



STATE OF NEW MEXICO
OTERO COUNTY

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

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Albuquerque, NM 87102
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INTRODUCTORY SECTION

STATE OF NEW MEXICO
OTERO COUNTY
INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

	<u>Page</u>
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 and actual (non-GAAP budgetary basis):	
General fund	15
Indigent (Safety Net Care Pool)	16
Local Assistance and Tribal Consistency fund	17
Hold Harmless revenue bond 1/4% fund	18
American Rescue Plan fund	19
Fire funds	20
Statement of net position – proprietary funds	21
Statement of revenues, expenses, and changes in net position – proprietary funds	22
Statement of cash flows – proprietary funds	23
Statement of fiduciary net position - custodial funds	24
Statement of changes in fiduciary net position - custodial funds	25
Notes to the financial statements	26-75
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of county's proportionate share of the net pension liability	76
Schedule of contributions PERA plan	77

STATE OF NEW MEXICO
OTERO COUNTY
TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Page</u>
SUPPLEMENTARY INFORMATION	
Combining and individual fund statements and schedules:	
Nonmajor governmental fund descriptions	78-80
Combining balance sheet – non-major governmental funds	81
Combining statement of revenues, expenditures, and changes in fund balances – non-major governmental funds	82
Combining balance sheet – non-major governmental funds – special revenue funds	83-87
Combining statement of revenues, expenditures and changes in fund balances – non-major governmental funds-special revenue funds	88-92
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
Tularosa Basin Regional Dispatch Authority - component unit	
Balance sheet - governmental fund	95
Reconciliation of the balance sheet to the statement of net position	96
Statement of revenues, expenditures, and changes in fund balance - governmental fund	97
Reconciliation of the statement of revenues, expenditures and changes in fund balance of the governmental fund to the statement of activities	98
Statement of revenues, expenditures, and changes in fund balance - budget and actual (non-GAAP budgetary basis)	99
OTHER SUPPLEMENTARY INFORMATION	
Schedule of governmental fund balances	100
Schedule of deposit and investment accounts	101
Schedule of pledged collateral	102
Schedule of joint powers agreements	103
Schedule of special, deficiency, specific and capital outlay appropriations	104
Schedule of tax roll reconciliation - property taxes receivable	105
County Treasurer's property tax schedule	106-121
FEDERAL COMPLIANCE SECTION	
Schedule of expenditures of federal awards	122-123
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>	124-126
Independent auditor's report on compliance for each major federal program and on internal control over compliance required by the Uniform Guidance	127-130
Schedule of findings and questioned costs	131-149
OTHER DISCLOSURES	150

STATE OF NEW MEXICO
OTERO COUNTY
OFFICIAL ROSTER
FOR THE YEAR ENDED JUNE 30, 2024

PRIMARY GOVERNMENT

BOARD OF COMMISSIONERS

Name	Title
Vickie Marquardt	Commission Chair
Gerald Matherly	Commission Vice-Chairman
Amy Barela	Commission Member

ELECTED OFFICIALS

Name	Title
James Bowman	County Assessor
Robyn Holmes	County Clerk
Laura Whiteside	County Treasurer
David Black	County Sheriff
LaTanya Boyce	County Probate Judge

ADMINISTRATIVE OFFICIALS

Name	Title
Pamela Heltner	County Manager
Roy B. Nichols	County Attorney
Julianne Hall	Finance Director

COMPONENT UNIT

GOVERNING BOARD

Name	Title
David Black	Chairperson
David Kunihiro	Vice-Chairperson
Stephanie Hernandez	Member
Vickie Marquart	Member
Pamela Heltner	Member
Roger Schoolcraft	Member
Jerry Ramirez	Member
Matt Clark	Member
Julie Pinson	Member
Susan Payne	Member

FINANCIAL SECTION



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

The Board of County Commissioners
Otero County
Alamogordo, New Mexico
and
Joseph M. Maestas, PE, CFE, State Auditor
State of New Mexico, Office of the 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, 2024, 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 present, 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, 2024, 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 the 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 100: Accounting Changes and Error Corrections*, which is required for adoption for all fiscal years beginning subsequent to June 15, 2023. Our opinions are not modified with respect to this matter.

Accounting Changes and Error Corrections

As discussed in Note 20 to the financial statements, the County had the following restatements:

- Changes in the financial entity structure were implemented due to a reassessment of the County's major funds in accordance with the quantitative thresholds established by GASB 34.
- Previously recorded errors in payables and receivables were corrected for prior periods. Accordingly, the accompanying financial statements have been restated to reflect these changes and corrections.

Our opinions are not modified with respect to these matters.

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

December 2, 2024

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 December 2, 2024 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

December 2, 2024

**STATE OF NEW MEXICO
OTERO COUNTY
STATEMENT OF NET POSITION
AS OF JUNE 30, 2024**

	Primary Government			Component Unit Tularosa Basin Regional Dispatch Authority
	Governmental Activities	Business-Type Activities	Totals	
Assets and deferred outflows of resources:				
Assets:				
Cash and cash equivalents	\$ 12,601,473	-	12,601,473	1,000
Investments	49,237,806	-	49,237,806	-
Receivables				
Accounts receivable, net	330,321	10,636,259	10,966,580	914,375
Property taxes receivable	1,093,778	-	1,093,778	-
Other taxes receivable	5,444,321	-	5,444,321	-
Leases receivable, current	222,806	-	222,806	-
Due from component unit	750,162	-	750,162	-
Due from other funds	-	1,336,412	1,336,412	-
Due from other governments	2,993,141	-	2,993,141	179,034
Prepaid expenses	704,709	-	704,709	8,818
Inventories	138,320	-	138,320	-
Total current assets	73,516,837	11,972,671	85,489,508	1,103,227
Non-current assets:				
Restricted cash and cash equivalents	-	32,541,641	32,541,641	-
Leases receivable, non-current	254,122	-	254,122	-
Bond discounts, net of accumulated amortization of \$34,200 and \$345,438, respectively	16,450	80,603	97,053	-
Prepaid insurance - debt	37,275	-	37,275	-
Capital assets, net	95,580,922	46,210,684	141,791,606	4,844,836
Total non-current assets	95,888,769	78,832,928	174,721,697	4,844,836
Total assets	169,405,606	90,805,599	260,211,205	5,948,063
Deferred outflows of resources:				
Pension deferrals	6,992,584	-	6,992,584	-
Total deferred outflows of resources	<u>6,992,584</u>	<u>-</u>	<u>6,992,584</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 176,398,190</u>	<u>90,805,599</u>	<u>267,203,789</u>	<u>5,948,063</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
AS OF JUNE 30, 2024**

	Primary Government			Component Unit Tularosa Basin Regional Dispatch Authority	
	Governmental Activities		Business-Type Activities		
	Totals				
Liabilities, deferred inflows of resources and net position:					
Liabilities:					
Current liabilities					
Accounts payable	\$ 1,974,329	13,816,324	15,790,653	32,000	
Accrued payroll liabilities	323,976	-	323,976	38,495	
Other accrued liabilities	406,978	-	406,978	-	
Accrued interest	53,475	719,836	773,311	-	
Unearned revenues/grant advances	13,974,172	-	13,974,172	-	
Due to primary government	-	-	-	750,162	
Due to other fund	1,336,412	-	1,336,412	-	
Due to other government	119,592	-	119,592	-	
Current portion of compensated absences	468,843	-	468,843	43,130	
Current portion lease liabilities	22,186	-	22,186	-	
Current portion of bonds, loans, and financed purchases payable	1,684,604	6,350,000	8,034,604	-	
Total current liabilities	20,364,567	20,886,160	41,250,727	863,787	
Non-current liabilities					
Bonds, loans, and financed purchases payable	16,830,376	31,250,000	48,080,376	-	
Bond premiums, net of accumulated amortization of \$111,758 and \$0, respectively	250,855	-	250,855	-	
Lease liabilities	17,672	-	17,672	-	
Landfill closure and post-closure	50,254	-	50,254	-	
Net pension liability	25,334,887	-	25,334,887	-	
Total non-current liabilities	42,484,044	31,250,000	73,734,044	-	
Total liabilities	62,848,611	52,136,160	114,984,771	863,787	
Deferred inflows of resources:					
Leases	462,858	-	462,858	-	
Pension deferrals	656,081	-	656,081	-	
Total deferred inflows of resources	1,118,939	-	1,118,939	-	
Net position					
Net investment in capital assets	77,065,942	8,610,684	85,676,626	4,844,836	
Restricted for:					
DFA required reserves	2,347,914	-	2,347,914	-	
General county operations	8,932	-	8,932	-	
Maintenance of roads	991,369	-	991,369	-	
Fire departments	13,205,306	-	13,205,306	-	
Farm & Range	98,251	-	98,251	-	
Public safety	346,555	-	346,555	-	
Opioid abatement	1,994,201	-	1,994,201	-	
Debt service expenditures	314,534	-	314,534	-	
Capital projects expenditures	16,464,158	-	16,464,158	-	
Prison facility	-	19,431,127	19,431,127	-	
Processing center (ICE)	-	10,627,628	10,627,628	-	
Unrestricted net position	(406,522)	-	(406,522)	239,440	
Total net position	112,430,640	38,669,439	151,100,079	5,084,276	
Total liabilities, deferred inflows of resources and net position	\$ 176,398,190	90,805,599	267,203,789	5,948,063	

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, 2024**

Functions/Programs					Net (Expense) Revenue and Changes In Net Position		Component Unit Tularosa Basin Regional Dispatch Authority
	Program Revenues				Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities							
General government	\$ 11,031,060	1,118,418	6,741,838	377,394	(2,793,410)	-	(2,793,410)
Public safety	21,150,289	373,034	3,679,427	7,935,576	(9,162,252)	-	(9,162,252)
Public works	9,501,442	892,336	750,575	120,000	(7,738,531)	-	(7,738,531)
Culture and recreation	471,389	-	-	-	(471,389)	-	(471,389)
Health and welfare	5,162,792	150	-	-	(5,162,642)	-	(5,162,642)
Interest on long-term obligations	561,046	-	-	-	(561,046)	-	(561,046)
Total governmental activities	47,878,018	2,383,938	11,171,840	8,432,970	(25,889,270)	-	(25,889,270)
Business-type activities:							
Prison Facility	28,411,533	30,147,438	-	-	-	1,735,905	1,735,905
Processing Center (ICE)	34,061,225	37,147,882	-	-	-	3,086,657	3,086,657
Total business-type activities	62,472,758	67,295,320	-	-	-	4,822,562	4,822,562
Total primary government	\$ 110,350,776	69,679,258	11,171,840	8,432,970	(25,889,270)	4,822,562	(21,066,708)
Component Unit:							
Tularosa Basin Regional Dispatch Authority	\$ 2,919,847	1,134,712	450,757	-	-	-	(1,334,378)
General revenues:							
Taxes							
Property				\$ 12,976,077	-	12,976,077	-
Gross receipts				17,819,445	-	17,819,445	-
Gasoline and motor vehicle				593,046	-	593,046	-
Payment in lieu of taxes				4,727,922	-	4,727,922	-
Cannabis excise tax				41,306	-	41,306	-
Investment income				2,456,947	1,568,515	4,025,462	-
Contributions				110,320	-	110,320	105,000
Prison and Processing Center (ICE) facilities rental income				1,044,932	-	1,044,932	-
Miscellaneous income				2,623,236	-	2,623,236	-
Gain/(loss) on disposal of capital assets				(46,089)	-	(46,089)	-
Transfers				(7,638,335)	1,316,142	(6,322,193)	6,322,193
Total general revenue and transfers				34,708,807	2,884,657	37,593,464	6,427,193
Changes in net position				8,819,537	7,707,219	16,526,756	5,092,815
Net position - beginning of year				102,315,018	32,396,477	134,711,495	(8,539)
Adjustments - correction of an error				1,296,085	(1,434,257)	(138,172)	-
Net position - beginning, with adjustments				103,611,103	30,962,220	134,573,323	(8,539)
Net position, end of year				\$ 112,430,640	38,669,439	151,100,079	5,084,276

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, 2024**

	Special Revenue			
	General Fund Funds 110, 114, 118, 184, 185	Indigent (Safety Net Care Pool) Fund 163	Local Assistance and Tribal Consistency (LATCF) Fund 171	Hold Harmless Revenue Bond 1/4% Fund 196
Assets and deferred inflows of resources:				
Assets:				
Cash and cash equivalents	\$ 652,807	1,483,144	1,926,655	2,498,060
Investments	7,855,356	6,613,366	7,798,763	11,090,897
Receivables				
Accounts receivable, net	206,994	-	-	-
Property taxes receivable	1,093,778	-	-	-
Other taxes receivable	3,575,994	651,019	-	476,190
Leases receivable	476,928	-	-	-
Due from other funds	1,501,532	-	-	-
Due from other governments	-	-	-	-
Inventories	-	-	-	-
Prepaid expenses	528,067	-	-	-
Total assets	<u>15,891,456</u>	<u>8,747,529</u>	<u>9,725,418</u>	<u>14,065,147</u>
Deferred outflows of resources:				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 15,891,456</u>	<u>8,747,529</u>	<u>9,725,418</u>	<u>14,065,147</u>
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Accounts payable	\$ 741,109	163,078	1,893	50,078
Accrued payroll liabilities	250,190	1,819	-	-
Other accrued liabilities	406,978	-	-	-
Unearned revenues/grant advances	-	-	9,723,525	-
Due to other fund	1,336,412	-	-	-
Due to other government	-	-	-	-
Total liabilities	<u>2,734,689</u>	<u>164,897</u>	<u>9,725,418</u>	<u>50,078</u>
Deferred inflows of resources:				
Unavailable revenues	3,835,012	-	-	-
Leases	462,858	-	-	-
Total deferred inflows of resources	<u>4,297,870</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances*:				
Nonspendable	542,137	-	-	-
Restricted	2,347,914	-	-	14,015,069
Committed	-	8,582,632	-	-
Assigned	-	-	-	-
Unassigned	5,968,846	-	-	-
Total fund balances	<u>8,858,897</u>	<u>8,582,632</u>	<u>-</u>	<u>14,015,069</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,891,456</u>	<u>8,747,529</u>	<u>9,725,418</u>	<u>14,065,147</u>

* 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, 2024**

	Special Revenue		Capital Projects			
	American Rescue Plan		Legislative Grants		Total Non-Major Governmental Funds	Total Governmental Funds
	Fund 323	Funds 530-559, 567	Fund 362			
Assets and deferred inflows of resources:						
Assets:						
Cash and cash equivalents	\$ 255,365	2,477,118	180,984	3,127,342	12,601,475	
Investments	1,033,672	10,959,478	732,590	3,153,682	49,237,804	
Receivables						
Accounts receivable, net	-	48,270	-	75,057	330,321	
Property taxes receivable	-	-	-	-	1,093,778	
Other taxes receivable	-	201,017	-	540,103	5,444,323	
Leases receivable	-	-	-	-	476,928	
Due from other funds	-	-	-	-	1,501,532	
Due from other governments	-	-	2,391,624	601,517	2,993,141	
Inventories	-	-	-	138,320	138,320	
Prepaid expenses	-	154,919	-	21,723	704,709	
Total assets	1,289,037	13,840,802	3,305,198	7,657,744	74,522,331	
Deferred outflows of resources:						
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 1,289,037	13,840,802	3,305,198	7,657,744	74,522,331	
Liabilities, deferred inflows of resources and fund balances:						
Liabilities:						
Accounts payable	\$ 3,941	480,577	361,779	171,872	1,974,327	
Accrued payroll liabilities	-	-	-	71,968	323,977	
Other accrued liabilities	-	-	-	-	406,978	
Unearned revenues/grant advances	1,285,096	-	2,948,292	17,258	13,974,171	
Due to other fund	-	-	-	751,370	2,087,782	
Due to other government	-	-	-	119,592	119,592	
Total liabilities	1,289,037	480,577	3,310,071	1,132,060	18,886,827	
Deferred inflows of resources:						
Unavailable revenues	-	-	-	-	3,835,012	
Leases	-	-	-	-	462,858	
Total deferred inflows of resources	-	-	-	-	4,297,870	
Fund balances*:						
Nonspendable	-	154,919	-	160,043	857,099	
Restricted	-	13,205,306	-	6,202,931	35,771,220	
Committed	-	-	-	382,296	8,964,928	
Assigned	-	-	-	-	-	
Unassigned	-	-	(4,873)	(219,586)	5,744,387	
Total fund balances	-	13,360,225	(4,873)	6,525,684	51,337,634	
Total liabilities, deferred inflows of resources and fund balances	\$ 1,289,037	13,840,802	3,305,198	7,657,744	74,522,331	

* 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, 2024**

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

Total fund balance - Governmental funds	\$ 51,337,634
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	95,580,922
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.	3,835,012

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	6,992,584
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Deferred inflows of resources related to:

Pension deferrals	(656,081)
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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	\$ (25,334,887)
Bond premium, net of amortization	(250,855)
Bond discount, net of amortization	16,450
Accrued interest payable	(53,475)
Prepaid debt insurance	37,275
Current compensated absences	(468,843)
Non-current compensated absences	-
Current portion bonds and notes payable	(1,684,604)
Non-current bonds and notes payable	(16,830,376)
Current portion lease and subscription liabilities	(22,186)
Non-current portion lease and subscription liabilities	(17,672)
Landfill closure and post-closure	<u>(50,254)</u>
	(44,659,427)
Rounding	(4)
Net position for governmental activities	<u><u>\$ 112,430,640</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, 2024**

	General Fund Funds 110, 114, 118, 184, 185	Special Revenue		
		Indigent (Safety Net Care Pool)	Local Assistance and Tribal Consistency (LATCF)	Hold Harmless Revenue Bond 1/4%
		Fund 163	Fund 171	Fund 196
Revenues:				
Taxes				
Property	\$ 12,519,222	-	-	-
Gross receipts/state shared	7,462,654	3,868,916	-	2,786,028
Cannabis excise	-	-	-	-
Other	4,441,647	-	-	-
Charges for services	1,366,107	-	-	-
Prison and Processing Center (ICE) facilities rental income	1,044,932	-	-	-
Intergovernmental revenue				
Federal operating grants	16,924	-	-	-
Federal capital grants	-	-	-	-
State and local operating grants	214,770	-	-	-
State and local capital grants	-	-	-	-
Other grants	-	-	-	-
Interest income (loss)	599,500	302,060	14,972	530,923
Miscellaneous income	509,215	5,000	-	-
Total revenues	28,174,971	4,175,976	14,972	3,316,951
Expenditures:				
Current:				
General government	7,816,867	-	14,972	673,597
Public safety	15,732,660	-	-	-
Public works	1,034,442	-	-	-
Culture and recreation	132,160	-	-	-
Health and welfare	467,628	2,443,102	-	-
Capital outlay	1,801,347	-	-	-
Debt service				
Principal	19,355	-	-	255,500
Interest	1,111	-	-	120,394
Total expenditures	27,005,570	2,443,102	14,972	1,049,491
Excess (deficiency) of revenues over (under) expenditures	1,169,401	1,732,874	-	2,267,460
Other financing sources (uses):				
Proceeds from debt issuance	-	-	-	133,077
Transfers in	5,644,260	-	-	-
Transfers out	(10,315,679)	-	-	(41,552)
Total other financing sources (uses):	(4,671,419)	-	-	91,525
Net change in fund balances	(3,502,018)	1,732,874	-	2,358,985
Fund balance - beginning of year	12,360,915	-	-	11,656,084
Adjustments - changes within reporting entity	-	6,849,758	-	-
Adjustments - error correction	-	-	-	-
Fund balance - beginning, with adjustments	12,360,915	6,849,758	-	11,656,084
Ending fund balance	\$ 8,858,897	8,582,632	-	14,015,069

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, 2024**

	Special Revenue		Capital Projects		Total Non-Major Governmental Funds	Total Governmental Funds		
	American Rescue Plan		Legislative Grants					
	Fund 323	Funds 530-559, 567	Fund 362					
Revenues:								
Taxes								
Property	\$ -	-	-	-	433,901	12,953,123		
Gross receipts/state shared	-	1,157,091	-	-	2,688,154	17,962,843		
Cannabis excise	-	-	-	-	41,306	41,306		
Other	-	-	-	-	-	4,441,647		
Charges for services	-	9,440	-	-	1,008,390	2,383,937		
Prison and Processing Center (ICE) facilities rental income	-	-	-	-	-	1,044,932		
Intergovernmental revenue								
Federal operating grants	5,805,693	33,727	291,831	716,530	6,864,705			
Federal capital grants	-	-	-	357,394	357,394			
State and local operating grants	-	2,572,117	-	1,503,893	4,290,780			
State and local capital grants	-	1,925,607	6,009,969	140,000	8,075,576			
Other grants	-	-	-	16,356	16,356			
Interest income (loss)	348,728	516,708	(1,838)	145,895	2,456,948			
Miscellaneous income	-	64,738	-	2,154,602	2,733,555			
Total revenues	6,154,421	6,279,428	6,299,962	9,206,421	63,623,102			
Expenditures:								
Current:								
General government	6,154,421	-	807	1,084,778	15,745,442			
Public safety	-	2,039,326	2,273,984	1,208,364	21,254,334			
Public works	-	-	-	5,252,019	6,286,461			
Culture and recreation	-	-	-	-	132,160			
Health and welfare	-	-	-	426,256	3,336,986			
Capital outlay	-	1,901,499	4,157,118	1,549,038	9,409,002			
Debt service								
Principal	-	856	-	1,322,564	1,598,275			
Interest	-	53	-	440,453	562,011			
Total expenditures	6,154,421	3,941,734	6,431,909	11,283,472	58,324,671			
Excess (deficiency) of revenues over (under) expenditures	-	2,337,694	(131,947)	(2,077,051)	5,298,431			
Other financing sources (uses):								
Proceeds from debt issuance	-	-	-	425,687	558,764			
Transfers in	-	47,625	41,552	3,088,752	8,822,189			
Transfers out	-	(95,250)	-	-	(10,452,481)			
Total other financing sources (uses):	-	(47,625)	41,552	3,514,439	(1,071,528)			
Net change in fund balances	-	2,290,069	(90,395)	1,437,388	4,226,903			
Fund balance - beginning of year	-	11,070,156	-	11,618,546	46,705,701			
Adjustments - changes within reporting entity	-	-	(319,508)	(6,530,250)	-			
Adjustments - error correction	-	-	405,030	-	405,030			
Fund balance - beginning, with adjustments	-	11,070,156	85,522	5,088,296	47,110,731			
Ending fund balance	\$ -	13,360,225	(4,873)	6,525,684	51,337,634			

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, 2024**

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

Total net change in fund balances-governmental funds	\$ 4,226,903
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	17,070,186
Capital assets received as donations	-
Capital assets transferred to proprietary fund or component unit	(6,008,044)
Depreciation and amortization 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 and amortization expense is not reported as an expenditure in the governmental funds.	(6,053,029)
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.	(46,089)
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	401,833
Change in deferred inflows of resources related to GRT county equalization distribution	357,044
The issuance of long-term obligations (e.g. bonds, notes, lease liabilities, financed purchases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations 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.	
(Accrual)/decrease in accrued interest	(345)
(Accrual)/decrease in landfill closure and post-closure	3,138
Issuance of bonds, loans, financed purchases, and lease liabilities	(558,764)
Amortization of premiums, discounts, and prepaid debt insurance	14,382
Principal payments on long-term obligations including bonds, notes, leases, and subscriptions	1,598,275
Expenditures in the statement of activities that do not provide current financial resources are not reported as expenditures in the funds	
(Accrual)/decrease in compensated absences	(62,513)
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	(2,123,436)
Rounding	(4)
Change in net position of governmental activities	\$ 8,819,537

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, 2024

	Original Approved Budget	Final Approved Budget	Actual	Variances Favorable (Unfavorable)
REVENUES				
Intergovernmental sources - federal	\$ 81,786	81,786	45,084	(36,702)
Local and state shared taxes	17,601,317	19,791,769	19,520,631	(271,138)
Property taxes	175,000	175,000	160,198	(14,802)
Franchise taxes	3,800,000	4,155,372	4,155,372	-
Charges for services	1,065,853	1,437,936	1,071,342	(366,594)
Interest	575,350	1,198,330	1,150,603	(47,727)
Donations	20,000	119,075	109,220	(9,855)
Other revenue	25,000	156,849	1,019,710	862,861
Total revenues	<u>24,629,306</u>	<u>28,594,617</u>	<u>28,530,474</u>	<u>(64,143)</u>
EXPENDITURES				
Current:				
General government	6,756,102	8,203,065	7,174,064	1,029,001
Public safety	17,531,701	19,698,252	15,328,218	4,370,034
Public works	1,114,498	1,196,811	973,383	223,428
Health and welfare	521,110	619,079	467,628	151,451
Culture and recreation	139,344	137,605	132,136	5,469
Capital Outlay				
Capital outlay	446,706	2,191,627	1,775,856	415,771
Total expenditures	<u>26,509,461</u>	<u>32,046,439</u>	<u>25,851,285</u>	<u>6,195,154</u>
Excess (deficiency) of revenues over (under) expenditures	(1,880,155)	(3,451,822)	2,679,189	6,131,011
OTHER FINANCING SOURCES (USES)				
Transfers	7,903,275	8,004,592	5,644,309	(2,360,283)
Transfers out	(13,701,044)	(13,973,775)	(10,315,679)	3,658,096
Total other financing sources (uses)	<u>(5,797,769)</u>	<u>(5,969,183)</u>	<u>(4,671,370)</u>	<u>1,297,813</u>
Excess (deficiency of revenues over expenditures and other financing sources (uses))	<u>(7,677,924)</u>	<u>(9,421,005)</u>	<u>(1,992,181)</u>	<u>7,428,824</u>
Budgeted cash carryover	<u>7,677,924</u>	<u>9,421,005</u>		
Total	<u>\$ -</u>	<u>-</u>		
RECONCILIATION FROM BUDGET/ACTUAL TO GAAP				
Change in fund balance (Budget Basis)		\$ (1,992,181)		
To adjust applicable revenue accruals and deferrals		(355,552)		
To adjust applicable expenditure accruals		<u>(1,154,285)</u>		
Change in fund balance (GAAP basis)		<u>\$ (3,502,018)</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)
INDIGENT (SAFETY NET CARE POOL) FUND (163)
FOR THE YEAR ENDED JUNE 30, 2024

	Original Approved Budget	Final Approved Budget	Actual	Variances Favorable (Unfavorable)
REVENUES				
Local and state shared taxes	\$ 3,738,000	4,057,025	3,820,659	(236,366)
Interest	50,000	155,300	150,663	(4,637)
Other revenue	-	8,000	8,000	-
Total revenues	<u>3,788,000</u>	<u>4,220,325</u>	<u>3,979,322</u>	<u>(241,003)</u>
EXPENDITURES				
Current:				
Health and welfare	4,126,997	4,202,690	2,433,623	1,769,067
Total expenditures	<u>4,126,997</u>	<u>4,202,690</u>	<u>2,433,623</u>	<u>1,769,067</u>
Excess (deficiency) of revenues over (under) expenditures	(338,997)	17,635	1,545,699	1,528,064
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency of revenues over expenditures and other financing sources (uses))	(338,997)	17,635	1,545,699	1,528,064
Budgeted cash carryover	<u>338,997</u>	<u>-</u>		
Total	<u>\$ -</u>	<u>17,635</u>		

RECONCILIATION FROM BUDGET/ACTUAL TO GAAP

Change in fund balance (Budget Basis)	\$ 1,545,699
To adjust applicable revenue accruals and deferrals	196,654
To adjust applicable expenditure accruals	<u>(9,479)</u>
Change in fund balance (GAAP basis)	<u>\$ 1,732,874</u>

**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, 2024

	Original Approved Budget	Final Approved Budget	Actual	Variances Favorable (Unfavorable)
REVENUES				
Intergovernmental sources - federal	\$ 4,834,134	4,834,134	4,834,134	-
Total revenues	4,834,134	4,834,134	4,834,134	-
EXPENDITURES				
Current:				
General government	9,668,268	9,668,268	13,079	9,655,189
Total expenditures	9,668,268	9,668,268	13,079	9,655,189
Excess (deficiency) of revenues over (under) expenditures	(4,834,134)	(4,834,134)	4,821,055	9,655,189
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)	4,821,055	9,655,189
Budgeted cash carryover	4,834,134	4,834,134		
Total	\$ -	-		
RECONCILIATION FROM BUDGET/ACTUAL TO GAAP				
Change in fund balance (Budget Basis)			\$ 4,821,055	
To adjust applicable revenue accruals and deferrals			(4,819,162)	
To adjust applicable expenditure accruals			(1,893)	
Change in fund balance (GAAP basis)			\$ -	

See Independent Auditor's Report.
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**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, 2024

	Original Approved Budget	Final Approved Budget	Actual	Variances Favorable (Unfavorable)
REVENUES				
Local and state shared taxes	\$ 3,038,000	3,045,700	2,743,031	(302,669)
Interest	100,000	242,000	241,904	(96)
Other revenue	-	91,550	91,526	(24)
Total revenues	<u>3,138,000</u>	<u>3,379,250</u>	<u>3,076,461</u>	<u>(302,789)</u>
EXPENDITURES				
Current:				
General government	100,000	687,899	627,756	60,143
Debt Service				
Principal payments	253,025	263,000	255,500	7,500
Interest payments	120,394	120,394	120,394	-
Total expenditures	<u>473,419</u>	<u>1,071,293</u>	<u>1,003,650</u>	<u>67,643</u>
Excess (deficiency) of revenues over (under) expenditures	2,664,581	2,307,957	2,072,811	(235,146)
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency of revenues over expenditures and other financing sources (uses))	<u>2,664,581</u>	<u>2,307,957</u>	<u>2,072,811</u>	<u>(235,146)</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ 2,664,581	<u>2,307,957</u>	<u>2,072,811</u>	<u>(235,146)</u>

RECONCILIATION FROM BUDGET/ACTUAL TO GAAP

Change in fund balance (Budget Basis)	\$ 2,072,811
To adjust applicable revenue accruals and deferrals	373,570
To adjust applicable expenditure accruals	<u>(87,396)</u>
Change in fund balance (GAAP basis)	<u>\$ 2,358,985</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)
AMERICAN RESCUE PLAN FUND (323)
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Original Approved Budget</u>	<u>Final Approved Budget</u>	<u>Actual</u>	<u>Variances Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental sources - federal	\$ -	-	-	-
Other revenue	- -	- -	- -	- -
Total revenues	- -	- -	- -	- -
EXPENDITURES				
Current:				
General government	1,237,347	7,165,163	6,201,093	964,070
Total expenditures	1,237,347	7,165,163	6,201,093	964,070
Excess (deficiency) of revenues over (under) expenditures	(1,237,347)	(7,165,163)	(6,201,093)	964,070
OTHER FINANCING SOURCES (USES)				
Transfers	- -	- -	- -	- -
Transfers out	- -	- -	- -	- -
Total other financing sources (uses)	- -	- -	- -	- -
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(1,237,347)	(7,165,163)	(6,201,093)	964,070
Budgeted cash carryover	1,237,347	7,165,163		
Total	\$ - -	- -		
RECONCILIATION FROM BUDGET/ACTUAL TO GAAP				
Change in fund balance (Budget Basis)			\$ (6,201,093)	
To adjust applicable revenue accruals and deferrals			6,154,421	
To adjust applicable expenditure accruals			<u>46,672</u>	
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)
FIRE FUNDS (530-559, 567)
FOR THE YEAR ENDED JUNE 30, 2024**

	Original Approved Budget	Final Approved Budget	Actual	Variances Favorable (Unfavorable)
REVENUES				
Intergovernmental sources - federal	\$ 78,750	78,750	45,009	(33,741)
Intergovernmental sources - state	2,587,100	4,477,724	4,477,724	-
Local and state shared taxes	1,518,000	1,520,500	1,134,506	(385,994)
Charges for services	10,000	18,829	9,298	(9,531)
Interest	94,750	261,333	250,521	(10,812)
Donations	-	1,100	1,100	-
Other revenue	-	17,845	17,731	(114)
Total revenues	<u>4,288,600</u>	<u>6,376,081</u>	<u>5,935,889</u>	<u>(440,192)</u>
EXPENDITURES				
Current:				
Public safety	2,928,906	3,607,788	1,995,828	1,611,960
Capital Outlay				
Capital outlay	-	5,750,119	1,671,656	4,078,463
Total expenditures	<u>2,928,906</u>	<u>9,357,907</u>	<u>3,667,484</u>	<u>5,690,423</u>
Excess (deficiency) of revenues over (under) expenditures	1,359,694	(2,981,826)	2,268,405	5,250,231
OTHER FINANCING SOURCES (USES)				
Transfers	47,625	47,625	47,625	-
Transfers out	(95,250)	(95,250)	(95,250)	-
Total other financing sources (uses)	<u>(47,625)</u>	<u>(47,625)</u>	<u>(47,625)</u>	<u>-</u>
Excess (deficiency of revenues over expenditures and other financing sources (uses)	<u>1,312,069</u>	<u>(3,029,451)</u>	<u>2,220,780</u>	<u>5,250,231</u>
Budgeted cash carryover	-	<u>3,029,451</u>		
Total	<u>\$ 1,312,069</u>	<u>-</u>		

RECONCILIATION FROM BUDGET/ACTUAL TO GAAP

Change in fund balance (Budget Basis)	\$ 2,220,780
To adjust applicable revenue accruals and deferrals	343,540
To adjust applicable expenditure accruals	<u>(274,251)</u>
Change in fund balance (GAAP basis)	<u>\$ 2,290,069</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, 2024**

Business-Type Activities Enterprise Funds			
Major Funds			
		Processing Center (ICE)	Total
	Prison Facility Fund 779	Fund 780	
Assets and deferred inflows of resources:			
Assets:			
Receivables			
Accounts receivable, net	\$ 1,566,553	9,069,706	10,636,259
Due from other funds	823,150	513,262	1,336,412
Total current assets	<u>2,389,703</u>	<u>9,582,968</u>	<u>11,972,671</u>
Non-current assets:			
Restricted cash and cash equivalents	23,634,770	8,906,871	32,541,641
Bond discounts, net of accumulated amortization of \$30,611 and \$314,827, respectively	11,499	69,104	80,603
Capital assets, net	17,196,672	29,014,012	46,210,684
Total non-current assets	<u>40,842,941</u>	<u>37,989,987</u>	<u>78,832,928</u>
Total assets	<u>43,232,644</u>	<u>47,572,955</u>	<u>90,805,599</u>
Total assets and deferred outflows of resources	<u><u>\$ 43,232,644</u></u>	<u><u>47,572,955</u></u>	<u><u>90,805,599</u></u>
Liabilities, deferred inflows of resources and net position:			
Liabilities:			
Accounts payable	\$ 6,389,122	7,427,202	13,816,324
Accrued interest	215,723	504,113	719,836
Current portion of bonds, loans, and financed purchases payable	2,430,000	3,920,000	6,350,000
Total current liabilities	<u>9,034,845</u>	<u>11,851,315</u>	<u>20,886,160</u>
Non-current liabilities			
Bonds, loans, and financed purchases payable	12,765,000	18,485,000	31,250,000
Total non-current liabilities	<u>12,765,000</u>	<u>18,485,000</u>	<u>31,250,000</u>
Total liabilities	<u>21,799,845</u>	<u>30,336,315</u>	<u>52,136,160</u>
Net position			
Net investment in capital assets	2,001,672	6,609,012	8,610,684
Restricted net position	<u>19,431,127</u>	<u>10,627,628</u>	<u>30,058,755</u>
Total net position	<u>21,432,799</u>	<u>17,236,640</u>	<u>38,669,439</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 43,232,644</u></u>	<u><u>47,572,955</u></u>	<u><u>90,805,599</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, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

Business-Type Activities			
Enterprise Funds			
Major Funds			
	Prison Facility	Processing Center (ICE)	Total
	Fund 779	Fund 780	
Operating revenues:			
Charges for services	\$ 30,147,438	37,147,882	67,295,320
Total operating revenues	<u>30,147,438</u>	<u>37,147,882</u>	<u>67,295,320</u>
Operating expenses:			
Contractual services	26,739,085	30,663,364	57,402,449
Depreciation	848,235	1,113,569	1,961,804
Total operating expenses	<u>27,587,320</u>	<u>31,776,933</u>	<u>59,364,253</u>
Operating income (loss)	2,560,118	5,370,949	7,931,067
Non-operating revenues (expenses):			
Interest income	1,212,146	356,369	1,568,515
Interest expense	(824,213)	(2,284,292)	(3,108,505)
Total non-operating revenues (expenses)	<u>387,933</u>	<u>(1,927,923)</u>	<u>(1,539,990)</u>
Income (loss) before transfers	2,948,051	3,443,026	6,391,077
Other financing sources/(uses)			
Transfers in	1,316,142	-	1,316,142
Transfers out	-	-	-
Total other financing sources/(uses)	<u>1,316,142</u>	<u>-</u>	<u>1,316,142</u>
Change in net position	4,264,193	3,443,026	7,707,219
Net position - beginning of year	19,074,323	13,322,154	32,396,477
Adjustments - changes within reporting entity	-	-	-
Adjustments - error correction	(1,905,717)	471,460	(1,434,257)
Net position - beginning, with adjustments	<u>17,168,606</u>	<u>13,793,614</u>	<u>30,962,220</u>
Net position, end of year	<u>\$ 21,432,799</u>	<u>17,236,640</u>	<u>38,669,439</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 CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

Business-Type Activities			
Enterprise Funds			
Major Funds			
	Prison Facility	Processing Center (ICE)	Total
	Fund 779	Fund 780	
Cash flows from operating activities:			
Receipts from customers and users	\$ 31,560,113	33,609,273	65,169,386
Payments to suppliers	(28,660,290)	(27,197,687)	(55,857,977)
Net cash provided (used) for operating activities	<u>2,899,823</u>	<u>6,411,586</u>	<u>9,311,409</u>
Cash flows from investing activities:			
Interest income	1,212,146	356,369	1,568,515
Net cash provided (used) for investing activities	<u>1,212,146</u>	<u>356,369</u>	<u>1,568,515</u>
Cash flows from capital and related financing activities:			
Principal payments on long-term debt and leases	(2,335,000)	(3,695,000)	(6,030,000)
Interest payments on long-term debt and leases	(857,698)	(2,349,001)	(3,206,699)
Net cash provided (used) for capital and related financing activities	<u>(3,192,698)</u>	<u>(6,044,001)</u>	<u>(9,236,699)</u>
Net increase (decrease) in cash and cash equivalents	919,271	723,954	1,643,225
Cash and cash equivalents – beginning of year	22,715,499	8,182,917	30,898,416
Cash and cash equivalents – end of year	<u>\$ 23,634,770</u>	<u>8,906,871</u>	<u>32,541,641</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 2,560,118	5,370,949	7,931,067
Adjustments			
Depreciation and amortization	848,235	1,113,569	1,961,804
Adjustments - error correction of accounts payable	(770,276)	-	(770,276)
Changes in assets and liabilities:			
(Increase) decrease in receivables	1,412,675	(3,538,609)	(2,125,934)
Increase (decrease) in accounts payable	(1,150,929)	3,465,677	2,314,748
Net cash provided by operating activities	<u>\$ 2,899,823</u>	<u>6,411,586</u>	<u>9,311,409</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 FIDUCIARY NET POSITION
CUSTODIAL FUNDS
AS OF JUNE 30, 2024

	Custodial Funds
	<u>Fund 901</u>
Assets:	
Cash and cash equivalents	\$ 704,257
Property taxes receivable, net	2,053,920
Total assets	<u>\$ 2,758,177</u>
Liabilities:	
Future taxes to be collected and distributed	\$ 2,697,713
Deposits held in trust for others	-
Total liabilities	<u>2,697,713</u>
Net position:	
Restricted for:	
Individuals, other governments	60,464
Total net position	<u>60,464</u>
Total liabilities and net position	<u>\$ 2,758,177</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, 2024

	Custodial Funds
	<u>Fund 901</u>
Additions:	
Local sources:	
Property taxes collected for others	\$ 22,973,695
Deposits received for inmates and others	<u>451,004</u>
Total additions	<u>23,424,699</u>
Deductions:	
Property taxes distributed to other governments	22,973,695
Disbursements made to inmates and others	<u>442,916</u>
Total deductions	<u>23,416,611</u>
Net increase (decrease) in fiduciary net position	8,088
Net position - beginning of year	52,376
Adjustments - changes within reporting entity	-
Adjustments - error correction	-
Net position - beginning, with adjustments	<u>52,376</u>
Net position, ending	<u><u>\$ 60,464</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, 2024

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 governed 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 a common seal that may be altered at will;
5. Exercise other privileges inherent to similar entities that are not inconsistent with the laws of New Mexico;
6. Protect the property of the County and its residents;
7. Preserve peace and order within the County;
8. Establish rates for services provided by the County utilities and revenue-producing projects, amounts deemed reasonable by the governing body for 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 are responsible for their accuracy 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.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

A. Recently Issued, Clarified, and Adopted Accounting Principle and Standard

GASB Statement No. 100 (GASB 100), Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62

In June 2022, GASB issued GASB Statement No. 100 (GASB 100), Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62. GASB 100 addresses accounting changes and error corrections for state and local governments, effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023. This Statement requires that (a) changes in accounting principles and error corrections to be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates to be reported prospectively by recognizing the change in the current period. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. There was no material impact on the County's financial statements for the year ended June 30, 2024, as a result of this implementation. See Note 20 – Changes To or Within the Financial Reporting and Error Corrections for details on the effects of GASB 100.

Implementation Guide No. 2021-1, Answer 5.1 — “Capital Assets”

In May 2021, the Governmental Accounting Standards Board (GASB) issued GASB Implementation Guide No. 2021-1, Answer 5.1 — “Capital Assets”, which is effective for the year ended June 30, 2024. This Implementation Guide directs governments to capitalize assets whose individual acquisition costs are below the capitalization threshold for individual assets if, in the aggregate, these assets are significant. Changes made to conform to the provisions of this Implementation Guide should be applied retroactively by restating prior periods, with the cumulative effect on periods prior to those presented being reported as a restatement of the beginning net position.

Beginning with the year ended June 30, 2024, the County has established a capitalization threshold of \$200,000 for the aggregate acquisition cost of capital assets. There was no material impact on the County's financial statements for the year ended June 30, 2024, as a result of the retroactive implementation.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

B. Financial Reporting Entity

In evaluating how to define the County for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Standards. 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; selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

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

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

Based on these criteria, the County has determined that the Tularosa Basin Regional Dispatch Authority is a component unit that must be reported. No other component units are required to be reported under GASB Statements 14, 39, 61, 80, and 90, or any other applicable GASB guidance. Details regarding the Tularosa Basin Regional Dispatch Authority are provided 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

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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.

C. 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. Interfund activity is largely eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with 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.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 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.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available as follows: Grant revenue if 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 judgments, are recorded only when payment is due.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and are 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. These program revenues reduce the cost of the function to be financed from the County's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of County facilities, etc., (b) program-specific operating grants, which include revenues received from state and federal sources such as county equalization distributions to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 *Indigent (Safety Net Care Pool) (Fund 163) (Special Revenue Fund)* covers 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.

The *Local Assistance and Tribal Consistency Fund (LATCF) (Fund 171) (Special Revenue Fund)* 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.

The *Hold Harmless Revenue Bond (1/4%) (Fund 196) (Special Revenue Fund)* 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.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

The *American Rescue Plan (Fund 323) (Special Revenue Fund)* 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) (Special Revenue Fund)* 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 *Legislative Grants (Fund 362) (Capital Projects Fund)* accounts 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.

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.

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 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.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

E. 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 reduce its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

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

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

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 in which the payment is received.

Deferred inflows of resources are initially recorded at the commencement of the lease, in an amount equal to the initial recording of the lease receivables. These deferred inflows are amortized on a straight-line basis over the term of the lease.

Inventories

The County accounts for inventories using the consumption method. Under this approach, governments report inventories as assets when purchased and defer recognizing the expenditures until the period in which the inventories are consumed. Inventories are valued at cost and consists of supplies and materials. The cost of purchased supplies and materials is recognized as an expenditure when the inventory items are consumed.

Prepaid Expenses

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

Restricted Assets

Restricted assets consist of funds expendable for operating purposes but restricted by donors or other outside agencies to specific purposes or reserved for future debt service payments.

Capital Assets

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and sidewalks), are reported in the government-wide financial statements. These assets are defined by the County as having an initial cost greater than \$5,000 and an estimated useful life of more than one year. Capital assets are recorded at historical cost or estimated historical

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value on the date of donation. Information technology equipment, including software, is capitalized and classified under furniture, fixtures, and equipment in accordance with NMAC 2.20.1.9 C (5).

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life is 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 constructed assets. No interest was 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	5-40
Buildings and building improvements	10-45
Office furniture and equipment	3-30
Vehicles	3-30

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 related lease liability's initial measurement. The County's policy is to recognize RTUs only if they have a calculated present value of at least \$25,000. 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, 2024, along with applicable FICA and Medicare liabilities.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 is determined on the same basis as reported by PERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when they become 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 element represents a use of net position that applies to a future period(s) and 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 element represents an acquisition of net position that applies to a future period(s) and 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, the assets must be offset by a corresponding liability for deferred inflows of 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 related expenditures were liquidated by the general fund. Amounts of vested or accumulated vacation leave not expected to be liquidated with

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 recognized 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 County Commission takes the formal action required to establish a fund balance commitment.

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 specific purposes. Under the current authorization system, for funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. These resources are, at a minimum, intended to be used for the fund's specific purpose.

For fund balance classification, 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 balances are available. Additionally, 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 any unrestricted fund balance classifications could apply.

**STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Nonspendable Fund Balance

As of June 30, 2024, the nonspendable fund balance in the governmental funds consists of amounts associated with inventories, prepaid expense contracts, and the portion of fund balance that is not an available resource. This portion represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable.

Restricted and Committed Fund Balance

As of June 30, 2024, the County has presented restricted fund balance on the governmental funds balance sheet for various County operations restricted by enabling legislation or grantor agencies. The County has reported committed fund balance on the governmental funds balance sheet to meet the General Fund's minimum balance requirements.

Minimum Fund Balance Policy

The County's policy for maintaining a minimum fund balance for operations aims to mitigate sudden and unplanned disruptions to programs and operations and address 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 maintain 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. See the Schedule of Governmental Fund Balances as listed in the table of contents for additional information about fund balances.

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 amortization, and reduced outstanding balances of any debt obligations or lease and subscription liabilities attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position: Consists of net position with constraints placed on its use by (1) external groups (such as creditors, grantors, contributors, or laws/regulations of other governments), or (2) by constitutional provisions or enabling legislation.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 useful lives of capital assets, calculations for compensated absences, landfill closure/post-closure care costs, and inputs/methods related to calculating right-to-use leased assets, liabilities, and lease receivables. Additionally, they include inputs and methods related to pension unfunded balances and activities.

Interfund Transactions

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

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

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The County prepares annual budgets before June 1, which must be approved by the County Commissioners via resolution and submitted to the Department of Finance and Administration (DFA) for State approval. Once formally approved, any amendments must also receive approval from the County Commissioners and DFA. Separate budgets are prepared for each fund. While line items within each budget may be over-expended, it is not legally permissible to over-expend the total budget at the fund level.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

These budgets are prepared on a non-GAAP budgetary basis, which excludes encumbrances from budgetary expenditures. The budget authorizes the appropriation of funds for one fiscal year only. Carryover funds must be reappropriated in subsequent fiscal year budgets.

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

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

Since accounting principles applied to develop data on a budgetary basis differ significantly from those used to present financial statements under 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, 2024 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. As of June 30, 2024, all County investments complied with State investment requirements.

Deposits may be made in interest-bearing or non-interest-bearing checking accounts at banks or savings and loan associations within the County's geographical boundaries. Deposits are permitted to the extent that they are insured by a U.S. agency or collateralized as required by statute. Currently, state statutes require at least 50% of uninsured balances on deposit with any institution to be collateralized, with higher requirements of up to 102% for financially troubled institutions.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 issued by the State or the United States government, or their departments or agencies, which are either direct obligations or backed by the full faith and credit of those governments. Additionally, the State Board of Finance sets the rate of interest for non-demand, interest-bearing accounts, which cannot be less than 100% of the asked price on U.S. Treasury bills of the same maturity as the deposit date.

Cash Deposited with Financial Institutions

The County maintains cash in four financial institutions, and all deposits are reported at cost.

The County utilizes pooled accounts for the General, Special Revenue, Capital Projects, and Fiduciary funds, while maintaining separate accounts for sheriff and confiscation related funds.

As of June 30, 2024, the cash amounts reported in the financial statements differ from deposits with the various institutions due to outstanding checks and transactions in transit.

The following table lists locations and amounts deposited by the County as of June 30, 2024:

	Per Institution	Reconciling Items	Per Financial Statements
Bank 34	\$ 250,000	-	250,000
First American Bank	1,000,000	-	1,000,000
First National Bank of Alamogordo	13,964,513	(3,095,543)	10,868,970
First Savings Bank	496,712	-	496,712
US Bank	32,541,640	-	32,541,640
Total cash deposits	\$ 48,252,865	(3,095,543)	45,157,322
 Cash on hand			371
Cash held with Trustee - NMFA			313,599
Cash equivalent investments			377,079
Total cash and cash equivalents	\$ 45,848,371		

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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

Cash and cash equivalents	\$ 12,601,473
Restricted cash and cash equivalents	32,541,641
Custodial funds	704,257
TBRDA cash	1,000
Statement of net position	<u><u>\$ 45,848,371</u></u>

All of the County's accounts, including non-interest-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 outlined in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

As of June 30, 2024, the County's bank balances were collateralized as follows:

	First Bank 34	First American Bank	First National Bank of Alamogordo	First Savings Bank	Total
Amount of deposits	\$ 250,000	1,000,000	13,964,513	496,712	15,711,225
less: FDIC coverage	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(1,000,000)</u>
Total uninsured public funds	-	750,000	13,714,513	246,712	14,711,225
Collateral requirement (102%)	-	-	13,988,803	-	13,988,803
Collateral requirement (50%)	-	375,000	-	123,356	498,356
Total collateral requirement	-	375,000	13,988,803	123,356	14,487,159
less: Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	-	(575,000)	(11,161,245)	(534,741)	(12,270,986)
(Over)/under collateralized	<u>\$ -</u>	<u>(200,000)</u>	<u>2,827,558</u>	<u>(411,385)</u>	<u>2,216,173</u>

The types of collateral allowed are restricted to direct obligations of the United States Government and bonds issued by any agency, district, or political subdivision of the State of New Mexico.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Investments

As of June 30, 2024, the County's investments and related maturities were as follows:

Investment Type	Credit Risk		Fair Value	Weighted Average Maturity	Percent of Portfolio
	Rating				
Brokered CDs	N/A		\$ 12,503,874	4.63 years	25.39%
US Government Securities	AA +		26,764,062	5.96 years	54.36%
Investments - LGIP	AAAm		8,560,856	30 day (R), 39 day (F)	17.39%
US Treasuries	N/A		<u>1,409,014</u>	2.12 years	2.86%
			<u>\$ 49,237,806</u>		

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investment policy follows the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). The securities are not subject to custodial credit risk because they are registered and held in the name of Otero County.

Interest Rate Risk

The County's investment policy does not restrict investment maturities as a method for managing its exposure to fair value losses due to rising interest rates. The fair values of the securities exposed to interest rate risk are presented above. The County's policy related to interest rate risk aligns with the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

Concentration Credit Risk - Investments

Concentration credit risk occurs when any single issuer represents 5% or more of the County's investment portfolio. Since the County limits its purchases to high-grade, credit-rated investments, this risk is not considered significant. The County's policy addresses concentration credit risk in accordance with the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

The State Treasurer Local Government Investment Pool (LGIP) is not SEC-registered. The State Treasurer, with the advice and consent of the State Board of Finance, is authorized to invest funds in the short-term investment fund per Sections 6-10-10(I) through 6-10-10(P) and Sections 6-10-

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

10.1(A) and (E), NMSA 1978. LGIP investments are monitored using the same investment committee, policies, and procedures applicable to other state investments.

The pool does not have unit shares. Per Section 6-10-10(I)(F), 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 were invested.

Investments are measured at fair value, using quoted market prices as of the valuation date.

Participation in the pool is voluntary.

Fair Value Measurement

The County classifies its fair value measurements within the GAAP-established fair value hierarchy, which is based on the valuation inputs used to measure the fair value of an asset.

The hierarchy consists of three levels:

- Level 1: Quoted prices in active markets for identical assets.
- Level 2: Significant other observable inputs.
- Level 3: Significant unobservable inputs.

The County has the following recurring fair value measurement as of June 30, 2024:

Investment Type	Amount	Input Level
Brokered CDs	\$ 12,503,874	Level 1
US Government Securities	26,764,062	Level 1
Investments - LGIP	8,560,856	Level 1
US Treasuries	\$ 1,409,014	Level 1

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 4—RECEIVABLES

Receivables as of June 30, 2024 are as follows:

	General Fund	Indigent (Safety Net Care Pool)	Hold Harmless Revenue Bond 1/4%	Fire Funds	Legislative Grants	Total Non-Major Governmental Funds	Total Governmental Funds
	Funds 110, 114, 118, 184, 185	Fund 163	Fund 196	Funds 530- 559, 567	Fund 362		
Governmental Activities							
Property taxes	\$ 1,093,778	-	-	-	-	-	1,093,778
Other taxes:							
Gross receipts taxes	3,561,827	488,019	476,190	201,017	-	371,120	5,098,173
Gasoline and other taxes	14,167	-	-	-	-	-	14,167
Cannabis excise tax	-	-	-	-	-	5,983	5,983
Medicaid	-	163,000	-	-	-	163,000	326,000
Other receivables:							
Charges for services	181,631	-	-	48,270	-	75,057	304,958
Franchise fees	25,363	-	-	-	-	-	25,363
Grants receivable	-	-	-	-	2,391,624	601,517	2,993,141
Leases receivable	476,928	-	-	-	-	-	476,928
Subtotal	5,353,694	651,019	476,190	249,287	2,391,624	1,216,677	10,338,491
Less: Allowance for uncollectibles	-	-	-	-	-	-	-
Net receivables	\$ 5,353,694	651,019	476,190	249,287	2,391,624	1,216,677	10,338,491

In accordance with GASB 33, property tax revenues and the gross receipts tax county equalization distribution in the amounts of \$947,776 and \$2,600,961 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 as of June 30, 2024 were \$13,974,172 and presented as unearned revenue/grant advances.

	Prison Facility	Processing Center (ICE)	Total Proprietary
	Fund 779	Fund 780	
Business-type Activities			
Customer receivables	\$ 1,566,553	9,069,706	10,636,259
Subtotal	1,566,553	9,069,706	10,636,259
Less: Allowance for uncollectibles	-	-	-
Net receivables	\$ 1,566,553	9,069,706	10,636,259

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

	Total Component Unit
Grants receivable	\$ 179,034
Other receivables:	
Charges for services	<u>914,375</u>
Subtotal	1,093,409
Less: Allowance for uncollectibles	-
Net receivables	<u><u>\$ 1,093,409</u></u>

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

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 may consist of cash payments or community service credits from members, staff, and volunteers for which no compensation is received by the non-profit from any source. 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 2.21-3.00% based on other financing transactions of the County, which are applied to calculate the present value.

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.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

The County's lessor arrangements as of June 30, 2024, are summarized below (excluding short-term leases):

	Lease Receivables		Number of Lease Contracts	Lease Terms*	Interest Rates
	Balance June 30, 2024	Current Portion			
Governmental Activities					
Lessor					
Buildings	\$ 476,928	222,806	7	1-7 years	2.21-3.00%
Total governmental activities	<u>476,928</u>	<u>222,806</u>			
Total lease receivables	<u>\$ 476,928</u>	<u>222,806</u>			

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

For the year ended June 30, 2024, the County recognized the following in lease income and interest earned on leases:

Governmental Activities	2024
Lease income	\$ 253,635
Lease interest	\$ 14,899

The future minimum lease receipts of these leases in governmental activities as of June 30, 2024, were as follows:

Year Ended June 30,	Principal	Interest	Total
2025	\$ 222,806	9,264	232,070
2026	164,411	4,639	169,050
2027	58,763	1,467	60,230
2028	6,519	861	7,380
2029	6,720	660	7,380
2030-2034	<u>17,709</u>	<u>741</u>	<u>18,450</u>
	<u>\$ 476,928</u>	<u>17,632</u>	<u>494,560</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.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

For the year ended June 30, 2024, the County recognized the following rent revenue:

<u>Rental Income</u>	
Prison Facility	\$ 585,165
Processing Center (ICE)	<u>459,767</u>
Total	<u>\$ 1,044,932</u>

NOTE 5—TRANSFERS AND INTERFUND RECEIVABLES

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

	<u>Transfers In</u>						
	General Fund	Legislative Grants		Fire Funds		Non-Major Governmental Funds	Prison Facility
		Funds 110, 114, 118, 184, 185	Fund 362	Funds 530-559, 567	567		
Fund transfers							
General (110, 114, 118, 184, 185)	\$ 5,596,635		-	-	3,088,752	-	1,630,292
Hold Harmless Revenue Bond 1/4% (196)		-	41,552	-	-	-	41,552
Fire Funds (530-559, 567)	<u>47,625</u>	<u>-</u>	<u>47,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,250</u>
Total transfers (fund)	<u>\$ 5,644,260</u>	<u>41,552</u>	<u>47,625</u>	<u>3,088,752</u>	<u>-</u>	<u>1,630,292</u>	<u>10,452,481</u>
Government-wide transfers							
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,316,142</u>	<u>4,691,901</u>
Total transfers including government-wide	<u>\$ 5,644,260</u>	<u>41,552</u>	<u>47,625</u>	<u>3,088,752</u>	<u>1,316,142</u>	<u>6,322,193</u>	<u>16,460,524</u>

For the year ended June 30, 2024, the following major governmental and proprietary funds had no transfer activity: Indigent (Safety Net Care Pool) (163), Local Assistance and Tribal Consistency (LATCF) (171), American Rescue Plan (323), Processing Center (ICE) (780).

For the year ended June 30, 2024, cash transfers and transfers of capital assets 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, 2024

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, 2024 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)	-
	Environmental Gross Receipts Tax	
General (101)	(172)	61,899
General (101)	Legislative Grants (362)	-
General (101)	Federal Grants (369)	112,910
General (101)	CDBG Grants (375)	576,561
	Tularosa Basin Regional Dispatch	
General (101)	Authority (Component Unit)	750,162
		<u>\$ 2,837,944</u>

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

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STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 6—CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2024 follows. Land and construction in progress are not subject to depreciation.

GOVERNMENTAL ACTIVITIES	Balance June 30, 2023	Additions	Deletions	Transfers/ Adjustments	Restatement	Balance June 30, 2024
Non-depreciable capital assets:						
Land	\$ 22,258,736	-	-	-	68,401	22,327,137
Construction in progress	24,726,878	10,024,754	-	(23,008,446)	928,116	12,671,302
Total non-depreciable capital assets	46,985,614	10,024,754	-	(23,008,446)	996,517	34,998,439
Capital assets being depreciated/amortized:						
Infrastructure and land improvements	64,633,292	171,385	(7,089)	558,132	(6,961)	65,348,759
Buildings and improvements	38,089,416	1,466,874	(9,364)	16,488,672	-	56,035,598
Equipment and furnishings	13,820,012	1,902,397	(171,898)	(920,989)	10,000	14,639,522
Vehicles	33,332,884	3,504,776	(629,212)	(7,038)	76,385	36,277,795
Right-to-use lease equipment	127,951	-	(12,353)	-	-	115,598
Total capital assets being depreciated/amortized	150,003,555	7,045,432	(829,916)	16,118,777	79,424	172,417,272
Less accumulated depreciation/amortization for:						
Infrastructure and land improvements	(53,140,032)	(2,598,511)	7,089	-	194,230	(55,537,224)
Buildings and improvements	(20,561,843)	(991,740)	624	-	(263,744)	(21,816,703)
Equipment and furnishings	(9,737,736)	(623,357)	171,898	874,587	(44,610)	(9,359,218)
Vehicles	(23,759,536)	(1,813,565)	591,864	7,038	(70,763)	(25,044,962)
Right-to-use lease equipment	(63,179)	(25,856)	12,353	-	-	(76,682)
Total accumulated depreciation/amortized	(107,262,326)	(6,053,029)	783,828	881,625	(184,887)	(111,834,789)
Total capital assets being depreciated/amortized	42,741,229	992,403	(46,088)	17,000,402	(105,463)	60,582,483
Total capital assets, net of depreciation & amortization	\$ 89,726,843	11,017,157	(46,088)	(6,008,044)	891,054	95,580,922

Depreciation and amortization expense for the year ended June 30, 2024 was charged to governmental activities as follows:

Governmental activities:

General government	\$ 589,564
Public safety	603,965
Public works	2,875,662
Culture and recreation	327,247
Health and welfare	1,656,591
Total governmental activities	\$ 6,053,029

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

BUSINESS-TYPE ACTIVITIES	Balance				Transfers/	Balance	
	<u>June 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Restatement</u>	<u>June 30, 2024</u>	
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	77,505,585	-	-	1,316,142	-	78,821,727	
Total capital assets being depreciated	77,505,585	-	-	1,316,142	-	78,821,727	
Less accumulated depreciation for:							
Buildings and improvements	(30,912,608)	(1,961,804)	-	-	(663,981)	(33,538,393)	
Total accumulated depreciation	(30,912,608)	(1,961,804)	-	-	(663,981)	(33,538,393)	
Total capital assets being depreciated	46,592,977	(1,961,804)	-	1,316,142	(663,981)	45,283,334	
Total capital assets, net of depreciation	\$ 47,520,327	(1,961,804)	-	1,316,142	(663,981)	46,210,684	

Depreciation expense for the year ended June 30, 2024 was charged to business-type activities as follows:

Business-type activities	
Prison facility	\$ 848,235
Processing center (ICE)	1,113,569
Total business type activities	\$ 1,961,804

Component Unit	Balance			Transfers/		Balance
	<u>June 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Restatement</u>	
Non-depreciable capital assets:						
Construction in progress	\$ -	-	-	-	4,645,500	4,645,500
Total non-depreciable capital assets	-	-	-	-	4,645,500	4,645,500
Capital assets being depreciated/amortized:						
Equipment and furnishings	-	-	-	-	920,989	920,989
Vehicles	-	158,247	-	-	7,038	165,285
Total capital assets being depreciated/amortized	-	158,247	-	-	928,027	1,086,274
Less accumulated depreciation/amortization for:						
Equipment and furnishings	-	-	-	-	(874,587)	(874,587)
Vehicles	-	(5,313)	-	-	(7,038)	(12,351)
Total accumulated depreciation/amortized	-	(5,313)	-	-	(881,625)	(886,938)
Total capital assets being depreciated/amortized	-	152,934	-	-	46,402	199,336
Total capital assets, net of depreciation & amortization	\$ -	<u>152,934</u>	-	-	<u>4,691,902</u>	<u>4,844,836</u>

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Depreciation expense for the year ended June 30, 2024 was charged to the component unit as follows:

Component Unit:

Public safety	\$ 5,313
Total governmental activities	<u>\$ 5,313</u>

NOTE 7—LONG-TERM OBLIGATIONS

Changes in long-term obligations during the year ended June 30, 2024, were as follows:

	Balance			Balance	Amount due within one year
	June 30, 2023	Increases	Decreases	June 30, 2024	
Governmental activities					
Bonds payable	\$ 15,915,000	-	(1,120,000)	14,795,000	1,160,000
Loans payable	3,612,830	133,077	(408,324)	3,337,583	438,024
Financed purchases payable	-	425,687	(43,290)	382,397	86,580
Lease liabilities	66,519	-	(26,661)	39,858	22,186
Landfill closure and post-closure	53,392	-	(3,138)	50,254	-
Compensated absences	406,330	837,582	(775,069)	468,843	468,843
Net pension liability	<u>20,503,694</u>	<u>6,218,391</u>	<u>(1,387,198)</u>	<u>25,334,887</u>	<u>-</u>
Total governmental activities	40,557,765	7,614,737	(3,763,680)	44,408,822	2,175,633
 Business-type activities					
Revenue bonds payable	43,630,000	-	(6,030,000)	37,600,000	6,350,000
Total business-type activities	43,630,000	-	(6,030,000)	37,600,000	6,350,000
Total long-term obligations	\$ 84,187,765	7,614,737	(9,793,680)	82,008,822	8,525,633

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, 2024
Hold Harmless GRT Bond - series 2014	April 2014	December 2033	3.00-5.00%	\$ 5,065,000	2,970,000
Hold Harmless GRT Bond - series 2017A	April 2017	December 2028	3.13%	8,620,000	3,935,000
Hold Harmless GRT Bond - series 2020	July 2020	December 2045	2.00-4.00%	8,355,000	7,890,000
Total bonds payable				\$ 22,040,000	14,795,000

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Hold Harmless Gross Receipts Tax Bonds series 2014

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

Hold Harmless Gross Receipts Tax Bonds series 2017A

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

Hold Harmless Gross Receipts Tax Bonds series 2020

The County issued Hold Harmless Gross Receipts Tax Bonds series 2020 in the amount of \$8,355,000 on July 2, 2020 to be used for rehabilitating and making improvements to the County 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, 2024, including interest payments, are as follows:

Year Ended		Total Debt		
June 30,	Principal	Interest	Service	
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	1,320,000	1,412,818	2,732,818	
2030-2034	3,355,000	992,081	4,347,081	
2035-2039	1,990,000	559,728	2,549,728	
2040-2044	2,260,000	293,988	2,553,988	
2045-2049	995,000	27,569	1,022,569	
Total	\$ 14,795,000	4,856,405	19,651,405	

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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

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 loans are as follows:

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2024
NMFA Loan - PPRF-2198 (Otero 15)	November 2008	May 2029	3.00%	\$ 163,557	51,012
NMFA Loan - PPRF-2571 (Otero 25)	April 2011	May 2026	3.58%	192,850	31,480
NMFA Loan - PPRF-2915 (Otero 32)	July 2013	May 2033	1.290-4.340%	201,500	109,525
NMFA Loan - PPRF-2916 (Otero 33)	July 2013	May 2030	1.290-4.340%	226,688	96,678
NMFA Loan - PPRF-3103 (Otero 35)	May 2014	May 2025	1.170-3.100%	110,832	12,463
NMFA Loan - PPRF-3318 (Otero 39)	July 2015	May 2026	0.390-2.240%	120,000	29,775
NMFA Loan - PPRF-3439 (Otero 40)	April 2016	May 2026	0.390-2.240%	40,000	9,523
NMFA Loan - PPRF-3591 (Otero 41)	December 2016	May 2026	0.860-1.860%	149,925	33,532
NMFA Loan - PPRF-3592 (Otero 42)	December 2016	May 2026	1.290-2.000%	90,681	21,656
NMFA Loan - PPRF-3601 (Otero 43)	December 2016	May 2027	0.950-2.000%	120,907	38,378
NMFA Loan - PPRF-3603 (Otero 45)	January 2017	May 2037	1.190-3.520%	604,535	429,744
NMFA Loan - PPRF-3628 (Otero 46)	January 2017	May 2027	1.190-2.000%	352,645	113,517
NMFA Loan - PPRF-3691 (Otero 47)	January 2017	May 2037	0.960-2.000%	403,023	307,071
NMFA Loan - PPRF-3747 (Otero 48)	August 2017	May 2028	0.10%	161,210	64,800
NMFA Loan - PPRF-4412	March 2018	May 2028	1.91%	65,492	27,736
NMFA Loan - PPRF-4433	March 2018	May 2028	1.350-2.380%	285,555	157,806
NMFA Loan - PPRF-4684	October 2018	May 2029	2.47%	99,910	53,394
NMFA Loan - PPRF-4722	July 2018	May 2031	2.10%	277,079	211,825
NMFA Loan - PPRF-4775	October 2018	May 2034	2.35%	498,831	391,071
NMFA Loan - PPRF-5000	November 2019	May 2030	0.14%	176,323	128,658
NMFA Loan - PPRF-5004	November 2019	May 2030	0.10%	125,945	75,759
NMFA Loan - PPRF-5056	January 2020	May 2030	1.68%	151,134	119,091
NMFA Loan - PPRF-5128	February 2020	May 2030	1.58%	171,285	130,033
NMFA Loan - PPRF-5318	November 2020	May 2031	0.270-1.310%	180,000	127,595
NMFA Loan - PPRF-5721	April 2022	May 2034	1.310-2.700%	216,901	206,884
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
NMFA Loan - CIF 5540	January 2022	June 2043	0.00%	150,000	122,577
Total loans				\$ 5,572,808	3,337,583

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

The annual requirements to amortize the loans as of June 30, 2024, including interest payments are as follows:

Year Ended June 30,	Total Debt		
	Principal	Interest	Service
2025	\$ 438,024	69,353	507,377
2026	443,587	56,767	500,354
2027	401,502	48,479	449,981
2028	358,628	41,271	399,899
2029	333,673	34,617	368,290
2030-2034	1,130,447	85,829	1,216,276
2035-2039	229,145	7,331	236,476
2040-2044	2,578	-	2,578
Total	\$ 3,337,584	343,647	3,681,231

Financed Purchases Payable

In August 2023, the County entered into a financed purchase agreement for a six-wheel-drive motor grader in the amount of \$425,687 with Deere Credit. No interest is charged as part of this arrangement. The agreement terminates in December 2028.

The future minimum lease payments for the financed purchase agreement are as follows:

Year Ended June 30,	Total Debt		
	Principal	Interest	Service
2025	\$ 86,580	-	86,580
2026	86,580	-	86,580
2027	86,580	-	86,580
2028	86,580	-	86,580
2029	36,077	-	36,077
Total	\$ 382,397	-	382,397

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Lease Liabilities

The County entered into multiple equipment leases for copiers and postage machines. The County's lessee leasing arrangements as of June 30, 2024 are summarized below (excluding short-term leases):

Governmental Activities	Lease Liability		# of Lease Contracts	Remaining Lease Terms*	Interest Rate
	Balance	Current Portion			
Lessee					
Equipment	\$ 39,858	22,186	13	<1 - 3 years	2.37%
Total leases payable	\$ 39,858	22,186			

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

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

The future minimum lease obligations as of June 30, 2024 were as follows:

Governmental Activities				
Year Ended	Total			
June 30,	Principal	Interest	Debt Service	
2025	\$ 22,186	713	22,899	
2026	14,307	254	14,561	
2027	3,365	28	3,393	
	\$ 39,858	995	40,853	

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, although there were initial problems with the cap. The County worked with the contractor to correct the problems; they were resolved in prior years. Certain maintenance and monitoring functions at the landfill site must continue for thirty years after closure.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

The estimated liability for landfill closure and post-closure care as of June 30, 2024, is summarized in the table below:

	City of Alamogordo share (75%)	Otero County Share (25%)	Total estimated cost
Future estimated landfill closure and post-closure	\$ 150,763	50,254	201,017

The County has accrued its 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.

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

As of June 30, 2024, the County had the following revenue bonds outstanding:

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2024
Jail Project Series 2007	May 2007	April 2028	8.75-9.00%	\$ 62,305,000	22,405,000
Jail Project Series 2012	December 2012	December 2027	4.77%	19,760,000	8,400,000
Jail Project Series 2014	April 2014	December 2028	4.60%	16,820,000	6,795,000
Total revenue bonds				<u>\$ 98,885,000</u>	<u>37,600,000</u>

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

The annual requirements to amortize the bonds as of June 30, 2024, including interest payments, are as follows:

Revenue Bond Series 2007 (Interest Rate Conversion)

Year Ended June 30,	Total Debt		
	Principal	Interest	Service
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	<u>9,930,000</u>	<u>893,700</u>	<u>10,823,700</u>
Total	<u>\$ 22,405,000</u>	<u>5,863,500</u>	<u>28,268,500</u>

Revenue Bond Series 2012 (Interest Rate Conversion)

Year Ended June 30,	Total Debt		
	Principal	Interest	Service
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	<u>4,725,000</u>	<u>112,691</u>	<u>4,837,691</u>
Total	<u>\$ 8,400,000</u>	<u>1,099,247</u>	<u>9,499,247</u>

Revenue Bond Series 2014 (converted September 1, 2017)

Year Ended June 30,	Total Debt		
	Principal	Interest	Service
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	<u>1,485,000</u>	<u>68,310</u>	<u>1,553,310</u>
Total	<u>\$ 6,795,000</u>	<u>966,000</u>	<u>7,761,000</u>

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Tax Revenue Bonds — Total

Year Ended June 30,	Principal	Interest	Total Debt Service
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	1,485,000	68,310	1,553,310
Total	\$ 37,600,000	7,928,747	45,528,747

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.

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 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

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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. 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. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least five 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 5 or more years of service credit. Generally, under Tier II pension factors were reduced by 0.5%, employee contribution increased 1.5% and effective July 1, 2014 employer contributions were raised 0.05%. The computation of final average salary was revised to average of salary for 60 consecutive months.

Contributions— See PERA's Annual Comprehensive Financial Report that can be obtained on PERA's Web Site for contribution descriptions.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—As of June 30, 2024, the County reported a liability of \$25,334,887 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2023 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2023. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2023. 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, actuarially determined. As of June 30, 2023, the County's proportion was 0.636131%, which was an increase of 0.021666% from its proportion measured as of June 30, 2022.

For PERA Fund Division; Municipal General Division, as of June 30, 2024, the County reported a liability of \$14,573,560 for its proportionate share of the net pension liability. As of June 30, 2023, the County's proportion was 0.688250%, which was a decrease of 0.030810% from its proportion measured as of June 30, 2022. For the year ended June 30, 2024, the County recognized PERA Fund Division; Municipal General Division pension expense of \$1,595,576.

As of June 30, 2024, the County reported PERA Fund Division; Municipal General Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal General Division		
Differences between expected and actual experience	\$ 1,093,806	177,858
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,370,258	-
Changes in proportion and differences between County contributions and proportionate share of contributions	63,638	463,991
County contributions subsequent to the measurement date	812,036	-
	<u>\$ 3,339,738</u>	<u>641,849</u>

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

\$812,036 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, 2024.

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:		
2025	\$ 577,236	
2026	(25,267)	
2027	1,209,115	
2028	124,769	
2029	-	
Thereafter	\$ -	

For PERA Fund Division; Municipal Police Division, as of June 30, 2024, the County reported a liability of \$9,837,034 for its proportionate share of the net pension liability. As of June 30, 2023, the County's proportion was 1.020030%, which was an increase of 0.143600% from its proportion measured as of June 30, 2022. For the year ended June 30, 2024, the County recognized PERA Fund Division; Municipal Police Division pension expense of \$1,942,681.

As of June 30, 2024, 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:

Municipal Police Division	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 842,661	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	816,995	-
Changes in proportion and differences between County contributions and proportionate share of contributions	908,486	-
County contributions subsequent to the measurement date	854,856	-
	<u>\$ 3,422,998</u>	<u>-</u>

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

\$854,856 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, 2024.

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:	
2025	\$ 1,036,729
2026	545,470
2027	911,351
2028	74,592
2029	-
Thereafter	\$ -

For PERA Fund Division; Municipal Fire Division, as of June 30, 2024, the County reported a liability of \$924,293 for its proportionate share of the net pension liability. As of June 30, 2023, the County's proportion was 0.102610%, which was an increase of 0.009640% from its proportion measured as of June 30, 2022. For the year ended June 30, 2024, the County recognized PERA Fund Division; Municipal Fire Division pension expense of \$260,475.

As of June 30, 2024, 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:

<u>Municipal Fire Division</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 72,987	236
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	39,272	-
Changes in proportion and differences between County contributions and proportionate share of contributions	56,048	13,996
County contributions subsequent to the measurement date	61,541	-
	<u><u>\$ 229,848</u></u>	<u><u>14,232</u></u>

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

\$61,541 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, 2024.

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:		
2025	\$ 59,444	
2026	38,884	
2027	52,216	
2028	3,531	
2029	-	
Thereafter	\$ -	

Actuarial assumptions—The total pension liability in the June 30, 2023 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, 2022
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)

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2022. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2023. These assumptions were adopted by the Board use in the June 30, 2022 actuarial valuation.

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:

All Funds - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	38.00%	6.90%
Risk Reduction & Mitigation	17.00%	3.90%
Credit Oriented Fixed Income	19.00%	6.00%
Real Assets to include Real Estate Equity	18.00%	7.00%
Multi-Risk Allocation	8.00%	0.61%
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, 2023. 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.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 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:

PERA Fund Division	Current		
	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Municipal General Division	\$ 21,129,483	14,573,560	9,122,830
Municipal Police Division	\$ 14,166,143	9,837,034	6,293,431
Municipal Fire Division	\$ 1,194,559	924,293	702,466

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 nmpera.org.

Payable Changes in the Net Pension Liability—As of June 30, 2024, the County reported a payable of \$182,892 for outstanding contributions due to PERA. 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, 2024

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 had a deficit fund balance as of June 30, 2024:

<u>Governmental Activities</u>	
<u>Fund</u>	<u>Amount</u>
Legislative Grants (362)	\$ (4,873)
CDBG Grants (375)	(219,586)
	<u><u>\$ (224,459)</u></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 elect this option, they must bear 100% of the cost. There is no cost to the County, under Retiree Health Care, to provide this benefit.

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;

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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.
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.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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, 2024, 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 a 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 that 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, 2024

Commitments

The County has active construction projects as of June 30, 2024. At year-end, the County's significant commitments with contractors are as follows:

Project Name	Estimated Date of Completion	Percent Complete	Total Expected Cost	Total Amount Expended	Amount Expended as of June 30, 2024
Alamo Street Ph. II Improvement	August 23 2024	96%	\$ 1,869,033	1,803,269	1,394,573
CHINS Project Renovation	November 12 2024	96%	1,100,077	1,059,439	863,246
Detention Center Renovation	Complete	100%	17,501,798	17,501,798	216,773
Emergency Operations Center Renovation	November 1 2024	81%	1,285,784	1,036,422	32,966
Judicial Project - New Courthouse	UNKNOWN	0%	30,000,000	66,680	66,680
La Luz Gate Road	UNKNOWN	0%	UNKNOWN	361,138	1,189
Low Water Crossing	Complete	100%	558,131	558,131	50,847
Riata Road Improvement	November 30 2024	95%	7,108,190	6,728,846	2,938,105
Suzy Ann Bridge Improvement	November 30 2024	99%	1,115,500	1,105,233	990,265
E-911 Public Safety Answering Point (PSAP)	November 1 2024	95%	1,172,106	1,118,981	361,431
Courthouse Improvements	Complete	100%	303,017	303,017	-
Timberon Guardrail	June 30 2025	35%	250,000	87,562	87,562
Dungan VFD - New Fire Station	August 31 2024	29%	700,000	201,132	201,132
James Canyon VFD - New Water Pumps	March 31 2025	6%	590,000	37,200	37,200
Sixteen Springs VFD - New Water Tank	January 31 2025	25%	300,000	76,075	76,075
			\$ 63,853,636	<u>32,044,922</u>	<u>7,318,045</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. Due to this dependency, the County is subject to changes in the specific flows of intergovernmental revenue flows 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 agreement are non-probationary laborers as specified in the contract. The current agreement become effective on July 1, 2023.

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

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 17—RESTRICTED NET POSITION

The government-wide statement of net position reports \$65,829,975 of restricted net position, all of which is restricted by enabling legislation and third party grantors.

NOTE 18—RELATED PARTIES

During the year ended June 30, 2024, the County purchased goods and/or services from vendors owned by or related to members of the governing body, as summarized below:

Vendor Name	Amount Expended during the year ended June 30, 2024
JB's Emergency Lighting	\$ 17,827
Wicked Upfitters	<u>189,760</u>
Total	<u><u>207,587</u></u>

NOTE 19—CONDUIT DEBT

Occasionally, the County authorizes the issuance of Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities considered to benefit the public interest. These bonds are secured solely by the financed property and are payable exclusively from payments received on the underlying mortgage loans. Upon bond repayment, ownership of the financed facilities transfers to the private-sector entities. The County, the State, and any political subdivision thereof are not obligated for bond repayment. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2024, the County has authorized the following Industrial Revenue Bonds. These authorizations provide private-sector entities with the opportunity to finance projects deemed to

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

serve the public interest. However, the County is not aware that any of the authorized bonds have been issued. Details of the authorized bonds are as follows:

Recipient	Amount	Purpose
	Authorized	
Burrell Resources Group, LLC	\$ 30,000,000	Construct and equip a new and expanded facility for the mining, manufacturing, processing, storing, warehousing, distributing, and selling of garnets and garnet products
Buena Vista Energy Center, LLC	\$ 190,000,000	Acquire, Construct, Equip and install solar energy generation equipment, transformers and associated electrical generating equipment

NOTE 20—CHANGES TO OR WITHIN THE FINANCIAL REPORTING AND ERROR CORRECTIONS

The County has restated its beginning equity balances for the following reasons:

1. Implementation changes within its financial entity structure due to a reassessment of its major funds in accordance with the quantitative thresholds established by GASB 34.
2. Errors were identified and corrected from the prior period related to previously recorded payables and receivables from prior periods.

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

See the following:

	As Previously Reported June 30, 2023	Change to or within the Financial Reporting Entity	Error Correction	As Adjusted June 30, 2023
Government-Wide				
Governmental Activities	\$ 102,315,018	-	1,296,085	103,611,103
Business-Type Activities	32,396,477	-	(1,434,257)	30,962,220
Total Primary Government	\$ 134,711,495	-	(138,172)	134,573,323
Governmental Funds				
Major Funds:				
General Fund (110, 114, 118, 184, 185)	\$ 12,360,915	-	-	12,360,915
Indigent (Safety Net Care Pool) (163)	-	6,849,758	-	6,849,758
Local Assistance and Tribal Consistency (LATCF) (171)	-	-	-	-
Hold Harmless Revenue Bond 1/4% (196)	11,656,084	-	-	11,656,084
American Rescue Plan (323)	-	-	-	-
Legislative Grants (362)	-	(319,508)	405,030	85,522
Fire Funds (530-559, 567)	11,070,156	-	-	11,070,156
Nonmajor Funds	11,618,546	(6,530,250)	-	5,088,296
Total Governmental Funds	\$ 46,705,701	-	405,030	47,110,731
Proprietary Funds				
Major Funds:				
Prison Facility (779)	\$ 19,074,323	-	(1,905,717)	17,168,606
Processing Center (ICE) (780)	13,322,154	-	471,460	13,793,614
Total Proprietary Funds	\$ 32,396,477	-	(1,434,257)	30,962,220
Fiduciary Fund				
Custodial Funds (901)	\$ 52,376	-	-	52,376
Discretely Presented Component Unit				
Tularosa Basin Regional Dispatch Authority	\$ (8,539)	-	-	(8,539)

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 21—TAX ABATEMENT AGREEMENT

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

Agency Number	5019
Agency Name	OTERO COUNTY
Agency Type	COUNTY GOVERNMENT
Tax Abatement Agreement Name	RESOLUTION 04-14-15 103-41, COUNTY ORDINANCE 15-01
Recipient(s) of tax abatement	BURRELL RESOURCES GROUP, LLC
Parent company(ies) of recipient(s) of tax abatement	BOW CORPORATION
Tax abatement program (name and brief description)	OTERO COUNTY, NEW MEXICO INDUSTRIAL REVENUE BURRELL RESOURCES GROUP, LLC
Specific Tax(es) Being Abated	PROPERTY TAXES, GROSS RECEIPTS, COMPENSATING TAX SECTION 4.5 B
Legal authority under which tax abatement agreement was entered into	PROPERTY TAX SECTION 7-36-3 NMSA 1978.
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.	\$104.73
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	\$52.37
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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
	Measurement Date as of									
	June 30, 2023	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	0.688250%	0.719060%	0.734711%	0.714300%	0.740500%	0.807800%	0.742300%	0.753000%	0.773400%	0.801600%
Municipal Police	1.020030%	0.876430%	0.826600%	0.796700%	0.747800%	0.888700%	0.900100%	0.878400%	0.855400%	0.945200%
Municipal Fire	0.102610%	0.092970%	0.097600%	0.714300%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	0.636131%	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	\$ 14,573,560	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	9,837,034	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	924,293	706,065	592,560	699,646	-	-	-	-	-	-
	25,334,887	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	\$ 5,561,524	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	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	1,820,248
Municipal Fire	203,165	145,198	139,367	129,328	-	-	-	-	-	-
	9,677,422	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	262.04%	182.52%	119.07%	214.49%	189.81%	196.35%	144.66%	184.00%	122.96%	96.10%
Municipal Police	251.41%	331.75%	220.54%	364.90%	331.86%	334.82%	270.15%	380.82%	245.16%	169.28%
Municipal Fire	454.95%	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	67.26%	69.35%	77.25%	66.36%	70.52%	71.13%	73.74%	69.18%	76.99%	81.29%
Municipal Police	67.26%	69.35%	77.25%	66.36%	70.52%	71.13%	73.74%	69.18%	76.99%	81.29%
Municipal Fire	67.26%	69.35%	77.25%	66.36%	70.52%	71.13%	73.74%	69.18%	76.99%	81.29%

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution										
Municipal General	\$ 812,036	572,837	684,674	681,277	659,980	644,960	626,409	673,374	624,390	798,859
Municipal Police	854,856	768,852	406,588	371,199	359,103	314,586	342,278	349,852	321,656	334,217
Municipal Fire	61,541	45,509	31,798	30,521	-	-	-	-	-	-
	<u>1,728,433</u>	<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	812,036	572,837	684,674	681,277	659,980	644,960	626,409	673,374	624,390	798,859
Municipal Police	854,856	768,852	406,588	371,199	359,103	314,586	342,278	349,852	321,656	334,217
Municipal Fire	61,541	45,509	31,798	30,521	-	-	-	-	-	-
	<u>1,728,433</u>	<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>	<u>-</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For The Year Ended June 30, 2024

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 nmpera.org/financial-overview/.

Changes of Assumptions: The Public Employees Retirement Association of New Mexico Annual Actuarial Valuations as of June 30, 2023 report is available at 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, 2024

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 Sections 11-6A-1 through 11-6A-6, this fund accounts for funding restricted for the following:

1. Coordinating and planning for DWI prevention and evaluation;
2. Prosecution and intensive probation supervision; and
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.

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.

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.

**STATE OF NEW MEXICO
OTERO COUNTY
NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS
FOR THE YEAR ENDED JUNE 30, 2024**

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.

Local Government 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 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.

STATE OF NEW MEXICO
OTERO COUNTY
NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grants (Fund 369) — To account for revenues and expenditures of various Federal grants. This fund was created by authority of NMSA 1978 Sections 4-38-13 and 4-38-16.

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 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, 2024**

	Special Revenue Funds	Debt Service Funds	Total
Assets and deferred inflows of resources:			
Assets:			
Cash and cash equivalents	\$ 3,063,835	63,507	3,127,342
Investments	2,902,655	251,027	3,153,682
Receivables			
Accounts receivable, net	75,057	-	75,057
Other taxes receivable	540,103	-	540,103
Due from other governments	601,517	-	601,517
Inventories	138,320	-	138,320
Prepaid expenses	21,723	-	21,723
Total assets	7,343,210	314,534	7,657,744
Deferred outflows of resources:			
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources			
deferred outflows of resources	\$ 7,343,210	314,534	7,657,744
Liabilities, deferred inflows of resources and fund balances:			
Liabilities:			
Accounts payable	\$ 171,872	-	171,872
Accrued payroll liabilities	71,968	-	71,968
Unearned revenues/grant advances	17,258	-	17,258
Due to other fund	751,370	-	751,370
Due to other government	119,592	-	119,592
Total liabilities	1,132,060	-	1,132,060
Deferred inflows of resources:			
Unavailable revenues	-	-	-
Total deferred inflows of resources	-	-	-
Fund balances:			
Nonspendable	160,043	-	160,043
Restricted	5,888,397	314,534	6,202,931
Committed	382,296	-	382,296
Assigned	-	-	-
Unassigned	(219,586)	-	(219,586)
Total fund balances	6,211,150	314,534	6,525,684
Total liabilities, deferred inflows of resources and fund balances			
and fund balances	\$ 7,343,210	314,534	7,657,744

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, 2024**

	Special Revenue Funds	Debt Service Funds	Change to or Within the Financial Reporting Entity	Total
Revenues:				
Taxes				
Property	\$ 433,901	-		433,901
Gross receipts/state shared	2,688,154	-		2,688,154
Cannabis excise	41,306	-		41,306
Charges for services	1,008,390	-		1,008,390
Intergovernmental revenue				
Federal operating grants	716,530	-		716,530
Federal capital grants	357,394	-		357,394
State and local operating grants	1,503,893	-		1,503,893
State and local capital grants	140,000	-		140,000
Other grants	16,356	-		16,356
Interest income (loss)	108,603	37,292		145,895
Miscellaneous income	1,710,129	444,473		2,154,602
Total revenues	<u>8,724,656</u>	<u>481,765</u>		<u>9,206,421</u>
Expenditures:				
Current:				
General government	776,876	307,902		1,084,778
Public safety	1,208,364	-		1,208,364
Public works	5,252,019	-		5,252,019
Health and welfare	426,256	-		426,256
Capital outlay	1,549,038	-		1,549,038
Debt service				
Principal	924,740	397,824		1,322,564
Interest	370,208	70,245		440,453
Total expenditures	<u>10,507,501</u>	<u>775,971</u>		<u>11,283,472</u>
Excess (deficiency) of revenues over (under) expenditures	(1,782,845)	(294,206)		(2,077,051)
Other financing sources (uses):				
Proceeds from debt issuance	425,687	-		425,687
Transfers in	3,088,752	-		3,088,752
Transfers out	-	-		-
Total other financing sources (uses):	<u>3,514,439</u>	<u>-</u>		<u>3,514,439</u>
Net change in fund balances	1,731,594	(294,206)		1,437,388
Fund balance - beginning of year	11,329,314	608,740	(319,508)	11,618,546
Adjustments - changes within reporting entity	(6,849,758)	-	319,508	(6,530,250)
Adjustments - error correction	-	-	-	-
Fund balance - beginning, with adjustments	<u>4,479,556</u>	<u>608,740</u>	<u>-</u>	<u>5,088,296</u>
Ending fund balance	<u>\$ 6,211,150</u>	<u>314,534</u>	<u>-</u>	<u>6,525,684</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, 2024**

	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	\$ 19,522	14,184	160,430	59,473
Investments	79,023	57,415	649,391	140,620
Receivables				
Accounts receivable, net	-	-	75,057	-
Other taxes receivable	-	-	195,417	-
Due from other governments	-	-	-	-
Inventories	-	-	138,320	-
Prepaid expenses	-	-	12,788	-
Total assets	98,545	71,599	1,231,403	200,093
Deferred outflows of resources:				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 98,545	71,599	1,231,403	200,093
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Accounts payable	\$ 763	2,158	50,138	-
Accrued payroll liabilities	6,019	5,886	38,788	-
Unearned revenues/grant advances	-	-	-	-
Due to other fund	-	-	-	-
Due to other government	-	-	-	-
Total liabilities	6,782	8,044	88,926	-
Deferred inflows of resources:				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Nonspendable	-	-	151,108	-
Restricted	91,763	-	991,369	-
Committed	-	63,555	-	200,093
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	91,763	63,555	1,142,477	200,093
Total liabilities, deferred inflows of resources and fund balances	\$ 98,545	71,599	1,231,403	200,093

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, 2024**

	HIDTA Grant/ Task Force Coordinator Fund 129	Law Enforcement Protection Fund 170	Environmental Gross Receipts Tax Fund 172	Landfill Closure Fund 174
Assets and deferred inflows of resources:				
Assets:				
Cash and cash equivalents	\$ 2,453	3,664	-	28,709
Investments	-	14,830	-	-
Receivables				
Accounts receivable, net	-	-	-	-
Other taxes receivable	-	-	100,499	-
Due from other governments	39,760	-	-	-
Inventories	-	-	-	-
Prepaid expenses	-	-	8,935	-
Total assets	42,213	18,494	109,434	28,709
Deferred outflows of resources:				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 42,213	18,494	109,434	28,709
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Accounts payable	\$ 4,543	6,660	11,631	-
Accrued payroll liabilities	3,238	-	18,037	-
Unearned revenues/grant advances	-	-	-	-
Due to other fund	-	-	61,899	-
Due to other government	-	-	-	-
Total liabilities	7,781	6,660	91,567	-
Deferred inflows of resources:				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Nonspendable	-	-	8,935	-
Restricted	34,432	11,834	8,932	28,709
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	34,432	11,834	17,867	28,709
Total liabilities, deferred inflows of resources and fund balances	\$ 42,213	18,494	109,434	28,709

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, 2024**

	Secure Rural Schools Grant Fund 176	Law Enforcement Recruitment Fund 177	Cannabis Regulation Act Fund 181	Local Government Opioid Abatement Fund 182
Assets and deferred inflows of resources:				
Assets:				
Cash and cash equivalents	\$ 106,672	119,592	112,665	1,994,201
Investments	-	-	-	-
Receivables				
Accounts receivable, net	-	-	-	-
Other taxes receivable	-	-	5,983	-
Due from other governments	-	-	-	-
Inventories	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	106,672	119,592	118,648	1,994,201
Deferred outflows of resources:				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 106,672	119,592	118,648	1,994,201
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Accounts payable	\$ -	-	-	-
Accrued payroll liabilities	-	-	-	-
Unearned revenues/grant advances	17,258	-	-	-
Due to other fund	-	-	-	-
Due to other government	-	119,592	-	-
Total liabilities	17,258	119,592	-	-
Deferred inflows of resources:				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Nonspendable	-	-	-	-
Restricted	89,414	-	-	1,994,201
Committed	-	-	118,648	-
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	89,414	-	118,648	1,994,201
Total liabilities, deferred inflows of resources and fund balances	\$ 106,672	119,592	118,648	1,994,201

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, 2024**

	Law Enforcement Retention Fund 187	Hold Harmless Revenue Bond 1/2% Fund 197	Federal Grants Fund 369	CDBG Grants Fund 375
Assets and deferred inflows of resources:				
Assets:				
Cash and cash equivalents	\$ -	405,943	-	-
Investments	-	1,804,942	-	-
Receivables				
Accounts receivable, net	-	-	-	-
Other taxes receivable	-	238,204	-	-
Due from other governments	-	-	204,363	357,394
Inventories	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	-	2,449,089	204,363	357,394
Deferred outflows of resources:				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ -	2,449,089	204,363	357,394
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Accounts payable	\$ -	-	91,453	419
Accrued payroll liabilities	-	-	-	-
Unearned revenues/grant advances	-	-	-	-
Due to other fund	-	-	112,910	576,561
Due to other government	-	-	-	-
Total liabilities	-	-	204,363	576,980
Deferred inflows of resources:				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Nonspendable	-	-	-	-
Restricted	-	2,449,089	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	(219,586)
Total fund balances	-	2,449,089	-	(219,586)
Total liabilities, deferred inflows of resources and fund balances	\$ -	2,449,089	204,363	357,394

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, 2024**

	EMS Fund 565	Farm and Range Fund 920	Total
Assets and deferred inflows of resources:			
Assets:			
Cash and cash equivalents	\$ 18,723	17,604	3,063,835
Investments	75,787	80,647	2,902,655
Receivables			
Accounts receivable, net	-	-	75,057
Other taxes receivable	-	-	540,103
Due from other governments	-	-	601,517
Inventories	-	-	138,320
Prepaid expenses	-	-	21,723
Total assets	94,510	98,251	7,343,210
Deferred outflows of resources:			
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	\$ 94,510	98,251	7,343,210
Liabilities, deferred inflows of resources and fund balances:			
Liabilities:			
Accounts payable	\$ 4,107	-	171,872
Accrued payroll liabilities	-	-	71,968
Unearned revenues/grant advances	-	-	17,258
Due to other fund	-	-	751,370
Due to other government	-	-	119,592
Total liabilities	4,107	-	1,132,060
Deferred inflows of resources:			
Unavailable revenues	-	-	-
Total deferred inflows of resources	-	-	-
Fund balances:			
Nonspendable	-	-	160,043
Restricted	90,403	98,251	5,888,397
Committed	-	-	382,296
Assigned	-	-	-
Unassigned (deficit)	-	-	(219,586)
Total fund balances	90,403	98,251	6,211,150
Total liabilities, deferred inflows of resources and fund balances	\$ 94,510	98,251	7,343,210

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, 2024

	<u>DWI Grant Fund 111</u>	<u>Property Valuation Fund 112</u>	<u>Road Fund 115</u>	<u>Clerk's Equipment Fund 117</u>
Revenues:				
Taxes				
Property	\$ -	- -	433,901	- -
Gross receipts/state shared	- -	341,297	375,000	- -
Cannabis excise	- -	- -	- -	- -
Charges for services	48,042	- -	848,784	68,012
Intergovernmental revenue				
Federal operating grants	- -	- -	286,928	- -
Federal capital grants	- -	- -	- -	- -
State and local operating grants	358,755	- -	463,647	- -
State and local capital grants	- -	- -	120,000	- -
Interest income (loss)	(198)	(144)	(1,629)	(353)
Miscellaneous income	2,376	- -	71,568	24,733
Total revenues	<u>408,975</u>	<u>341,153</u>	<u>2,598,199</u>	<u>92,392</u>
Expenditures:				
Current:				
General government	- -	419,706	- -	43,886
Public safety	- -	- -	- -	- -
Public works	- -	- -	3,825,837	- -
Health and welfare	426,256	- -	- -	- -
Capital outlay	- -	- -	811,748	- -
Debt service				
Principal	2,816	- -	43,290	3,634
Interest	53	- -	- -	93
Total expenditures	<u>429,125</u>	<u>419,706</u>	<u>4,680,875</u>	<u>47,613</u>
Excess (deficiency) of revenues over (under) expenditures	(20,150)	(78,553)	(2,082,676)	44,779
Other financing sources (uses):				
Proceeds from debt issuance	- -	- -	425,687	- -
Transfers in	- -	164,238	2,029,000	- -
Transfers out	- -	- -	- -	- -
Total other financing sources (uses):	<u>- -</u>	<u>164,238</u>	<u>2,454,687</u>	<u>- -</u>
Net change in fund balances	(20,150)	85,685	372,011	44,779
Fund balance - beginning of year	111,913	(22,130)	770,466	155,314
Adjustments - changes within reporting entity	- -	- -	- -	- -
Adjustments - error correction	- -	- -	- -	- -
Fund balance - beginning, with adjustments	<u>111,913</u>	<u>(22,130)</u>	<u>770,466</u>	<u>155,314</u>
Ending fund balance	<u>\$ 91,763</u>	<u>63,555</u>	<u>1,142,477</u>	<u>200,093</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 - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>HIDTA Grant/ Task Force Coordinator Fund 129</u>	<u>Law Enforcement Protection Fund 170</u>	<u>Environmental Gross Receipts Tax Fund 172</u>	<u>Landfill Closure Fund 174</u>
Revenues:				
Taxes				
Property	\$ -	- -	- -	- -
Gross receipts/state shared	- -	- -	578,521	- -
Cannabis excise	- -	- -	- -	- -
Charges for services	- -	- -	43,552	- -
Intergovernmental revenue				
Federal operating grants	195,239	- -	- -	- -
Federal capital grants	- -	- -	- -	- -
State and local operating grants	- -	168,500	- -	- -
State and local capital grants	- -	- -	- -	- -
Interest income (loss)	- -	(37)	4,374	- -
Miscellaneous income	- -	- -	- -	- -
Total revenues	195,239	168,463	626,447	16,356
Expenditures:				
Current:				
General government	- -	- -	- -	- -
Public safety	309,453	158,102	- -	- -
Public works	- -	- -	1,413,630	12,552
Health and welfare	- -	- -	- -	- -
Capital outlay	19,717	- -	56,142	- -
Debt service				
Principal	- -	- -	- -	- -
Interest	- -	- -	- -	- -
Total expenditures	329,170	158,102	1,469,772	12,552
Excess (deficiency) of revenues over (under) expenditures	(133,931)	10,361	(843,325)	3,804
Other financing sources (uses):				
Proceeds from debt issuance	- -	- -	- -	- -
Transfers in	172,514	- -	723,000	- -
Transfers out	- -	- -	- -	- -
Total other financing sources (uses):	172,514	- -	723,000	- -
Net change in fund balances	38,583	10,361	(120,325)	3,804
Fund balance - beginning of year	(4,151)	1,473	138,192	24,905
Adjustments - changes within reporting entity	- -	- -	- -	- -
Adjustments - error correction	- -	- -	- -	- -
Fund balance - beginning, with adjustments	(4,151)	1,473	138,192	24,905
Ending fund balance	\$ 34,432	11,834	17,867	28,709

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, 2024**

	Secure Rural Schools Grant Fund 176	Law Enforcement Recruitment Fund 177	Cannabis Regulation Act Fund 181	Local Government Opioid Abatement Fund 182
Revenues:				
Taxes				
Property	\$ -	- -	- -	- -
Gross receipts/state shared	- -	- -	- -	- -
Cannabis excise	- -	- -	41,306	- -
Charges for services	- -	- -	- -	- -
Intergovernmental revenue				
Federal operating grants	30,000	- -	- -	- -
Federal capital grants	- -	- -	- -	- -
State and local operating grants	- -	367,908	- -	- -
State and local capital grants	- -	- -	- -	- -
Interest income (loss)	- -	- -	- -	- -
Miscellaneous income	- -	- -	- -	1,611,452
Total revenues	<u>30,000</u>	<u>367,908</u>	<u>41,306</u>	<u>1,611,452</u>
Expenditures:				
Current:				
General government	- -	- -	1,239	- -
Public safety	30,000	367,908	- -	- -
Public works	- -	- -	- -	- -
Health and welfare	- -	- -	- -	- -
Capital outlay	- -	- -	- -	- -
Debt service				
Principal	- -	- -	- -	- -
Interest	- -	- -	- -	- -
Total expenditures	<u>30,000</u>	<u>367,908</u>	<u>1,239</u>	<u>- -</u>
Excess (deficiency) of revenues over (under) expenditures	- -	- -	40,067	1,611,452
Other financing sources (uses):				
Proceeds from debt issuance	- -	- -	- -	- -
Transfers in	- -	- -	- -	- -
Transfers out	- -	- -	- -	- -
Total other financing sources (uses):	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>
Net change in fund balances	- -	- -	40,067	1,611,452
Fund balance - beginning of year	89,414	- -	78,581	382,749
Adjustments - changes within reporting entity	- -	- -	- -	- -
Adjustments - error correction	- -	- -	- -	- -
Fund balance - beginning, with adjustments	<u>89,414</u>	<u>- -</u>	<u>78,581</u>	<u>382,749</u>
Ending fund balance	<u>\$ 89,414</u>	<u>- -</u>	<u>118,648</u>	<u>1,994,201</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 - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Law Enforcement Retention Fund 187	Hold Harmless Revenue Bond 1/2% Fund 197	Federal Grants Fund 369	CDBG Grants Fund 375
Revenues:				
Taxes				
Property	\$ -	- -	- -	- -
Gross receipts/state shared	- -	1,393,336	- -	- -
Cannabis excise	- -	- -	- -	- -
Charges for services	- -	- -	- -	- -
Intergovernmental revenue				
Federal operating grants	- -	- -	204,363	- -
Federal capital grants	- -	- -	- -	357,394
State and local operating grants	18,950	- -	- -	- -
State and local capital grants	- -	- -	- -	- -
Interest income (loss)	- -	106,982	- -	- -
Miscellaneous income	- -	- -	- -	- -
Total revenues	18,950	1,500,318	204,363	357,394
Expenditures:				
Current:				
General government	- -	258,930	- -	23,170
Public safety	18,950	- -	204,363	- -
Public works	- -	- -	- -	- -
Health and welfare	- -	- -	- -	- -
Capital outlay	- -	- -	- -	659,595
Debt service				
Principal	- -	875,000	- -	- -
Interest	- -	370,062	- -	- -
Total expenditures	18,950	1,503,992	204,363	682,765
Excess (deficiency) of revenues over (under) expenditures	- -	(3,674)	- -	(325,371)
Other financing sources (uses):				
Proceeds from debt issuance	- -	- -	- -	- -
Transfers in	- -	- -	- -	- -
Transfers out	- -	- -	- -	- -
Total other financing sources (uses):	- -	- -	- -	- -
Net change in fund balances	- -	(3,674)	- -	(325,371)
Fund balance - beginning of year	- -	2,452,763	- -	105,785
Adjustments - changes within reporting entity	- -	- -	- -	- -
Adjustments - error correction	- -	- -	- -	- -
Fund balance - beginning, with adjustments	- -	2,452,763	- -	105,785
Ending fund balance	\$ -	2,449,089	- -	(219,586)

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, 2024**

	EMS Fund 565	Farm and Range Fund 920	Change to or Within the Financial Reporting Entity	Total
Revenues:				
Taxes				
Property	\$ -	-		433,901
Gross receipts/state shared	-	-		2,688,154
Cannabis excise	-	-		41,306
Charges for services	-	-		1,008,390
Intergovernmental revenue				
Federal operating grants	-	-		716,530
Federal capital grants	-	-		357,394
State and local operating grants	126,133	-		1,503,893
State and local capital grants	20,000	-		140,000
Interest income (loss)	(190)	(202)		108,603
Miscellaneous income	-	-		
Total revenues	<u>145,943</u>	<u>(202)</u>		<u>8,724,656</u>
Expenditures:				
Current:				
General government	-	29,945		776,876
Public safety	119,588	-		1,208,364
Public works	-	-		5,252,019
Health and welfare	-	-		426,256
Capital outlay	1,836	-		1,549,038
Debt service				
Principal	-	-		924,740
Interest	-	-		370,208
Total expenditures	<u>121,424</u>	<u>29,945</u>		<u>10,507,501</u>
Excess (deficiency) of revenues over (under) expenditures	24,519	(30,147)		(1,782,845)
Other financing sources (uses):				
Proceeds from debt issuance	-	-		425,687
Transfers in	-	-		3,088,752
Transfers out	-	-		-
Total other financing sources (uses):	<u>-</u>	<u>-</u>		<u>3,514,439</u>
Net change in fund balances	24,519	(30,147)		1,731,594
Fund balance - beginning of year	65,884	128,398	6,849,758	11,329,314
Adjustments - changes within reporting entity	-	-	(6,849,758)	(6,849,758)
Adjustments - error correction	-	-	-	-
Fund balance - beginning, with adjustments	<u>65,884</u>	<u>128,398</u>	<u>-</u>	<u>4,479,556</u>
Ending fund balance	<u>\$ 90,403</u>	<u>98,251</u>	<u>-</u>	<u>6,211,150</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, 2024**

	<u>Debt Service Fund 995</u>	<u>Other Debt Service (NMFA) Fund 991</u>	<u>Total</u>
Assets and deferred inflows of resources:			
Assets:			
Cash and cash equivalents	\$ 285	63,222	63,507
Investments	1,277	249,750	251,027
Receivables			
Accounts receivable, net	-	-	-
Other taxes receivable	-	-	-
Due from other governments	-	-	-
Inventories	-	-	-
Total assets	1,562	312,972	314,534
Deferred outflows of resources:			
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources			
defered outflows of resources	\$ 1,562	312,972	314,534
Liabilities, deferred inflows of resources and fund balances:			
Liabilities:			
Accounts payable	\$ -	-	-
Accrued payroll liabilities	-	-	-
Due to other fund	-	-	-
Due to other government	-	-	-
Total liabilities	-	-	-
Deferred inflows of resources:			
Unavailable revenues	-	-	-
Total deferred inflows of resources	-	-	-
Fund balances:			
Nonspendable	-	-	-
Restricted	1,562	312,972	314,534
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	1,562	312,972	314,534
Total liabilities, deferred inflows of resources and fund balances			
and fund balances	\$ 1,562	312,972	314,534

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, 2024

	<u>Debt Service</u> <u>Fund 995</u>	<u>Other Debt Service (NMFA)</u> <u>Fund 991</u>	<u>Total</u>
Revenues:			
Taxes			
Property	\$ -	-	-
Gross receipts/state shared	- -	-	-
Charges for services	- -	-	-
Intergovernmental revenue			
Federal operating grants	- -	-	-
Federal capital grants	- -	-	-
State and local operating grants	- -	-	-
State and local capital grants	- -	-	-
Interest income (loss)	(3) -	37,295 444,473	37,292 444,473
Miscellaneous income			
Total revenues	<u>(3)</u>	<u>481,768</u>	<u>481,765</u>
Expenditures:			
Current:			
General government	- -	307,902	307,902
Public safety	- -	-	-
Public works	- -	-	-
Health and welfare	- -	-	-
Capital outlay	- -	-	-
Debt service			
Principal	- -	397,824	397,824
Interest	<u>- -</u>	<u>70,245</u>	<u>70,245</u>
Total expenditures	<u>- -</u>	<u>775,971</u>	<u>775,971</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3)</u>	<u>(294,203)</u>	<u>(294,206)</u>
Other financing sources (uses):			
Proceeds from debt issuance	- -	-	-
Transfers in	- -	-	-
Transfers out	- -	-	-
Total other financing sources (uses):	<u>- -</u>	<u>- -</u>	<u>- -</u>
Net change in fund balances	<u>(3)</u>	<u>(294,203)</u>	<u>(294,206)</u>
Fund balance - beginning of year	1,565 -	607,175 -	608,740 -
Adjustments - changes within reporting entity	- -	-	-
Adjustments - error correction	- -	-	-
Fund balance - beginning, with adjustments	<u>1,565</u>	<u>607,175</u>	<u>608,740</u>
Ending fund balance	<u>\$ 1,562</u>	<u>312,972</u>	<u>314,534</u>

See Independent Auditor's Report.

STATE OF NEW MEXICO
TULAROSA BASIN REGIONAL DISPATCH AUTHORITY - COMPONENT UNIT
BALANCE SHEET - GOVERNMENTAL FUND
AS OF JUNE 30, 2024

	Total
Assets and deferred inflows of resources:	
Assets:	
Cash and cash equivalents	\$ 1,000
Receivables	
Accounts receivable, net	914,375
Due from other governments	179,034
Prepaid expenses	8,818
Total assets	1,103,227
 Deferred outflows of resources:	
Total deferred outflows of resources	-
 Total assets and	
deferred outflows of resources	\$ 1,103,227
 Liabilities, deferred inflows of resources	
and fund balances:	
Liabilities:	
Accounts payable	\$ 32,000
Accrued payroll liabilities	38,495
Due to primary government	750,162
Total liabilities	820,657
 Deferred inflows of resources:	
Unavailable revenues	-
Total deferred inflows of resources	-
 Fund balances:	
Nonspendable	8,818
Restricted	273,752
Committed	-
Assigned	-
Unassigned (deficit)	-
Total fund balances	282,570
 Total liabilities, deferred inflows of	
resources and fund balances	\$ 1,103,227

STATE OF NEW MEXICO
TULAROSA BASIN REGIONAL DISPATCH AUTHORITY - COMPONENT UNIT
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2024

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

Total fund balance - Governmental funds	\$ 282,570
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	4,844,836
Long-term obligations 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:	
Compensated absences	(43,130)
Rounding	-
Net position for governmental activities	\$ 5,084,276

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

STATE OF NEW MEXICO
TULAROSA BASIN REGIONAL DISPATCH AUTHORITY - COMPONENT UNIT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
- GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Total
Revenues:	
Charges for services	\$ 1,134,712
Intergovernmental revenue	
State operating grants	450,757
Miscellaneous income	105,000
Total revenues	<hr/> 1,690,469
Expenditures:	
Current:	
General government	-
Public safety	2,868,708
Public works	-
Culture and recreation	-
Health and welfare	-
Capital outlay	160,944
Total expenditures	<hr/> 3,029,652
Excess (deficiency) of revenues over (under) expenditures	(1,339,183)
Other financing sources (uses):	
Transfers in	1,630,292
Transfers out	-
Total other financing sources (uses):	<hr/> 1,630,292
Net change in fund balances	291,109
Fund balance - beginning of year	(8,539)
Adjustments - changes within reporting entity	-
Adjustments - error correction	-
Fund balance - beginning, with adjustments	<hr/> (8,539)
Ending fund balance	<hr/> \$ 282,570

STATE OF NEW MEXICO
TULAROSA BASIN REGIONAL DISPATCH AUTHORITY - COMPONENT UNIT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

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

Total net change in fund balances-governmental funds	\$ 291,109
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 assets transferred from the primary government	4,691,902
Expenses in the Statement of Activities that do not consume current financial resources are not reported as expenditures in the funds:	
(Increase)/decrease in compensated absences	(43,130)
Rounding	-
Change in net position of governmental activities	\$ 5,092,815

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

STATE OF NEW MEXICO
TULAROSA BASIN REGIONAL DISPATCH AUTHORITY - COMPONENT UNIT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2024

	Original Approved Budget	Final Approved Budget	Actual	Variances Favorable (Unfavorable)
REVENUES				
Intergovernmental sources - state	\$ 1,043,812	1,035,112	282,740	(752,372)
Charges for services	<u>1,200,000</u>	<u>1,200,000</u>	220,337	(979,663)
Total revenues	<u>2,243,812</u>	<u>2,235,112</u>	503,077	(1,732,035)
EXPENDITURES				
Current:				
Public safety	4,022,854	3,788,882	2,826,588	962,294
Capital Outlay				
Capital outlay	<u>55,000</u>	<u>55,944</u>	<u>55,944</u>	-
Total expenditures	<u>4,077,854</u>	<u>3,844,826</u>	<u>2,882,532</u>	<u>962,294</u>
Excess (deficiency) of revenues over (under) expenditures	(1,834,042)	(1,609,714)	(2,379,455)	(769,741)
OTHER FINANCING SOURCES (USES)				
Transfers	1,834,042	1,942,904	1,630,292	(312,612)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>1,834,042</u>	<u>1,942,904</u>	<u>1,630,292</u>	<u>(312,612)</u>
Excess (deficiency of revenues over expenditures and other financing sources (uses))	<u>-</u>	<u>333,190</u>	<u>(749,163)</u>	<u>(1,082,353)</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ -</u>	<u>333,190</u>		

RECONCILIATION FROM BUDGET/ACTUAL TO GAAP

Change in fund balance (Budget Basis)	\$ (749,163)
To adjust applicable revenue accruals and deferrals	1,187,390
To adjust applicable expenditure accruals	<u>(147,118)</u>
Change in fund balance (GAAP basis)	<u>\$ 291,109</u>

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

OTHER SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF GOVERNMENTAL FUND BALANCES
AS OF JUNE 30, 2024**

	Special Revenue						Capital Projects		Total Non-Major Governmental Funds	Total Funds
	Local Assistance and Tribal Consistency (LATCF)		Indigent (Safety Net Care Pool)	Hold Harmless Revenue Bond 1/4%	American Rescue Plan	Fire Funds	Legislative Grants			
	General Fund Funds 110, 114, 118, 184, 185	Fund 163	Fund 171	Fund 196	Fund 323	Funds 530-559, 567	Fund 362			
Fund Balances:										
Nonspendable:										
Inventories	\$ -	-	-	-	-	-	-	-	138,320	138,320
Prepaid expenses	528,067	-	-	-	-	154,919	-	-	21,723	704,709
Leases	14,070	-	-	-	-	-	-	-	-	14,070
Subtotal nonspendable funds	542,137	-	-	-	-	154,919	-	-	160,043	857,099
Restricted for:										
DFA required reserves	2,347,914	-	-	-	-	-	-	-	-	2,347,914
General county operations	-	-	-	-	-	-	-	-	8,932	8,932
Maintenance of roads	-	-	-	-	-	-	-	-	991,369	991,369
Fire departments	-	-	-	-	-	13,205,306	-	-	-	13,205,306
Farm & Range	-	-	-	-	-	-	-	-	98,251	98,251
Public safety	-	-	-	-	-	-	-	-	346,555	346,555
Opioid abatement	-	-	-	-	-	-	-	-	1,994,201	1,994,201
Debt service expenditures	-	-	-	-	-	-	-	-	314,534	314,534
Capital projects expenditures	-	-	-	14,015,069	-	-	-	-	2,449,089	16,464,158
Subtotal restricted funds	2,347,914	-	-	14,015,069	-	13,205,306	-	-	6,202,931	35,771,220
Committed to:										
General county operations	-	-	-	-	-	-	-	-	182,203	182,203
Clerk's equipment	-	-	-	-	-	-	-	-	200,093	200,093
Indigent (Safety Net Care Pool)	-	8,582,632	-	-	-	-	-	-	-	8,582,632
Subtotal committed funds	-	8,582,632	-	-	-	-	-	-	382,296	8,964,928
Assigned to:										
None	-	-	-	-	-	-	-	-	-	-
Subtotal assigned funds	-	-	-	-	-	-	-	-	-	-
Unassigned	5,968,846	-	-	-	-	-	-	(4,873)	(219,586)	5,744,387
	\$ 8,858,897	8,582,632	-	14,015,069	-	13,360,225	(4,873)	6,525,684	51,337,634	

See Independent Auditor's Report.

**STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
AS OF JUNE 30, 2024**

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	Totals
Checking Inmate Trust Fund	\$ -	-	48,702	-	-	-	-	-	-	48,702
Checking Sheriff's Dept./DARE Program	-	-	11,762	-	-	-	-	-	-	11,762
Checking Operational*	-	-	8,717,543	246,712	-	-	-	-	-	8,964,255
Money Market*	-	-	1,426,027	-	377,079	-	-	-	-	1,803,106
First National Bank - non-interest bearing	-	-	10,479	-	-	-	-	-	-	10,479
US Government bonds/CDs/Securities*	-	-	-	-	12,270,916	-	-	-	28,406,034	40,676,950
Certificates of Deposit*	250,000	1,000,000	3,750,000	250,000	-	-	-	-	-	5,250,000
NMFA cash*	-	-	-	-	-	313,599	-	-	-	313,599
Local Government Investment Pool	-	-	-	-	-	-	8,560,856	-	-	8,560,856
Series 2007 Revenue Account*	-	-	-	-	-	-	-	1,948,406	-	1,948,406
Series 2007 Bond Account*	-	-	-	-	-	-	-	-	-	-
Series 2007 Reserve Account*	-	-	-	-	-	-	-	3,701,339	-	3,701,339
Series 2007 Trustee Fees*	-	-	-	-	-	-	-	1,168	-	1,168
Series 2012 Revenue Account*	-	-	-	-	-	-	-	1,369,774	-	1,369,774
Series 2012 Principal Account*	-	-	-	-	-	-	-	4,254	-	4,254
Series 2012 Interest Account*	-	-	-	-	-	-	-	1,571	-	1,571
Series 2012 Redemption Account*	-	-	-	-	-	-	-	16,632,152	-	16,632,152
Series 2012 Reserve Fund*	-	-	-	-	-	-	-	1,591,941	-	1,591,941
Series 2012 Administration Account*	-	-	-	-	-	-	-	1,854	-	1,854
Series 2012 Rebate Account*	-	-	-	-	-	-	-	6,696	-	6,696
Series 2014 Bond Fund*	-	-	-	-	-	-	-	802,855	-	802,855
Series 2014 Debt Service Reserve Fund*	-	-	-	-	-	-	-	1,594,020	-	1,594,020
Series 2014 Redemption Account*	-	-	-	-	-	-	-	4,691,169	-	4,691,169
Series 2014 Equity Account*	-	-	-	-	-	-	-	194,289	-	194,289
Series 2014 Refunding Account*	-	-	-	-	-	-	-	146	-	146
Series 2014 Cost of Issuance Account*	-	-	-	-	-	-	-	6	-	6
Total deposits	250,000	1,000,000	13,964,513	496,712	12,647,995	313,599	8,560,856	32,541,640	28,406,034	98,181,349
Reconciling Items	-	-	(3,095,543)	-	-	-	-	-	-	(3,095,543)
Reconciled Balance	\$ 250,000	1,000,000	10,868,970	496,712	12,647,995	313,599	8,560,856	32,541,640	28,406,034	95,085,806
Cash on Hand										371
Total cash after reconciling items and cash on hand									\$ 95,086,177	

*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, 2024

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value	
				June 30, 2024	
First American Bank	Federal Natl Mtg Ass GTD MTG	3/1/2033	3140LBTN3	\$ 575,000	
	Total First American Bank			575,000	

Name and location of safekeeper for above pledged collateral:

Federal Home Loan Bank, 8500 Freeport Parkway South, Irving, Suite 100, TX 75063

First National Bank of Alamogordo	FHLMC Pool #J14944	4/1/2026	3128PUP55	23,362
	FNMA Pool #AH8166	4/1/2026	3138AAC3	33,620
	FNMA Pool #893271	8/1/2026	31410PMU4	961
	FNMA Pool #MA4309	4/1/2031	31418DYF3	942,422
	FNMA Pool #MA4331	5/1/2031	31418DY55	1,025,485
	FNMA Pool #AB3163	6/1/2031	31416YQR2	58,948
	FNMA Pool #AB4713	3/1/2032	31417BGX9	119,997
	FNMA Pool #MA1338	2/1/2033	31418APY8	541,714
	FNMA Pool #MA4496	12/1/2036	31418D7J5	1,002,528
	FNMA Pool #945117	8/1/2037	31413GPA2	6,737
	FNMA Pool #MA4202	12/1/2040	31418DU42	1,183,645
	FNMA Pool #MA4475	11/1/2041	31418D6M9	1,696,761
	FNMA Pool #FM4131	1/1/2047	3140X7SV2	1,141,242
	FNMA Pool #FM3734	9/1/2049	3140X7EG0	1,273,939
	FHLMC Pool #RE6049	6/1/2050	3133N3WJ9	708,674
	FHLB Pool #BT6878	8/1/2051	3140LVUC1	1,401,210
	Total First National Bank of Alamogordo			11,161,245

Name and location of safekeeper for above pledged collateral:

Federal Home Loan Bank, 8500 Freeport Parkway South, Irving, Suite 100, TX 75063

First Savings Bank	FHR 4927 LG	9/25/2049	3137FPZZ1	534,741
	Total First Savings Bank			534,741

Name and location of safekeeper for above pledged collateral:

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

Total Pledged Collateral	\$ <u>12,270,986</u>
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STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF JOINT POWERS AGREEMENTS
AS OF JUNE 30, 2024

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	\$ 12,553	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	\$ 6,322,193	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 of timbered lands and the prevention and suppression of wildfires within the county	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, 2024**

Grantor Agency	Project #	Project Name	Agreement Date	Laws	Reversion Date	Award Amount	Arts in Public Places	Net Amount	Remaining Balance June 30, 2023	Funds Expended 2024	Reverted June 30, 2024	Remaining Balance June 30, 2024
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	211,579	211,388	191	-
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	49,934	49,911	23	-
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	78,889	54,533	24,356	-
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	3,317,450	2,803,507	-	513,943
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	967,511	-	32,489
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	100,062	-	149,938
State of NM-Dept. of Fin & Admin	23-H3088	OCSO Vehicles	12/6/2023	Laws of 2023, Chapter 199, Section 28, Paragraph 334	6/30/2025	\$ 323,000	-	323,000	-	276,004	-	46,996
State of NM-Dept. of Fin & Admin	23-ZH5040-9	Otero Co Fairgrounds PA Cost Overrun	12/28/2023	Not Indicated in Grant Document	6/30/2024	\$ 142,000	-	142,000	-	140,369	1,631	-
State of NM-AOC	N/A	12th District Courthouse Funding	2/4/2024	2023 HB2, HB505	Upon Project Completion	\$ 15,000,000	-	15,000,000	-	51,708	-	14,948,292
Total									\$ 5,049,852	\$ 4,796,993	\$ 26,201	\$ 15,691,658

STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF TAX ROLL RECONCILIATION - PROPERTY TAXES RECEIVABLE
AS OF JUNE 30, 2024

Uncollected taxes, June 30, 2023	\$ 2,754,882
Net taxes charged to treasurer for fiscal year	35,538,277
Current year tax collections	(35,155,194)
Adjustments	9,733
Uncollected taxes, June 30, 2024	<u><u>\$ 3,147,698</u></u>

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

Statement of net position	\$ 1,093,778
Statement of fiduciary net position - Custodial Funds	<u>2,053,920</u>
Total property taxes receivable	<u><u>\$ 3,147,698</u></u>

Property taxes receivable by year:

2014	\$ 12,481
2015	16,813
2016	26,775
2017	33,064
2018	48,286
2019	75,831
2020	106,851
2021	211,981
2022	669,126
2023	<u>1,946,490</u>
Total property taxes receivable	<u><u>\$ 3,147,698</u></u>

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
AS OF JUNE 30, 2024

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									
2014	\$ 9,077,855	1,695	9,072,888	1,755	9,072,888	-	1	-	4,966
2015	9,369,077	2,387	9,362,814	2,413	9,362,803	-	-	11	6,264
2016	9,558,651	3,162	9,548,159	3,168	9,548,105	-	-	54	10,492
2017	9,817,957	7,238	9,805,404	7,211	9,805,303	-	-	101	12,553
2018	10,188,839	13,512	10,172,491	13,523	10,172,305	-	-	187	16,348
2019	10,561,489	16,212	10,534,977	16,060	10,534,641	-	8	336	26,504
2020	10,725,157	28,775	10,688,399	42,970	10,687,737	-	-	662	36,757
2021	11,021,048	130,297	10,948,209	125,897	10,924,339	-	-	23,870	72,839
2022	11,629,998	351,442	11,400,294	495,586	11,375,122	-	-	25,172	229,704
2023	12,304,130	11,626,779	11,626,779	11,486,464	11,416,480	-	-	210,298	677,351
Total General Ad valorem	104,254,201	12,181,499	103,160,414	12,195,047	102,899,723	-	9	260,691	1,093,778
Total Otero County	\$ 104,254,201	12,181,499	103,160,414	12,195,047	102,899,723	-	9	260,691	1,093,778

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
AS OF JUNE 30, 2024

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									
2014	\$ 1,449,429	229	1,448,708	241	1,448,708	-	-	-	721
2015	1,503,125	331	1,502,138	336	1,502,136	-	-	2	987
2016	1,549,616	472	1,548,033	473	1,548,023	-	-	10	1,583
2017	1,594,985	1,035	1,593,056	1,029	1,593,036	-	-	20	1,929
2018	1,640,851	1,777	1,638,280	1,785	1,638,248	-	-	32	2,571
2019	1,683,744	2,252	1,679,667	2,226	1,679,607	-	2	60	4,075
2020	1,719,124	4,299	1,713,326	6,658	1,713,214	-	-	112	5,798
2021	1,763,235	20,578	1,751,819	19,836	1,748,094	-	-	3,725	11,416
2022	1,863,575	53,773	1,827,046	77,231	1,823,184	-	-	3,862	36,529
2023	1,987,525	1,880,764	1,880,764	1,858,195	1,847,214	-	-	33,550	106,761
Total P & I on Bonds	16,755,209	1,965,510	16,582,837	1,968,010	16,541,464	-	2	41,373	172,370
State Special Levies									
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	-	30,981	-	30,981	-	-	-	2,391
2019	28,536	-	26,317	-	26,317	-	-	-	2,219
2020	28,702	4	26,615	4	26,615	-	-	-	2,087
2021	29,074	240	26,759	240	26,759	-	-	-	2,315
2022	30,371	470	27,594	1,595	27,594	-	-	-	2,777
2023	32,932	29,404	29,404	28,788	28,781	-	-	623	3,528
Total State Special Levies	331,737	30,118	315,728	30,627	315,105	-	-	623	16,008
Total State of New Mexico	\$ 17,086,946	1,995,628	16,898,565	1,998,637	16,856,569	-	2	41,996	188,378

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
AS OF JUNE 30, 2024

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									
2014	\$ 279,806	10	279,747	10	279,747	-	-	-	59
2015	289,151	17	289,077	18	289,077	-	-	-	74
2016	293,569	44	293,379	45	293,379	-	-	-	190
2017	302,312	50	302,108	51	302,108	-	-	-	204
2018	315,118	295	314,834	301	314,833	-	-	1	284
2019	327,271	374	326,712	375	326,708	-	-	4	559
2020	331,892	668	331,126	1,066	331,116	-	-	10	766
2021	337,912	3,037	336,400	2,917	335,759	-	-	641	1,512
2022	353,996	7,434	348,767	12,120	348,223	-	-	544	5,229
2023	374,664	359,270	359,270	355,841	354,364	-	-	4,906	15,394
Total General Ad valorem	\$ 3,205,691	371,199	3,181,420	372,744	3,175,314	-	-	6,106	24,271
Debt Service P & I									
2014	\$ 4,239,022	169	4,238,112	169	4,238,112	-	-	-	910
2015	4,457,815	293	4,456,626	317	4,456,626	-	-	-	1,189
2016	4,655,731	761	4,653,013	770	4,653,013	-	-	-	2,718
2017	4,427,262	781	4,424,396	790	4,424,396	-	-	-	2,866
2018	4,501,242	3,423	4,497,257	3,518	4,497,246	-	-	12	3,985
2019	5,299,217	5,257	5,290,597	5,285	5,290,527	-	7	70	8,613
2020	5,386,453	10,162	5,374,332	16,875	5,374,166	-	-	165	12,122
2021	5,453,163	49,371	5,429,461	46,862	5,419,106	-	-	10,354	23,702
2022	5,736,376	116,235	5,651,329	192,603	5,642,445	-	-	8,883	85,047
2023	6,105,351	5,857,351	5,857,351	5,799,695	5,776,087	-	-	81,263	\$248,001.00
Total Debt Service	\$ 50,261,632	6,043,803	49,872,474	6,066,884	49,771,724	-	7	100,747	389,153

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
AS OF JUNE 30, 2024

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									
2014	\$ 1,418,135	55	1,417,831	55	1,417,831	-	-	-	304
2015	1,463,154	94	1,462,767	102	1,462,767	-	-	-	388
2016	1,490,859	240	1,489,969	243	1,489,969	-	-	-	890
2017	1,527,592	267	1,526,595	270	1,526,595	-	-	-	997
2018	1,590,295	1,255	1,588,883	1,288	1,588,879	-	-	4	1,412
2019	1,714,680	1,701	1,711,890	1,710	1,711,868	-	2	23	2,787
2020	1,741,740	3,286	1,737,820	5,457	1,737,767	-	-	53	3,920
2021	1,764,778	15,978	1,757,107	15,166	1,753,756	-	-	3,351	7,671
2022	1,854,032	37,568	1,826,544	62,250	1,823,673	-	-	2,871	27,488
2023	1,967,708	1,887,770	1,887,770	1,869,194	1,861,584	-	-	26,186	79,938
Total Capital Improvements	\$ 16,532,973	1,948,214	16,407,176	1,955,735	16,374,689	-	2	32,488	125,795
Tech Debt									
2014	\$ 282,204	11	282,144	11	282,144	-	-	-	61
2015	367,241	24	367,143	26	367,143	-	-	-	98
2016	209,925	34	209,803	35	209,803	-	-	-	123
2017	601,163	106	600,774	107	600,774	-	-	-	389
2018	640,880	487	640,313	501	640,311	-	-	2	567
2019	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
Total Tech Debt	\$ 2,101,413	662	2,100,177	680	2,100,175	-	-	2	1,238

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
AS OF JUNE 30, 2024

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									
2014	\$ -	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	1,172,853	892	1,171,815	917	1,171,812	-	-	3	1,038
2019	1,200,276	1,191	1,198,323	1,197	1,198,307	-	2	16	1,951
2020	1,219,037	2,300	1,216,294	3,819	1,216,256	-	-	37	2,743
2021	1,235,344	11,184	1,229,975	10,616	1,227,629	-	-	2,346	5,369
2022	1,297,823	26,298	1,278,581	43,575	1,276,571	-	-	2,010	19,241
2023	1,377,603	1,321,638	1,321,638	1,308,633	1,303,305	-	-	18,333	55,965
Total House Bill 33	7,502,936	1,363,503	7,416,626	1,368,757	7,393,880	-	2	22,745	86,307
Total Alamogordo Public Schools	\$ 79,604,645	9,727,381	78,977,873	9,764,800	78,815,782	-	11	162,088	626,764
Cloudcroft Public Schools									
General Ad valorem									
2014	\$ 48,731	5	48,658	5	48,658	-	-	-	73
2015	50,563	1	50,486	1	50,486	-	-	-	77
2016	51,064	2	50,966	2	50,965	-	-	-	98
2017	52,819	10	52,694	10	52,693	-	-	-	126
2018	55,052	20	54,911	18	54,908	-	-	3	141
2019	57,256	28	57,046	26	57,043	-	-	3	210
2020	58,587	69	58,307	134	58,300	-	-	7	280
2021	61,536	742	61,025	680	60,865	-	-	160	511
2022	66,655	2,380	65,350	3,073	65,078	-	-	272	1,305
2023	70,629	66,390	66,390	64,888	64,112	-	-	2,277	4,239
Total General Ad valorem	\$ 572,892	69,647	565,833	68,837	563,108	-	-	2,722	7,060

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
AS OF JUNE 30, 2024

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									
2014	\$ 982,621	68	981,594	68	981,594	-	-	-	1,027
2015	1,032,229	26	1,030,949	26	1,030,949	-	-	-	1,280
2016	1,079,437	34	1,077,828	34	1,077,824	-	-	4	1,610
2017	1,114,325	194	1,112,360	195	1,112,356	-	-	4	1,965
2018	1,154,450	414	1,152,275	386	1,152,243	-	-	32	2,176
2019	1,181,549	543	1,178,403	515	1,178,371	-	-	32	3,146
2020	1,229,400	1,543	1,225,001	3,137	1,224,865	-	-	136	4,399
2021	1,302,630	13,756	1,293,743	13,634	1,291,270	-	-	2,473	8,888
2022	1,406,000	46,935	1,381,222	62,253	1,376,852	-	-	4,370	24,778
2023	1,502,338	1,422,229	1,422,229	1,395,941	1,381,404	-	-	40,825	80,109
Total Debt Service	\$ 11,984,979	1,485,742	11,855,604	1,476,189	11,807,728	-	-	47,876	129,378
Capital Improvements									
2014	\$ 347,022	24	346,657	24	346,657	-	-	-	365
2015	358,530	9	358,082	9	358,082	-	-	-	447
2016	362,927	12	362,381	12	362,379	-	-	1	546
2017	373,545	65	372,872	66	372,870	-	-	1	673
2018	389,709	140	388,953	130	388,941	-	-	11	757
2019	425,783	196	424,650	186	424,638	-	-	12	1,134
2020	435,682	546	434,118	1,110	434,069	-	-	48	1,565
2021	452,699	4,779	449,612	4,737	448,754	-	-	858	3,087
2022	482,209	16,100	473,709	21,353	472,209	-	-	1,500	8,500
2023	512,971	485,523	485,523	476,494	471,512	-	-	14,011	27,448
Total Capital Improvements	\$ 4,141,077	507,394	4,096,557	504,121	4,080,111	-	-	16,442	44,522
Total Cloudcroft Public Schools	\$ 16,698,948	2,062,783	16,517,994	2,049,147	16,450,947	-	-	67,040	180,960

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
AS OF JUNE 30, 2024

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									
2014	\$ 35,957	-	35,906	3	35,906	-	-	-	50
2015	36,666	31	36,600	31	36,600	-	-	-	66
2016	37,108	39	37,014	37	37,012	-	-	2	93
2017	38,260	164	38,139	160	38,134	-	-	4	121
2018	40,202	173	40,036	169	40,032	-	-	4	166
2019	41,836	188	41,620	184	41,615	-	-	4	216
2020	42,446	293	42,179	389	42,174	-	-	5	267
2021	44,166	789	43,751	748	43,626	-	-	126	415
2022	45,723	2,169	44,592	2,558	44,489	-	-	102	1,131
2023	47,616	43,981	43,981	43,508	43,344	-	-	637	3,635
Total General Ad valorem	\$ 409,980	47,827	403,818	47,787	402,932	-	-	884	6,160
Debt Service P & I									
2014	\$ 817,037	7	816,013	84	816,013	-	-	-	1,024
2015	856,832	616	855,325	616	855,325	-	-	-	1,507
2016	845,172	799	842,979	737	842,917	-	-	61	2,194
2017	862,386	3,333	859,667	3,213	859,547	-	-	120	2,719
2018	900,989	3,509	897,027	3,389	896,907	-	-	120	3,962
2019	924,449	3,882	919,259	3,762	919,139	-	-	120	5,190
2020	910,231	5,888	903,952	8,012	903,801	-	-	151	6,279
2021	947,835	16,982	937,971	16,062	935,103	-	-	2,868	9,863
2022	984,806	45,031	958,620	53,787	956,413	-	-	2,207	26,186
2023	390,742	360,257	360,257	356,083	354,699	-	-	5,558	30,485
Total Debt Service	\$ 8,440,479	440,304	8,351,070	445,745	8,339,864	-	-	11,205	89,409

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
AS OF JUNE 30, 2024

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									
2014	\$ 175,791	1	175,569	18	175,569	-	-	-	222
2015	186,592	134	186,264	134	186,264	-	-	-	328
2016	188,241	178	187,752	165	187,739	-	-	14	488
2017	193,885	754	193,274	727	193,247	-	-	27	611
2018	201,144	787	200,261	760	200,235	-	-	27	882
2019	208,688	877	207,517	850	207,490	-	-	27	1,170
2020	212,031	1,373	210,571	1,867	210,536	-	-	35	1,461
2021	220,606	3,952	218,311	3,738	217,643	-	-	667	2,296
2022	228,467	10,447	222,392	12,478	221,880	-	-	512	6,075
2023	238,874	220,246	220,246	217,699	216,853	-	-	3,393	18,627
Total Capital Improvements	\$ 2,054,319	238,749	2,022,157	238,436	2,017,456	-	-	4,702	32,160
Tech Debt									
2014	\$ -	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	650,035	599,321	599,321	592,377	590,074	-	-	9,247	50,715
Total Tularosa Public Schools	\$ 650,035	599,321	599,321	592,377	590,074	-	-	9,247	50,715
		11,554,813	1,326,201	11,376,366	1,324,345	11,350,326	-	26,038	178,444

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
AS OF JUNE 30, 2024

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									
2014	\$ 22,135	58	22,112	58	22,112	-	-	-	23
2015	22,134	53	22,094	53	22,093	-	-	-	40
2016	22,286	51	22,235	53	22,235	-	-	-	51
2017	23,335	82	23,264	84	23,264	-	-	-	71
2018	23,965	84	23,860	85	23,860	-	-	1	104
2019	25,236	105	25,085	103	25,081	-	-	4	151
2020	26,141	209	25,871	258	25,866	-	-	5	270
2021	27,212	1,014	26,560	1,017	26,453	-	-	107	652
2022	30,085	2,783	27,882	3,225	27,742	-	-	140	2,203
2023	33,209	27,491	27,491	26,990	26,523	-	-	968	5,717
Total General Ad valorem	\$ 255,738	31,930	246,454	31,926	245,229	-	-	1,225	9,282
Debt Service P & I									
2014	\$ 656,544	1,522	655,669	1,522	655,669	-	-	-	875
2015	533,397	1,178	532,172	1,176	532,157	-	-	15	1,225
2016	672,346	1,452	670,369	1,526	670,369	-	-	-	1,978
2017	704,277	2,380	701,578	2,474	701,578	-	-	-	2,699
2018	723,815	2,404	720,061	2,477	720,040	-	-	21	3,754
2019	758,730	3,217	753,345	3,163	753,180	-	-	165	5,385
2020	790,396	6,648	781,010	8,024	780,851	-	-	159	9,386
2021	839,079	32,449	817,231	32,321	813,797	-	-	3,434	21,848
2022	912,102	85,249	844,452	98,885	840,109	-	-	4,342	67,650
2023	1,007,464	831,510	831,510	816,390	801,781	-	-	29,729	175,953
Total Debt Service	\$ 7,598,150	968,009	7,307,397	967,958	7,269,531	-	-	37,865	290,753

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
AS OF JUNE 30, 2024

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									
2014	\$ 108,511	252	108,367	252	108,367	-	-	-	144
2015	108,922	241	108,673	241	108,670	-	-	3	249
2016	109,699	238	109,381	250	109,381	-	-	-	318
2017	114,849	389	114,416	404	114,416	-	-	-	434
2018	120,175	399	119,552	411	119,548	-	-	3	623
2019	126,171	535	125,276	526	125,248	-	-	27	895
2020	131,208	1,104	129,650	1,332	129,623	-	-	26	1,558
2021	136,436	5,262	132,904	5,244	132,347	-	-	557	3,531
2022	151,386	14,149	140,158	16,413	139,437	-	-	721	11,228
2023	167,214	138,010	138,010	135,501	133,076	-	-	4,934	29,204
Total Capital Improvements	\$ 1,274,571	160,579	1,226,387	160,574	1,220,113	-	-	6,271	48,184
Tech Debt									
2014	121,675	282	121,513	282	121,513	-	-	-	162
2015	250,969	554	250,392	553	250,385	-	-	7	576
2016	125,322	271	124,954	284	124,954	-	-	-	369
2017	132,436	448	131,928	465	131,928	-	-	-	507
2018	136,158	452	135,452	466	135,448	-	-	4	706
2019	140,491	596	139,494	586	139,464	-	-	31	997
2020	146,428	1,232	144,689	1,487	144,660	-	-	29	1,739
2021	155,656	6,020	151,603	5,996	150,966	-	-	637	4,053
2022	169,174	15,812	156,627	18,341	155,821	-	-	805	12,548
2023	186,862	154,226	154,226	151,422	148,712	-	-	5,514	32,635
Total Tech Debt	\$ 1,565,171	179,893	1,510,878	179,882	1,503,851	-	-	7,027	54,292
Total Gadsden Public Schools	\$ 10,693,630	1,340,411	10,291,116	1,340,340	10,238,724	-	-	52,388	402,511

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
AS OF JUNE 30, 2024

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									
2014	\$ 2,872,772	140	2,872,329	140	2,872,329	-	-	-	443
2015	2,997,423	135	2,996,960	155	2,996,960	-	-	-	463
2016	3,018,380	406	3,017,824	413	3,017,824	-	-	-	555
2017	3,121,556	404	3,120,504	412	3,120,504	-	-	-	1,052
2018	3,223,877	3,788	3,221,933	3,876	3,221,933	-	-	-	1,944
2019	3,354,312	4,609	3,350,814	4,663	3,350,814	-	6	-	3,491
2020	3,404,411	6,345	3,399,163	10,364	3,399,157	-	-	5	5,248
2021	3,426,472	28,827	3,414,149	28,226	3,408,124	-	-	6,024	12,323
2022	3,615,910	74,246	3,569,497	125,219	3,565,017	-	-	4,480	46,413
2023	3,852,872	3,703,386	3,703,386	3,671,061	3,658,724	-	-	44,662	149,486
Total General Ad valorem	\$ 32,887,985	3,822,286	32,666,559	3,844,529	32,611,386	-	6	55,171	221,418
Debt Service P & I									
2014	\$ 1,029,278	55	1,029,127	55	1,029,127	-	-	-	151
2015	1,018,446	51	1,018,287	58	1,018,287	-	-	-	158
2016	1,018,274	151	1,018,080	154	1,018,080	-	-	-	194
2017	1,049,802	150	1,049,448	153	1,049,448	-	-	-	354
2018	1,068,287	1,030	1,067,662	1,062	1,067,662	-	-	-	625
2019	1,091,820	1,309	1,090,715	1,329	1,090,715	-	2	-	1,103
2020	1,031,321	1,788	1,029,767	3,003	1,029,765	-	-	2	1,555
2021	1,139,761	9,582	1,135,781	9,244	1,133,792	-	-	1,989	3,980
2022	1,206,816	23,642	1,191,497	40,732	1,190,005	-	-	1,492	15,318
2023	1,229,509	1,182,843	1,182,843	1,172,318	1,168,418	-	-	14,425	46,666
Total Debt Service	\$ 10,883,314	1,220,601	10,813,207	1,228,108	10,795,299	-	2	17,908	70,104
Total City of Alamogordo	\$ 43,771,299	5,042,887	43,479,766	5,072,637	43,406,685	-	8	73,079	291,522

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
AS OF JUNE 30, 2024

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									
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	-	63,965	-	63,965	-	-	-	33
2018	65,710	11	65,676	11	65,676	-	-	-	34
2019	67,241	11	67,207	11	67,207	-	-	-	34
2020	68,444	26	68,368	38	68,368	-	-	-	76
2021	71,262	303	71,092	333	70,984	-	-	108	170
2022	75,141	1,727	74,574	2,453	74,450	-	-	124	568
2023	78,599	75,668	75,668	74,244	73,606	-	-	2,062	2,930
Total General Ad valorem	665,402	77,746	661,545	77,090	659,251	-	-	2,294	3,857
Total Village of Cloudcroft	\$ 665,402	77,746	661,545	77,090	659,251	-	-	2,294	3,857
Village of Tularosa									
General Ad valorem									
2014	\$ 189,707	6	189,654	6	189,654	-	-	-	53
2015	192,578	6	192,370	6	192,370	-	-	-	208
2016	191,813	64	191,601	64	191,601	-	-	-	212
2017	194,752	131	194,526	131	194,526	-	-	-	226
2018	200,100	130	199,562	130	199,562	-	-	-	538
2019	207,187	285	206,302	285	206,302	-	-	-	885
2020	212,545	1,757	211,396	2,296	211,396	-	-	-	1,150
2021	214,283	3,783	212,031	3,679	211,172	-	-	859	2,253
2022	223,502	7,537	216,390	10,510	215,904	-	-	486	7,112
2023	236,717	219,337	219,337	216,418	215,243	-	-	4,094	17,379
Total General Ad valorem	2,063,184	233,036	2,033,169	233,525	2,027,730	-	-	5,439	30,016
Total Village of Tularosa	\$ 2,063,184	233,036	2,033,169	233,525	2,027,730	-	-	5,439	30,016

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
AS OF JUNE 30, 2024

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									
2014	\$ 617,617	23	617,486	23	617,486	-	-	-	131
2015	637,669	38	637,503	42	637,503	-	-	-	166
2016	650,737	101	650,331	102	650,331	-	-	-	406
2017	676,124	116	675,675	117	675,675	-	-	-	449
2018	703,852	607	703,222	621	703,221	-	-	2	629
2019	731,770	787	730,547	791	730,538	-	1	9	1,222
2020	742,760	1,453	741,065	2,359	741,042	-	-	23	1,695
2021	772,384	6,969	768,980	6,652	767,514	-	-	1,466	3,404
2022	813,639	16,757	801,596	27,561	800,340	-	-	1,256	12,043
2023	862,619	827,396	827,396	819,364	815,999	-	-	11,397	35,223
Total General Ad valorem	\$ 7,209,171	854,247	7,153,801	857,632	7,139,649	-	1	14,153	55,368
Debt Service P & I									
2014	\$ 595,682	24	595,554	24	595,554	-	-	-	128
2015	-	-	-	-	-	-	-	-	-
2016	357,827	58	357,618	59	357,618	-	-	-	209
2017	488,750	86	488,434	87	488,434	-	-	-	316
2018	502,651	382	502,206	393	502,205	-	-	1	445
2019	514,404	510	513,567	513	513,560	-	1	7	836
2020	522,703	986	521,527	1,638	521,511	-	-	16	1,176
2021	529,433	4,793	527,132	4,550	526,127	-	-	1,005	2,301
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
Total Debt Service	\$ 3,511,450	6,839	3,506,038	7,264	3,505,009	-	1	1,029	5,411
Total NMSU - Alamogordo	\$ 10,720,621	861,086	10,659,839	864,896	10,644,658	-	2	15,182	60,779

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
AS OF JUNE 30, 2024

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									
2014	\$ 54,368	126	54,295	126	54,295	-	-	-	72
2015	68,453	151	68,296	151	68,294	-	-	2	157
2016	69,717	151	69,511	158	69,511	-	-	-	205
2017	73,088	247	72,808	257	72,808	-	-	-	280
2018	75,109	249	74,720	257	74,718	-	-	2	390
2019	78,857	334	78,297	329	78,280	-	-	17	560
2020	81,820	688	80,849	830	80,833	-	-	16	970
2021	86,263	3,332	84,023	3,320	83,670	-	-	353	2,240
2022	94,043	8,788	87,070	10,193	86,623	-	-	447	6,973
2023	<u>104,109</u>	<u>85,930</u>	<u>85,930</u>	<u>84,368</u>	<u>82,859</u>	-	-	<u>3,072</u>	<u>18,179</u>
Total General Ad valorem	\$ 785,827	99,996	755,799	99,989	751,891	-	-	3,909	30,026
Debt Service P & I									
2014	\$ -	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	41,830	90	41,707	95	41,707	-	-	-	123
2017	20,465	69	20,386	72	20,386	-	-	-	78
2018	45,066	150	44,832	154	44,831	-	-	1	234
2019	47,314	201	46,978	197	46,968	-	-	10	336
2020	49,203	414	48,619	500	48,609	-	-	10	584
2021	52,233	2,020	50,873	2,012	50,660	-	-	214	1,360
2022	56,770	5,306	52,559	6,155	52,289	-	-	270	4,211
2023	<u>62,705</u>	<u>51,754</u>	<u>51,754</u>	<u>50,813</u>	<u>49,903</u>	-	-	<u>1,850</u>	<u>10,951</u>
Total Debt Service	<u>375,586</u>	<u>60,004</u>	<u>357,708</u>	<u>59,998</u>	<u>355,353</u>	-	-	<u>2,355</u>	<u>17,877</u>
Total NMSU - Dona Ana	\$ 1,161,413	160,000	1,113,507	159,987	1,107,244	-	-	6,264	47,903

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
AS OF JUNE 30, 2024

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									
2014	\$ 152,255	17	151,809	17	151,809	-	-	-	446
2015	154,836	20	154,148	20	154,148	-	-	-	688
2016	157,187	30	156,250	30	156,244	-	-	6	937
2017	155,956	221	154,804	223	154,798	-	-	7	1,151
2018	158,431	298	156,850	299	156,844	-	-	7	1,580
2019	162,122	333	159,960	335	159,953	-	-	7	2,162
2020	166,554	580	163,554	987	163,525	-	-	30	3,000
2021	138,538	2,769	134,556	3,131	134,333	-	-	223	3,982
2022	141,950	8,958	133,081	11,762	132,885	-	-	196	8,869
2023	152,957	132,986	132,986	129,427	127,688	-	-	5,298	19,971
Total Timberon Water & Sanitation District	\$ 1,540,786	146,212	1,497,998	146,231	1,492,227	-	-	5,774	42,786
Penasco Soil & Water Conservation District									
Penasco Special Levies									
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	-	-	-	-
2023	235	235	235	235	235	-	-	-	-
Total Penasco Soil & Water Conservation District	\$ 1,078	235	1,078	235	1,078	-	-	-	-

STATE OF NEW MEXICO
OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
AS OF JUNE 30, 2024

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									
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	-	-	-	-
2023	90	90	90	77	77	-	-	13	-
Total Carlsbad Soil & Water Conservation District	798	90	798	77	785	-	-	13	-
Total Local Special Levies	\$ 1,542,662	146,537	1,499,874	146,543	1,494,090	-	-	5,787	42,786
Grand Totals	\$ 300,467,799	35,754,516	297,269,349	35,819,371	296,541,803	-	32	727,533	3,198,413
Recap By Tax Year									
2014	\$ 25,659,943	4,779	25,647,460	4,948	25,647,460	-	1	-	12,481
2015	26,050,913	6,390	26,034,099	6,484	26,034,058	-	-	40	16,813
2016	26,859,992	8,840	26,833,218	8,909	26,833,064	-	-	152	26,775
2017	27,767,059	18,720	27,733,993	18,708	27,733,707	-	-	284	33,064
2018	29,872,409	36,668	29,824,122	36,927	29,823,646	-	-	480	48,286
2019	30,960,554	45,533	30,884,690	45,207	30,883,706	-	31	984	75,831
2020	31,414,594	82,436	31,307,746	124,614	31,306,000	-	-	1,742	106,851
2021	32,223,253	378,808	32,011,273	366,858	31,942,857	-	-	68,415	211,981
2022	33,470,768	981,236	32,801,642	1,411,911	32,734,574	-	-	67,064	669,126
2023	35,538,279	33,591,785	33,591,785	33,202,428	33,012,657	-	-	579,125	1,946,490
Total Recap By Tax Year	\$ 299,817,764	35,155,195	296,670,028	35,226,994	295,951,729	-	32	718,286	3,147,698

FEDERAL COMPLIANCE SECTION

**STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass Through Grantor/ Program Title	Assistance Listing Number	Passed through Entity Identifying Number	Federal Expenditures
U.S. Department of Homeland Security			
<i>Direct</i>			
Staffing for Adequate Fire and Emergency Response (SAFER) <i>Passed through NM Dept. of Homeland Security and Emergency Management</i>	97.083	EMW-2018-FF-00143	33,727
Homeland Security Grant Program - Operation Stonegarden	97.067	EMW-2020-SS-00127-S01	191,832
Homeland Security Grant Program - Operation Stonegarden	97.067	EMW-2022-SS-00044	183,623
Homeland Security Grant Program - Operation Stonegarden	97.067	EMW-2023-SS-00015	<u>5,747</u>
Total U.S. Department of Homeland Security			414,929
U.S. Department of Justice			
<i>Direct</i>			
State Criminal Alien Assistance Program (SCAAP)	16.606	N/A	15,769
Public Safety Partnership and Community Policing Grants	16.710	N/A	<u>14,993</u>
Total U.S. Department of Justice			30,762
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	G22SN0017A/ G23SN0017A	<u>195,239</u>
Total Office of National Drug Control Policy			195,239
U.S. Department of the Treasury			
<i>Direct</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	* 21.027	N/A	5,805,693
COVID-19 - Local Assistance and Tribal Consistency Fund	21.032	N/A	14,972
<i>Passed through NM Economic Development Department</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds -			
Outdoor Recreation Trails	* 21.027	N/A	<u>99,999</u>
Total U.S. Department of the Treasury			5,920,664
U.S. Department of Transportation			
<i>Passed through NM Dept. of Transportation</i>			
Public Transportation Formula Grants	20.608	03-AL-64-073	<u>1,155</u>
Total U.S. Department of Transportation			1,155
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	286,928
Schools and Roads - Grants to States Title III	10.665	N/A	<u>30,000</u>
Total U.S. Department of Agriculture			316,928
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>357,394</u>
Total U.S. Department of Transportation			357,394
Total expenditures of federal awards			\$ 7,237,071
<i>* Denotes Major Federal Program</i>			
Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balance			
Federal expenditures per SEFA			\$ 7,237,071
Federal grant revenue - governmental funds			7,222,099
Interest earned on federal grant revenue paid in advance			<u>14,972</u>
Total federal grant revenue			7,237,071
Net difference			\$ -

STATE OF NEW MEXICO
OTERO COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

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, 2024

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

Joseph M. Maestas, PE, CFE, State Auditor

State of New Mexico, Office of the 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 funds of Otero County (the County) as of and for the year ended June 30, 2024, 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 December 2, 2024.

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

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

December 2, 2024

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 2024-002 (2023-003), 2024-003 (2023-004), and 2024-004 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 deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 (2023-001) to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and Section 12-6-5 NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as items 2024-005, 2024-006, and 2024-007.

The County's Response to the Findings

Government Auditing Standards require 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.

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

December 2, 2024

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.

Hinkle + Landers, P.C.

Hinkle + Landers, PC

Albuquerque, NM

December 2, 2024



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
Joseph M. Maestas, PE, CFE, State Auditor
State of New Mexico, Office of the State Auditor

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, 2024. 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, 2024.

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

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

December 2, 2024

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.

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

December 2, 2024

- 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.

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

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

December 2, 2024

requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hinkle & Landers, P.C.

Hinkle + Landers, PC

Albuquerque, NM

December 2, 2024

**STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

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)?

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)

Identification of major federal program:

AL Number	Name of Federal Program or Cluster	Funding Source
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

Yes No

STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

SECTION II, III & IV—FINANCIAL STATEMENT, FEDERAL AWARD FINDINGS AND SECTION 12-6-5 NMSA 1978 FINDINGS

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

Reference #	Finding	Status of Findings	Type of Finding*
<u>Prior Year Findings - Resolved</u>			
2023-002	Inventory	Resolved	B
<u>Current Year Findings</u>			
2024-001 (2023-001)	Prison Facility and Processing Center (ICE)	Repeated/Modified	B
	Revenue and Expenses		
2024-002 (2023-003)	Financial Close	Repeated/Modified	A
2024-003 (2023-004)	Capital Assets	Repeated/Modified	A
2024-004	Investments and Market Value Adjustments	Current	A
2024-005	Payroll - PERA Calculations	Current	C
2024-006	Conduit Debt	Current	C
2024-007	Undercollateralized Bank Account	Current	I

*Legend for Type of Findings

Section II - Financial Statement 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. Instance of Non-compliance Material to the Financial Statements

Section III - Major Federal Programs Findings

- E. Material Weakness in Internal Control Over Compliance of Federal Awards
- F. Significant Deficiency in Internal Control Over Compliance of Federal Awards
- G. Instance of Non-compliance related to Federal Awards
- H. Instance of Material Non-compliance

Section IV - 12-6-5 NMSA 1978 Findings

- I. Other Non-compliance Required to be Reported per Section 12-6-5 NMSA 1978

STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

2024-001 (2023-001) – PRISON FACILITY AND PROCESSING CENTER (ICE) REVENUE AND EXPENSES

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

Statement of Condition

The County relies on reports provided by MTC to oversee revenue and expenses. While these reports offer a high-level overview, they lack sufficient detail to facilitate tracking of expected amounts from individual payors. As a result, revenue recognition is based on cash received rather than activity at the Prison Facility and Processing Center (ICE), making it challenging to ensure precision in revenue recording. To address these risks, the auditor conducted additional procedures, which identified adjustments to prior year accruals and resulted in a necessary revenue restatement.

As part of these procedures, we also identified non-routine disbursements totaling \$1,498,470, related to an excess of operational revenues being paid to MTC (as specified in the agreement). Although these disbursements were approved by the County and recorded in the general ledger after being posted to the US Bank statements, the reconciliation process occurs primarily at month-end, increasing the risk of discrepancies going undetected in real time.

Regular reconciliation of monthly invoices was conducted through November 2023 but was temporarily paused due to staff turnover and competing priorities, such as payroll processing and training new personnel. This interruption contributed to delays in tracking and reconciling non-routine disbursements, further highlighting the need for enhanced real-time oversight.

Management Progress Toward Resolving Prior Year Condition

Management reached out to MTC in November 2023 to request the recommended procedural changes, demonstrating proactive efforts to address the issue. However, MTC has not implemented any changes to the information provided to the County.

Criteria

All revenue and disbursement transactions should be substantiated by accurate and comprehensive documentation, including sales contracts, purchase orders, invoices, and other

STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

relevant records. Adequate internal controls should be in place to ensure that all transactions are monitored, tracked, and reconciled against supporting documents.

Cause

MTC provides only a summary of revenue and expenses, which is insufficient for determining the invoiced agency and specific disbursement details. Additionally, operational challenges, such as staff turnover and prioritization of critical functions like payroll processing, have impacted the County's ability to maintain consistent tracking and reconciliation processes for non-routine disbursements. These factors, combined with the lack of detailed documentation from MTC, make it difficult to trace revenue to bank deposits accurately and ensure timely oversight of disbursements.

Effect

The current processes for monitoring and reconciling transactions pose challenges in ensuring all revenue and disbursements are accurately tracked and recorded in a timely manner. Without enhancements to the detail and timing of available information, the County remains at risk of misstatements in its financial reporting.

Recommendation

We recommend that the County continue working with MTC to explore ways to enhance the level of detail provided in revenue and disbursement documentation. Additionally, we encourage the County to implement practical internal controls, such as real-time tracking and reconciliation processes, to strengthen oversight and mitigate risks related to non-routine disbursements.

View of Responsible Officials

The County has requested that MTC include the County in all communications with payors at the time invoices are issued. However, as a private entity, we cannot force them to do so. Our best course of action is to ensure invoices received from MTC are thoroughly reviewed by Administration and Finance prior to being approved and submitted to US Bank for disbursement. Additionally, Finance will ensure that the revenue and expense tracking spreadsheets for the Prison and Processing Center are updated monthly.

STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

Corrective Action Plan Timeline

Immediately upon receiving the next invoice from MTC, and the next statement from US Bank. December 2024.

Designation Of Employee Position Responsible For Meeting Deadline

County Manager and Finance Director

2024-002 (2023-003) — FINANCIAL CLOSE

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

Statement of Condition

The auditor identified material adjustments necessary to present the County's financial statements as materially correct. While progress has been made in certain areas since the prior year, the County's financial close, monitoring, and reporting processes still require enhancement to ensure accurate and efficient reporting. Specifically, adjustments were required for several significant balance sheet categories, as summarized below:

Account type	Amount	Description
	Debit/(Credit)	
Investments	\$ 763,836	Adjustment for fair market value
Prison/ICE receivables	10,636,260	Adjustment to recognize Prison and ICE revenues earned but not yet received
Grants receivable	4,085,111	Adjustment to recognize grant funds earned but not yet received.
Other receivable	12,672	Adjustment to recognize funds earned but not yet received
Prison/ICE accounts payable	(13,046,048)	Adjustment for Prison and ICE invoices received post-year-end but attributable to the reporting period
Governmental accounts payable	(2,176,221)	Adjustment for governmental invoices received post-year-end but attributable to the reporting period
Due to other government	(119,592)	Adjustment to accrue grant reversion owed to the State, but not yet paid at year end
Unearned revenue	(2,070,330)	Adjustment to defer revenue received in advance of meeting performance obligations
Total	\$ <u>(1,914,312)</u>	

STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

These adjustments reflect routine accrual processes that can be identified and addressed internally with enhanced financial close procedures. By implementing a structured review process and preparing preliminary schedules with supporting documentation for material items, the County can reduce reliance on the auditor for originating adjustments and instead focus on collaborative review.

Management Progress Toward Resolving Prior Year Condition

Management has made improvements in certain processes since the prior year, but further enhancements are necessary to reduce reliance on the auditor for accrual-related schedules and adjustments. Staff turnover and limited resources have impacted the County's ability to fully implement these improvements.

Criteria

According to AU-C 265 "Communicating Internal Control Related Matters Identified in an Audit," the financial close process is a key internal control that should be carried out by the organization's staff. While auditors can provide technical advice and guidance, independence standards require that the auditor not take on roles that are part of the client's internal control system.

Effective internal control goes beyond maintaining the general ledger; it includes reviewing financial statements and ensuring processes are in place to support accurate reporting. By mitigating independence risks and fostering collaboration, organizations can strengthen their internal control framework while leveraging auditor expertise appropriately.

Cause

The County has not yet developed internal processes to independently review and prepare schedules for accruals and other necessary adjustments, particularly for balance sheet items, prior to the audit. Combined with staffing challenges and time constraints, this has created a dependency on the auditor for identifying and calculating adjustments, which affects the auditor's independence.

**STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Effect

Continued reliance on the auditor for accrual schedules and adjustments indicates weaknesses in the financial close process. This increases the risk of material misstatements, delays financial reporting, and could result in noncompliance with accounting standards and grantor requirements.

Recommendation

We recommend management enhance the financial close and reporting process by:

- **Developing accrual review procedures:** Assign staff to review potential accruals and prepare preliminary schedules for adjustments, particularly for areas such as grant receivables, payables, and unearned revenue.
- **Providing supporting documentation:** Ensure all schedules and adjustments are based on sufficient, well-organized documentation to support the auditor's review.
- **Addressing resource challenges:** Evaluate staffing levels and consider temporary or additional resources during critical financial close periods to ensure schedules can be prepared and reviewed on time.
- **Prioritizing key adjustments:** Focus efforts on preparing schedules for material items to reduce the burden on County staff and streamline the process.

View of Responsible Officials

Due to staffing issues in FY24, Finance was unable to prepare accounts payable and accounts receivable schedules prior to the audit field work. We now have a better understanding of what the auditors require, and we have hired an Accounting Technician who will be trained to review transactions and prepare the appropriate schedules in a timely manner.

Corrective Action Plan Timeline

Beginning with the first check run in July of each fiscal year through the end of August, Finance will identify invoices that are accounts payable as of June 30th. All deposits received in July and August of each fiscal year will be reviewed by Finance and the County Treasurer to identify accounts receivable and grants receivable payments as of June 30th.

Designation Of Employee Position Responsible For Meeting Deadline

Finance Director and County Treasurer

STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

2024-003 (2023-004) — CAPITAL ASSETS

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

Statement of Condition

The County's capital asset detail and roll-forward reports required significant adjustments due to discrepancies in the asset tracking and depreciation systems. The following issues were identified:

1. Inaccurate Beginning Balances:

The beginning balances for capital assets reported in the prior year audit were inaccurate, requiring restatements of \$184,886 at the government-wide level and \$663,981 at the proprietary level. The restatements result from corrections to depreciation calculations, adjustments for prior-year active asset lists excluding assets valued at \$5,000 and land assets at or below this threshold, adjustment for one CIP project that had been missed in the prior year, and adjustments related to the assets noted in #5 below.

2. Tracking of Disposals:

The County's asset tracking system reported prior-year disposals as current-year disposals. For example, asset #2926 was included in client-prepared schedules with a disposal date of 7/1/23, though it had already been reported as disposed of on 11/16/21. This discrepancy led to a difference of \$3,311,655 between client-prepared schedules and auditor-calculated disposals.

3. Depreciation Inaccuracies:

Several discrepancies in the depreciation listing between system-reported depreciation and auditor recalculations. Factors contributing to these variances included:

- Timing differences in asset acquisition and depreciation start dates.
- Variances between recorded acquisition costs and values used for depreciation.
- Assets prematurely ceasing depreciation before being fully depreciated.
- Assets recorded with useful lives (100–250 years) that exceeded County policy (30–45 years for similar assets).
- Assets classified as depreciable but not depreciated.
- Duplicated assets on the depreciation listing.

**STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

4. Unreported Additions and CIP Additions:

Audit testing identified \$1,889,422 in additions and \$3,634,826 in construction-in-progress (CIP) additions that were missing from the County's asset schedules. The capital asset balances would have been understated if these assets were not discovered by the auditor.

5. Asset Description and Depreciation Issues:

An asset (#9036) recorded in 2023 was modified in the system with a new description, class, and cost, while retaining its prior depreciation. The original description, class, and cost were re-entered as a new asset (#9037) without applying the prior depreciation.

Management Progress Toward Resolving Prior Year Condition

Management has made progress in addressing prior-year issues, with restatements significantly reduced compared to the prior year. Efforts to address depreciation discrepancies are ongoing, and the issue noted in #5 appears to be part of a known error correction. However, the amount of uncaptured additions is higher than in the previous year, which may be due to staffing challenges, such as turnover and temporary absences of experienced staff.

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.

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 discrepancies appear to be due to a combination of inadequate system controls, limited reconciliation procedures, insufficient documentation of asset transactions, and staff turnover, which has impacted institutional knowledge and continuity. Furthermore, a lack of integration

STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

between the asset management system and financial reporting processes likely contributed to the errors.

Effect

These issues have led to inaccuracies in financial reporting, creating risks of noncompliance with generally accepted accounting principles (GAAP) and Section 2.20.1 NMAC. The discrepancies in asset balances, depreciation, and additions increase the risk of misstatements in financial statements and heighten the potential for asset misappropriation or misuse due to insufficient tracking.

Recommendation

To strengthen controls and ensure compliance, we recommend that the County:

- Ensure accurate disposal records in the asset tracking system, seeking assistance from the software provider if needed.
- Review and adjust depreciation calculations to align with County policies and GAAP.
- Regularly reconcile asset additions and disposals to confirm accurate reporting, including frequent reviews of capital outlay accounts.
- Improve integration between the asset management system and financial reporting processes to prevent inconsistencies.
- Provide training for staff involved in asset management and financial reporting to enhance accuracy and compliance with established policies.

View of Responsible Officials

Otero County has approximately 8,800 capital assets, many of which are under the \$5,000 threshold and need to be reviewed for potential disposal or retirement and purged from the system. Finance has worked hard to identify these assets, make corrections to other assets, and enter new assets more accurately. Due to staffing issues in FY24, progress on this has slowed, and the task of identifying new assets for capitalization has been negatively affected and not completed in a timely manner. New staff has been hired and will be trained to review general ledger transactions monthly to identify potential capital assets. Additional staff will review the capital asset module and identify where corrections and disposals are needed. The Finance

STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

Director and Chief Procurement Officer will meet quarterly with the Project Manager regarding ongoing projects that may need to be added to CIP at year-end.

Corrective Action Plan Timeline

Immediately. December 2024

Designation Of Employee Position Responsible For Meeting Deadline

Finance Director and Chief Procurement Officer

2024-004 — INVESTMENTS AND MARKET VALUE ADJUSTMENTS

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

Statement of Condition

The County commingles its cash and investments in the County's accounting system and does not adjust its investments to fair market value as required by Generally Accepted Accounting Principles (GAAP) for governmental entities. Consequently, the auditor must prepare a series of complex adjusting entries to materially correct the financial statements. These adjustments include transferring cash balances to investment accounts, calculating fair value adjustments, and allocating investment gains and losses among funds.

Criteria

According to GAAP, established by the Governmental Accounting Standards Board (GASB), investments should be reported at fair value to provide accurate and reliable financial information. Specifically:

- **GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools",** requires that most investments be reported at fair value in the balance sheet.
- **GASB Statement No. 72, "Fair Value Measurement and Application",** provides guidance on how fair value should be measured and what disclosures are required.

Furthermore, best practices recommend segregating cash and investments to ensure proper accountability and facilitate accurate reporting.

**STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Cause

The County has not established procedures or controls to properly segregate cash and investments or to regularly adjust investment balances to fair market value. This may be due to a lack of resources or training regarding GAAP requirements.

Effect

Without the auditor's adjustments, the County's financial statements would not be fully compliant with GAAP, potentially leading to material misstatements in the financial position and results of operations. Additionally, the complexity and manual nature of the required adjustments increase the risk of material errors, which could significantly impact the accuracy of individual fund balances and overall financial reporting.

Recommendation

The County should develop and implement policies and procedures to:

- **Segregate Cash and Investments:** Maintain separate accounts or subledgers to clearly distinguish between cash and investments.
- **Adjust Investments to Fair Value:** Ensure that all investments are adjusted to market value at year-end in accordance with GAAP.
- **Allocate Interest Revenue:** Establish a methodology to equitably allocate investment gains/losses among funds with cash balances.
- **Provide Training:** Invest in training for accounting staff on GAAP requirements for cash and investments.
- **Strengthen Controls:** Regularly review and monitor cash and investment balances to ensure accuracy and compliance with GAAP.

View of Responsible Officials

The County Treasurer's office agrees with the Statement of Condition that we pool our cash and investments together, not separating the investments and also that we have adhered to the GAAP regulations for accounting the investment values at market value at year end. The separation of cash and investments, as well as the market value calculation has been handled by our auditors for the last 17 years and has not been brought to our attention as an item that needed correction.

**STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

However, I agree with the auditor's opinion that they could appear to not be independent when taking on such a large role in these calculations and report manipulations.

Corrective Action Plan Timeline

To correct this item, pooled cash will need to be accounted for separately from the investments. I would recommend moving investments into a separate asset account under the fund to which they belong to and to keep them separate from the cash on deposit. This is planned to be implemented by June 30, 2025.

Designation Of Employee Position Responsible For Meeting Deadline

County Treasurer

2024-005 — PAYROLL - PERA CALCULATIONS

Type of Finding: (C) Finding that does not rise to the level of a significant deficiency (Other Matters) involving internal control over financial reporting.

Statement of Condition

The auditor identified instances of PERA miscalculations, resulting in either excessive or insufficient withholdings from employees' paychecks in 29 out of 40 cases tested. The total net impact of these errors on the sampled paychecks was \$5,540.43. The County has worked closely with PERA to address and correct these discrepancies.

Criteria

Timely and accurate PERA withholdings are crucial to ensure that retirement contributions are consistently invested, providing employees with the maximum potential for growth over time. Proper withholdings also reduce the risk of financial discrepancies, thereby supporting employee confidence and satisfaction in the payroll process.

Cause

Staff turnover, combined with insufficient time for training and retention, has contributed to repeated errors in PERA withholdings across pay periods.

**STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Effect

Miscalculations in PERA withholdings may expose the County to liability regarding employee retirement contributions.

Recommendation

We recommend the County establish and follow internal procedures to verify that all necessary PERA withholdings are applied accurately to employee salaries. Additionally, we suggest that management implement oversight measures for new payroll staff, ensuring they receive appropriate training and review during their initial period.

View of Responsible Officials

Over the last year, Otero County has had four different Payroll Specialists; two of whom were not well suited for the position and subsequently termed. The frequent turnover of payroll staff has negatively impacted the accuracy of payroll processing, to include PERA reporting. The payroll module automatically calculates PERA deductions, based upon 80 or 84 hours of time worked by the employee per their schedule. If the hours worked are reported incorrectly by the Payroll Specialist to PERA, there will be discrepancies between the amount posted by payroll to the general ledger, and the amount invoiced by PERA for payment. There were many instances of this in FY24 due to the Payroll Specialist not being familiar with, and not fully understanding how to calculate PERA hours. The Finance Director had to learn the full payroll process to train one of the new payroll specialists and then most of the discrepancies stopped occurring. The current Payroll Specialist is an expert in processing payroll and fully understands PERA hours calculations and reporting. Any PERA discrepancies that occur now are due to unforeseen circumstances and are easily identified and reconciled.

Corrective Action Plan Timeline

Completed.

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, 2024

2024-006 — LACK OF DISCLOSURE AND TRACKING OF CONDUIT DEBT OBLIGATIONS

Type of Finding: (C) Finding that does not rise to the level of a significant deficiency (Other Matters) involving internal control over financial reporting.

Statement of Condition

During the audit, the auditor identified unusual revenue transactions totaling \$884,924.95 in an account titled "pending revenues." Upon investigation, it was determined that most of this revenue was related to a contract which included language indicating the issuance of Taxable Industrial Revenue Bonds to finance solar energy infrastructure. This language suggests the presence of conduit debt. Further inquiry revealed a similar contract with another company signed in 2015. County personnel were unaware if the debt had been issued or the amount currently outstanding related to these contracts. As a result, the County did not disclose the conduit debt to the auditor.

Criteria

GASB Statement No. 91, *Conduit Debt Obligations*, requires that issuers of conduit debt disclose information regarding the nature of such debt, including the total amount issued, outstanding balances, and the issuer's limited or no commitment to repay the debt. This information is essential for providing transparency to financial statement users.

Cause

The County lacks adequate procedures to track and monitor agreements involving conduit debt and ensure that the required information is disclosed in the financial statements. This may result from insufficient staff awareness of GASB 91 requirements or inadequate recordkeeping of contractual obligations.

Effect

Failure to disclose conduit debt as required by GASB 91 could result in incomplete and noncompliant financial statements, potentially misleading users regarding the County's financial position and obligations. Additionally, the omission of this information undermines transparency and accountability.

**STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Recommendation

The County should develop and implement policies and procedures to ensure proper tracking and disclosure of conduit debt obligations, including the following actions:

- **Review Existing Agreements:** Conduct a comprehensive review of contracts to identify and document any conduit debt arrangements.
- **Track Debt Issuances:** Maintain a detailed record of all conduit debt issued, including amounts outstanding, and ensure periodic updates.
- **Disclose Conduit Debt:** Include the required disclosures for conduit debt in the notes to the financial statements in compliance with GASB 91.
- **Provide Training:** Educate County personnel on GASB 91 requirements and the importance of accurately disclosing conduit debt.
- **Collaborate with Legal Counsel:** Work with legal advisors to evaluate contract language for potential conduit debt obligations and ensure proper tracking of related liabilities.

View of Responsible Officials

The County currently lacks policies and procedures to monitor and track the status of projects funded with industrial revenue bonds. County should be ensuring annual contract, lease, and PILT compliance related to these agreements.

Corrective Action Plan Timeline

March 31, 2025

Designation Of Employee Position Responsible For Meeting Deadline

County Attorney

**STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

2024-007 – UNDERCOLLATERALIZED BANK ACCOUNT

Type of Finding: (I) Other Non-compliance Required to be Reported per Section 12-6-5 NMSA 1978

Statement of Condition

For the year ended June 30, 2024, the County did not have sufficient pledged collateral for the bank deposit amounts in excess of FDIC coverage. The undercollateralized amount for deposits held at First National Bank of Alamogordo totaled \$2,827,558.

The County identified the issue and requested additional collateral from the bank. On July 10, 2024, the bank pledged two additional securities with a combined market value of \$2,863,119.26.

Criteria

Section 6-10-17 NMSA 1978 requires any public money on deposit with a depository bank to be secured by an aggregate value of securities (specified in Section 6-10-16 NMSA 1978) or a depository bond (in accordance with Subsection B of Section 6-10-16 NMSA 1978) equivalent to 102% of the amount of public money deposited, in cases where risk assessments indicate higher collateralization needs, per NMAC 2.60.4.9.

Cause

Otero County's balances fluctuate daily due to expenditures and deposits. As a result of this fluctuation, it is difficult to know if the County will have the correct collateralization on a given day.

Effect

The County was not in compliance with Section 6-10-17 NMSA 1978 on June 30, 2024.

Recommendation

The County should work closely with its bank to ensure compliance with Section 6-10-17 NMSA 1978 by maintaining collateral levels that accommodate daily balance fluctuations. We recommend carrying an additional \$100,000 above the required collateral amount as a buffer to reduce the risk of undercollateralization. Additionally, the County should monitor anticipated large

**STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

deposits and coordinate with the bank to adjust collateral levels as needed, ensuring adequate coverage for significant, expected inflows.

View of Responsible Officials

The Treasurer's Office agrees that Otero County was under collateralized on June 30th, 2024. Due to an unexpected large deposit on June 27th, 2024, we did not catch the under collateralization until the collateralization report was received shortly after June 30th. This was caught immediately, and more collateral was secured.

Corrective Action Plan Timeline

The County Treasurer should monitor cash balances closely and work with financial institutions to secure extra collateral in events of unexpected deposits.

Designation Of Employee Position Responsible For Meeting Deadline

County Treasurer

STATE OF NEW MEXICO
OTERO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

SECTION V—SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2023-001 — Prison Facility and Processing Center (ICE) Revenue

Current status: Repeated and modified

2023-002 — Inventory

Current status: Resolved

2023-003 — Financial Close

Current status: Repeated and modified

2023-004 — Capital Assets

Current status: Repeated and modified

STATE OF NEW MEXICO
OTERO COUNTY
OTHER DISCLOSURES
FOR THE YEAR ENDED JUNE 30, 2024

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 December 2, 2024. 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
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Hinkle + Landers, PC

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