	3,435,467	3,556,392	6,991,859	0
Accounts payable	(2,945,034)	(6,701,113)	(9,646,147)	0
Claims payable	0	0	0	0
<i>Net cash provided (used) by operating activities</i>	\$4,054,610	\$3,713,451	\$7,768,061	(\$200)

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

OTERO COUNTY
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
JUNE 30, 2020

	Agency Funds
ASSETS	
Cash	\$646,689
Property taxes receivable	1,737,620
<i>Total assets</i>	\$2,384,309
LIABILITIES	
Deposits held in trust	\$646,689
Due to other taxing units	1,737,620
<i>Total liabilities</i>	\$2,384,309

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

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Otero County “the County” is a political subdivision of the State of New Mexico established and regulated by the constitution of the State of New Mexico. The County operates under a Board of County Commissioners-manager form of government and provides the following services as authorized by public law: public safety (sheriff, fire, emergency medical, etc.), roads, health and social services, recreation, sanitation, planning and zoning, property assessment, tax collection, general administrative services, and operation of a prison facility and processing center.

Otero County is a body politic and corporate under the name and form of government selected by its qualified electors. The County may:

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico.
6. Protect generally the property of its county and its inhabitants;
7. Preserve peace and order within the county; and
8. Establish rates for services provided by the County utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

This summary of significant accounting policies of the County is presented to assist in the understanding of the County’s financial statements. The financial statements and notes are the representation of County’s management who is responsible for their integrity and objectivity. The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Reporting Entity

In evaluating how to define the County, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61. Blended component units, though legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the County has no component units, and is not a component unit of another governmental agency.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund 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 to a significant extent 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 the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets, receivables, and deferred outflows of resources as well as long-term debt obligations and deferred inflows of resources. The County's net position are reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements of time, reimbursement and contingencies imposed by the provider are met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the County's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the County's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of County facilities, etc., (b) program-specific operating grants, which include revenues received from state and federal sources such as county equalization distributions to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The County reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The County does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of the County's enterprise funds are charges for services for the housing of inmates in the County's Detention and Processing Centers as well as insurance premiums for the County's self-insurance internal service fund. Operating expenses for enterprise funds include the costs of services, administration expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Under the requirements of GASB Statement No. 34, the County is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following:

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.

The *Hold Harmless Revenue Bond (Revenue) Fund* is reported as a major governmental fund. This capital projects fund is used to account for hold harmless gross receipt tax revenues for the payment on the hold harmless revenue bond; authority NMSA 7-20E-28.

The *Hold Harmless Revenue Bond (Acquisition) Fund* is reported as a major governmental fund. This capital projects fund is used to account for revenue bond proceeds and disbursement of bond proceeds.

The County reports its proprietary funds as major funds. Proprietary funds include:

The *Otero County Detention Center Fund* is used to account for the activities of the County's Prison Facility in Chaparral.

The *Otero County Processing Center Fund* is used to account for the activities of the County's immigration processing facility in Chaparral.

The government maintains one individual internal service fund:

The *Self-Insurance Internal Service Fund* was created by the County Commission in order to account for self-insurance activities. Self-insurance activities include collecting employee premiums and employer contributions and paying for healthcare and vision claims incurred.

Additionally, the government reports the following agency fund:

Fiduciary funds are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The County's fiduciary funds are used to account for the collection and payment of property taxes and special fees to other governmental agencies. They also account for the collection and disbursement of inmate funds for the Otero County Detention Center.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity

Deposits and Investments

The County'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.

State statutes authorize the County to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Local Government Investment Pool (LGIP).

Investments for the County are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

Receivables and Payables

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables 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 funds and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources in the event they are not received within 60 days of year end.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded as revenue when levied.

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after May 10th are considered delinquent. The taxes attach as an enforceable lien on property as of January 1st.

Inventory

The County's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed. Inventory is valued at cost and consists of supplies and materials. The cost of purchased supplies and materials is recorded as an expenditure at the time individual inventory items are consumed.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Expenses

Prepaid expenses include insurance and contract payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide financial statements and fund financial statements.

Restricted Assets

Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be used and restricted for future debt service payments.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statement. Capital assets are defined by the government as assets with an initial, individual cost more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Otero County was a Phase II government for purposes of implementing GASB Statement No. 34. The County was required to report its major general infrastructure assets retroactively to June 30, 1980. Information Technology Equipment including software is being capitalize and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest capitalized by the County during the fiscal year. No interest was included as part of the cost of capital assets under construction.

Property, plant, equipment of the primary government is depreciated using straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	10 - 30
Buildings and building improvements	40 - 45
Office furniture and equipment	5 - 10
Vehicles	5

Accrued Expenses

Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2020, along with applicable FICA and Medicare liabilities.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Deferred Outflows of Resources

In addition to assets, the balance sheet 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(s) and so will not be recognized as an outflow of resources (expenditure) until that time.

Deferred Inflows of Resources

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The County reports unavailable revenue - property taxes, only in the governmental funds balance sheet as deferred inflows of resources. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. In addition, the County reports items presented on the Statement of Net Position which arose due to the implementation of GASB Statement No. 68 and the related net pension liability.

Compensated Absences

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 fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of 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.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. For bonds issued after the County implemented GASB Statement No. 34, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds Payable are reported net of the applicable bond premium or discount. For fund financial reporting, bond premiums and discounts, as well as issuance costs are recognized in the period the bonds are issued. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Classification Policies and Procedures

For committed fund balance, the County's highest level of decision-making authority is the County Commission. The formal action that is required to be taken to establish a fund balance commitment is the County Commission.

For assigned fund balance, the County Commission or an official or body to which the County Commission delegates the authority is authorized to assign amounts to a specific purpose. Under the current authorization system, for funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the County considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also, for the classification of fund balances, the County considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable Fund Balance

At June 30, 2020, the nonspendable fund balance in the governmental funds consists of amounts associated with inventory and prepaid expense contracts.

Restricted and Committed Fund Balance

At June 30, 2020, the County has presented restricted fund balance on the governmental funds balance sheet for various County operations as restricted by enabling legislation or various funding/grantor agencies. The County has also presented committed fund balance on the governmental funds balance sheet to meet minimum fund balance requirements for the General Fund.

Minimum Fund Balance Policy

The County's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the County holds cash reserves of 3/12th the General Fund expenditures.

Net Position

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets: Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position: Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position: All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Significant estimates in the County's financial statements include management's estimate of the expected useful lives of Capital Assets, current portion of accrued compensated absences, and collectability of accounts receivable.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets of the County are prepared prior to June 1 and must be approved by resolution of the County Commissioners and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the County Commissioners and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total at the fund level.

These budgets are prepared on the Non-GAAP budgetary basis. Budgetary basis expenditures exclude encumbrances. The budget secures appropriation of funds for only one year. Carryover funds must be re- appropriated in the budget of the subsequent fiscal year.

The budgetary information presented in these financial statements has been properly amended by County Commissioners in accordance with the above procedures.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP) Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2020 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3. DEPOSITS AND INVESTMENTS

State statutes authorize the investment of County funds in a wide variety of instruments including certificates of deposit and other similar obligations, the state investment pool, money market accounts, and United States Government obligations. All invested funds of the County properly followed State investment requirements as of June 30, 2020.

Deposits of funds may be made in interest bearing or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the County. Deposits may be made to the extent that they are insured by an agency of the United States or by collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

Cash Deposited with Financial Institutions

The County maintains cash in two financial institutions. The County's deposits are carried at cost.

The County utilizes pooled accounts for their funds. Cash and investments of the General, Special Revenue, Capital Projects, and Agency funds are pooled and held in multiple accounts. Separate accounts exist for sheriff and confiscation related funds.

As of June 30, 2020, the amount of cash reported on the financial statements differs from the amount on deposits with the various institutions because of transactions in transit and outstanding checks. The locations and amounts deposited are as follows:

	Per Institution	Reconciling Items	Per Financial Statements
First National Bank of Alamogordo	\$8,509,794	(\$649,246)	\$7,860,548
First Savings Bank	496,067	0	496,067
US Bank	29,162,642	0	29,162,642
<i>Total cash deposits</i>	<u>\$38,168,503</u>	<u>(\$649,246)</u>	37,519,257
Cash on hand			3,000
Cash held with Trustee – NMFA			983,088
Investments - cash equivalents			1,103,655
			<u>\$39,609,000</u>

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

The amounts reported as cash for the primary government within the financial statement is displayed as:

Cash and cash equivalents	\$8,816,581
Restricted cash and cash equivalents	30,145,730
Agency funds	646,689
<i>Statement of net position</i>	<u>\$39,609,000</u>

By operation of federal law, beginning January 1, 2013, funds deposited in a noninterest-bearing transaction account (including an Interest on Lawyer-Trust Account) no longer will receive unlimited deposit insurance coverage by the FDIC. Beginning January 1, 2013, all of the County's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the Standard Maximum Deposit Insurance Amount of \$250,000.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2020, \$13,805,861 of the County's bank balance of \$15,555,861 was exposed to custodial credit risk. Although the \$11,070,236 was uninsured, it was collateralized by collateral held by the pledging bank's trust department, not in the County's name. \$2,735,625 of the County's deposits were uninsured and uncollateralized at June 30, 2020.

	Bank 34	First National Bank of Alamogordo	First Savings Bank	Washington Federal Bank	First American Bank	Total
Amount of deposits	\$3,500,000	\$8,509,794	\$2,546,067	\$750,000	\$250,000	\$15,555,861
FDIC coverage	250,000	500,000	500,000	250,000	250,000	\$1,750,000
<i>Total uninsured public funds</i>	3,250,000	8,009,794	2,046,067	500,000	0	13,805,861
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	3,505,197	4,317,599	2,975,310	272,130	0	11,070,236
Uninsured and uncollateralized (over)	(\$255,197)	\$3,692,195	(\$929,243)	\$227,870	\$0	\$2,735,625
Pledged securities	\$3,505,197	\$4,317,599	\$2,975,310	\$272,130	\$0	\$11,070,236
Collateral requirement (50%)	1,625,000	4,004,897	1,023,034	250,000	0	6,902,931
(Over) under collateralized	(\$1,880,197)	(\$312,702)	(\$1,952,276)	(\$22,130)	\$0	(\$4,167,305)

The types of collateral 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.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

As of June 30, 2020, the County's investments and related maturities were as follows:

Investment Type	Credit Risk Rating	Fair Value	Weighted Average Maturity	Percent of Portfolio
Certificates of Deposit	N/A	\$6,550,000	367 days	22.11%
US Government Securities	AA+	15,165,926	1337 days	51.20%
Investments - LGIP	AAAm	6,800,520	25 days	22.96%
MMKT Acct - US Securities	N/A	1,103,655	Less than 1 year	3.73%
<i>Total fair value</i>		29,620,101		
<u>Less cash equivalents – shown as cash</u>		<u>(1,103,655)</u>		
		<u><u>\$28,516,446</u></u>		

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's policy related to investments is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). The securities are not subject to custodial credit risk as they are registered and held in the name of Otero County. The fair value of the County's U.S. Government Securities listed above is \$16,269,581 at June 30, 2020.

Interest Rate Risk. The County's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The fair value of the securities exposed to interest rate risk is \$28,516,446. These securities do not have call options. The County's policy related to interest rate risk with investments is to comply with the statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

Concentration Credit Risk - Investments. For an investment, concentration credit risk is when any one issuer is five or more of the investment portfolio of the County. Since the County only purchases investments with high grade credit rating, the concentration is not viewed to be an additional risk by the County. The County's policy related to concentration credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

The State Treasurer Local Government Investment Pool is not SEC registered. The State Treasurer, with the advice and consent of the State Board of Finance, is authorized to invest money held in the short-term investment fund in accordance with Sections 6-10-10I through 6-10-10P and Sections 6-10-10.1 A and E, NMSA 1978. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The pool does not have unit shares. Per Section 6-10-10.IF, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts fund were invested.

Investments are valued at fair value based on quoted market prices as of the valuation date.

Participation in the pool is voluntary.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurement

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The County has the following recurring fair value measurement as of June 30, 2020.

Investment Type	Amount	
Certificates of Deposit	\$6,550,000	valued using quoted market prices (Level 1 inputs)
US Government Securities	15,165,926	valued using quoted market prices (Level 1 inputs)
Local Government Investment Pool	6,800,520	valued using quoted market prices (Level 1 inputs)
MMKT Acct - US Securities	1,103,655	valued using quoted market prices (Level 1 inputs)

NOTE 4. RECEIVABLES

Receivables as of June 30, 2020, are as follows:

Governmental Activities:

	General Fund	Other Governmental Funds	Total
Property taxes	\$913,368	\$0	\$913,368
Other taxes:			
Gross receipts taxes	538,841	1,188,770	1,727,611
Gasoline and other taxes	27,637	146,963	174,600
Other receivables:			
Charges for services	175,049	0	175,049
Grants receivable	275,898	316,230	592,128
<i>Total</i>	<i>\$1,930,793</i>	<i>\$1,651,963</i>	<i>\$3,582,756</i>

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4. RECEIVABLES (CONTINUED)

In accordance with GASB Statement No. 33, property tax revenues and grant revenues in the amounts of \$792,924 and \$191,556 respectively that were not collected within the period of availability have been reclassified as deferred inflows of resources in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

Business-Type Activities:

	Detention Center Fund	Processing Center Fund	Total
Customer receivables	\$5,852,758	\$1,987,477	\$7,840,235

All of the above receivables are deemed to be fully collectible.

NOTE 5. INTERFUND TRANSFERS

Net operating transfers, made to close out funds and to supplement other funding sources in the normal course of operations, were as follows:

<u>Interfund Transfers In (Out)</u>	<u>Operating Transfers Out</u>			
	General Fund	Hold Harmless Revenue Bond (Revenue)	Other Governmental Funds	Totals
Operating Transfers In:				
General Fund	\$3,587,484	\$0	\$42,225	\$3,629,709
Other Governmental Funds	2,264,654	477,482	874,230	3,616,366
	\$5,852,138	\$477,482	\$916,455	\$7,246,075

Due From (to) Other Funds

	<u>Due To:</u>		
	General Fund	Other Governmentals Fund	Totals
Due From:			
General Fund	\$0	\$11,818	\$11,818
Detention Center	823,150	0	823,150
Processing Center	513,262	0	513,262
	\$1,336,412	\$11,818	\$1,348,230

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6. CAPITAL ASSETS

The following is a summary of capital assets and changes occurring during the year ended June 30, 2020. Land and construction in progress are not subject to depreciation.

	Balance June 30, 2019	Additions	Retirements	Transfers	Balance June 30, 2020
Governmental Activities:					
Capital assets not being depreciated					
Land	\$22,364,195	\$0	\$0	\$0	\$22,364,195
Construction in progress	4,810,105	4,624,976	0	(4,755,750)	4,679,331
<i>Total capital assets not being depreciated</i>	27,174,300	4,624,976	0	(4,755,750)	27,043,526
Capital assets being depreciated					
Infrastructure and land improvements	62,383,282	30,753	(26,107)	778,736	63,166,664
Buildings and building improvements	32,916,003	0	0	3,977,014	36,893,017
Equipment and furnishings	12,914,625	373,021	(126,020)	(4,299)	13,157,327
Vehicles	28,003,341	1,930,178	(810,257)	4,299	29,127,561
<i>Total capital assets being depreciated</i>	136,217,251	2,333,952	(962,384)	4,755,750	142,344,569
Less accumulated depreciation for:					
Infrastructure and land improvements	(42,962,759)	(2,523,248)	11,631	0	(45,474,376)
Buildings and building improvements	(16,962,315)	(774,139)	0	0	(17,736,454)
Equipment and furnishings	(9,445,432)	(606,986)	120,122	4,299	(9,927,997)
Vehicles	(19,515,185)	(1,406,558)	731,021	(4,299)	(20,195,021)
<i>Total accumulated depreciation</i>	(88,885,691)	(5,310,931)	862,774	0	(93,333,848)
<i>Governmental activities capital assets, net</i>	\$74,505,860	\$1,647,997	(\$99,610)	\$0	\$76,054,247

Depreciation expense for the year ended June 30, 2020 was charged to governmental activities as follows:

General government	\$100,237
Public safety	1,844,162
Public works	3,147,079
Culture and recreation	10,189
Health and welfare	209,264
<i>Total</i>	\$5,310,931

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$927,350	\$0	\$0	\$927,350
<i>Total capital assets not being depreciated</i>	927,350	0	0	927,350
Capital assets being depreciated:				
Buildings and building improvements	76,187,100	0	0	76,187,100
<i>Total capital assets being depreciated</i>	76,187,100	0	0	76,187,100
Less Accumulated Depreciation for:				
Buildings and building improvements	(23,188,420)	(1,904,676)	0	(25,093,096)
<i>Total accumulated depreciation</i>	(23,188,420)	(1,904,676)	0	(25,093,096)
<i>Business-type activities capital assets, net</i>	\$53,926,030	(\$1,904,676)	\$0	\$52,021,354

Depreciation expense for the year ended June 30, 2020 was charged to business-type activities as follows:

Detention Center	\$1,173,233
Processing Center	731,443
<i>Total</i>	\$1,904,676

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7. LONG-TERM DEBT

Governmental Activities:

During the year ended June 30, 2020, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020	Due in One Year
Bonds payable	\$11,400,000	\$0	\$835,000	\$10,565,000	\$870,000
Loans and capital leases	3,989,193	624,687	400,228	4,213,652	431,994
Compensated absences	493,215	961,401	896,926	557,690	0
<i>Total long-term debt</i>	<i>\$15,882,408</i>	<i>\$1,586,088</i>	<i>\$2,132,154</i>	<i>\$15,336,342</i>	<i>\$1,301,994</i>

Bonds Payable

The County has entered into a gross receipts revenue bonds wherein the County pledged gross receipt revenue to cover debt service. The Bonds Payable are as follows:

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2020
Hold Harmless GRT Bond - series 2014	April 2014	Dec 2033	3.00-5.00%	\$5,065,000	\$3,890,000
Hold Harmless GRT Bond - series 2017A	April 2017	Dec 2028	3.130%	8,620,000	6,675,000
<i>Total bonds payable</i>					<i>\$10,565,000</i>

Hold Harmless Gross Receipts Tax Bonds series 2017A

The County issued Hold Harmless Gross Receipts Tax Bonds series 2017A in the amount of \$8,602,000 on April 18, 2017 to be used for capital improvements. Upon issuance, the County deposited \$8,500,000 to a project fund, paid cost of issuance of \$85,000 and purchased a surety reserve policy for \$34,480 (to be amortized).

The annual requirements to amortize the Bonds Payable as of June 30, 2020, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2021	\$870,000	\$356,977	\$1,226,977
2022	900,000	325,476	1,225,476
2023	930,000	295,198	1,225,198
2024	960,000	265,939	1,225,939
2025	990,000	235,515	1,225,515
2026-2030	4,595,000	669,680	5,264,680
2031-2035	1,320,000	114,573	1,434,573
<i>Total</i>	<i>\$10,565,000</i>	<i>\$2,263,358</i>	<i>\$12,828,358</i>

The hold harmless GRT revenue bond is to be liquidated through the Hold Harmless Revenue Bonds (Bond) Debt Service Fund.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7. LONG-TERM DEBT (CONTINUED)

Loans and Capital Leases

The County has entered into several loan agreements with the New Mexico Finance Authority, wherein the County pledged revenue derived from New Mexico Fire Protection Allotments to cover debt service. This revenue is subject to intercept agreements by the New Mexico Finance Authority. Additionally, the County entered into lease agreements as the lessee for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the future minimum lease payments as of the inception date. The NMFA and capital leases are as follows:

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2020
NMFA Loan - Otero 15	Nov-08	May-29	3.00%	\$163,557	\$86,728
NMFA Loan - Otero 23	Jul-10	May-21	2.78%	233,450	26,212
NMFA Loan - Otero 24	Jul-10	Jun-21	2.94%	279,125	43,150
NMFA Loan - Otero 25	Apr-11	May-26	3.58%	192,850	87,467
NMFA Loan - Otero 27	Oct-11	May-22	2.11%	213,049	69,202
NMFA Loan - Otero 28	Jan-12	May-22	0.01%	152,250	30,000
NMFA Loan - Otero 29	Jan-13	May-23	0.390-2.240%	166,247	52,757
NMFA Loan - Otero 32	Jul-13	May-33	1.290-4.340%	201,500	149,759
NMFA Loan - Otero 33	Jul-13	May-30	1.290-4.340%	226,688	152,842
NMFA Loan - Otero 35	May-14	May-25	1.170-3.100%	110,832	59,127
NMFA Loan - Otero 39	Jul-15	May-26	0.390-2.240%	120,000	85,469
NMFA Loan - Otero 40	Apr-16	May-26	0.390-2.240%	40,000	27,762
NMFA Loan - Otero 41	Dec-16	May-26	.860-1.860%	149,925	97,571
NMFA Loan - Otero 42	Dec-16	May-26	1.290-2.000%	90,681	62,494
NMFA Loan - Otero 43	Dec-16	May-27	.950-2.000%	120,907	86,796
NMFA Loan - Otero 44	Jan-17	May-21	.970-1.810%	25,189	5,997
NMFA Loan - Otero 45	Jan-17	May-37	1.190-3.520%	604,535	534,687
NMFA Loan - Otero 46	Jan-17	May-27	1.190-2.000%	352,645	254,670
NMFA Loan - Otero 47	Jan-17	May-37	.960-2.000%	403,023	387,210
NMFA Loan - Otero 48	Aug-17	May-28	0.100%	161,210	129,340
PPRF-4433	Mar-18	May-28	1.350-2.380%	285,555	250,641
PPRF-4412	Mar-18	May-28	1.9129%	65,492	53,408
PPRF-4684	Oct-18	May-29	2.4706%	99,910	91,943
PPRF-4722	Jul-18	May-31	2.1016%	277,079	266,902
PPRF-4775	Oct-18	May-34	2.3481%	498,831	496,831
PPRF-5000	Nov-19	May-30	0.1431%	176,323	176,323
PPRF-5004	Nov-19	May-30	0.0999%	125,945	125,945
PPRF-5056	Jan-20	May-30	1.6756%	151,134	151,134
PPRF-5128	Feb-20	May-30	1.5825%	171,285	171,285
<i>Total loans and capital leases</i>				\$5,859,217	\$4,213,652

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7. LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the Loans and Capital Leases Payable as of June 30, 2020, including interest payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2021	\$431,994	\$88,126	\$520,120
2022	390,141	78,230	468,371
2023	370,002	71,151	441,153
2024	376,991	64,202	441,193
2025	384,397	56,124	440,521
2026-2030	1,580,727	173,286	1,754,013
2031-2035	550,376	46,434	596,810
2036-2040	129,024	3,882	132,906
<i>Total</i>	<i>\$4,213,652</i>	<i>\$581,435</i>	<i>\$4,795,087</i>

Loans and capital leases have been liquidated by the Road and Fire Funds Special Revenue Funds in prior years.

Compensated Absences - Employees of the County are able to accrue a limited amount of vacation during the year. During fiscal year 2020, compensated absences increased \$64,475 from the prior year accrual. In prior years, the general fund was typically used to liquidate such long-term liabilities.

Business- Type Activities:

The business-type funds have incurred debt in the form of revenue bonds for the purposes of constructing, expanding, repairing and making improvements to its property, plant and equipment. The following schedule shows the changes to its various forms of debt during the fiscal year ended June 30, 2020:

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>
Revenue Bonds	\$64,960,000	\$0	\$4,940,000	\$60,020,000	\$5,190,000
<i>Total long-term debt</i>	<i>\$64,960,000</i>	<i>\$0</i>	<i>\$4,940,000</i>	<i>\$60,020,000</i>	<i>\$5,190,000</i>

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7. LONG-TERM DEBT (CONTINUED)

Revenue Bonds

At June 30, 2020, the County had the following revenue bonds outstanding:

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2020
Jail Project Series 2007	May-07	Apr-28	8.75-9.00%	\$62,305,000	\$35,980,000
Jail Project Series 2012	Dec-12	Dec-27	4.770%	19,760,000	12,805,000
Jail Project Series 2014	Apr-14	Dec-28	4.600%	16,820,000	11,235,000
<i>Total revenue bonds</i>					\$60,020,000

Business-type debt has been liquidated by the Otero County Detention Center and Otero County Processing Center funds in prior years.

The annual requirements to amortize the bonds as of June 30, 2020, including interest payments, are as follows:

Revenue Bond Series 2007 (Interest Rate Conversion)

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2021	\$3,105,000	\$3,238,200	\$6,343,200
2022	3,290,000	2,958,750	6,248,750
2023	3,485,000	2,662,650	6,147,650
2024	3,695,000	2,349,000	6,044,000
2025	3,920,000	2,016,450	5,936,450
2026-2030	18,485,000	3,847,050	22,332,050
<i>Total</i>	<i>\$35,980,000</i>	<i>\$17,072,100</i>	<i>\$53,052,100</i>

Revenue Bond Series 2012 (Interest Rate Conversion)

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2021	\$1,050,000	\$598,396	\$1,648,396
2022	1,085,000	547,835	1,632,835
2023	1,120,000	495,723	1,615,723
2024	1,150,000	441,941	1,591,941
2025	1,190,000	386,609	1,576,609
2026-2030	7,210,000	713,638	7,923,638
<i>Total</i>	<i>\$12,805,000</i>	<i>\$3,184,142</i>	<i>\$15,989,142</i>

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7. LONG-TERM DEBT (CONTINUED)

Revenue Bond Series 2014 (converted September 1, 2017)

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2021	\$1,035,000	\$516,810	\$1,551,810
2022	1,085,000	469,200	1,554,200
2023	1,135,000	419,290	1,554,290
2024	1,185,000	367,080	1,552,080
2025	1,240,000	312,570	1,552,570
2026-2030	5,555,000	653,430	6,208,430
<i>Total</i>	\$11,235,000	\$2,738,380	\$13,973,380

Tax Revenue Bonds – Total

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2021	\$5,190,000	\$4,353,406	\$9,543,406
2022	5,460,000	3,975,785	9,435,785
2023	5,740,000	3,577,663	9,317,663
2024	6,030,000	3,158,021	9,188,021
2025	6,350,000	2,715,629	9,065,629
2026-2030	31,250,000	5,214,118	36,464,118
<i>Total</i>	\$60,020,000	\$22,994,622	\$83,014,622

On August 1, 2017, the County did an interest rate conversion (through a private placement) on the series 2007 Jail Project Revenue Bonds. The net present value of the cost to convert to a taxable bond was \$6,539,727. It was determined that the bonds did not qualify to be tax exempt as the operator of the facility was not a government. The balance due at the time of conversion continued on the same amortization schedule with an interest rate of 9.000%.

NOTE 8. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters. The County administers its insurance coverage through the Risk Management Office.

Otero County is a member and is insured through the New Mexico County Insurance Authority. The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The Authority acts as the common carrier for the State of New Mexico counties. The County pays an annual premium to the Authority based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. The County is not liable for more than the premiums paid.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9. REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

A. Deficit fund balance/net position of individual funds.

None

B. Excess of expenditures over appropriations.

Self-Insurance Fund	\$200
Hold Harmless (Revenue)	\$5,966
Otero County Prison Facility	\$1,457,637

C. Designated cash appropriations in excess of available balances. There were not any funds with excess cash appropriations for the year ended June 30, 2020.

NOTE 10. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

General Information about the Pension Plan

Plan description. The Public Employees Retirement Fund (PERA Fund) is a **cost-sharing, multiple employer defined benefit pension plan**. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-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.

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2019 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2019.pdf.

Contributions. The contribution requirements of defined benefit plan members and the Otero County 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 FY18 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures of the PERA FY19 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2019.pdf. The PERA coverage options that apply to Otero County are: Municipal General and Municipal Police. Statutorily required contributions to the pension plan from the Otero County were \$1,046,256 for the year ended June 30, 2020. Beginning FY20 the County contributed to the Fire Division.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

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, 2018. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2019, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2019.

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 Otero County'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, 2019. Only employer contributions for the pay period end dates that fell within the period of July 1, 2018 to June 30, 2019 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.

For PERA Fund Division Municipal General, at June 30, 2020, the Otero County reported a liability of \$12,818,791 for its proportionate share of the net pension liability. At June 30, 2019, the Otero County's proportion was 0.7405%, which was changed from its proportion measured as of June 30, 2018 of 0.8078%.

For the year ended June 30, 2020, the Otero County recognized PERA Fund Division municipal general pension expense of \$2,219,598. At June 30, 2020, the Otero County reported PERA Fund Division municipal 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
Differences between expected and actual experience	\$384,332	\$138,671
Changes of assumptions	571,583	31,572
Net difference between projected and actual earnings on pension plan investments	431,958	0
Changes in proportion and differences between Otero County contributions and proportionate share of contributions	403,359	701,692
Otero County contributions subsequent to the measurement date	659,980	0
Total	\$2,451,212	\$871,935

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

\$659,980 reported as deferred outflows of resources related to pensions resulting from Otero County contributions subsequent to the measurement date June 30, 2019 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources, related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$600,882
2021	252,591
2022	(5,245)
2023	71,069
	\$919,297
	\$919,297

For PERA Fund Division Municipal Police, at June 30, 2020, the Otero County reported a liability of \$5,523,766 for its proportionate share of the net pension liability. At June 30, 2019, the Otero County's proportion was 0.7478%, which was a decrease of its proportion of 0.8887% measured as of June 30, 2018.

For the year ended June 30, 2020, the Otero County recognized PERA Fund Division municipal police pension expense of \$717,086. At June 30, 2020, the Otero County reported PERA Fund Division municipal 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
Differences between expected and actual experience	\$230,767	\$235,303
Changes of assumptions	313,322	14,054
Net difference between projected and actual earnings on pension plan investments	172,491	0
Changes in proportion and differences between Otero County contributions and proportionate share of contributions	28,297	656,931
Otero County contributions subsequent to the measurement date	359,103	0
Total	\$1,103,980	\$906,288

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

\$359,103 reported as deferred outflows of resources related to pensions resulting from Otero County contributions subsequent to the measurement date June 30, 2019 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	(\$38,656)
2021	(40,848)
2022	(110,216)
2023	28,309
	(\$161,411)

For PERA Fund Division Municipal Fire, at July 1, 2019, the Otero County began it's participation in the Municipal Fire Division of PERA. Therefore, as of the measurement date of June 30, 2019 the County had no net pension liability.

For the year ended June 30, 2020, the Otero County recognized PERA Fund Division municipal fire pension expense of \$0. At June 30, 2020, the Otero County reported PERA Fund Division municipal 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
Differences between expected and actual experience	\$0	\$0
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	0	0
Changes in proportion and differences between Otero County contributions and proportionate share of contributions	0	0
Otero County contributions subsequent to the measurement date	27,172	0
Total	\$27,172	\$0

\$27,172 reported as deferred outflows of resources related to pensions resulting from Otero County contributions subsequent to the measurement date June 30, 2019 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

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, 2020 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2018. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2017 actuarial valuation.

Valuation date	June 30, 2018
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Amortization period	Solved for based on statutory rates
Actuarial assumptions:	
Investment rate of return	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.00%
Projected salary increases*	3.25% to 13.50% annual rate
Includes inflation at	2.50%
	2.75% all other years
Mortality Assumption	The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
Experience Study Dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2013 through June 30, 2017 (economic)

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

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	42.33%	7.48%
Risk Reduction & Mitigation	21.37%	2.37%
Client Oriented Fixed Income	15.00%	5.47%
Real Assets to include Real Estate Equity	20.00%	6.48%
Multi-Risk Allocation	1.30%	
Total	100.00%	

Discount rate: The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.25% 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 Otero County's proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Otero County's net pension liability in each PERA Fund Division that Otero County participates in, 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.

PERA Fund Division Municipal General	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Otero County's proportionate share of the net pension liability	\$19,387,649	\$12,818,791	\$7,383,942
PERA Fund Division Municipal Police	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Otero County's proportionate share of the net pension liability	\$8,359,213	\$5,523,766	\$3,210,576

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY19 PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. The County is legally required to make defined contributions to the cost sharing pension plan on behalf of its' participant employees. At June 30, 2020, the County had paid all required contributions and therefore, there is no payable to the pension plan.

NOTE 11. POST-EMPLOYMENT BENEFITS

The County offers the option for eligible retirees to continue coverage for themselves and dependents under the County's active group health care plan. If the retirees so elect, they must bear 100% of the cost. There is no cost to the County, under Retiree Health Care, to provide this benefit.

NOTE 12. JOINT POWERS AGREEMENTS

Closure of the Dog Canyon Landfill

Participants	Otero County City of Alamogordo
Responsible party	Otero County City of Alamogordo
Description	To perform certain maintenance and monitoring functions at the landfill site for the duration of the post-closure period.
Term of agreement	Thirty years
Amount of project	Estimated to be \$288,420
County contributions	25% of the total post-closure costs
Audit responsibility	N/A

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12. JOINT POWERS AGREEMENTS (CONTINUED)

Regional Emergency Communications Center and Dispatch Services

Participants	Otero County Village of Cloudcroft
Responsible party	Otero County
Description	Establishing a regional emergency communications center and providing for dispatch services.
Term of agreement	Indefinite
Amount of project	The Village of Cloudcroft will pay \$20,000 for the service.
County contributions	Unknown
Audit responsibility	Regional Emergency Communications Center

Otero/Otero County Regional Landfill

Participants	Otero County City of Alamogordo Village of Cloudcroft Village of Tularosa Village of Corona	Otero County Town of Carrizozo Village of Capitan Village of Ruidoso Village of Ruidoso Downs
Responsible party	City of Alamogordo	
Description	To establish, finance and operate the Otero/Otero County Regional landfill.	
Term of agreement	Perpetual	
Amount of project	Unknown	
County contributions	100% of Environmental Services Gross Receipts Tax	
Audit responsibility	City of Alamogordo	

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13. LANDFILL CLOSURE COSTS - DOG CANYON LANDFILL

The County entered into a joint powers agreement with the City of Alamogordo to participate in the closure of the Dog Canyon Landfill. The City of Alamogordo is responsible for 75% of the closure and post-closure costs and the County is responsible for 25%. State and Federal laws and regulations require the County to place a final cover on the landfill. This was completed on August 2, 2000, however, there had been problems with the cap and the County worked with the contractor to correct the problems. The capping problems were corrected in prior years. Certain maintenance and monitoring functions at the landfill site must be continued for thirty years after closure. The total liability for landfill closure and post-closure care has been estimated at \$288,420 as of June 30, 2002. However, the actual cost of closure and post-closure care may vary due to inflation, changes in technology, or changes in landfill laws and regulations.

The County is required by State and Federal laws and regulations to make annual contributions to closure and post-closure care. The County and the City of Alamogordo have currently funded closure and post-closure costs in the amount of \$329,024. Remaining costs will be funded as current expenditures in future years.

NOTE 14. OTERO/OTERO COUNTY REGIONAL LANDFILL

During the 1993-1994 fiscal years the County entered into a joint powers agreement for the operation of a regional landfill. The following entities represent the signers of this agreement:

<u>Otero County:</u>	<u>Otero County:</u>
City of Alamogordo	Otero County
Otero County	Town of Carrizozo
Village of Cloudcroft	Village of Capitan
Village of Tularosa	Village of Ruidoso
	Village of Ruidoso Downs
	Village of Corona

The purpose of the joint venture was to establish, finance and operate the Otero/Otero County Regional Landfill. Each of the governmental entities has pledged their respective environmental services gross receipts tax revenues as financial support for the purpose of funding the acquisition of capital assets necessary for the operation of the landfill. The Otero and Otero County authorities have also agreed to a 50-50 joint ownership and operation of this enterprise.

It was mutually agreed and covenanted between the entities that:

1. The facility shall be known as the Otero/Otero County Regional Landfill;
2. Each entity designated the City of Alamogordo to act as the administrator to issue bonds and pledge the environmental services gross receipts tax revenues of each respective governmental entity as well as the operating revenues of the landfill to service the bonds and operate the landfill;
3. Title to the facility shall be held in undivided-joint tenancy between the Otero and Otero Solid Waste Authorities;
4. The entities, through their respective Otero or Otero County Authorities, shall be joint owners of a co-equal undivided one-half interest in the assets and also shall be equally responsible for the debt;

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14. OTERO/OTERO COUNTY REGIONAL LANDFILL (CONTINUED)

5. The entities each agree to maintain an irrevocable, first, but not exclusive, pledge of 100% of their environmental gross receipts tax revenues for the life of the bond issue used for permanent financing;
6. The entities agree that tipping fees collected shall be used to pay principal and interest on the bonds and that the fee established shall be adequate to meet operations, maintenance and financing requirements;
7. The entities agree that the City of Alamogordo shall annually prepare a budget that shall be approved by the Otero and Otero County Solid Waste Authorities. Thereafter, the City will operate the Landfill in accordance with good business practice;
8. The governmental entities authorize the exercise of the following joint powers by the City of Alamogordo, acting as agent on their behalf:
 - a. In accordance with the approved budget, to acquire, cause to be acquired and maintain the necessary property, equipment and personnel for the landfill.
 - b. To approve the issuance of revenue bonds
 - c. To enter into agreements for the services of managers, attorneys, appraisers, consultants and employees
 - d. To implement adopted policies regarding fees, rates and charges.
9. The landfill shall be a joint venture of the entities acting in a proprietary capacity;
10. Annually, the City of Alamogordo will provide a complete financial report on the operation to each participating entity; and
11. The terms of this agreement are perpetual.

The City of Alamogordo reports the joint venture above as a discretely presented component unit on its annual financial report. The landfill's fees, however, were enough to meet the expenses of the landfill and the City of Alamogordo refunded all of these gross receipts taxes to the County.

NOTE 15. FEDERAL AND STATE GRANTS

Otero County participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, Otero County may be required to reimburse the grantor government. As of June 30, 2020, significant amounts of grant expenditures have not been audited by the grantor agencies. Management believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of Otero County.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16. CONTINGENT LIABILITIES

The County is party to various claims and lawsuits arising in the normal course of business. The County is insured through the New Mexico County Insurance Authority. In the opinion of management, the outcome of these matters will not have a material effect on the financial position of the County.

NOTE 17. COMMITMENTS

The County's commitments as of June 30, 2020 on ongoing construction projects is \$20,217,621.

NOTE 18. CONCENTRATIONS

The County depends on financial resources flowing from, or associated with, both the Federal Government and that the State of New Mexico. Because of this dependency, the County is subject to changes in the specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

NOTE 19. RESTRICTED NET POSITION

The government-wide statement of net position reports \$58,540,314 of restricted net position, all of which is restricted by enabling legislation and third party grantors.

NOTE 20. SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2020, the date of the most recent Statement of Net Position, have been evaluated for possible adjustment to the financial statements or disclosures is January 20, 2021, which is the date on the financial statements were available to be issued.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 21. TAX ABATEMENT AGREEMENT

The County entered into a tax abatement agreement in April 2015 as follows:

Agency Number	5019
Agency Name	OTERO COUNTY
Agency Type	COUNTY GOVERNMENT
Tax Abatement Agreement Name	RESOLUTION 04-14-15 103-41, COUNTY ORDINANCE 15-01
Recipient(s) of tax abatement	BURRELL RESOURCES GROUP, LLC
Parent company(ies) of recipient(s) of tax abatement	BOW CORPORATION
Tax abatement program (name and brief description)	OTERO COUNTY, NEW MEXICO INDUSTRIAL REVENUE BURRELL RESOURCES GROUP, LLC
Specific Tax(es) Being Abated	PROPERTY TAXES, GROSS RECEIPTS, COMPENSATING TAX SECTION 4.5 B
Legal authority under which tax abatement agreement was entered into	PROPERTY TAX SECTION 7-36-3 NMSA1978.
Criteria that make a recipient eligible to receive a tax abatement	PROMOTING LOCAL HEALTH, GENERAL WELFARE, SAFETY, CONVENIENCE, AND PROSPERITY TO THE INHABITANTS OF OTERO COUNTY
How are the tax abatement recipient's taxes reduced? (For example: through a reduction of assessed value)	IN LEASE AGREEMENT SECTION 5.10, BRG WILL PAY 50% OF ALL ASSESSED TAXES, IN SECTION 4.5 A BRG RECEIVES NONTAXABLE CERTIFICATES ISSUED TO VENDORS AND CONTRACTORS
How is the amount of the tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc.	IN EXHIBIT C OF LEASE AGREEMENT, TAXES WILL BE ASSESSED BASED ON REAL AND PERSONAL PROPERTY FOR INCREASES AND DECREASES ANNUALLY AND COLLECTED AT 50% OF TOTAL
Are there provisions for recapturing abated taxes? (Yes or No)	NONE
If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture.	N/A
List each specific commitment made by the recipient of the abatement.	ANNUAL REPORTS OF EMPLOYMENT MADE WITHIN 180 DAYS AT THE END OF THE COMPANY'S FISCAL YEAR, ANNUAL REPORT TO SHOW COMPLIANCE
Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement.	\$108.65
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency or another agency in association with the foregone tax revenue, list the authority for and describe the payment, including the agency that is supposed to receive the payment	COUNTY GOVERNMENT HAS THE AUTHORITY TO LEVY TAXES AND IT RECEIVES 50% OF THE ASSESSED PROPERTY TAX
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	\$53.22
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by a different agency in association with the foregone tax revenue, list the name of the agency and the amount of payments received in the current fiscal year	NONE
List each specific commitment made by your agency or any other government, other than the tax abatement.	NONE
Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such agency.	YES, 306, 7001, 953
If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.	N/A

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE OTERO COUNTY'S PROPORATIONATE SHARE
OF THE NET PENSION LIABILITY OF PERA FUND DIVISION
MUNICIPAL GENERAL**

Public Employees Retirement Association (PERA) Plan

Last 10 Fiscal Years*

	As of Measurement Date					
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
	2020	2019	2018	2017	2016	2015
Otero County's proportion of the net pension liability (asset)	0.7405%	0.8078%	0.7423%	0.7530%	0.7734%	0.8016%
Otero County's proportionate share of the net pension liability (asset)	\$12,818,791	\$12,879,321	\$10,199,830	\$12,030,406	\$7,885,483	\$6,253,340
Otero County's covered-employee payroll	\$6,753,509	\$6,559,257	\$7,051,037	\$6,538,115	\$6,413,158	\$6,507,077
Otero County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	189.81%	196.35%	144.65%	184.00%	122.96%	96.10%
Plan fiduciary net position as a percentage of the total pension liability	70.52%	71.13%	73.74%	69.18%	76.99%	81.29%

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

**SCHEDULE OF THE OTERO COUNTY'S PROPORATIONATE SHARE
OF THE NET PENSION LIABILITY OF PERA FUND DIVISION
MUNICIPAL POLICE**

Public Employees Retirement Association (PERA) Plan

Last 10 Fiscal Years*

	As of Measurement Date					
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
	2020	2019	2018	2017	2016	2015
Otero County's proportion of the net pension liability (asset)	0.7478%	0.8887%	0.9001%	0.8784%	0.8554%	0.9452%
Otero County's proportionate share of the net pension liability (asset)	\$5,523,766	\$6,063,638	\$5,000,646	\$6,481,097	\$4,113,243	\$3,081,249
Otero County's covered-employee payroll	\$1,664,476	\$1,810,995	\$1,851,069	\$1,701,884	\$1,677,786	\$1,820,248
Otero County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	331.86%	334.82%	270.15%	380.82%	245.16%	169.28%
Plan fiduciary net position as a percentage of the total pension liability	70.52%	71.13%	73.74%	69.18%	76.99%	81.29%

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

SCHEDULE OF OTERO COUNTY'S CONTRIBUTIONS

Public Employees Retirement Association (PERA) Plan

PERA FUND DIVISION - MUNICIPAL GENERAL

Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$659,980	\$644,960	\$626,409	\$673,374	\$624,390	\$798,859
Contributions in relation to the contractually required contribution	\$659,980	\$644,960	\$626,409	\$673,374	\$624,390	\$748,859
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0
Otero County's covered-employee payroll	\$6,734,490	\$6,753,509	\$6,559,257	\$7,051,037	\$6,538,115	\$6,413,158
Contributions as a percentage of covered-employee payroll	9.80%	9.55%	9.55%	9.55%	9.55%	9.55%

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

SCHEDULE OF OTERO COUNTY'S CONTRIBUTIONS

Public Employees Retirement Association (PERA) Plan

PERA FUND DIVISION MUNICIPAL POLICE

Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$359,103	\$314,586	\$342,278	\$349,852	\$321,656	\$334,217
Contributions in relation to the contractually required contribution	\$359,103	\$314,586	\$342,278	\$349,852	\$321,656	\$334,217
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0
Otero County's covered-employee payroll	\$1,875,211	\$1,664,476	\$1,810,995	\$1,851,069	\$1,701,884	\$1,677,786
Contributions as a percentage of covered-employee payroll	19.15%	18.90%	18.90%	18.90%	18.90%	19.92%

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

OTERO COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

Public Employee Retirement Association Plan (PERA)

Changes of benefit terms: The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA's CAFR. <https://www.saonm.org>

Changes of assumptions: The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2019 report is available at <https://www.saonm.org>

SUPPLEMENTARY INFORMATION

OTERO COUNTY
SPECIAL REVENUE FUNDS
JUNE 30, 2020

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources, other than expendable trusts and major capital projects that are legally restricted to expenditures for specific purposes.

CDBG Grants – To account for monies received through a Community Development Block Grant to make improvements to a public facility serving as a child development center. Authority for this fund is CDBG grant #12-C-NR-I-03-G-26.

Clerk's Equipment – To account for revenues and expenditures for equipment for the Clerk's office. The fund is authorized under Section 14-8-2.2 NMSA 1978.

DWI Grant – In accordance with NMSA Section 11-6A-1/5 - This fund is to account for funding restricted for the following:

1. Coordination and planning for DWI prevention and evaluation
2. Prosecution and intensive probation supervision
3. Screening and assessment

EMS – To account for grant monies restricted to expenditures for improvement and operations of emergency medical services. Source of funds is the State of New Mexico Health and Environment Department Emergency Medical Services Bureau. Authority for this fund is NMSA 24-10A to 24-10A-10.

Environmental Gross Receipts Tax – To account for a gross receipts tax imposed to fund environmental activities, mainly sanitary landfill closure and disposal of solid waste. Authority for this fund is NMSA 1978 7-20E-17.

Farm and Range – To account for the operations and maintenance of county roads and predatory animal control. Financing is provided by the County's share of grazing fees under the authority of NMSA 1978 Section 6-11-6.

Fire – To account for monies received from the New Mexico State Fire Marshall's office and fire protection gross receipts tax proceeds. These funds are to be used to support the twenty volunteer fire departments in the region. The funds were created under the authority of State Statute (see Section 59A-93-5-8 and 59A-53-5, NMSA 1978 Compilation).

HIDTA Grant/Task Force Coordinator – To account for a grant from the U.S. Department of Justice to combat drug trafficking in a high intensity drug trafficking area. Authorization for this fund is a grant from the Department of Justice.

Hold Harmless Revenue Bond (Revenue) – To account for the hold harmless gross receipt tax revenues for the payment on the hold harmless revenue bond; authority NMSA 7-20E-28.

Indigent (Safety Net Care Pool) – To cover local hospital care and/or ambulance service for qualifying indigent residents of Otero County in an amount not to exceed \$10,000 per applicant per claim. In the event the fund has not exceeded its budgeted allotment for indigent care at the end of a fiscal year, the fund may expend more than \$10,000 for anyone applicant, and may also pay for hospital services provided to qualified Otero County residents at an out-of-town facility. Funding is provided by one-eighth cent attachment to local gross receipts tax rate. Authority for this fund is NMSA Section 7029E-9.

OTERO COUNTY
SPECIAL REVENUE FUNDS
JUNE 30, 2020

Special Revenue Funds (Continued)

Landfill Closure – In accordance with New Mexico Solid Waste Act Section 7-9-40. This fund is to account for a state grant to fund costs relating to the final closure of Dog Canyon Landfill.

Law Enforcement Protection – To account for grant funds used for maintenance and development of the County's Sheriff's office. Funding authority is NMSA 29-13-1.

Property Valuation – To account for funds used to provide valuation services to the County. The Fund was created under the authority of NMSA Section 7-38-38.1.

Recreation – To account for expenditures for recreational purposes in the County. Funding is provided by a cigarette tax levy. Authority NMSA 1978 7-12-1 and 7-12-15.

Road – To account for funds used to maintain roads for which the County has responsibility. Financing sources include gasoline taxes, motor vehicle registration fees and New Mexico State Highway Department Cooperative Agreement funds. Expenditures are restricted for the construction and maintenance of county roads. The fund was created by authority of State Statutes Section 67-4-1 NMSA, 1978 Compilation.

Secure Rural Schools Grant – To account for expenditures received from the US Forest Services for rural schools. Authority for this fund is Commission motion.

Sheriff's Covert Activity – To account for monies received by the Sheriff's department for forfeiture of cash that results from the auction of seized property and judgments handed down in drug cases. Authorization for this fund is Commission motion.

OTERO COUNTY
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2020

	CDBG Grants	Clerk's Equipment	DWI Grant	EMS	Environmental Gross Receipts Tax
ASSETS					
Cash and cash equivalents	\$37,845	\$133,454	\$207,178	\$48,398	\$2,251
Investments	0	0	0	0	0
Receivables:					
Property taxes	0	0	0	0	0
Other taxes	0	0	0	0	73,066
Other receivables	75,849	0	4,196	0	0
Inventory	0	0	0	0	0
Prepaid expenses	0	0	0	0	0
Total assets	\$113,694	\$133,454	\$211,374	\$48,398	\$75,317
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$961	\$0	\$2,290	\$2,302	\$6,036
Due to general fund	0	0	0	0	0
Accrued payroll expenses	0	0	9,128	0	23,996
Total liabilities	961	0	11,418	2,302	30,032
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue:					
Property taxes	0	0	0	0	0
Total deferred inflows of resources	0	0	0	0	0
Fund Balance:					
Nonspendable					
Inventory	0	0	0	0	0
Prepaid expenses	0	0	0	0	0
Spendable					
Restricted for:					
General county operations	0	133,454	0	0	0
Maintenance of roads	0	0	0	0	0
Environment	0	0	0	0	45,285
Recreation	0	0	0	0	0
Public safety	0	0	0	46,096	0
Healthcare/health services	112,733	0	199,956	0	0
Debt service expenditures	0	0	0	0	0
Unrestricted	0	0	0	0	0
Total fund balance	112,733	133,454	199,956	46,096	45,285
Total liabilities, deferred inflows of resources, and fund balance	\$113,694	\$133,454	\$211,374	\$48,398	\$75,317

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

OTERO COUNTY
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2020

	Farm and Range	Fire	HIDTA Grant/ Task Force Coordinator	Indigent (Safety Net Care Pool)
ASSETS				
Cash and cash equivalents	\$111,723	\$2,659,143	\$0	\$507,048
Investments	0	2,493,672	0	2,179,658
Receivables:				
Property taxes	0	0	0	0
Other taxes	0	140,390	0	246,378
Other receivables	0	0	12,799	0
Inventory	0	0	0	0
Prepaid expenses	0	66,794	0	0
Total assets	\$111,723	\$5,359,999	\$12,799	\$2,933,084
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$138	\$145,122	\$0	\$7,416
Due to general fund	0	0	11,818	0
Accrued payroll expenses	0	0	412	2,284
Total liabilities	138	145,122	12,230	9,700
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:				
Property taxes	0	0	0	0
Total deferred inflows of resources	0	0	0	0
Fund Balance:				
Nonspendable				
Inventory	0	0	0	0
Prepaid expenses	0	0	0	0
Spendable				
Restricted for:				
General county operations	111,585	0	0	0
Maintenance of roads	0	0	0	0
Environment	0	0	0	0
Recreation	0	0	0	0
Public safety	0	5,214,877	569	0
Healthcare/health services	0	0	0	2,923,384
Debt service expenditures	0	0	0	0
Unrestricted	0	0	0	0
Total fund balance	111,585	5,214,877	569	2,923,384
Total liabilities, deferred inflows of resources, and fund balance	\$111,723	\$5,359,999	\$12,799	\$2,933,084

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

OTERO COUNTY
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2020

	Landfill Closure	Law Enforcement Protection	Property Valuation	Recreation
ASSETS				
Cash and cash equivalents	\$39,944	\$27,571	\$395,698	\$3,222
Investments	0	0	0	0
Receivables:				
Property taxes	0	0	0	0
Other taxes	0	0	0	0
Other receivables	0	0	0	0
Inventory	0	0	0	0
Prepaid expenses	0	0	0	0
Total assets	\$39,944	\$27,571	\$395,698	\$3,222
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$0	\$23,384	\$229	\$0
Due to general fund	0	0	0	0
Accrued payroll expenses	0	0	11,572	0
Total liabilities	0	23,384	11,801	0
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:				
Property taxes	0	0	0	0
Total deferred inflows of resources	0	0	0	0
Fund Balance:				
Nonspendable				
Inventory	0	0	0	0
Prepaid expenses	0	0	0	0
Spendable				
Restricted for:				
General county operations	0	0	383,897	0
Maintenance of roads	0	0	0	0
Environment	39,944	0	0	0
Recreation	0	0	0	3,222
Public safety	0	4,187	0	0
Healthcare/health services	0	0	0	0
Debt service expenditures	0	0	0	0
Unrestricted	0	0	0	0
Total fund balance	39,944	4,187	383,897	3,222
Total liabilities, deferred inflows of resources, and fund balance	\$39,944	\$27,571	\$395,698	\$3,222

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

OTERO COUNTY
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2020

	Road	Secure Rural Schools Grant	Total
ASSETS			
Cash and cash equivalents	\$433,518	\$65,339	\$4,672,332
Investments	0	0	4,673,330
Receivables:			
Property taxes	0	0	0
Other taxes	215,975	0	675,809
Other receivables	0	0	92,844
Inventory	100,927	0	100,927
Prepaid expenses	22,607	0	89,401
Total assets	\$773,027	\$65,339	\$10,304,643
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$105,795	\$0	\$293,673
Due to general fund	0	0	11,818
Accrued payroll expenses	45,291	0	92,683
Total liabilities	151,086	0	398,174
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue:			
Property taxes	0	0	0
Total deferred inflows of resources	0	0	0
Fund Balance:			
Nonspendable			
Inventory	100,927	0	100,927
Prepaid expenses	22,607	0	22,607
Spendable			
Restricted for:			
General county operations	0	0	628,936
Maintenance of roads	498,407	0	498,407
Environment	0	0	85,229
Recreation	0	0	3,222
Public safety	0	65,339	5,331,068
Healthcare/health services	0	0	3,236,073
Debt service expenditures	0	0	0
Unrestricted	0	0	0
Total fund balance	621,941	65,339	9,906,469
Total liabilities, deferred inflows of resources, and fund balance	\$773,027	\$65,339	\$10,304,643

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

OTERO COUNTY

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	CDBG Grants	Clerk's Equipment	DWI Grant	EMS	Environmental Gross Receipts Tax
REVENUES					
Taxes:					
Property	\$0	\$0	\$0	\$0	\$0
Gross receipts	0	0	0	0	421,573
Gasoline and motor vehicle	0	0	0	0	0
Intergovernmental:					
Federal operating grants	0	0	0	0	0
Federal capital grants	228,014	0	0	0	0
State operating grants	0	0	351,649	167,984	0
State capital grants	0	0	0	0	0
Charges for services	0	72,205	28,785	0	25,350
Sale of property	0	0	0	0	0
Investment income (loss)	0	0	0	0	66
Miscellaneous	0	0	0	645	252,540
<i>Total revenues</i>	228,014	72,205	380,434	168,629	699,529
EXPENDITURES					
Current:					
General government	0	61,269	0	0	0
Public works	0	0	0	0	1,217,453
Public safety	0	0	0	171,153	0
Health and welfare	0	0	282,683	0	0
Culture and recreation	0	0	0	0	0
Capital outlay	224,990	0	8,109	700	271,634
Debt Service:					
Lease payment	0	0	0	0	0
Principal	0	0	0	0	0
Interest	0	0	0	0	0
<i>Total expenditures</i>	224,990	61,269	290,792	171,853	1,489,087
<i>Excess (deficiency) of revenues over expenditures</i>	3,024	10,936	89,642	(3,224)	(789,558)
Other Financing Sources (Uses):					
Proceeds from debt	0	0	0	0	0
Transfers in	0	0	0	0	879,381
Transfers (out)	0	0	0	0	0
<i>Total other financing sources (uses)</i>	0	0	0	0	879,381
<i>Net changes in fund balances</i>	3,024	10,936	89,642	(3,224)	89,823
<i>Fund balance - beginning of year</i>	109,709	122,518	110,314	49,320	(44,538)
<i>Fund balance - end of year</i>	\$112,733	\$133,454	\$199,956	\$46,096	\$45,285

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

OTERO COUNTY

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Farm and Range	Fire	HIDTA Grant/ Task Force Coordinator	Indigent (Safety Net Care Pool)
REVENUES				
Taxes:				
Property	\$0	\$0	\$0	\$0
Gross receipts	0	848,903	0	2,233,728
Gasoline and motor vehicle	0	0	0	0
Intergovernmental:				
Federal operating grants	19,163	0	37,499	0
Federal capital grants	0	0	0	0
State operating grants	0	2,753,127	0	0
State capital grants	0	0	0	0
Charges for services	0	0	0	0
Sale of property	0	0	0	0
Investment income (loss)	1,110	104,417	0	74,091
Miscellaneous	0	31,044	0	8,100
<i>Total revenues</i>	20,273	3,737,491	37,499	2,315,919
EXPENDITURES				
Current:				
General government	41,111	0	0	0
Public works	0	0	0	0
Public safety	0	2,473,032	47,097	0
Health and welfare	0	0	0	1,707,746
Culture and recreation	0	0	0	0
Capital outlay	0	1,756,556	0	0
Debt Service:				
Lease payment	0	0	0	0
Principal	0	0	0	0
Interest	0	0	0	0
<i>Total expenditures</i>	41,111	4,229,588	47,097	1,707,746
<i>Excess (deficiency) of revenues over expenditures</i>	(20,838)	(492,097)	(9,598)	608,173
Other Financing Sources (Uses):				
Proceeds from debt	0	0	0	0
Transfers in	0	473,408	10,098	0
Transfers (out)	0	(558,359)	0	0
<i>Total other financing sources (uses)</i>	0	(84,951)	10,098	0
<i>Net changes in fund balances</i>	(20,838)	(577,048)	500	608,173
<i>Fund balance - beginning of year</i>	132,423	5,791,925	69	2,315,211
<i>Fund balance - end of year</i>	\$111,585	\$5,214,877	\$569	\$2,923,384

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

OTERO COUNTY

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Landfill Closure	Law Enforcement Protection	Property Valuation	Recreation
REVENUES				
Taxes:				
Property	\$0	\$0	\$0	\$0
Gross receipts	0	0	0	0
Gasoline and motor vehicle	0	0	0	0
Intergovernmental:				
Federal operating grants	0	0	0	0
Federal capital grants	0	0	0	0
State operating grants	0	54,000	0	0
State capital grants	0	0	0	0
Charges for services	0	0	295,580	0
Sale of property	0	0	0	0
Investment income (loss)	378	0	0	0
Miscellaneous	6,128	0	0	0
<i>Total revenues</i>	6,506	54,000	295,580	0
EXPENDITURES				
Current:				
General government	0	0	315,129	0
Public works	9,710	0	0	0
Public safety	0	25,598	0	0
Health and welfare	0	0	0	0
Culture and recreation	0	0	0	0
Capital outlay	0	24,387	113,456	0
Debt Service:				
Lease payment	0	0	0	0
Principal	0	0	0	0
Interest	0	0	0	0
<i>Total expenditures</i>	9,710	49,985	428,585	0
<i>Excess (deficiency) of revenues over expenditures</i>	(3,204)	4,015	(133,005)	0
Other Financing Sources (Uses):				
Proceeds from debt	0	0	0	0
Transfers in	0	0	110,000	0
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	0	0	110,000	0
<i>Net changes in fund balances</i>	(3,204)	4,015	(23,005)	0
<i>Fund balance - beginning of year</i>	43,148	172	406,902	3,222
<i>Fund balance - end of year</i>	\$39,944	\$4,187	\$383,897	\$3,222

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

OTERO COUNTY

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Road	Secure Rural Schools Grant	Total
REVENUES			
Taxes:			
Property	\$0	\$0	\$0
Gross receipts	0	0	3,504,204
Gasoline and motor vehicle	1,185,972	0	1,185,972
Intergovernmental:			
Federal operating grants	0	44,590	101,252
Federal capital grants	270,725	0	498,739
State operating grants	304,877	0	3,631,637
State capital grants	0	0	0
Charges for services	0	0	421,920
Sale of property	0	0	0
Investment income (loss)	0	0	180,062
Miscellaneous	363	0	298,820
<i>Total revenues</i>	1,761,937	44,590	9,822,606
EXPENDITURES			
Current:			
General government	0	0	417,509
Public works	2,740,125	0	3,967,288
Public safety	0	26,974	2,743,854
Health and welfare	0	0	1,990,429
Culture and recreation	0	0	0
Capital outlay	239,829	0	2,639,661
Debt Service:			
Lease payment	0	0	0
Principal	0	0	0
Interest	0	0	0
<i>Total expenditures</i>	2,979,954	26,974	11,758,741
<i>Excess (deficiency) of revenues over expenditures</i>	(1,218,017)	17,616	(1,936,135)
Other Financing Sources (Uses):			
Proceeds from debt	0	0	0
Transfers in	1,265,175	0	2,738,062
Transfers (out)	0	0	(558,359)
<i>Total other financing sources (uses)</i>	1,265,175	0	2,179,703
<i>Net changes in fund balances</i>	47,158	17,616	243,568
<i>Fund balance - beginning of year</i>	574,783	47,723	9,662,901
<i>Fund balance - end of year</i>	\$621,941	\$65,339	\$9,906,469

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

OTERO COUNTY
CAPITAL PROJECT FUNDS
JUNE 30, 2020

Capital Project Funds

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Legislative Grants – To account for revenues and expenditures of various State appropriations. The majority of monies received are for equipment and vehicles for the various fire departments throughout the County. This fund was created by authority of NMSA 1978 Sections 4-38-13 and 4-38-16.

OTERO COUNTY
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2020

	Legislative Grants
ASSETS	
Cash and cash equivalents	\$153,770
Investments	0
Receivables:	
Property taxes	0
Other taxes	0
Other receivables	223,386
Inventory	0
Prepaid expenses	0
<i>Total assets</i>	\$377,156
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$97,762
Accrued payroll expenses	0
<i>Total liabilities</i>	97,762
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue:	
Property taxes	0
<i>Total deferred inflows of resources</i>	0
Fund Balance:	
Nonspendable	
Inventory	0
Prepaid expenses	0
Spendable	
Restricted for:	
General county operations	0
Maintenance of roads	0
Environment	0
Recreation	0
Public safety	0
Healthcare / Health services	0
Debt service expenditures	0
Capital projects	279,394
<i>Total fund balance</i>	279,394
<i>Total liabilities, deferred inflows of resources, and fund balance</i>	\$377,156

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

OTERO COUNTY
NONMAJOR CAPITAL PROJECT FUND
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Legislative Grants
REVENUES	
Taxes:	
Property	\$0
Gross receipts	0
Gasoline and motor vehicle	0
Intergovernmental:	
Federal operating grants	63,921
State operating grants	0
State capital grants	1,785,241
Charges for services	0
Investment income (loss)	0
Miscellaneous	0
<i>Total revenues</i>	<u>1,849,162</u>
EXPENDITURES	
Current:	
General government	0
Public works	0
Public safety	0
Health and welfare	61,949
Culture and recreation	0
Capital outlay	1,563,915
Debt Service:	0
Principal	0
Interest	0
<i>Total expenditures</i>	<u>1,625,864</u>
<i>Excess (deficiency) of revenues over expenditures</i>	223,298
Other Financing Sources (Uses):	
Proceeds from debt	0
Transfers in	0
Transfers (out)	0
<i>Total other financing sources (uses)</i>	<u>0</u>
<i>Net changes in fund balances</i>	223,298
<i>Fund balance - beginning of year</i>	56,096
<i>Fund balance - end of year</i>	<u>\$279,394</u>

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

OTERO COUNTY
DEBT SERVICE FUNDS
JUNE 30, 2020

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Debt Service – To account for the accumulation of resources for, and the payment of, general long-term principal, interest and related costs of general obligation bonds. The primary source of revenue is property taxes. The authorization for this fund is the bond ordinance.

Hold Harmless Revenue Bond (Repayment) – To account for the long-term debt activity related to the hold harmless revenue bond; authority NMSA 7-20E-28.

Other Debt Service (NMFA) – To account for long-term debt activity other than general obligation bonds. The authorization for this fund is Commission motion.

OTERO COUNTY
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2020

	Debt Service	Hold Harmless Revenue Bond (Repayment)	Other Debt Service (NMFA)	Totals
ASSETS				
Cash and cash equivalents	\$1,546	\$100	\$983,088	\$984,734
Investments	0	432	0	432
Receivables:				
Property taxes	0	0	0	0
Other taxes	0	0	0	0
Other receivables	0	0	0	0
Inventory	0	0	0	0
Prepaid expenses	0	0	0	0
Total assets	\$1,546	\$532	\$983,088	\$985,166
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$0	\$0	\$0	\$0
Accrued payroll expenses	0	0	0	0
Total liabilities	0	0	0	0
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:				
Property taxes	0	0	0	0
Total deferred inflows of resources	0	0	0	0
Fund Balance:				
Nonspendable				
Inventory	0	0	0	0
Prepaid expenses	0	0	0	0
Spendable				
Restricted for:				
General county operations	0	0	0	0
Maintenance of roads	0	0	0	0
Environment	0	0	0	0
Recreation	0	0	0	0
Public safety	0	0	0	0
Healthcare	0	0	0	0
Debt service expenditures	1,546	532	983,088	985,166
Total fund balance	1,546	532	983,088	985,166
Total liabilities, deferred inflows of resources, and fund balance	\$1,546	\$532	\$983,088	\$985,166

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

OTERO COUNTY

NONMAJOR DEBT SERVICE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Debt Service	Hold Harmless Revenue Bond (Repayment)	Other Debt Service (NMFA)	Totals
REVENUES				
Taxes:				
Property	\$0	\$0	\$0	\$0
Gross receipts	0	0	0	0
Gasoline and motor vehicle	0	0	0	0
Intergovernmental:				
Federal operating grants	0	0	0	0
State operating grants	0	0	0	0
State capital grants	0	0	0	0
Charges for services	0	0	0	0
Investment income (loss)	15	(742)	21,483	20,756
Miscellaneous	0	0	0	0
<i>Total revenues</i>	15	(742)	21,483	20,756
EXPENDITURES				
Current:				
General government	0	0	0	0
Public works	0	0	0	0
Public safety	0	0	0	0
Health and welfare	0	0	0	0
Culture and recreation	0	0	0	0
Capital outlay	0	0	0	0
Debt Service:				
Principal	0	835,000	400,228	1,235,228
Interest	0	376,560	154,186	530,746
<i>Total expenditures</i>	0	1,211,560	554,414	1,765,974
<i>Excess (deficiency) of revenues over expenditures</i>	15	(1,212,302)	(532,931)	(1,745,218)
Other Financing Sources (Uses):				
Proceeds from debt	0	0	624,687	624,687
Cost of issuance	0	0	(4,685)	(4,685)
Transfers in	0	477,482	400,822	878,304
Transfers (out)	0	0	(358,096)	(358,096)
<i>Total other financing sources (uses)</i>	0	477,482	662,728	1,140,210
<i>Net changes in fund balances</i>	15	(734,820)	129,797	(605,008)
<i>Fund balance - beginning of year</i>	1,531	735,352	853,291	1,590,174
<i>Fund balance - end of year</i>	\$1,546	\$532	\$983,088	\$985,166

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

OTERO COUNTY
TOTAL ALL NONMAJOR GOVERNMENTAL FUND TYPES
COMBINING BALANCE SHEET
JUNE 30, 2020

	Special Revenue	Capital Projects	Debt Service	Total
ASSETS				
Cash and cash equivalents	\$4,672,332	\$153,770	\$984,734	\$5,810,836
Investments	4,673,330	0	432	4,673,762
Receivables:				
Property taxes	0	0	0	0
Other taxes	675,809	0	0	675,809
Other receivables	92,844	223,386	0	316,230
Inventory	100,927	0	0	100,927
Prepaid expenses	89,401	0	0	89,401
Total assets	\$10,304,643	\$377,156	\$985,166	\$11,666,965
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$293,673	\$97,762	\$0	\$391,435
Due to general fund	11,818	0	0	11,818
Accrued payroll expenses	92,683	0	0	92,683
Total liabilities	398,174	97,762	0	495,936
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:				
Property taxes	0	0	0	0
Total deferred inflows of resources	0	0	0	0
Fund Balance:				
Nonspendable				
Inventory	100,927	0	0	100,927
Prepaid expenses	22,607	0	0	22,607
Spendable				
Restricted for:				
General county operations	628,936	0	0	628,936
Maintenance of roads	498,407	0	0	498,407
Environment	85,229	0	0	85,229
Recreation	3,222	0	0	3,222
Public safety	5,331,068	0	0	5,331,068
Healthcare/health services	3,236,073	0	0	3,236,073
Debt service expenditures	0	0	985,166	985,166
Capital projects	0	279,394	0	279,394
Total fund balance	9,906,469	279,394	985,166	11,171,029
Total liabilities, deferred inflows of resources, and fund balance	\$10,304,643	\$377,156	\$985,166	\$11,666,965

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

OTERO COUNTY

TOTAL ALL NONMAJOR GOVERNMENTAL FUND TYPES COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Special Revenue	Capital Projects	Debt Service	Total
REVENUES				
Taxes:				
Property	\$0	\$0	\$0	\$0
Gross receipts	3,504,204	0	0	3,504,204
Gasoline and motor vehicle	1,185,972	0	0	1,185,972
Intergovernmental:				
Federal operating grants	101,252	63,921	0	165,173
Federal capital grants	498,739	0	0	498,739
State operating grants	3,631,637	0	0	3,631,637
State capital grants	0	1,785,241	0	1,785,241
Charges for services	421,920	0	0	421,920
Sale of property	0	0	0	0
Investment income (loss)	180,062	0	20,756	200,818
Miscellaneous	298,820	0	0	298,820
<i>Total revenues</i>	9,822,606	1,849,162	20,756	11,692,524
EXPENDITURES				
Current:				
General government	417,509	0	0	417,509
Public works	3,967,288	0	0	3,967,288
Public safety	2,743,854	0	0	2,743,854
Health and welfare	1,990,429	61,949	0	2,052,378
Culture and recreation	0	0	0	0
Capital outlay	2,639,661	1,563,915	0	4,203,576
Debt Service:				
Principal	0	0	1,235,228	1,235,228
Interest	0	0	530,746	530,746
<i>Total expenditures</i>	11,758,741	1,625,864	1,765,974	15,150,579
<i>Excess (deficiency) of revenues over expenditures</i>	(1,936,135)	223,298	(1,745,218)	(3,458,055)
Other Financing Sources (Uses):				
Proceeds from debt	0	0	624,687	624,687
Cost of issuance	0	0	(4,685)	(4,685)
Transfers in	2,738,062	0	878,304	3,616,366
Transfers (out)	(558,359)	0	(358,096)	(916,455)
<i>Total other financing sources (uses)</i>	2,179,703	0	1,140,210	3,319,913
<i>Net changes in fund balances</i>	243,568	223,298	(605,008)	(138,142)
Fund balance - beginning of year	9,662,901	56,096	1,590,174	11,309,171
<i>Fund balance - end of year</i>	\$9,906,469	\$279,394	\$985,166	\$11,171,029

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

OTHER SUPPLEMENTARY INFORMATION

OTERO COUNTY
ALL AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Balance June 30, 2019	Increase	Decrease	Balance June 30, 2020
ASSETS				
Cash	\$431,950	\$20,565,010	(\$20,350,271)	\$646,689
Property taxes receivable	1,723,743	1,737,620	(1,723,743)	1,737,620
<i>Total assets</i>	\$2,155,693	\$22,302,630	(\$22,074,014)	\$2,384,309
LIABILITIES				
Deposits held in trust	\$431,950	\$20,565,010	(\$20,350,271)	\$646,689
Due to other taxing units	1,723,743	1,737,620	(1,723,743)	1,737,620
<i>Total liabilities</i>	\$2,155,693	\$22,302,630	(\$22,074,014)	\$2,384,309

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

OTERO COUNTY
SCHEDULE OF LEGISLATIVE GRANTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Project	Agency	Grant #	Effective Date	Reversion Date	Original Amount
High Rolls Senior Center	ALTSD	A19D4069	07/31/19	06/30/21	\$830,662
Chaparral Community Center Kitchen	DFA	16-2468	08/19/16	06/30/20	\$94,600
Child Development Center	DFA	18-C4082	06/20/18	06/30/20	\$424,650
Cloudcroft Senior Center Renovation	ALTSD	A16AS5042	01/03/18	06/30/21	\$15,000
Alamo Street Construction	DOT	A19D3379	05/15/19	06/30/23	\$1,250,000
Otero CO Emergency OP CRT Equip	DFA	A19D3101	05/14/19	06/30/21	\$100,000
Otero CO Emergency OP CRT Equip	DFA	A18C2536	05/14/19	06/30/22	\$115,000
Grand totals					\$2,829,912

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

OTERO COUNTY
SCHEDULE OF LEGISLATIVE GRANTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Project	Arts in Public Places	Net Amount	Expenditures to Date	Reverted	Remaining
High Rolls Senior Center	0	830,662	830,662	0	0
Chaparral Community Center Kitchen	0	94,600	93,045	1,555	0
Child Development Center	0	424,650	371,089	53,561	0
Cloudcroft Senior Center Renovation	0	15,000	0	0	15,000
Alamo Street Construction	0	1,250,000	142,185	0	1,107,815
Otero CO Emergency OP CRT Equip	0	100,000	0	0	100,000
Otero CO Emergency OP CRT Equip	1,150	113,850	41,575	0	72,275
Grand totals	\$1,150	\$2,828,762	\$1,478,556	\$55,116	\$1,295,090

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

OTERO COUNTY

SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY OF PUBLIC FUNDS

JUNE 30, 2020

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2020
Bank 34	FHR 4579 BA	1/15/2043	3137BPP29	\$798,997
	FNR 2013-18TD	2/25/1933	3136ACZH7	866,234
	FHLMC POOL SD	4/1/2050	3132DVK20	1,120,299
	SBAP 2006-20E1	5/1/2026	83162CQG1	234,994
	GNMA 115X1	12/20/2039	36225EWD0	227,324
	FNMA 30YR	05/01/40	31418NBK5	257,349
	Total Bank 34			3,505,197

Name and location of safekeeper for above pledged collateral:

Federal Home Loan Bank, 8500 Freeport Parkway South, Irving, TX 75063

First National Bank of Alamogordo

FHLMC Pool #C92003	7/11/2038	3128P8GL9	1,210,275
FHLMC Pool #G12358	5/1/2021	3128M1QK8	924
FHLMC Pool #J14944	4/1/2026	3128PUP55	190,326
FNMA Pool #AH8166	4/1/2026	3138AACC3	262,655
FNMA Pool #893271	8/1/2026	31410PMU4	7,029
FNMA Pool #AB3163	6/1/2031	31416YQR2	190,557
FNMA Pool #MA3894	9/1/2031	31418DKG6	434,609
FNMA Pool #AB4713	3/1/2032	31417BGX9	382,921
FNMA Pool #MA13338	2/1/2033	31418APY8	1,629,167
FNMA Pool #945117	8/1/2037	31413GPA2	9,136
Total First National Bank of Alamogordo			4,317,599

Name and location of safekeeper for above pledged collateral:

Federal Home Loan Bank, 8500 Freeport Parkway South, Irving, TX 75063

First Savings Bank

FNMA Agency	1/5/2022	3135G0S38	1,129,916
GNR 2012-96 AD	8/20/2027	38378HAU0	93,059
FHR 4136NE	11/15/2027	3137AWKN4	51,253
FHLMC 15YR	5/1/2027	3128MDEC3	216,215
FNMA 2042	3/1/2039	3140JAM62	159,626
GNMA II 15YR	2/20/2027	36202F3J3	335,439
FHR 3925DE	7/15/2040	3137AFGA4	8,779
FHLMC 15YR	1/1/2030	3128ME4V0	50,791
FHR 4080	5/15/2032	3137ARS72	56,346
GNR 2018-153WJ	11/20/1945	38381AZ58	873,886
Total First Savings Bank			2,975,310

Name and location of safekeeper for above pledged collateral:

First Savings Bank, 201 North Third Street, Beresford, SD 57004

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

OTERO COUNTY

SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY OF PUBLIC FUNDS

JUNE 30, 2020

Fair Market
Value

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	June 30, 2020
Washington Federal Bank	FNMA PL#BC2636	1/1/2046	314OEW4W2	272,130
	<i>Total Washington Federal Bank</i>			<i>272,130</i>

Name and location of safekeeper for above pledged collateral:

Federal Home Loan Bank, 8500 Freeport Parkway South, Irving, TX 75063

Total Pledged Collateral	\$11,070,236
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The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
JUNE 30, 2020

Bank Account Type/Name	Bank 34	First American Bank	First National Bank of Alamogordo	First Savings Bank
Checking Inmate Trust Fund - Non-Interest Bearing	\$0	\$0	\$24,727	\$0
Checking Sheriff's Dept./DARE Program	0	0	5,851	0
Checking Operational- Interest Bearing	0	0	6,640,376	0
Money Market- Interest Bearing	0	0	1,838,840	496,067
Federal Home Loan Bank Bond	0	0	0	0
Freddie Mac Agency Bond	0	0	0	0
Fannie Mae Agency Bond	0	0	0	0
Federal Farm Credit Bank Bond	0	0	0	0
Brokered Certificate of Deposit	3,500,000	250,000		2,050,000
Federal Home Loan Bank Bond	0	0	0	0
Federal Home Loan Bank Bond	0	0	0	0
Brokered Certificates of Deposit	0	0	0	0
Series 2007 Revenue Account	0	0	0	0
Series 2007 Bond Account	0	0	0	0
Series 2007 Reserve Account	0	0	0	0
Series 2007 Surplus	0	0	0	0
Series 2007 Trustee Fees	0	0	0	0
Series 2012 Revenue Fund	0	0	0	0
Series 2012 Bond Fund	0	0	0	0
Series 2012 Principal Account	0	0	0	0
Series 2012 Interest Account	0	0	0	0
Series 2012 Redemption Account	0	0	0	0
Series 2012 Reserve Fund	0	0	0	0
Series 2012 Administration Account	0	0	0	0
Series 2012 Rebate Account	0	0	0	0
Series 2014 Bond Fund	0	0	0	0
Series 2014 Debt Service Reserve Fund	0	0	0	0
Series 2014 Redemption Account	0	0	0	0
Series 2014 Equity Account	0	0	0	0
Series 2014 Refunding Account	0	0	0	0
Series 2014 Cost of Issuance Account	0	0	0	0
NMFA Reserve Account and debt service	0	0	0	0
Local Government Investment Pool	0	0	0	0
Total	3,500,000	250,000	8,509,794	2,546,067
Reconciling Items	0	0	(649,246)	0
Reconciled Balance	\$3,500,000	\$250,000	\$7,860,548	\$2,546,067

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

OTERO COUNTY
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
JUNE 30, 2020

Bank Account Type/Name	Washington Federal Bank	Federal Home Loan Bank of Dallas	Moreton Capital Markets
Checking Inmate Trust Fund - Non-Interest Bearing	\$0	\$0	\$0
Checking Sheriff's Dept./DARE Program	0	0	0
Checking Operational- Interest Bearing	0	0	0
Money Market- Interest Bearing	0	0	1,103,656
Federal Home Loan Bank Bond	0	0	0
Freddie Mac Agency Bond	0	0	0
Fannie Mae Agency Bond	0	505,910	0
Federal Farm Credit Bank Bond	0	2,428,190	0
Brokered Certificate of Deposit	750,000	0	0
Federal Home Loan Bank Bond	0	0	0
Federal Home Loan Bank Bond	0	564,325	0
Brokered Certificates of Deposit	0	6,277,663	5,389,837
Series 2007 Revenue Account	0	0	0
Series 2007 Bond Account	0	0	0
Series 2007 Reserve Account	0	0	0
Series 2007 Surplus	0	0	0
Series 2007 Trustee Fees	0	0	0
Series 2012 Revenue Fund	0	0	0
Series 2012 Bond Fund	0	0	0
Series 2012 Principal Account	0	0	0
Series 2012 Interest Account	0	0	0
Series 2012 Redemption Account	0	0	0
Series 2012 Reserve Fund	0	0	0
Series 2012 Administration Account	0	0	0
Series 2012 Rebate Account	0	0	0
Series 2014 Bond Fund	0	0	0
Series 2014 Debt Service Reserve Fund	0	0	0
Series 2014 Redemption Account	0	0	0
Series 2014 Equity Account	0	0	0
Series 2014 Refunding Account	0	0	0
Series 2014 Cost of Issuance Account	0	0	0
NMFA Reserve Account and debt service	0	0	0
Local Government Investment Pool	0	0	0
Total	750,000	9,776,088	6,493,493
Reconciling Items	0	0	0
Reconciled Balance	\$750,000	\$9,776,088	\$6,493,493

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

OTERO COUNTY
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
JUNE 30, 2020

Bank Account Type/Name	NM State Treasurer	US Bank	Bank of NY Mellon	Totals
Checking Inmate Trust Fund - Non-Interest Bearing	\$0	\$0	\$0	\$24,727
Checking Sheriff's Dept./DARE Program	0	0	0	5,851
Checking Operational- Interest Bearing	0	0	0	6,640,376
Money Market- Interest Bearing	0	0	0	3,438,563
Federal Home Loan Bank Bond	0	0	0	0
Freddie Mac Agency Bond	0	0	0	0
Fannie Mae Agency Bond	0	0	0	505,910
Federal Farm Credit Bank Bond	0	0	0	2,428,190
Brokered Certificate of Deposit	0	0	0	6,550,000
Federal Home Loan Bank Bond	0	0	0	0
Federal Home Loan Bank Bond	0	0	0	564,325
Brokered Certificates of Deposit	0	0	0	11,667,500
Series 2007 Revenue Account	0	3,300,571	0	3,300,571
Series 2007 Bond Account	0	1,585,805	0	1,585,805
Series 2007 Reserve Account	0	5,028,698	0	5,028,698
Series 2007 Surplus	0	58	0	58
Series 2007 Trustee Fees	0	0	0	0
Series 2012 Revenue Fund	0	4,087,892	0	4,087,892
Series 2012 Bond Fund	0	0	0	0
Series 2012 Principal Account	0	86,669	0	86,669
Series 2012 Interest Account	0	50,901	0	50,901
Series 2012 Redemption Account	0	8,913,084	0	8,913,084
Series 2012 Reserve Fund	0	1,667,417	0	1,667,417
Series 2012 Administration Account	0	2,917	0	2,917
Series 2012 Rebate Account	0	6,206	0	6,206
Series 2014 Bond Fund	0	959,100	0	959,100
Series 2014 Debt Service Reserve Fund	0	1,644,173	0	1,644,173
Series 2014 Redemption Account	0	1,648,951	0	1,648,951
Series 2014 Equity Account	0	180,059	0	180,059
Series 2014 Refunding Account	0	135	0	135
Series 2014 Cost of Issuance Account	0	6	0	6
NMFA Reserve Account and debt service	0	0	983,088	983,088
Local Government Investment Pool	6,800,520	0	0	6,800,520
Total	6,800,520	29,162,642	983,088	68,771,692
Reconciling Items	0	0	0	(649,246)
Reconciled Balance	\$6,800,520	\$29,162,642	\$983,088	\$68,122,446
Cash on Hand				3,000
				\$68,125,446

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

OTERO COUNTY
SCHEDULE OF TAX ROLL RECONCILIATION - PROPERTY TAXES RECEIVABLE
JUNE 30, 2020

Uncollected taxes, July 1, 2019	\$2,647,969
Net taxes charged to treasurer for fiscal year	30,757,048
Current year tax collections	(30,928,601)
Adjustments	174,572

Uncollected taxes, June 30, 2020	\$2,650,988
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Property taxes receivable are reported in the financial statements as follows:

Statement of net position	\$913,368
Statement of fiduciary assets and liabilities - agency funds	1,737,620

Total property taxes receivable	\$2,650,988
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Property taxes receivable by year:

2010 - 2018	\$993,919
2019	1,657,069

Total property taxes receivable	\$2,650,988
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The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
JUNE 30, 2020

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	County Receivable at Year End
OTERO COUNTY									
General Ad valorem									
2010-2018	\$81,159,238	\$640,763	\$80,810,319	\$710,040	\$80,696,685	\$0	\$3	\$113,634	\$348,916
2019	10,483,312	9,918,860	9,918,860	9,744,727	9,744,727	0	0	174,133	564,452
<i>Total General Ad valorem</i>	91,642,550	10,559,623	90,729,179	10,454,767	90,441,412	0	3	287,767	913,368
Debt Service P & I									
2010-2018	0	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	0	0	0
<i>Total Debt Service</i>	0	0	0	0	0	0	0	0	0
Total Otero County	\$91,642,550	\$10,559,623	\$90,729,179	\$10,454,767	\$90,441,412	\$0	\$3	\$287,767	\$913,368
STATE OF NEW MEXICO									
P & I on Bonds									
2010-2018	\$13,157,406	\$97,053	\$13,103,790	\$109,326	\$13,088,867	\$0	\$1	\$14,923	\$53,615
2019	1,674,898	1,587,499	1,587,499	1,560,368	1,560,368	0	0	27,131	87,399
<i>Total P & I on Bonds</i>	14,832,304	1,684,552	14,691,289	1,669,694	14,649,235	0	1	42,054	141,014
State Special Levies									
2010-2018	282,639	354	278,114	607	278,078	0	0	36	4,525
2019	28,536	25,673	25,673	24,171	24,171	0	0	1,502	2,863
<i>Total State Special Levies</i>	311,175	26,027	303,787	24,778	302,249	0	0	1,538	7,388
Total State of New Mexico	\$15,143,479	\$1,710,579	\$14,995,076	\$1,694,472	\$14,951,484	\$0	\$1	\$43,592	\$148,402
SCHOOL DISTRICTS									
Alamogordo Public Schools									
General Ad valorem									
2010-2018	\$2,520,761	\$14,899	\$2,513,188	\$19,276	\$2,512,216	\$0	\$0	\$972	\$7,573
2019	326,896	312,375	312,375	307,190	307,190	0	0	5,185	14,521
<i>Total General Ad valorem</i>	2,847,657	327,274	2,825,563	326,466	2,819,406	0	0	6,157	22,094
Debt Service P & I									
2010-2018	36,481,685	208,699	36,375,418	264,898	36,361,171	0	0	14,247	106,267
2019	5,294,729	5,067,071	5,067,071	4,986,448	4,986,448	0	0	80,623	227,658
<i>Total Debt Service</i>	41,776,414	5,275,770	41,442,489	5,251,346	41,347,619	0	0	94,870	333,925
Capital Improvements									
2010-2018	12,781,043	73,107	12,743,834	93,119	12,738,891	0	0	4,943	37,209
2019	1,713,227	1,639,563	1,639,563	1,613,476	1,613,476	0	0	26,087	73,664
<i>Total Capital Improvements</i>	14,494,270	1,712,670	14,383,397	1,706,595	14,352,367	0	0	31,030	110,873
Tech Debt									
2010-2018	4,741,714	27,652	4,727,962	34,840	4,726,031	0	0	1,931	13,752
2019	0	0	0	0	0	0	0	0	0
<i>Total Tech Debt</i>	4,741,714	27,652	4,727,962	34,840	4,726,031	0	0	1,931	13,752
House bill 33									
2010-2018	1,172,989	33,488	1,154,234	46,844	1,152,926	0	0	1,308	18,755
2019	1,199,259	1,147,695	1,147,695	1,129,433	1,129,433	0	0	18,262	51,564
<i>Total Tech Debt</i>	2,372,248	1,181,183	2,301,929	1,176,277	2,282,359	0	0	19,570	70,319
Total Alamogordo Public Schools	\$66,232,303	\$8,524,549	\$65,681,340	\$8,495,524	\$65,527,782	\$0	\$0	\$153,558	\$550,963
Cloudcroft Public Schools									
General Ad valorem									
2010-2018	\$437,538	\$3,593	\$434,937	\$4,583	\$434,786	\$0	\$0	\$151	\$2,601
2019	57,263	54,276	54,276	53,222	53,222	0	0	1,054	2,987
<i>Total General Ad valorem</i>	494,801	57,869	489,213	57,805	488,008	0	0	1,205	5,588

OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
JUNE 30, 2020

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	County Receivable at Year End
Debt Service P & I									
2010-2018	8,794,967	64,329	8,753,292	83,394	8,750,352	0	1	2,940	41,674
2019	1,181,747	1,126,803	1,126,803	1,105,299	1,105,299	0	0	21,504	54,944
Total Debt Service	9,976,714	1,191,132	9,880,095	1,188,693	9,855,651	0	1	24,444	96,618
Capital Improvements									
2010-2018	3,074,182	21,921	3,059,722	28,375	3,058,724	0	0	998	14,460
2019	425,855	406,056	406,056	398,306	398,306	0	0	7,750	19,799
Total Capital Improvements	3,500,037	427,977	3,465,778	426,681	3,457,030	0	0	8,748	34,259
Total Cloudcroft Public Schools	\$13,971,552	\$1,676,978	\$13,835,086	\$1,673,179	\$13,800,689	\$0	\$1	\$34,397	\$136,465
Tularosa Public Schools									
General Ad valorem									
2010-2018	\$316,163	\$2,053	\$313,937	\$2,381	\$313,600	\$0	\$0	\$337	\$2,226
2019	41,834	38,899	38,899	38,367	38,367	0	0	532	2,935
Total General Ad valorem	357,997	40,952	352,836	40,748	351,967	0	0	869	5,161
Debt Service P & I									
2010-2018	7,053,899	50,967	7,002,230	57,957	6,993,841	0	0	8,389	51,669
2019	924,457	856,774	856,774	843,639	843,639	0	0	13,135	67,683
Total Debt Service	7,978,356	907,741	7,859,004	901,596	7,837,480	0	0	21,524	119,352
Capital Improvements									
2010-2018	1,565,655	11,342	1,554,172	12,902	1,552,303	0	0	1,869	11,483
2019	208,690	193,420	193,420	190,459	190,459	0	0	2,961	15,270
Total Capital Improvements	1,774,345	204,762	1,747,592	203,361	1,742,762	0	0	4,830	26,753
Total Tularosa Public Schools	\$10,110,698	\$1,153,455	\$9,959,432	\$1,145,705	\$9,932,209	\$0	\$0	\$27,223	\$151,266
Gadsden School District									
General Ad valorem									
2010-2018	\$175,008	\$6,651	\$172,624	\$3,778	\$169,252	\$0	\$0	\$3,372	\$2,384
2019	22,310	18,572	18,572	17,979	17,979	0	0	593	3,738
Total General Ad valorem	197,318	25,223	191,196	21,757	187,231	0	0	3,965	6,122
Debt Service P & I									
2010-2018	5,160,100	187,604	5,082,969	121,189	5,000,316	0	2	82,653	77,129
2019	688,792	570,160	570,160	551,603	551,603	0	0	18,557	118,632
Total Debt Service	5,848,892	757,764	5,653,129	672,792	5,551,919	0	2	101,210	195,761
Capital Improvements									
2010-2018	883,992	31,050	871,083	20,027	857,368	0	0	13,715	12,909
2019	114,540	94,813	94,813	91,728	91,728	0	0	3,085	19,727
Total Capital Improvements	998,532	125,863	965,896	111,755	949,096	0	0	16,800	32,636
Tech Debt									
2010-2018	1,203,691	35,561	1,187,746	23,156	1,172,191	0	0	15,555	15,945
2019	127,541	105,575	105,575	102,139	102,139	0	0	3,436	21,966
Total Tech Debt	1,331,232	141,136	1,293,321	125,295	1,274,330	0	0	18,991	37,911
Total Gadsden School District	\$8,375,974	\$1,049,986	\$8,103,542	\$931,599	\$7,962,576	\$0	\$2	\$140,966	\$272,430
MUNICIPALITIES									
City of Alamogordo									
General Ad valorem									
2010-2018	\$26,089,291	\$145,948	\$26,017,331	\$197,171	\$26,007,612	\$0	\$0	\$9,719	\$71,960
2019	3,354,757	3,207,393	3,207,393	3,152,735	3,152,735	0	0	54,658	147,364
Total General Ad valorem	29,444,048	3,353,341	29,224,724	3,349,906	29,160,347	0	0	64,377	219,324

OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
JUNE 30, 2020

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	County Receivable at Year End
Debt Service P & I									
2010-2018	8,063,924	46,745	8,041,055	61,550	8,037,846	0	0	3,209	22,869
2019	1,091,952	1,046,113	1,046,113	1,029,076	1,029,076	0	0	17,037	45,839
Total Debt Service	9,155,876	1,092,858	9,087,168	1,090,626	9,066,922	0	0	20,246	68,708
Total City of Alamogordo	\$38,599,924	\$4,446,199	\$38,311,892	\$4,440,532	\$38,227,269	\$0	\$0	\$84,623	\$288,032
Village of Cloudcroft									
General Ad valorem									
2010-2018	\$519,236	\$5,184	\$517,931	\$6,785	\$517,794	\$0	\$0	\$137	\$1,305
2019	67,242	64,610	64,610	63,585	63,585	0	0	1,025	2,632
Total General Ad valorem	586,478	69,794	582,541	70,370	581,379	0	0	1,162	3,937
Debt Service P & I									
2010-2018	0	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	0	0	0
Total Debt Service	0	0	0	0	0	0	0	0	0
Total Village of Cloudcroft	\$586,478	\$69,794	\$582,541	\$70,370	\$581,379	\$0	\$0	\$1,162	\$3,937
Village of Tularosa									
General Ad valorem									
2010-2018	\$1,697,249	\$16,157	\$1,685,271	\$16,823	\$1,682,312	\$0	\$0	\$2,959	\$11,978
2019	207,210	188,625	188,625	184,752	184,752	0	0	3,873	18,585
Total General Ad valorem	1,904,459	204,782	1,873,896	201,575	1,867,064	0	0	6,832	30,563
Debt Service P & I									
2010-2018	0	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	0	0	0
Total Debt Service	0	0	0	0	0	0	0	0	0
Total Village of Tularosa	\$1,904,459	\$204,782	\$1,873,896	\$201,575	\$1,867,064	\$0	\$0	\$6,832	\$30,563
OTHER									
NMSU - Alamogordo									
General Ad valorem									
2010-2018	\$5,573,308	\$32,789	\$5,556,651	\$42,088	\$5,554,473	\$0	\$0	\$2,178	\$16,657
2019	731,029	699,022	699,022	687,633	687,633	0	0	11,389	32,007
Total General Ad valorem	6,304,337	731,811	6,255,673	729,721	6,242,106	0	0	13,567	48,664
Debt Service P & I									
2010-2018	4,129,927	22,416	4,118,720	28,367	4,117,154	0	0	1,566	11,207
2019	513,968	491,869	491,869	484,043	484,043	0	0	7,826	22,099
Total Debt Service	4,643,895	514,285	4,610,589	512,410	4,601,197	0	0	9,392	33,306
Total NMSU - Alamogordo	\$10,948,232	\$1,246,096	\$10,866,262	\$1,242,131	\$10,843,303	\$0	\$0	\$22,959	\$81,970
NMSU - Dona Ana									
General Ad valorem									
2010-2018	\$501,100	\$19,458	\$493,172	\$12,572	\$484,595	\$0	\$0	\$8,577	\$7,928
2019	71,588	59,258	59,258	57,330	57,330	0	0	1,928	12,330
Total General Ad valorem	572,688	78,716	552,430	69,902	541,925	0	0	10,505	20,258
Debt Service P & I									
2010-2018	140,650	10,500	136,887	6,408	131,870	0	0	5,017	3,763
2019	42,953	35,555	35,555	34,398	34,398	0	0	1,157	7,398
Total Debt Service	183,603	46,055	172,442	40,806	166,268	0	0	6,174	11,161
Total NMSU - Dona Ana	\$756,291	\$124,771	\$724,872	\$110,708	\$708,193	\$0	\$0	\$16,679	\$31,419

OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
JUNE 30, 2020

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	County Receivable at Year End
LOCAL SPECIAL LEVIES									
Timberon Water & Sanitation District									
Timberon Special Levies									
2010-2018	\$1,449,085	\$18,220	\$1,425,924	\$19,842	\$1,424,419	\$0	\$1	\$1,505	\$23,160
2019	162,337	143,324	143,324	138,072	138,072	0	0	5,252	19,013
<i>Total Timberon Water & Sanitation District</i>	1,611,422	161,544	1,569,248	157,914	1,562,491	0	1	6,757	42,173
Penasco Soil & Water Conservation District									
Penasco Special Levies									
2010-2018	547	57	547	57	547	0	0	0	0
2019	94	94	94	94	94	0	0	0	0
<i>Total Penasco Soil & Water Conservation District</i>	641	151	641	151	641	0	0	0	0
Carlsbad Soil & Water Conservation District									
Carlsbad Special Levies									
2010-2018	648	63	648	63	648	0	0	0	0
2019	31	31	31	31	31	0	0	0	0
<i>Total Carlsbad Soil & Water Conservation District</i>	679	94	679	94	679	0	0	0	0
Total Local Special Levies	\$1,612,742	\$161,789	\$1,570,568	\$158,159	\$1,563,811	\$0	\$1	\$6,757	\$42,173
Grand Totals	\$259,884,682								
Recap By Tax Year									
2010-2018	\$229,127,635	\$1,828,623	\$228,133,708	\$2,028,418	\$227,816,868	\$0	\$8	\$316,840	\$993,919
2019	30,757,047	29,099,978	29,099,978	28,590,303	28,590,303	0	0	509,675	1,657,069
Total Recap By Tax Year	\$259,884,682	\$30,928,601	\$257,233,686	\$30,618,721	\$256,407,171	\$0	\$8	\$826,515	\$2,650,988

ADDITIONAL FEDERAL INFORMATION

OTERO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal Grantor/Program Title	Federal CFDA Number or Agency Prefix	Passed through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Interior</u>				
Passed through NM Dept. of Finance & Admin:				
Distribution of receipts - Taylor Grazing Act	15.227	N/A	-	\$19,163
<i>Total U.S. Department of Interior</i>				\$19,163
<u>U.S. Department of Homeland Security</u>				
Passed through NM Dept. of Homeland Security and Emergency Management:				
Homeland Security Grant Program - Operation Stonegarden	97.067	EMW-2018-SS-00056.S01-OCSSO	-	\$212,945
<i>Total U.S. Department of Homeland Security</i>				\$212,945
<u>U.S. Department of Justice</u>				
Passed through NM Children, Youth and Families Department:				
Juvenile Justice and Delinquency Program	16.540	20-690-15188	-	\$61,949
<i>Total U.S. Department of Justice</i>				\$61,949
<u>Office of National Drug Control Policy</u>				
Passed through Southwest Border (SWB) NM Region, County of Lea:				
High Intensity Drug Trafficking Area	95.001	G19SN0017A	-	\$35,812
<i>Total Office of National Drug Control Policy</i>				\$35,812
<u>U.S. Department of Health and Human Services</u>				
Passed through NM Dept. of Finance & Admin:				
COVID-19 CARES Act	93.391	CARES-15000-OTC	-	\$6,007
<i>Total U.S. Department of Health and Human Services</i>				\$6,007

OTERO COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal Grantor/Program Title	Federal CFDA Number or Agency Prefix	Passed through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Transportation</u>				
Passed through NM Dept. of Transportation:				
Public Transportation Formula Grants	20.608	20-AL-64-073	-	\$262
<i>Total U.S. Department of Transportation</i>				\$262
<u>U.S. Department of Agriculture</u>				
Passed through NM Dept. of Finance & Adm.				
Schools and Roads Cluster -				
Schools and Roads - Grants to States	10.665	N/A	-	\$315,315
<i>Total Schools and Roads Cluster</i>				315,315
<i>Total U.S. Department of Agriculture</i>				\$315,315
<u>U.S. Department of Housing and Urban Development</u>				
Passed through NM Dept. of Finance & Adm. LGD:				
Community Development Block Grant	14.228	16-C-NR-I-03-G-06	-	\$228,014
<i>Total U.S. Department of Housing and Urban Development</i>				\$228,014
<i>Total Expenditures of Federal Awards</i>				\$879,467

N/A - Not Available

OTERO COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Otero County, under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Otero County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Otero County.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

NOTE 3. Otero County has elected not to use the de Minimis indirect cost rate allowed under the Uniform Guidance.

**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***

Independent Auditor's Report

Mr. Brian S. Colón, State Auditor and
The Board of County Commissioners
Otero County
Alamogordo, 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, the aggregate remaining fund information, and the budgetary comparison of the general fund and the major special revenue fund of the Otero County as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Otero County's basic financial statements, and the combining and individual funds of the Otero County, presented as supplemental information, and have issued our report thereon dated January 20, 2021.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Mr. Brian S. Colón, State Auditor and
The Board of County Commissioners
Otero County
Alamogordo, New Mexico
Page Two

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-002, 2020-003, 2020-005 and 2020-006 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Otero County's financial statements are free of 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 questioned costs as items 2020-001 and 2020-004.

Otero County's Response to Findings

Otero County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Otero County's 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 result 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 Otero County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

January 20, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Mr. Brian S. Colón, State Auditor and
The Board of County Commissioners
Otero County
Alamogordo, New Mexico

Report on Compliance for Each Major Federal Program

We have audited Otero County's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Otero County's major federal programs for the year ended June 30, 2020. Otero County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Otero County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Otero County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Otero County's compliance.

Opinion on Each Major Federal Program

In our opinion, Otero County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Mr. Brian S. Colón, State Auditor and
The Board of County Commissioners
Otero County
Alamogordo, New Mexico
Page Two

Report on Internal Control over Compliance

Management of Otero County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Otero County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Otero County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

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

January 20, 2021

OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of Auditor’s Report issued:

Unmodified

Internal Control Over Financial Reporting:

Material weakness(es) identified?

_____ Yes X No

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

 X Yes _____ No

Noncompliance material to financial statements noted?

_____ Yes X No

FEDERAL AWARDS

Internal Control Over Major Programs:

Material weakness(es) identified?

_____ Yes X No

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

_____ Yes X No

Type of Auditor’s Report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 516(a) of the Uniform Guidance?

_____ Yes X No

Identification of Major Programs:

CFDA Number(s)

10.665

Name of Federal Program or Cluster

Schools and Roads – Grants to States

Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS:

2020-001 Travel and Per Diem Reimbursements Not Compliant With State Requirements (Other Non-Compliance)

Condition – Travel reimbursements in excess of allowable amounts.

- Reimbursed \$82.01 for incidentals - \$52.01 in excess of \$30.00 allowed
- Mileage exceeded common carrier limit, reimbursed \$1,712 for mileage but should have been limited to round trip airfare of approximately \$410.
- Supporting documentation (such as class/training or conference schedule) not attached to travel reimbursement request 14 of 28 tested.

Criteria – Regulations governing the per diem and mileage act:

- 2.42.2.11F mileage reimbursement for out of state travel by privately owned auto shall not exceed the total coach class airfare.
- 2.42.2.12A reimbursement for other expenses without receipts limited to \$6 per day or \$30 per trip.

All expenses for County business should have supporting documentation.

Cause – County oversight of specific per diem and mileage act requirements.

Effect – Misuse of public funds.

Recommendation – County should consider including per diem and mileage act detail on reimbursement request forms and require certain documentation in travel approval that clearly demonstrate Otero County business purpose.

Management Response – All of the above conditions have been addressed by the updated Travel and Per Diem Policy, including new travel approval and reimbursement forms, which was adopted by the Otero County Commission with Resolution No. 10-08-20/109-11 at a Regular Meeting on October 8, 2020. The County Finance Director worked with other department heads and elected officials to ensure there was an understanding of what is required to request travel, and submit vouchers upon returning from travel. The Finance Department has also implemented a process where multiple staff members review the travel documents before reimbursement is made to County employees.

Responsible Position: Finance Director

Timeline for Correction: Completed 10/08/2020

OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS (CONTINUED):

2020-002 P Card Disbursements – Not in Accordance with Policy (Significant Deficiency)

Condition – P Card purchases of \$63 (1 of 15 tested) did not have a required requisition.

Criteria – County policy for P Card purchases require that a purchase requisition be completed. The requisition is an integral part of the internal control system for P Card purchases.

Cause – Lack of planning and lack of employee understanding of policy.

Effect – Potential for abuse of P Card purchases (not approved or necessary).

Recommendation – County should have periodic training of P Card purchasing policy.

Management Response The Purchasing Office is in control of the P-Card at all times, no other department can use this card without coming to the Purchasing Department. The purchase in question was for an item ordered by the Sheriff's Office that was received months later along with a past-due invoice. This vendor was not going to be used again, so the item was paid for with the P-Card, which resulted in the P-Card requisition being completed after the invoice date

Responsible Position: Chief Purchasing Officer

Timeline for Correction: Completed NLT 02/12/2021

2020-003 Accounting Maintenance of Long Term Assets and Liabilities (Significant Deficiency)

Condition – The County did not reconcile the depreciation schedule to the prior audit ending balance and clearly identify and include all asset additions for the year.

The County does not maintain accounting records of reconciliation for all long term liabilities.

Criteria – The County is responsible for accounting on the GAAP basis to include long term assets (Capital Assets and related accumulated depreciation expense) and long term debt by agreement.

Cause – Lack of clear year end reconciliation procedures on the GAAP basis.

Effect – The depreciation schedule did not include all assets and not all debt transactions were properly included in the accounting records.

Recommendation – The County should include long term assets and liabilities in their monthly and year end reconciliation processes. Identify and establish reconciliation procedures to insure completeness and accuracy.

OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS (CONTINUED):

2020-003 Accounting Maintenance of Long Term Assets and Liabilities (Significant Deficiency) (Continued)

Management Response – Fixed Assets are maintained the Purchasing Department, but the depreciation schedule and long-term liabilities (debt) are managed by the Finance Department. There currently is not a set monthly/quarterly procedure in place to reconcile this data between departments. The Finance Director and Chief Procurement Officer will work together to obtain additional training for staff on the Fixed Assets module within our financial software. Additionally, we will create a set of written procedures for monthly and/or quarterly reconciliation of all long-term capital assets and liabilities.

Responsible Position: Finance Director
and Chief Purchasing Officer

Timeline for Correction: Completed NLT 6/30/2021

2020-004 Expenditures in Excess of Budgetary Authority (Other Non-Compliance)

Condition – The County incurred expenditures in excess of budget authority in the following funds:

Self-Insurance Fund	\$200
Hold Harmless (Revenue)	\$5,966
Otero County Prison Facility	\$1,457,637

Criteria – Sections 6-3-1 through 6-3-25 NMSA 1978 require in part, that expenditures not exceed budgetary authority. The fund is the legal level of budgetary authority.

Cause – The County did not request the budget adjustments to alleviate these budget overruns.

Effect – The internal controls established by adherence to budgets has been compromised, and excess spending could result. New Mexico statutes have been violated.

Recommendation – We recommend that the County adhere to their policy of reviewing expenditures and requesting adjustments where necessary.

Management Response – Each occurrence is discussed individually below:

- **Self-Insurance Fund** – This fund has been closed since the end of FY2018. The FY2020 expenditures were administration fees posted by Treasurer’s Office, not the Finance Department. No budget had been setup in this fund because no expenses in FY2020.
- **Hold Harmless (Revenue) Fund** – This fund receives the hold harmless gross receipts tax distribution from the NM Department of Taxation and Revenue. The excess expenditures were administrative fees imposed by NMTRD that were higher than expected for FY2020. The final distribution of the fiscal year received on 6/22/2020 is what caused the budget overrun.

OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS (CONTINUED):

2020-004 Expenditures in Excess of Budgetary Authority (Other Non-Compliance)(Continued)

- **Otero County Prison Facility Fund** – This fund records the bond payments and operating expenses for the Otero County Prison Facility in Chaparral, NM, which is operated by the Management & Training Corporation. The Series 2014 Bonds have a variable interest rate, which resulted in them being underbudgeted by \$273,473.21. Operating expenses were also higher than expected and were underbudgeted by \$1,185,863.43. Both of these expenses were posted at the very end of the fiscal year, on 6/30/2020.

Regardless of the explanations given above, the Finance Department did not have a process in place in FY2020 to review all fund line items for overbudget amounts on a regular basis. This will be corrected by making this task a part of the Accounting Specialist's job duties. All funds will be reviewed on a monthly basis to determine if budget adjustments will be required.

Responsible Position: Finance Director

Timeline for Correction: Completed NLT 3/31/2021

2020-005 Use of County Property and Position for Unauthorized Purposes (Significant Deficiency)

Condition – A commissioner appears to have used County property for unauthorized non-County business. County vehicles were checked out and used for what appears to be non-County business. In addition, the Commissioner utilized County office space for non-county business.

Criteria – Public funds/property must only be used for county business. These public resources are available only to carry-out County government business.

Cause – While the County has policies and procedures in place to control how county vehicles, gas cards and county property are to be used with regard to employees (personnel manual) there appears to be no policy addressing the use of county resources and property by the commissioners except the Government Conduct Act.

Effect – Public resources and property appears to have been used for non-County business.

Recommendation – The County should establish policy or expand current policy regarding vehicle, gas card, and County property usage by Commissioners. The policy should require the Commissioners be accountable to County management for all use of County resources and property to include purpose and need for use of County vehicles, gas cards and County offices prior to use.

Management Response – Otero County's Personnel Ordinance already prohibits these things. Section 5.5 states "All employees, elected officials, and department heads are prohibited from engaging in political activity while on duty [and] using any County owned equipment, supplies, vehicles, space, or property for political purposes." Section 10.4 states that employees "shall not misuse County property, records, or other material." Section 10.5 states that "county vehicles shall be used for County business only" and "County vehicles shall not be used for personal business except as is incidental in commuting."

OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS (CONTINUED):

2020-005 Use of County Property and Position for Unauthorized Purposes (Significant Deficiency) (Continued)

A new travel and per diem policy was adopted by the Otero County Commissioners in October 2020. Management also brought proposals establish a travel policy for county commissioners to the Otero County Board of County Commissioners at their November 2019 and September 2020 meetings but neither proposal was adopted by the board. A proposal for a code of conduct was also rejected by the Otero County Commissioners in October 2020.

A travel policy for county commissioners will be presented to the Otero County Board of County Commissioners in spring 2021.

Responsible Position: County Manager

Timeline for Correction: Spring 2021, subject to approval by the Otero County Board of County Commissioners

2020-006 Lack of Policy for Contract Oversight (Significant Deficiency)

Condition – The County does not have policy or procedures in place to insure compliance with service contracts.

- The contracts for the management of the Detention and ICE facilities have certain compliance requirements that are not being monitored by County personnel.

Criteria – Good internal controls require management and monitoring of all contractual requirements to minimize risk and maximize results/purpose of contractual services.

Cause – No established line of authority for contractual oversight.

Effect – Potential lack of contract effectiveness and increased risk to County resources and services.

Recommendation – The County should establish/assign a position to manage the compliance of all service contracts and grant agreements on a regular and on-going basis.

Management Response – Otero County does not have an employee dedicated solely to monitoring grants or contract compliance. Oversight on grants and contracts has been done by the county manager, the finance director, and department heads. Management will ask the county commissioners for additional staff to perform this function

Responsible Position: County Manager

Timeline for Correction: Spring 2021, subject to approval by the Otero County Board of County Commissioners

OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**CURRENT YEAR FINDINGS AND QUESTIONED COSTS –
MAJOR FEDERAL AWARD PROGRAM AUDIT:**

None.

OTERO COUNTY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

FINDINGS AND QUESTIONED COSTS - Major Federal Award Programs

DEPARTMENT OF AGRICULTURE

2019-001 Certification Title III Expenditures

Resolved.

ADMINISTRATION
1101 NEW YORK AVENUE
ALAMOGORDO, NM 88310



WWW.CO.OTERO.NM.US
☎ (575) 437-7427
📠 (575) 443-2928

CORRECTIVE ACTION PLAN FY 2020 AUDIT FINDINGS

CURRENT YEAR FINDINGS:

2020-001 – Travel and Per Diem Reimbursements Not Compliant with State Requirements (Other Non-Compliance)

Condition – Travel reimbursements in excess of allowable amounts.

- Reimbursed \$82.01 for incidentals - \$52.01 in excess of \$30.00 allowable.
- Mileage exceeded common carrier limit, reimbursed \$1,712 for mileage but should have been limited to round trip airfare of approximately \$410.
- Supporting documentation (such as class/training or conference schedule) not attached to travel reimbursement request 14 of 28 tested.

Management Response – All of the above conditions have been addressed by the updated Travel and Per Diem Policy, including new travel approval and reimbursement forms, which was adopted by the Otero County Commission with Resolution No. 10-08-20/109-11 at a Regular Meeting on October 8, 2020. The County Finance Director worked with other department heads and elected officials to ensure there was an understanding of what is required to request travel, and submit vouchers upon returning from travel. The Finance Department has also implemented a process where multiple staff members review the travel documents before reimbursement is made to County employees.

Corrective Action Plan – Corrective action has already been completed for this finding, per the management response above. The updated Travel and Per Diem Policy was adopted by the Otero County Commission with Resolution No. 10-08-20/109-11 at a Regular Meeting on October 8, 2020. The updated policy and travel forms are posted on the Otero County website <http://co.otero.nm.us/176/Policies> so that all Otero County staff have easy access to them.

2020-002 P-Card Disbursements – Not in Accordance with Policy (Significant Deficiency)

Condition – P-Card purchases of \$62.75 (1 of 15 tested) did not have a required requisition.

Management Response – The Purchasing Office is in control of the P-Card at all times, no other department can use this card without coming to the Purchasing Department. The purchase in question was for an item ordered by the Sheriff's Office that was received months later along

with a past-due invoice. This vendor was not going to be used again, so the item was paid for with the P-Card, which resulted in the P-Card requisition being completed after the invoice date.

Corrective Action Plan – Purchasing Office will continue to reiterate to the departments they must turn in purchase requisitions day of purchase, if it continues their purchasing privileges will be revoked. Purchasing Department will no longer pay for late payments with the P-Card
2020-003 Accounting Maintenance of Long-Term Assets and Liabilities (Significant Deficiency)

Condition – The County did not reconcile the depreciation schedule to the prior audit ending balance and clearly identify and include all asset additions for the year.

The County does not maintain accounting records of reconciliation for all long-term liabilities.

Management Response – Fixed Assets are maintained the Purchasing Department, but the depreciation schedule and long-term liabilities (debt) are managed by the Finance Department. There currently is not a set monthly/quarterly procedure in place to reconcile this data between departments. The Finance Director and Chief Procurement Officer will work together to obtain additional training for staff on the Fixed Assets module within our financial software. Additionally, we will create a set of written procedures for monthly and/or quarterly reconciliation of all long-term capital assets and liabilities.

Corrective Action Plan – Fixed Asset training for the Finance Director, Chief Purchasing Officer, and Fixed Assets Clerk is being scheduled for the Spring of 2021 from Tyler Munis, Otero County's financial software provider. After the completion of training, when the functions of the fixed asset module within the financial software are thoroughly understood by all training participants, a set of written procedures will be created for monthly and/or quarterly reconciliation between the finance department and the purchasing department of all long-term capital assets and liabilities.

2020-004 Expenditures in Excess of Budgetary Authority (Other Non-Compliance)

Condition – The County incurred expenditures in excess of budget authority in the following funds:

Self-Insurance Fund	\$200
Hold Harmless (Revenue)	\$5,966
Otero County Prison Facility	\$1,457,637

Management Response – Each occurrence is discussed individually below:

- **Self-Insurance Fund** – This fund has been closed since the end of FY2018. The FY2020 expenditures were administration fees posted by Treasurer's Office, not the Finance Department. No budget had been setup in this fund because no expenses in FY2020.

- **Hold Harmless (Revenue) Fund** – This fund receives the hold harmless gross receipts tax distribution from the NM Department of Taxation and Revenue. The excess expenditures were administrative fees imposed by NMTRD that were higher than expected for FY2020. The final distribution of the fiscal year received on 6/22/2020 is what caused the budget overrun.
- **Otero County Prison Facility Fund** – This fund records the bond payments and operating expenses for the Otero County Prison Facility in Chaparral, NM, which is operated by the Management & Training Corporation. The Series 2014 Bonds have a variable interest rate, which resulted in them being underbudgeted by \$273,473.21. Operating expenses were also higher than expected and were underbudgeted by \$1,185,863.43. Both of these expenses were posted at the very end of the fiscal year, on 6/30/2020.

Regardless of the explanations given above, the Finance Department did not have a process in place in FY2020 to review all fund line items for overbudget amounts on a regular basis. This will be corrected by making this task a part of the Accounting Specialist's job duties. All funds will be reviewed on a monthly basis to determine if budget adjustments will be required.

Corrective Action Plan – A new Accounting Specialist has been hired as of February 15, 2021, and this individual, under the direct supervision of the Finance Director, will be responsible for running monthly budget reports to review for any line items or funds that are over budget. Any over budget items will be submitted to the Finance Director for review and completion of budget adjustments as required to ensure that no expenditures exceed budget authority.

2020-005 Use of County Property and Position for Unauthorized Purposes (Significant Deficiency)

Condition – A Commissioner appears to have used County property for unauthorized non-County business. County vehicles were checked out and used for what appears to be non-County business. In addition, the Commissioner utilized County office space for non-County business.

Management Response – Otero County's Personnel Ordinance already prohibits these things. Section 5.5 states "All employees, elected officials, and department heads are prohibited from...engaging in political activity while on duty [and] using any County owned equipment, supplies, vehicles, space, or property for political purposes." Section 10.4 states that employees "shall not misuse County property, records, or other material." Section 10.5 states that "county vehicles shall be used for County business only" and "County vehicles shall not be used for personal business except as is incidental in commuting."

A new travel and per diem policy was adopted by the Otero County Commissioners in October 2020. Management also brought proposals establish a travel policy for county commissioners to the Otero County Board of County Commissioners at their November 2019 and September 2020 meetings but neither proposal was adopted by the board. A proposal for a code of conduct was also rejected by the Otero County Commissioners in October 2020.

A travel policy for county commissioners will be presented to the Otero County Board of County Commissioners in spring 2021.

Corrective Action Plan – Management has already obtained approval from the Otero County Board of County Commissioners a new travel and per diem policy. Management will review this finding with the board. Management will then submit to the board a proposal for a policy on commissioner travel that will include record-keeping requirements about use of county vehicles.

2020-006 Lack of Policy for Contract Oversight (Significant Deficiency)

Condition – The County does not have policy or procedures in place to ensure compliance with service contracts.

- The contracts for the management of the Prison and ICE facilities have certain compliance requirements that are not being monitored by County personnel.

Management Response – Otero County does not have an employee dedicated solely to monitoring grants or contract compliance. Oversight on grants and contracts has been done by the county manager, the finance director, and department heads. Management will ask the county commissioners for additional staff to perform this function.

Corrective Action Plan – Otero County has not had an employee dedicated solely to monitoring grants or contract compliance. County departments receive grants from state and federal agencies for various functions such as law enforcement, street repaving, and building renovations. Otero County has also entered into contracts to various county owned properties such as detention facilities, community centers, and other public facilities. Contract compliance has been overseen by the county manager.

Otero County recently hired a project manager to supervise construction work. A similar dedicated full-time employee is needed to oversee grants and contract compliance. Management will request the Otero County Board of County Commissioners approve a new position in the Finance Department to perform this work. This will be done in spring 2021 as part of approving the budget for the fiscal year beginning July 1, 2021. This new position would consolidate oversight that is now scattered throughout the county into one position. The county attorney will work with the Finance Department in reviewing contracts and identifying issues that need to be monitored for compliance.

OTERO COUNTY
EXIT CONFERENCE
JUNE 30, 2020

EXIT CONFERENCE:

The exit conference was held February 10, 2021 and was attended by the following:

Representing Otero County:

Gerald Matherly, Commission Chair
Pamela Heltner, County Manager
Julianne Hall, County Finance Director
Ginger Herndon, Purchasing/CPO
Laura Whiteside, County Treasurer
Michael Eshleman, County Attorney

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

Debbie Gray, CPA/Shareholder

FINANCIAL STATEMENTS PREPARATION

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