



KRIESEL/GRAY/SHAW & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
TRADITIONAL YET PROGRESSIVE SERVICE SINCE 1962

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STATE OF NEW MEXICO
OTERO COUNTY

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2022

OTERO COUNTY
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OTERO COUNTY
OFFICIAL ROSTER
JUNE 30, 2022

BOARD OF COMMISSIONERS

<u>Name</u>	<u>Title</u>
<i>Gerald Matherly</i>	<i>Chairperson</i>
<i>Couy Griffin</i>	<i>Vice-Chairperson</i>
<i>Vicky Marquardt</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

Joseph M. Maestas, P.E., State Auditor and
The Board of County Commissioners
Otero County
Alamogordo, New Mexico

Report on Financial Statements

Opinions

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 funds of the Otero County, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Otero County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons for the general fund and the major special revenue funds of the Otero County, as of June 30, 2022, the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Otero County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Joseph M. Maestas, P.E., State Auditor and
The Board of County Commissioners
Otero County
Alamogordo, New Mexico
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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Otero County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Otero County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Joseph M. Maestas, P.E., State Auditor and
The Board of County Commissioners
Otero County
Alamogordo, New Mexico
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Accounting principles generally accepted in the United States of America require that the pension liability schedules on pages 61 through 67 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Otero County's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, *Schedule of Expenditures of Federal Awards*, as 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the *Schedule of Expenditures of Federal Awards, and the other schedules 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 16, 2023 on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Otero County's 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 16, 2023

OTERO COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$19,809,450	\$0	\$19,809,450
Investments	30,653,641	0	30,653,641
Receivables:			
Property taxes	1,004,369	0	1,004,369
Other taxes	5,717,380	0	5,717,380
Other receivables	399,681	7,518,959	7,918,640
Lease Receivables, current portion	283,694	0	283,694
Inventory	81,399	0	81,399
Prepaid expenses	492,563	0	492,563
<i>Total current assets</i>	<i>58,442,177</i>	<i>7,518,959</i>	<i>65,961,136</i>
Noncurrent Assets			
Restricted cash and cash equivalents	0	26,776,437	26,776,437
Restricted investments	0	0	0
Lease Receivables, net of current portion	391,528	0	391,528
Bond discounts, net of accumulated amortization of \$20,520 and \$302,754, respectively	23,290	123,227	146,517
Prepaid insurance - debt	40,048	0	40,048
Capital assets	196,567,970	77,114,450	273,682,420
Less: accumulated depreciation	(104,368,822)	(28,902,451)	(133,271,273)
<i>Total noncurrent assets</i>	<i>92,654,014</i>	<i>75,111,663</i>	<i>167,765,677</i>
Deferred Outflow of Resources			
Pension	2,513,444	0	2,513,444
<i>Total deferred outflow of resources</i>	<i>2,513,444</i>	<i>0</i>	<i>2,513,444</i>
<i>Total assets and deferred outflow of resources</i>	<i>\$153,609,635</i>	<i>\$82,630,622</i>	<i>\$236,240,257</i>

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

OTERO COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities			
Accounts payable	\$457,766	\$14,408,878	\$14,866,644
Accrued payroll expenses	728,216	0	728,216
Accrued interest	141,248	919,888	1,061,136
Customer advance payments	0	3,255,957	3,255,957
Internal balances	1,336,412	(1,336,412)	0
Current portion of accrued compensated absences	0	0	0
Current portion of loans and leases payable	622,557	0	622,557
Current portion of bonds payable	1,085,000	5,740,000	6,825,000
<i>Total current liabilities</i>	<i>4,371,199</i>	<i>22,988,311</i>	<i>27,359,510</i>
Noncurrent Liabilities			
Accrued compensated absences	541,354	0	541,354
Bond premiums, net of accumulated amortization of \$47,452	290,009	0	290,009
Loans and leases payable	3,443,438	0	3,443,438
Bonds payable	15,915,000	43,630,000	59,545,000
Net pension liability	13,145,293	0	13,145,293
<i>Total noncurrent liabilities</i>	<i>33,335,094</i>	<i>43,630,000</i>	<i>76,965,094</i>
<i>Total liabilities</i>	<i>37,706,293</i>	<i>66,618,311</i>	<i>104,324,604</i>
Deferred Inflow of Resources			
Pension	5,665,322	0	5,665,322
Leases	675,222	0	675,222
<i>Total deferred inflows of resources</i>	<i>6,340,544</i>	<i>0</i>	<i>6,340,544</i>
NET POSITION			
Net investment in capital assets	70,866,434	(1,034,774)	69,831,660
Restricted for:			0
Debt service	353,401	0	353,401
Capital projects	12,419,583	0	12,419,583
Other purposes - special revenue	29,453,603	0	29,453,603
Detention Center	0	21,423,581	21,423,581
Processing Center	0	5,352,856	5,352,856
Unrestricted	(3,530,223)	(9,729,352)	(13,259,575)
<i>Total net position</i>	<i>109,562,798</i>	<i>16,012,311</i>	<i>125,575,109</i>
<i>Total liabilities, deferred inflow of resources, and net position</i>	<i>\$153,609,635</i>	<i>\$82,630,622</i>	<i>\$236,240,257</i>

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

OTERO COUNTY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government				
			Governmental Activities	Business-type Activities	Total				
Primary Government									
Governmental Activities:									
General government	\$6,023,503	\$954,854	\$8,695,255	\$0	\$3,626,606	\$0	\$3,626,606		
Public safety	17,666,545	81,778	3,230,973	1,661,411	(12,692,838)	0	(12,692,838)		
Public works	8,960,571	88,602	724,529	1,243,790	(6,903,650)	0	(6,903,650)		
Health and welfare	4,053,867	45,429	455,431	17,869	(3,535,138)	0	(3,535,138)		
Culture and recreation	653,542	46,091	0	0	(607,451)	0	(607,451)		
Capital outlay	1,075,661	0	0	0	(1,075,661)	0	(1,075,661)		
Interest and other debt cost	641,945	0	0	0	(641,945)	0	(641,945)		
Cost of issuance	3,577	0	0	0	(3,577)	0	(3,577)		
<i>Total governmental activities</i>	<i>39,079,211</i>	<i>1,216,754</i>	<i>13,106,188</i>	<i>2,923,070</i>	<i>(21,833,199)</i>	<i>0</i>	<i>(21,833,199)</i>		
Business-Type Activities:									
Detention Center	40,763,621	32,928,070	0	0	0	(7,835,551)	(7,835,551)		
Processing Center	26,553,743	28,148,020	0	0	0	1,594,277	1,594,277		
<i>Total business-type activities</i>	<i>67,317,364</i>	<i>61,076,090</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(6,241,274)</i>	<i>(6,241,274)</i>		
<i>Total primary government</i>					<i>(21,833,199)</i>	<i>(6,241,274)</i>	<i>(28,074,473)</i>		
 General Revenues									
Taxes:									
Property				\$11,291,618	\$0	\$11,291,618			
Gross receipts				18,184,744	0	18,184,744			
Gasoline and motor vehicle				1,310,606	0	1,310,606			
Payment in lieu of taxes				3,650,721	0	3,650,721			
Rents				1,204,965	0	1,204,965			
Franchise fees				231,242	0	231,242			
Investment income (loss)				(1,624,430)	4,505	(1,619,925)			
Miscellaneous income				797,078	0	797,078			
Loss on asset disposal / sale of property				19,088	0	19,088			
Transfers in (out)				0	0	0			
<i>Total general revenues</i>				<i>35,065,632</i>	<i>4,505</i>	<i>35,070,137</i>			
Change in net position									
				13,232,433	(6,236,769)	6,995,664			
Net position, beginning of year									
				96,330,365	22,249,080	118,579,445			
Net position, end of year									
				\$109,562,798	\$16,012,311	\$125,575,109			

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

OTERO COUNTY
GOVERNMENTAL FUNDS
BALANCE SHEETS
JUNE 30, 2022

	General Fund	Hold Harmless Revenue Bond 1/4%	Hold Harmless Revenue Bond 1/2%	American Rescue Plan	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$638,546	\$352,287	\$114,361	\$11,754,883	\$6,946,115	\$19,806,192
Investments	11,845,584	8,052,458	2,614,037	0	8,141,562	30,653,641
Receivables:						
Property taxes	1,004,368	0	0	0	0	1,004,368
Other taxes	1,474,090	941,607	470,804	0	2,830,880	5,717,381
Other receivables	293,793	0	0	0	105,888	399,681
Leases Receivable	675,222					675,222
Inventory	0	0	0	0	81,399	81,399
Prepaid expenses	403,162	0	0	0	89,401	492,563
Due from other funds	67,255	0	0	0	0	67,255
Total assets	\$16,402,020	\$9,346,352	\$3,199,202	\$11,754,883	\$18,195,245	\$58,897,702
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$143,639	\$11,194	\$114,777	\$0	\$188,156	\$457,766
Accrued payroll expenses	602,435	0	0	0	125,781	728,216
Accrued compensated absences	0	0	0	0	0	0
Due to other funds	1,336,412	0	0	0	67,255	1,403,667
Total liabilities	2,082,486	11,194	114,777	0	381,192	2,589,649
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue:						
Property taxes	799,765	0	0	0	0	799,765
Grant revenue	0	0	0	0	6,941	6,941
Leases	675,222	0	0	0	0	675,222
Total deferred inflows of resources	799,765	0	0	0	6,941	1,481,928
Fund Balance:						
Nonspendable						
Inventory	0	0	0	0	81,399	81,399
Prepaid expenses	403,162	0	0	0	89,401	492,563
Spendable						
Restricted for:						
General county operations	0	0	0	11,754,883	390,294	12,145,177
Maintenance of roads	0	0	0	0	892,722	892,722
Environment	0	0	0	0	516,720	516,720
Public safety	380,418	0	0	0	9,240,196	9,620,614
Healthcare/health services	24,522	0	0	0	6,253,848	6,278,370
Debt service expenditures	0	0	0	0	353,401	353,401
Capital projects	0	9,335,158	3,084,425	0	0	12,419,583
Committed to:						
Minimum fund balance	4,935,697	0	0	0	0	4,935,697
Unassigned	7,100,748	0	0	0	(10,869)	7,089,879
Total fund balance	12,844,547	9,335,158	3,084,425	11,754,883	17,807,112	54,826,125
Total liabilities, deferred inflows of resources, and fund balance	\$15,726,798	\$9,346,352	\$3,199,202	\$11,754,883	\$18,195,245	\$58,897,702

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, 2022

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

FUND BALANCE of Governmental Funds	\$54,826,125
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	92,199,148
Residual balances of the internal service funds are included within the governmental activities and are not reported within the governmental funds.	3,258
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	799,765
Grant revenue	6,941
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	2,513,444
Deferred inflows of resources	(5,665,322)
Certain liabilities (or assets related to 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	(141,248)
Accrued compensated absences not due and payable	(541,354)
Bond discounts	23,290
Bond premiums	(290,009)
Prepaid insurance - debt	40,048
Bonds payable	(17,000,000)
Loans and capital leases payable	(4,065,995)
Net pension liability	(13,145,293)
<u>Net position of governmental activities</u>	<u>\$109,562,798</u>

OTERO COUNTY
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	Hold Harmless Revenue Bond 1/4%	Hold Harmless Revenue Bond 1/2%	American Rescue Plan	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$11,211,329	\$0	\$0	\$0	\$0	\$11,211,329
Gross receipts	5,286,136	3,400,501	1,700,251	0	7,797,856	18,184,744
Gasoline and motor vehicle	133,959	0	0	0	1,176,647	1,310,606
Intergovernmental:						
Federal operating grants	0	0	0	13,109,141	270,185	13,379,326
Federal capital grants	0	0	0	0	314,936	314,936
State operating grants	2,415,537	0	0	0	3,918,322	6,333,859
State capital grants	0	0	0	0	2,608,134	2,608,134
Payment in lieu of taxes	3,650,721	0	0	0	0	3,650,721
Franchise Fees	231,242	0	0	0	0	231,242
Charges for services	704,892	0	0	0	511,862	1,216,754
Sale of County property	13,969	0	0	0	5,622	19,591
Rent income	1,204,965	0	0	0	0	1,204,965
Investment income (loss)	(481,333)	(475,858)	(215,996)	0	(451,261)	(1,624,448)
Miscellaneous	583,295	0	0	0	213,783	797,078
Total revenues	24,954,712	2,924,643	1,484,255	13,109,141	16,366,086	58,838,837
EXPENDITURES						
Current:						
General government	3,966,334	84,643	42,323	1,354,258	393,041	5,840,599
Public works	684,327	0	0	0	4,216,168	4,900,495
Public safety	13,039,857	0	0	0	1,962,967	15,002,824
Health and welfare	1,492,177	0	0	0	2,549,519	4,041,696
Culture and recreation	378,298	0	0	0	0	378,298
Capital outlay	669,717	1,144,422	6,056,339	0	3,207,135	11,077,613
Debt Service						
Lease payments (P&I)	22,727	0	0	0	54,339	77,066
Principal	0	225,000	825,000	0	411,229	1,461,229
Interest	0	137,050	426,562	0	76,559	640,171
Total expenditures	20,253,437	1,591,115	7,350,224	1,354,258	12,870,957	43,419,991
Excess (deficiency) of revenues over expenditures	4,701,275	1,333,528	(5,865,969)	11,754,883	3,495,129	15,418,846
Other Financing Sources (Uses):						
Proceeds from debt	0	0	0	0	216,901	216,901
Proceeds from leases	44,165	0	0	0	0	44,165
Cost of issuance	0	0	0	0	(3,577)	(3,577)
Transfers in	4,938,510	0	0	0	3,374,599	8,313,109
Transfers (out)	(7,387,068)	0	0	0	(926,041)	(8,313,109)
Total other financing sources (uses)	(2,404,393)	0	0	0	2,661,882	257,489
Net changes in fund balances	2,296,882	1,333,528	(5,865,969)	11,754,883	6,157,011	15,676,335
Fund balance - beginning of year	10,547,665	8,001,630	8,950,394	0	11,650,101	39,149,790
Fund balance - end of year	\$12,844,547	\$9,335,158	\$3,084,425	\$11,754,883	\$17,807,112	\$54,826,125

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, 2022

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

Net change in fund balances - Governmental Funds	\$15,676,335
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Change in net position of internal service funds	18
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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)	10,001,449
Depreciation expense	(6,916,135)

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	80,289
Change in grant revenue deferred	(6,606,997)

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	(258,151)
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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	15,219
Increase in accrued compensated absences	(33,879)
Proceeds from issuance of debt	(261,066)
Principal payments on bonds and leases payable	1,521,302
Amortization expense for debt discount	(3,420)
Amortization expense for debt premium	19,577
Amortization of prepaid insurance-debt	(2,108)

<u>Change in net position of governmental activities</u>	<u>\$13,232,433</u>
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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, 2022

	Original Approved Budget	Final Adjusted Budget	Actual	Favorable (Unfavorable)
REVENUES				
Taxes:				
Property	\$11,215,171	\$11,215,171	\$11,120,801	(\$94,370)
Gross receipts	3,492,672	3,492,672	4,518,892	1,026,220
Gasoline and motor vehicle	1,690,000	1,690,000	142,711	(1,547,289)
Intergovernmental:				
Federal operating grants	0	0	0	0
Federal capital grants	0	0	0	0
State operating grants	317,320	344,490	2,416,684	2,072,194
State capital grants	0	0	0	0
Payment in lieu of taxes	3,500,000	3,500,000	3,650,721	150,721
Franchise fees	0	0	193,106	193,106
Charges for services	856,453	856,453	704,894	(151,559)
Investment income (loss)	243,350	243,350	265,306	21,956
Miscellaneous	970,100	1,213,574	1,304,410	90,836
<i>Total revenues</i>	<i>22,285,066</i>	<i>22,555,710</i>	<i>24,317,525</i>	<i>1,761,815</i>
EXPENDITURES				
Current:				
General government	4,564,841	5,092,613	4,166,108	926,505
Public safety	14,824,435	16,265,106	12,702,963	3,562,143
Public works	1,048,781	1,048,455	707,278	341,177
Culture and recreation	455,252	551,438	449,439	101,999
Health and welfare	1,281,757	1,282,138	1,186,239	95,899
Capital outlay	853,336	1,252,997	606,625	646,372
Debt Service:				
Principal	0	0	0	0
Interest	0	0	0	0
<i>Total expenditures</i>	<i>23,028,402</i>	<i>25,492,747</i>	<i>19,818,652</i>	<i>5,674,095</i>
<i>Excess (deficiency) of revenues over expenditures</i>	<i>(743,336)</i>	<i>(2,937,037)</i>	<i>4,498,873</i>	<i>7,435,910</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, 2022

	Original Approved Budget	Final Adjusted Budget	Actual	Favorable (Unfavorable)
Other Financing Sources (Uses):				
Transfers in	10,273,363	10,273,363	4,938,510	(5,334,853)
Transfers (out)	(9,493,774)	(9,628,774)	(7,387,068)	2,241,706
<i>Total other financing sources (uses)</i>	<i>779,589</i>	<i>644,589</i>	<i>(2,448,558)</i>	<i>(3,093,147)</i>
 <i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	 36,253	 (2,292,448)	 <u>\$2,050,315</u>	 <u>\$4,342,763</u>
 Budgeted cash carryover	 0	 2,292,448	 <u>\$0</u>	 <u>\$0</u>
 Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			\$2,050,315	
Adjustments for revenue accruals			\$681,352	
Adjustments for expenditures accruals			(434,785)	
 Net changes in fund balance (GAAP basis)			 <u>\$2,296,882</u>	

OTERO COUNTY
HOLD HARMLESS REVENUE BOND 1/4% (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, 2022

	Original Approved Budget	Final Adjusted Budget	Actual	Favorable (Unfavorable)
REVENUES				
Taxes:				
Property	\$0	\$0	\$0	\$0
Gross receipts	2,560,000	2,560,000	2,821,420	261,420
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	44,772	44,772
Miscellaneous	0	0	0	0
<i>Total revenues</i>	<i>2,560,000</i>	<i>2,560,000</i>	<i>2,866,192</i>	<i>306,192</i>
EXPENDITURES				
Current:				
General government	75,000	75,000	84,643	(9,643)
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	210,887	1,384,209	1,165,105	219,104
Debt Service:				
Lease payments (P&I)	0	0	0	0
Principal	225,000	225,000	225,000	0
Interest	137,050	137,050	137,050	0
<i>Total expenditures</i>	<i>647,937</i>	<i>1,821,259</i>	<i>1,611,798</i>	<i>209,461</i>
<i>Excess (deficiency) of revenues over expenditures</i>	<i>1,912,063</i>	<i>738,741</i>	<i>1,254,394</i>	<i>515,653</i>

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

OTERO COUNTY
HOLD HARMLESS REVENUE BOND 1/4% (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, 2022

	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)	(4,000,000)	(4,000,000)	0	4,000,000
Total other financing sources (uses)	(4,000,000)	(4,000,000)	0	4,000,000
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<i>(2,087,937)</i>	<i>(3,261,259)</i>	<i>\$1,254,394</i>	<i>\$4,515,653</i>
Budgeted cash carryover	2,087,937	3,261,259		
	\$0	\$0		
 Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			\$1,254,394	
Adjustments for revenue accruals			58,451	
Adjustments for expenditures accruals			20,683	
Adjustments for transfers			0	
Net changes in fund balance (GAAP basis)			\$1,333,528	

OTERO COUNTY
HOLD HARMLESS REVENUE BOND 1/2% (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, 2022

	Original Approved Budget	Final Adjusted Budget	Actual	Favorable (Unfavorable)
REVENUES				
Taxes:				
Property	\$0	\$0	\$0	\$0
Gross receipts	1,250,000	1,250,000	1,410,710	160,710
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)	6,000	6,000	0	(6,000)
Miscellaneous	0	0	0	0
<i>Total revenues</i>	<i>1,256,000</i>	<i>1,256,000</i>	<i>1,410,710</i>	<i>154,710</i>
EXPENDITURES				
Current:				
General government	38,000	42,321	42,916	(595)
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	434,982	6,822,802	5,956,635	866,167
Debt Service:				
Lease payments (P&I)	0	0	0	0
Principal	825,000	825,000	825,000	0
Interest	425,969	425,969	425,969	0
<i>Total expenditures</i>	<i>1,723,951</i>	<i>8,116,092</i>	<i>7,250,520</i>	<i>865,572</i>
<i>Excess (deficiency) of revenues over expenditures</i>	<i>(467,951)</i>	<i>(6,860,092)</i>	<i>(5,839,810)</i>	<i>1,020,282</i>

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

OTERO COUNTY
HOLD HARMLESS REVENUE BOND 1/2% (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, 2022

	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)	0	0	0	\$0
Total other financing sources (uses)	0	0	0	0
 <i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>				
	(467,951)	(6,860,092)	<u>(\$5,839,810)</u>	<u>\$1,020,282</u>
 Budgeted cash carryover	 467,951	 6,860,092		
	 \$0	 \$0		
 Budgetary - GAAP Reporting Reconciliation:				
 Excess (deficiency) of revenues over expenditures and other financing sources (uses)			(\$5,839,810)	
Adjustments for revenue accruals			\$73,545	
Adjustments for expenditures accruals			(99,704)	
Adjustments for transfers			0	
 Net changes in fund balance (GAAP basis)			<u>(\$5,865,969)</u>	

OTERO COUNTY
AMERICAN RESCUE PLAN (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, 2022

	Original Approved Budget	Final Adjusted Budget	Actual	Favorable (Unfavorable)
REVENUES				
Taxes:				
Property	\$0	\$0	\$0	\$0
Gross receipts	0	0	0	0
Gasoline and motor vehicle	0	0	0	0
Intergovernmental:				0
Federal operating grants	6,554,571	6,554,571	6,554,571	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	0	0
Miscellaneous	0	0	0	0
<i>Total revenues</i>	<i>6,554,571</i>	<i>6,554,571</i>	<i>6,554,571</i>	<i>0</i>
EXPENDITURES				
Current:				
General government	6,554,571	6,554,571	1,354,258	5,200,313
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:				
Lease payments (P&I)	0	0	0	0
Principal	0	0	0	0
Interest	0	0	0	0
<i>Total expenditures</i>	<i>6,554,571</i>	<i>6,554,571</i>	<i>1,354,258</i>	<i>5,200,313</i>
<i>Excess (deficiency) of revenues over expenditures</i>	<i>0</i>	<i>0</i>	<i>5,200,313</i>	<i>5,200,313</i>

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

OTERO COUNTY
AMERICAN RESCUE PLAN (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, 2022

	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)	0	0	0	0
<i>Total other financing sources (uses)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<i>0</i>	<i>0</i>	<i>\$5,200,313</i>	<i>\$5,200,313</i>
Budgeted cash carryover	0	0		
	\$0	\$0		
 Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			\$5,200,313	
Adjustments for revenue accruals			6,554,570	
Adjustments for expenditures accruals			0	
<i>Net changes in fund balance (GAAP basis)</i>	<i>\$11,754,883</i>			

OTERO COUNTY
PROPRIETARY FUNDS
STATEMENTS OF FUND NET POSITION
JUNE 30, 2022

	Enterprise Funds		Governmental Activities	
	Detention Center	Processing Center	Total	Self-Insurance Internal Service Fund
ASSETS				
Current Assets:				
Cash and cash equivalents	\$0	\$0	\$0	\$3,258
Customer receivables	0	7,518,959	7,518,959	0
Due from general fund	823,150	513,262	1,336,412	0
<i>Total current assets</i>	<i>823,150</i>	<i>8,032,221</i>	<i>8,855,371</i>	<i>3,258</i>
Non-Current Assets				
Restricted cash and cash equivalents	21,423,581	5,352,856	26,776,437	0
Bond discounts, net of accumulated amortization of \$24,785 and \$277,969, respectively	17,265	105,962	123,227	0
Capital assets	31,983,032	45,131,418	77,114,450	0
Less: accumulated depreciation	(14,540,723)	(14,361,728)	(28,902,451)	0
<i>Total non-current assets</i>	<i>38,883,155</i>	<i>36,228,508</i>	<i>75,111,663</i>	<i>0</i>
Total assets	\$39,706,305	\$44,260,729	\$83,967,034	\$3,258
LIABILITIES AND FUND NET POSITION				
LIABILITIES				
Current Liabilities:				
Accounts payable	7,182,122	7,226,756	14,408,878	\$0
Customer advance payments	3,255,957	0	3,255,957	0
Claims payable	0	0	0	0
Accrued interest payable	254,225	665,663	919,888	0
Current portion of bonds payable	2,255,000	3,485,000	5,740,000	0
<i>Total current liabilities</i>	<i>12,947,304</i>	<i>11,377,419</i>	<i>24,324,723</i>	<i>0</i>
Noncurrent Liabilities:				
Bonds payable	17,530,000	26,100,000	43,630,000	0
<i>Total noncurrent liabilities</i>	<i>17,530,000</i>	<i>26,100,000</i>	<i>43,630,000</i>	<i>0</i>
Total liabilities	30,477,304	37,477,419	67,954,723	0
Fund Net Position:				
Net investment in capital assets	(2,325,426)	1,290,652	(1,034,774)	0
Restricted for:				
Detention Center	21,423,581	0	21,423,581	0
Processing Center	0	5,352,856	5,352,856	0
Unrestricted	(9,869,154)	139,802	(9,729,352)	3,258
<i>Total fund net position</i>	<i>9,229,001</i>	<i>6,783,310</i>	<i>16,012,311</i>	<i>3,258</i>
Total liabilities and fund net position	\$39,706,305	\$44,260,729	\$83,967,034	\$3,258

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, 2022

	Enterprise Funds			Governmental Activities
	Detention Center	Processing Center	Total	Self-Insurance Internal Service Fund
OPERATING REVENUES				
Charges for services	\$32,928,070	\$28,148,020	\$61,076,090	\$0
Insurance premiums	0	0	0	0
<i>Total operating revenues</i>	<i>32,928,070</i>	<i>28,148,020</i>	<i>61,076,090</i>	<i>0</i>
OPERATING EXPENDITURES				
Contractual services	38,917,476	22,537,020	61,454,496	0
Depreciation	791,109	1,113,569	1,904,678	0
Claims and judgements	0	0	0	0
<i>Total operating expenditures</i>	<i>39,708,585</i>	<i>23,650,589</i>	<i>63,359,174</i>	<i>0</i>
<i>Operating income (loss)</i>	<i>(6,780,515)</i>	<i>4,497,431</i>	<i>(2,283,084)</i>	<i>0</i>
NON-OPERATING REVENUES (EXPENSES)				
Interest expense	(1,052,153)	(2,884,725)	(3,936,878)	0
Amortization expenses	(2,883)	(18,429)	(21,312)	0
Interest income (loss)	3,789	716	4,505	18
<i>Total non-operating revenues (expenses)</i>	<i>(1,051,247)</i>	<i>(2,902,438)</i>	<i>(3,953,685)</i>	<i>18</i>
<i>Net income (loss) before contributions and transfers</i>	<i>(7,831,762)</i>	<i>1,594,993</i>	<i>(6,236,769)</i>	<i>18</i>
Other Financing Sources (Uses):				
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>(7,831,762)</i>	<i>1,594,993</i>	<i>(6,236,769)</i>	<i>18</i>
Total fund net position, beginning of year, as previously stated	17,060,763	5,188,317	22,249,080	3,240
<i>Total fund net position, end of year</i>	<i>\$9,229,001</i>	<i>\$6,783,310</i>	<i>\$16,012,311</i>	<i>\$3,258</i>

OTERO COUNTY
PROPRIETARY FUND TYPES
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Enterprise Funds			Governmental Activities Self-Insurance Internal Service Fund
	Detention Center	Processing Center	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$38,861,448	\$25,278,118	\$64,139,566	\$0
Cash payments to suppliers for goods and services	(34,238,600)	(19,098,521)	(53,337,121)	0
<i>Net cash provided (used) by operating activities</i>	4,622,848	6,179,597	10,802,445	0
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:				
Interest paid	(1,079,254)	(2,958,750)	(4,038,004)	0
Principal payments on issuance of long-term debt	(2,170,000)	(3,290,000)	(5,460,000)	0
<i>Net cash provided (used) by capital and related financing activities</i>	(3,249,254)	(6,248,750)	(9,498,004)	0
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of investments				
Interest on investments	3,789	716	4,505	18
<i>Net cash provided (used) by investing activities</i>	3,789	716	4,505	18
<i>Net increase (decrease) in cash and cash equivalents</i>	1,377,383	(68,437)	1,308,946	18
Cash and cash equivalents, beginning of year	20,046,198	5,421,293	25,467,491	3,240
<i>Cash and cash equivalents, end of year</i>	\$21,423,581	\$5,352,856	\$26,776,437	\$3,258
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	(6,780,515)	4,497,431	(2,283,084)	\$0
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	791,109	1,113,569	1,904,678	0
Changes in assets and liabilities				
Receivables/advance payments	5,933,379	(2,869,902)	3,063,477	0
Accounts payable	4,678,876	3,438,499	8,117,375	0
Claims payable	0	0	0	0
<i>Net cash provided (used) by operating activities</i>	\$4,622,849	\$6,179,597	\$10,802,446	\$0

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

OTERO COUNTY
CUSTODIAL FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$418,796
Property taxes receivable, net	1,895,116
<i>Total assets</i>	\$2,313,912
LIABILITIES	
Future taxes to be collected and distributed	2,261,372
Deposits held in trust for others	52,540
<i>Total liabilities</i>	\$2,313,912
NET POSITION	
<i>Total net position</i>	\$0

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

OTERO COUNTY
CUSTODIAL FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	Custodial Funds
ADDITIONS	
Local sources:	
Property taxes collected for other	\$20,900,021
Deposits received for inmates and others	154,057
<i>Total additions</i>	\$21,054,078
DEDUCTIONS	
Property taxes distributed to other governments	\$21,007,140
Disbursements made to inmates and others	46,938
<i>Total deductions</i>	\$21,054,078
NET INCREASE	
NET POSITION	
July 1, Restated	\$0
	\$0

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022

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, 2022

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 judgements, 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.

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.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 (1/4%)* is used to account for the 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 (1/2%)* is used to account for gross receipts tax revenues for the payment on the Series 2017 and 2020 revenue bonds and expend proceeds of the 2020 bond series; authority NMSA 7-20E-9.

The *American Rescue Plan* to provide federal funding to support recovery efforts due to the COVID-19 pandemic; authority public law 117-2.

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, 2022

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, 2022

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 capitalized 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

Right-to-Use Lease Assets

The County has recorded intangible right-to-use lease assets as a result of implementing GASB Statement No. 87. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability. The right-to-use lease assets are amortized on a straight-line basis over the term of the related lease.

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, 2022

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 (measureable 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, 2022

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, 2022, 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, 2022, 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, 2022

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, 2022 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, 2022

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, 2022.

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 four 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, 2022, 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	\$8,570,762	(\$794,737)	\$7,776,025
First Savings Bank	254,420	0	254,420
US Bank	26,776,437	0	26,776,437
<i>Total cash deposits</i>	<i>\$35,601,619</i>	<i>(\$794,737)</i>	<i>34,806,882</i>
Cash on hand			1,147
Cash held with Trustee – NMFA			351,836
Investments - cash equivalents			11,844,818
			<u>\$47,004,683</u>

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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	\$19,809,450
Restricted cash and cash equivalents	26,776,437
Custodial funds	418,796
<i>Statement of net position</i>	<u>\$47,004,683</u>

All of the County's accounts, including all noninterest-bearing transaction accounts, are insured by the FDIC up to the Standard Maximum Deposit Insurance Amount of \$250,000 for Demand Deposit accounts and \$250,000 for Time Deposit accounts.

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, 2022, \$16,148,834 of the County's bank balance of \$17,398,834 was exposed to custodial credit risk. Although the \$16,148,834 was uninsured, it was collateralized by collateral held by the pledging bank's trust department, not in the County's name. \$121,492 of the County's deposits were uninsured and uncollateralized at June 30, 2022.

	First	First	Washington	
	National	Savings	Federal	
	Bank	Bank	Bank	Total
Bank 34	Alamogordo	Bank	Bank	
Amount of deposits	\$2,500,000	\$12,844,414	\$1,554,420	\$500,000
FDIC coverage	250,000	250,000	500,000	250,000
<i>Total uninsured public funds</i>	<u>2,250,000</u>	<u>12,594,414</u>	<u>1,054,420</u>	<u>250,000</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	4,699,021	12,940,138	2,294,273	128,508
Uninsured and uncollateralized (over)	(\$2,449,021)	(\$345,724)	(\$1,239,853)	\$121,492
				<u>(\$3,913,106)</u>
Pledged securities	\$4,699,021	\$12,940,138	\$2,294,273	\$128,508
Collateral requirement (50%)	1,125,000	6,297,207	527,210	125,000
(Over) under collateralized	(\$3,574,021)	(\$6,642,931)	(\$1,767,063)	(\$3,508)
				<u>(\$11,987,523)</u>

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, 2022

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

As of June 30, 2022, 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	\$4,300,000	266 days	10.12%
Brokered CD's	N/A	10,878,780	1088 days	25.20%
US Government Securities	AA+	15,474,861	1705 days	36.41%
Investments - LGIP	AAAm	7,561,681	49 day (R), 89 DAY (F)	17.79%
MMKT Acct - US Securities	N/A	4,283,137	Less than 1 year	10.48%
<i>Total fair value</i>		42,498,459		
<i>Less cash equivalents – shown as cash</i>		(11,844,818)		
		<u>\$30,653,641</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 \$15,474,861 at June 30, 2022.

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 \$30,653,641. 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, 2022

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, 2022.

Investment Type	Amount	
Certificates of Deposit	\$15,178,780	valued using quoted market prices (Level 1 inputs)
US Government Securities	\$15,474,861	valued using quoted market prices (Level 1 inputs)
MMKT Acct - US Securities	\$4,283,137	valued using quoted market prices (Level 1 inputs)

NOTE 4. RECEIVABLES

Receivables as of June 30, 2022, are as follows:

Governmental Activities:

	General Fund	Other Governmental Funds	Total
Property taxes	\$1,004,369	\$0	\$1,004,369
Other taxes:			
Gross receipts taxes	1,446,734	4,100,262	\$5,546,996
Gasoline and other taxes	27,355	143,029	\$170,384
Other receivables:			
Charges for services	249,210	0	\$249,210
Grants receivable	44,583	105,888	\$150,471
Leases Receivable	675,222	0	\$675,222
Total	\$3,447,473	\$4,349,179	\$7,796,652

In accordance with GASB Statement No. 33, property tax revenues and grant revenues in the amounts of \$799,765 and \$6,941 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. Advances received before the recognition requirements were met at June 30, 2022 were \$6,554,570.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4. RECEIVABLES (CONTINUED)

Lease Receivables

The County has recorded lease receivables as a result of implementation of GASB 87. The lease receivables are measured at an amount equal to the initial measurement of the related deferred inflows of resources.

The County enters into Lease Management Agreements with various non-profit community service providers. Rent to be paid is from cash payments or community service credit from members, staff and volunteers for which no compensation is received by the non-profit from any source. The Community service hours are valued at the New Mexico rate for volunteer hours as calculated by published volunteer hour rates related the type of services provided.

The lease receivables are measured as the present value of the future minimum rent payments expected to be received during the lease terms at a discount rate of 2.37% determined by other financing transaction of the county.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of each lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the related lease.

During the year ended June 30, 2022, the following changes occurred in lease receivables reported in the statement of net position.

	Balance June 30, 2021 (Restated)	Increases	Decreases	Balance June 30, 2022	Due within one year
Community Service Leases Receivables	\$684,929	\$280,322	\$290,029	\$675,222	\$283,694

Business-Type Activities:

	Detention Center Fund	Processing Center Fund	Total
Customer receivables	\$0	\$7,518,959	\$7,518,959

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

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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	Other Governmental Funds	Totals
Operating Transfers In:			
General Fund	\$4,905,510	\$33,000	\$4,938,510
Other Governmental Funds	2,481,558	893,041	\$3,374,599
	<u>\$7,387,068</u>	<u>\$926,041</u>	<u>\$8,313,109</u>

<u>Due From (to) Other Funds</u>	<u>Due To:</u>		
	General Fund	Governmental Fund	Totals
Due From:			
General Fund	\$0	\$67,255	\$67,255
Detention Center	823,150	0	\$823,150
Processing Center	513,262	0	\$513,262
	<u>\$1,336,412</u>	<u>\$67,255</u>	<u>\$1,403,667</u>

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6. CAPITAL ASSETS

The following is a summary of capital assets and changes occurring during the year ended June 30, 2022. Land and construction in progress are not subject to depreciation.

	Balance				Balance
	June 30, 2021	Additions	Retirements	Transfers	June 30, 2022
Governmental Activities:					
Capital assets not being depreciated					
Land	\$22,364,195	\$0	\$0	\$0	\$22,364,195
Construction in progress	15,022,446	8,319,236	0	(1,136,197)	22,205,485
<i>Total capital assets not being depreciated</i>	<i>37,386,641</i>	<i>8,319,236</i>	<i>0</i>	<i>(1,136,197)</i>	<i>44,569,680</i>
Capital assets being depreciated					
Infrastructure and land improvements	64,701,138	5,116	(5,095)	0	64,701,159
Buildings and building improvements	39,769,853	10,126	(70,282)	1,136,197	40,845,894
Equipment and furnishings	13,936,673	809,813	(165,088)	(652,953)	13,928,445
Vehicles	30,857,533	813,496	(159,925)	652,953	32,164,057
Right-to-use lease assets *	314,570	44,165	0	0	358,735
<i>Total capital assets being depreciated</i>	<i>149,579,767</i>	<i>1,682,716</i>	<i>(400,390)</i>	<i>1,136,197</i>	<i>151,998,290</i>
Less accumulated depreciation for:					
Infrastructure and land improvements	(47,704,449)	(2,526,366)	5,095	0	(50,225,720)
Buildings and building improvements	(18,561,009)	(936,840)	69,780	0	(19,428,069)
Equipment and furnishings	(10,480,995)	(1,981,059)	165,087	121,699	(12,175,268)
Vehicles	(21,106,121)	(1,451,373)	159,925	(121,699)	(22,519,268)
Right-to-use lease assets	0	(20,497)	0	0	(20,497)
<i>Total accumulated depreciation</i>	<i>(97,852,574)</i>	<i>(6,916,135)</i>	<i>399,887</i>	<i>0</i>	<i>(104,368,822)</i>
<i>Governmental activities capital assets, net</i>	<i>\$89,113,834</i>	<i>\$3,085,817</i>	<i>(\$503)</i>	<i>\$0</i>	<i>\$92,199,148</i>

*required restatement due to the implementation of GASB 87, see Note 21.

Depreciation expense for the year ended June 30, 2022 was charged to governmental activities as follows:

General government	\$168,377
Public safety	2,394,286
Public works	4,064,815
Culture and recreation	13,074
Health and welfare	275,583
<i>Total</i>	<i>\$6,916,135</i>

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$927,350	\$0	\$0	\$927,350
<i>Total capital assets not being depreciated</i>	<i>927,350</i>	<i>0</i>	<i>0</i>	<i>\$927,350</i>
Capital assets being depreciated:				
Buildings and building improvements	76,187,100	0	0	76,187,100
<i>Total capital assets being depreciated</i>	<i>76,187,100</i>	<i>0</i>	<i>0</i>	<i>76,187,100</i>
Less Accumulated Depreciation for:				
Buildings and building improvements	(26,977,774)	(1,904,678)	0	(28,882,452)
<i>Total accumulated depreciation</i>	<i>(26,977,774)</i>	<i>(1,904,678)</i>	<i>0</i>	<i>(28,882,452)</i>
<i>Business-type activities capital assets, net</i>	<i>\$50,136,676</i>	<i>(\$1,904,678)</i>	<i>\$0</i>	<i>\$48,231,998</i>

Depreciation expense for the year ended June 30, 2022 was charged to business-type activities as follows:

Detention Center	\$791,109
Processing Center	1,113,569
<i>Total</i>	<i>\$1,904,678</i>

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7. LONG-TERM DEBT

Governmental Activities:

During the year ended June 30, 2022, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022	Due in One Year
Bonds payable	\$18,050,000	\$0	\$1,050,000	\$17,000,000	\$1,085,000
Loans and financing leases	3,961,662	216,901	411,230	3,767,333	390,502
Leases payable *	314,570	44,165	60,073	298,662	232,055
Compensated absences	507,475	949,890	950,978	541,354	0
<i>Total long-term debt</i>	<i>\$22,833,707</i>	<i>\$1,210,956</i>	<i>\$2,472,281</i>	<i>\$21,607,349</i>	<i>\$1,707,557</i>

*The notes require a restatement due to the implementation of GASB 87, See Note 21.

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, 2022
Hold Harmless GRT Bond - series 2014	April 2014	Dec 2033	3.00-5.00%	\$5,065,000	\$3,450,000
Hold Harmless GRT Bond - series 2017A	April 2017	Dec 2028	3.130%	8,620,000	5,345,000
Hold Harmless GRT Bond - series 2020	July 2020	June 2046	2.630%	8,355,000	8,205,000
<i>Total bonds payable</i>				<i>\$22,040,000</i>	<i>\$17,000,000</i>

Hold Harmless Gross Receipts Tax Bonds series 2014

The County issued Hold Harmless Gross Receipts Tax Bonds series 2014 in the amount of \$5,065,000 on April 2014 to be used for capital improvements.

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.

Hold Harmless Gross Receipts Tax Bonds series 2020

The County issued Hold Harmless Gross Receipts Tax Bonds series 2020 in the amount of \$8,355,000 on July 2, 2020 to be used for rehabilitating and making improvements to the County detention center and to acquire and improve parking lots. Upon issuance, the County deposited \$8,402,635 to a project fund, paid cost of issuance of \$150,000 and purchased a surety reserve policy for \$44,375.

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, 2022

NOTE 7. LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the Bonds Payable as of June 30, 2022, including interest payments are as follows:

<u>Fiscal Year Ending June 30,</u>	Principal	Interest	Total Debt Service
2023	\$1,085,000	\$537,204	\$1,622,204
2024	1,120,000	501,645	1,621,645
2025	1,160,000	464,622	1,624,622
2026	1,200,000	425,785	1,625,785
2027	1,235,000	385,134	1,620,134
2028 - 2032	4,535,000	1,390,487	5,925,487
2033 - 2037	2,590,000	718,544	3,308,544
2038 - 2042	2,140,000	436,756	2,576,756
2043 - 2047	1,935,000	167,681	2,102,681
<i>Total</i>	\$17,000,000	\$5,027,858	\$22,027,858

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, 2022

NOTE 7. LONG-TERM DEBT (CONTINUED)

Loans and Financing 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 financing leases for accounting purposes and, therefore, have been recorded at the future minimum lease payments as of the inception date. The NMFA and financing leases are as follows:

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2022
NMFA Loan - Otero 15	Nov-08	May-29	3.00%	\$163,557	\$69,398
NMFA Loan - Otero 25	Apr-11	May-26	3.58%	192,850	60,520
NMFA Loan - Otero 29	Jan-13	May-23	0.390-2.240%	166,247	17,974
NMFA Loan - Otero 32	Jul-13	May-33	1.290-4.340%	201,500	130,077
NMFA Loan - Otero 33	Jul-13	May-30	1.290-4.340%	226,688	125,367
NMFA Loan - Otero 35	May-14	May-25	1.170-3.100%	110,832	36,375
NMFA Loan - Otero 39	Jul-15	May-26	0.390-2.240%	120,000	58,195
NMFA Loan - Otero 40	Apr-16	May-26	0.390-2.240%	40,000	18,754
NMFA Loan - Otero 41	Dec-16	May-26	.860-1.860%	149,925	65,987
NMFA Loan - Otero 42	Dec-16	May-26	1.290-2.000%	90,681	42,472
NMFA Loan - Otero 43	Dec-16	May-27	.950-2.000%	120,907	62,916
NMFA Loan - Otero 45	Jan-17	May-37	1.190-3.520%	604,535	483,242
NMFA Loan - Otero 46	Jan-17	May-27	1.190-2.000%	352,645	185,474
NMFA Loan - Otero 47	Jan-17	May-37	.960-2.000%	403,023	347,770
NMFA Loan- Otero 48	Aug-17	May-28	0.100%	161,210	97,102
PPRF-4433	Mar-18	May-28	1.350-2.380%	285,555	214,020
PPRF-4412	Mar-18	May-28	1.9129%	65,492	40,791
PPRF-4684	Oct-18	May-29	2.4706%	99,910	73,058
PPRF-4722	Jul-18	May-31	2.1016%	277,079	240,079
PPRF-4775	Oct-18	May-34	2.3481%	498,831	464,306
PPRF-5000	Nov-19	May-30	0.1431%	176,323	150,000
PPRF-5004	Nov-19	May-30	0.0999%	125,945	100,911
PPRF-5056	Jan-20	May-30	1.6756%	151,134	135,648
PPRF-5128	Feb-20	May-30	1.5825%	171,285	171,085
PPRF-5318	Nov-20	May-31	0.270-1.310%	180,000	158,911
PPRF-5721	Apr-22	May-34	1.310-2.700%	\$216,901	\$216,901
<i>Total loans and capital leases</i>				\$5,353,055	\$3,767,333

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7. LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the Loans and Financing Leases Payable as of June 30, 2022, including interest payments are as follows:

<u>Fiscal Year Ending June 30,</u>	Principal	Interest	Total Debt Service
2023	\$390,502	\$77,383	\$467,885
2024	397,824	70,200	468,024
2025	405,465	61,990	467,455
2026	413,692	54,577	468,269
2027	783,194	102,705	885,899
2028-2032	951,865	87,803	1,039,668
2033-2037	424,791	16,734	441,525
<i>Total</i>	<i>\$3,767,333</i>	<i>\$471,392</i>	<i>\$4,238,725</i>

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

Leases payable

The County has entered into various leases for various pieces of equipment to include copiers, postage machines and road equipment. The lease agreements have been recorded at the present value of future lease payments as of the date of their inception or, for leases existing prior to the implementation year, at the remaining terms of the agreements, using the facts and circumstances available at July 1, 2021.

Leases payable and right-to-use assets were composed of the following as of June 30, 2022:

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

	Effective Date	End Date	Payment Amount	Borrowing Rate	Lease Payment	Right-to-use lease asset-net of amortization
Copier	7-1-21	11-20-22	\$164/Mo	2.37%	\$651	\$712
Road Equipment	7-1-21	3-28-23	3,337/Mo	2.37%	199,648	241,580
Copier	7-1-21	4-9-23	191/Mo	2.37%	1,700	1,678
Copier	7-1-21	7-31-22	178/Mo	2.37%	177	169
Copier	7-1-21	11-27-23	318/Mo	2.37%	5,672	5,104
Copier	7-1-21	3-24-23	158/Mo	2.37%	1,403	1,328
Copier	7-1-21	8-26-24	239/Mo	2.37%	5,787	5,816
Copier	7-1-21	10-31-25	112/Mo	2.37%	4,306	4,156
Copier	7-1-21	10-31-25	527/Mo	2.37%	20,241	19,541
Copier	7-1-21	6-28-26	76/Mo	2.37%	3,467	3,403
Copier	7-1-21	3-31-35	239/Mo	2.37%	8,088	7,356
Postage Machine	7-1-21	6-29-26	505/Qr	2.37%	7,687	7,592
Copier	12-1-21	12-29-25	31/Mo	2.37%	1,211	1,179
Copier	12-1-21	11-30-26	123/Mo	2.37%	6,196	6,058
Postage Machine	12-30-21	12-29-25	312/Qr	2.37%	4,184	4,154
Postage Machine	12-30-21	12-29-26	815/Qr	2.37%	16,509	16,849
Copier	1-1-22	12-31-26	155/Mo	2.37%	7,919	7,750
Postage Machine	6-30-22	6-29-27	203/Qr	2.37%	3,816	3,813
					\$298,662	\$338,238

NOTE 7. LONG-TERM DEBT (CONTINUED)

The future minimum payments on the leases as of June 30, 2022 were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2023	\$232,055	\$5,836	\$237,891
2024	26,747	1,210	\$27,957
2025	22,207	654	\$22,861
2026	14,287	301	\$14,588
2027	3,366	48	\$3,414
Total	\$298,662	\$8,049	\$306,711

Compensated Absences - Employees of the County are able to accrue a limited amount of vacation during the year. During fiscal year 2022, compensated absences decreased \$1,088 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, 2022:

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022	Due Within One Year
Revenue Bonds	\$54,830,000	\$0	\$5,460,000	\$49,370,000	\$5,740,000
<i>Total long-term debt</i>	<i>\$54,830,000</i>	<i>\$0</i>	<i>\$5,460,000</i>	<i>\$49,370,000</i>	<i>\$5,740,000</i>

Revenue Bonds

At June 30, 2022, the County had the following revenue bonds outstanding:

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2022
Jail Project Series 2007	May-07	Apr-28	8.75-9.00%	\$62,305,000	\$29,585,000
Jail Project Series 2012	Dec-12	Dec-27	4.770%	19,760,000	10,670,000
Jail Project Series 2014	Apr-14	Dec-28	4.600%	16,820,000	9,115,000
<i>Total revenue bonds</i>					<i>\$49,370,000</i>

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

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7. LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the bonds as of June 30, 2022, including interest payments, are as follows:

Revenue Bond Series 2007 (Interest Rate Conversion)

<u>Fiscal Year Ending June 30,</u>	Principal	Interest	Total Debt Service
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	4,155,000	1,663,650	\$5,818,650
2027	4,400,000	1,289,700	\$5,689,700
<u>2028-2031</u>	<u>9,930,000</u>	<u>893,700</u>	<u>\$10,823,700</u>
<i>Total</i>	\$29,585,000	\$10,875,150	\$40,460,150

Revenue Bond Series 2012 (Interest Rate Conversion)

<u>Fiscal Year Ending June 30,</u>	Principal	Interest	Total Debt Service
2023	\$1,120,000	\$495,722	\$1,615,722
2024	1,150,000	441,941	1,591,941
2025	1,190,000	386,609	1,576,609
2026	1,225,000	329,369	1,554,369
2027	1,260,000	270,378	1,530,378
<u>2028-2031</u>	<u>4,725,000</u>	<u>112,691</u>	<u>4,837,691</u>
<i>Total</i>	\$10,670,000	\$2,036,710	\$12,706,710

Revenue Bond Series 2014 (converted September 1, 2017)

<u>Fiscal Year Ending June 30,</u>	Principal	Interest	Total Debt Service
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	1,295,000	255,530	1,550,530
2027	1,355,000	195,960	1,550,960
<u>2028-2031</u>	<u>2,905,000</u>	<u>201,940</u>	<u>3,106,940</u>
<i>Total</i>	\$9,115,000	\$1,752,370	\$10,867,370

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7. LONG-TERM DEBT (CONTINUED)

Tax Revenue Bonds – Total

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2023	\$5,740,000	\$3,577,662	\$9,317,662
2024	6,030,000	3,158,021	9,188,021
2025	6,350,000	2,715,629	9,065,629
2026	6,675,000	2,248,549	8,923,549
2027	7,015,000	1,756,238	8,771,238
2028-2031	17,560,000	1,208,331	18,768,331
<i>Total</i>	<i>\$49,370,000</i>	<i>\$14,664,430</i>	<i>\$64,034,430</i>

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, 2022

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.

HIDTA Grant/Task Force Coordinator	(\$2,417)
Legislative Grants	(\$7,799)

The deficient fund balance is due to transfers that have not been made from the general fund to fund the deficient.

B. Excess of expenditures over appropriations.

There were no expenditures over appropriation for the year ended June 30, 2022.

C. Designated cash appropriations in excess of available balances. There were not any funds with excess cash appropriations for the year ended June 30, 2022.

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 an annual comprehensive 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, 2021 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2021.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 FY20 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures of the PERA FY21 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2021.pdf. The PERA coverage options that apply to Otero County are: Municipal General, Municipal Police, and Municipal Fire. Statutorily required contributions to the pension plan from the Otero County were \$1,123,060 for the year ended June 30, 2022.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2020. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2021, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2021.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were preformed 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, 2021. Only employer contributions for the pay period end dates that fell within the period of July 1, 2020 to June 30, 2021 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2021 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division Municipal General, at June 30, 2022, the Otero County reported a liability of \$8,277,748 for its proportionate share of the net pension liability. At June 30, 2021, the Otero County's proportion was 0.7347%, which was changed from its proportion measured as of June 30, 2020 of 0.7143%.

For the year ended June 30, 2022, the Otero County recognized PERA Fund Division municipal general pension expense of \$670,921. At June 30, 2022, 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	\$206,062	\$28,340
Changes of assumptions	2,722	0
Net difference between projected and actual earnings on pension plan investments	0	3,401,679
Changes in proportion and differences between Otero County contributions and proportionate share of contributions	235,354	402,763
Otero County contributions subsequent to the measurement date	684,674	0
Total	\$1,128,812	\$3,832,782

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

\$684,674 reported as deferred outflows of resources related to pensions resulting from Otero County contributions subsequent to the measurement date June 30, 2021 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources, related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	(\$703,000)
2023	(616,474)
2024	(673,139)
<u>2025</u>	<u>(1,396,031)</u>
	<u><u>(\$3,388,644)</u></u>

For PERA Fund Division Municipal Police, at June 30, 2022, the Otero County reported a liability of \$4,274,985 for its proportionate share of the net pension liability. At June 30, 2021, the Otero County's proportion was 0.8266%, which was an increase of its proportion of 0.7967% measured as of June 30, 2020.

For the year ended June 30, 2022, the Otero County recognized PERA Fund Division municipal police pension expense of \$489,327. At June 30, 2022, 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	\$323,196	\$0
Changes of assumptions	1,665	0
Net difference between projected and actual earnings on pension plan investments	0	1,549,626
Changes in proportion and differences between Otero County contributions and proportionate share of contributions	296,405	195,575
<u>Otero County contributions subsequent to the measurement date</u>	<u>406,588</u>	<u>0</u>
Total	\$1,027,854	\$1,745,201

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

\$406,588 reported as deferred outflows of resources related to pensions resulting from Otero County contributions subsequent to the measurement date June 30, 2021 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	(\$159,693)
2023	(67,557)
2024	(264,703)
2025	(631,982)
	<u><u>(\$1,123,935)</u></u>

For PERA Fund Division Municipal Fire, at July 1, 2022, the Otero County reported a liability of \$592,560 for it's proportionate share of the net pension liability. At June 30, 2021 Otero County's proportion was 0.9762% which was an increase of it's proportion of 0.0925% measured as of June 30, 2020.

For the year ended June 30, 2022, the Otero County recognized PERA Fund Division municipal fire pension expense of \$229,277. At June 30, 2022, the Otero County reported PERA Fund Division municipal fire deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$8,878	\$822
Changes of assumptions	88	0
Net difference between projected and actual earnings on pension plan investments	0	86,517
Changes in proportion and differences between Otero County contributions and proportionate share of contributions	316,014	0
<u>Otero County contributions subsequent to the measurement date</u>	<u>31,798</u>	<u>0</u>
Total	\$356,778	\$87,339

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

\$35,291 reported as deferred outflows of resources related to pensions resulting from Otero County contributions subsequent to the measurement date June 30, 2021 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$162,801
2022	122,170
2023	(12,039)
<u>2024</u>	<u>(35,291)</u>
	\$237,641

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2020 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2021 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2021. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2020 actuarial valuation.

Valuation date	June 30, 2020
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Amortization period	Solved for based on statutory rates
Actuarial assumptions:	
Investment rate of return	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.00%
Projected salary increases*	3.25% to 13.50% annual rate
Includes inflation at	
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 generational. 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, 2022

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	35.50%	5.90%
Risk Reduction & Mitigation	19.50%	1.00%
Client Oriented Fixed Income	15.00%	4.20%
Real Assets to include Real Estate Equity	20.00%	6.00%
Multi-Risk Allocation	10.00%	6.40%
Total	100.00%	

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	\$14,848,458	\$8,277,748	\$2,827,151
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	\$7,484,351	\$4,274,985	\$1,648,659
PERA Fund Division Municipal Fire	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Otero County's proportionate share of the net pension liability	\$818,014	\$592,560	\$407,268

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 FY21 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, 2022, 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, 2022

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, 2022

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, 2022. 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 \$351,291. 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, 2022

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, 2022, 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, 2022

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, 2022 on ongoing construction projects is \$7,816,065.

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 \$69,003,024 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, 2022, the date of the most recent Statement of Net Position, have been evaluated for possible adjustment to the financial statements or disclosures is January 16, 2023, which is the date on the financial statements were available to be issued.

NOTE 21. RESTATEMENTS

In fiscal year 2022, the County implemented GASB No. 87 Leases. The County was required to record right-to-use lease assets and lease liabilities for lease contracts where the County was the lessee. In addition the County was the lessor on certain leases requiring the recording of Leases Receivable and Deferred inflows of resources – leases.

County as Lessee:	As of June 30, 2021
Right-to-use lease assets	\$314,570
Leases Payable	(\$314,570)

County as Lessor:	As of June 30, 2021
Lease Receivables	\$684,929
Deferred Inflows of Resources - leases	(\$684,929)

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 22. 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 ANUALLY 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.	\$106.06
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 <u>receivable by your agency</u> in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	\$53.03
For any Payments in Lieu of Taxes (PILOTs) or similar payments <u>receivable by a different agency</u> 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, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
	2022	2021	2020	2019	2018	2017	2016	2015
Otero County's proportion of the net pension liability (asset)	0.7347%	0.7143%	0.7405%	0.8078%	0.7423%	0.7530%	0.7734%	0.8016%
Otero County's proportionate share of the net pension liability (asset)	\$8,277,748	\$14,444,770	\$12,818,791	\$12,879,321	\$10,199,830	\$12,030,406	\$7,885,483	\$6,253,340
Otero County's covered-employee payroll	\$6,951,803	\$6,734,490	\$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	119.07%	214.49%	189.81%	196.35%	144.65%	184.00%	122.96%	96.10%
Plan fiduciary net position as a percentage of the total pension liability	77.25%	66.36%	70.52%	71.13%	73.74%	69.18%	76.99%	81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the 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, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
	2022	2021	2020	2019	2018	2017	2016	2015
Otero County's proportion of the net pension liability (asset)	0.8266%	0.7967%	0.7478%	0.8887%	0.9001%	0.8784%	0.8554%	0.9452%
Otero County's proportionate share of the net pension liability (asset)	\$4,274,985	\$6,842,614	\$5,523,766	\$6,063,638	\$5,000,646	\$6,481,097	\$4,113,243	\$3,081,249
Otero County's covered-employee payroll	\$1,938,375	\$1,875,211	\$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	220.54%	364.90%	331.86%	334.82%	270.15%	380.82%	245.16%	169.28%
Plan fiduciary net position as a percentage of the total pension liability	77.25%	66.36%	70.52%	71.13%	73.74%	69.18%	76.99%	81.29%

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

**SCHEDULE OF THE OTERO COUNTY'S PROPORTIONATE
OF THE NET PENSION LIABILITY OF PERA FUND DIVISION
MUNICIPAL FIRE**

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

	As of Measurement Date	As of Measurement Date
	2022	2021
Otero County's proportion of the net pension liability (asset)	0.0976%	0.7143%
Otero County's proportionate share of the net pension liability (asset)	\$592,560	\$699,646
Otero County's covered-employee payroll	\$139,367	\$129,328
Otero County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	425.18%	540.98%
Plan fiduciary net position as a percentage of the total pension liability	77.25%	66.36%

*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*

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$684,674	\$681,277	\$659,980	\$644,960	\$626,409	\$673,374	\$624,390	\$798,859
Contributions in relation to the contractually required contribution	\$684,674	\$681,277	\$659,980	\$644,960	\$626,409	\$673,374	\$624,390	\$748,859
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Otero County's covered-employee payroll	\$6,987,587	\$6,951,803	\$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% 9.80% 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*

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$406,588	\$371,199	\$359,103	\$314,586	\$342,278	\$349,852	\$321,656	\$334,217
Contributions in relation to the contractually required contribution	\$406,588	\$371,199	\$359,103	\$314,586	\$342,278	\$349,852	\$321,656	\$334,217
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Otero County's covered-employee payroll	\$2,123,177	\$1,938,375	\$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% 19.15% 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.

SCHEDULE OF OTERO COUNTY'S CONTRIBUTIONS

Public Employees Retirement Association (PERA) Plan

PERA FUND DIVISION MUNICIPAL FIRE

Last 10 Fiscal Years*

	2022	2021
Contractually required contribution	\$31,798	\$30,521
Contributions in relation to the contractually required contribution	\$31,798	\$30,521
Contribution deficiency (excess)	\$0	\$0
Otero County's covered-employee payroll	\$145,198	\$139,367
Contributions as a percentage of covered-employee payroll	21.90%	21.90%

*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, 2022

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 ACFR. <https://www.saonm.org>

Changes of assumptions: The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2020 report is available at <https://www.saonm.org>

SUPPLEMENTARY INFORMATION

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 for each fire district fund. 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.

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.

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.

OTERO COUNTY
SPECIAL REVENUE FUNDS
JUNE 30, 2022

Special Revenue Funds (Continued)

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.

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.

OTERO COUNTY
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2022

	CDBG Grants	Clerk's Equipment	DWI Grant	EMS
ASSETS				
Cash and cash equivalents	\$86,139	\$198,295	\$233,517	\$64,691
Investments	0	0	0	0
Receivables:				
Property taxes	0	0	0	0
Other taxes	0	0	0	0
Other receivables	17,870	0	0	0
Inventory	0	0	0	0
Prepaid expenses	0	0	0	0
Total assets	\$104,009	\$198,295	\$233,517	\$64,691
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$0	\$0	\$81	\$0
Due to general fund	0	0	0	0
Accrued payroll expenses	0	0	11,881	0
Accrued compensated absences - current	0	0	0	0
Total liabilities	0	0	11,962	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	198,295	0	0
Maintenance of roads	0	0	0	0
Environment	0	0	0	0
Recreation	0	0	0	0
Public safety	0	0	0	64,691
Healthcare/health services	104,009	0	221,555	0
Debt service expenditures	0	0	0	0
Unrestricted	0	0	0	0
Total fund balance	104,009	198,295	221,555	64,691
Total liabilities, deferred inflows of resources, and fund balance	\$104,009	\$198,295	\$233,517	\$64,691

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

OTERO COUNTY
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2022

	Environmental Gross Receipts Tax	Farm and Range	Fire Funds	HIDTA Grant/ Task Force Coordinator
ASSETS				
Cash and cash equivalents	\$103,317	\$129,964	\$4,851,406	\$0
Investments	0	0	3,454,853	0
Receivables:				
Property taxes	0	0	0	0
Other taxes	430,581	0	861,164	0
Other receivables	0	0	14,627	0
Inventory	0	0	0	0
Prepaid expenses	0	0	66,794	0
Total assets	\$533,898	\$129,964	\$9,248,844	\$0
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$13,282	\$0	\$13,614	\$0
Due to general fund	0	0	0	0
Accrued payroll expenses	31,713	0	0	3,070
Accrued compensated absences - current	0	0	0	0
Total liabilities	44,995	0	13,614	3,070
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	66,794	0
Spendable				
Restricted for:				
General county operations	0	129,964	0	0
Maintenance of roads	0	0	0	0
Environment	488,903	0	0	0
Recreation	0	0	0	0
Public safety	0	0	9,168,436	0
Healthcare/health services	0	0	0	0
Debt service expenditures	0	0	0	0
Unrestricted	0	0	0	(3,070)
Total fund balance	488,903	129,964	9,235,230	(3,070)
Total liabilities, deferred inflows of resources, and fund balance	\$533,898	\$129,964	\$9,248,844	\$0

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

OTERO COUNTY
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2022

	Indigent (Safety Net Care Pool)	Landfill Closure	Law Enforcement Protection	Property Valuation
ASSETS				
Cash and cash equivalents	\$205,039	\$27,817	\$7,069	\$192,668
Investments	4,686,709	0	0	0
Receivables:				
Property taxes	0	0	0	0
Other taxes	959,400	0	0	0
Other receivables	0	0	0	0
Inventory	0	0	0	0
Prepaid expenses	0	0	0	0
Total assets	\$5,851,148	\$27,817	\$7,069	\$192,668
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$0	\$0	\$0	\$118,795
Due to general fund	0	0	0	0
Accrued payroll expenses	3,642	0	0	11,838
Accrued compensated absences - current	0	0	0	0
Total liabilities	3,642	0	0	130,633
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	62,035
Maintenance of roads	0	0	0	0
Environment	0	27,817	0	0
Recreation	0	0	0	0
Public safety	0	0	7,069	0
Healthcare/health services	5,847,506	0	0	0
Debt service expenditures	0	0	0	0
Unrestricted	0	0	0	0
Total fund balance	5,847,506	27,817	7,069	62,035
Total liabilities, deferred inflows of resources, and fund balance	\$5,851,148	\$27,817	\$7,069	\$192,668

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

OTERO COUNTY
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2022

	Road	Secure Rural Schools Grant	Total
ASSETS			
Cash and cash equivalents	\$412,014	\$80,778	\$6,592,714
Investments	0	0	8,141,562
Receivables:			
Property taxes	0	0	0
Other taxes	579,735	0	2,830,880
Other receivables	0	0	32,497
Inventory	81,399	0	81,399
Prepaid expenses	22,607	0	89,401
Total assets	\$1,095,755	\$80,778	\$17,768,453
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$35,390	\$0	\$181,162
Due to general fund	0	0	0
Accrued payroll expenses	63,637	0	125,781
Accrued compensated absences - current	0	0	0
Total liabilities	99,027	0	306,943
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue:			
Property taxes	0	0	0
Total deferred inflows of resources	0	0	0
Fund Balance:			
Nonspendable			
Inventory	81,399	0	81,399
Prepaid expenses	22,607	0	89,401
Spendable			
Restricted for:			
General county operations	0	0	390,294
Maintenance of roads	892,722	0	892,722
Environment	0	0	516,720
Recreation	0	0	0
Public safety	0	0	9,240,196
Healthcare/health services	0	80,778	6,253,848
Debt service expenditures	0	0	0
Unrestricted	0	0	(3,070)
Total fund balance	996,728	80,778	17,461,510
Total liabilities, deferred inflows of resources, and fund balance	\$1,095,755	\$80,778	\$17,768,453

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, 2022

	CDBG Grants	Clerk's Equipment	DWI Grant	EMS
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	17,870	0	0	0
State operating grants	0	0	405,079	120,862
State capital grants	0	0	0	0
Charges for services	0	92,232	27,799	0
Sale of property	0	0	0	0
Investment income (loss)	0	0	0	0
Miscellaneous	0	0	0	0
<i>Total revenues</i>	<i>17,870</i>	<i>92,232</i>	<i>432,878</i>	<i>120,862</i>
EXPENDITURES				
Current:				
General government	0	60,540	0	0
Public works	0	0	0	0
Public safety	0	0	0	114,990
Health and welfare	0	0	403,453	0
Culture and recreation	0	0	0	0
Capital outlay	20,287	68,096	0	0
Debt Service:				0
Lease payments (P&I)	0	4,817	2,869	0
Principal	0	0	0	0
Interest	0	0	0	0
<i>Total expenditures</i>	<i>20,287</i>	<i>133,453</i>	<i>406,322</i>	<i>114,990</i>
<i>Excess (deficiency) of revenues over expenditures</i>	<i>(2,417)</i>	<i>(41,221)</i>	<i>26,556</i>	<i>5,872</i>
Other Financing Sources (Uses):				
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>Net changes in fund balances</i>	<i>(2,417)</i>	<i>(41,221)</i>	<i>26,556</i>	<i>5,872</i>
Fund balance - beginning of year	106,426	239,516	194,999	58,819
<i>Fund balance - end of year</i>	<i>\$104,009</i>	<i>\$198,295</i>	<i>\$221,555</i>	<i>\$64,691</i>

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, 2022

	Environmental Gross Receipts Tax	Farm and Range	Fire Funds	HIDTA Grant/ Task Force Coordinator
REVENUES				
Taxes:				
Property	\$0	\$0	\$0	\$0
Gross receipts	1,106,798	0	2,213,613	0
Gasoline and motor vehicle	0	0	0	0
Intergovernmental:				
Federal operating grants	0	19,093	0	22,425
Federal capital grants	0	0	0	0
State operating grants	0	0	2,612,652	0
State capital grants	0	0	1,661,409	0
Charges for services	88,602	0	0	0
Sale of property	0	0	0	0
Investment income (loss)	195	656	(181,420)	0
Miscellaneous	909	0	178,190	0
<i>Total revenues</i>	<i>1,196,504</i>	<i>19,749</i>	<i>6,484,444</i>	<i>22,425</i>
EXPENDITURES				
Current:				
General government	0	12,273	0	0
Public works	1,245,377	0	0	0
Public safety	0	0	1,610,951	113,076
Health and welfare	0	0	0	0
Culture and recreation	0	0	0	0
Capital outlay	305,842	0	1,043,480	0
Debt Service:				
Lease payments (P&I)	0	0	901	0
Principal	0	0	0	0
Interest	0	0	0	0
<i>Total expenditures</i>	<i>1,551,219</i>	<i>12,273</i>	<i>2,655,332</i>	<i>113,076</i>
<i>Excess (deficiency) of revenues over expenditures</i>	<i>(354,715)</i>	<i>7,476</i>	<i>3,829,112</i>	<i>(90,651)</i>
Other Financing Sources (Uses):				
Transfers in	802,650	0	429,032	89,998
Transfers (out)	0	0	(530,009)	0
<i>Total other financing sources (uses)</i>	<i>802,650</i>	<i>0</i>	<i>(100,977)</i>	<i>89,998</i>
<i>Net changes in fund balances</i>	<i>447,935</i>	<i>7,476</i>	<i>3,728,135</i>	<i>(653)</i>
<i>Fund balance - beginning of year</i>	<i>40,968</i>	<i>122,488</i>	<i>5,507,095</i>	<i>(2,417)</i>
<i>Fund balance - end of year</i>	<i>\$488,903</i>	<i>\$129,964</i>	<i>\$9,235,230</i>	<i>(\$3,070)</i>

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, 2022

	Indigent (Safety Net Care Pool)	Landfill Closure	Law Enforcement Protection	Property Valuation
REVENUES				
Taxes:				
Property	\$0	\$0	\$0	\$0
Gross receipts	4,477,445	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	0	55,200	0
State capital grants	0	0	0	0
Charges for services	0	0	0	303,229
Sale of property	0	0	0	0
Investment income (loss)	(272,518)	177	0	0
Miscellaneous	24,269	8,273	0	0
<i>Total revenues</i>	<i>4,229,196</i>	<i>8,450</i>	<i>55,200</i>	<i>303,229</i>
EXPENDITURES				
Current:				
General government	0	0	0	320,228
Public works	0	11,031	0	0
Public safety	0	0	0	0
Health and welfare	2,105,973	0	0	0
Culture and recreation	0	0	0	0
Capital outlay	0	0	62,044	330,965
Debt Service:				
Lease payments (P&I)	1,964	0	0	0
Principal	0	0	0	0
Interest	0	0	0	0
<i>Total expenditures</i>	<i>2,107,937</i>	<i>11,031</i>	<i>62,044</i>	<i>651,193</i>
<i>Excess (deficiency) of revenues over expenditures</i>	<i>2,121,259</i>	<i>(2,581)</i>	<i>(6,844)</i>	<i>(347,964)</i>
Other Financing Sources (Uses):				
Transfers in	0	0	0	140,410
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>140,410</i>
<i>Net changes in fund balances</i>	<i>2,121,259</i>	<i>(2,581)</i>	<i>(6,844)</i>	<i>(207,554)</i>
<i>Fund balance - beginning of year</i>	<i>3,726,247</i>	<i>30,398</i>	<i>13,913</i>	<i>269,589</i>
<i>Fund balance - end of year</i>	<i>\$5,847,506</i>	<i>\$27,817</i>	<i>\$7,069</i>	<i>\$62,035</i>

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, 2022

	Road	Secure Rural Schools Grant	Total
REVENUES			
Taxes:			
Property	\$0	\$0	\$0
Gross receipts	0	0	7,797,856
Gasoline and motor vehicle	1,176,647	0	1,176,647
Intergovernmental:			
Federal operating grants	0	48,928	90,446
Federal capital grants	297,066	0	314,936
State operating grants	724,529	0	3,918,322
State capital grants	0	0	1,661,409
Charges for services	0	0	511,862
Sale of property	5,622	0	5,622
Investment income (loss)	0	0	(452,910)
Miscellaneous	2,142	0	213,783
<i>Total revenues</i>	<i>2,206,006</i>	<i>48,928</i>	<i>15,237,973</i>
EXPENDITURES			
Current:			
General government	0	0	393,041
Public works	2,959,760	0	4,216,168
Public safety	0	46,991	1,886,008
Health and welfare	0	0	2,509,426
Culture and recreation	0	0	0
Capital outlay	254,541	0	2,085,255
Debt Service:			
Lease payments (P&I)	43,788	0	54,339
Principal	0	0	0
Interest	0	0	0
<i>Total expenditures</i>	<i>3,258,089</i>	<i>46,991</i>	<i>11,144,237</i>
<i>Excess (deficiency) of revenues over expenditures</i>	<i>(1,052,083)</i>	<i>1,937</i>	<i>4,093,736</i>
Other Financing Sources (Uses):			
Transfers in	1,448,500	0	2,910,590
Transfers (out)	0	0	(530,009)
<i>Total other financing sources (uses)</i>	<i>1,448,500</i>	<i>0</i>	<i>2,380,581</i>
<i>Net changes in fund balances</i>	<i>396,417</i>	<i>1,937</i>	<i>6,474,317</i>
<i>Fund balance - beginning of year</i>	<i>600,311</i>	<i>78,841</i>	<i>10,987,193</i>
<i>Fund balance - end of year</i>	<i>\$996,728</i>	<i>\$80,778</i>	<i>\$17,461,510</i>

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

OTERO COUNTY
CAPITAL PROJECT FUNDS
JUNE 30, 2022

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, 2022

	Legislative Grants
ASSETS	
Cash and cash equivalents	\$0
Investments	0
Receivables:	
Property taxes	0
Other taxes	0
Other receivables	73,391
Leases Receivable	
Inventory	0
Prepaid expenses	0
Due from other funds	0
Total assets	\$73,391
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$6,994
Accrued payroll expenses	0
Accrued compensated absences	0
Due to other funds	67,255
Total liabilities	74,249
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue:	
Property taxes	0
Grant revenue	6,941
Total deferred inflows of resources	6,941
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	0
Committed to:	
Minimum fund balance	0
Unassigned	(7,799)
Total fund balance	(7,799)
Total liabilities, deferred inflows of resources, and fund balance	\$73,391

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, 2022

	Legislative Grants
REVENUES	
Taxes:	
Property	\$0
Gross receipts	0
Gasoline and motor vehicle	0
Intergovernmental:	
Federal operating grants	179,739
Federal capital grants	0
State operating grants	0
State capital grants	946,725
Payment in lieu of taxes	0
Franchise Fees	0
Charges for services	0
Sale of County property	0
Rent income	0
Investment income (loss)	0
Miscellaneous	0
<i>Total revenues</i>	<i>1,126,464</i>
EXPENDITURES	
Current:	
General government	0
Public works	0
Public safety	76,959
Health and welfare	40,093
Culture and recreation	0
Capital outlay	1,121,880
Debt Service:	
Lease payments (P&I)	0
Principal	0
Interest	0
<i>Total expenditures</i>	<i>1,238,932</i>
<i>Excess (deficiency) of revenues over expenditures</i>	<i>(112,468)</i>
Other Financing Sources (Uses):	
Proceeds from debt	0
Proceeds from leases	0
Cost of issuance	0
Transfers in	0
Transfers (out)	0
<i>Total other financing sources (uses)</i>	<i>0</i>
<i>Net changes in fund balances</i>	<i>(112,468)</i>
<i>Fund balance - beginning of year</i>	<i>104,669</i>
<i>Fund balance - end of year</i>	<i>(\$7,799)</i>

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

OTERO COUNTY
DEBT SERVICE FUNDS
JUNE 30, 2022

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.

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, 2022

	Debt Service	Other Debt Service (NMFA)	Totals
ASSETS			
Cash and cash equivalents	\$1,565	\$351,836	\$353,401
Investments	0	0	0
Receivables:			0
Property taxes	0	0	0
Other taxes	0	0	0
Other receivables	0	0	0
Inventory	0	0	0
Prepaid expenses	0	0	0
Total assets	\$1,565	\$351,836	\$353,401
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$0	\$0	\$0
Accrued payroll expenses	0	0	0
Total liabilities	0	0	0
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue:			
Property taxes	0	0	0
Total deferred inflows of resources	0	0	0
Fund Balance:			
Nonspendable			
Inventory	0	0	0
Prepaid expenses	0	0	0
Spendable			
Restricted for:			
General county operations	0	0	0
Maintenance of roads	0	0	0
Environment	0	0	0
Recreation	0	0	0
Public safety	0	0	0
Healthcare	0	0	0
Debt service expenditures	1,565	351,836	353,401
Total fund balance	1,565	351,836	353,401
Total liabilities, deferred inflows of resources, and fund balance	\$1,565	\$351,836	\$353,401

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, 2022

	Debt Service	Other Debt Service (NMFA)	Totals
REVENUES			
Taxes:			
Property	\$0	\$0	\$0
Gross receipts	0	0	0
Gasoline and motor vehicle	0	0	0
Intergovernmental:			
Federal operating grants	0	0	0
State operating grants	0	0	0
State capital grants	0	0	0
Charges for services	0	0	0
Investment income (loss)	9	1,640	1,649
Miscellaneous	0	0	0
<i>Total revenues</i>	<i>9</i>	<i>1,640</i>	<i>1,649</i>
EXPENDITURES			
Current:			
General government	0	0	0
Public works	0	0	0
Public safety	0	0	0
Health and welfare	0	0	0
Culture and recreation	0	0	0
Capital outlay	0	0	0
Debt Service:			
Principal	0	411,230	411,230
Interest	0	76,558	76,558
<i>Total expenditures</i>	<i>0</i>	<i>487,788</i>	<i>487,788</i>
<i>Excess (deficiency) of revenues over expenditures</i>	<i>9</i>	<i>(486,148)</i>	<i>(486,139)</i>
Other Financing Sources (Uses):			
Proceeds from debt	0	216,901	216,901
Cost of issuance	0	(3,577)	(3,577)
Transfers in	0	464,009	464,009
Transfers (out)	0	(396,032)	(396,032)
<i>Total other financing sources (uses)</i>	<i>0</i>	<i>281,301</i>	<i>281,301</i>
<i>Net changes in fund balances</i>	<i>9</i>	<i>(204,847)</i>	<i>(204,838)</i>
<i>Fund balance - beginning of year</i>	<i>1,556</i>	<i>556,683</i>	<i>558,239</i>
<i>Fund balance - end of year</i>	<i>\$1,565</i>	<i>\$351,836</i>	<i>\$353,401</i>

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, 2022

	Special Revenue	Capital Projects	Debt Service	Total
ASSETS				
Cash and cash equivalents	\$6,592,714	\$0	\$353,401	\$6,946,115
Investments	8,141,562	0	0	8,141,562
Receivables:				
Property taxes	0	0	0	0
Other taxes	2,830,880	0	0	2,830,880
Other receivables	32,497	73,391	0	105,888
Inventory	81,399	0	0	81,399
Prepaid expenses	89,401	0	0	89,401
Total assets	\$17,768,453	\$73,391	\$353,401	\$18,195,245
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$181,162	\$6,994	\$0	\$188,156
Due to other funds	0	67,255	0	67,255
Accrued payroll expenses	125,781	0	0	125,781
Accrued compensated absences	0	0	0	0
Total liabilities	306,943	74,249	0	381,192
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:				
Property taxes	0	0	0	0
Grant revenue	0	6,941	0	6,941
Total deferred inflows of resources	0	6,941	0	6,941
Fund Balance:				
Nonspendable				
Inventory	81,399	0	0	81,399
Prepaid expenses	89,401	0	0	89,401
Spendable				
Restricted for:				
General county operations	390,294	0	0	390,294
Maintenance of roads	892,722	0	0	892,722
Environment	516,720	0	0	516,720
Public safety	9,240,196	0	0	9,240,196
Healthcare/health services	6,253,848	0	0	6,253,848
Debt service expenditures	0	0	353,401	353,401
Unrestricted	(3,070)	(7,799)	0	(10,869)
Total fund balance	17,461,510	(7,799)	353,401	17,807,112
Total liabilities, deferred inflows of resources, and fund balance	\$17,768,453	\$73,391	\$353,401	\$18,195,245

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, 2022

	Special Revenue	Capital Projects	Debt Service	Total
REVENUES				
Taxes:				
Property	\$0	\$0	\$0	\$0
Gross receipts	7,797,856	0	0	7,797,856
Gasoline and motor vehicle	1,176,647	0	0	1,176,647
Intergovernmental:				
Federal operating grants	90,446	179,739	0	270,185
Federal capital grants	314,936	0	0	314,936
State operating grants	3,918,322	0	0	3,918,322
State capital grants	1,661,409	946,725	0	2,608,134
Charges for services	511,862	0	0	511,862
Sale of property	5,622	0	0	5,622
Investment income (loss)	(452,910)	0	1,649	(451,261)
Miscellaneous	213,783	0	0	213,783
<i>Total revenues</i>	<i>15,237,973</i>	<i>1,126,464</i>	<i>1,649</i>	<i>16,366,086</i>
EXPENDITURES				
Current:				
General government	393,041	0	0	393,041
Public works	4,216,168	0	0	4,216,168
Public safety	1,886,008	76,959	0	1,962,967
Health and welfare	2,509,426	40,093	0	2,549,519
Culture and recreation	0	0	0	0
Capital outlay	2,085,255	1,121,880	0	3,207,135
Debt Service:				
Lease payments (P&I)	54,339	0	0	54,339
Principal	0	0	411,229	411,229
Interest	0	0	76,559	76,559
<i>Total expenditures</i>	<i>11,144,237</i>	<i>1,238,932</i>	<i>487,788</i>	<i>12,870,957</i>
<i>Excess (deficiency) of revenues over expenditures</i>	<i>4,093,736</i>	<i>(112,468)</i>	<i>(486,139)</i>	<i>3,495,129</i>
Other Financing Sources (Uses):				
Proceeds from debt	0	0	216,901	216,901
Cost of issuance	0	0	(3,577)	(3,577)
Transfers in	2,910,590	0	464,009	3,374,599
Transfers (out)	(530,009)	0	(396,032)	(926,041)
<i>Total other financing sources (uses)</i>	<i>2,380,581</i>	<i>0</i>	<i>281,301</i>	<i>2,661,882</i>
<i>Net changes in fund balances</i>	<i>6,474,317</i>	<i>(112,468)</i>	<i>(204,838)</i>	<i>6,157,011</i>
<i>Fund balance - beginning of year</i>	<i>10,987,193</i>	<i>104,669</i>	<i>558,239</i>	<i>11,650,101</i>
<i>Fund balance - end of year</i>	<i>\$17,461,510</i>	<i>(\$7,799)</i>	<i>\$353,401</i>	<i>\$17,807,112</i>

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

OTHER SUPPLEMENTARY INFORMATION

OTERO COUNTY
SCHEDULE OF LEGISLATIVE GRANTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Project	Agency	Grant #	Reversion Date	Original Amount
Otero CO Emergency OP CRT Equip	DFA	A18C2536	06/30/22	113,850
Timberon Fire Station	DFA	20-E2640	06/30/24	750,000
OCSO Vehicles	DFA	20-E2647	06/30/23	373,704
Appler Road Low Water Crossing	DOT	C2202823	06/30/24	578,500
Otero Co EOC	DOT	21-F4048	06/30/23	100,000
Otero Co Sheriff Vehicles	DFA	21-F2816	06/30/23	400,000
Otero Co EOC REN	DFA	21-F2815	06/30/25	300,000
Riata Road	DOT	C2213027	06/30/25	3,534,481
Suzy Ann Street Bridge	DOT	C2213028	06/30/25	1,000,000
<i>Grand totals</i>				<i>\$7,150,535</i>

OTERO COUNTY
SCHEDULE OF LEGISLATIVE GRANTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Project	Arts in Public Places	Net Amount	Expenditures to Date	Reverted	Remaining
Otero CO Emergency OP CRT Equip	\$0	\$113,850	\$113,850	\$0	\$0
Timberon Fire Station	7,500	742,500	741,085	0	1,415
OCSO Vehicles	0	373,704	347,791	25,913	0
Appler Road Low Water Crossing	0	578,500	150,168	0	428,332
Otero Co EOC	0	100,000	41,782	0	58,218
Otero Co Sheriff Vehicles	0	400,000	160,298	0	239,702
Otero Co EOC REN	3,000	297,000	129,257	0	167,743
Riata Road	0	3,534,481	87,638	0	3,446,843
Suzy Ann Street Bridge	0	1,000,000	0	0	1,000,000
<i>Grand totals</i>	<i>\$10,500</i>	<i>\$7,140,035</i>	<i>\$1,771,869</i>	<i>\$25,913</i>	<i>\$5,342,253</i>

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, 2022

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value
				June 30, 2022
Bank 34				
	FNMA 20YR	5/1/2029	3140JANV6	\$1,082,843
	FGLMC 20YR	1/1/2034	3128P75C3	\$1,089,775
	FHR 4579 BA	1/15/2043	3137BPP29	159,359
	FNR 2013-18TD	2/25/2033	3136ACZH7	372,644
	FHLMC POOL SD	4/1/2050	3132DVK20	560,169
	SBAP 2006-20E1	5/1/2026	83162CQG1	109,590
	FNMA 30YR	5/1/2049	3140X5YU1	1,182,356
	<i>FNMA 30YR</i>	<i>04/01/40</i>	<i>31418NBK5</i>	<i>142,285</i>
	<i>Total Bank 34</i>			<i>4,699,021</i>

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	FNMA Pool #FM4131	1/1/2047	3140X7SV2	1,475,213
	FHLMC Pool #RE6049	6/1/2050	3133N3WJ9	861,092
	FHLMC Pool #J14944	4/1/2026	3128PUP55	71,283
	FNMA Pool #MA4202	12/1/2040	31418DU42	1,378,489
	FNMA Pool #AH8166	4/1/2026	3138AACC3	111,332
	FNMA Pool #893271	8/1/2026	31410PMU4	2,487
	FNMA Pool #AB3163	6/1/2031	31416YQR2	93,969
	FNMA Pool #FM3734	9/1/2049	3140X7EG0	1,663,754
	FNMA Pool #AB4713	3/1/2032	31417BGX9	188,355
	FNMA Pool #MA13338	2/1/2033	31418APY8	781,132
	FNMA Pool #945117	8/1/2037	31413GPA2	7,899
	FNMA Pool #MA4309	4/1/2031	31418DYF3	1,435,670
	FNMA Pool #MA4331	5/1/2031	31418DYF5	1,488,423
	FNMA Pool #MA4496	12/1/2036	31418D7J5	1,266,167
	FNMA Pool #MA4475	11/1/2041	31418D6M9	2,114,873
	<i>Total First National Bank of Alamogordo</i>			<i>12,940,138</i>

Name and location of safekeeper for above pledged collateral:

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

OTERO COUNTY

SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY OF PUBLIC FUNDS JUNE 30, 2022

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2022
First Savings Bank				
	GNR 2018-153WJ	11/20/2045	38381A258	64,546
	FNMA 20YR	4/1/2041	3140QKDF2	163,222
	GNR 2020-7MJ	8/20/2049	38382DCD9	57,679
	FHR 4136NE	11/15/2027	3137AWKN4	23,620
	FHLMC 15YR	5/1/2027	3128MDEC3	82,286
	FNMA 2042	3/1/2039	3140JAM62	65,438
	FRLMC 20YR	3/1/2041	3133D3XV2	1,325,397
	FNR 2013-111PL	12/25/2042	3136AG5B4	171,236
	FHLMC 15YR	1/1/2030	3128ME4V0	22,712
	FHR 4080	5/15/2032	3137ARS72	30,515
	GNR 2018-153WJ	11/20/2045	38381AZ58	38,727
	GNR 2018-153 WJ	11/20/2045	38381AZ58	38,727
	GNR 2018-12 MG	7/20/2046	38380UT52	57,204
	FRLMC 30YR	2/1/2051	3132DMTE5	73,556
	GNMA II 30YR	3/20/2051	3622AAZN7	79,408
	Total First Savings Bank			2,294,273

*Name and location of safekeeper for above pledged collateral:
First Savings Bank, 201 North Third Street, Beresford, SD 57004*

Washington Federal Bank	FHLMC PL#Q22217	10/1/2043	3132JPPA4	128,508
	Total Washington Federal Bank			128,508

*Name and location of safekeeper for above pledged collateral:
Federal Home Loan Bank, 909 Locust St Ste201 Des Moines, IA*

Total Pledged Collateral **\$20,061,940**

OTERO COUNTY
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
JUNE 30, 2022

Bank Account Type/Name	NM State Treasurer	Bank 34	First National Bank of Alamogordo	First Savings Bank
Checking Inmate Trust Fund - Non-Interest Bearing	\$0	\$0	\$41,624	\$0
Checking Sheriff's Dept./DARE Program	0	0	10,618	0
Checking Operational- Interest Bearing	0	0	8,518,520	254,420
Money Market- Interest Bearing	0	0	4,273,652	0
Federal Home Loan Bank Bond	0	0	0	0
Federal Farm Credit Bank Bond	0	0	0	0
Certificate of Deposit	0	2,500,000	0	1,300,000
Federal Home Loan Mortgage Corp	0	0	0	0
Brokered Certificates of Deposit	0	0	0	0
US Treasuries	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 Trustee Fees	0	0	0	0
Series 2012 Revenue 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	7,561,681	0	0	0
Total	7,561,681	2,500,000	12,844,414	1,554,420
Reconciling Items	0	0	(794,737)	0
Reconciled Balance	\$7,561,681	\$2,500,000	\$12,049,677	\$1,554,420

OTERO COUNTY
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
JUNE 30, 2022

Bank Account Type/Name	Washington Federal Bank	Vining Sparks	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	9,485
Federal Home Loan Bank Bond	0	6,257,695	1,312,873
Federal Farm Credit Bank Bond	0	3,506,460	1,328,595
Certificate of Deposit	500,000	0	0
Federal Home Loan Mortgage Corp	0	1,139,883	0
Brokered Certificates of Deposit	0	5,465,520	5,413,260
US Treasuries	0	1,929,355	0
Series 2007 Revenue Account	0	0	0
Series 2007 Bond Account	0	0	0
Series 2007 Reserve Account	0	0	0
Series 2007 Trustee Fees	0	0	0
Series 2012 Revenue 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	500,000	18,298,913	8,064,213
Reconciling Items	0	0	0
Reconciled Balance	\$500,000	\$18,298,913	\$8,064,213

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

OTERO COUNTY
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
JUNE 30, 2022

Bank Account Type/Name	US Bank	Bank of NY Mellon	Totals
Checking Inmate Trust Fund - Non-Interest Bearing	\$0	\$0	\$41,624
Checking Sheriff's Dept./DARE Program	0	0	10,618
Checking Operational- Interest Bearing	0	0	8,772,940
Money Market- Interest Bearing	0	0	4,283,137
Federal Home Loan Bank Bond	0	0	7,570,568
Federal Farm Credit Bank Bond	0	0	4,835,055
Certificate of Deposit	0	0	4,300,000
Federal Home Loan Mortgage Corp	0	0	1,139,883
Brokered Certificates of Deposit	0	0	10,878,780
US Treasuries	0	0	1,929,355
Series 2007 Revenue Account	2,031,158	0	2,031,158
Series 2007 Bond Account	25	0	25
Series 2007 Reserve Account	3,320,589	0	3,320,589
Series 2007 Trustee Fees	1,084	0	1,084
Series 2012 Revenue Fund	2,898,235	0	2,898,235
Series 2012 Principal Account	92,574	0	92,574
Series 2012 Interest Account	42,449	0	42,449
Series 2012 Redemption Account	11,225,077	0	11,225,077
Series 2012 Reserve Fund	1,633,055	0	1,633,055
Series 2012 Administration Account	2,918	0	2,918
Series 2012 Rebate Account	6,207	0	6,207
Series 2014 Bond Fund	939,268	0	939,268
Series 2014 Debt Service Reserve Fund	1,682,228	0	1,682,228
Series 2014 Redemption Account	2,721,325	0	2,721,325
Series 2014 Equity Account	180,105	0	180,105
Series 2014 Refunding Account	135	0	135
Series 2014 Cost of Issuance Account	5	0	5
NMFA Reserve Account and debt service	0	351,836	351,836
Local Government Investment Pool	0	0	7,561,681
Total	26,776,437	351,836	78,451,914
Reconciling Items	0	0	(794,737)
Reconciled Balance	\$26,776,437	\$351,836	\$77,657,177
Cash on Hand			1,147
			\$77,658,324

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

OTERO COUNTY
SCHEDULE OF TAX ROLL RECONCILIATION - PROPERTY TAXES RECEIVABLE
JUNE 30, 2022

Uncollected taxes, July 1, 2021	\$2,438,027
Net taxes charged to treasurer for fiscal year	32,216,754
Current year tax collections	(31,742,220)
Adjustments	13,077

Uncollected taxes, June 30, 2022	<u>\$2,925,638</u>
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Property taxes receivable are reported in the financial statements as follows:

Statement of net position	\$1,004,369
Statement of fiduciary net position - Custodial Funds	1,895,116
Total property taxes receivable	\$2,899,485

Property taxes receivable by year:

2012-2020	\$1,103,790
2021	1,795,695
Total property taxes receivable	\$2,899,485

OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
JUNE 30, 2022

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									
2012-2020	86,619,272	445,516	86,235,595	603,991	86,128,585	0	10	107,010	383,667
2021	11,017,383	10,396,681	10,396,681	10,298,001	10,036,081	0	0	360,601	620,702
<i>Total General Ad valorem</i>	<i>97,636,655</i>	<i>10,842,197</i>	<i>96,632,276</i>	<i>10,901,992</i>	<i>96,164,666</i>	<i>0</i>	<i>10</i>	<i>467,611</i>	<i>1,004,369</i>
Debt Service P & I									
2012-2020	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0
<i>Total Debt Service</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Total Otero County</i>	<i>\$97,636,655</i>	<i>\$10,842,197</i>	<i>\$96,632,276</i>	<i>\$10,901,992</i>	<i>\$96,164,666</i>	<i>\$0</i>	<i>\$10</i>	<i>\$467,611</i>	<i>\$1,004,369</i>
STATE OF NEW MEXICO									
P & I on Bonds									
2012-2020	\$13,890,162	\$71,134	\$13,830,777	\$96,101	\$13,813,913	\$0	\$2	\$16,864	\$59,383
2021	1,762,843	1,667,194	1,667,194	1,651,185	1,612,698	0	0	54,496	95,649
<i>Total P & I on Bonds</i>	<i>15,653,005</i>	<i>1,738,328</i>	<i>15,497,971</i>	<i>1,747,286</i>	<i>15,426,611</i>	<i>0</i>	<i>2</i>	<i>71,360</i>	<i>155,032</i>
State Special Levies									
2012-2020	296,358	249	288,570	1,240	288,501	0	0	69	7,788
2021	29,094	26,326	26,326	26,073	25,996	0	0	330	2,768
<i>Total State Special Levies</i>	<i>325,452</i>	<i>26,575</i>	<i>314,896</i>	<i>27,313</i>	<i>314,496</i>	<i>0</i>	<i>0</i>	<i>399</i>	<i>10,556</i>
<i>Total State of New Mexico</i>	<i>\$15,978,457</i>	<i>\$1,764,903</i>	<i>\$15,812,867</i>	<i>\$1,774,599</i>	<i>\$15,741,107</i>	<i>\$0</i>	<i>\$2</i>	<i>\$71,759</i>	<i>\$165,588</i>
SCHOOL DISTRICTS									
Alamogordo Public Schools									
General Ad valorem									
2012-2020	\$2,676,921	\$11,903	\$2,668,565	\$15,988	\$2,665,775	\$0	\$0	\$2,790	\$8,356
2021	337,838	324,155	324,155	321,579	316,103	0	0	8,052	13,683
<i>Total General Ad valorem</i>	<i>3,014,759</i>	<i>336,058</i>	<i>2,992,720</i>	<i>337,567</i>	<i>2,981,878</i>	<i>0</i>	<i>0</i>	<i>10,842</i>	<i>22,039</i>
Debt Service P & I									
2012-2020	40,963,698	191,289	40,834,659	253,948	40,790,439	0	7	44,220	129,032
2021	5,452,294	5,234,447	5,234,447	5,192,266	5,107,216	0	0	127,231	217,847
<i>Total Debt Service</i>	<i>46,415,992</i>	<i>5,425,736</i>	<i>46,069,106</i>	<i>5,446,214</i>	<i>45,897,655</i>	<i>0</i>	<i>7</i>	<i>171,451</i>	<i>346,879</i>
Capital Improvements									
2012-2020	13,676,963	62,153	13,634,622	82,786	13,620,259	0	2	14,363	42,339
2021	1,764,497	1,693,996	1,693,996	1,680,345	1,652,821	0	0	41,175	70,501
<i>Total Capital Improvements</i>	<i>15,441,460</i>	<i>1,756,149</i>	<i>15,328,618</i>	<i>1,763,131</i>	<i>15,273,080</i>	<i>0</i>	<i>2</i>	<i>55,538</i>	<i>112,840</i>
Tech Debt									
2012-2020	2,762,283	1,553	2,759,000	3,395	2,758,566	0	0	434	3,283
2021	0	0	0	0	0	0	0	0	0
<i>Total Tech Debt</i>	<i>2,762,283</i>	<i>1,553</i>	<i>2,759,000</i>	<i>3,395</i>	<i>2,758,566</i>	<i>0</i>	<i>0</i>	<i>434</i>	<i>3,283</i>
House bill 33									
2012-2020	3,592,407	42,228	3,566,479	56,482	3,556,794	0	2	9,685	25,926
2021	1,235,148	1,185,797	1,185,797	1,176,242	1,156,975	0	0	28,822	49,351
<i>Total Tech Debt</i>	<i>4,827,555</i>	<i>1,228,025</i>	<i>4,752,276</i>	<i>1,232,724</i>	<i>4,713,769</i>	<i>0</i>	<i>2</i>	<i>38,507</i>	<i>75,277</i>
<i>Total Alamogordo Public Schools</i>	<i>\$72,462,049</i>	<i>\$8,747,521</i>	<i>\$71,901,720</i>	<i>\$8,783,031</i>	<i>\$71,624,948</i>	<i>\$0</i>	<i>\$11</i>	<i>\$276,772</i>	<i>\$560,318</i>

OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
JUNE 30, 2022

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
Cloudcroft Public Schools									
General Ad valorem									
2012-2020	\$467,244	\$1,972	\$464,562	\$3,382	\$464,107	\$0	\$0	\$455	\$2,682
2021	61,456	57,630	57,630	56,869	55,297	0	0	2,333	3,826
<i>Total General Ad valorem</i>	<i>528,700</i>	<i>59,602</i>	<i>522,192</i>	<i>60,251</i>	<i>519,404</i>	<i>0</i>	<i>0</i>	<i>2,788</i>	<i>6,508</i>
Debt Service P & I									
2012-2020	9,177,667	40,407	9,133,795	66,216	9,125,140	0	0	8,655	43,872
2021	1,301,677	1,228,751	1,228,751	1,213,426	1,183,093	0	0	45,658	72,926
<i>Total Debt Service</i>	<i>10,479,344</i>	<i>1,269,158</i>	<i>10,362,546</i>	<i>1,279,642</i>	<i>10,308,233</i>	<i>0</i>	<i>0</i>	<i>54,313</i>	<i>116,798</i>
Capital Improvements									
2012-2020	3,343,864	14,340	3,328,290	23,470	3,325,205	0	0	3,085	15,574
2021	452,368	427,033	427,033	421,708	411,169	0	0	15,864	25,335
<i>Total Capital Improvements</i>	<i>3,796,232</i>	<i>441,373</i>	<i>3,755,323</i>	<i>445,178</i>	<i>3,736,374</i>	<i>0</i>	<i>0</i>	<i>18,949</i>	<i>40,909</i>
<i>Total Cloudcroft Public Schools</i>	<i>\$14,804,276</i>	<i>\$1,770,133</i>	<i>\$14,640,061</i>	<i>\$1,785,071</i>	<i>\$14,564,011</i>	<i>\$0</i>	<i>\$0</i>	<i>\$76,050</i>	<i>\$164,215</i>
Tularosa Public Schools									
General Ad valorem									
2012-2020	\$342,047	\$2,125	\$339,108	\$2,692	\$338,483	\$0	\$0	\$625	\$2,939
2021	44,166	41,526	41,526	41,163	40,440	0	0	1,086	2,640
<i>Total General Ad valorem</i>	<i>386,213</i>	<i>43,651</i>	<i>380,634</i>	<i>43,855</i>	<i>378,923</i>	<i>0</i>	<i>0</i>	<i>1,711</i>	<i>5,579</i>
Debt Service P & I									
2012-2020	7,728,456	48,260	7,661,925	62,734	7,647,434	0	0	14,491	66,531
2021	947,835	887,523	887,523	879,601	862,440	0	0	25,083	60,312
<i>Total Debt Service</i>	<i>8,676,291</i>	<i>935,783</i>	<i>8,549,448</i>	<i>942,335</i>	<i>8,509,874</i>	<i>0</i>	<i>0</i>	<i>39,574</i>	<i>126,843</i>
Capital Improvements									
2012-2020	1,707,793	11,070	1,692,637	14,361	1,689,314	0	0	3,323	15,156
2021	220,606	206,569	206,569	204,725	200,731	0	0	5,838	14,037
<i>Total Capital Improvements</i>	<i>1,928,399</i>	<i>217,639</i>	<i>1,899,206</i>	<i>219,086</i>	<i>1,890,045</i>	<i>0</i>	<i>0</i>	<i>9,161</i>	<i>29,193</i>
<i>Total Tularosa Public Schools</i>	<i>\$10,990,903</i>	<i>\$1,197,073</i>	<i>\$10,829,288</i>	<i>\$1,205,276</i>	<i>\$10,778,842</i>	<i>\$0</i>	<i>\$0</i>	<i>\$50,446</i>	<i>\$161,615</i>
Gadsden School District									
General Ad valorem									
2012-2020	\$202,515	\$3,199	\$200,120	\$3,791	\$199,367	\$0	\$0	\$753	\$2,395
2021	27,220	21,087	21,087	20,630	17,403	0	0	3,684	6,133
<i>Total General Ad valorem</i>	<i>229,735</i>	<i>24,286</i>	<i>221,207</i>	<i>24,421</i>	<i>216,770</i>	<i>0</i>	<i>0</i>	<i>4,437</i>	<i>8,528</i>
Debt Service P & I									
2012-2020	6,014,462	99,456	5,934,511	118,827	5,911,123	0	2	23,388	79,949
2021	839,368	659,225	659,225	643,930	558,541	0	0	100,684	180,143
<i>Total Debt Service</i>	<i>6,853,830</i>	<i>758,681</i>	<i>6,593,736</i>	<i>762,757</i>	<i>6,469,664</i>	<i>0</i>	<i>2</i>	<i>124,072</i>	<i>260,092</i>
Capital Improvements									
2012-2020	1,007,826	16,525	994,542	19,739	990,662	0	0	3,880	13,284
2021	136,482	107,081	107,081	104,609	90,553	0	0	16,528	29,401
<i>Total Capital Improvements</i>	<i>1,144,308</i>	<i>123,606</i>	<i>1,101,623</i>	<i>124,348</i>	<i>1,081,215</i>	<i>0</i>	<i>0</i>	<i>20,408</i>	<i>42,685</i>
Tech Debt									
2012-2020	1,227,470	18,540	1,212,202	22,126	1,207,837	0	0	4,365	15,268
2021	155,709	122,292	122,292	119,454	103,614	0	0	18,678	33,417
<i>Total Tech Debt</i>	<i>1,383,179</i>	<i>140,832</i>	<i>1,334,494</i>	<i>141,580</i>	<i>1,311,451</i>	<i>0</i>	<i>0</i>	<i>23,043</i>	<i>48,685</i>
<i>Total Gadsden School District</i>	<i>\$9,611,052</i>	<i>\$1,047,405</i>	<i>\$9,251,060</i>	<i>\$1,053,106</i>	<i>\$9,079,100</i>	<i>\$0</i>	<i>\$2</i>	<i>\$171,960</i>	<i>\$359,990</i>

OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
JUNE 30, 2022

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
MUNICIPALITIES									
City of Alamogordo									
General Ad valorem									
2012-2020	\$27,656,948	\$116,382	\$27,580,631	\$157,145	\$27,550,085	\$0	\$6	\$30,546	\$76,311
2021	3,426,550	3,289,677	3,289,677	3,263,998	3,204,775	0	0	84,902	136,873
<i>Total General Ad valorem</i>	<i>31,083,498</i>	<i>3,406,059</i>	<i>30,870,308</i>	<i>3,421,143</i>	<i>30,754,860</i>	<i>0</i>	<i>6</i>	<i>115,448</i>	<i>213,184</i>
Debt Service P & I									
2012-2020	8,785,236	35,767	8,762,105	47,667	8,752,749	0	2	9,356	23,129
2021	1,139,790	1,095,545	1,095,545	1,087,039	1,068,415	0	0	27,130	44,245
<i>Total Debt Service</i>	<i>9,925,026</i>	<i>1,131,312</i>	<i>9,857,650</i>	<i>1,134,706</i>	<i>9,821,164</i>	<i>0</i>	<i>2</i>	<i>36,486</i>	<i>67,374</i>
<i>Total City of Alamogordo</i>	<i>\$41,008,524</i>	<i>\$4,537,371</i>	<i>\$40,727,958</i>	<i>\$4,555,849</i>	<i>\$40,576,024</i>	<i>\$0</i>	<i>\$8</i>	<i>\$151,934</i>	<i>\$280,558</i>
Village of Cloudcroft									
General Ad valorem									
2012-2020	\$550,305	\$1,521	\$548,875	\$3,351	\$548,390	\$0	\$0	\$485	\$1,430
2021	71,262	68,005	68,005	67,407	65,742	0	0	2,263	3,257
<i>Total General Ad valorem</i>	<i>621,567</i>	<i>69,526</i>	<i>616,880</i>	<i>70,758</i>	<i>614,132</i>	<i>0</i>	<i>0</i>	<i>2,748</i>	<i>4,687</i>
Debt Service P & I									
2012-2020	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0
<i>Total Debt Service</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Total Village of Cloudcroft</i>	<i>\$621,567</i>	<i>\$69,526</i>	<i>\$616,880</i>	<i>\$70,758</i>	<i>\$614,132</i>	<i>\$0</i>	<i>\$0</i>	<i>\$2,748</i>	<i>\$4,687</i>
Village of Tularosa									
General Ad valorem									
2012-2020	\$1,757,649	\$11,466	\$1,744,465	\$17,759	\$1,739,376	\$0	\$0	\$5,089	\$13,184
2021	214,283	199,458	199,458	197,009	191,663	0	0	7,795	14,825
<i>Total General Ad valorem</i>	<i>1,971,932</i>	<i>210,924</i>	<i>1,943,923</i>	<i>214,768</i>	<i>1,931,039</i>	<i>0</i>	<i>0</i>	<i>12,884</i>	<i>28,009</i>
Debt Service P & I									
2012-2020	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0
<i>Total Debt Service</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Total Village of Tularosa</i>	<i>\$1,971,932</i>	<i>\$210,924</i>	<i>\$1,943,923</i>	<i>\$214,768</i>	<i>\$1,931,039</i>	<i>\$0</i>	<i>\$0</i>	<i>\$12,884</i>	<i>\$28,009</i>
OTHER									
NMSU - Alamogordo									
General Ad valorem									
2012-2020	\$5,949,186	\$26,602	\$5,930,729	\$35,620	\$5,924,530	\$0	\$1	\$6,199	\$18,456
2021	772,239	741,188	741,188	735,254	722,988	0	0	18,200	31,051
<i>Total General Ad valorem</i>	<i>6,721,425</i>	<i>767,790</i>	<i>6,671,917</i>	<i>770,874</i>	<i>6,647,518</i>	<i>0</i>	<i>1</i>	<i>24,399</i>	<i>49,507</i>
Debt Service P & I									
2012-2020	4,118,554	18,603	4,105,921	24,832	4,101,607	0	1	4,314	12,632
2021	529,349	508,199	508,199	504,103	495,846	0	0	12,353	21,150
<i>Total Debt Service</i>	<i>4,647,903</i>	<i>526,802</i>	<i>4,614,120</i>	<i>528,935</i>	<i>4,597,453</i>	<i>0</i>	<i>1</i>	<i>16,667</i>	<i>33,782</i>
<i>Total NMSU - Alamogordo</i>	<i>\$11,369,328</i>	<i>\$1,294,592</i>	<i>\$11,286,037</i>	<i>\$1,299,809</i>	<i>\$11,244,971</i>	<i>\$0</i>	<i>\$2</i>	<i>\$41,066</i>	<i>\$83,289</i>
NMSU - Dona Ana									
General Ad valorem									
2012-2020	\$595,430	\$10,311	\$587,183	\$12,315	\$584,758	\$0	\$0	\$2,425	\$8,247
2021	86,293	67,742	67,742	66,174	57,348	0	0	10,394	18,551
<i>Total General Ad valorem</i>	<i>681,723</i>	<i>78,053</i>	<i>654,925</i>	<i>78,489</i>	<i>642,106</i>	<i>0</i>	<i>0</i>	<i>12,819</i>	<i>26,798</i>
Debt Service P & I									
2012-2020	203,600	6,112	199,114	7,317	197,688	0	0	1,426	4,486
2021	52,251	41,037	41,037	40,085	34,770	0	0	6,267	11,214
<i>Total Debt Service</i>	<i>255,851</i>	<i>47,149</i>	<i>240,151</i>	<i>47,402</i>	<i>232,458</i>	<i>0</i>	<i>0</i>	<i>7,693</i>	<i>15,700</i>
<i>Total NMSU - Dona Ana</i>	<i>\$937,574</i>	<i>\$125,202</i>	<i>\$895,076</i>	<i>\$125,891</i>	<i>\$874,564</i>	<i>\$0</i>	<i>\$0</i>	<i>\$20,512</i>	<i>\$42,498</i>

OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
JUNE 30, 2022

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									
2012-2020	\$1,453,707	\$12,478	\$1,425,216	\$18,760	\$1,421,937	\$0	\$0	\$3,279	\$28,491
2021	138,538	122,680	122,680	120,009	115,510	0	0	7,170	15,858
<i>Total Timberon Water & Sanitation District</i>	<i>1,592,245</i>	<i>135,158</i>	<i>1,547,896</i>	<i>138,769</i>	<i>1,537,447</i>	<i>0</i>	<i>0</i>	<i>10,449</i>	<i>44,349</i>
Penasco Soil & Water Conservation District									
Penasco Special Levies									
2012-2020	660	0	660	0	660	0	0	0	0
2021	161	161	161	161	161	0	0	0	0
<i>Total Penasco Soil & Water Conservation District</i>	<i>821</i>	<i>161</i>	<i>821</i>	<i>161</i>	<i>821</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Carlsbad Soil & Water Conservation District									
Carlsbad Special Levies									
2012-2020	652	0	652	0	652	0	0	0	0
2021	54	54	54	54	54	0	0	0	0
<i>Total Carlsbad Soil & Water Conservation District</i>	<i>706</i>	<i>54</i>	<i>706</i>	<i>54</i>	<i>706</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total Local Special Levis	\$1,593,772	\$135,373	\$1,549,423	\$138,984	\$1,538,974	\$0	\$0	\$10,449	\$44,349
Grand Totals	\$278,986,089	\$31,742,220	\$276,086,569	\$31,909,134	\$274,732,378	\$0	\$35	\$1,354,191	\$2,899,485
Recap By Tax Year									
2012-2020	\$246,769,335	\$1,321,161	\$245,665,510	\$1,776,035	\$245,343,935	\$0	\$35	\$321,575	\$1,103,790
2021	32,216,754	30,421,059	30,421,059	30,133,099	29,388,443	0	0	1,032,616	1,795,695
Total Recap By Tax Year	\$278,986,089	\$31,742,220	\$276,086,569	\$31,909,134	\$274,732,378	\$0	\$35	\$1,354,191	\$2,899,485

ADDITIONAL FEDERAL INFORMATION

OTERO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Program Title	Federal Assistance Listing 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	-	\$19,093
<i>Total U.S. Department of Interior</i>			-	\$19,093
 <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-2020-SS-00127-S01-01	-	\$76,958
<i>Total U.S. Department of Homeland Security</i>			-	\$76,958
 <u>U.S. Department of Justice</u>				
Passed through NM Children, Youth and Families Department:				
Juvenile Justice and Delinquency Program	16.540	21-690-3200-20842	-	\$40,093
<i>Total U.S. Department of Justice</i>			-	\$40,093
 <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	G215N0017A	-	\$20,306
<i>Total Office of National Drug Control Policy</i>			-	\$20,306
 <u>U.S. Department of Treasury</u>				
Direct:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	1,354,258
<i>Total U.S. Department of Treasury</i>			-	\$1,354,258

OTERO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Program Title	Federal Assistance Listing 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	02-AL-64-073	-	\$4,888
<i>Total U.S. Department of Transportation</i>			-	<i>\$4,888</i>
<u>U.S. Department of Agriculture</u>				
Passed through NM Dept. of Finance & Adm.				
Schools and Roads Cluster -				
Schools and Roads - Grants to States Title I	10.665	N/A	-	\$297,066
Schools and Roads - Grants to States Title III	10.665	N/A	-	48,928
<i>Total Schools and Roads Cluster</i>			-	<i>345,994</i>
<i>Total U.S. Department of Agriculture</i>			-	<i>\$345,994</i>
<u>U.S. Department of Housing and Urban Development</u>				
Passed through NM Dept. of Finance & Adm.:				
Community Development Block Grant	14.228	20-C-NR-I-01-G-21	-	\$17,869
<i>Total U.S. Department of Housing and Urban Development</i>			-	<i>17,869</i>
<i>Total Expenditures of Federal Awards</i>				<i>\$1,879,459</i>

N/A - Not Available

OTERO COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022

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, 2022. 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

Joseph M. Maestas, P.E., 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, 2022, 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 16, 2023.

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.

Joseph M. Maestas, P.E., 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 item 2022-001 (2020-006) that we consider to be a significant deficiency.

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 item 2022-002 (2021-002).

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.

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

Las Cruces, New Mexico

January 16, 2023

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

Joseph M. Maestas, P.E., State Auditor and
The Board of County Commissioners
Otero County
Alamogordo, New Mexico

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Otero County's compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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 audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Otero County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Otero County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Otero County's federal programs.

Joseph M. Maestas, P.E., State Auditor and
The Board of County Commissioners
Otero County
Alamogordo, New Mexico
Page Two

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Otero County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Otero County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Otero County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Otero County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Otero County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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.

Joseph M. Maestas, P.E., State Auditor and
The Board of County Commissioners
Otero County
Alamogordo, New Mexico
Page Three

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 16, 2023

OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 No

Significant deficiencies identified that are not considered to be material weaknesses? Yes No

Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Internal Control Over Major Programs:

Material weakness(es) identified? Yes No

Significant deficiencies identified that are not considered to be material weaknesses? Yes 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 No

Identification of Major Programs:

**Assistance Listing
Number(s)**

21.027

Name of Federal Program or Cluster

Coronavirus State and Local Fiscal Recovery Funds

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

Auditee qualified as low-risk auditee? 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:

2022-001 (2020-006) Lack of Policy for Contract Oversight (Significant Deficiency)

Repeated with modification

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. The contracts require reporting from the vendor at specified points of time per the agreement.
- The ICE facility March payment did not agree to the invoice. The invoices for April through June 2022 were revised twice. Amounts authorized and paid to MTC exceeded the billing from MTC from \$470,461 to \$2,455,260 depending on which invoice version is referenced for comparison. These overpayments occurred after June 30, 2022 due to slow payment by the County resulting from cash flow constrictions related to late receipt of contract receivables.

As of November 8, 2021 a new contract monitor/grant writer was hired, but the monitoring and management of the Detention and ICE Facilities contracts were not monitored by this position.

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, and insufficient review and communication with contractor with regard to invoicing.

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

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. The County should insure invoiced amounts from the contractor are reviewed for accuracy and all questions/inconsistencies with contract terms are resolved prior to payment. The County should resolve the differences in the MTC invoices to the County as well as the overpayment made by the County into the US Bank accounts.

Management Response – The contract monitor/grant writer hired November 8, 2021 is no longer working for Otero County as of September 13, 2022, and the position remains open due to a lack of applicants. In the interim, the Finance Director is reviewing the monthly billings from MTC along with the related transactions on the monthly US Bank statements. The Finance Director is also working with personnel from MTC and US Bank to schedule a meeting to review all discrepancies in billing/payment amounts in order to resolve the issue satisfactorily for all parties. The County Manager remains as the liaison for the MTC contracts and receives the required reporting from the vendor.

Responsible Position: County Manager & Finance Director

Timeline for Correction: January 31, 2023

OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS (CONTINUED):

2022-002 (2021-001) Late Audit Report – Other Non-Compliance

Repeated

Condition – The audit report was submitted after December 1, 2022.

No progress has been made from prior year.

Criteria – Per 2.2.2 NMAC the audit report for Counties was due to New Mexico State Auditor’s office on December 1, 2021.

Cause – Implementation of new lease accounting standards and auditor continued staffing challenges.

Effect – Audited report late.

Recommendation – The auditor will schedule fieldwork and report completion earlier and make continuous efforts to be appropriately staffed.

Management Response - Otero County was unaware of the complexity of the new GASB 87 statement on lease accounting standards, and therefore did not realize until October 2022 that lease tracking software would need to be purchased to accommodate accurate financial reporting for compliance with GASB 87. This resulted in a serious challenge for the County to budget for, purchase, and implement the new lease software within a time period of only six weeks. The Finance Director has been in close contact with the Auditor regarding all delays in report completion, and we understand that the Auditor is making every effort to submit the report as soon as possible with limited staffing.

Responsible Party: Finance Director & Auditor

Timeline for Correction: December 1, 2023

OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022

<u>FINDINGS - FINANCIAL STATEMENT AUDIT</u>	<u>CURRENT STATUS</u>
2022-001 (2020-006) – Lack of Policy for Contract Oversight (Significant Deficiency)	Repeated

FINDINGS AND QUESTIONED COSTS - Major Federal Award Programs

None.

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CORRECTIVE ACTION PLAN FY 2022 AUDIT FINDINGS

CURRENT YEAR FINDINGS:

2022-001 (2020-006) Lack of Policy for Contract Oversight (Significant Deficiency)

Repeated with Modification

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. The contracts require reporting from the vendor at specified points of time per the agreement.
- The ICE Facility March payment did not agree to the invoice. The invoices for April through June 2022 were revised twice. Amounts authorized and paid to MTC exceeded the billing from MTC from \$470,461 to \$2,455,260 depending on which invoice version is referenced for comparison. These overpayments occurred after June 30, 2022 due to slow payment by the County resulting from cash flow constrictions related to late receipt of contract receivables.

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

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. The County should insure invoiced amounts from the contractor are reviewed for accuracy and all questions/inconsistencies with contract terms are resolved prior to payment. The County should resolve the differences in the MTC invoices to the County as well as the overpayment made by the County into the US Bank accounts.

Management response – The Contract Monitor/Grant Writer hired November 8, 2021 is no longer working for Otero County as of September 13, 2022, and the position remains open due to a lack of applicants. In the interim, the Finance Director is reviewing the monthly billings from MTC along with the related transactions on the monthly US Bank statements. The Finance Director is also working with personnel from MTC and US Bank to schedule a meeting to review all discrepancies in billing/payment amounts in order to resolve the issue satisfactorily for all parties. The County Manager remains as the liaison for the MTC contracts and receives the required reporting from the vendor.

Corrective Action Plan – The Finance Director, County Manager, and Auditor had a conference call with personnel from MTC and US Bank on December 22, 2022 to review the MTC billings and US Bank transactions for the period of April – June 2022. All discrepancies were noted, and MTC and US Bank personnel are reviewing the documentation to resolve all issues no later than January 31, 2023.

2022-002 Late Audit Report (Other Non-Compliance)

Condition – The audit report was submitted after December 1, 2022

Criteria – Per 2.2.2 NMAC the audit report for Counties was due to New Mexico State Auditor's office on December 1, 2022.

Cause – Implementation of new lease accounting standards and auditor continued staffing challenges.

Effect – Audited report late.

Recommendation – The auditor will schedule fieldwork and report completion earlier and make continuous efforts to be appropriately staffed.

Management response – Otero County was unaware of the complexity of the new GASB 87 statement on lease accounting standards, and therefore did not realize until October 2022 that lease tracking software would need to be purchased to accommodate accurate financial reporting for compliance with GASB 87. This resulted in a serious challenge for the County to budget for, purchase, and implement the new lease software within a time period of only six weeks. The Finance Director has been in close contact with the Auditor regarding all delays in report completion, and we understand that the Auditor is making every effort to submit the report as soon as possible with limited staffing.

Corrective Action Plan – Otero County’s Finance Director has provided the remaining lease data to the Auditor for the completion of the FY2022 audit report. Now that the GASB 87 lease reporting requirements and utilization of the lease reporting software are understood, the required reports will be available much earlier going forward, ensuring there are no delays in providing data to the Auditor. The Auditor has consistently provided updates to Otero County with regard to the completion of the FY2022 audit report, and anticipate submitting the report no later than January 31, 2023.

OTERO COUNTY
EXIT CONFERENCE
JUNE 30, 2022

EXIT CONFERENCE:

The exit conference was held December 9, 2022 and was attended by the following:

Representing Otero County:

Vicky Marquardt, Commission Chair
Pamela Heltner, County Manager
Julianne Hall, County Finance Director
Laura Whiteside, County Treasurer

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.