



**STATE OF NEW MEXICO
OTERO COUNTY**

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

For the Year Ended June 30, 2023

2500 9th St. NW
Albuquerque, NM 87102
505.883.8788
www.HL-cpas.com

INTRODUCTORY SECTION

STATE OF NEW MEXICO
OTERO COUNTY
INDEPENDENT AUDITOR’S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Table of contents	i-ii
Official roster	iii
FINANCIAL SECTION	
Independent auditor’s report on the audit of the financial statements	1-5
BASIC FINANCIAL STATEMENTS	
Government-wide financial statements:	
Statement of net position	6-7
Statement of activities	8
Fund financial statements:	
Balance sheet – governmental funds	9-10
Reconciliation of the balance sheet -governmental funds to the statement of net position	11
Statement of revenues, expenditures, and changes in fund balances – governmental funds	12-13
Reconciliation of the statement of revenues, expenditures and changes in fund balances of the governmental funds to the statement of activities	14
Statement of revenues, expenditures, and changes in fund balance - budget (non-GAAP budgetary basis) and actual:	
General fund	15
Local Assistance and Tribal Consistency fund	16
Hold Harmless revenue bond 1/4% fund	17
American Rescue Plan fund	18
Fire funds	19
Statement of net position – proprietary funds	20
Statement of revenues, expenses, and changes in net position – proprietary funds	21
Statement of cash flows – proprietary funds	22
Statement of fiduciary net position - custodial funds	23
Statement of changes in fiduciary net position - custodial funds	24
Notes to the financial statements	25-72
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of county's proportionate share of the net pension liability	73
Schedule of contributions PERA plan	74

**STATE OF NEW MEXICO
OTERO COUNTY
TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Page</u>
SUPPLEMENTARY INFORMATION	
Combining and individual fund statements and schedules:	
Nonmajor governmental fund descriptions	75-78
Combining balance sheet – non-major governmental funds	79
Combining statement of revenues, expenditures, and changes in fund balances – non-major governmental funds	80
Combining balance sheet – non-major governmental funds – special revenue funds	81-85
Combining statement of revenues, expenditures and changes in fund balances – non-major governmental funds-special revenue funds	86-90
Combining balance sheet – non-major governmental funds – capital projects fund	91
Combining statement of revenues, expenditures and changes in fund balances – non-major governmental funds – capital projects fund	92
Combining balance sheet – non-major governmental funds – debt service funds	93
Combining statement of revenues, expenditures and changes in fund balances – non-major governmental funds – debt service funds	94
Financial data schedule - balance sheet - Tularosa Basin Regional Dispatch Authority - component unit	95
Financial data schedule - statement of revenues and expenditures - Tularosa Basin Regional Dispatch Authority - component unit	96
OTHER SUPPLEMENTARY INFORMATION	
Schedule of governmental fund balances	97
Schedule of deposit and investment accounts	98
Schedule of pledged collateral	99
Schedule of joint powers agreements	100
Schedule of special, deficiency, specific and capital outlay appropriations	101
Schedule of tax roll reconciliation - property taxes receivable	102
County Treasurer's property tax schedule	103-118
FEDERAL COMPLIANCE SECTION	
Schedule of expenditures of federal awards	119-120
Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	121-123
Independent auditor's report on compliance for each major federal program and on internal control over compliance required by the Uniform Guidance	124-127
Schedule of findings and questioned costs	128-138
OTHER DISCLOSURES	139

STATE OF NEW MEXICO
OTERO COUNTY
OFFICIAL ROSTER
FOR THE YEAR ENDED JUNE 30, 2023

<u>Board of Commisioners</u>	<u>Title</u>
Vickie Marquardt	Commission Chair
Gerald Matherly	Commission Vice-Chairman
Amy Barela	Commission Member
<u>Elected Officials</u>	<u>Title</u>
James Bowman	County Assessor
Robyn Holmes	County Clerk
Laura Whiteside	County Treasurer
David Black	County Sheriff
LaTanya Boyce	County Probate Judge
<u>Administrative Officials</u>	<u>Title</u>
Pamela Heltner	County Manager
Roy B. Nichols	County Attorney
Julianne Hall	Finance Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

The Board of County Commissioners

Otero County

Alamogordo, New Mexico

and

Mr. Joseph M. Maestas, PE

New Mexico State Auditor

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and the major special revenue funds of Otero County (the County), as of and for the year ended June 30, 2023, and the related notes to the financial statements which collectively comprise the 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, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and the major special revenue funds of the County, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

Emphasis of Matters**Adoption of New Accounting Guidance**

As discussed in Note 1 to the financial statements, the County has adopted the new accounting guidance GASB 96, *Subscription-Based Information Technology Arrangements*, and GASB 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which are required for adoption for all fiscal years beginning subsequent to June 15, 2022. Our opinions are not modified with respect to this matter.

Restatements

The financial statements of Otero County for the year ended June 30, 2022, before the restatement described in Note 19, were audited by other auditors whose report dated January 16, 2023, expressed unmodified opinions on those statements.

As part of our audit of the 2023 financial statements, we also audited the adjustments described in Note 19 that were applied to restate the 2022 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2022 financial statements of the County other than respect to the adjustments, and, accordingly, we do not express an opinion or any other form of assurance on the 2022 financial statements as a whole.

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 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.

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 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 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, 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 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 opinions on the basic financial statements are not affected by this missing information.

Accounting principles generally accepted in the United States of America require that schedules of the County's proportionate share of the net pension liabilities and the County's contributions, listed as "*Required Supplementary Information*" in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information and Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements, that collectively comprise the County's basic financial statements. The *Supplementary Information*, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents under the *Federal Compliance Section*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The *Other Supplementary Information*, as required by 2.2.2 NMAC, as listed in the table of contents, is also 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, such information, including the schedule of expenditures of federal awards, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2023 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Hinkle + Landers, PC
Albuquerque, NM
November 28, 2023

**STATE OF NEW MEXICO
OTERO COUNTY
STATEMENT OF NET POSITION
As of June 30, 2023**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	Tularosa Basin Regional Dispatch Authority
Assets and deferred outflows of resources:				
Assets:				
Cash and cash equivalents	\$ 8,417,364	-	8,417,364	-
Investments	48,653,690	-	48,653,690	-
Receivables				
Accounts receivable, net	458,177	8,510,324	8,968,501	-
Property taxes receivable	967,055	-	967,055	-
Other taxes receivable	4,567,870	-	4,567,870	-
Leases receivable, current	233,014	-	233,014	-
Due from other funds	-	1,336,412	1,336,412	-
Due from other governments	912,949	-	912,949	11,019
Prepaid expenses	555,417	-	555,417	-
Inventories	159,513	-	159,513	-
Total current assets	64,925,049	9,846,736	74,771,785	11,019
Non-current assets:				
Restricted cash and cash equivalents	-	30,898,416	30,898,416	-
Leases receivable, non-current	261,064	-	261,064	-
Bond discounts, net of accumulated amortization of \$30,780 and \$324,126, respectively	19,870	101,915	121,785	-
Prepaid insurance - debt	39,050	-	39,050	-
Capital assets, net	89,726,843	47,520,327	137,247,170	-
Total non-current assets	90,046,827	78,520,658	168,567,485	-
Total assets	154,971,876	88,367,394	243,339,270	11,019
Deferred outflows of resources:				
Pension deferrals	4,223,275	-	4,223,275	-
Total deferred outflows of resources	4,223,275	-	4,223,275	-
Total assets and deferred outflows of resources	\$ 159,195,151	88,367,394	247,562,545	11,019

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
OTERO COUNTY
STATEMENT OF NET POSITION
As of June 30, 2023**

	Primary Government			Component Unit
	Governmental	Business-Type		Tularosa Basin
	Activities	Activities	Totals	Regional Dispatch Authority
Liabilities, deferred inflows of resources				
and net position:				
Liabilities:				
Current liabilities				
Accounts payable	\$ 1,374,543	11,501,576	12,876,119	2,446
Accrued payroll liabilities	197,382	-	197,382	17,112
Other accrued liabilities	130,516	-	130,516	-
Accrued interest	53,129	839,341	892,470	-
Unearned revenues/grant advances	11,903,842	-	11,903,842	-
Due to other fund	1,336,412	-	1,336,412	-
Current portion of compensated absences	101,582	-	101,582	-
Current portion lease liabilities	26,661	-	26,661	-
Current portion of bonds and notes payable	1,517,824	-	1,517,824	-
Total current liabilities	16,641,891	12,340,917	28,982,808	19,558
Non-current liabilities				
Bonds and notes payable	18,010,006	43,630,000	61,640,006	-
Bond premiums, net of accumulated amortization of \$92,181 and \$0, respectively	270,432	-	270,432	-
Compensated absences	304,748	-	304,748	-
Lease liabilities	39,858	-	39,858	-
Landfill closure and post-closure	53,392	-	53,392	-
Net pension liability	20,503,694	-	20,503,694	-
Total non-current liabilities	39,182,130	43,630,000	82,812,130	-
Total liabilities	55,824,021	55,970,917	111,794,938	19,558
Deferred inflows of resources:				
Leases	461,582	-	461,582	-
Pension deferrals	594,530	-	594,530	-
Total deferred inflows of resources	1,056,112	-	1,056,112	-
Net position				
Net investment in capital assets	70,199,013	3,890,327	74,089,340	-
Restricted for:				
DFA required reserves	2,063,693	-	2,063,693	-
General county operations	238,054	-	238,054	-
Maintenance of roads	601,116	-	601,116	-
Fire departments	10,968,442	-	10,968,442	-
Farm & Range	128,398	-	128,398	-
Public safety	293,589	-	293,589	-
Opioid abatement	382,749	-	382,749	-
Debt service expenditures	608,740	-	608,740	-
Capital projects expenditures	14,108,847	-	14,108,847	-
Prison facility	-	18,740,117	18,740,117	-
Processing center (ICE)	-	9,766,033	9,766,033	-
Unrestricted net position	2,722,377	-	2,722,377	(8,539)
Total net position	102,315,018	32,396,477	134,711,495	(8,539)
Total liabilities, deferred inflows of resources				
and net position:	\$ 159,195,151	88,367,394	247,562,545	11,019

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
OTERO COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes In Net Position			Component
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Unit
					Governmental Activities	Business-Type Activities	Total	Tularosa Basin Regional Dispatch Authority
Primary government:								
Governmental activities								
General government	\$ 11,226,635	1,067,769	4,839,148	8,272	(5,311,446)	-	(5,311,446)	-
Public safety	18,650,522	1,128,716	2,895,674	2,889,597	(11,736,535)	-	(11,736,535)	-
Public works	8,561,194	1,196,492	403,147	55,630	(6,905,925)	-	(6,905,925)	-
Culture and recreation	445,485	-	-	-	(445,485)	-	(445,485)	-
Health and welfare	5,200,234	8,000	-	-	(5,192,234)	-	(5,192,234)	-
Interest on long-term debt	515,650	-	-	-	(515,650)	-	(515,650)	-
Total governmental activities	44,599,720	3,400,977	8,137,969	2,953,499	(30,107,275)	-	(30,107,275)	-
Business-type activities:								
Prison Facility	31,438,748	32,580,888	-	-	-	1,142,140	1,142,140	-
Processing Center (ICE)	25,348,420	31,090,103	-	-	-	5,741,683	5,741,683	-
Total business-type activities	56,787,168	63,670,991	-	-	-	6,883,823	6,883,823	-
Total primary government	\$ 101,386,888	67,071,968	8,137,969	2,953,499	(30,107,275)	6,883,823	(23,223,452)	-
Component Unit:								
Tularosa Basin Regional Dispatch Authority	\$ 453,424	-	410,294	-	-	-	-	(43,130)
General revenues:								
Taxes								
Property					\$ 12,272,249	-	12,272,249	-
Gross receipts					16,269,596	-	16,269,596	-
Gasoline and motor vehicle					625,596	-	625,596	-
Payment in lieu of taxes					3,872,780	-	3,872,780	-
Cannabis excise tax					78,443	-	78,443	-
Investment income					141,013	758,275	899,288	-
Contributions					86,973	-	86,973	-
Prison and Processing Center (ICE) facilities rental income					942,852	-	942,852	-
Miscellaneous income					1,406,250	-	1,406,250	-
Gain/(loss) on disposal of capital assets					(306,243)	-	(306,243)	-
Transfers					(34,591)	-	(34,591)	34,591
Total general revenue and transfers					35,354,918	758,275	36,113,193	34,591
Changes in net position					5,247,643	7,642,098	12,889,741	(8,539)
Beginning net position					109,562,798	16,012,311	125,575,109	-
Restatement, Note 19					(12,495,423)	8,742,068	(3,753,355)	-
Beginning net position, as restated					97,067,375	24,754,379	121,821,754	-
Net position, end of year					\$ 102,315,018	32,396,477	134,711,495	(8,539)

See Independent Auditor's Report.

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
OTERO COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2023**

	Special Revenue			
	General Fund Funds 110, 114, 118, 184, 185	Local Assistance and Tribal Consistency (LATCF) Fund 171	Hold Harmless Revenue Bond 1/4% Fund 196	American Rescue Plan Fund 323
Assets and deferred inflows of resources:				
Assets:				
Cash and cash equivalents	\$ 989,879	569,359	1,247,231	866,391
Investments	10,795,501	4,123,695	9,979,896	6,275,011
Receivables				
Accounts receivable, net	339,805	-	-	-
Property taxes receivable	967,055	-	-	-
Other taxes receivable	2,941,619	-	434,482	-
Leases receivable	494,078	-	-	-
Due from other funds	1,094,873	-	-	-
Due from other governments	10,764	-	-	-
Inventories	-	-	-	-
Prepaid expenses	437,943	-	-	-
Total assets	18,071,517	4,693,054	11,661,609	7,141,402
Deferred outflows of resources:				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 18,071,517	4,693,054	11,661,609	7,141,402
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Accounts payable	\$ 553,038	-	5,525	50,613
Accrued payroll liabilities	152,919	-	-	-
Other accrued liabilities	130,516	-	-	-
Unearned revenues/grant advances	-	4,693,054	-	7,090,789
Due to other fund	1,336,412	-	-	-
Total liabilities	2,172,885	4,693,054	5,525	7,141,402
Deferred inflows of resources:				
Unavailable revenues	3,076,135	-	-	-
Leases	461,582	-	-	-
Total deferred inflows of resources	3,537,717	-	-	-
Fund balances*:				
Nonspendable	470,439	-	-	-
Restricted	2,063,693	-	11,656,084	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	9,826,783	-	-	-
Total fund balances	12,360,915	-	11,656,084	-
Total liabilities, deferred inflows of resources and fund balances:	\$ 18,071,517	4,693,054	11,661,609	7,141,402

* See Schedule of Governmental Fund
Balances for details

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
OTERO COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2023**

	<u>Special Revenue</u>		
	<u>Fire Funds</u>		
	Funds 530-559, 567	Total Non-Major Governmental Funds	Total Governmental Funds
Assets and deferred inflows of resources:			
Assets:			
Cash and cash equivalents	\$ 1,209,378	3,535,127	8,417,365
Investments	9,720,109	7,759,478	48,653,690
Receivables			
Accounts receivable, net	2,363	116,009	458,177
Property taxes receivable	-	-	967,055
Other taxes receivable	179,111	1,012,657	4,567,869
Leases receivable	-	-	494,078
Due from other funds	-	-	1,094,873
Due from other governments	11,282	890,903	912,949
Inventories	-	159,513	159,513
Prepaid expenses	101,714	15,760	555,417
Total assets	11,223,957	13,489,447	66,280,986
Deferred outflows of resources:			
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	\$ 11,223,957	13,489,447	66,280,986
Liabilities, deferred inflows of resources and fund balances:			
Liabilities:			
Accounts payable	\$ 153,801	611,565	1,374,542
Accrued payroll liabilities	-	44,464	197,383
Other accrued liabilities	-	-	130,516
Unearned revenues/grant advances	-	119,999	11,903,842
Due to other fund	-	1,094,873	2,431,285
Total liabilities	153,801	1,870,901	16,037,568
Deferred inflows of resources:			
Unavailable revenues	-	-	3,076,135
Leases	-	-	461,582
Total deferred inflows of resources	-	-	3,537,717
Fund balances*:			
Nonspendable	101,714	175,273	747,426
Restricted	10,968,442	4,705,409	29,393,628
Committed	-	7,083,653	7,083,653
Assigned	-	-	-
Unassigned	-	(345,789)	9,480,994
Total fund balances	11,070,156	11,618,546	46,705,701
Total liabilities, deferred inflows of resources and fund balances:	\$ 11,223,957	13,489,447	66,280,986

* See Schedule of Governmental Fund
Balances for details

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
OTERO COUNTY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
As of June 30, 2023**

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - Governmental funds	\$ 46,705,701
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	89,726,843
Delinquent property tax not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred inflows of resources in the fund financial statements, but are considered revenue in the statement of activities.	3,076,135
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds:	
Deferred outflows of resources related to:	
Pension deferrals	4,223,275
Deferred inflows of resources related to:	
Pension deferrals	(594,530)
Long-term obligations, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Long-term obligations at year-end consist of:	
Net pension liability	\$ (20,503,694)
Bond premium, net of amortization	(270,432)
Bond discount, net of amortization	19,870
Accrued interest payable	(53,129)
Prepaid debt insurance	39,050
Current compensated absences	(101,582)
Non-current compensated absences	(304,748)
Current portion bonds and notes payable	(1,517,824)
Non-current bonds and notes payable	(18,010,006)
Current portion lease and subscription liabilities	(26,661)
Non-current portion lease and subscription liabilities	(39,858)
Landfill closure and post-closure	(53,392)
	<u>(40,822,406)</u>
Rounding	-
Net position for governmental activities	<u><u>\$ 102,315,018</u></u>

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
OTERO COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	General Fund Funds 110, 114, 118, 184, 185	Special Revenue		
		Local Assistance and Tribal Consistency (LATCF)	Hold Harmless Revenue Bond 1/4%	American Rescue Plan
		Fund 171	Fund 196	Fund 323
Revenues:				
Taxes				
Property	\$ 11,920,562	-	-	-
Gross receipts/state shared	5,737,451	-	2,727,009	-
Cannabis excise	-	-	-	-
Other	3,872,780	-	-	-
Licenses and permits	-	-	-	-
Charges for services	1,555,758	-	-	-
Prison and Processing Center (ICE) facilities rental income	942,852	-	-	-
Intergovernmental revenue				
Federal operating grants	37,100	141,080	-	4,664,094
Federal capital grants	-	-	-	-
State and local operating grants	-	-	-	-
State and local capital grants	-	-	-	-
Interest income (loss)	331,275	(141,080)	123,116	(214,680)
Miscellaneous income	366,543	-	-	-
Total revenues	24,764,321	-	2,850,125	4,449,414
Expenditures:				
Current:				
General government	5,911,172	-	116,902	4,449,414
Public safety	15,202,598	-	-	-
Public works	791,546	-	-	-
Culture and recreation	119,843	-	-	-
Health and welfare	402,720	-	-	-
Capital outlay	827,217	-	-	-
Debt service				
Principal	23,106	-	235,000	-
Interest	1,631	-	127,900	-
Total expenditures	23,279,833	-	479,802	4,449,414
Excess (deficiency) of revenues over (under) expenditures	1,484,488	-	2,370,323	-
Other financing sources (uses):				
Proceeds from debt issuance	-	-	-	-
Transfers in	5,250,559	-	-	-
Transfers out	(7,221,436)	-	-	-
Total other financing sources (uses):	(1,970,877)	-	-	-
Net change in fund balances	(486,389)	-	2,370,323	-
Beginning fund balance	12,844,547	-	9,335,158	11,754,883
Restatement, Note 19	2,757	-	(49,397)	(11,754,883)
Beginning fund balance, as restated	12,847,304	-	9,285,761	-
Ending fund balance	\$ 12,360,915	-	11,656,084	-

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
OTERO COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023**

	<u>Special Revenue</u>		
	<u>Fire Funds</u>	<u>Total Non-Major</u>	<u>Total</u>
	<u>Funds 530-559, 567</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
Revenues:			
Taxes			
Property	\$ -	464,209	12,384,771
Gross receipts/state shared	1,256,473	6,087,879	15,808,812
Cannabis excise	-	78,443	78,443
Other	-	-	3,872,780
Licenses and permits	-	-	-
Charges for services	3,549	1,841,670	3,400,977
Prison and Processing Center (ICE) facilities rental income	-	-	942,852
Intergovernmental revenue			
Federal operating grants	41,345	521,705	5,405,324
Federal capital grants	-	8,272	8,272
State and local operating grants	2,391,665	340,980	2,732,645
State and local capital grants	1,242,737	1,702,490	2,945,227
Interest income (loss)	(133,233)	175,613	141,011
Miscellaneous income	231,857	894,823	1,493,223
Total revenues	<u>5,034,393</u>	<u>12,116,084</u>	<u>49,214,337</u>
Expenditures:			
Current:			
General government	-	1,540,834	12,018,322
Public safety	2,528,874	876,197	18,607,669
Public works	-	4,617,468	5,409,014
Culture and recreation	-	-	119,843
Health and welfare	-	3,322,018	3,724,738
Capital outlay	588,706	2,393,353	3,809,276
Debt service			
Principal	836	1,442,336	1,701,278
Interest	73	479,445	609,049
Total expenditures	<u>3,118,489</u>	<u>14,671,651</u>	<u>45,999,189</u>
Excess (deficiency) of revenues over (under) expenditures	1,915,904	(2,555,567)	3,215,148
Other financing sources (uses):			
Proceeds from debt issuance	-	236,000	236,000
Transfers in	33,000	1,972,544	7,256,103
Transfers out	(66,000)	-	(7,287,436)
Total other financing sources (uses):	<u>(33,000)</u>	<u>2,208,544</u>	<u>204,667</u>
Net change in fund balances	1,882,904	(347,023)	3,419,815
Beginning fund balance	9,235,230	11,656,307	54,826,125
Restatement, Note 19	(47,978)	309,262	(11,540,239)
Beginning fund balance, as restated	<u>9,187,252</u>	<u>11,965,569</u>	<u>43,285,886</u>
Ending fund balance	<u>\$ 11,070,156</u>	<u>11,618,546</u>	<u>46,705,701</u>

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
OTERO COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

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

Total net change in fund balances-governmental funds	\$ 3,419,815
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimates useful lives and reported as depreciation expense.	
Capital expenditures recorded as capital outlay or other expenses	5,834,991
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore depreciation expense is not reported as an expenditure in the governmental funds.	(5,743,937)
In the statement of activities, a gain/loss is recorded for assets that are removed from service that are not fully depreciated. Thus the change in net position differs from the change in fund balance by the amount of the gain/loss recorded for deleted capital assets.	(306,243)
Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net change of the internal service funds resulting from transactions are not recorded with governmental funds.	(3,258)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred inflows of resources related to property taxes receivable	25,503
Change in deferred inflows of resources related to GRT county equalization distribution	948,355
The issuance of long-term debt (e.g. bonds, notes, capital 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 and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
(Increase)/decrease in accrued interest	88,119
(Increase)/decrease in compensated absences	135,024
(Increase)/decrease in landfill closure and post-closure	(53,392)
Issuance of bonds, notes payable, lease and subscription liabilities	(236,000)
Amortization of premiums, discounts, and prepaid debt insurance	15,159
Principal payments on long-term obligations including bonds, notes, leases, and subscriptions	1,701,279
Governmental funds report 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:	
Pension expense	(577,778)
Rounding	6
Change in net position of governmental activities	\$ <u><u>5,247,643</u></u>

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
OTERO COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND (110, 114, 118, 184, 185)
FOR THE YEAR ENDED JUNE 30, 2023

	Original Approved Budget	Final Approved Budget	Actual	Variances Favorable (Unfavorable)
REVENUES				
Intergovernmental sources - federal	\$ 33,403	50,678	70,452	19,774
Local and state shared taxes	16,748,171	16,816,839	18,277,712	1,460,873
Property taxes	152,000	147,000	173,522	26,522
Franchise taxes	3,500,000	3,600,000	3,872,780	272,780
Charges for services	1,237,523	1,236,553	1,305,138	68,585
Interest	260,340	263,360	684,609	421,249
Donations	20,900	80,900	85,723	4,823
Other revenue	29,000	83,991	108,823	24,832
Total revenues	22,954,337	23,215,321	25,566,213	2,350,892
EXPENDITURES				
Current:				
General government	6,497,256	6,831,754	5,274,926	1,556,828
Public safety	16,450,824	19,032,479	15,455,254	3,577,225
Public Works	1,026,550	1,081,567	799,937	281,630
Health and welfare	530,631	552,043	402,720	149,323
Culture and recreation	132,524	136,196	121,733	14,463
Capital Outlay				
Capital outlay	480,514	1,335,599	841,328	494,271
Total expenditures	25,118,299	28,969,638	22,895,898	6,073,740
Excess (deficiency) of revenues over (under) expenditures	(2,163,962)	(5,754,317)	2,670,315	8,424,632
OTHER FINANCING SOURCES (USES)				
Transfers	7,015,730	7,274,707	5,247,301	(2,027,406)
Transfers out	(6,915,755)	(7,709,393)	(7,221,436)	487,957
Total other financing sources (uses)	99,975	(434,686)	(1,974,135)	(1,539,449)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(2,063,987)	(6,189,003)	696,180	6,885,183
Budgeted cash carryover	2,063,987	6,189,003		
Total	\$ -	-		
RECONCILIATION FROM BUDGET/ACTUAL TO GAAP				
Change in fund balance (Budget Basis)			\$ 696,180	
To adjust applicable revenue accruals and deferrals			(798,636)	
To adjust applicable expenditure accruals			(383,934)	
Change in fund balance (GAAP basis)			\$ (486,390)	

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
OTERO COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LOCAL ASSISTANCE AND TRIBAL CONSISTENCY FUND (171)
FOR THE YEAR ENDED JUNE 30, 2023

	Original Approved Budget	Final Approved Budget	Actual	Variances Favorable (Unfavorable)
REVENUES				
Intergovernmental sources - federal	\$ -	9,668,268	4,834,134	(4,834,134)
Total revenues	-	9,668,268	4,834,134	(4,834,134)
EXPENDITURES				
Current:				
General government	-	9,668,268	-	9,668,268
Total expenditures	-	9,668,268	-	9,668,268
Excess (deficiency) of revenues over (under) expenditures	-	-	4,834,134	4,834,134
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	4,834,134	4,834,134
Budgeted cash carryover	-	-		
Total	\$ -	-		
RECONCILIATION FROM BUDGET/ACTUAL TO GAAP				
Change in fund balance (Budget Basis)			\$ 4,834,134	
To adjust applicable revenue accruals and deferrals			(4,834,134)	
To adjust applicable expenditure accruals			-	
Change in fund balance (GAAP basis)			\$ -	

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
OTERO COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
1/4% HOLD HARMLESS GRT FUND (196)
FOR THE YEAR ENDED JUNE 30, 2023

	Original Approved Budget	Final Approved Budget	Actual	Variances Favorable (Unfavorable)
REVENUES				
Local and state shared taxes	\$ 2,627,000	2,627,000	3,198,893	571,893
Interest	50,000	51,000	130,694	79,694
Total revenues	2,677,000	2,678,000	3,329,587	651,587
EXPENDITURES				
Current:				
General government	205,431	5,641,907	136,728	5,505,179
Debt Service				
Principal payments	235,000	235,000	235,000	-
Interest payments	127,900	127,900	127,900	-
Total expenditures	568,331	6,004,807	499,628	5,505,179
Excess (deficiency) of revenues over (under) expenditures	2,108,669	(3,326,807)	2,829,959	6,156,766
OTHER FINANCING SOURCES (USES)				
Transfers	(4,000,000)	(4,000,000)	-	4,000,000
Transfers out	-	-	-	-
Total other financing sources (uses)	(4,000,000)	(4,000,000)	-	4,000,000
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(1,891,331)	(7,326,807)	2,829,959	10,156,766
Budgeted cash carryover	1,891,331	7,326,807		
Total	\$ -	-		

RECONCILIATION FROM BUDGET/ACTUAL TO GAAP

Change in fund balance (Budget Basis)	\$ 2,829,959
To adjust applicable revenue accruals and deferrals	(479,462)
To adjust applicable expenditure accruals	19,826
Change in fund balance (GAAP basis)	\$ <u>2,370,323</u>

**STATE OF NEW MEXICO
OTERO COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
AMERICAN RESCUE PLAN FUND (323)
FOR THE YEAR ENDED JUNE 30, 2023**

	Original Approved Budget	Final Approved Budget	Actual	Variances Favorable (Unfavorable)
REVENUES				
Intergovernmental sources - federal	\$ 6,554,571	-	-	-
Total revenues	6,554,571	-	-	-
EXPENDITURES				
Current:				
General government	11,757,135	11,727,675	4,398,800	7,328,875
Total expenditures	11,757,135	11,727,675	4,398,800	7,328,875
Excess (deficiency) of revenues over (under) expenditures	(5,202,564)	(11,727,675)	(4,398,800)	7,328,875
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(5,202,564)	(11,727,675)	(4,398,800)	7,328,875
Budgeted cash carryover	5,202,564	11,727,675		
Total	\$ -	-		

RECONCILIATION FROM BUDGET/ACTUAL TO GAAP

Change in fund balance (Budget Basis)	\$ (4,398,800)
To adjust applicable revenue accruals and deferrals	4,449,414
To adjust applicable expenditure accruals	(50,614)
Change in fund balance (GAAP basis)	\$ -

**STATE OF NEW MEXICO
OTERO COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE FUNDS (530-559, 567)
FOR THE YEAR ENDED JUNE 30, 2023**

	Original Approved Budget	Final Approved Budget	Actual	Variances Favorable (Unfavorable)
REVENUES				
Intergovernmental sources - federal	\$ 117,962	108,812	30,062	(78,750)
Intergovernmental sources - state	2,237,460	3,801,211	3,634,402	(166,809)
Local and state shared taxes	1,212,000	1,111,000	1,910,150	799,150
Charges for services	-	3,480	3,549	69
Interest	19,000	35,215	132,678	97,463
Donations	-	1,250	1,250	-
Other revenue	10,000	256,866	242,872	(13,994)
Total revenues	<u>3,596,422</u>	<u>5,317,834</u>	<u>5,954,963</u>	<u>637,129</u>
EXPENDITURES				
Current:				
Public safety	3,599,458	8,609,744	2,444,771	6,164,973
Capital Outlay				
Capital outlay	-	3,259,880	588,053	2,671,827
Total expenditures	<u>3,599,458</u>	<u>11,869,624</u>	<u>3,032,824</u>	<u>8,836,800</u>
Excess (deficiency) of revenues over (under) expenditures	(3,036)	(6,551,790)	2,922,139	9,473,929
OTHER FINANCING SOURCES (USES)				
Transfers	33,000	33,000	33,000	-
Transfers out	(66,000)	(66,000)	(66,000)	-
Total other financing sources (uses)	<u>(33,000)</u>	<u>(33,000)</u>	<u>(33,000)</u>	<u>-</u>
Excess (deficiency of revenues over expenditures and other financing sources (uses)	<u>(36,036)</u>	<u>(6,584,790)</u>	<u>2,889,139</u>	<u>9,473,929</u>
Budgeted cash carryover	<u>36,036</u>	<u>6,584,790</u>		
Total	\$ <u>-</u>	<u>-</u>		

RECONCILIATION FROM BUDGET/ACTUAL TO GAAP

Change in fund balance (Budget Basis)	\$ 2,889,139
To adjust applicable revenue accruals and deferrals	(920,569)
To adjust applicable expenditure accruals	<u>(85,666)</u>
Change in fund balance (GAAP basis)	\$ <u>1,882,904</u>

See Independent Auditor's Report.

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
OTERO COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of June 30, 2023**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Major Funds			Self-Insurance Internal Service
	Prison Facility Fund 779	Processing Center (ICE) Fund 780	Total	Fund 183
Assets and deferred inflows of resources:				
Assets:				
Receivables				
Accounts receivable, net	\$ 2,979,228	5,531,096	8,510,324	-
Due from other funds	823,150	513,262	1,336,412	-
Bond discounts, net of accumulated amortization of \$27,728 and \$296,398, respectively	14,382	87,533	101,915	-
Total current assets	3,816,760	6,131,891	9,948,651	-
Non-current assets:				
Restricted cash and cash equivalents	22,715,499	8,182,917	30,898,416	-
Capital assets, net	17,864,206	29,656,121	47,520,327	-
Total non-current assets	40,579,705	37,839,038	78,418,743	-
Total assets	44,396,465	43,970,929	88,367,394	-
Total assets and deferred outflows of resources	\$ 44,396,465	43,970,929	88,367,394	-
Liabilities, deferred inflows of resources and net position:				
Liabilities:				
Accounts payable	\$ 7,540,051	3,961,525	11,501,576	-
Accrued interest	252,091	587,250	839,341	-
Total current liabilities	7,792,142	4,548,775	12,340,917	-
Non-current liabilities				
Long-term debt	17,530,000	26,100,000	43,630,000	-
Total non-current liabilities	17,530,000	26,100,000	43,630,000	-
Total liabilities	25,322,142	30,648,775	55,970,917	-
Deferred inflows of resources:				
Pension deferrals	-	-	-	-
Unearned revenues	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Net position				
Net investment in capital assets	334,206	3,556,121	3,890,327	-
Unrestricted net position	18,740,117	9,766,033	28,506,150	-
Total net position	19,074,323	13,322,154	32,396,477	-
Total liabilities, deferred inflows of resources and net position:	\$ 44,396,465	43,970,929	88,367,394	-

See Independent Auditor's Report.

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
OTERO COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2023

	Business-Type Activities Enterprise Funds			Governmental Activities
	Major Funds			Self-Insurance Internal Service Fund
	Prison Facility Fund 779	Processing Center (ICE) Fund 780	Total	Fund 183
Operating revenues:				
Charges for services	\$ 32,580,888	31,090,103	63,670,991	-
Total operating revenues	32,580,888	31,090,103	63,670,991	-
Operating expenses:				
Contractual services	29,623,537	21,632,184	51,255,721	-
Depreciation	843,848	1,113,569	1,957,417	-
Total operating expenses	30,467,385	22,745,753	53,213,138	-
Operating income (loss)	2,113,503	8,344,350	10,457,853	-
Non-operating revenues (expenses):				
Interest income	617,030	141,245	758,275	-
Interest expense	(971,363)	(2,602,667)	(3,574,030)	-
Total non-operating revenues (expenses)	(354,333)	(2,461,422)	(2,815,755)	-
Income (loss) before transfers	1,759,170	5,882,928	7,642,098	-
Other financing sources/(uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(3,258)
Total other financing sources/(uses)	-	-	-	(3,258)
Change in net position	1,759,170	5,882,928	7,642,098	(3,258)
Net position, beginning of year	9,229,001	6,783,310	16,012,311	3,258
Restatement, Note 19	8,086,152	655,916	8,742,068	-
Beginning net position, as restated	17,315,153	7,439,226	24,754,379	3,258
Net position, end of year	\$ 19,074,323	13,322,154	32,396,477	-

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
OTERO COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2023

	Business-Type Activities			
	Enterprise Funds			Governmental
	Major Funds			Activities
	Prison Facility	Processing Center (ICE)		Self-Insurance Internal Service Fund
	Fund 779	Fund 780	Total	Fund 183
Cash flows from operating activities:				
Receipts from customers and users	\$ 33,420,184	33,733,882	67,154,066	-
Payments to suppliers	(29,519,683)	(24,897,415)	(54,417,098)	-
Net cash provided (used) for operating activities	3,900,501	8,836,467	12,736,968	-
Cash flows from non-capital financing activities:				
Net transfers in (out)	-	-	-	(3,258)
Net cash provided (used) for non-capital financing activities	-	-	-	(3,258)
Cash flows from investing activities:				
Interest income	617,030	141,245	758,275	-
Net cash provided (used) for investing activities	617,030	141,245	758,275	-
Cash flows from capital and related financing activities:				
Principal payments on long-term debt and leases	(2,255,000)	(3,485,000)	(5,740,000)	-
Interest payments on long-term debt and leases	(970,613)	(2,662,651)	(3,633,264)	-
Net cash provided (used) for capital and related financing activities	(3,225,613)	(6,147,651)	(9,373,264)	-
Net increase (decrease) in cash and cash equivalents	1,291,918	2,830,061	4,121,979	(3,258)
Cash and cash equivalents – beginning of year	21,423,581	5,352,856	26,776,437	3,258
Cash and cash equivalents – end of year	\$ 22,715,499	8,182,917	30,898,416	-
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 2,113,503	8,344,350	10,457,853	-
Adjustments				
Depreciation and amortization	843,848	1,113,569	1,957,417	-
Restatement of receivables and accounts payable	6,820,407	655,916	7,476,323	-
Changes in assets and liabilities:				
(Increase) decrease in receivables	(6,235,185)	1,987,863	(4,247,322)	-
Increase (decrease) in accounts payable	357,928	(3,265,231)	(2,907,303)	-
Net cash provided by operating activities	\$ 3,900,501	8,836,467	12,736,968	-

See Independent Auditor's Report.

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
OTERO COUNTY
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
As of June 30, 2023

		Custodial Funds
		<u>Fund 901</u>
Assets:		
Cash and cash equivalents	\$	562,904
Property taxes receivable, net		<u>1,787,827</u>
Total assets	\$	<u><u>2,350,731</u></u>
Liabilities:		
Future taxes to be collected and distributed	\$	2,298,355
Deposits held in trust for others		<u>-</u>
Total liabilities		2,298,355
Net position:		
Restricted for:		
Individuals, other governments		<u>52,376</u>
Total net position		<u><u>52,376</u></u>
Total liabilities and net position:	\$	<u><u>2,350,731</u></u>

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
OTERO COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
For the Year Ended June 30, 2023

	Custodial Funds
	<u>Fund 901</u>
Additions:	
Local sources:	
Property taxes collected for others	\$ 21,942,865
Deposits received for inmates and others	<u>375,635</u>
Total additions	<u>22,318,500</u>
Deductions:	
Property taxes distributed to other governments	21,942,865
Disbursements made to inmates and others	<u>375,501</u>
Total deductions	<u>22,318,366</u>
Net increase (decrease) in fiduciary net position	134
Net position, beginning	-
Restatement, Note 19	<u>52,242</u>
Net position, beginning, as restated	<u>52,242</u>
Net position, ending	<u><u>\$ 52,376</u></u>

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1—ENTITY AND 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.

Recently Issued and Adopted Accounting Standards

In March 2020, the GASB issued Statement No. 94 (GASB 94), *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of GASB 94 is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). GASB 94 is effective for the County's financial statements for

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

the year ended June 30, 2023. There was no material impact to the County's financial statements for the year ended June 30, 2023 as a result of adopting GASB 94.

In May 2020, the GASB issued Statement No. 96 (GASB 96), *Subscription-Based Information Technology Arrangements* (SBITAs), which is effective for the year ended June 30, 2023. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). GASB 96 defines an SBITA, establishes that an SBITA results in a right to-use subscription asset (an intangible asset) and a corresponding subscription liability, provides the capitalization criteria for outlays other than subscription payments (including implementation costs of an SBITA), and requires note disclosures regarding an SBITA. The County adopted GASB 96 for the year ended June 30, 2023. There was no material impact to the County's financial statements for the year ended June 30, 2023 as a result of adopting GASB 96.

The County's most significant accounting policies are described below.

A. 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 (c). Blended component units, although 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.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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 required to be reported under GASBs 14, 39, 61, 80, and 90 as well as other applicable GASB Statements except for the Tularosa Basin Regional Dispatch Authority as noted below.

Discretely Presented Component Unit

The Tularosa Basin Regional Dispatch Authority (TBRDA) (Fund 126) provides 911 emergency and non-emergency communications services to the County's public safety partner agencies and community. TBRDA was created pursuant to the Joint Powers Agreement (JPA) signed on October 4, 2021, between Otero County (the County), the City of Alamogordo (the City), and the Village of Cloudcroft (Cloudcroft). The TBRDA Board consists of ten members made up of four members appointed by the County, four members appointed by the City, and two members appointed by Cloudcroft. The parties of the JPA agree to share the personnel costs at a pro rata rate of 50% paid by the County and 50% paid by the City for the first year of the JPA. The number of calls for service received from each agency and other relevant data will be used to establish percentages for allocation of costs between the parties of the JPA. This percentage will be reviewed each March. The County acts as the fiscal agent for TBRDA and strictly accounts for all receipts and disbursements made pursuant to the JPA. TBRDA is a discretely presented component unit of the County. TBRDA does not issue separate financial statements.

B. 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.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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 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.

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.

C. 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

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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 revenue to be available as follows: grant revenue, if they are collected within 12 months of the end of the current fiscal period, all other revenue, 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.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of the County's enterprise funds are charges for services for the housing of inmates in the County's Prison Facility and Processing Center (ICE) 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.

Fund Financial Statements

Under the requirements of GASB 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 (Funds 110, 114, 118, 184, 185)* 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 *Local Assistance and Tribal Consistency Fund (LATCF) (Fund 171)* accounts for the LATCF Grant activities. LATCF is a general revenue enhancement program that provides additional assistance to eligible revenue-sharing counties and eligible Tribal governments. Funds have been appropriated from the American Rescue Plan by the U.S. Treasury. The fund was created administratively for funds restricted by the LATCF grant agreement.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

The *Hold Harmless Revenue Bond (1/4%) (Fund 196)* 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 *American Rescue Plan (Fund 323)* to provide federal funding to support recovery efforts due to the COVID-19 pandemic; authority public law 117-2.

The *Fire Funds (Funds 530-559, 567)* 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).

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

The *Otero County Prison Facility Fund (Fund 779)* is used to account for the activities of the County's Prison Facility in Chaparral.

The *Otero County Processing Center (ICE) Fund (Fund 780)* 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 (Fund 183)* 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. This fund was closed due to inactivity during FY23.

Additionally, the government reports the following fiduciary fund:

Custodial funds (Fund 901) 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

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

agencies. They also account for the collection and disbursement of inmate funds for the Otero County Prison Facility.

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.

D. 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.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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.

Lease Receivables

The County's lease receivables are measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the County may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

Deferred inflows of resources are recorded for the leases. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivables. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Inventories

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 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. Ending inventory is based on an estimate.

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.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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 34. The County was required to report its major general infrastructure assets retroactively to June 30, 1980. Information Technology Equipment including software is being capitalize and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at date of donation.

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

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

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

Asset Type	Years
Infrastructure	10-30
Buildings and building improvements	40-45
Office furniture and equipment	5-10
Vehicles	5

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Right-to-Use Leased Assets

The County has recorded intangible “right-to-use leased assets” (RTU) as a result of implementing GASB 87. RTUs are initially measured at an amount equal to the initial measurement of the related lease liability. Beginning in fiscal year 2023, the County implemented a policy that RTUs will only be recognized if they have a calculated present value of at least \$25,000 and greater. RTUs 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, 2023, along with applicable FICA and Medicare liabilities.

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 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. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources

In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time.

Deferred Inflows of Resources

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

resources. The County reports unavailable revenue (property taxes and GRT County Equalization payments) only in the governmental funds balance sheet as deferred inflows of resources. These amounts are 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 68, the related net pension liability, and deferred inflows related to lease receivables.

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 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.

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

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, the nonspendable fund balance in the governmental funds consists of amounts associated with inventory, prepaid expense contracts, and the portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

Restricted and Committed Fund Balance

At June 30, 2023, 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. The New Mexico Department of Finance and Administration (DFA) requires that 3/12 of the 2024 budgeted expenditures in the General Fund be restricted as subsequent-year expenditures to provide adequate cash reserves. Additionally, the DFA imposes a County Road Fund Reserve requirement for the County of 1/12 of the 2024 total Road Fund budgeted expenditures.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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.”

Use of Estimates in Preparation of Financial Statements

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 affecting the County's financial statements include management's estimate of the following: estimated useful lives of capital assets, calculations of compensated absences, landfill closure and post-closure care costs, inputs and methods related to calculating right-to-use leased assets and related liabilities and lease receivables as well as inputs and methods related to pension unfunded balances and activity.

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.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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, 2023 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.

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, 2023.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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. At present, state statutes require that a minimum of fifty percent of uninsured balances on deposit with anyone institution must be collateralized, with higher requirements up to 102% for financially troubled institutions.

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 Fiduciary funds are pooled and held in multiple accounts. Separate accounts exist for sheriff and confiscation related funds.

As of June 30, 2023, 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.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

The locations and amounts deposited are as follows:

	Per Institution	Reconciling Items	Per Financial Statements
Bank 34	\$ 250,000	-	250,000
First American Bank	250,000	-	250,000
First National Bank of Alamogordo	7,752,909	(867,463)	6,885,446
First Savings Bank	245,052	-	245,052
US Bank	30,898,415	-	30,898,415
Washington Federal Bank	500,000	-	500,000
Total cash deposits	\$ <u>39,896,376</u>	<u>(867,463)</u>	39,028,913
Cash on hand			1,330
Cash held with Trustee - NMFA			607,175
Investments - cash equivalents			<u>241,266</u>
Total cash and investments			\$ <u>39,878,684</u>

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

Cash and cash equivalents	\$ 8,417,364
Restricted cash and cash equivalents	30,898,416
Custodial funds	<u>562,904</u>
Statement of net position	\$ <u>39,878,684</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).

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

At June 30, 2023, the County's bank balances were collateralized as follows:

	Bank 34	First American Bank	First National Bank of Alamogordo	First Savings Bank	Washington Federal Bank	Total
Amount of deposits	\$ 250,000	250,000	7,752,909	245,052	500,000	8,997,961
less: FDIC coverage	(250,000)	(250,000)	(250,000)	(245,052)	(250,000)	(1,245,052)
Total uninsured public funds	-	-	7,502,909	-	250,000	7,752,909
Collateral requirement (102%)	-	-	7,652,967	-	-	7,652,967
Collateral requirement (50%)	-	-	-	-	125,000	125,000
Total collateral requirement	-	-	7,652,967	-	125,000	7,777,967
less: Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	-	-	(11,148,848)	(601,677)	(128,815)	(11,879,340)
(Over)/under collateralized	\$ -	-	(3,495,881)	(601,677)	(3,815)	(4,101,373)

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.

Investments

As of June 30, 2023, the County's investments and related maturities were as follows:

Investment Type	Credit Risk Rating	Fair Value	Weighted Average Maturity	Percent of Portfolio
Brokered CD's	N/A	\$ 11,853,135	1,579 days	24.36%
US Government Securities	AA +	28,522,721	1,678 days	58.62%
Investments - LGIP	AAAm	7,370,294	22 day (R),	15.15%
US Treasuries	N/A	907,540	86 day (F)	1.87%
		<u>\$ 48,653,690</u>	1,810 days	

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-

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

63, NMSA 1978). The securities are not subject to custodial credit risk as they are registered and held in the name of Otero County.

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 shown above. 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.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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, 2023:

<u>Investment Type</u>		<u>Amount</u>	<u>Input Level</u>
Brokered CD's	\$	11,853,135	Level 1
US Government Securities		28,522,721	Level 1
Investments - LGIP		7,370,294	Level 1
US Treasuries	\$	907,540	Level 1

THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 4—RECEIVABLES

Receivables as of June 30, 2023 are as follows:

	General Fund Funds 110, 114, 118, 184, 185	Hold Harmless Revenue Bond 1/4% Fund 196	Fire Funds Funds 530-559, 567	Total Non-Major Governmental Funds	Total Governmental Funds
Governmental Activities					
Property taxes	\$ 967,055	-	-	-	967,055
Other taxes:					
Gross receipts taxes	2,926,399	434,482	179,111	836,068	4,376,060
Gasoline and other taxes	15,220	-	-	-	15,220
Cannabis excise tax	-	-	-	21,505	21,505
Medicaid	-	-	-	155,084	155,084
Other receivables:					
Charges for services	318,568	-	2,363	83,093	404,024
Opioid settlement	-	-	-	32,916	32,916
Franchise fees	21,237	-	-	-	21,237
Grants receivable	10,764	-	11,282	890,903	912,949
Leases receivable	494,078	-	-	-	494,078
Subtotal	4,753,321	434,482	192,756	2,019,569	7,400,128
Less: Allowance for uncollectibles	-	-	-	-	-
Net receivables	\$ 4,753,321	434,482	192,756	2,019,569	7,400,128

In accordance with GASB 33, property tax revenues and the gross receipts tax county equalization distribution in the amounts of \$832,218 and \$2,243,917 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, 2023 were \$11,903,842 and presented as unearned revenue/grant advances.

	Prison Facility Fund 779	Processing Center (ICE) Fund 780	Total Proprietary
Business-type Activities			
Customer receivables	\$ 2,979,228	5,531,096	8,510,324
Subtotal	2,979,228	5,531,096	8,510,324
Less: Allowance for uncollectibles	-	-	-
Net receivables	\$ 2,979,228	5,531,096	8,510,324

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

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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 2.37-3.00% determined by other financing transactions 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.

The County's lessor arrangements at June 30, 2023 are summarized below (excluding short-term leases):

	Lease Receivables Balance June 30, 2023	Current Portion	Number of Lease Contracts	Lease Terms*	Interest Rates
<u>Governmental Activities</u>					
Lessor					
Buildings	\$ 494,078	233,014	11	1-8 years	2.21-3.00%
Total governmental activities	<u>494,078</u>	<u>233,014</u>			
Total lease receivables	<u>\$ 494,078</u>	<u>233,014</u>			

*The lease terms represent the range of remaining terms in each lease.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

For the year ended June 30, 2023, the County recognized the following in lease income and interest earned on leases:

<u>Governmental Activities</u>	<u>2023</u>
Lease income	\$ 341,750
Lease interest	\$ 17,236

The future minimum lease receipts of these leases in governmental activities as of June 30, 2023, were as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 233,014	9,446	242,460
2025	137,887	5,183	143,070
2026	77,596	2,454	80,050
2027	14,633	1,097	15,730
2028	6,519	861	7,380
2029-2033	24,429	1,402	25,831
	<u>\$ 494,078</u>	<u>20,443</u>	<u>514,521</u>

Prison Facility and Processing Center (ICE) rental income

The County receives monthly rental income for the use of the prison facility and processing center (ICE). This income is based on occupancy of those facilities. For the fiscal year ending June 30, 2023, the County recognized the following rent revenue:

	<u>Rental Income</u>
Prison Facility	\$ 638,721
Processing Center (ICE)	304,131
Total	<u>\$ 942,852</u>

THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 5—TRANSFERS AND INTERFUND RECEIVABLES

Net operating transfers, made to close out funds and to supplement other funding sources, were as follows:

	Transfers In					
	General Fund	Fire Funds	Non-Major Governmental Funds	Self-Insurance Internal Service Fund	Component Unit	Total
	Funds 110, 114, 118, 184, 185	Funds 530-559, 567		Fund 183		
Fund transfers						
General (110, 114, 118, 184, 185)	\$ 5,214,301	-	1,972,544	-	34,591	7,221,436
Fire Funds (530-559, 567)	33,000	33,000	-	-	-	66,000
Non-Major Governmental	-	-	-	-	-	-
Self-Insurance Internal Service Fund (183)	3,258	-	-	-	-	3,258
Component Unit	-	-	-	-	-	-
Total transfers (fund)	<u>\$ 5,250,559</u>	<u>33,000</u>	<u>1,972,544</u>	<u>-</u>	<u>34,591</u>	<u>7,290,694</u>
Government-wide transfers	-	-	-	-	-	-
Total transfers including government-wide	<u>\$ 5,250,559</u>	<u>33,000</u>	<u>1,972,544</u>	<u>-</u>	<u>34,591</u>	<u>7,290,694</u>

For the year ended June 30, 2023, the following major governmental and proprietary funds had no transfer activity: Local Assistance and Tribal Consistency (LATCF) (171), Hold Harmless Revenue Bond 1/4% (196), American Rescue Plan (323), Prison Facility (779), Processing Center (ICE) (780).

For the year ended June 30, 2023, cash transfers between the general fund and the component unit are the only significant transactions between the primary government and the component unit.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

The County records temporary interfund receivables and payables to enable the funds to operate until monies are received. The composition of interfund balances during the year ended June 30, 2023 is as follows:

Due from other funds	Due to other funds	Amount
Prison Facility (779)	General (110, 114, 118, 184, 185)	\$ 823,150
Processing Center (ICE) (780)	General (110, 114, 118, 184, 185)	513,262
	HIDTA Grant/ Task Force	
General (101)	Coordinator (129)	76,533
General (101)	Legislative Grants (362)	1,018,340
		<u>\$ 2,431,285</u>

All interfund balances are expected to be repaid within one year.

NOTE 6—CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2023 follows. Land and construction in progress are not subject to depreciation.

GOVERNMENTAL ACTIVITIES	Balance June 30, 2022	Additions	Deletions	Transfers/ Adjustments	Restatement	Balance June 30, 2023
Non-depreciable capital assets:						
Land	\$ 22,364,195	-	(73,370)	-	(32,089)	22,258,736
Construction in progress	22,205,485	2,965,821	-	(433,109)	(11,319)	24,726,878
Total non-depreciable capital assets	44,569,680	2,965,821	(73,370)	(433,109)	(43,408)	46,985,614
Capital assets being depreciated/amortized:						
Infrastructure and land improvements	64,701,159	-	-	-	(67,867)	64,633,292
Buildings and improvements	40,845,894	56,137	(21,290)	433,109	(3,224,434)	38,089,416
Equipment and furnishings	13,928,445	1,002,479	(96,300)	224,712	(1,239,324)	13,820,012
Vehicles	32,164,057	1,810,554	(770,993)	-	129,266	33,332,884
Right-to-use lease equipment	358,735	-	-	(230,784)	-	127,951
Total capital assets being depreciated/amortized	151,998,290	2,869,170	(888,583)	427,037	(4,402,359)	150,003,555
Less accumulated depreciation/amortization for:						
Infrastructure and land improvements	(50,225,720)	(2,597,369)	-	-	(316,943)	(53,140,032)
Buildings and improvements	(19,428,069)	(962,136)	21,290	-	(192,928)	(20,561,843)
Equipment and furnishings	(12,175,268)	(582,472)	91,119	-	2,928,885	(9,737,736)
Vehicles	(22,519,268)	(1,553,206)	543,302	-	(230,364)	(23,759,536)
Right-to-use lease equipment	(20,497)	(48,754)	-	6,072	-	(63,179)
Total accumulated depreciation/amortized	(104,368,822)	(5,743,937)	655,711	6,072	2,188,650	(107,262,326)
Total capital assets being depreciated/amortized	47,629,468	(2,874,767)	(232,872)	433,109	(2,213,709)	42,741,229
Total capital assets, net of depreciation & amortization	\$ 92,199,148	91,054	(306,242)	-	(2,257,117)	89,726,843

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Depreciation and amortization expense for the year ended June 30, 2023 was charged to governmental activities as follows:

Governmental activities:

General government	\$ 601,492
Public safety	566,100
Public works	2,850,807
Culture and recreation	323,769
Health and welfare	<u>1,401,770</u>
Total governmental activities	<u>\$ 5,743,938</u>

	Balance June 30, 2022	Additions	Deletions	Transfers/ Adjustments	Restatement	Balance June 30, 2023
BUSINESS-TYPE ACTIVITIES						
Non-depreciable capital assets:						
Land	\$ 927,350	-	-	-	-	927,350
Total non-depreciable capital assets	927,350	-	-	-	-	927,350
Capital assets being depreciated:						
Buildings and improvements	76,187,100	-	-	-	1,318,485	77,505,585
Total capital assets being depreciated	76,187,100	-	-	-	1,318,485	77,505,585
Less accumulated depreciation for:						
Buildings and improvements	(28,902,451)	(1,957,417)	-	-	(52,740)	(30,912,608)
Total accumulated depreciation	(28,902,451)	(1,957,417)	-	-	(52,740)	(30,912,608)
Total capital assets being depreciated	47,284,649	(1,957,417)	-	-	1,265,745	46,592,977
Total capital assets, net of depreciation	\$ 48,211,999	(1,957,417)	-	-	1,265,745	47,520,327

Depreciation expense for the year ended June 30, 2023 was charged to business-type activities as follows:

Business-type activities

Prison facility	\$ 843,848
Processing center (ICE)	<u>1,113,569</u>
Total business type activities	<u>\$ 1,957,417</u>

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 7—LONG-TERM OBLIGATIONS

Changes in long-term obligations during the year ended June 30, 2023, were as follows:

	Balance June 30, 2022	Increases	Decreases	Restatements/ Adjustments	Balance June 30, 2023	Amount due within one year
Governmental activities						
Bonds payable	\$ 17,000,000	-	(1,085,000)	-	15,915,000	1,120,000
Loans payable	3,767,333	236,000	(390,503)	-	3,612,830	397,824
Lease liabilities	298,662	-	(225,776)	(6,367)	66,519	26,661
Landfill closure and post-closure	-	-	-	53,392	53,392	-
Compensated absences	541,354	716,264	(851,288)	-	406,330	101,582
Net pension liability	13,145,293	8,481,461	(1,123,060)	-	20,503,694	-
Total governmental activities	34,752,642	9,433,725	(3,675,627)	47,025	40,557,765	1,646,067
Business-type activities						
Revenue bonds payable	49,370,000	-	(5,740,000)	-	43,630,000	6,030,000
Total business-type activities	49,370,000	-	(5,740,000)	-	43,630,000	6,030,000
Total long-term obligations	\$ 84,122,642	9,433,725	(9,415,627)	47,025	84,187,765	7,676,067

Governmental Activities

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, 2023
Hold Harmless GRT Bond - series 2014	April 2014	December 2033	3.00-5.00%	\$ 5,065,000	3,215,000
Hold Harmless GRT Bond - series 2017A	April 2017	December 2028	3.13%	8,620,000	4,650,000
Hold Harmless GRT Bond - series 2020	July 2020	December 2045	2.00-4.00%	8,355,000	8,050,000
Total bonds payable				\$ 22,040,000	15,915,000

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

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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 prison facility 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.

The annual requirements to amortize the bonds payable as of June 30, 2023, including interest payments, are as follows:

Fiscal Year Ending			Total Debt
June 30,	Principal	Interest	Service
2024	\$ 1,120,000	490,455	1,610,455
2025	1,160,000	453,041	1,613,041
2026	1,200,000	413,813	1,613,813
2027	1,235,000	372,849	1,607,849
2028	1,280,000	330,518	1,610,518
2029-2033	3,950,000	1,132,887	5,082,887
2034-2038	2,300,000	612,047	2,912,047
2039-2043	2,200,000	353,169	2,553,169
2044-2048	1,470,000	61,463	1,531,463
Total	\$ <u>15,915,000</u>	<u>4,220,242</u>	<u>20,135,242</u>

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

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Loans Payable

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.

The NMFA and financing leases are as follows:

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2023
NMFA Loan - PPRF-2198 (Otero 15)	November 2008	May 2029	3.00%	\$ 163,557	60,341
NMFA Loan - PPRF-2571 (Otero 25)	April 2011	May 2026	3.58%	192,850	46,284
NMFA Loan - PPRF-2915 (Otero 32)	July 2013	May 2033	1.290-4.340%	201,500	119,922
NMFA Loan - PPRF-2916 (Otero 33)	July 2013	May 2030	1.290-4.340%	226,688	111,192
NMFA Loan - PPRF-3103 (Otero 35)	May 2014	May 2025	1.170-3.100%	110,832	24,579
NMFA Loan - PPRF-3318 (Otero 39)	July 2015	May 2026	0.390-2.240%	120,000	44,141
NMFA Loan - PPRF-3439 (Otero 40)	April 2016	May 2026	0.390-2.240%	40,000	14,171
NMFA Loan - PPRF-3591 (Otero 41)	December 2016	May 2026	0.860-1.860%	149,925	49,881
NMFA Loan - PPRF-3592 (Otero 42)	December 2016	May 2026	1.290-2.000%	90,681	32,167
NMFA Loan - PPRF-3601 (Otero 43)	December 2016	May 2027	0.950-2.000%	120,907	50,739
NMFA Loan - PPRF-3603 (Otero 45)	January 2017	May 2037	1.190-3.520%	604,535	456,780
NMFA Loan - PPRF-3628 (Otero 46)	January 2017	May 2027	1.190-2.000%	352,645	149,882
NMFA Loan - PPRF-3691 (Otero 47)	January 2017	May 2037	0.960-2.000%	403,023	327,596
NMFA Loan - PPRF-3747 (Otero 48)	August 2017	May 2028	0.10%	161,210	80,959
NMFA Loan - PPRF-4412	March 2018	May 2028	1.91%	65,492	34,322
NMFA Loan - PPRF-4433	March 2018	May 2028	1.350-2.380%	285,555	195,280
NMFA Loan - PPRF-4684	October 2018	May 2029	2.47%	99,910	63,331
NMFA Loan - PPRF-4722	July 2018	May 2031	2.10%	277,079	226,148
NMFA Loan - PPRF-4775	October 2018	May 2034	2.35%	498,831	428,028
NMFA Loan - PPRF-5000	November 2019	May 2030	0.14%	176,323	139,335
NMFA Loan - PPRF-5004	November 2019	May 2030	0.10%	125,945	88,341
NMFA Loan - PPRF-5056	January 2020	May 2030	1.68%	151,134	127,420
NMFA Loan - PPRF-5128	February 2020	May 2030	1.58%	171,285	150,679
NMFA Loan - PPRF-5318	November 2020	May 2031	0.270-1.310%	180,000	143,325
NMFA Loan - PPRF-5721	April 2022	May 2034	1.310-2.700%	216,901	211,987
NMFA Loan - PPRF-6018	May 2023	May 2034	2.00%	145,000	145,000
NMFA Loan - PPRF-6020	May 2023	May 2034	2.00%	91,000	91,000
Total loans				\$ 5,422,808	3,612,830

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

The annual requirements to amortize the loans as of June 30, 2023, including interest payments are as follows:

Fiscal Year Ending				Total Debt
June 30,	Principal	Interest	Service	
2024	\$ 397,824	67,337	465,161	
2025	423,024	69,353	492,377	
2026	436,087	56,767	492,854	
2027	394,002	48,479	442,481	
2028	351,128	41,271	392,399	
2029-2033	1,240,627	112,989	1,353,616	
2034-2038	370,138	14,787	384,925	
Total	\$ <u>3,612,830</u>	<u>410,983</u>	<u>4,023,813</u>	

Lease liabilities

The County entered into multiple equipment leases for copiers, postage machines and road equipment. The County's lessee leasing arrangements at June 30, 2023 are summarized below (excluding short-term leases):

	Lease Liability Balance	Current	# of Lease	Remaining	Interest
<u>Governmental Activities</u>	<u>June 30, 2023</u>	<u>Portion</u>	<u>Contracts</u>	<u>Lease Terms*</u>	<u>Rate</u>
Lessee					
Equipment	\$ <u>66,519</u>	<u>26,661</u>	13	<1 - 4 years	2.37%
Total leases payable	\$ <u>66,519</u>	<u>26,661</u>			

*The lease terms represent the range of remaining terms in each lease.

During the year, the County did not recognize any variable payment amounts.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

The future minimum lease obligations as of June 30, 2023 were as follows:

Governmental Activities			
Fiscal Year			
Ending			Total
June 30,	Principal	Interest	Debt Service
2024	\$ 26,661	1,310	27,971
2025	22,186	713	22,899
2026	14,307	254	14,561
2027	3,365	28	3,393
2028	-	-	-
	<u>\$ 66,519</u>	<u>2,305</u>	<u>68,824</u>

Landfill Closure and Post-Closure Costs

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 estimated liability for landfill closure and post-closure care as of June 30, 2023 were as follows:

	City of Alamogordo share 75%	Otero County share 25%	Total estimated cost
Future estimated landfill closure and post-closure	\$ 160,178	53,392	213,570

The County has accrued their portion of the liability. The actual cost of closure and post-closure care may vary due to inflation, changes in technology, or changes in landfill laws and regulations.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Compensated Absences

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e., are due for payment). Compensated absences are accrued in the government-wide statements. The compensated absences liability attributable to the governmental activities will be liquidated primarily by the general fund.

Business-Type Activities

Revenue Bonds

At June 30, 2023, the County had the following revenue bonds outstanding:

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2023
Jail Project Series 2007	May 2007	April 2028	8.75-9.00%	\$ 62,305,000	26,100,000
Jail Project Series 2012	December 2012	December 2027	4.77%	19,760,000	9,550,000
Jail Project Series 2014	April 2014	December 2028	4.60%	16,820,000	7,980,000
Total revenue bonds				<u>\$ 98,885,000</u>	<u>43,630,000</u>

The annual requirements to amortize the bonds as of June 30, 2023, including interest payments, are as follows:

Revenue Bond Series 2007 (Interest Rate Conversion)

Fiscal Year Ending	Total Debt		
June 30,	Principal	Interest	Service
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
2028	9,930,000	893,700	10,823,700
Total	<u>\$ 26,100,000</u>	<u>8,212,500</u>	<u>34,312,500</u>

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Revenue Bond Series 2012 (Interest Rate Conversion)

Fiscal Year Ending			Total Debt
June 30,	Principal	Interest	Service
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	270,578	1,530,578
2028	4,725,000	112,691	4,837,691
Total	\$ 9,550,000	1,541,188	11,091,188

Revenue Bond Series 2014 (converted September 1, 2017)

Fiscal Year Ending			Total Debt
June 30,	Principal	Interest	Service
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
2028	1,420,000	133,630	1,553,630
2029-2033	1,485,000	68,310	1,553,310
Total	\$ 7,980,000	1,333,080	9,313,080

Tax Revenue Bonds — Total

Fiscal Year Ending			Total Debt
June 30,	Principal	Interest	Service
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	16,075,000	1,140,021	17,215,021
2029-2033	1,485,000	68,310	1,553,310
Total	\$ 43,630,000	11,086,768	54,716,768

NOTE 8—PENSION PLAN—PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Note: The County maintains audit responsibility for Tularosa Basin Regional Dispatch Authority (TBRDA), which is presented as a discretely presented component unit. The County processes payroll for TBRDA, which includes expenditures for PERA.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

General Information about the Pension Plan

Plan Description

Public Employees Retirement 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 Officers, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the Public Employees Retirement Fund is set forth in the Public Employees Retirement Act (Chapter 10, Section 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), each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded. PERA issues a publicly available annual comprehensive financial report that can be obtained at www.nmpera.org/financial-overview/.

Regarding the treatment of TBRDA employees — The County's PERA plan provides benefits for all employees of Otero County and Tularosa Basin Regional Dispatch Authority (TBRDA) who satisfy the retirement eligibility requirements of the Public Employees Retirement Association of New Mexico (PERA). The PERA liability includes the TBRDA employees as they are considered County employees.

Benefits Provided—Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

TIER II

The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 65 with 5 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

Contributions—See PERA's publicly available financial report and comprehensive annual financial report obtained at <http://saonm.org/> using the Audit Report Search function for agency 366, for the employer and employee contribution rates in effect for fiscal year 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At June 30, 2023, the County reported a liability of \$20,503,694 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2022 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2021. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2022. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities,

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

actuarially determined. At June 30, 2022, the County's proportion was 0.61446%, which was an increase of 0.030452% from its proportion measured as of June 30, 2021.

For PERA Fund Division; Municipal General Division, at June 30, 2023, the County reported a liability of \$12,754,028 for its proportionate share of the net pension liability. At June 30, 2022, the County's proportion was 0.719060%, which was a decrease of 0.015640% from its proportion measured as of June 30, 2021. For the year ended June 30, 2023, the County recognized PERA Fund Division; Municipal General Division pension expense of \$882,481.

At June 30, 2023, the County reported PERA Fund Division; Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

<u>Municipal General Division</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 51,128	310,173
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,262,211	-
Changes in proportion and differences between County contributions and proportionate share of contributions	148,492	260,891
County contributions subsequent to the measurement date	<u>572,837</u>	<u>-</u>
	<u>\$ 2,034,668</u>	<u>571,064</u>

\$572,837 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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:		
2024	\$	210,105
2025		156,019
2026		(471,962)
2027		996,605
2028		-
Thereafter	\$	-

For PERA Fund Division; Municipal Police Division, at June 30, 2023, the County reported a liability of \$7,043,601 for its proportionate share of the net pension liability. At June 30, 2022, the County's proportion was 0.876430%, which was an increase of 0.049830% from its proportion measured as of June 30, 2021. For the year ended June 30, 2023, the County recognized PERA Fund Division; Municipal Police Division pension expense of \$858,548.

At June 30, 2023, the County reported PERA Fund Division; Municipal Police Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

<u>Municipal Police Division</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 183,474	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	615,455	-
Changes in proportion and differences between County contributions and proportionate share of contributions	396,056	-
County contributions subsequent to the measurement date	768,852	-
	<u>\$ 1,963,837</u>	<u>-</u>

\$768,852 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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:		
2024	\$	515,682
2025		311,540
2026		(121,728)
2027		489,491
2028		-
Thereafter	\$	-

For PERA Fund Division; Municipal Fire Division, at June 30, 2023, the County reported a liability of \$706,065 for its proportionate share of the net pension liability. At June 30, 2022, the County's proportion was 0.092970%, which was a decrease of 0.004630% from its proportion measured as of June 30, 2021. For the year ended June 30, 2023, the County recognized PERA Fund Division; Municipal Fire Division pension expense of \$227,243.

At June 30, 2023, the County reported PERA Fund Division; Municipal Fire Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Municipal Fire Division</u>		
Differences between expected and actual experience	\$ 4,392	498
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	31,482	-
Changes in proportion and differences between County contributions and proportionate share of contributions	143,387	22,968
County contributions subsequent to the measurement date	45,509	-
	<u>\$ 224,770</u>	<u>23,466</u>

\$45,509 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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:		
2024	\$	139,334
2025		5,324
2026		(13,570)
2027		24,707
2028		-
Thereafter	\$	-

Actuarial assumptions—The total pension liability in the June 30, 2022 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

PERA Fund	
Actuarial valuation date	June 30, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll for all divisions except for the Legislative division which is Level Dollar
Amortization period	25 years
Actuarial assumptions	
Investment rate of return	7.25% annual rate
Projected salary increases	3.25% to 13.50% annual rate
Includes inflation at	2.50%
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 nonpublic safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
Experience study dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2013 through June 30, 2017 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2021. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2022. These assumptions were adopted by the Board use in the June 30, 2021 actuarial valuation.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

The long-term expected rate of return on pension plan investments was determined using a building-block method 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 allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>All Funds - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	35.50%	6.35%
Risk Reduction & Mitigation	19.50%	1.90%
Credit Oriented Fixed Income	15.00%	4.45%
Real Assets to include Real Estate Equity	20.00%	5.10%
Multi-Risk Allocation	10.00%	6.65%
Total	<u>100.0%</u>	

Discount rate—A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2022. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Sensitivity of the County’s proportionate share of the net pension liability to changes in the discount rate—The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the County’s proportionate

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease	Current	1% Increase
PERA Fund Division	(6.25%)	Discount Rate (7.25%)	(8.25%)
Municipal General Division	\$ 19,299,577	12,754,028	7,316,406
Municipal Police Division	\$ 10,567,530	7,043,601	4,160,363
Municipal Fire Division	\$ 930,024	706,065	522,163

Pension plan fiduciary net position—Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERA financial reports, available at www.nmpera.org/.

Payable Changes in the Net Pension Liability— At June 30, 2023 there were no contributions due and payable to PERA for the County. Contractually required contributions are remitted to PERA monthly.

NOTE 9—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.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10—OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles in the United States of America require disclosures of certain information concerning individual funds including:

Deficit fund balance of individual funds

The following funds and component unit had a deficit fund balance as of June 30, 2023:

<u>Governmental Activities</u>	
<u>Fund</u>	<u>Amount</u>
Property Valuation (112)	\$ (22,130)
HIDTA Grant/ Task Force Coordinator (129)	(4,151)
Legislative Grants (362)	(319,508)
	<u>\$ (345,789)</u>
 <u>Component Unit</u>	
Tularosa Basin Regional Dispatch Authority	<u>\$ (8,539)</u>

Designated cash appropriations in excess of available balances

The County had the following funds in which there were designated cash appropriations in excess of available balances for the year June 30, 2023:

<u>Governmental Activities</u>	
<u>Fund</u>	
General Fund (110, 114, 118, 184, 185)	\$ 5,577,676
1/4% Hold Harmless GRT (196)	6,974,520
1/8% Hold Harmless GRT (197)	1,145,653
Fire Funds (530-559, 567)	1,722,102
Processing Center (ICE) (780)	<u>1,294,094</u>
Total governmental funds	<u>16,714,045</u>
 Total all fund types	 <u>\$ 16,714,045</u>

NOTE 11—POST-EMPLOYMENT BENEFIT—STATE RETIREE HEALTH CARE PLAN

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.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 12—OTERO-GREENTREE REGIONAL LANDFILL

During the 1993-1994 fiscal years the County entered into a joint powers agreement for the operation of a regional landfill.

The purpose of the joint venture was to establish, finance and operate the Otero-Greentree 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 Lincoln 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-Greentree Regional Landfill;
2. Title to the facility shall be held in undivided-joint tenancy between the Otero and Lincoln Solid Waste Authorities;
3. The entities, through their respective Otero or Lincoln 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;
4. 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,
5. 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;
6. The entities agree that the City of Alamogordo shall annually prepare a budget that shall be approved by the Otero and Lincoln County Solid Waste Authorities. Thereafter, the City will operate the Landfill in accordance with good business practice;
7. The governmental entities authorize the exercise of the following joint powers by the City 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; and
 - d. To implement adopted policies regarding fees, rates and charges.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

8. The landfill shall be a joint venture of the entities acting in a proprietary capacity;
9. Annually, the City of Alamogordo will provide a complete financial report on the operation to each participating entity;
10. The terms of this agreement are perpetual;
11. The agreement was originally signed on September 30, 1993, and was amended on June 2, 1995.

The City of Alamogordo reports the joint venture above as a discretely presented component unit in its annual financial audit.

NOTE 13— 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, 2023, 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.

NOTE 14—COMMITMENTS AND CONTINGENCIES

Contingencies

During the ordinary course of its operation, the County is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the County, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the County or results of activities.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures from current or prior years which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts not recorded, if any, to be immaterial.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Commitments

The County has active construction projects as of June 30, 2023. At year-end, the County's commitments with contractors are as follows:

Project Name	Estimated Date of Completion	Percent Complete	Total Expected Cost	Total Amount Expended	Amount Expended in June 30, 2023
Alamo Street Ph. II Improvement	February 25 2024	22%	\$ 1,869,033	408,696	408,695
CHINS Project Renovation	May 18 2024	18%	1,100,077	196,192	17,917
Prison Facility Renovation	complete, closeouts pending	100%	17,326,123	17,285,025	676,172
Emergency Operations Center Renovation	complete	78%	1,285,784	1,003,456	500,095
Judicial Project - New Courthouse	UNKNOWN	2%	15,324,647	303,017	542
La Luz Gate Road	UNKNOWN	0%	UNKNOWN	359,949	3,371
Low Water Crossing	complete, closeouts pending	86%	589,783	507,285	357,117
Riata Road Improvement	May 12 2024	53%	7,108,190	3,790,740	129,394
Suzy Ann Bridge Improvement	May 20 2024	10%	1,115,500	114,968	114,968
E-911 Public Safety Answering Point (PSAP)	May 20 2024	73%	1,040,596	757,550	757,550
			<u>\$ 46,759,733</u>	<u>24,726,878</u>	<u>2,965,821</u>

NOTE 15—CONCENTRATIONS

The County depends on financial resources flowing from, or associated with, both the Federal Government and 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 16—LABOR UNIONS

The County has entered into an agreement with the New Mexico Coalition of Public Safety Officers on behalf of the employees of the Otero County Sheriff's Office Bargaining Unit. The first NMCPSO agreement went into effect in July 2014. Employees covered under this plan are non-probationary laborers as specified in the contract. The current agreement went into effect on July 1, 2023.

Copies of the collective bargaining agreement can be obtained from the Otero County Human Resources Department, 1101 New York Ave, Alamogordo, NM 88310.

NOTE 17—RESTRICTED NET POSITION

The government-wide statement of net position reports \$57,899,778 of restricted net position, all of which is restricted by enabling legislation and third party grantors.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 18—RELATED PARTIES

During the year ended June 30, 2023, the County purchased goods and/or services in the aggregate amount of \$4,929 from 54 Towing Corp that were related to a member of the governing body.

NOTE 19—RESTATEMENTS

After a review of the prior year's statements of financial position of the government-wide activities and the individual funds, the County has determined that errors existed in several of the statements. As a result, the following adjustments have been made to the beginning equity amounts of both the government-wide and the individual fund statements.

THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

An explanation of the restatements is as follows:

Fund	Purpose/Reason	Impact on Fund Balance/ Net Position
Governmental activities		
General Fund (110, 114, 118, 184, 185)	Adjustment to correct prior year revenue and receivables	\$ 2,757
HIDTA Grant (129)	Adjustment to correct prior year revenue and receivables	101
Healthcare Services (163)	Adjustment to correct prior year revenue and receivables	(49,517)
Solid Waste (172)	Adjustment to correct prior year revenue and receivables	(23,989)
Cannabis Regulation Act (181)	Adjustment to correct prior year revenue and receivables	2,491
1/4% Hold Harmless GRT (196)	Adjustment to correct prior year revenue and receivables	(49,397)
1/8% Hold Harmless GRT (197)	Adjustment to correct prior year revenue and receivables	(24,699)
	Adjustment to correct prior year revenue and unearned revenue	(11,754,883)
American Rescue Plan (323)		402,668
Legislative/Agency Grants (362)	Adjustment to correct grant receivables	2,207
CDBG (375)	Adjustment to correct prior year revenue and receivables	(47,978)
Fire Fund (530)	Adjustment to correct prior year revenue and receivables	<u>\$ (11,540,239)</u>
Total governmental funds		
Government-wide statements		
	Adjustment to correct prior year revenue and unearned revenue	\$ 1,295,566
	Adjustment to correct beginning balances for lease liabilities and right-to-use assets	6,367
	Adjustment to correct beginning balances for capital assets	(2,257,117)
Total governmental activities		<u>\$ (12,495,423)</u>
Business-type activities		
Proprietary funds		
Otero Prison Facility (779)	Adjustment to correct prior year revenue and receivables	\$ 6,820,407
Otero Prison Facility (779)	Adjustment to correct beginning balances for capital assets	1,265,745
Otero Processing Center (780)	Adjustment to correct prior year revenue and receivables	655,916
Total business-type activities		<u>\$ 8,742,068</u>
Fiduciary activities		
	Adjustments to correct presentation for DARE and Detention Commissary accounts	\$ 52,242
Custodial Funds (901)		<u>\$ 52,242</u>
Total fiduciary activities		<u>\$ 52,242</u>
Total restatements		<u>\$ (3,701,113)</u>

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 20—TAX ABATEMENT AGREEMENT

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

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

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
LAST 10 FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
	Measurement Date as of								
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
County's proportion of the net pension liability (asset) (%)									
Municipal General	0.719060%	0.734711%	0.714300%	0.740500%	0.807800%	0.742300%	0.753000%	0.773400%	0.801600%
Municipal Police	0.876430%	0.826600%	0.796700%	0.747800%	0.888700%	0.900100%	0.878400%	0.855400%	0.945200%
Municipal Fire	0.092970%	0.097600%	0.714300%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	0.614466%	0.584014%	0.604459%	0.581011%	0.649457%	0.607583%	0.616517%	0.595009%	0.452584%
County's proportionate share of the net pension liability (asset) (\$)									
Municipal General	\$ 12,754,028	8,277,748	14,444,770	12,818,791	12,879,321	10,199,830	12,030,406	7,885,483	6,253,340
Municipal Police	7,043,601	4,274,985	6,842,614	5,523,766	6,063,638	5,000,646	6,481,097	4,113,243	3,081,249
Municipal Fire	706,065	592,560	699,646	-	-	-	-	-	-
	20,503,694	13,145,293	21,987,030	18,342,557	18,942,959	15,200,476	18,511,503	11,998,726	9,334,589
County's covered-employee payroll									
Municipal General	\$ 6,987,587	6,951,803	6,734,490	6,753,509	6,559,257	7,051,037	6,538,115	6,413,158	6,507,077
Municipal Police	2,123,177	1,938,375	1,875,211	1,664,476	1,810,995	1,851,069	1,701,884	1,677,786	1,820,248
Municipal Fire	145,198	139,367	129,328	-	-	-	-	-	-
	9,255,962	9,029,545	8,739,029	8,417,985	8,370,252	8,902,106	8,239,999	8,090,944	8,327,325
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll									
Municipal General	182.52%	119.07%	214.49%	189.81%	196.35%	144.66%	184.00%	122.96%	96.10%
Municipal Police	331.75%	220.54%	364.90%	331.86%	334.82%	270.15%	380.82%	245.16%	169.28%
Municipal Fire	486.28%	425.18%	540.99%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability									
Municipal General	69.35%	77.25%	66.36%	70.52%	71.13%	73.74%	69.18%	76.99%	81.29%
Municipal Police	69.35%	77.25%	66.36%	70.52%	71.13%	73.74%	69.18%	76.99%	81.29%
Municipal Fire	69.35%	77.25%	66.36%	70.52%	71.13%	73.74%	69.18%	76.99%	81.29%

*GASB 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the County is not available prior to fiscal year 2015, the year the statement's requirements became effective.

See independent auditors' report
See notes to required supplementary information

STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COUNTY'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
LAST 10 FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution									
Municipal General	\$ 572,837	684,674	681,277	659,980	644,960	626,409	673,374	624,390	798,859
Municipal Police	768,852	406,588	371,199	359,103	314,586	342,278	349,852	321,656	334,217
Municipal Fire	45,509	31,798	30,521	-	-	-	-	-	-
	<u>1,387,198</u>	<u>1,123,060</u>	<u>1,082,997</u>	<u>1,019,083</u>	<u>959,546</u>	<u>968,687</u>	<u>1,023,226</u>	<u>946,046</u>	<u>1,133,076</u>
Contributions in relation to the contractually required contribution									
Municipal General	572,837	684,674	681,277	659,980	644,960	626,409	673,374	624,390	798,859
Municipal Police	768,852	406,588	371,199	359,103	314,586	342,278	349,852	321,656	334,217
Municipal Fire	45,509	31,798	30,521	-	-	-	-	-	-
	<u>1,387,198</u>	<u>1,123,060</u>	<u>1,082,997</u>	<u>1,019,083</u>	<u>959,546</u>	<u>968,687</u>	<u>1,023,226</u>	<u>946,046</u>	<u>1,133,076</u>
Contribution deficiency (excess)									
Municipal General	-	-	-	-	-	-	-	-	-
Municipal Police	-	-	-	-	-	-	-	-	-
Municipal Fire	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll									
Municipal General	5,561,524	6,987,587	6,951,802	6,734,490	6,753,509	6,559,257	7,051,037	6,538,115	6,413,158
Municipal Police	3,912,733	2,123,177	1,938,375	1,875,211	1,664,476	1,810,995	1,851,069	1,701,884	1,677,786
Municipal Fire	203,165	145,198	139,467	-	-	-	-	-	-
	<u>9,677,422</u>	<u>9,255,962</u>	<u>9,029,644</u>	<u>8,609,701</u>	<u>8,417,985</u>	<u>8,370,252</u>	<u>8,902,106</u>	<u>8,239,999</u>	<u>8,090,944</u>
Contributions as a percentage of covered-employee payroll									
Municipal General	10.30%	9.80%	9.80%	9.80%	9.55%	9.55%	9.55%	9.55%	9.55%
Municipal Police	19.65%	19.15%	19.15%	19.15%	18.90%	18.90%	18.90%	18.90%	19.92%
Municipal Fire	22.40%	21.90%	21.90%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*GASB 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the County is not available prior to fiscal year 2015, the year the statement's requirements became effective.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2023

Changes of Benefit Terms: The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's ACFR <http://www.nmpera.org/financial-overview/>.

Changes of Assumptions: The Public Employees Retirement Association of New Mexico Annual Actuarial Valuations as of June 30, 2022 report is available at <https://www.nmpera.org/financial-overview/retirement-fund-valuation-reports/>.

See independent auditors' report
See notes to required supplementary information

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
OTERO COUNTY
NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS
FOR THE YEAR ENDED JUNE 30, 2023

NON-MAJOR 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.

DWI Grant (Fund 111) — 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

Property Valuation (Fund 112) — 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 (Fund 115) — 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.

Clerk's Equipment (Fund 117) — 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.

HIDTA Grant/Task Force Coordinator (Fund 129) — 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) (Fund 163) — 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 any one 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.

STATE OF NEW MEXICO
OTERO COUNTY
NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS
FOR THE YEAR ENDED JUNE 30, 2023

Law Enforcement Protection (Fund 170) — To account for grant funds used for maintenance and development of the County's Sheriff's office. Funding authority is NMSA 29-13-1.

Environmental Gross Receipts Tax (Fund 172) — 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.

Landfill Closure (Fund 174) — 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.

Secure Rural Schools Grant (Fund 176) — To account for expenditures received from the US Forest Services for rural schools. Authority for this fund is Commission motion.

Law Enforcement Recruitment (Fund 177) — To account for funds provided by DFA to encourage the recruitment of law enforcement personnel. Authority for this fund is, at the January 12, 2023 regular commission meeting, Commissioner Marquardt made a motion to approve Consent Agenda items #1 - #10 as read. The motion was seconded by Commissioner Matherly. A vote was taken and the motion passed unanimously. Resolution #01-12-23/111-31 Participation in the Law Enforcement Funding Relating to HB68 was #8 on the consent agenda.

Cannabis Regulation (Fund 181) — To account for excise tax received from cannabis sales in Otero County. Authority for this fund is, at the May 5, 2022 special commission meeting, Commissioner Marquardt made a motion to approve Cannabis Ordinance No. 22-03 establishing cannabis regulations with removal of Hours of Operation, Non-Feminized Cannabis Seed and Plants Prohibited, and Exemption for Seed and Plant Propagation. Commissioner Griffin seconded the motion. A vote was taken and the motion passed unanimously.

LG Opioid Abatement (Fund 182) — To account for settlement payments received from opioid drug distributors McKesson, Cardinal Health, and AmerisourceBergen, and manufacturer Janssen Pharmaceuticals, Inc. Authority for this fund is the New Mexico Opioid Allocation Agreement (NMOAA) dated March 15, 2022.

Law Enforcement Retention (Fund 187) — To account for funds provided by DPS to encourage the retention of law enforcement personnel. Authority for this fund is NMSA 1978 Section 9-19-4 and

STATE OF NEW MEXICO
OTERO COUNTY
NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS
FOR THE YEAR ENDED JUNE 30, 2023

the extant emergency rule NMAC 10.2.4.9 in order to be an agency eligible to receive monies from the LERF.

Hold Harmless Revenue Bond (1/2%) (Fund 197) — 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.

CDBG Grants (Fund 375) — 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.

EMS (Fund 565) — 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.

Farm and Range (Fund 920) — 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.

NON-MAJOR CAPITAL PROJECT FUND

The Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Legislative Grants (Fund 362) — 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.

STATE OF NEW MEXICO
OTERO COUNTY
NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS
FOR THE YEAR ENDED JUNE 30, 2023

NON-MAJOR 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 (**Fund 995**) — 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) (**Fund 991**) — To account for long-term debt activity other than general obligation bonds. The authorization for this fund is Commission motion.

STATE OF NEW MEXICO
OTERO COUNTY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
As of June 30, 2023

	Special Revenue Funds	Capital Project Fund	Debt Service Funds	Total
Assets and deferred inflows of resources:				
Assets:				
Cash and cash equivalents	\$ 2,926,387	-	608,740	3,535,127
Investments	7,759,478	-	-	7,759,478
Receivables				
Accounts receivable, net	116,009	-	-	116,009
Other taxes receivable	1,012,657	-	-	1,012,657
Interest receivable	-	-	-	-
Other receivables	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	86,329	804,574	-	890,903
Inventories	159,513	-	-	159,513
Prepaid expenses	15,760	-	-	15,760
Other assets	-	-	-	-
Total assets	<u>12,076,133</u>	<u>804,574</u>	<u>608,740</u>	<u>13,489,447</u>
Deferred outflows of resources:				
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 12,076,133</u>	<u>804,574</u>	<u>608,740</u>	<u>13,489,447</u>
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Cash overdraft	\$ -	-	-	-
Accounts payable	605,822	5,743	-	611,565
Accrued payroll liabilities	44,464	-	-	44,464
Other accrued liabilities	-	-	-	-
Unearned revenues/grant advances	20,000	99,999	-	119,999
Due to other fund	76,533	1,018,340	-	1,094,873
Due to other government	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	<u>746,819</u>	<u>1,124,082</u>	<u>-</u>	<u>1,870,901</u>
Deferred inflows of resources:				
Unavailable revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	175,273	-	-	175,273
Restricted	4,096,669	-	608,740	4,705,409
Committed	7,083,653	-	-	7,083,653
Assigned	-	-	-	-
Unassigned	(26,281)	(319,508)	-	(345,789)
Total fund balances	<u>11,329,314</u>	<u>(319,508)</u>	<u>608,740</u>	<u>11,618,546</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 12,076,133</u>	<u>804,574</u>	<u>608,740</u>	<u>13,489,447</u>

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	Special Revenue Funds	Capital Projects Fund	Debt Service Funds	Total
Revenues:				
Taxes				
Property	\$ 464,209	-	-	464,209
Gross receipts	6,087,879	-	-	6,087,879
Cannabis excise	78,443	-	-	78,443
Other	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	1,841,670	-	-	1,841,670
Prison and Processing Center (ICE) facilities rental income	-	-	-	-
Intergovernmental revenue				
Federal operating grants	513,060	8,645	-	521,705
Federal capital grants	8,272	-	-	8,272
State and local operating grants	340,980	-	-	340,980
State and local capital grants	55,630	1,646,860	-	1,702,490
Interest income (loss)	155,714	-	19,899	175,613
Miscellaneous income	426,930	-	467,893	894,823
Total revenues	<u>9,972,787</u>	<u>1,655,505</u>	<u>487,792</u>	<u>12,116,084</u>
Expenditures:				
Current:				
General government	1,540,324	-	510	1,540,834
Public safety	615,090	261,107	-	876,197
Public works	4,617,468	-	-	4,617,468
Culture and recreation	-	-	-	-
Health and welfare	3,311,756	10,262	-	3,322,018
Capital outlay	294,840	2,098,513	-	2,393,353
Debt service				
Principal	1,051,833	-	390,503	1,442,336
Interest	402,005	-	77,440	479,445
Total expenditures	<u>11,833,316</u>	<u>2,369,882</u>	<u>468,453</u>	<u>14,671,651</u>
Excess (deficiency) of revenues over (under) expenditures	(1,860,529)	(714,377)	19,339	(2,555,567)
Other financing sources (uses):				
Proceeds from debt issuance	-	-	236,000	236,000
Transfers in	1,972,544	-	-	1,972,544
Transfers out	-	-	-	-
Total other financing sources (uses):	<u>1,972,544</u>	<u>-</u>	<u>236,000</u>	<u>2,208,544</u>
Net change in fund balances	112,015	(714,377)	255,339	(347,023)
Beginning fund balance	11,310,705	(7,799)	353,401	11,656,307
Restatement, Note 19	(93,406)	402,668	-	309,262
Beginning fund balance, as restated	<u>11,217,299</u>	<u>394,869</u>	<u>353,401</u>	<u>11,965,569</u>
Ending fund balance	<u>\$ 11,329,314</u>	<u>(319,508)</u>	<u>608,740</u>	<u>11,618,546</u>

See Independent Auditor's Report.

**STATE OF NEW MEXICO
OTERO COUNTY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
As of June 30, 2023**

	DWI Grant Fund 111	Property Valuation Fund 112	Road Fund 115	Clerk's Equipment Fund 117
Assets and deferred inflows of resources:				
Assets:				
Cash and cash equivalents	\$ 132,762	101,689	678,999	205,166
Investments	-	-	-	-
Receivables				
Accounts receivable, net	-	-	80,093	-
Property tax receivable	-	-	-	-
Other taxes receivable	-	-	80,347	-
Interest receivable	-	-	-	-
Other receivables	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Inventories	-	-	159,513	-
Prepaid expenses	-	-	9,837	-
Other assets	-	-	-	-
Total assets	132,762	101,689	1,008,789	205,166
Deferred outflows of resources:				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 132,762	101,689	1,008,789	205,166
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Cash overdraft	\$ -	-	-	-
Accounts payable	17,051	120,248	215,232	49,852
Accrued payroll liabilities	3,798	3,571	23,091	-
Other accrued liabilities	-	-	-	-
Unearned revenues/grant advances	-	-	-	-
Due to other fund	-	-	-	-
Due to other government	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	20,849	123,819	238,323	49,852
Deferred inflows of resources:				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Nonspendable	-	-	169,350	-
Restricted	111,913	-	601,116	-
Committed	-	-	-	155,314
Assigned	-	-	-	-
Unassigned (deficit)	-	(22,130)	-	-
Total fund balances	111,913	(22,130)	770,466	155,314
Total liabilities, deferred inflows of resources and fund balances:	\$ 132,762	101,689	1,008,789	205,166

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
As of June 30, 2023

	HIDTA Grant/ Task Force Coordinator	Indigent (Safety Net Care Pool)	Law Enforcement Protection	Environmental Gross Receipts Tax
	Fund 129	Fund 163	Fund 170	Fund 172
Assets and deferred inflows of resources:				
Assets:				
Cash and cash equivalents	\$ -	707,924	2,893	9,867
Investments	-	5,691,490	-	76,284
Receivables				
Accounts receivable, net	-	3,000	-	-
Property tax receivable	-	-	-	-
Other taxes receivable	-	604,009	-	89,555
Interest receivable	-	-	-	-
Other receivables	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	78,057	-	-	-
Inventories	-	-	-	-
Prepaid expenses	-	-	-	5,923
Other assets	-	-	-	-
Total assets	78,057	7,006,423	2,893	181,629
Deferred outflows of resources:				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 78,057	7,006,423	2,893	181,629
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Cash overdraft	\$ -	-	-	-
Accounts payable	3,861	155,502	1,420	32,410
Accrued payroll liabilities	1,814	1,163	-	11,027
Other accrued liabilities	-	-	-	-
Unearned revenues/grant advances	-	-	-	-
Due to other fund	76,533	-	-	-
Due to other government	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	82,208	156,665	1,420	43,437
Deferred inflows of resources:				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Nonspendable	-	-	-	5,923
Restricted	-	-	1,473	132,269
Committed	-	6,849,758	-	-
Assigned	-	-	-	-
Unassigned (deficit)	(4,151)	-	-	-
Total fund balances	(4,151)	6,849,758	1,473	138,192
Total liabilities, deferred inflows of resources and fund balances:	\$ 78,057	7,006,423	2,893	181,629

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
As of June 30, 2023

	Landfill Closure Fund 174	Secure Rural Schools Grant Fund 176	Law Enforcement Recruitment Fund 177	Cannabis Regulation Act Fund 181
Assets and deferred inflows of resources:				
Assets:				
Cash and cash equivalents	\$ 24,905	89,414	-	57,076
Investments	-	-	-	-
Receivables				
Accounts receivable, net	-	-	-	-
Property tax receivable	-	-	-	-
Other taxes receivable	-	-	-	21,505
Interest receivable	-	-	-	-
Other receivables	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Inventories	-	-	-	-
Prepaid expenses	-	-	-	-
Other assets	-	-	-	-
Total assets	<u>24,905</u>	<u>89,414</u>	<u>-</u>	<u>78,581</u>
Deferred outflows of resources:				
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 24,905</u>	<u>89,414</u>	<u>-</u>	<u>78,581</u>
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Cash overdraft	\$ -	-	-	-
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Other accrued liabilities	-	-	-	-
Unearned revenues/grant advances	-	-	-	-
Due to other fund	-	-	-	-
Due to other government	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Unavailable revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	24,905	89,414	-	-
Committed	-	-	-	78,581
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>24,905</u>	<u>89,414</u>	<u>-</u>	<u>78,581</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 24,905</u>	<u>89,414</u>	<u>-</u>	<u>78,581</u>

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
As of June 30, 2023

	Local Government Opioid Abatement Fund 182	Law Enforcement Retention Fund 187	Hold Harmless Revenue Bond 1/2% Fund 197	CDBG Grants Fund 375
Assets and deferred inflows of resources:				
Assets:				
Cash and cash equivalents	\$ 349,833	-	244,053	97,513
Investments	-	-	1,991,704	-
Receivables				
Accounts receivable, net	32,916	-	-	-
Property tax receivable	-	-	-	-
Other taxes receivable	-	-	217,241	-
Interest receivable	-	-	-	-
Other receivables	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	8,272
Inventories	-	-	-	-
Prepaid expenses	-	-	-	-
Other assets	-	-	-	-
Total assets	382,749	-	2,452,998	105,785
Deferred outflows of resources:				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 382,749	-	2,452,998	105,785
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Cash overdraft	\$ -	-	-	-
Accounts payable	-	-	235	-
Accrued payroll liabilities	-	-	-	-
Other accrued liabilities	-	-	-	-
Unearned revenues/grant advances	-	-	-	-
Due to other fund	-	-	-	-
Due to other government	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	-	-	235	-
Deferred inflows of resources:				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Nonspendable	-	-	-	-
Restricted	382,749	-	2,452,763	105,785
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	382,749	-	2,452,763	105,785
Total liabilities, deferred inflows of resources and fund balances:	\$ 382,749	-	2,452,998	105,785

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
As of June 30, 2023

	EMS Fund 565	Farm and Range Fund 920	Total
Assets and deferred inflows of resources:			
Assets:			
Cash and cash equivalents	\$ 95,895	128,398	2,926,387
Investments	-	-	7,759,478
Receivables			
Accounts receivable, net	-	-	116,009
Property tax receivable	-	-	-
Other taxes receivable	-	-	1,012,657
Interest receivable	-	-	-
Other receivables	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	86,329
Inventories	-	-	159,513
Prepaid expenses	-	-	15,760
Other assets	-	-	-
Total assets	95,895	128,398	12,076,133
Deferred outflows of resources:			
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	\$ 95,895	128,398	12,076,133
Liabilities, deferred inflows of resources and fund balances:			
Liabilities:			
Cash overdraft	\$ -	-	-
Accounts payable	10,011	-	605,822
Accrued payroll liabilities	-	-	44,464
Other accrued liabilities	-	-	-
Unearned revenues/grant advances	20,000	-	20,000
Due to other fund	-	-	76,533
Due to other government	-	-	-
Other liabilities	-	-	-
Total liabilities	30,011	-	746,819
Deferred inflows of resources:			
Unavailable revenues	-	-	-
Total deferred inflows of resources	-	-	-
Fund balances:			
Nonspendable	-	-	175,273
Restricted	65,884	128,398	4,096,669
Committed	-	-	7,083,653
Assigned	-	-	-
Unassigned (deficit)	-	-	(26,281)
Total fund balances	65,884	128,398	11,329,314
Total liabilities, deferred inflows of resources and fund balances:	\$ 95,895	128,398	12,076,133

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2023

	DWI Grant Fund 111	Property Valuation Fund 112	Road Fund 115	Clerk's Equipment Fund 117
Revenues:				
Taxes				
Property	\$ -	-	464,209	-
Gross receipts/state shared	-	326,183	-	-
Cannabis excise	-	-	-	-
Other	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	419,302	-	1,142,518	80,941
Prison and Processing Center (ICE) facilities rental income	-	-	-	-
Intergovernmental revenue				
Federal operating grants	-	-	283,147	-
Federal capital grants	-	-	-	-
State and local operating grants	-	-	120,000	-
State and local capital grants	-	-	55,630	-
Interest income (loss)	-	-	-	-
Miscellaneous income	-	-	44,181	-
Total revenues	419,302	326,183	2,109,685	80,941
Expenditures:				
Current:				
General government	-	585,767	-	119,021
Public safety	-	-	-	-
Public works	-	-	3,286,317	-
Culture and recreation	-	-	-	-
Health and welfare	510,555	-	-	-
Capital outlay	15,520	-	227,645	-
Debt service				
Principal	2,733	-	193,758	4,691
Interest	136	-	3,227	210
Total expenditures	528,944	585,767	3,710,947	123,922
Excess (deficiency) of revenues over (under) expenditures	(109,642)	(259,584)	(1,601,262)	(42,981)
Other financing sources (uses):				
Proceeds from debt issuance	-	-	-	-
Transfers in	-	175,419	1,375,000	-
Transfers out	-	-	-	-
Total other financing sources (uses):	-	175,419	1,375,000	-
Net change in fund balances	(109,642)	(84,165)	(226,262)	(42,981)
Beginning fund balance	221,555	62,035	996,728	198,295
Restatement, Note 19	-	-	-	-
Beginning fund balance, as restated	221,555	62,035	996,728	198,295
Ending fund balance	\$ 111,913	(22,130)	770,466	155,314

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2023

	HIDTA Grant/ Task Force Coordinator Fund 129	Indigent (Safety Net Care Pool) Fund 163	Law Enforcement Protection Fund 170	Environmental Gross Receipts Tax Fund 172
Revenues:				
Taxes				
Property	\$ -	-	-	-
Gross receipts/state shared	-	3,769,965	-	628,226
Cannabis excise	-	-	-	-
Other	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	8,000	448	53,974
Prison and Processing Center (ICE) facilities rental income	-	-	-	-
Intergovernmental revenue				
Federal operating grants	165,067	-	-	-
Federal capital grants	-	-	-	-
State and local operating grants	-	-	90,000	-
State and local capital grants	-	-	-	-
Interest income (loss)	-	75,660	-	(2,610)
Miscellaneous income	-	-	-	-
Total revenues	165,067	3,853,625	90,448	679,590
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	237,140	-	82,203	-
Public works	-	-	-	1,319,812
Culture and recreation	-	-	-	-
Health and welfare	-	2,801,201	-	-
Capital outlay	37,734	-	13,841	-
Debt service				
Principal	-	651	-	-
Interest	-	4	-	-
Total expenditures	274,874	2,801,856	96,044	1,319,812
Excess (deficiency) of revenues over (under) expenditures	(109,807)	1,051,769	(5,596)	(640,222)
Other financing sources (uses):				
Proceeds from debt issuance	-	-	-	-
Transfers in	108,625	-	-	313,500
Transfers out	-	-	-	-
Total other financing sources (uses):	108,625	-	-	313,500
Net change in fund balances	(1,182)	1,051,769	(5,596)	(326,722)
Beginning fund balance	(3,070)	5,847,506	7,069	488,903
Restatement, Note 19	101	(49,517)	-	(23,989)
Beginning fund balance, as restated	(2,969)	5,797,989	7,069	464,914
Ending fund balance	\$ (4,151)	6,849,758	1,473	138,192

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2023

	Landfill Closure	Secure Rural	Law	Cannabis
	Fund 174	Schools Grant	Enforcement	Regulation
	Fund 174	Fund 176	Fund 177	Act
	Fund 174	Fund 176	Fund 177	Fund 181
Revenues:				
Taxes				
Property	\$ -	-	-	-
Gross receipts/state shared	-	-	-	-
Cannabis excise	-	-	-	78,443
Other	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	8,427	-	-	-
Prison and Processing Center (ICE) facilities rental income	-	-	-	-
Intergovernmental revenue				
Federal operating grants	-	46,636	-	-
Federal capital grants	-	-	-	-
State and local operating grants	-	-	112,500	-
State and local capital grants	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous income	-	-	-	-
Total revenues	8,427	46,636	112,500	78,443
Expenditures:				
Current:				
General government	-	-	-	2,353
Public safety	-	38,000	112,500	-
Public works	11,339	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	11,339	38,000	112,500	2,353
Excess (deficiency) of revenues over (under) expenditures	(2,912)	8,636	-	76,090
Other financing sources (uses):				
Proceeds from debt issuance	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses):	-	-	-	-
Net change in fund balances	(2,912)	8,636	-	76,090
Beginning fund balance	27,817	80,778	-	-
Restatement, Note 19	-	-	-	2,491
Beginning fund balance, as restated	27,817	80,778	-	2,491
Ending fund balance	\$ 24,905	89,414	-	78,581

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2023

	Local Government Opioid Abatement Fund 182	Law Enforcement Retention Fund 187	Hold Harmless Revenue Bond 1/2% Fund 197	CDBG Grants Fund 375
Revenues:				
Taxes				
Property	\$ -	-	-	-
Gross receipts/state shared	-	-	1,363,505	-
Cannabis excise	-	-	-	-
Other	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Prison and Processing Center (ICE) facilities rental income	-	-	-	-
Intergovernmental revenue				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	8,272
State and local operating grants	-	18,480	-	-
State and local capital grants	-	-	-	-
Interest income (loss)	-	-	82,664	-
Miscellaneous income	382,749	-	-	-
Total revenues	382,749	18,480	1,446,169	8,272
Expenditures:				
Current:				
General government	-	-	804,704	8,703
Public safety	-	18,480	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	850,000	-
Interest	-	-	398,428	-
Total expenditures	-	18,480	2,053,132	8,703
Excess (deficiency) of revenues over (under) expenditures	382,749	-	(606,963)	(431)
Other financing sources (uses):				
Proceeds from debt issuance	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses):	-	-	-	-
Net change in fund balances	382,749	-	(606,963)	(431)
Beginning fund balance	-	-	3,084,425	104,009
Restatement, Note 19	-	-	(24,699)	2,207
Beginning fund balance, as restated	-	-	3,059,726	106,216
Ending fund balance	\$ 382,749	-	2,452,763	105,785

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2023

	EMS	Farm and Range	
	Fund 565	Fund 920	Total
Revenues:			
Taxes			
Property	\$ -	-	464,209
Gross receipts/state shared	-	-	6,087,879
Cannabis excise	-	-	78,443
Other	-	-	-
Licenses and permits	-	-	-
Charges for services	128,060	-	1,841,670
Prison and Processing Center (ICE) facilities rental income	-	-	-
Intergovernmental revenue			-
Federal operating grants	-	18,210	513,060
Federal capital grants	-	-	8,272
State and local operating grants	-	-	340,980
State and local capital grants	-	-	55,630
Interest income (loss)	-	-	155,714
Miscellaneous income	-	-	426,930
Total revenues	128,060	18,210	9,972,787
Expenditures:			
Current:			
General government	-	19,776	1,540,324
Public safety	126,767	-	615,090
Public works	-	-	4,617,468
Culture and recreation	-	-	-
Health and welfare	-	-	3,311,756
Capital outlay	100	-	294,840
Debt service			
Principal	-	-	1,051,833
Interest	-	-	402,005
Total expenditures	126,867	19,776	11,833,316
Excess (deficiency) of revenues over (under) expenditures	1,193	(1,566)	(1,860,529)
Other financing sources (uses):			
Proceeds from debt issuance	-	-	-
Transfers in	-	-	1,972,544
Transfers out	-	-	-
Total other financing sources (uses):	-	-	1,972,544
Net change in fund balances	1,193	(1,566)	112,015
Beginning fund balance	64,691	129,964	11,310,705
Restatement, Note 19	-	-	(93,406)
Beginning fund balance, as restated	64,691	129,964	11,217,299
Ending fund balance	\$ 65,884	128,398	11,329,314

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUND
As of June 30, 2023

	Legislative Grants	
	Fund 362	Total
Assets and deferred inflows of resources:		
Assets:		
Cash and cash equivalents	\$ -	-
Investments	-	-
Receivables		
Accounts receivable, net	-	-
Taxes receivable	-	-
Interest receivable	-	-
Other receivables	-	-
Due from other funds	-	-
Due from other governments	804,574	804,574
Prepaid expenses	-	-
Inventories	-	-
Other assets	-	-
Total assets	804,574	804,574
Deferred outflows of resources:		
Total deferred outflows of resources	-	-
Total assets and deferred outflows of resources	\$ 804,574	804,574
Liabilities, deferred inflows of resources and fund balances:		
Liabilities:		
Accounts payable	\$ 5,743	5,743
Accrued payroll liabilities	-	-
Other accrued liabilities	-	-
Unearned revenues/grant advances	99,999	99,999
Due to other fund	1,018,340	1,018,340
Due to other government	-	-
Other liabilities	-	-
Total liabilities	1,124,082	1,124,082
Deferred inflows of resources:		
Unavailable revenues	-	-
Total deferred inflows of resources	-	-
Fund balances:		
Nonspendable	-	-
Restricted	-	-
Committed	-	-
Assigned	-	-
Unassigned	(319,508)	(319,508)
Total fund balances	(319,508)	(319,508)
Total liabilities, deferred inflows of resources and fund balances:	\$ 804,574	804,574

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUND
For the Year Ended June 30, 2023

	Legislative Grants	
	Fund 362	Total
Revenues:		
Taxes		
Property	\$ -	-
Gross receipts/State shared	-	-
Other	-	-
Licenses and permits	-	-
Charges for services	-	-
Prison and Processing Center (ICE) facilities rental income	-	-
Intergovernmental revenue		
Federal operating grants	8,645	8,645
Federal capital grants	-	-
State and local operating grants	-	-
State and local capital grants	1,646,860	1,646,860
Interest income (loss)	-	-
Miscellaneous income	-	-
Total revenues	<u>1,655,505</u>	<u>1,655,505</u>
Expenditures:		
Current:		
General government	-	-
Public safety	261,107	261,107
Public works	-	-
Culture and recreation	-	-
Health and welfare	10,262	10,262
Capital outlay	2,098,513	2,098,513
Debt service		
Principal	-	-
Interest	-	-
Total expenditures	<u>2,369,882</u>	<u>2,369,882</u>
Excess (deficiency) of revenues over (under) expenditures	(714,377)	(714,377)
Other financing sources (uses):		
Proceeds from debt issuance	-	-
Transfers in	-	-
Transfers out	-	-
Total other financing sources (uses):	<u>-</u>	<u>-</u>
Net change in fund balances	(714,377)	(714,377)
Beginning fund balance	(7,799)	(7,799)
Restatement, Note 19	402,668	402,668
Beginning fund balance, as restated	<u>394,869</u>	<u>394,869</u>
Ending fund balance	<u>\$ (319,508)</u>	<u>(319,508)</u>

See Independent Auditor's Report.

**STATE OF NEW MEXICO
OTERO COUNTY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
As of June 30, 2023**

	Debt Service Fund 995	Other Debt Service (NMFA) Fund 991	Total
Assets and deferred inflows of resources:			
Assets:			
Cash and cash equivalents	\$ 1,565	607,175	608,740
Investments	-	-	-
Receivables			
Accounts receivable, net	-	-	-
Taxes receivable	-	-	-
Interest receivable	-	-	-
Other receivables	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Prepaid expenses	-	-	-
Inventories	-	-	-
Other assets	-	-	-
Total assets	<u>1,565</u>	<u>607,175</u>	<u>608,740</u>
Deferred outflows of resources:			
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 1,565</u>	<u>607,175</u>	<u>608,740</u>
Liabilities, deferred inflows of resources and fund balances:			
Liabilities:			
Accounts payable	\$ -	-	-
Accrued payroll liabilities	-	-	-
Other accrued liabilities	-	-	-
Due to other fund	-	-	-
Due to other government	-	-	-
Other liabilities	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:			
Unavailable revenues	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Nonspendable	-	-	-
Restricted	1,565	607,175	608,740
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	<u>1,565</u>	<u>607,175</u>	<u>608,740</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 1,565</u>	<u>607,175</u>	<u>608,740</u>

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
For the Year Ended June 30, 2023

	Debt Service Fund 995	Other Debt Service (NMFA) Fund 991	Total
Revenues:			
Taxes			
Property	\$ -	-	-
Gross receipts/State shared	-	-	-
Other	-	-	-
Licenses and permits	-	-	-
Charges for services	-	-	-
Prison and Processing Center (ICE) facilities rental income	-	-	-
Intergovernmental revenue			
Federal operating grants	-	-	-
Federal capital grants	-	-	-
State and local operating grants	-	-	-
State and local capital grants	-	-	-
Interest income (loss)	-	19,899	19,899
Miscellaneous income	-	467,893	467,893
Total revenues	<u>-</u>	<u>487,792</u>	<u>487,792</u>
Expenditures:			
Current:			
General government	-	510	510
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Health and welfare	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	390,503	390,503
Interest	-	77,440	77,440
Total expenditures	<u>-</u>	<u>468,453</u>	<u>468,453</u>
Excess (deficiency) of revenues over (under) expenditures	-	19,339	19,339
Other financing sources (uses):			
Proceeds from debt issuance	-	236,000	236,000
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>236,000</u>	<u>236,000</u>
Net change in fund balances	-	255,339	255,339
Beginning fund balance	1,565	351,836	353,401
Restatement, Note 19	-	-	-
Beginning fund balance, as restated	<u>1,565</u>	<u>351,836</u>	<u>353,401</u>
Ending fund balance	<u>\$ 1,565</u>	<u>607,175</u>	<u>608,740</u>

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
FINANCIAL DATA SCHEDULE - BALANCE SHEET
TULAROSA BASIN REGIONAL DISPATCH AUTHORITY - COMPONENT UNIT
AS OF JUNE 30, 2023

	<u>Total</u>
Assets and deferred inflows of resources:	
Assets:	
Cash and cash equivalents	\$ -
Receivables	
Due from other governments	11,019
Total assets	<u>11,019</u>
Deferred outflows of resources:	
Total deferred outflows of resources	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 11,019</u>
Liabilities, deferred inflows of resources and fund balances:	
Liabilities:	
Accounts payable	\$ 2,446
Accrued payroll liabilities	17,112
Total liabilities	<u>19,558</u>
Deferred inflows of resources:	
Unavailable revenues	<u>-</u>
Total deferred inflows of resources	-
Fund balances:	
Nonspendable	-
Restricted	-
Committed	-
Assigned	-
Unassigned (deficit)	(8,539)
Total fund balances	<u>(8,539)</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 11,019</u>

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
FINANCIAL DATA SCHEDULE - STATEMENT OF REVENUES AND EXPENDITURES
TULAROSA BASIN REGIONAL DISPATCH AUTHORITY - COMPONENT UNIT
AS OF JUNE 30, 2023

	<u>Total</u>
Revenues:	
Intergovernmental revenue	
State operating grants	\$ 410,294
Total revenues	<u>410,294</u>
Expenditures:	
Current:	
Public safety	453,424
Total expenditures	<u>453,424</u>
Excess (deficiency) of revenues over (under) expenditures	(43,130)
Other financing sources (uses):	
Transfers in	34,591
Transfers out	-
Total other financing sources (uses):	<u>34,591</u>
Net change in fund balances	(8,539)
Beginning fund balance	-
Ending fund balance	\$ <u><u>(8,539)</u></u>

OTHER SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF GOVERNMENTAL FUND BALANCES
As of June 30, 2023

	Special Revenue						
	General Fund	Local Assistance and Tribal Consistency (LATCF)	Hold Harmless Revenue Bond 1/4%	American Rescue Plan	Fire Funds	Total Non- Major Governmental Funds	Total Funds
	Funds 110, 114, 118, 184, 185	Fund 171	Fund 196	Fund 323	Funds 530-559, 567		
Fund Balances:							
Nonspendable:							
Inventories	\$ -	-	-	-	-	159,513	159,513
Prepaid expenses	437,943	-	-	-	101,714	15,760	555,417
Leases	32,496	-	-	-	-	-	32,496
Subtotal nonspendable funds	470,439	-	-	-	101,714	175,273	747,426
Restricted for:							
DFA required reserves	2,063,693	-	-	-	-	-	2,063,693
General county operations	-	-	-	-	-	238,054	238,054
Maintenance of roads	-	-	-	-	-	601,116	601,116
Fire departments	-	-	-	-	10,968,442	-	10,968,442
Farm & Range	-	-	-	-	-	128,398	128,398
Public safety	-	-	-	-	-	293,589	293,589
Opioid abatement	-	-	-	-	-	382,749	382,749
Debt service expenditures	-	-	-	-	-	608,740	608,740
Capital projects expenditures	-	-	11,656,084	-	-	2,452,763	14,108,847
Subtotal restricted funds	2,063,693	-	11,656,084	-	10,968,442	4,705,409	29,393,628
Committed to:							
General county operations	-	-	-	-	-	78,581	78,581
Clerk's equipment	-	-	-	-	-	155,314	155,314
Indigent (Safety Net Care Pool)	-	-	-	-	-	6,849,758	6,849,758
Subtotal committed funds	-	-	-	-	-	7,083,653	7,083,653
Assigned to:							
None	-	-	-	-	-	-	-
Subtotal assigned funds	-	-	-	-	-	-	-
Unassigned	9,826,783	-	-	-	-	(345,789)	9,480,994
\$	<u>12,360,915</u>	<u>-</u>	<u>11,656,084</u>	<u>-</u>	<u>11,070,156</u>	<u>11,618,546</u>	<u>46,705,701</u>

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
As of June 30, 2023

Bank Account Type/Name	Bank 34	First American Bank	First National Bank of Alamogordo	First Savings Bank	Moreton Capital Markets	NMFA	NM State Treasurer	US Bank	Vining Sparks	Washington Federal Bank	Totals
Checking Inmate Trust Fund	\$ -	-	40,919	-	-	-	-	-	-	-	40,919
Checking Sheriff's Dept./DARE Program	-	-	11,457	-	-	-	-	-	-	-	11,457
Checking Operational*	-	-	2,414,135	245,052	-	-	-	-	-	-	2,659,187
Money Market*	-	-	5,284,191	-	241,266	-	-	-	-	-	5,525,457
First National Bank - non-interest bearing	-	-	2,207	-	-	-	-	-	-	-	2,207
US Government bonds/CDs/Securities*	-	-	-	-	14,455,897	-	-	-	26,827,499	-	41,283,396
Certificate of Deposit	250,000	250,000	-	-	-	-	-	-	-	500,000	1,000,000
NMFA cash*	-	-	-	-	-	607,175	-	-	-	-	607,175
Local Government Investment Pool	-	-	-	-	-	-	7,370,294	-	-	-	7,370,294
Series 2007 Revenue Account*	-	-	-	-	-	-	-	1,635,041	-	-	1,635,041
Series 2007 Bond Account*	-	-	-	-	-	-	-	14,685	-	-	14,685
Series 2007 Reserve Account*	-	-	-	-	-	-	-	3,276,121	-	-	3,276,121
Series 2007 Trustee Fees*	-	-	-	-	-	-	-	1,112	-	-	1,112
Series 2012 Revenue Account*	-	-	-	-	-	-	-	4,107,065	-	-	4,107,065
Series 2012 Principal Account*	-	-	-	-	-	-	-	97,149	-	-	97,149
Series 2012 Interest Account*	-	-	-	-	-	-	-	38,879	-	-	38,879
Series 2012 Redemption Account*	-	-	-	-	-	-	-	14,020,891	-	-	14,020,891
Series 2012 Reserve Fund*	-	-	-	-	-	-	-	1,621,964	-	-	1,621,964
Series 2012 Administration Account*	-	-	-	-	-	-	-	2,023	-	-	2,023
Series 2012 Rebate Account*	-	-	-	-	-	-	-	6,385	-	-	6,385
Series 2014 Bond Fund*	-	-	-	-	-	-	-	942,851	-	-	942,851
Series 2014 Debt Service Reserve Fund*	-	-	-	-	-	-	-	1,606,978	-	-	1,606,978
Series 2014 Redemption Account*	-	-	-	-	-	-	-	3,341,855	-	-	3,341,855
Series 2014 Equity Account*	-	-	-	-	-	-	-	185,271	-	-	185,271
Series 2014 Refunding Account*	-	-	-	-	-	-	-	139	-	-	139
Series 2014 Cost of Issuance Account*	-	-	-	-	-	-	-	6	-	-	6
Total deposits	250,000	250,000	7,752,909	245,052	14,697,163	607,175	7,370,294	30,898,415	26,827,499	500,000	89,398,507
Reconciling Items	-	-	(867,463)	-	-	-	-	-	-	-	(867,463)
Reconciled Balance	\$ 250,000	250,000	6,885,446	245,052	14,697,163	607,175	7,370,294	30,898,415	26,827,499	500,000	88,531,044
Cash on Hand											1,330
Total cash after reconciling items and cash on hand											\$ 88,532,374

*denotes interest bearing account

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF PLEDGED COLLATERAL
ALL FINANCIAL INSTITUTIONS
As of June 30, 2023

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value	
				June 30, 2023	
First National Bank of Alamogordo	FHLMC Pool #J14944	4/1/2026	3128PUP55	\$	42,713
	FNMA Pool #AH8166	4/1/2026	3138AACC3		65,753
	FNMA Pool #893271	8/1/2026	31410PMU4		1,374
	FNMA Pool #MA4309	4/1/2031	31418DYF3		1,156,009
	FNMA Pool #MA4331	5/1/2031	31418DY55		1,231,325
	FNMA Pool #AB3163	6/1/2031	31416YQR2		76,119
	FNMA Pool #AB4713	3/1/2032	31417BGX9		145,853
	FNMA Pool #MA1338	2/1/2033	31418APY8		646,433
	FNMA Pool #MA4496	12/1/2036	31418D7J5		1,121,839
	FNMA Pool #945117	8/1/2037	31413GPA2		7,287
	FNMA Pool #MA4202	12/1/2040	31418DU42		1,270,628
	FNMA Pool #MA4475	11/1/2041	31418D6M9		1,876,127
	FNMA Pool #FM4131	1/1/2047	3140X7SV2		1,288,387
	FNMA Pool #FM3734	9/1/2049	3140X7EG0		1,445,282
	FHLMC Pool #RE6049	6/1/2050	3133N3WJ9		773,719
Total First National Bank of Alamogordo					11,148,848
<i>Name and location of safekeeper for above pledged collateral:</i>					
<i>Federal Home Loan Bank, 8500 Freeport Parkway South, Irving, TX 75063</i>					
First Savings Bank	FHR 4927 LG	9/25/2049	3137FPZZ1		601,677
	Total First Savings Bank				601,677
<i>Name and location of safekeeper for above pledged collateral:</i>					
<i>First Savings Bank, 201 North Third Street, Beresford, SD 57004</i>					
Washington Federal Bank	FHLMC PL #Q22217	10/1/2043	3132JPPA4		128,815
	Total Washington Federal Bank				128,815
<i>Name and location of safekeeper for above pledged collateral:</i>					
<i>Federal Home Loan Bank, 909 Locust St Ste201 Des Moines, IA</i>					
Total Pledged Collateral				\$	11,879,340

STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF JOINT POWERS AGREEMENTS
As of June 30, 2023

	Joint Powers Agreement	Participants	Responsible Party	Description	Beginning Date	Ending Date	Total estimated amount of project	Current year County paid	Audit Responsibility	Fiscal agent and responsible reporting entity
1	Closure of the Dog Canyon Landfill	Otero County City of Alamogordo	Otero County City of Alamogordo	To perform certain maintenance and monitoring functions at the landfill site for the duration of the post-closure period	1/1/2001	12/31/2030	Estimated to be \$306,905	\$ 2,912	N/A	Otero County
2	Tularosa Basin Regional Dispatch Authority (TBRDA)	Otero County City of Alamogordo Village of Cloudcroft	Otero County	Establishing a regional emergency communications center and providing for dispatch services	10/4/2021	Indefinite	Estimated to be over \$2 million	\$ 453,424	Regional Emergency Communications Center	Otero County / TBRDA
3	Otero/Greentree Solid Waste Authority	Otero County City of Alamogordo Village of Cloudcroft Village of Tularosa Village of Corona Town of Carrizozo Village of Capitan Village of Ruidoso Village of Ruidoso Downs	City of Alamogordo	To establish, finance and operate the Otero/Greentree Solid Waste Authority	8/13/1992	Indefinite	Unknown	\$ -	City of Alamogordo	City of Alamogordo
4	State Forestry NMRD	Otero County New Mexico Natural Resources Dept. State Forestry	Otero County	Protection from wildfire or timbered or	3/1/1982	Indefinite	Unknown	\$ -	State Forestry	State Forestry
5	Energy Mineral and Natural Resources	Otero County Energy, Minerals	EMNRD	Mutual wildland fire suppression and management	11/19/2009	Indefinite	Unknown	\$ -	EMNRD	EMNRD

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF SPECIAL, DEFICIENCY, SPECIFIC AND CAPITAL OUTLAY APPROPRIATIONS
As of June 30, 2023

Grantor Agency	Project #	Project Name	Agreement Date	Laws	Reversion Date	Award Amount	Arts in Public Places	Net Amount	Remaining Balance June 30, 2022	Funds Expended 2023	Reverted June 30, 2023	Remaining Balance June 30, 2023
State of NM-Dept. of Fin & Admin	20-E2641	Children In Need of Services Bldg (CHINS)	2/1/2021	Laws of 2020, Chapter 81, Section 35, Para 297	6/30/2024	\$ 250,000	2,500	247,500	221,116	9,537	-	211,579
State of NM-Dept. of Fin & Admin	20-E2647	OCSO Vehicles	1/26/2021	Laws of 2020, Chapter 81, Section 35, Para 303	6/30/2023	\$ 373,704	-	373,704	25,913	25,913	-	-
State of NM-Dept. of Fin & Admin	21-F2815	Otero Co EOC REN	9/13/2021	Laws of 2021, Chapter 138, Section 29, Para 256	6/30/2025	\$ 300,000	3,000	297,000	167,743	167,743	-	-
State of NM-Dept. of Fin & Admin	21-F2816	Otero Co Sheriff Vehicles	9/13/2021	Laws of 2021, Chapter 138, Section 29, Para 257	6/30/2023	\$ 400,000	-	400,000	346,567	346,567	-	-
State of NM-Dept. of Fin & Admin	21-F4048	Otero Co EOC Equipment	7/12/2021	Laws of 2019, Chapter 277, Section 34	6/30/2023	\$ 100,000	-	100,000	58,218	58,218	-	-
State of NM-Dept. of Fin & Admin	22-G2922	Otero Co Fairgrounds PA System	1/18/2023	Laws of 2022, Chapter 53, Section 30, Para 310	6/30/2024	\$ 112,000	-	112,000	112,000	-	-	112,000
State of NM-Dept. of Fin & Admin	22-G2923	Otero Co Sheriff Vehicles	9/9/2022	Laws of 2022, Chapter 53, Section 30, Para 311	6/30/2024	\$ 400,000	-	400,000	400,000	350,066	-	49,934
State of NM-Dept. of Fin & Admin	22-ZG9094	Tularosa Basin Historical Museum Utility	8/15/2022	Junior Bill Appropriation	6/30/2023	\$ 100,000	-	100,000	100,000	95,586	4,414	-
State of NM-Dept. of Fin & Admin	22-ZG9098	Otero Co Sheriff Vehicles	7/25/2022	Junior Bill Appropriation	6/30/2023	\$ 65,000	-	65,000	65,000	65,000	-	-
State of NM-Dept. of Fin & Admin	23-ZH5032-03	Grant Management	8/3/2023	Junior Bill Appropriation	6/30/2023	\$ 30,000	-	30,000	30,000	-	-	30,000
State of NM-Dept. of Transportation	C2202823	Appler Road Low Water Crossing	8/12/2020	Laws of 2020, Chapter 81, Section 38, Subsection 16	6/30/2024	\$ 578,500	-	578,500	428,332	349,443	-	78,889
State of NM-Dept. of Transportation	C2213027	Riata Road	8/19/2021	Laws of 2021, Chapter 68, Section 33	6/30/2025	\$ 3,534,481	-	3,534,481	3,451,795	134,345	-	3,317,450
State of NM-Dept. of Transportation	C2213028	Suzy Ann Street Bridge	10/15/2021	Laws of 2021, Chapter 138, Section 33, Subsection 69	6/30/2025	\$ 1,000,000	-	1,000,000	1,000,000	-	-	1,000,000
State of NM-Dept. of Transportation	LP20036	Timberon Guard Rail Engineering	12/19/2022	Not Indicated in Grant Document	6/30/2025	\$ 250,000	-	250,000	250,000	-	-	250,000
Total									<u>\$ 6,656,684</u>	<u>\$ 1,602,418</u>	<u>\$ 4,414</u>	<u>\$ 5,049,852</u>

STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF TAX ROLL RECONCILIATION - PROPERTY TAXES RECEIVABLE
As of June 30, 2023

Uncollected taxes, June 30, 2022	\$ 2,925,638
Net taxes charged to treasurer for fiscal year	33,414,672
Current year tax collections	(33,609,463)
Adjustments	<u>24,035</u>
Uncollected taxes, June 30, 2023	<u><u>\$ 2,754,882</u></u>

Property taxes receivable are reported in the financial statements as follows:

Statement of net position	\$ 967,055
Statement of fiduciary net position - Custodial Funds	<u>1,787,827</u>
Total property taxes receivable	<u><u>\$ 2,754,882</u></u>

Property taxes receivable by year:

2013	\$ 6,462
2014	14,388
2015	20,753
2016	33,381
2017	48,505
2018	81,501
2019	118,861
2020	187,109
2021	591,377
2022	<u>1,652,545</u>
Total property taxes receivable	<u><u>\$ 2,754,882</u></u>

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
As of June 30, 2023

Agency/Year	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									
2013	\$ 8,834,848	1,240	8,832,586	1,240	8,832,532	-	-	54	2,262
2014	9,076,758	1,512	9,071,193	1,452	9,070,986	-	1	207	5,564
2015	9,368,150	2,268	9,360,427	2,304	9,360,316	-	-	111	7,723
2016	9,557,827	4,549	9,544,997	4,632	9,544,140	-	-	857	12,830
2017	9,816,728	9,352	9,798,165	9,455	9,797,129	-	-	1,037	18,562
2018	10,187,558	12,698	10,158,979	13,331	10,157,758	-	-	1,221	28,579
2019	10,560,559	26,597	10,518,765	51,364	10,516,693	-	8	2,072	41,786
2020	10,724,348	138,230	10,659,624	139,529	10,637,108	-	-	22,517	64,723
2021	11,021,212	421,231	10,817,912	509,370	10,797,805	-	-	20,108	203,300
2022	11,630,578	11,048,852	11,048,852	10,888,496	10,814,197	-	-	234,655	581,726
Total General Ad valorem	100,778,566	11,666,529	99,811,500	11,621,173	99,528,664	-	9	282,839	967,055
Total Otero County	\$ 100,778,566	11,666,529	99,811,500	11,621,173	99,528,664	-	9	282,839	967,055

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
As of June 30, 2023

Agency/Year	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
STATE OF NEW MEXICO									
P & I on Bonds									
2013	\$ 1,402,843	170	1,402,484	170	1,402,475	-	-	10	359
2014	1,449,306	199	1,448,479	187	1,448,449	-	-	30	827
2015	1,503,022	303	1,501,807	308	1,501,788	-	-	19	1,215
2016	1,549,525	690	1,547,561	705	1,547,418	-	-	144	1,964
2017	1,594,848	1,470	1,592,022	1,486	1,591,863	-	-	158	2,826
2018	1,640,708	2,023	1,636,502	2,112	1,636,311	-	-	191	4,205
2019	1,683,641	4,292	1,677,416	8,203	1,677,076	-	2	340	6,224
2020	1,719,036	21,848	1,709,027	21,820	1,705,374	-	-	3,653	10,009
2021	1,763,267	64,046	1,731,240	78,411	1,728,005	-	-	3,235	32,027
2022	1,863,690	1,773,273	1,773,273	1,747,396	1,735,674	-	-	37,599	90,417
Total P & I on Bonds	16,169,886	1,868,314	16,019,811	1,860,798	15,974,433	-	2	45,379	150,073
State Special Levies									
2013	29,668	27	29,640	27	29,640	-	-	-	29
2014	29,499	-	29,439	-	29,439	-	-	-	60
2015	35,737	-	35,559	-	35,559	-	-	-	178
2016	42,549	-	42,357	-	42,357	-	-	-	192
2017	40,965	-	40,703	-	40,703	-	-	-	261
2018	33,372	53	30,981	53	30,981	-	-	-	2,391
2019	28,536	62	26,317	62	26,317	-	-	-	2,219
2020	28,702	166	26,610	166	26,606	-	-	4	2,091
2021	29,074	192	26,518	445	26,514	-	-	4	2,556
2022	30,371	27,124	27,124	25,999	25,953	-	-	1,171	3,248
Total State Special Levies	328,473	27,624	315,248	26,752	314,069	-	-	1,179	13,225
Total State of New Mexico	\$ 16,498,359	1,895,938	16,335,059	1,887,550	16,288,502	-	2	46,558	163,298

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
As of June 30, 2023

Agency/Year	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
SCHOOL DISTRICTS									
Alamogordo Public Schools									
General Ad valorem									
2013	\$ 271,915	5	271,871	5	271,871	-	-	-	43
2014	279,807	3	279,737	3	279,737	-	-	-	70
2015	289,152	16	289,060	15	289,058	-	-	2	92
2016	293,571	49	293,335	50	293,307	-	-	28	236
2017	302,313	220	302,057	223	302,026	-	-	31	256
2018	315,119	300	314,539	319	314,499	-	-	39	580
2019	327,272	553	326,338	1,308	326,266	-	-	72	934
2020	331,893	3,397	330,458	3,335	329,868	-	-	590	1,435
2021	337,914	9,208	333,363	11,509	332,830	-	-	532	4,551
2022	353,998	341,333	341,333	336,361	334,659	-	-	6,674	12,665
Total General Ad valorem	3,102,954	355,084	3,082,091	353,128	3,074,121	-	-	7,968	20,862
Debt Service P & I									
2013	3,946,985	86	3,946,329	86	3,946,329	-	-	-	657
2014	4,239,039	53	4,237,943	53	4,237,940	-	-	3	1,096
2015	4,457,838	261	4,456,333	244	4,456,293	-	-	40	1,504
2016	4,655,754	861	4,652,252	875	4,651,795	-	-	458	3,501
2017	4,427,283	3,312	4,423,615	3,348	4,423,167	-	-	448	3,668
2018	4,501,263	4,448	4,493,834	4,675	4,493,265	-	-	569	7,428
2019	5,299,244	9,330	5,285,340	21,341	5,284,117	-	7	1,222	13,897
2020	5,386,480	54,337	5,364,170	52,995	5,354,291	-	-	9,879	22,310
2021	5,453,190	145,643	5,380,089	183,628	5,371,578	-	-	8,511	73,100
2022	5,736,418	5,535,094	5,535,094	5,454,121	5,427,420	-	-	107,673	201,326
Total Debt Service	\$ 48,103,494	5,753,425	47,774,999	5,721,366	47,646,195	-	7	128,803	328,487

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
As of June 30, 2023

Agency/Year	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
Alamogordo Public Schools (continued)									
Capital Improvements									
2013	\$ 1,383,025	29	1,382,796	29	1,382,796	-	-	-	229
2014	1,418,140	18	1,417,776	18	1,417,775	-	-	1	365
2015	1,463,162	85	1,462,673	79	1,462,660	-	-	13	489
2016	1,490,866	271	1,489,729	275	1,489,584	-	-	145	1,136
2017	1,527,599	1,137	1,526,328	1,150	1,526,173	-	-	155	1,271
2018	1,590,302	1,562	1,587,628	1,645	1,587,428	-	-	201	2,674
2019	1,714,688	3,019	1,710,189	6,905	1,709,794	-	2	395	4,497
2020	1,741,749	17,571	1,734,534	17,137	1,731,340	-	-	3,194	7,214
2021	1,764,786	47,134	1,741,129	59,427	1,738,375	-	-	2,754	23,657
2022	1,854,046	1,788,977	1,788,977	1,762,806	1,754,176	-	-	34,801	65,069
Total Capital Improvements	15,948,363	1,859,803	15,841,759	1,849,471	15,800,101	-	2	41,659	106,601
Tech Debt									
2013	423,200	9	423,129	9	423,129	-	-	-	70
2014	282,205	4	282,132	4	282,132	-	-	-	73
2015	367,243	22	367,119	20	367,116	-	-	3	124
2016	209,926	39	209,769	39	209,748	-	-	21	158
2017	601,166	450	600,667	455	600,607	-	-	61	498
2018	640,883	633	639,826	666	639,745	-	-	81	1,058
2019	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
Total Tech Debt	\$ 2,524,623	1,157	2,522,642	1,193	2,522,477	-	-	166	1,981

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
As of June 30, 2023

Agency/Year	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
Alamogordo Public Schools (continued)									
House Bill 33									
2013	\$ -	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	1,172,858	1,159	1,170,923	1,218	1,170,774	-	-	148	1,936
2019	1,200,282	2,113	1,197,132	4,834	1,196,856	-	2	277	3,148
2020	1,219,043	12,298	1,213,994	11,994	1,211,758	-	-	2,236	5,049
2021	1,235,350	32,994	1,218,791	41,599	1,216,862	-	-	1,928	16,560
2022	1,297,832	1,252,284	1,252,284	1,233,964	1,227,923	-	-	24,360	45,548
Total House Bill 33	6,125,365	1,300,848	6,053,124	1,293,609	6,024,173	-	2	28,949	72,241
Total Alamogordo Public Schools	\$ 75,804,799	9,270,317	75,274,615	9,218,767	75,067,067	-	11	207,545	530,172
Cloudcroft Public Schools									
General Ad valorem									
2013	\$ 47,277	34	47,260	34	47,259	-	-	1	17
2014	48,732	44	48,653	44	48,649	-	-	5	78
2015	50,564	65	50,485	66	50,483	-	-	1	79
2016	51,064	99	50,964	99	50,962	-	-	2	100
2017	52,820	113	52,684	113	52,678	-	-	6	136
2018	55,052	145	54,891	145	54,884	-	-	6	162
2019	57,256	250	57,018	296	57,010	-	-	8	238
2020	58,587	753	58,238	711	58,147	-	-	91	349
2021	61,536	2,653	60,283	3,338	60,171	-	-	111	1,254
2022	66,656	62,970	62,970	62,040	61,484	-	-	1,486	3,686
Total General Ad valorem	\$ 549,544	67,126	543,446	66,886	541,727	-	-	1,717	6,099

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
As of June 30, 2023

Agency/Year	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 (continued)									
Debt Service P & I									
2013	\$ 640,792	281	640,634	281	640,621	-	-	13	158
2014	982,632	536	981,525	536	981,457	-	-	68	1,107
2015	1,032,241	853	1,030,923	857	1,030,896	-	-	26	1,318
2016	1,079,449	1,456	1,077,794	1,460	1,077,760	-	-	34	1,655
2017	1,114,337	1,581	1,112,166	1,585	1,112,080	-	-	86	2,171
2018	1,154,462	2,124	1,151,861	2,127	1,151,774	-	-	87	2,601
2019	1,181,560	3,853	1,177,861	4,936	1,177,760	-	-	100	3,700
2020	1,229,411	14,316	1,223,458	13,309	1,221,350	-	-	2,108	5,953
2021	1,302,642	51,235	1,279,987	64,703	1,277,568	-	-	2,419	22,655
2022	1,406,012	1,334,287	1,334,287	1,315,341	1,303,482	-	-	30,806	71,724
Total Debt Service	\$ 11,123,538	1,410,522	11,010,496	1,405,135	10,974,748	-	-	35,747	113,042
Capital Improvements									
2013	\$ 339,223	149	339,139	149	339,132	-	-	7	84
2014	347,026	191	346,633	191	346,609	-	-	24	393
2015	358,534	301	358,073	302	358,064	-	-	9	461
2016	362,931	497	362,369	498	362,358	-	-	12	562
2017	373,548	547	372,806	548	372,777	-	-	30	742
2018	389,713	743	388,812	744	388,782	-	-	31	900
2019	425,788	1,388	424,454	1,779	424,418	-	-	36	1,333
2020	435,686	5,079	433,571	4,723	432,825	-	-	746	2,115
2021	452,703	17,801	444,833	22,480	443,993	-	-	841	7,869
2022	482,213	457,609	457,609	451,110	447,043	-	-	10,566	24,604
Total Capital Improvements	3,967,365	484,305	3,928,299	482,524	3,916,001	-	-	12,302	39,063
Total Cloudcroft Public Schools	\$ 15,640,447	1,961,953	15,482,241	1,954,545	15,432,476	-	-	49,766	158,204

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
As of June 30, 2023

Agency/Year	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
Tularosa Public Schools									
General Ad valorem									
2013	\$ 35,366	3	35,351	3	35,351	-	-	-	15
2014	35,957	3	35,906	-	35,903	-	-	3	51
2015	36,666	4	36,568	4	36,568	-	-	-	98
2016	37,108	8	36,975	8	36,969	-	-	6	133
2017	38,260	31	37,975	31	37,970	-	-	5	285
2018	40,202	46	39,863	48	39,857	-	-	5	339
2019	41,836	169	41,432	314	41,426	-	-	6	404
2020	42,447	777	41,886	826	41,702	-	-	185	560
2021	44,166	1,437	42,962	1,785	42,878	-	-	85	1,203
2022	45,723	42,423	42,423	41,975	41,656	-	-	767	3,300
Total General Ad valorem	\$ 397,731	44,901	391,341	44,994	390,280	-	-	1,062	6,388
Debt Service P & I									
2013	\$ 845,166	88	844,820	88	844,820	-	-	-	346
2014	817,037	89	816,006	12	815,922	-	-	84	1,031
2015	856,832	112	854,709	112	854,702	-	-	7	2,123
2016	845,172	222	842,180	222	842,045	-	-	135	2,992
2017	862,391	856	856,334	856	856,243	-	-	91	6,057
2018	900,999	1,199	893,518	1,261	893,422	-	-	95	7,482
2019	924,462	4,332	915,376	7,966	915,254	-	-	122	9,085
2020	910,248	18,075	898,064	18,737	894,306	-	-	3,758	12,184
2021	947,835	33,467	920,990	41,097	918,921	-	-	2,068	26,845
2022	984,829	913,589	913,589	903,511	896,421	-	-	17,168	71,239
Total Debt Service	\$ 8,894,971	972,029	8,755,586	973,862	8,732,056	-	-	23,528	139,384

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
As of June 30, 2023

Agency/Year	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
Tularosa Public Schools (continued)									
Capital Improvements									
2013	173,551	18	173,480	18	173,480	-	-	-	71
2014	175,791	19	175,568	3	175,550	-	-	18	224
2015	186,592	24	186,130	24	186,128	-	-	2	462
2016	188,241	49	187,574	49	187,544	-	-	30	667
2017	193,887	191	192,520	191	192,499	-	-	21	1,366
2018	201,146	266	199,474	280	199,453	-	-	22	1,671
2019	208,690	976	206,640	1,795	206,612	-	-	28	2,050
2020	212,035	4,206	209,198	4,361	208,322	-	-	876	2,838
2021	220,606	7,789	214,358	9,565	213,877	-	-	481	6,248
2022	228,472	211,945	211,945	209,607	207,962	-	-	3,983	16,527
Total Capital Improvements	1,989,011	225,483	1,956,887	225,893	1,951,427	-	-	5,461	32,124
Total Tularosa Public Schools	\$ 11,281,713	1,242,413	11,103,814	1,244,749	11,073,763	-	-	30,051	177,896

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
As of June 30, 2023

Agency/Year	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
Gadsden Public Schools									
General Ad valorem									
2013	\$ 21,990	8	21,967	8	21,966	-	-	1	23
2014	22,087	11	22,054	11	22,054	-	-	-	33
2015	22,093	5	22,041	7	22,040	-	-	-	53
2016	22,249	24	22,183	27	22,182	-	-	2	66
2017	23,281	31	23,182	32	23,180	-	-	2	99
2018	23,909	50	23,777	56	23,774	-	-	3	132
2019	25,195	171	24,981	306	24,974	-	-	7	214
2020	26,104	1,005	25,662	1,125	25,557	-	-	105	442
2021	27,218	4,458	25,545	4,850	25,420	-	-	125	1,672
2022	30,109	25,100	25,100	24,570	24,057	-	-	1,043	5,009
Total General Ad valorem	244,235	30,863	236,492	30,992	235,204	-	-	1,288	7,743
Debt Service P & I									
2013	667,962	323	667,142	323	667,096	-	-	45	821
2014	655,390	373	654,147	373	654,147	-	-	-	1,243
2015	532,602	117	530,994	177	530,982	-	-	13	1,607
2016	671,467	906	668,916	1,001	668,843	-	-	74	2,550
2017	702,982	1,070	699,198	1,122	699,104	-	-	94	3,783
2018	722,463	1,725	717,657	1,915	717,560	-	-	97	4,806
2019	757,729	5,551	750,128	9,468	749,882	-	-	246	7,601
2020	789,513	31,224	774,362	34,836	771,103	-	-	3,259	15,151
2021	839,289	125,557	784,782	138,890	780,855	-	-	3,927	54,507
2022	912,978	759,203	759,203	742,824	726,619	-	-	32,583	153,776
Total Debt Service	\$ 7,252,375	926,049	7,006,529	930,929	6,966,191	-	-	40,338	245,845

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
As of June 30, 2023

Agency/Year	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
Gadsden Public Schools (continued)									
Capital Improvements									
2013	\$ 107,736	52	107,604	52	107,596	-	-	7	132
2014	108,320	62	108,115	62	108,115	-	-	-	205
2015	108,759	24	108,432	36	108,430	-	-	3	326
2016	109,554	146	109,144	161	109,132	-	-	12	410
2017	114,634	173	114,027	181	114,012	-	-	15	608
2018	119,951	286	119,153	318	119,137	-	-	16	798
2019	126,005	923	124,741	1,574	124,700	-	-	41	1,264
2020	131,061	5,183	128,546	5,783	128,005	-	-	541	2,515
2021	136,469	20,561	127,642	22,713	127,004	-	-	638	8,827
2022	151,532	126,009	126,009	123,290	120,601	-	-	5,408	25,523
Total Capital Improvements	1,214,021	153,419	1,173,413	154,170	1,166,732	-	-	6,681	40,608
Tech Debt									
2013	103,750	50	103,622	50	103,615	-	-	7	127
2014	121,461	69	121,231	69	121,231	-	-	-	230
2015	250,594	55	249,838	84	249,832	-	-	6	756
2016	125,159	169	124,683	187	124,669	-	-	14	475
2017	132,192	201	131,481	211	131,463	-	-	18	711
2018	135,904	325	135,000	360	134,982	-	-	18	904
2019	140,306	1,028	138,899	1,753	138,853	-	-	46	1,407
2020	146,264	5,784	143,457	6,454	142,854	-	-	604	2,807
2021	155,695	23,292	145,583	25,765	144,855	-	-	729	10,111
2022	169,337	140,815	140,815	137,777	134,771	-	-	6,043	28,522
Total Tech Debt	1,480,662	171,788	1,434,609	172,710	1,427,125	-	-	7,485	46,050
Total Gadsden Public Schools	\$ 10,191,293	1,282,119	9,851,043	1,288,801	9,795,252	-	-	55,792	340,246

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
As of June 30, 2023

Agency/Year	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									
2013	\$ 2,861,515	25	2,861,105	25	2,861,105	-	-	-	411
2014	2,872,774	(13)	2,872,189	(13)	2,872,189	-	-	-	585
2015	2,997,425	150	2,996,825	130	2,996,800	-	-	25	600
2016	3,018,381	559	3,017,419	566	3,017,160	-	-	259	963
2017	3,121,558	1,861	3,120,100	1,870	3,119,886	-	-	214	1,458
2018	3,223,879	2,647	3,218,145	2,873	3,217,824	-	-	322	5,734
2019	3,354,314	4,741	3,346,206	11,977	3,345,437	-	6	769	8,102
2020	3,404,413	34,912	3,392,818	34,261	3,387,116	-	-	5,702	11,595
2021	3,426,474	95,645	3,385,322	118,141	3,379,162	-	-	6,160	41,152
2022	3,615,914	3,495,251	3,495,251	3,441,851	3,424,617	-	-	70,633	120,663
Total General Ad valorem	31,896,647	3,635,778	31,705,380	3,611,681	31,621,296	-	6	84,084	191,263
Debt Service P & I									
2013	750,828	7	750,721	7	750,721	-	-	-	107
2014	1,029,279	(5)	1,029,072	(5)	1,029,072	-	-	-	207
2015	1,018,446	53	1,018,237	46	1,018,227	-	-	9	210
2016	1,018,275	205	1,017,930	207	1,017,834	-	-	96	345
2017	1,049,803	662	1,049,298	666	1,049,219	-	-	79	504
2018	1,068,288	920	1,066,632	984	1,066,515	-	-	117	1,656
2019	1,091,821	1,616	1,089,405	3,915	1,089,139	-	2	266	2,413
2020	1,031,322	10,335	1,027,979	10,129	1,026,211	-	-	1,768	3,343
2021	1,139,762	30,654	1,126,199	38,197	1,124,192	-	-	2,008	13,562
2022	1,206,817	1,167,856	1,167,856	1,150,003	1,144,419	-	-	23,437	38,961
Total Debt Service	10,404,641	1,212,303	10,343,329	1,204,149	10,315,549	-	2	27,780	61,308
Total City of Alamogordo	\$ 42,301,288	4,848,081	42,048,709	4,815,830	41,936,845	-	8	111,864	252,571

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
As of June 30, 2023

Agency/Year	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
Village of Cloudcroft									
General Ad valorem									
2013	\$ 55,582	-	55,582	-	55,582	-	-	-	-
2014	56,215	-	56,204	-	56,204	-	-	-	11
2015	59,285	-	59,285	-	59,285	-	-	-	-
2016	59,507	-	59,506	-	59,506	-	-	-	1
2017	63,998	26	63,965	26	63,965	-	-	-	33
2018	65,710	53	65,665	53	65,665	-	-	-	45
2019	67,241	106	67,196	118	67,196	-	-	-	45
2020	68,444	1,009	68,342	997	68,315	-	-	27	101
2021	71,262	2,784	70,789	3,287	70,652	-	-	137	473
2022	75,141	72,846	72,846	72,031	71,474	-	-	1,372	2,295
Total General Ad valorem	642,385	76,824	639,380	76,512	637,847	-	-	1,536	3,004
Total Village of Cloudcroft	\$ 642,385	76,824	639,380	76,512	637,847	-	-	1,536	3,004
Village of Tularosa									
General Ad valorem									
2013	\$ 186,981	-	186,937	-	186,937	-	-	-	44
2014	189,707	4	189,649	4	189,643	-	-	6	59
2015	192,578	65	192,364	65	192,358	-	-	6	214
2016	191,813	132	191,537	132	191,473	-	-	64	276
2017	194,755	449	194,395	449	194,314	-	-	81	361
2018	200,106	640	199,432	640	199,349	-	-	82	675
2019	207,195	1,567	206,016	2,505	205,917	-	-	99	1,179
2020	212,557	4,571	209,639	4,353	207,937	-	-	1,702	2,919
2021	214,283	8,790	208,248	11,100	207,783	-	-	465	6,036
2022	223,517	208,853	208,853	205,523	203,854	-	-	4,999	14,663
Total General Ad valorem	2,013,492	225,071	1,987,070	224,771	1,979,565	-	-	7,504	26,426
Total Village of Tularosa	\$ 2,013,492	225,071	1,987,070	224,771	1,979,565	-	-	7,504	26,426

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
As of June 30, 2023

Agency/Year	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
OTHER									
NMSU - Alamogordo									
General Ad valorem									
2013	\$ 601,276	12	601,178	12	601,178	-	-	-	98
2014	617,619	7	617,463	7	617,463	-	-	1	156
2015	637,672	36	637,464	33	637,459	-	-	5	207
2016	650,740	114	650,230	116	650,168	-	-	62	510
2017	676,127	498	675,559	504	675,490	-	-	69	568
2018	703,855	681	702,615	721	702,527	-	-	88	1,239
2019	731,774	1,260	729,760	2,935	729,595	-	1	165	2,013
2020	742,763	7,553	739,612	7,394	738,273	-	-	1,339	3,151
2021	772,388	20,823	762,011	26,148	760,800	-	-	1,211	10,376
2022	813,645	784,840	784,840	773,380	769,536	-	-	15,303	28,805
Total General Ad valorem	6,947,859	815,824	6,900,732	811,250	6,882,489	-	1	18,243	47,123
Debt Service P & I									
2013	575,782	12	575,686	12	575,686	-	-	-	96
2014	595,684	8	595,530	8	595,530	-	-	-	154
2015	-	-	-	-	-	-	-	-	-
2016	357,829	66	357,560	67	357,525	-	-	35	269
2017	488,753	366	488,348	370	488,298	-	-	49	405
2018	502,654	497	501,824	522	501,760	-	-	64	830
2019	514,407	906	513,057	2,072	512,938	-	1	119	1,349
2020	522,706	5,273	520,541	5,143	519,582	-	-	959	2,165
2021	529,436	14,140	522,339	17,828	521,512	-	-	826	7,097
2022	-	-	-	-	-	-	-	-	-
Total Debt Service	4,087,251	21,268	4,074,885	26,022	4,072,831	-	1	2,052	12,365
Total NMSU - Alamogordo	\$ 11,035,110	837,092	10,975,617	837,272	10,955,320	-	2	20,295	59,488

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
As of June 30, 2023

Agency/Year	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
NMSU - Dona Ana									
General Ad valorem									
2013	\$ 53,868	26	53,802	26	53,798	-	-	4	66
2014	54,272	31	54,169	31	54,169	-	-	-	103
2015	68,351	15	68,145	23	68,143	-	-	2	206
2016	69,625	94	69,361	104	69,353	-	-	8	264
2017	72,954	111	72,561	116	72,551	-	-	10	393
2018	74,969	179	74,470	199	74,460	-	-	10	499
2019	78,753	577	77,963	984	77,937	-	-	26	790
2020	81,728	3,231	80,161	3,605	79,824	-	-	337	1,567
2021	86,285	12,948	80,691	14,315	80,287	-	-	404	5,594
2022	94,133	78,283	78,283	76,595	74,925	-	-	3,357	15,851
Total General Ad valorem	734,938	95,495	709,606	95,998	705,447	-	-	4,158	25,333
Debt Service P & I									
2013	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	41,775	56	41,617	62	41,612	-	-	5	159
2017	20,427	31	20,317	33	20,314	-	-	3	110
2018	44,981	107	44,682	119	44,676	-	-	6	299
2019	47,252	346	46,778	590	46,762	-	-	15	474
2020	49,148	1,944	48,205	2,169	48,002	-	-	203	943
2021	52,247	7,816	48,853	8,646	48,609	-	-	244	3,393
2022	56,824	47,253	47,253	46,234	45,225	-	-	2,028	9,571
Total Debt Service	312,654	57,553	297,705	57,853	295,200	-	-	2,504	14,949
Total NMSU - Dona Ana	\$ 1,047,592	153,048	1,007,311	153,851	1,000,647	-	-	6,662	40,282

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
As of June 30, 2023

Agency/Year	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									
2013	\$ 175,903	416	175,706	416	175,699	-	-	7	197
2014	152,255	655	151,792	655	151,775	-	-	17	463
2015	154,836	1,219	154,128	1,226	154,109	-	-	20	708
2016	157,187	2,099	156,220	2,107	156,190	-	-	30	967
2017	155,956	2,003	154,583	2,009	154,543	-	-	40	1,373
2018	158,431	2,135	156,553	2,141	156,513	-	-	40	1,878
2019	162,122	2,804	159,627	3,535	159,564	-	-	63	2,495
2020	166,554	5,229	162,974	5,077	162,476	-	-	498	3,580
2021	138,538	9,107	131,786	11,315	131,173	-	-	613	6,752
2022	141,950	124,123	124,123	121,188	119,567	-	-	4,557	17,827
Total Timberon Water & Sanitation District	1,563,732	149,790	1,527,492	149,669	1,521,609	-	-	5,885	36,240
Penasco Soil & Water Conservation District									
Penasco Special Levies									
2013	68	-	68	-	68	-	-	-	-
2014	45	-	45	-	45	-	-	-	-
2015	59	-	59	-	59	-	-	-	-
2016	60	-	60	-	60	-	-	-	-
2017	60	-	60	-	60	-	-	-	-
2018	60	-	60	-	60	-	-	-	-
2019	94	-	94	-	94	-	-	-	-
2020	146	-	146	-	146	-	-	-	-
2021	161	-	161	-	161	-	-	-	-
2022	158	158	158	158	158	-	-	-	-
Total Penasco Soil & Water Conservation District	\$ 911	158	911	158	911	-	-	-	-

See Independent Auditor's Report.

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
As of June 30, 2023

Agency/Year	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 (continued)									
Carlsbad Soil & Water Conservation District									
Carlsbad Special Levies									
2013	\$ 30	-	30	-	30	-	-	-	-
2014	30	-	30	-	30	-	-	-	-
2015	30	-	30	-	30	-	-	-	-
2016	158	-	158	-	158	-	-	-	-
2017	155	-	155	-	155	-	-	-	-
2018	157	-	157	-	157	-	-	-	-
2019	31	-	31	-	31	-	-	-	-
2020	32	-	32	-	32	-	-	-	-
2021	54	-	54	-	54	-	-	-	-
2022	61	61	61	61	61	-	-	-	-
Total Carlsbad Soil & Water Conservation District	738	61	738	61	738	-	-	-	-
Total Local Special Levies	\$ 1,565,381	150,009	1,529,141	149,888	1,523,258	-	-	5,885	36,240
Grand Totals	\$ 288,800,425	33,609,394	286,045,500	33,473,709	285,219,206	-	32	826,297	2,754,882
Recap By Tax Year									
2013	\$ 24,537,130	3,070	24,530,669	3,070	24,530,512	-	-	156	6,462
2014	25,657,067	3,873	25,642,680	3,705	25,642,215	-	1	467	14,388
2015	26,048,463	6,053	26,027,708	6,162	26,027,385	-	-	322	20,753
2016	26,857,762	13,360	26,824,380	13,649	26,821,852	-	-	2,533	33,381
2017	27,763,780	26,742	27,715,271	27,030	27,712,469	-	-	2,803	48,505
2018	29,868,954	37,644	29,787,453	39,525	29,783,892	-	-	3,559	81,501
2019	30,958,053	78,530	30,839,160	152,835	30,832,618	-	31	6,540	118,861
2020	31,412,420	408,306	31,225,308	410,969	31,158,430	-	-	66,881	187,109
2021	32,223,842	1,211,405	31,632,460	1,468,552	31,571,896	-	-	60,564	591,377
2022	33,472,954	31,820,411	31,820,411	31,348,212	31,137,934	-	-	682,472	1,652,545
Total Recap By Tax Year	\$ 288,800,425	33,609,394	286,045,500	33,473,709	285,219,206	-	32	826,297	2,754,882

See Independent Auditor's Report.

FEDERAL COMPLIANCE SECTION

STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass Through Grantor/ Program Title	Assistance Listing Number	Passed through Entity Identifying Number	Federal Expenditures
U.S. Department of Interior			
<i>Passed through NM Dept. of Finance & Admin</i>			
Distribution of receipts - Taylor Grazing Act	15.227	N/A	\$ 18,210
Total U.S. Department of Interior			<u>18,210</u>
U.S. Department of Homeland Security			
<i>Direct</i>			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2018-FF-00143	41,345
<i>Passed through NM Dept. of Homeland Security and Emergency Management</i>			
Homeland Security Grant Program - Operation Stonegarden	97.067	EMW-2021-SS-00061-S01	<u>1,834</u>
Total U.S. Department of Homeland Security			<u>43,179</u>
U.S. Department of Justice			
<i>Direct</i>			
State Criminal Alien Assistance Program (SCAAP)	16.606	N/A	15,764
<i>Passed through Institute for Intergovernmental Research (IIR)</i>			
Edward Byrne Memorial Justice Assistance Grant	16.738	2021-SWB-0042	<u>6,811</u>
Total U.S. Department of Justice			<u>22,575</u>
Office of National Drug Control Policy			
<i>Passed through Southwest Border (SWB) NM Region, County of Lea</i>			
High Intensity Drug Trafficking Area	95.001	G215N0017A	<u>165,067</u>
Total Office of National Drug Control Policy			<u>165,067</u>
U.S. Department of Treasury			
<i>Direct</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds *	21.027	N/A	4,664,094
COVID-19 - Local Assistance and Tribal Consistency Fund	21.032	N/A	<u>141,080</u>
Total U.S. Department of Treasury			<u>4,805,174</u>
U.S. Department of Transportation			
<i>Passed through NM Dept. of Transportation</i>			
Public Transportation Formula Grants	20.608	03-AL-64-073	<u>21,336</u>
Total U.S. Department of Transportation			<u>21,336</u>
U.S. Department of Agriculture			
<i>Passed through NM Dept. of Finance & Adm.</i>			
Forest Service Schools and Roads Cluster			
Schools and Roads - Grants to States Title I	10.665	N/A	283,147
Schools and Roads - Grants to States Title III	10.665	N/A	<u>46,636</u>
Total U.S. Department of Agriculture			<u>329,783</u>
U.S. Department of Housing and Urban Development			
<i>Passed through NM Dept. of Finance & Adm.</i>			
Community Development Block Grant	14.228	20-C-NR-I-01-G-21	<u>8,272</u>
Total U.S. Department of Transportation			<u>8,272</u>
Total expenditures of federal awards			\$ <u><u>5,413,596</u></u>
* Denotes Major Federal Program			
<u>Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balance</u>			
Federal expenditures per SEFA			\$ 5,413,596
Total federal grant revenue - governmental funds			<u>5,413,596</u>
Net difference			\$ <u><u>-</u></u>

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Otero County, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Note 2 - Non-Cash Federal Assistance

No non-cash federal assistance was received during the year ended June 30, 2023.

Note 3 - Subrecipients

Otero County provided no federal awards presented above to sub-recipients during the year.

Note 4 - Cost Rate

Otero County did not use the 10% de minimis indirect cost rate.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

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 comparisons for the general fund and major special revenue fund of Otero County (the County) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and the related budgetary comparisons, and have issued our report thereon dated November 28, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing 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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-003 and 2023-004 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County's Response to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

November 28, 2023

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*, CONTINUED

Purpose of this Report

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

A handwritten signature in black ink that reads "Hinkle & Landers, P.C." in a cursive, flowing script.

Hinkle + Landers, PC

Albuquerque, NM

November 28, 2023

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

The Board of County Commissioners

Otero County

Alamogordo, New Mexico

and

Mr. Joseph M. Maestas, PE

New Mexico State Auditor

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Otero County's (the County) 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 the County's major federal programs for the year ended June 30, 2023. The County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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, 2023.

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 the 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 the 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 the County's federal programs.

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 the 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 the 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 the 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 the 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 the 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.

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.

November 28, 2023

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.

A handwritten signature in black ink that reads "Hinkle & Landers, P.C." in a cursive, flowing script.

Hinkle + Landers, PC

Albuquerque, NM

November 28, 2023

STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of report independent auditor issued on financial statements Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☒ Yes ☐ No

Significant deficiency(ies) identified that are not considered to be a
material weakness(es)? ☒ Yes ☐ No

Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards:

Type of opinion independent auditor issued on
compliance for major federal awards Unmodified

Internal control over major federal programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified that not considered to
be a material weakness(es)? ☐ Yes ☒ No

Any audit findings disclosed that are required to be reported in accordance
with section 2 CFR section 200.516(a) ☐ Yes ☒ No

Identification of major federal program:

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Funding Source</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds	U.S. Department of the Treasury

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

**STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

SECTION II—SUMMARY OF FINANCIAL STATEMENT AND FEDERAL AWARD FINDINGS

A summary schedule of the status of current and prior year findings are as follows:

<u>Reference #</u>	<u>Finding</u>	<u>Status of Current and Prior Year Findings</u>	<u>Type of Finding*</u>
<u>Prior Year Findings</u>			
2022-002 (2021-001)	Late Audit Report Submittal	Resolved	G
2020-006	Lack of Policy for Contract Oversight	Resolved	B
<u>Current Year Findings</u>			
2023-001	Prison Facility and Processing Center (ICE) Revenue	Current	B
2023-002	Inventory	Current	B
2023-003	Financial Close	Current	A
2023-004	Capital Assets	Current	A

* Legend for Type of Findings

- A. Material Weakness in Internal Control Over Financial Reporting
- B. Significant Deficiency in Internal Control Over Financial Reporting
- C. Finding that Does Not Rise to the Level of a Significant Deficiency (Other Matters)
Involving Internal Control Over Financial Reporting
- D. Material Weakness in Internal Control Over Compliance of Federal Awards
- E. Significant Deficiency in Internal Control Over Compliance of Federal Awards
- F. Instance of Noncompliance related to Federal Awards
- G. Other non-compliance with State Audit Rule, NM State Statutes, NMAC,
or other entity compliance
- H. Instance of Material Non-compliance

STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

CURRENT YEAR FINDINGS

2023-001 — PRISON FACILITY AND PROCESSING CENTER (ICE) REVENUE

Type of Finding: (B) Significant Deficiency in Internal Control Over Financial Reporting

Statement of Condition

The County relies on reports furnished by MTC to oversee revenue and expenses. However, these reports lack the requisite detail for determining expected amounts from individual payors. Presently, revenue tracking hinges on cash received rather than activity at the Prison Facility and Processing Center (ICE), detrimentally impacting the precision of the County's revenue recording. To enhance accuracy, the auditor executed additional procedures with a specific focus on the Prison Facility and Processing Center (ICE) revenues and related accruals. This supplementary review brought to light errors in prior year accruals, necessitating a restatement of revenue.

Criteria

Revenue transactions must be substantiated by accurate and comprehensive documentation, encompassing sales contracts, purchase orders, invoices, and other pertinent records.

Cause

MTC provides only a summary of revenue and expenses, which proves insufficient for determining the invoiced agency. The deposits received by the County in the Prison Facility and Processing Center (ICE) bank accounts arrive in smaller increments than the summary reports provide, complicating the tracing of revenue to the bank appropriately.

Effect

Financial statements may be materially impacted if there is a lack of precision or completeness in the documentation associated with revenue transactions.

Recommendation

We propose that the County request MTC to include the County in all communications with payors when invoices are dispatched. This measure will enable the County to ascertain invoiced amounts and facilitate the easier identification of cash deposits.

STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

View of Responsible Officials

Otero County is essentially the middle man in the recording of revenue and expense transactions for Management Training Corporation (MTC) that flow through US Bank, the bond Trustee. MTC sends Otero County a monthly invoice summarizing their revenue and expenses; Otero County then forwards a memo to US Bank requesting that the amount from MTC's monthly expense invoice be released for payment; and US Bank then disburses the payment to MTC.

In order for Otero County to receive accurate and comprehensive documentation to substantiate revenue and expense transactions, and to match the revenue transactions to the cash deposits at US Bank, it will take collaboration between all three entities: Otero County, MTC, and US Bank.

Corrective Action Plan Timeline

The Otero County Finance Director will initiate a request to MTC that they include Otero County in all communications with payors when invoices are dispatched. Additionally, a request will be made of US Bank to enter an invoice number or comment on all deposit transactions, identifying the source of the deposit. If these two actions can be implemented, it will allow Otero County to accurately record the revenue and expense transactions that flow through US Bank. These requests will be initiated no later than December 1, 2023, and followed up on monthly until their implementation is complete.

Designation Of Employee Position Responsible For Meeting Deadline

County Manager and Finance Director

2023-002 — INVENTORY

Type of Finding: (B) Significant Deficiency in Internal Control Over Financial Reporting

Statement of Condition

The County's Road Department maintains a list of what supplies and materials should be on hand. This list is the basis for the valuation of the inventory. The actual inventory items are checked on a regular basis against the expected list. If items are found to be missing, then new items are ordered to replace the missing items. This does not appear to be an effective control to prevent or detect lost inventory items as there is no documentation showing when the items were removed

STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

or by whom. Further, when updates are made to the expected list, this amount is not adjusted in the General Ledger.

Criteria

The control framework should include documentation indicating the date and individual responsible for the removal of inventory items from the list, ensuring a clear audit trail.

Cause

No formal policies and procedures have been established by the County for the Road Department inventory.

Effect

The County faces risks of inventory loss, over-expenditures resulting from excessive supply orders, and the potential for material misstatements in the financial statements.

Recommendation

A comprehensive record-keeping system should be implemented to track the movement of inventory items, providing a detailed history of when items were removed, by whom, and for what purpose. Policies and procedures should be designed to ensure controls over significant inventory items are effective and that the valuation for financial reporting is correct.

View of Responsible Officials

The County Road Department has had the current quarterly inventory process in place for many years. It has not been brought to management's attention prior to now that there were deficiencies in the way inventory is handled.

Corrective Action Plan Timeline

A new process will be put into place where all items which leave the parts supply room will be signed out by the Inventory Specialist, to either an equipment number or to a mechanic. A running inventory will be updated weekly. This process will be implemented no later than December 31, 2023.

Designation Of Employee Position Responsible For Meeting Deadline

Road Department Superintendent and Shop Foreman

STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

2023-003 — FINANCIAL CLOSE

Type of Finding: (A) Material Weakness in Internal Control Over Financial Reporting

Statement of Condition

The auditor identified several material adjustments deemed necessary for the financial statements to be presented as materially correct. Consequently, it was determined that the County's financial close, monitoring, and reporting process require enhancement for increased effectiveness. The financial close procedures should encompass, but not be limited to:

- Identifying all sources of financial and non-financial data (routine and non-routine events and transactions) that will be needed to maintain and systematically adjust the County's general ledger.
- Establishing and implementing procedures to initiate, authorize, record, process, and correct the general ledger, ensuring accurate and comprehensive reporting.
- Monitoring if assigned personnel are completing their tasks in a timely and accurate manner.

The following outlines significant balance sheet categories and amounts where adjustments were proposed:

<u>Account type</u>	<u>Amount</u> <u>Debit/(Credit)</u>
Investments	\$ (2,723,993)
Prison/ICE receivables	11,766,280
Grants receivable	584,702
Other receivable	32,916
Prepaid expenses	62,855
Prison/ICE accounts payable	(11,496,605)
Unearned revenue	(4,598,373)
Total	\$ <u>(6,372,218)</u>

In addition to the proposed adjustments, several restatements of prior year balances were required. See Note 19 for additional information.

STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Criteria

Key Underlying Concepts of AU-C 265 "Communicating Internal Control Related Matters Identified in an Audit" include:

- The auditor must maintain independence and cannot become part of a client's internal control, as this compromises the auditor's independence.
- The auditor's actions are independent of the client's internal control over financial reporting, and the auditor cannot serve as a compensating control for the client.
- The system of internal control over financial reporting extends beyond the general ledger, encompassing controls over the review of the financial statements.

Additionally, the financial close is a crucial aspect of internal control, and its execution should be carried out by the organization's staff. While the organization can seek technical advice from auditors or others and engage in non-attest services for certain adjustments, independence threats must be appropriately mitigated.

NMAC 2.20.5.8 mandates entities to ensure that all financial information reporting is timely, complete, and accurate. To guarantee the adequacy of financial reporting, regular review and reconciliation of account balances are essential practices.

Cause

The County has not designed and implemented effective procedures and workpapers to ensure that a timely and accurate financial close.

Effect

The identification and initiation of adjustments solely by the auditor, rather than by County employees, reveals a weakness in the internal control framework for maintaining the general ledger. The possible impact of this to the County include:

- A significant risk of misstatements in the financial statements.
- Delays in financial reporting.
- Increased risk of potential loss of funding sources due to the identified internal control weakness.

STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Recommendation

We recommend management evaluate all aspects of the financial close and reporting process and establish effective internal controls, procedures, and workpapers to ensure timely and accurate financial statements. Asking for technical advice from the auditor or from someone else when these procedures and adjustments are needed is not considered a control deficiency as long as the staff of the County initiates/oversees them.

In addition, we recommend that the County review all trial balances, by fund, prior to providing them to the auditor, during the audit process and when adjustments are proposed, and at the end of the audit to ensure correctness. Additionally, we recommend that the County ensure that all proposed adjustments by the auditor are reviewed by key officials and that they are approved, prior to completion of the audit.

View of Responsible Officials

Prior year auditors have not emphasized that it would be in the best interests of the County to create documentation to accurately record receivables, payables, pre-paid expenses, or unearned revenue at the fiscal year-end close. Therefore, methodologies and workpapers to document these items have never been developed.

Corrective Action Plan Timeline

The County now understands that the financial close is a crucial aspect of internal control, and its execution should be carried out by the organization's staff – not solely by the auditors. The documentation and data provided to the auditors during the FY2023 audit will be used as a starting point to create functional workpapers and procedures to accurately record receivables, payables, pre-paid expenses, and unearned revenue during the fiscal year-end close. These workpapers and procedures will be developed over the course of the next six (6) months so that they are in place for the FY2024 fiscal year end close, and accurate documentation can then be provided to the auditors.

Designation Of Employee Position Responsible For Meeting Deadline

Finance Director

STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

2023-004 — CAPITAL ASSETS

Type of Finding: (A) Material Weakness in Internal Control Over Financial Reporting

Statement of Condition

Adjustments to the County's capital asset detail and roll forward were required for the following:

- The County's beginning balances for capital assets as reported in the prior year audit report were inaccurate. A restatement of \$2,257,116 at the government-wide level and \$1,265,745 at the proprietary level was required.
- The County's system for tracking disposals reports assets that have been disposed in prior years as still belonging to the county. For example, asset #2368 shows a disposal date of 09/21/2018 but is still showing in the system as belonging to the County.
- Several assets on the County's depreciation listing have incorrect depreciation applied. The difference between the system reported depreciation and our recalculations is \$114,635. This appears to be due to the following:
 - differences in timing of the asset being placed in service and depreciation
 - differences in the asset acquisition costs and the value of the asset being depreciated
 - assets appears to have ceased accumulating depreciation despite not being fully depreciated
- The auditor discovered \$166,545 of additions and \$757,550 of CIP additions that were not on the County's schedules.
- System generated reports for additions column include additions from prior periods. For example, asset #8989 was acquired 3/18/2022, but the value was included in the current year addition column in system generated reports.

Criteria

Per GASB 34, governments are required to report capital assets at their historical cost and to depreciate that historical cost in a systematic and rational manner over the estimated useful lives of the assets.

STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

In addition, Section 2.20.1 NMAC requires agencies to properly account for capital assets; including implementing a capital asset accounting system, proper internal controls over the capital assets, and properly accounting for capital assets disposed of during the year.

Cause

The software used by the County to track capital assets appears to have minor instability in dates and calculations.

Effect

Inaccurate tracking of capital assets increases the risk of misappropriation and assets are more susceptible to being misclassified and/or misstated without proper accounting.

Recommendation

The County should review capital outlay and subsequent disbursements annually to ensure all capital asset additions have been identified and captured in the capital asset listing/subledger. The County should ensure that staff are properly trained and start the year-end capital asset inventory timely. We also recommend implementing a review process to verify the completeness and accuracy of the capital asset subledger. This will ensure accurate roll-forward and preparation of the County's financial statements. The software distributor should be contacted regarding potential software issues related to the incorrect calculation of depreciation.

View of Responsible Officials

The capital asset module was maintained by an employee in the purchasing department until that individual retired in November 2021; at that time, the responsibility for maintaining the capital asset module shifted to the finance department. There were, unfortunately, many discrepancies and inconsistencies in how the assets were maintained due to a lack of knowledge and poor training of the individual in the purchasing department. The finance department has been working over the course of the last two years to clean up the module, retire assets listed as disposed, and remove assets with a value of less than \$5,000.

The financial software used by the county, Tyler ERP, does not allow disposed assets to be purged from the system. Assets must be marked with a status of "retired", and then a period of two years must elapse from the date the asset was marked as retired before that asset can be purged from the system. In FY2022, when the finance department took over the capital asset module, there

STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

were almost 8,700 assets listed, and of those, over 700 had a status of disposed. The finance department started the tedious process of changing the status of those assets from disposed to retired so that they could be removed from the system two years later. There were over 350 assets marked as retired that were able to be purged in FY2022. At the end of FY2023, there are still approximately 50 assets that are marked as disposed that need their status changed to retired.

Additionally, in FY2022, over 7,000 of the 8,700 assets had a value of less than \$5,000, most of which were also marked to be capitalized and depreciated; however, more than 1,000 of those small dollar assets were marked as NO to capitalize, but YES to depreciate. This along with incorrect depreciation principal amounts being entered, have created discrepancies and inconsistencies with the depreciation calculation.

Corrective Action Plan Timeline

The finance department will continue the process of reviewing the current capital asset listing, making corrections, and retiring and purging assets appropriately. Assets are not added to the capital asset list until they have been paid for and all documentation on the asset has been received by the finance department. This can create a lag at the fiscal year end; however, subsequent purchases will be reviewed to determine if they should be added as a capital asset. Training on the Tyler ERP capital asset module for the finance department will be scheduled as soon as possible, but not later than March 2024.

Designation Of Employee Position Responsible For Meeting Deadline

Finance Director

**STATE OF NEW MEXICO
OTERO COUNTY
OTHER DISCLOSURES
FOR THE YEAR ENDED JUNE 30, 2023**

A. AUDITOR PREPARED FINANCIAL STATEMENTS

Presentation: The accompanying financial statements are the responsibility of the County and are based on information from the County's financial records. Assistance was provided by Hinkle + Landers, PC to the County in preparing the financial statements.

B. EXIT CONFERENCE

The contents of the report for Otero County were discussed on November 28, 2023. The following individuals were in attendance.

Otero County Officials

Vicky Marquardt	Commission Chair
Pamela Heltner	County Manager
Laura Whiteside	County Treasurer
Rachel Black	Chief Deputy Treasurer
Julianne Hall	County Finance Director

Tularosa Basin Regional Dispatch Authority Officials

Vicky Marquardt	Board Member
-----------------	--------------

Hinkle + Landers, PC

Farley Vener, CPA, CFE	President & Managing Shareholder
Rosetta Lee, CPA	Audit Manager