

Rio Arriba County
Financial Statements
For the Year Ended June 30, 2020



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INTRODUCTORY SECTION

RIO ARRIBA COUNTY
Annual Financial Report
June 30, 2020
Table of Contents

	<u>Exhibit</u>	<u>Page</u>
INTRODUCTORY SECTION		
Table of Contents		4-5
Official Roster		6
FINANCIAL SECTION		
Independent Auditors' Report		8-10
BASIC FINANCIAL STATEMENTS		
Government-wide Financial Statements:		
Statement of Net Position	A-1	12-13
Statement of Activities	A-2	14-15
Fund Financial Statements:		
Balance Sheet - Governmental Funds	B-1	16-17
Reconciliation of the Balance Sheet to the Statement of Net Position		18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-2	20-21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities		22
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual:		
General Fund	C-1	23
Indigent Fund Special Revenue Fund	C-2	24
Correctional Facility Special Revenue Fund	C-3	25
Statement of Net Position - Proprietary Funds	D-1	26-27
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	D-2	28
Statement of Cash Flows - Proprietary Funds	D-3	29
Statement of Fiduciary Net Position - Custodial Funds	E-1	30
Statement of Changes in Fiduciary Net Position - Custodial Funds	E-2	31
NOTES TO FINANCIAL STATEMENTS		32-82
	<u>Statement/ Schedule</u>	<u>Page</u>
REQUIRED SUPPLEMENTARY INFORMATION		
Schedule of Proportionate Share of the Net Pension Liability	A-1	84-87
Schedule of the County's Contributions - Public Employees Retirement Association Plan	A-2	88-91
Notes to Required Supplementary Information		92
Schedule of Proportionate Share of the Net OPEB Liability	B-1	94
Schedule of the County's Contributions - Retiree Health Care	B-2	95
SUPPLEMENTARY INFORMATION		
Nonmajor Fund Descriptions		98-103
Combining and Individual Fund Statements and Schedules:		
Combining Balance Sheet - Nonmajor Governmental Funds	A-1	104-112
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	A-2	114-122

RIO ARRIBA COUNTY
 Annual Financial Report
 June 30, 2020
 Table of Contents

	Statement/ Schedule	Page
SUPPORTING SCHEDULES		
Schedule of Deposit and Investment Accounts	I	124-125
Schedule of Collateral Pledged by Depository For Public Funds	II	126
County Treasurer's Property Tax Schedule	III	128-143
Schedule of Tax Roll Reconciliation- Property Tax Receivable	IV	144
COMPLIANCE SECTION		
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>		146-147
FEDERAL FINANCIAL ASSISTANCE		
Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance		150-151
Schedule of Expenditures of Federal Awards	V	152-154
Schedule of Findings and Questioned Costs	VI	156-162
OTHER DISCLOSURES		163

RIO ARRIBA COUNTY

Official Roster

June 30, 2020

<u>Name</u>	<u>Elected Officials</u>	<u>Title</u>
Danny Garcia		Commissioner - Chairman
James Martinez		Commissioner
Leo Jaramillo		Commissioner

<u>Department Heads</u>	
Tomas Campos III	County Manager
Leo Marquez	Deputy County Manager
Christine Montano	Finance Director
Adan Trujillo	Attorney
Guadalupe Mercure	Assistant Finance Director

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq.
New Mexico State Auditor
U.S. Office of Management and Budget
County Commissioners
Rio Arriba County
Tierra Amarilla, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Rio Arriba County (the County), as of and for the year ended June 30, 2020, and the related notes to the financial statements which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison of the General Fund and major special revenue funds of the County, as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Schedules A-1 and A-2, the notes to the Required Supplementary Information, and Schedules B-1 and B-2 on pages 84 through 95 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other 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 introductory section, the combining and individual fund financial statements, the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and Supporting Schedules I through IV required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020 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.

A handwritten signature in blue ink that reads "Cordova CPAs LLC". The signature is written in a cursive, flowing style.

Cordova CPAs LLC
Albuquerque, New Mexico
November 30, 2020

**BASIC
FINANCIAL STATEMENTS**

RIO ARRIBA COUNTY
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 29,805,265	\$ 360,738	\$ 30,166,003
Investments	8,285,837	60,269	8,346,106
Receivables:			
Property taxes	2,788,949	-	2,788,949
Other taxes	1,307,389	-	1,307,389
Due from other governments	2,045,163	132,026	2,177,189
Other receivables	-	16,802	16,802
Prepaid expenses	-	11,182	11,182
<i>Total current assets</i>	<u>44,232,603</u>	<u>581,017</u>	<u>44,813,620</u>
Noncurrent assets			
Restricted cash and cash equivalents	721,715	8,253	729,968
Due from other governments	-	224,324	224,324
Capital assets	152,727,875	5,935,161	158,663,036
Less: accumulated depreciation	<u>(69,285,422)</u>	<u>(5,294,541)</u>	<u>(74,579,963)</u>
<i>Total noncurrent assets</i>	<u>84,164,168</u>	<u>873,197</u>	<u>85,037,365</u>
<i>Total assets</i>	<u>128,396,771</u>	<u>1,454,214</u>	<u>129,850,985</u>
Deferred outflows of resources			
Deferred outflows- pension	3,833,026	21,109	3,854,135
Deferred outflows- OPEB	190,909	-	190,909
<i>Total deferred outflows of resources</i>	<u>4,023,935</u>	<u>21,109</u>	<u>4,045,044</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 132,420,706</u>	<u>\$ 1,475,323</u>	<u>\$ 133,896,029</u>

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

	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 220,221	\$ 12,464	\$ 232,685
Accrued payroll	577,933	2,133	580,066
Accrued compensated absences	53,813	3,774	57,587
Accrued interest	75,029	-	75,029
Unearned revenue	-	3,717	3,717
Current portion of loans and bonds payable	445,626	-	445,626
<i>Total current liabilities</i>	<u>1,372,622</u>	<u>22,088</u>	<u>1,394,710</u>
Noncurrent liabilities			
Accrued compensated absences	683,733	1,913	685,646
Loans and bonds payable	17,342,452	-	17,342,452
Tenant deposits	-	6,505	6,505
Net pension liability	22,163,745	-	22,163,745
Net OPEB liability	6,581,076	141,951	6,723,027
<i>Total noncurrent liabilities</i>	<u>46,771,006</u>	<u>150,369</u>	<u>46,921,375</u>
<i>Total liabilities</i>	<u>48,143,628</u>	<u>172,457</u>	<u>48,316,085</u>
Deferred inflows of resources			
Deferred inflows- pension	2,455,212	44,124	2,499,336
Deferred inflows- OPEB	4,853,306	-	4,853,306
<i>Total deferred inflows of resources</i>	<u>7,308,518</u>	<u>44,124</u>	<u>7,352,642</u>
Net position			
Net investment in capital assets	70,639,662	640,620	71,280,282
Restricted for:			
Debt service	646,686	-	646,686
Capital projects	8,445,413	-	8,445,413
Special revenue projects	20,479,064	-	20,479,064
Section 8 program	-	1,748	1,748
Unrestricted	(23,242,265)	616,374	(22,625,891)
<i>Total net position</i>	<u>76,968,560</u>	<u>1,258,742</u>	<u>78,227,302</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u>\$ 132,420,706</u>	<u>\$ 1,475,323</u>	<u>\$ 133,896,029</u>

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

RIO ARRIBA COUNTY
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 14,569,071	\$ 1,196,686	\$ 3,263,235	\$ 2,494,168
Public safety	12,468,773	66,426	4,839,819	98,357
Public works	2,645,636	49,742	921,284	-
Culture and recreation	1,009,303	505	2,911	-
Health and welfare	4,880,409	8,262	2,275,225	480,604
Interest and other costs	473,845	-	-	-
<i>Total governmental activities</i>	<u>36,047,037</u>	<u>1,321,621</u>	<u>11,302,474</u>	<u>3,073,129</u>
Business-type Activities:				
Housing authority	492,080	184,662	221,282	-
<i>Total business-type activities</i>	<u>492,080</u>	<u>184,662</u>	<u>221,282</u>	<u>-</u>
<i>Total</i>	<u>\$ 36,539,117</u>	<u>\$ 1,506,283</u>	<u>\$ 11,523,756</u>	<u>\$ 3,073,129</u>

General Revenues and Transfers:

Taxes:

- Property taxes
- Gross receipts taxes
- Oil and gas, franchise and motor vehicle
- Lodger's taxes

Investment income

Miscellaneous revenue

Loss on sale of capital assets

Transfers out to custodial funds

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

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

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (7,614,982)	\$ -	\$ (7,614,982)
(7,464,171)	-	(7,464,171)
(1,674,610)	-	(1,674,610)
(1,005,887)	-	(1,005,887)
(2,116,318)	-	(2,116,318)
(473,845)	-	(473,845)
<u>(20,349,813)</u>	<u>-</u>	<u>(20,349,813)</u>
-	(86,136)	(86,136)
-	(86,136)	(86,136)
<u>(20,349,813)</u>	<u>(86,136)</u>	<u>(20,435,949)</u>
6,720,772	-	6,720,772
6,806,613	-	6,806,613
4,086,329	-	4,086,329
45,621	-	45,621
360,379	1,056	361,435
811,386	438	811,824
(10,903)	-	(10,903)
(24,877)	-	(24,877)
<u>18,795,320</u>	<u>1,494</u>	<u>18,796,814</u>
(1,554,493)	(84,642)	(1,639,135)
<u>78,523,053</u>	<u>1,343,384</u>	<u>79,866,437</u>
<u>\$ 76,968,560</u>	<u>\$ 1,258,742</u>	<u>\$ 78,227,302</u>

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

RIO ARRIBA COUNTY

Balance Sheet
Governmental Funds
June 30, 2020

	<u>General Fund</u>	<u>Indigent Fund</u>	<u>Correctional Facility</u>
Assets			
Cash and cash equivalents	\$ 6,482,310	\$ 1,864,181	\$ 1,490,517
Investments	-	2,700,000	-
Receivables:			
Property taxes	2,788,949	-	-
Other taxes	654,808	32,247	86,201
Due from other governments	26,331	-	-
<i>Total assets</i>	<u>\$ 9,952,398</u>	<u>\$ 4,596,428</u>	<u>\$ 1,576,718</u>
Liabilities, deferred inflows of resources, and fund balances			
<i>Liabilities</i>			
Accounts payable	\$ 64,807	\$ 12,876	\$ 69,825
Accrued payroll expenses	309,906	74	74,677
<i>Total liabilities</i>	<u>374,713</u>	<u>12,950</u>	<u>144,502</u>
<i>Deferred inflows of resources</i>			
Unavailable revenue - property taxes	2,687,049	-	-
Unavailable revenue - loan receivable	-	-	-
<i>Total deferred inflows of resources</i>	<u>2,687,049</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>			
Spendable:			
Restricted for:			
General county operations	-	-	-
Public safety	-	-	1,432,216
Culture and recreation	-	-	-
Health and welfare	-	4,583,478	-
Transportation and roads	-	-	-
Capital improvements	-	-	-
Debt service	-	-	-
Committed to:			
Minimum fund balance	4,686,256	-	-
Assigned to:			
Economic development	-	-	-
Capital projects	-	-	-
Unassigned	2,204,380	-	-
<i>Total fund balances</i>	<u>6,890,636</u>	<u>4,583,478</u>	<u>1,432,216</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 9,952,398</u>	<u>\$ 4,596,428</u>	<u>\$ 1,576,718</u>

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

<u>Landfill Closure</u>	<u>County Funded Capital Projects</u>	<u>2020 GO Bonds Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 141,939	\$ 3,751,866	\$ 4,985,287	\$ 11,810,880	\$ 30,526,980
-	2,982,833	-	2,603,004	8,285,837
-	-	-	-	2,788,949
-	111,191	-	422,942	1,307,389
495,205	-	-	1,523,627	2,045,163
<u>\$ 637,144</u>	<u>\$ 6,845,890</u>	<u>\$ 4,985,287</u>	<u>\$ 16,360,453</u>	<u>\$ 44,954,318</u>
\$ -	\$ -	\$ -	\$ 72,713	\$ 220,221
-	-	-	193,276	577,933
-	-	-	265,989	798,154
-	-	-	-	2,687,049
495,205	-	-	-	495,205
495,205	-	-	-	3,182,254
141,939	-	4,985,287	775,174	5,902,400
-	-	-	8,684,726	10,116,942
-	-	-	56,512	56,512
-	-	-	989,565	5,573,043
-	6,845,890	-	3,104,861	9,950,751
-	-	-	10,500	10,500
-	-	-	721,715	721,715
-	-	-	-	4,686,256
-	-	-	164,245	164,245
-	-	-	1,589,573	1,589,573
-	-	-	(2,407)	2,201,973
<u>141,939</u>	<u>6,845,890</u>	<u>4,985,287</u>	<u>16,094,464</u>	<u>40,973,910</u>
<u>\$ 637,144</u>	<u>\$ 6,845,890</u>	<u>\$ 4,985,287</u>	<u>\$ 16,360,453</u>	<u>\$ 44,954,318</u>

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

RIO ARRIBA COUNTY
 Reconciliation of the Balance Sheet to the Statement of Net Position
 Governmental Funds
 June 30, 2020

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

Fund balances - total governmental funds	\$	40,973,910
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		83,442,453
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities		2,687,049
Loans receivables not collected within sixty days after year end are not considered "available" revenue and are considered deferred inflow in the fund financial statement, but are considered revenue in the Statement of Activities		495,205
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and therefore, are not reported in funds:		
Deferred outflows- pension		3,833,026
Deferred outflows- OPEB		190,909
Deferred inflows- pension		(2,455,212)
Deferred inflows- OPEB		(4,853,306)
Certain liabilities, including loans and bonds payable and related components, accrued interest, the net pension and OPEB liabilities, and current and long-term portions of accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued compensated absences		(737,546)
Accrued interest		(75,029)
Loans and bonds payable		(17,788,078)
Net pension liability		(22,163,745)
Net OPEB liability		(6,581,076)
		(43,345,474)
<i>Net position of governmental activities</i>	\$	76,968,560

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

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RIO ARRIBA COUNTY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	<u>General Fund</u>	<u>Indigent Fund</u>	<u>Correctional Facility</u>
<i>Revenues</i>			
Taxes:			
Property	\$ 6,324,885	\$ -	\$ -
Gross receipts taxes	3,400,584	476,700	485,528
Gasoline, franchise, and motor vehicle	3,233,976	358,773	-
Lodgers tax	-	-	-
Intergovernmental:			
PILT and federal operating grants	2,582,049	-	-
Federal capital grants	-	-	-
State operating grants	702,714	-	98,098
State capital grants	-	-	-
Charges for services	217,523	-	-
Licenses and fees	863,864	-	-
Investment income	100,461	-	-
Miscellaneous	261,656	-	180
<i>Total revenues</i>	<u>17,687,712</u>	<u>835,473</u>	<u>583,806</u>
<i>Expenditures</i>			
Current:			
General government	9,248,025	-	-
Public safety	2,314,271	-	4,509,410
Public works	194,747	-	-
Culture and recreation	273,361	-	-
Health and welfare	301,050	416,016	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Loan issuance costs	-	-	-
<i>Total expenditures</i>	<u>12,331,454</u>	<u>416,016</u>	<u>4,509,410</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>5,356,258</u>	<u>419,457</u>	<u>(3,925,604)</u>
<i>Other financing sources (uses)</i>			
Bond and loan proceeds	-	-	-
Proceeds from sale of capital assets	10,648	-	-
Transfers in	209,461	-	4,311,760
Transfers (out)	(7,379,746)	-	-
<i>Total other financing sources (uses)</i>	<u>(7,159,637)</u>	<u>-</u>	<u>4,311,760</u>
<i>Net change in fund balance</i>	(1,803,379)	419,457	386,156
<i>Fund balance - beginning of year</i>	<u>8,694,015</u>	<u>4,164,021</u>	<u>1,046,060</u>
<i>Fund balance - end of year</i>	<u>\$ 6,890,636</u>	<u>\$ 4,583,478</u>	<u>\$ 1,432,216</u>

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

<u>Landfill Closure</u>	<u>County Funded Capital Projects</u>	<u>2020 GO Bonds Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 194,966	\$ 6,519,851
-	605,984	-	1,837,817	6,806,613
-	-	-	493,580	4,086,329
-	-	-	45,621	45,621
-	-	-	2,288,865	4,870,914
-	-	-	98,357	98,357
-	-	-	5,683,748	6,484,560
-	-	-	2,974,772	2,974,772
-	-	-	190,492	408,015
-	-	-	49,742	913,606
-	190,462	16,746	52,710	360,379
-	2,465	-	547,085	811,386
-	<u>798,911</u>	<u>16,746</u>	<u>14,457,755</u>	<u>34,380,403</u>
-	190,153	-	3,836,476	13,274,654
-	-	-	3,783,511	10,607,192
-	-	-	1,552,559	1,747,306
-	-	-	67,861	341,222
550	-	-	3,521,464	4,239,080
-	165,395	923,774	5,310,973	6,400,142
-	-	-	346,949	346,949
-	-	-	325,231	325,231
-	-	107,685	-	107,685
<u>550</u>	<u>355,548</u>	<u>1,031,459</u>	<u>18,745,024</u>	<u>37,389,461</u>
<u>(550)</u>	<u>443,363</u>	<u>(1,014,713)</u>	<u>(4,287,269)</u>	<u>(3,009,058)</u>
-	-	6,000,000	713,220	6,713,220
-	-	-	4,368	15,016
-	680,000	-	2,817,076	8,018,297
-	(187,332)	-	(476,096)	(8,043,174)
-	<u>492,668</u>	<u>6,000,000</u>	<u>3,058,568</u>	<u>6,703,359</u>
(550)	936,031	4,985,287	(1,228,701)	3,694,301
<u>142,489</u>	<u>5,909,859</u>	<u>-</u>	<u>17,323,165</u>	<u>37,279,609</u>
<u>\$ 141,939</u>	<u>\$ 6,845,890</u>	<u>\$ 4,985,287</u>	<u>\$ 16,094,464</u>	<u>\$ 40,973,910</u>

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

RIO ARRIBA COUNTY

Governmental Funds

Exhibit B-2

Page 2 of 2

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

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

Net change in fund balances - total governmental funds	\$ 3,694,301
--	--------------

Governmental funds report capital outlays as expenditures. However, in
the statement of activities, the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense:

Capital outlay additions reported in capital outlay expenditures	6,400,142
Depreciation expense	(4,251,334)
Book value of assets sold	(25,919)
Adjustment to capital assets	(8,994)

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

Change in deferred inflows related to the property taxes receivable	200,921
Change in deferred inflows related to loan receivable	(53,000)

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

County pension contributions subsequent to measurement date	1,194,367
County OPEB contributions subsequent to measurement date	190,909
Net pension expense	(3,166,025)
Net OPEB expense	746,830

Expenses in the Statement of Activities that do not require current financial
resources are not reported as expenditures in the funds:

Increase in accrued interest	(40,929)
------------------------------	----------

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

Increase in accrued compensated absences	(69,491)
Bond proceeds	(6,713,220)
Principal payments on loans and bonds	346,949

<i>Change in net position of governmental activities</i>	<u><u>\$ (1,554,493)</u></u>
--	------------------------------

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

RIO ARRIBA COUNTY

Exhibit C-1

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ 6,213,763	\$ 6,213,763	\$ 6,440,355	\$ 226,592
Gross receipts	2,665,000	2,665,000	3,383,016	718,016
Gasoline, franchise and motor vehicle	4,432,200	4,432,200	3,405,030	(1,027,170)
Intergovernmental:				
Federal operating grants	2,600,000	2,600,000	2,582,049	(17,951)
State operating grants	265,000	359,342	660,088	300,746
Charges for services	121,800	121,800	217,523	95,723
Licenses and fees	681,060	681,060	870,943	189,883
Investment income	14,000	14,000	100,461	86,461
Miscellaneous	80,000	80,000	285,856	205,856
<i>Total revenues</i>	<u>17,072,823</u>	<u>17,167,165</u>	<u>17,945,321</u>	<u>778,156</u>
<i>Expenditures</i>				
Current:				
General government	9,795,641	9,884,998	9,249,701	635,297
Public safety	2,494,028	2,494,028	2,320,423	173,605
Public works	199,689	213,674	194,364	19,310
Culture and recreation	318,748	318,748	274,040	44,708
Health and welfare	396,051	396,051	304,760	91,291
<i>Total expenditures</i>	<u>13,204,157</u>	<u>13,307,499</u>	<u>12,343,288</u>	<u>964,211</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>3,868,666</u>	<u>3,859,666</u>	<u>5,602,033</u>	<u>1,742,367</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	1,893,744	3,305,616	-	(3,305,616)
Proceeds from sale of capital assets	5,000	5,000	10,648	5,648
Transfers in	-	209,461	209,461	-
Transfers (out)	(5,767,410)	(7,379,743)	(7,379,746)	(3)
<i>Total other financing sources (uses)</i>	<u>(3,868,666)</u>	<u>(3,859,666)</u>	<u>(7,159,637)</u>	<u>(3,299,971)</u>
<i>Net change in fund balance</i>	-	-	(1,557,604)	(1,557,604)
<i>Fund balance - beginning of year</i>	-	-	8,039,914	8,039,914
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,482,310</u>	<u>\$ 6,482,310</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (1,557,604)	
Adjustments to revenues for gross receipt taxes, other taxes and grants			(257,609)	
Adjustments to expenditures for salaries and operating expenses			11,834	
<i>Net change in fund balance (GAAP)</i>			<u>\$ (1,803,379)</u>	

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

RIO ARRIBA COUNTY

Exhibit C-2

Indigent Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Gross receipts	\$ 669,687	\$ 669,687	\$ 543,264	\$ (126,423)
Gasoline, franchise and motor vehicle	-	-	363,921	363,921
<i>Total revenues</i>	<u>669,687</u>	<u>669,687</u>	<u>907,185</u>	<u>237,498</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	2,049,744	2,049,744	423,061	1,626,683
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>2,049,744</u>	<u>2,049,744</u>	<u>423,061</u>	<u>1,626,683</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,380,057)</u>	<u>(1,380,057)</u>	<u>484,124</u>	<u>1,864,181</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	1,380,057	1,380,057	-	(1,380,057)
<i>Total other financing sources (uses)</i>	<u>1,380,057</u>	<u>1,380,057</u>	<u>-</u>	<u>(1,380,057)</u>
<i>Net change in fund balance</i>	-	-	484,124	484,124
<i>Fund balance - beginning of year</i>	-	-	4,080,057	4,080,057
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,564,181</u>	<u>\$ 4,564,181</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 484,124	
Adjustments to revenues for gross receipts and oil and gas taxes			(71,712)	
Adjustments to expenditures for salaries and operating expenses			7,045	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 419,457</u>	

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

RIO ARRIBA COUNTY

Exhibit C-3

Correctional Facility Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Gross receipts	\$ 430,000	\$ 430,000	\$ 481,499	\$ 51,499
Intergovernmental:				
State operating grants	-	-	124,618	124,618
<i>Total revenues</i>	<u>430,000</u>	<u>430,000</u>	<u>606,297</u>	<u>176,297</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	4,741,760	4,741,760	4,616,301	125,459
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>4,741,760</u>	<u>4,741,760</u>	<u>4,616,301</u>	<u>125,459</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(4,311,760)</u>	<u>(4,311,760)</u>	<u>(4,010,004)</u>	<u>301,756</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	-	-	-
Transfers in	4,311,760	4,311,760	4,311,760	-
<i>Total other financing sources (uses)</i>	<u>4,311,760</u>	<u>4,311,760</u>	<u>4,311,760</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	301,756	301,756
<i>Fund balance - beginning of year</i>	-	-	1,188,761	1,188,761
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,490,517</u>	<u>\$ 1,490,517</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 301,756	
Adjustments to revenues for gross receipts taxes			(22,491)	
Adjustments to expenditures for salaries and operating expenses			106,891	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 386,156</u>	

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

RIO ARRIBA COUNTY HOUSING AUTHORITY

A Component Unit of Rio Arriba County

Statement of Net Position

June 30, 2020

	Low Rent Public Housing Program	Section 8 Housing Choice Vouchers Program	Total
Assets			
Current assets			
Cash	\$ 333,355	\$ 27,383	\$ 360,738
Investments	60,269	-	60,269
Accounts receivable - tenants, net	16,555	-	16,555
Accounts receivable - grants	132,026	-	132,026
Accrued interest receivable	247	-	247
Due from other funds	6,431	-	6,431
Prepaid expenses	10,086	1,096	11,182
<i>Total current assets</i>	<u>558,969</u>	<u>28,479</u>	<u>587,448</u>
Noncurrent assets			
Restricted cash	6,505	1,748	8,253
Accounts receivable - grants	224,324	-	224,324
Capital assets	5,935,161	-	5,935,161
Less: accumulated depreciation	<u>(5,294,541)</u>	<u>-</u>	<u>(5,294,541)</u>
<i>Total noncurrent assets</i>	<u>871,449</u>	<u>1,748</u>	<u>873,197</u>
<i>Total assets</i>	<u>1,430,418</u>	<u>30,227</u>	<u>1,460,645</u>
Deferred outflows of resources			
Deferred outflows - PERA	<u>21,109</u>	<u>-</u>	<u>21,109</u>
<i>Total deferred outflows of resources</i>	<u>21,109</u>	<u>-</u>	<u>21,109</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 1,451,527</u>	<u>\$ 30,227</u>	<u>\$ 1,481,754</u>

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

	Low Rent Public Housing Program	Section 8 Housing Choice Vouchers Program	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 12,291	\$ 173	\$ 12,464
Accrued payroll	2,133	-	2,133
Unearned revenue	1,495	2,222	3,717
Compensated absences	3,774	-	3,774
Due to other funds	-	6,431	6,431
<i>Total current liabilities</i>	<u>19,693</u>	<u>8,826</u>	<u>28,519</u>
<i>Current liabilities (payable from restricted assets)</i>			
Tenant deposits	<u>6,505</u>	-	<u>6,505</u>
<i>Total current liabilities (payable from restricted assets)</i>	<u>6,505</u>	-	<u>6,505</u>
Noncurrent liabilities			
Compensated absences	1,913	-	1,913
Net pension liability - PERA	<u>141,951</u>	-	<u>141,951</u>
<i>Total noncurrent liabilities</i>	<u>143,864</u>	-	<u>143,864</u>
<i>Total liabilities</i>	<u>170,062</u>	<u>8,826</u>	<u>178,888</u>
Deferred inflows of resources			
Deferred inflows - PERA	<u>44,124</u>	-	<u>44,124</u>
<i>Total deferred inflows of resources</i>	<u>44,124</u>	-	<u>44,124</u>
Net position			
Net investment in capital assets	640,620	-	640,620
Restricted for section 8 program	-	1,748	1,748
Unrestricted	<u>596,721</u>	<u>19,653</u>	<u>616,374</u>
<i>Total net position</i>	<u>1,237,341</u>	<u>21,401</u>	<u>1,258,742</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u>\$ 1,451,527</u>	<u>\$ 30,227</u>	<u>\$ 1,481,754</u>

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

RIO ARRIBA COUNTY HOUSING AUTHORITY
A Component Unit of Rio Arriba County
Statement Of Revenue, Expenses, And Change In Net Position
For The Year Ended June 30, 2020

Exhibit D-2

	Low Rent Public Housing Program	Section 8 Housing Choice Vouchers Program	Total
<i>Operating revenues</i>			
Tenant rents	\$ 103,565	\$ -	\$ 103,565
Operating grants	132,026	89,256	221,282
Other tenant revenue	438	-	438
<i>Total operating revenues</i>	<u>236,029</u>	<u>89,256</u>	<u>325,285</u>
<i>Operating expenses</i>			
Personnel services	134,466	6,785	141,251
Contractual services	25,040	-	25,040
Accounting fees	3,753	2,211	5,964
General and administrative:			
Supplies	8,028	1,756	9,784
Insurance	20,308	-	20,308
Bad debt	(3,898)	-	(3,898)
Maintenance and materials	12,133	-	12,133
Utilities	40,551	-	40,551
Depreciation	166,084	-	166,084
Housing assistance payments -portability in	-	438	438
Housing assistance payments	-	74,348	74,348
Miscellaneous	77	-	77
<i>Total operating expenses</i>	<u>406,542</u>	<u>85,538</u>	<u>492,080</u>
<i>Operating gain (loss)</i>	(170,513)	3,718	(166,795)
<i>Nonoperating revenues</i>			
Interest income	1,029	27	1,056
Management fee income	81,097	-	81,097
<i>Total non-operating revenues</i>	<u>82,126</u>	<u>27</u>	<u>82,153</u>
<i>Change in net position</i>	(88,387)	3,745	(84,642)
<i>Net position - beginning of year</i>	<u>1,325,728</u>	<u>17,656</u>	<u>1,343,384</u>
<i>Net position - end of year</i>	<u>\$ 1,237,341</u>	<u>\$ 21,401</u>	<u>\$ 1,258,742</u>

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

RIO ARRIBA COUNTY HOUSING AUTHORITY
A Component Unit of Rio Arriba County
Statement of Cash Flows
For The Year Ended June 30, 2020

Exhibit D-3

	Public Housing Low Rent Program	Section 8 Housing Choice Voucher	Total
<i>Cash flows from operating activities:</i>			
Cash received from tenants	\$ 98,735	\$ -	\$ 98,735
Cash received from operating grants	91,786	91,491	183,277
Cash payments to employees for services	(134,938)	(9,098)	(144,036)
Cash payments to suppliers for goods and services	(113,465)	(72,335)	(185,800)
<i>Net cash provided (used) by operating activities</i>	(57,882)	10,058	(47,824)
<i>Cash flows from noncapital financing activities:</i>			
Cash received from management fee income	81,097	-	81,097
<i>Net cash provided by noncapital financing activities</i>	81,097	-	81,097
<i>Cash flows from capital and related financing activities</i>			
Acquisition of capital assets	(28,958)	-	(28,958)
<i>Net cash used by capital and related financing activities</i>	(28,958)	-	(28,958)
<i>Cash flows from investing activities:</i>			
Interest received on certificates of deposit	565	27	592
<i>Net cash provided by investing activities</i>	565	27	592
Net increase (decrease) in cash	(5,178)	10,085	4,907
Cash beginning of year	345,038	19,046	364,084
Cash end of year	\$ 339,860	\$ 29,131	\$ 368,991
<i>Reconciliation of operating gain (loss) to net cash provided (used) by operating activities:</i>			
Operating gain (loss)	\$ (170,513)	\$ 3,718	\$ (166,795)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	166,084	-	166,084
Bad debt	(13,888)	-	(13,888)
Net pension expense	2,027	(2,313)	(286)
Changes in assets and liabilities:			
Accounts receivable and due from others	(45,861)	13	(45,848)
Prepaid expenses	(508)	(13)	(521)
Accounts payable and due to others	6,923	6,431	13,354
Accrued liabilities	456	-	456
Unearned revenue	353	2,222	2,575
Compensated absences	(2,955)	-	(2,955)
<i>Net cash provided (used) by operating activities</i>	\$ (57,882)	\$ 10,058	\$ (47,824)

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

RIO ARRIBA COUNTY
Statement of Fiduciary Net Position
June 30, 2020

Exhibit E-1

	Custodial Funds
Assets	
Cash	\$ 660,121
Property tax receivable	4,676,920
Other taxes receivable	<u>150,908</u>
<i>Total assets</i>	<u><u>\$ 5,487,949</u></u>
Liabilities	
Accounts payable	\$ 4,409
Funds held in trust and due to others	<u>5,483,540</u>
<i>Total liabilities</i>	<u><u>\$ 5,487,949</u></u>

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

RIO ARRIBA COUNTY
Statement of Changes in Fiduciary Net Position
June 30, 2020

Exhibit E-2

	Custodial Funds
<i>Additions:</i>	
Property and gross receipts taxes	\$ 13,747,047
Transfers in from governmental activities	24,877
Contributions and other collections from private sources	32,080
<i>Total additions</i>	13,804,004
 <i>Deductions:</i>	
Distributions to other governments	13,142,355
Gross receipts tax distributions and other expenses	465,735
<i>Total deductions</i>	13,608,090
 Change in custodial funds due to others	 195,914
 Beginning - custodial funds due to others	 5,287,626
 Ending - custodial funds due to others	 \$ 5,483,540

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

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 1. Summary of Significant Accounting Policies

Rio Arriba County (the “County”) is a political sub-division of the State of New Mexico established and regulated by the constitution of the State of New Mexico. The County operates under a Board of County Commission-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 and general administrative services.

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

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

This summary of significant accounting policies of Rio Arriba County is presented to assist in the understanding of Rio Arriba County’s financial statements. The financial statements and notes are the representation of Rio Arriba County’s management who is responsible for their integrity and objectivity. The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Rio Arriba County was not required to present a disclosure in accordance with GASB Statement No. 77 for the year ended June 30, 2020.

The more significant of the government’s accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the County, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61. Blended component units, although legally separate entities are, in substance, part of the government’s operations.

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

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 1. Summary of Significant Accounting Policies (continued)

Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the County has one component unit required to be reported under GASB Statements No. 14, No. 39, and No. 61.

Blended Component Unit

Rio Arriba County Housing Authority (the "Authority"): The Authority is a separate legal entity that can sue or be sued separately from the County. The component unit has the same three board members as the County and receives funding from the County to meet some of its expenditures. For these reasons, the Authority is considered a blended component unit. The Authority provides services to residents, generally within the geographic boundaries of the primary government.

Generally Accepted Accounting Principles requires the inclusion of this unit in the reporting entity. A separate audited financial statement was issued by the Authority and can be obtained by writing to the Rio Arriba County Housing Authority, PO Box 310, 737 La Joya Street, Española, NM 87532. The business-type activities have been presented in the government-wide financial statements, and there is a separately issued full set of financial statements and disclosures to the basic financial statements for the Authority.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non- exchange Transactions*.

In the government-wide Statement of Net Position, the governmental activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The County's net position is reported in three parts – Net investment in capital assets; restricted net position; and unrestricted net position.

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Grants and similar items are recognized as revenue as soon as all eligibility requirements of time, reimbursement and contingencies imposed by the provider are met.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable 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. Unavailable revenue is classified as a deferred inflow.

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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

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

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

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Indigent Special Revenue Fund* accounts for expenditures that assist needy individuals with hospital expenses. Financing is provided by Gross Receipts Tax Revenue. (Authority: NMSA 19787-20-3).

The *Correctional Facility Special Revenue Fund* accounts for expenditures of equipment, operating costs, and training for the County Detention Center. Financing is provided by Gross Receipts Tax Revenue. (Authority: NMSA 7-20F-3)

The *Landfill Closure Capital Projects Fund* accounts for expenditures for planning landfill closures and revenue associated with the North Central Solid Waste Authority loan receivable. (Authority: County Commission)

The *County Funded Capital Projects Fund* accounts for capital acquisitions funded by bond proceeds, gross receipts taxes, cash transfers from the General Fund. (Authority: County Commission)

The *2020 GO Bonds Capital Projects Fund* accounts for loan proceeds used for purposes of financing the costs of new roads, infrastructure, and other equipment within the County. (Authority: County Commission)

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority, a blended component unit of the County, are rent and other tenant-related revenue. Operating expenses of the Authority consist of administrative costs, maintenance and repairs, housing assistance payments, bad debt expenses, and depreciation.

All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses. A separate audited financial statement was issued by the Authority and can be obtained by writing to the Rio Arriba County Housing Authority, PO Box 310, 737 La Joya Street, Española, NM 87532.

The separate audit report contains a full set of financial statements and disclosures to the basic financial statements for the Authority.

Additionally, the government reports the following custodial funds:

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

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 various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Assets, Liabilities, Deferred Inflows and Outflows 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 Investment Pool.

Investments for the County are reported at fair value. The State Treasurer's Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. As of June 30, 2020, the County maintained a balance of \$5,585,110 in the Local Government Investment Pool.

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Fund Equity (continued)

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

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, net of estimated refunds and uncollectable amounts.

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

Restricted Assets: Restricted assets consist of those funds expendable for debt service purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended.

Capital Assets: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Rio Arriba County was a phase II government for purpose of recording the historical cost (or estimate) of infrastructure assets retroactively to 1979. Those infrastructure costs are included in the capital assets. New infrastructure built since GASB Statement No. 34 was implemented in fiscal year 2003 has also been capitalized. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	25-50
Land improvements	20-40
Infrastructure	25-50
Machinery and equipment	5-10

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Fund Equity (continued)

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2020, along with applicable PERA, Retiree Health Care, FICA and Medicare accruals.

Deferred Outflows of Resources: In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. There are four types of items that qualify for reporting in this category related to the pension and OPEB plans which are discussed at Notes 10 and 11.

Deferred Inflows of Resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The County has two types of deferred inflows which arise under the modified accrual basis of accounting that qualify for reporting in this category. Accordingly, the items, unavailable revenue - property taxes and unavailable revenue - loan receivable, are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The County has recorded \$2,687,049 related to property taxes and \$495,205 for a loan that are considered "unavailable". The County also has items related to the pension and OPEB plans which are discussed at Notes 10 and 11.

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 (P.E.R.A) and additions to/deductions from P.E.R.A's fiduciary net position have been determined on the same basis as they are reported by P.E.R.A, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB) For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA's fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences: Qualified employees may accumulate limited amounts of vacation pay which are payable to the employee upon termination or retirement. Full-time classified employees accrue annual leave at the rate of 6.1538 hours per pay period for a total of 20 days per year. Part-time classified employees working more than 20 hours but less than 40 hours a week will accrue annual leave on a pro-rated basis. Employees can carryover up to 30 days of annual leave from one fiscal year to another. Any leave in excess of 240 hours will be converted to sick leave.

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Fund Equity (continued)

The employee or the employee's estate will be paid for each day of unused annual leave at the time of the employee's voluntary or involuntary termination, retirement, death, or total disability up to a maximum of 30 days plus the number of days accrued and unused during the current calendar year. Full-time classified employees are entitled to accumulate sick leave at a rate of 18 days per year, and it may be accrued from year to year until the employee's termination or retirement. Part-time classified employees working more than 20 hours but less than 40 hours a week will accrue sick leave on a pro-rated basis.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

Long-term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. For bonds issued after GASB Statement No. 34 was implemented, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. For fund financial reporting, bond premiums, discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as other financing sources.

Fund Balance Classification Policies and Procedures: In the governmental fund financial statements, fund balance is reported in five classifications:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form; for example, inventories, prepaid amounts, long term amount of loans and note receivable or (b) legally or contractually required to be maintained intact; for example, debt service reserves. The County has no nonspendable fund balances at June 30, 2020.

Restricted – This classification includes amounts that are restricted to a specific purpose. Fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors (such as debt covenants) grantors, contributors, or laws or regulations of other governments; (b) enabling legislation, as the term is used authorizes the County to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. The County has \$32,331,863 in restricted fund balances at June 30, 2020.

Committed – This classification includes amounts that can only be used for specific purposes to constraints imposed by formal action of the Board of County Commissioners, the County's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board of County Commissioners removes or changes the specific use by taking the same type of action (for example, resolution or ordinance) it employed to previously commit those amounts. The County has \$4,686,256 in committed funds at June 30, 2020.

Assigned – This classification includes amounts that are constrained by the County's *intent* to be used for specific purposes, but are neither restricted nor committed and should be reported as assigned fund balance. The Board of County Commissioners has delegated the authority to assign amounts to be used for specific purposes to the County Manager and the Director of Finance.

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 1. Summary of Significant Accounting Policies (continued)

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

The County has \$1,753,818 in assigned fund balances at June 30, 2020.

Unassigned – This classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. The County has \$2,201,973 in unassigned fund balances at June 30, 2020.

Minimum Fund Balance Policy: The County’s policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the County holds cash reserves of 3/12th the General Fund expenditures. At June 30, 2020, the County maintains \$4,686,256 as minimum fund balance.

When expenditures are incurred for purposes for which amounts in any of the spendable fund balance classifications could be used, it is the County’s policy to use committed amounts first, followed by assigned amounts and then unassigned amounts.

Equity Classifications

Government –Wide Statements

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

- a. Net investment in capital assets: Net investment in capital assets consist of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The County maintained \$4,985,287 in unspent bond proceeds as of June 30, 2020.
- b. Restricted net position: Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for “special revenue, capital projects and debt service funds” are described on pages 35-36 and 98-103. For the primary government, the government-wide statement of net position reports \$29,572,911 of restricted amounts. The special revenue funds have \$20,479,064 which is restricted by enabling legislation, \$646,686 is restricted for debt service requirements, \$8,445,413 for capital projects and \$1,748 is restricted for Section 8 Housing.
- c. Unrestricted net position: All other net position amounts that do not meet the definition of “restricted” or “net investment in capital assets.”

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the County are management’s estimate of estimated useful lives, net pension and OPEB liabilities and related deferred inflows and outflows of resources, allowance for doubtful accounts, and the current portion of accrued compensated absences.

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets of the County are prepared prior to June 1 and must be approved by resolution of the County Commissioners and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the County Commissioners and the Department of Finance and Administration.

Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total by fund. These budgets are prepared on the Non-GAAP budgetary basis and secure appropriation of funds for only one year. The expenditures on the budgetary basis exclude encumbrances. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

The budgetary information presented in these financial statements has been properly amended by County Commissioners in accordance with the above procedures. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures	
	Operating income (loss)	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	\$ 3,868,666	\$ 3,859,666
Indigent Fund	\$ (1,380,057)	\$ (1,380,057)
Correctional Facilities Fund	\$ (4,311,760)	\$ (4,311,760)

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

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

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 3. 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. The County is authorized under the provision of Section 6-10-10, NMSA 1978, as amended, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States of America. Local public finance officials may also place deposits with the State Treasurer's Local Government Investment Pool pursuant to Sections 6-10-10.1 and 6-10-36 NMSA 1978.

Pursuant to Section 6-10-36 NMSA 1978, deposits of funds may be made in: (1) non-interest bearing checking accounts within the geographical boundaries of the County, to the extent the deposits are insured by an agency of the United States, or (2) in interest bearing deposits in one or more banks or savings and loan associations, or credit unions within the geographical boundaries of the County, that have qualified as public depositories by reason of insurance of the account by an agency of the United States or by depositing collateral security or by giving bond as provided by law.

Section 6-10-17 of NMSA 1978, requires that 50% of the balance of all deposits not insured by the FDIC, in banks or savings and loan associations must be collateralized by securities specified in Section 6-10-16 NMSA 1978. According to the statute, securities that are obligations of the state of New Mexico, its agencies, institutions, counties, municipalities or other subdivisions shall be accepted as security at par value. All other securities allowed by the statute shall be accepted as security at market value.

All of the County's accounts at an insured depository institution, including non-interest-bearing accounts are insured by the Federal Deposit Insurance Corporation up to the standard maximum deposit insurance amount of \$250,000.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). As of June 30, 2020, \$25,174,221 of the County's bank balances totaling \$30,439,006 was exposed to custodial credit risk. Although the \$25,174,221 was uninsured, all of this amount was collateralized by collateral held by the pledging bank's trust department, not in the County's name. None of the County's deposits were uninsured and uncollateralized as of June 30, 2020.

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 3. Deposits and Investments (continued)

	New Mexico Bank and Trust	Bank of the West	Washington Federal
Amount of deposits	\$ 25,080,487	\$ 1,037,950	\$ 305,784
FDIC Coverage	(500,000)	(500,000)	(250,000)
Total uninsured public funds	<u>24,580,487</u>	<u>537,950</u>	<u>55,784</u>
Collateralized by securities held by pledging institution or by its trust department or agent in other than the County's name	24,580,487	537,950	55,784
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50% of uninsured funds)	\$ 12,290,244	\$ 268,975	\$ 27,892
Pledged Collateral	31,597,107	1,054,871	114,581
Over (Under) collateralized	<u>\$ 19,306,863</u>	<u>\$ 785,896</u>	<u>\$ 86,689</u>

	Moreton Capital	Mesirow Financial	Total
Amount of deposits	\$ 2,002,133	\$ 2,012,652	\$ 30,439,006
FDIC Coverage	(2,002,133)	(2,012,652)	(5,264,785)
Total uninsured public funds	<u>-</u>	<u>-</u>	<u>25,174,221</u>
Collateralized by securities held by pledging institution or by its trust department or agent in other than the County's name	-	-	25,174,221
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50% of uninsured funds)	\$ -	\$ -	\$ 12,587,111
Pledged Collateral	-	-	32,766,559
Over (Under) collateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,179,448</u>

The collateral pledged is listed on Schedule II on this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by an agency, County district or political subdivision of the State of New Mexico.

The investments are listed on Schedule I of this report. At year end June 30, 2020, there were \$2,700,728 of certificates of deposit, classified as investments at Exhibit B-1.

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 3. Deposits and Investments (continued)

Reconciliation to the Statement of Net Position:

Cash and cash equivalents per Exhibit A-1	\$	29,805,265
Investments per Exhibit A-1		8,285,837
Restricted cash and cash equivalents per Exhibit A-1		721,715
Cash - Statement of Fiduciary Net Position per Exhibit E-1		660,121
 Total cash, investments, and cash equivalents		 39,472,938
 Add: outstanding checks and other reconciling items		 2,626,574
Less: NMFA restricted accounts		(6,075,396)
Less: State of New Mexico LGIP		(5,585,110)
 Bank balance of deposits	 \$	 30,439,006

Restricted cash represents cash held at NMFA for debt service requirements and consist of U.S. Treasury Money Market Mutual Fund amounts. U. S Treasury Money Market Fund is rated Aaa by Standard and Poor’s. There was no interest rate risk associated with the U.S Treasury Money Market Mutual Fund amounts at June 30, 2020. These accounts are classified as cash equivalents on the statement of net position due to their original weighted average maturity of less than 90 days.

Investments

Credit Risk

The New MexiGROW Local Government Investment Pool’s (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10(I) through 6-10-10(P) and Sections 6-10-10.1(A) and (E), NMSA 1978. The LGIP’s investments are monitored by the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10.1(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 fund amounts were invested. Participation in the LGIP is voluntary.

As of June 30, 2020, the County had the following investments and maturities:

Investment Type	Weighted Average Maturities	Fair Value	Rating*
LGIP	25 Days(R) 77 days(F)	\$ 5,585,110	AAAm
U.S. Treasury Notes	<1 year	6,075,396	Aaa
Total		\$ 11,660,506	

*Rating based on Moody’s rating

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 3. Deposits and Investments (continued)

Concentration of Credit Risk

The County's investment policy places no limit on the amount the County may invest in any one issuer. The County's investments are in Certificates of Deposit with the County's local banks with the average maturity being one year.

Interest Rate Risk – Investments. The County does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Concentration of Credit Risk – Investments. For an investment, concentration credit risk is when any one issuer is 5% or more of the investment portfolio of the County. Since the County only purchases investments with the highest credit rating, concentration of credit risk is not viewed to be an additional risk by the County. The County's policy related to concentration of credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

The County utilizes pooled accounts for their funds. The General, Special Revenue, Capital Projects, and Custodial Funds are all in multiple accounts.

Fair Value Measurement

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the County has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 3. Deposits and Investments (continued)

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the County believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The County maintained a balance of \$5,585,110 in LGIP and \$4,658,187 in U.S Treasury Money Market Mutual Funds at year end which required fair value disclosure.

The following table sets forth by level within the fair value hierarchy, the County's assets at fair value as of June 30, 2020:

<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
\$ 11,660,506	\$ 6,075,396	\$ 5,585,110	\$ -

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 4. Receivables

Receivables as of June 30, 2020 for the primary government are as follows:

	<u>General</u>	<u>Indigent Fund</u>	<u>Correctional Facility</u>	<u>Landfill Closure</u>
Property taxes	\$ 2,788,949	\$ -	\$ -	\$ -
Taxes receivable:				
Gross receipts taxes	380,434	25,861	86,201	-
Lodgers taxes	-	-	-	-
Oil and gas taxes	241,073	6,386	-	-
MVD taxes	33,301	-	-	-
Total taxes receivable	<u>654,808</u>	<u>32,247</u>	<u>86,201</u>	<u>-</u>
Due from other governments:				
State grants and other charges	26,331	-	-	-
Federal grants	-	-	-	-
NCSWA Loan	-	-	-	495,205
Total due from other governments	<u>26,331</u>	<u>-</u>	<u>-</u>	<u>495,205</u>
Accounts receivable, net	<u>\$ 3,470,088</u>	<u>\$ 32,247</u>	<u>\$ 86,201</u>	<u>\$ 495,205</u>

	<u>County Funded Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property taxes	\$ -	\$ -	\$ 2,788,949
Taxes receivable:			
Gross receipts taxes	111,191	357,427	961,114
Lodgers taxes	-	4,712	4,712
Oil and gas taxes	-	-	247,459
MVD taxes	-	60,803	94,104
Total taxes receivable	<u>111,191</u>	<u>422,942</u>	<u>1,307,389</u>
Due from other governments:			
State grants and other charges	-	1,400,661	1,426,992
Federal grants	-	122,966	122,966
NCSWA Loan	-	-	495,205
Total due from other governments	<u>-</u>	<u>1,523,627</u>	<u>2,045,163</u>
Accounts receivable, net	<u>\$ 111,191</u>	<u>\$ 1,946,569</u>	<u>\$ 6,141,501</u>

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$2,687,049 that were not collected within the period of availability have been reclassified as deferred inflow in the governmental fund financial statements.

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 4. Receivables (continued)

The loan receivable of \$495,205 is between Rio Arriba County and the North Central Solid Waste Authority pursuant to a Joint Powers Agreement under New Mexico law. The loan was executed in June 2011 and the purpose was to assist the North Central Solid Waste Authority with the repayments of its debts. The terms of the loan require the North Central Solid Waste Authority to pay back Rio Arriba County \$53,000 each year and matures in 2030. The loans bears no interest and any imputed interest is deemed inconsequential to the financial statements.

NOTE 5. Interfund Transfers

Transfers are made to various funds to supplement the costs of risk management insurance and to enable funds to operate until reimbursement is received. Interfund transfers are composed of the following for the year ended June 30, 2020:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Correctional Facility	\$ 4,311,760
General Fund	Economic Development	123,846
General Fund	Farm & Range Improvement	24,000
General Fund	Senior Citizen	761,650
General Fund	Sheriffs Grants and DWI Programs	152,393
General Fund	Behavioral Health and Other Programs	164,303
General Fund	Senior Appropriations Capital Projects	10,814
General Fund	County Funded Capital Projects	650,000
General Fund	Legislative Appropriations	1,173,688
General Fund	New Mexico State Library	7,292
Census Grant	General Fund	9,000
DWI Programs	General Fund	13,856
Senior Appropriations Capital Projects	General Fund	168,276
Legislative Appropriations	General Fund	18,304
Behavioral Health and Other Programs	General Fund	25
Senior Appropriations Capital Projects	County Funded Capital Projects	30,000
County Funded Capital Projects	Debt Service Reserve Accounts	187,332
Fire Department Funds	Fire District Bond Fund	115,210
Other nonmajor governmental funds	Other nonmajor governmental funds	96,548
Health and Social Services	Inmate Custodial Fund	<u>24,877</u>
	Total	<u>\$ 8,043,174</u>

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 6. Capital Assets

The following is a summary of capital assets and changes occurring during the year ended June 30, 2020. Land, construction in progress, works of art, book collections, and water rights are not being depreciated.

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deletions and Adjustments</u>	<u>Balance June 30, 2020</u>
Capital assets not being depreciated:				
Land	\$ 14,311,043	\$ -	\$ (8,994)	\$ 14,302,049
Construction in progress	225,297	743,972	(225,297)	743,972
Works of art	180,000	-	-	180,000
Book collections	10,000	-	-	10,000
Water Rights	290,674	-	-	290,674
Total not being depreciated	<u>15,017,014</u>	<u>743,972</u>	<u>(234,291)</u>	<u>15,526,695</u>
Capital assets being depreciated:				
Buildings and improvements	79,480,589	1,849,501	-	81,330,090
Land improvements	7,200,716	303,819	-	7,504,535
Infrastructure	16,743,115	8,579	-	16,751,694
Machinery and equipment	28,385,381	3,719,568	(490,088)	31,614,861
Total being depreciated	<u>131,809,801</u>	<u>5,881,467</u>	<u>(490,088)</u>	<u>137,201,180</u>
Total capital assets	<u>146,826,815</u>	<u>6,625,439</u>	<u>(724,379)</u>	<u>152,727,875</u>
Accumulated depreciation:				
Buildings and improvements	30,166,572	1,938,355	-	32,104,927
Land improvements	2,658,914	316,468	-	2,975,382
Infrastructure	10,273,439	450,727	-	10,724,166
Machinery and equipment	22,399,332	1,545,784	(464,169)	23,480,947
Total accumulated depreciation	<u>65,498,257</u>	<u>4,251,334</u>	<u>(464,169)</u>	<u>69,285,422</u>
Capital assets, net	<u>\$ 81,328,558</u>	<u>\$ 2,374,105</u>	<u>\$ (260,210)</u>	<u>\$ 83,442,453</u>

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

Governmental activities:	
General government	\$ 912,917
Public Safety	1,272,205
Culture and Recreation	611,009
Public Works	856,858
Health and Welfare	598,345
	<u>\$ 4,251,334</u>

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 7. Long-term Debt

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

	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020	Due Within One Year
Bonds	\$ 3,816,460	\$ 6,000,000	\$ 220,122	\$ 9,596,338	\$ 227,200
NMFA Loans	7,605,347	250,756	126,827	7,729,276	218,426
NMED Loans	-	462,464	-	462,464	-
Compensated Absences	668,055	556,608	487,117	737,546	53,813
Total	\$ 12,089,862	\$ 7,269,828	\$ 834,066	\$ 18,525,624	\$ 499,439

Gross Receipts Revenue Bonds

On July 31, 2013 the County issued Gross Receipts Tax Improvement Revenue Bonds Series 2013 for purpose of acquiring, constructing, equipping and improving solid waste facilities and equipment in the County. The County pledged GRT revenues to pay for the loan. The bonds have an interest rate of 3.190% throughout the life of the bonds which are payable through July 1, 2033.

The annual requirements to amortize the bonds described above are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2021	\$ 227,200	\$ 112,926	\$ 340,126
2022	234,505	105,620	340,125
2023	242,046	98,080	340,126
2024	249,829	90,297	340,126
2025	257,862	82,264	340,126
2026-2030	1,419,144	281,484	1,700,628
2031-2033	965,753	54,624	1,020,377
Total	\$ 3,596,338	\$ 825,295	\$ 4,421,634

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 7. Long-term Debt (continued)

General Obligation Bonds

On February 19, 2020, the County issued General Obligation Bonds totaling \$6,000,000. General Obligation Bonds, Series 2020A are tax-exempt totaling \$5,490,000 and General Obligation Bonds, Series 2020B are taxable totaling \$510,000. Both bonds were sold at par value and ad valorem taxes have been pledged to satisfy the debt service over the life of the bonds. The interest rates on the bonds range from 0.00% to 2.83% and the County incurred underwriting discounts and issuance costs of \$107,685. The bonds achieved a true interest cost interest rate of 2.41% and 2.34%, respectively. The purpose of the Bonds is to fund certain projects including roads and other infrastructure improvements throughout the County.

The annual requirements to amortize the bonds described above are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2021	\$ -	\$ 121,005	\$ 121,005
2022	275,000	115,243	390,243
2023	280,000	110,767	390,767
2024	285,000	106,187	391,187
2025	285,000	103,337	388,337
2026-2030	1,480,000	467,817	1,947,817
2031-2035	1,595,000	348,898	1,943,898
2036-2040	1,800,000	150,398	1,950,398
Total	\$ 6,000,000	\$ 1,523,652	\$ 7,523,652

NMFA Loans

On September 3, 2010 the County entered into a loan agreement with the NMFA and the proceeds went directly to the North Central Solid Waste Authority as a grant from the County. The original amount of the issue was for \$143,238. The county pledged its GRT revenues to pay for this loan by way of intercept payments. The interest rates range from 1.12% and 2.85% through the life of the loan and matures May of 2020.

On May 17, 2013 the County entered into a loan agreement with NMFA in the amount of \$3,573,105 for purposes of planning, constructing and equipping an archive facility to be located in Tierra Amarilla. The County pledged its GRT revenues to pay for this loan by way of intercept payments. The loan has a blended interest rate of 3.210% throughout the life of the loan and matures in May of 2042.

On May 10, 2019 the County entered into a loan agreement with NMFA in the amount of \$4,484,620 for purposes of financing the costs of purchasing and installing new solar energy systems, heating, ventilation and air conditioning equipment and controls, LED lighting, water meters, a pool heat recover unit, pool condensing boiler, and related energy savings improvements in various facilities owned by the County. The County pledged its equalization distribution pursuant to Section 7-1-6.16 NMSA, 1978 and has a debt service coverage ratio of 150%. The blended interest rate is 2.53% over the life of the loan and no collateralized assets have been pledged as part of this agreement.

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 7. Long-term Debt (continued)

On October 4, 2019 the County entered into loan agreements with NMFA in the amount of \$250,756 for purposes of financing the costs of purchasing fire apparatuses and related equipment for the Agua Sana and Abiquiu Fire Departments. The County pledged its distribution of State Fire Protection Fund pursuant to Section 59A-53-7, NMSA 1978 and has a debt service coverage ratio of 125%. The blended interest rate is 0.100003% over the life of the loan and no collateralized assets have been pledged as part of this agreement.

The annual requirements to amortize the loans described above are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2021	\$ 218,426	\$ 208,018	\$ 426,444
2022	229,671	204,477	434,148
2023	241,645	200,554	442,199
2024	254,546	196,064	450,610
2025	268,457	190,943	459,400
2026-2030	1,560,043	857,364	2,417,407
2031-2035	1,920,560	619,093	2,539,653
2036-2040	2,661,254	236,428	2,897,682
2041-2042	374,674	-	374,674
Total	\$ 7,729,276	\$ 2,712,941	\$ 10,442,217

NMED Loans

During 2016 the County entered into a grant and loan agreement with the New Mexico Environment Department. The loan portion totals an amount up to \$950,000 at the interest rate of 2% annually during the construction. The purpose of the funds is to finance the costs of the wastewater and infrastructure improvements. The County pledged 0.125% of its GRT revenues to satisfy the debt service of this loan. Upon completion, 30 annual installments in the amount of \$42,417.43 are due and the first annual installment shall be due within one year after completion of the project.

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the loans described above are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2021	\$ -	\$ -	\$ -
2022	11,400	9,249	20,649
2023	11,628	9,021	20,649
2024	11,860	8,789	20,649
2025	12,097	8,552	20,649
2026-2030	64,214	39,030	103,244
2031-2035	70,899	32,346	103,245
2036-2040	78,278	24,967	103,245
2041-2045	86,424	16,821	103,245
2046-2050	95,419	7,825	103,244
2051	20,245	405	20,650
Total	<u>\$ 462,464</u>	<u>\$ 157,005</u>	<u>\$ 619,469</u>

Employees of the County are able to accrue a limited amount of vacation and other compensatory time during the year. During the fiscal year June 30, 2020, compensated absences increased by \$69,491. Compensated absences are paid by the fund that they are accrued in, which is typically the General Fund.

NOTE 8. Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters.

The County 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.

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 9. Pension Plan – Public Employee Retirement Association of NM

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, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), 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.

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 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 9. Pension Plan – Public Employee Retirement Association of NM (continued)

Contributions – See PERA’s compressive annual financial report for Contribution provided description.

PERA Contribution Rates and Pension Factors in effect during FY19						
Coverage Plan	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per year of Service		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
STATE PLAN						
State Plan 3	7.42%	8.92%	16.99%	3.0%	2.5%	90%
MUNICIPAL PLANS 1 - 4						
Municipal Plan 1 (plan open to new employers)	7.0%	8.5%	7.4%	2.0%	2.0%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.55%	2.5%	2.0%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.55%	3.0%	2.5%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.05%	3.0%	2.5%	90%
MUNICIPAL POLICE PLANS 1 - 5						
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
MUNICIPAL FIRE PLANS 1 - 5						
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.9%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
MUNICIPAL DETENTION OFFICER PLAN 1						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.						
State Police and Adult Correctional Officer Plan 1	7.6%	9.1%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 9. Pension Plan – Public Employee Retirement Association of NM (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows

PERA Fund Division Municipal General: At June 30, 2020, the County reported a liability of \$19,163,271 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2019 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2019. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2019.

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. At June 30, 2019, the County’s proportion was 1.1070, which was an decrease of 0.1545 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$2,755,681. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 854,480	\$ 47,199
Changes in proportion	138,558	1,754,413
Difference between expected and actual experience	574,551	207,303
Net difference between projected and actual earnings on pension plan investments	645,750	-
County's contributions subsequent to the measurement date	<u>842,622</u>	<u>-</u>
Total	<u>\$ 3,055,961</u>	<u>\$ 2,008,915</u>

\$842,622 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pensions expense as follows:

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 9. Pension Plan – Public Employee Retirement Association of NM (continued)

Year ended June 30:

2019	\$ 313,629
2020	(37,666)
2021	(177,783)
2022	106,244
Thereafter	-
Total	<u>\$ 204,424</u>

PERA Fund Division Municipal Police: At June 30, 2020, the County reported a liability of \$3,000,474 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2019 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2019. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2019.

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. At June 30, 2019, the County’s proportion was 0.4062, which was a decrease of 0.0657 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$410,344. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 170,195	\$ 7,634
Changes in proportion	36,078	310,848
Difference between expected and actual experience	125,351	127,815
Net difference between projected and actual earnings on pension plan investments	93,696	-
County's contributions subsequent to the measurement date	<u>351,745</u>	<u>-</u>
Total	<u>\$ 777,065</u>	<u>\$ 446,297</u>

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 9. Pension Plan – Public Employee Retirement Association of NM (continued)

\$351,745 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pensions expense as follows:

Year ended June 30:	
2021	\$ 14,877
2022	(6,383)
2023	(44,848)
2024	15,377
Thereafter	-
Total	<u><u>\$ (20,977)</u></u>

Actuarial assumptions. The total pension liability in the June 30, 2019 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, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Period	Level Percentage of Pay
Asset Valuation Method	Solved for based on statutory rates
Actuarial Assumptions:	
Investment Rate of Return	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll Growth	3.00%
Projected Salary increases	3.25% to 13.50 annual rate
Includes Inflation at	2.50%
	2.75% all other years
Mortality Assumption	The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups..
Experience Study Dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2013 through June 30, 2017 (economic)

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 9. Pension Plan – Public Employee Retirement Association of NM (continued)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2018. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2019. These assumptions were adopted by the Board use in the June 30, 2018 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:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	42.33%	7.48%
Risk Reduction & Mitigation	21.37%	2.37%
Credit Oriented Fixed Income	15.00%	5.47%
Real Assets to include Real Estate Equity	20.00%	6.48%
Multi-Risk Allocation	<u>1.30%</u>	
Total	100.00%	

Discount rate. A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2019. 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 period 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.

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 9. Pension Plan – Public Employee Retirement Association of NM (continued)

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 Municipal General Division	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability	\$ 28,983,292	\$ 19,163,271	\$ 11,038,520
PERA Fund Municipal Police Division	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability	\$ 4,540,670	\$ 3,000,474	\$ 1,743,964

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued PERA'S financial reports and also the State of New Mexico Comprehensive Annual Financial Report.

Payables to the pension plan. At June 30, 2020, the County had payables to the plan in the amount of \$109,180.

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 10. Post-Employment Benefits – State Retiree Health Care Plan

General Information about the OPEB

Plan description. Employees of the County are provided with OPEB through the Retiree Health Care Fund (the Fund)—a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA’s financial information is included with the financial presentation of the State of New Mexico.

Benefits provided. The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

Employees covered by benefit terms – At June 30, 2019, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	52,179
Inactive and eligible for deferred benefit	10,916
Current active members	<u>91,082</u>
	<u>154,177</u>
Active membership	
State general	17,097
State police and corrections	1,830
Municipal general	17,538
Municipal police	3,159
Municipal FTRE	1,966
Educational Retirement Board	<u>49,492</u>
	<u>91,082</u>

Contributions – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the County were \$190,909 for the year ended June 30, 2020.

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 10. Post-Employment Benefits – State Retiree Health Care Plan (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, the County reported a liability of \$6,581,076 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2019. At June 30, 2020, the County's proportion was 0.20297 percent.

For the year ended June 30, 2020, the County recognized OPEB income of \$746,830. At June 30, 2020 the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,656,133
Net difference between projected and actual investment earnings on OPEB plan investments	-	61,188
Change of assumptions	-	2,124,053
Change in proportion	-	1,011,932
County's contributions subsequent to the measurement date	<u>190,909</u>	<u>-</u>
Total	<u>\$ 190,909</u>	<u>\$ 4,853,306</u>

Deferred outflows of resources totaling \$190,909 represent County contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

2021	\$ (1,282,895)
2022	(1,282,895)
2023	(1,150,936)
2024	(763,547)
2025	<u>(373,033)</u>
	<u>\$ (4,853,306)</u>

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 10. Post-Employment Benefits – State Retiree Health Care Plan (continued)

Actuarial assumptions. The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation using the following actuarial assumptions:

Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.55% for PERA
Projected payroll increases inflation	3.25% to 13.50% based on years of service, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2014 Combined Healthy Mortality

Rate of Return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns 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, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

The best estimates for the long-term expected rate of return is summarized as follows:

Asset Class	Long-Term Rate of Return
U.S. core fixed income	2.1%
U.S. equity - large cap	7.1
Non U.S. - emerging markets	10.2
Non U.S. - developed equities	7.8
Private equity	11.8
Credit and structured finance	5.3
Real estate	4.9
Absolute return	4.1
U.S. equity - small/mid cap	7.1

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 10. Post-Employment Benefits – State Retiree Health Care Plan (continued)

Discount Rate. The discount rate used to measure the Fund’s total OPEB liability is 4.16% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2039. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2039. The index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher was used beyond 2039, resulting in a blended discount rate of 4.16%.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the County, as well as what the County’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.16 percent) or 1-percentage-point higher (5.16 percent) than the current discount rate:

	1% Decrease (3.16%)	Current Discount Rate (4.16%)	1% Increase (5.16%)
County's proportionate share of the net OPEB liability	\$ 8,050,243	\$ 6,581,076	\$ 5,426,174

The following presents the net OPEB liability of the County, as well as what the County’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Trend Rate Sensitivity Analysis		
	1% Decrease	Rate	1% Increase
County's proportionate share of the net OPEB liability	\$ 5,479,170	\$ 6,581,076	\$ 7,463,308

OPEB plan fiduciary net position. Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2018.

Payable Changes in the Net OPEB Liability. At June 30, 2020, the County had payables to the RHCA plan in the amount of \$11,196.

NOTE 11. Contingent Liabilities and Commitments

The County is party to various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government’s counsel the resolution of these matters will not have a material adverse effect on the financial position of the County, with exception of the item discussed in the next paragraph. The County is insured through the New Mexico County Insurance Authority.

The County is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County’ legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the County.

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 11. Contingent Liabilities and Commitments (continued)

As of June 30, 2020, the County had commitments that consisted of construction projects related to the General Obligation Bonds and other capital projects for seniors and legislative appropriations.

NOTE 12. Subsequent Events

The date to which events occurring after June 30, 2020, have been evaluated for possible adjustment to the financial statements or disclosures is November 30, 2020, which is the date on which the financial statements were issued. No events took place subsequent to year end that would require adjustment or disclosure.

NOTE 13. Other Required Fund Disclosures

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

A. The County maintained one fund which had a deficit fund balance at June 30, 2020:

Farm & Range Improvement	\$1,761
Law Enforcement Protection	\$646

B. There was one fund that exceeded approved budgetary authority for the year ended June 30, 2020.

Debt Service Reserve Fund	\$358,826
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C. There were no funds with designated cash appropriations in excess of available balances at June 30, 2020.

NOTE 14. Subsequent Pronouncements

In June 2017, GASB Statement No. 87 Leases, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2021. The County does not expect this pronouncement to have a material effect on the financial statements.

In June 2018, GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The standard will be implemented during the fiscal year ended June 30, 2021. The County is still evaluating how this pronouncement will affect the financial statements.

In August 2019, GASB Statement No. 90 Majority Equity Interests—an amendment of GASB Statements No.14 and No. 61, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after December 15, 2019. The County does not expect this pronouncement to have a material effect on the financial statements.

In May 2020, GASB Statement No. 91, Conduit Debt Obligations, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The County does not expect this pronouncement to have a material effect on the financial statements.

RIO ARRIBA COUNTY
Notes to Financial Statements
June 30, 2020

NOTE 14. Subsequent Accounting Pronouncements (continued)

In January 2020, GASB Statement No. 92 Omnibus, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2021. The County does not expect this pronouncement to have a material effect on the financial statements.

In March 2020, GASB Statement No. 93 Replacement of Interbank Offered Rates, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2021. The County does not expect this pronouncement to have a material effect on the financial statements.

In March 2020, GASB Statement No. 94 Public-Private and Public-Public Partnerships and Availability Payment Arrangements, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2022. The County does not expect this pronouncement to have a material effect on the financial statements.

In May 2020, GASB Statement No. 95 Postponement of the Effective Dates of Certain Authoritative Guidance, was issued. Effective Date: The provisions of this Statement are effective immediately for fiscal years beginning after December 15, 2021. The County is still evaluating how this pronouncement will affect the financial statements.

In May 2020, GASB Statement No. 96 Subscription-Based Information Technology Arrangements, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2022. The County does not expect this pronouncement to have a material effect on the financial statements.

Notes to Financial Statements of Component Unit

RIO ARRIBA COUNTY HOUSING AUTHORITY

A Component Unit of Rio Arriba County

Notes to the Financial Statements

June 30, 2020

NOTE 1. Summary of Significant Accounting Policies

The Rio Arriba County Housing Authority (the "Authority") was established in 1978. The Authority's office is located in Espanola, New Mexico. However, the housing units are located in Tierra Amarilla and Ojo Caliente, New Mexico. The governing body of the Authority consists of the three members of the Rio Arriba County board of commissioners. The Authority manages two low rent public housing developments containing 53 total units and administers Housing and Urban Development's (HUD) Section 8 Housing Choice Voucher housing assistance program. Also, the Authority manages 50-unit apartments for the Truth or Consequences Housing Authority.

The primary goal of the Low Rent Public Housing Program is the provision of a decent home in a suitable living environment for families that cannot afford standard private housing. Under this program, decent, safe and sanitary housing is made available to families having incomes lower than those serviced by Public Housing Agencies (PHA) which are organized and authorized in accordance with State Law to engage or assist in the development of operation of a Low Rent Public Housing Program. The PHA is a local housing authority (LHA) governed by an appointed board of commissioners who employ an administrative staff headed by an executive director.

This summary of significant accounting policies of the Authority is presented to assist in the understanding of the Authority's financial statements. The financial statements and notes are the representation of the Authority's management, who is responsible for their integrity and objectivity. The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. At year end June 30, 2020, the Authority was not required to make a GASB 77 disclosure.

The Authority reports the following major enterprise funds:

- **Low Rent Public Housing Program** - Funded through direct grants from HUD, the program is designed to provide adequate living accommodations to qualified families through reduced rate rentals built and owned by the Authority.
- **Public Housing Capital Fund Program** - These programs, funded through direct grants from HUD, account for acquisition of capital assets or construction of capital projects. This program is grouped with the Low Rent Public Housing Program.
- **Section 8 Housing Choice Voucher Program** - These programs, funded through direct grants from HUD, provide rental assistance to qualified recipients through rent subsidies paid directly to third party property owners.

A. *Financial Reporting Entity*

In evaluating how to define the Housing Authority for financial reporting purposes, management has considered all potential programs and operations of the Housing Authority. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, and GASB Statement No. 61. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing board by the Housing Authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

RIO ARRIBA COUNTY HOUSING AUTHORITY

A Component Unit of Rio Arriba County

Notes to the Financial Statements

June 30, 2020

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

A second criterion is the scope of public service. Application of this criterion involves considering whether the activity benefits the Housing Authority and/or its residents and participants, or whether the activity is conducted within the geographic boundaries of the Housing Authority and is generally available to its residents and participants.

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 Authority is able to exercise oversight responsibilities.

Based upon the application of these criteria, the Authority has no component units; however, the Authority is a component unit of Rio Arriba County as the County has operational responsibility over the Authority and is governed by the same governing authority.

Rio Arriba County issues separately audited financial statements. Additional information regarding Rio Arriba County may be obtained directly from their administrative office as follows: Rio Arriba County Finance Department, Rio Arriba County 149 State Rd. 162, Tierra Amarilla, New Mexico 87575.

B. Basis of Accounting and Measurement Focus

The Authority's basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as set forth or adopted by the Governmental Accounting Standards Board ("GASB") and the Financial Accounting Standards Board ("FASB"), and their predecessors, the National Council on Governmental Accounting ("NCGA") and the Accounting Principles Board ("APB"), respectively. Generally accepted accounting principles for local governments include those principles prescribed by the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The Authority's proprietary (enterprise) funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Revenue is recognized when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All assets and all liabilities associated with the operations are included on the balance sheet. Net Position (i.e., total assets net of total liabilities) is segregated into invested in capital assets, net of related debt; restricted; and unrestricted components.

All of the Authority's programs are accounted for as one business-type activity for financial reporting purposes. Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for rent and services and operating grants. Operating expenses for enterprise funds include personnel services, contractual services, other administrative expenses, and depreciation on capital assets.

RIO ARRIBA COUNTY HOUSING AUTHORITY

A Component Unit of Rio Arriba County

Notes to the Financial Statements

June 30, 2020

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Basis of Accounting and Measurement Focus (continued)

All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. There are no fiduciary funds included in the Authority's financial statements.

The Housing Authority's cash flow statement includes changes in both operating cash and restricted cash and cash equivalents.

Revenue Recognition: Dwelling rental revenues are recorded as rentals become due. Rental payments received in advance are deferred until earned. Grant revenues are recognized as revenues when the related costs are incurred. All other revenues are recognized when they are received and are not susceptible to accrual because they are usually not measurable until payment is actually received.

The Authority has entered into contracts with HUD to develop, manage and own public housing projects and to administer the federal Section 8 Housing Choice Vouchers Program, whereby monthly housing assistance payments are made to landlords on behalf of eligible lower income individuals and families. HUD makes monthly operating subsidy contributions within the public housing program and monthly contributions for housing assistance payments and administration fees for the Section 8 Housing Choice Vouchers Program. Such contributions are reflected as operating grants revenue. Contributions received from HUD for capital additions and improvements are reported as capital grants revenue.

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

Cash and Investments: The Authority is authorized under the provisions of 6-10-10 NMSA 1978, as amended, to deposit its money in banks, savings and loan association and/or credit unions whose accounts are insured by an Agency of the United States. The Authority's cash is considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Restricted Cash: Certain resources set aside in escrow for security deposits of \$6,505, held as insurance against the non-payment for services rendered, are classified on the Statement of Net Position as restricted because their use is limited. In addition, resources are also set aside for Housing Assistance Payments (HAP) of \$1,748, as the use of those funds is restricted by enabling legislation.

Before any local funds are invested or reinvested for the purpose of short-term investment pursuant to Section 6-10-10.1 NMSA 1978, as amended, the local public body finance official shall notify and make such funds available to banks, savings and loan associations and credit unions located within the geographical boundaries of their respective governmental unit, subject to the limitation on credit union accounts. To be eligible for such funds, the financial institution shall pay to the local public body the rate established by the state treasurer pursuant to a policy adopted by the State Board of Finance for such short-term investments.

State regulations require that uninsured demand deposits and deposit-type investments such as certificates of deposit be collateralized by the depository thrift or banking institution. Currently, state statutes require that a minimum of fifty percent (50%) of balances on deposit with any one institution must be collateralized, with higher requirements up to one hundred percent (100%) for financially troubled institutions.

RIO ARRIBA COUNTY HOUSING AUTHORITY
A Component Unit of Rio Arriba County
Notes to the Financial Statements
June 30, 2020

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

However, any portion of PHA/IHA funds not insured by a Federal insurance organization shall be fully 100% and continuously collateralized with specific and identifiable U.S. Government or Agency securities prescribed by HUD. All securities pledged are reported at market value.

Accounts Receivable and Accounts Payable: All receivables, including tenant receivables, are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Accounts are estimated to be uncollectible if they are outstanding for greater than six months. Payables are comprised of unpaid vendor and supplier invoices and are recognized when incurred.

Fair Value Measurements: The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). As of June 30, 2020, there are no items required to be valued using valuation techniques.

Prepaid Expenses: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the Authority's financial statements.

Capital Assets: Capital assets, which include property, plant, and equipment, are defined by the Authority as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year, unless stated otherwise by HUD. The Authority does have an exception for purchases made under Capital Fund Projects. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.2.20.1.9 C (5). Contributed capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

Depreciation is recorded using the straight-line method based on the estimated useful life of the asset. The following lives are utilized:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	5 - 40
Machinery and equipment	3 - 15

RIO ARRIBA COUNTY HOUSING AUTHORITY
A Component Unit of Rio Arriba County
Notes to the Financial Statements
June 30, 2020

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

Deferred Inflows/Outflows of Resources: GASB 63 amended previous guidance on deferred revenues in the Statement of Net Position to include deferred outflow of resources, which is the consumption of net position by the Housing Authority that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net position by the Housing Authority that is applicable to a future reporting period. The Authority has several items that qualify for reporting in this category related to the pension plan which is discussed at Note 7.

Accrued Expenses: Accrued expenses are comprised of accrued salaries, wages, related employment taxes and current and noncurrent maturities of compensated absences, discussed more fully below.

Compensated Absences: Employees of the Authority are entitled to be compensated for accrued vacation time off, which is reported as an expense and a liability of the program that will fund it. There is a cap of 240 hours of vacation leave that an employee is permitted to accrue. When an employee separates from employment with the Authority in good standing, the employee is eligible to receive payment for accrued time remaining.

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

Net Position: Net Position comprises the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following three components:

- Net investment in capital assets - This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any related debt attributable to the acquisition, construction, or improvement of those assets.
- Restricted Net Position - Net Position is reported as restricted when constraints placed on use are either (1) externally imposed by creditors, grantors, contributions or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - Net Position that does not meet the definition of "restricted" or "net investment in capital assets".

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

RIO ARRIBA COUNTY HOUSING AUTHORITY
A Component Unit of Rio Arriba County
Notes to the Financial Statements
June 30, 2020

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures such as the lives of capital assets. Accordingly, actual results could differ from those estimates. Significant estimates in the Authority's financial statements include depreciation on capital assets, allowance for uncollectible tenant accounts, the current portion of accrued compensated absences, the net pension liability and related deferred inflows and outflows of resources and the allowance for uncollectible accounts.

D. New Accounting Standards Adopted

During the year ended June 30, 2020, the Authority assessed GASB Statements No. 84's effect on its financial statements and management has determined this pronouncement has no impact on the Authority. No other accounting pronouncements have a materially impacted the Authority's financial statements for the year end June 30, 2020.

E. Budgets

The Authority's Commission is required to obtain approval from HUD for any revisions to the budgets that alter the total expenditures, at the legal level of budgetary control, which is at the grant program level. HUD program budgets are prepared on a regulatory basis which is comparable to the GAAP basis except for the omission of depreciation. Budgetary data for the Authority's programs are prepared on a calendar year basis. HUD does not require the presentation of the budgets in the audit report. The inclusion of the budget in the audit report would be misleading as the audit report is as of June 30, 2020 and the HUD budget period is not complete as of that date.

NOTE 2. Deposits and Investments

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

Deposits of funds may be made in interest or non-interest-bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Authority. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

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

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

RIO ARRIBA COUNTY HOUSING AUTHORITY
A Component Unit of Rio Arriba County
Notes to the Financial Statements
June 30, 2020

NOTE 2. Deposits and Investments (continued)

All of the Authority's accounts are located at an insured depository institution, including non-interest-bearing accounts which 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 and savings accounts.

Custodial Credit Risk – Deposits

Custodial Credit Risk - Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned to it. The Authority does not have a policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63 NMSA 1978) At June 30, 2020, none of the Authority's bank balance of \$431,455 was exposed to custodial credit risk.

Section 6-10-17, New Mexico Statutes Annotated, 1978 Compilation states the types of collateral allowed is limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. All bank balances were fully covered by the FDIC as of June 30, 2020. The Authority has certificates of deposits totaling \$60,269 that are included with the bank balance of deposits below but are classified as investments because their maturity is over one year.

	Century Bank
Amount of deposits	\$ 431,455
FDIC Coverage	(431,455)
Total uninsured public funds	-
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Authority's name	-
Uninsured and uncollateralized	\$ -
Collateral requirement (100% of uninsured funds)	\$ -
Pledged Collateral	-
Over (Under) collateralized	\$ -

Reconciliation to the Statement of Net Position

The carrying amount of deposits and investments shown above are included in the Authority's Statement of Net Position as follows:

Cash- Statement of Net Position	\$ 360,738
Investments	60,269
Restricted cash	8,253
Total cash	429,260
Plus: reconciling items	2,195
Bank balance of deposits	\$ 431,455

RIO ARRIBA COUNTY HOUSING AUTHORITY
A Component Unit of Rio Arriba County
Notes to the Financial Statements
June 30, 2020

NOTE 3. Accounts Receivable

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

Grant receivables, current and noncurrent	\$	356,350
Tenant receivables		24,527
Other receivables		247
Allowance for doubtful accounts - tenants		<u>(7,972)</u>
	<u>\$</u>	<u>373,152</u>

The Authority has changed its estimate for doubtful accounts as of June 30, 2020. Previously, the Authority considered all accounts older than one month to be delinquent. For fiscal year 2020, all accounts older than six months are considered uncollectible. This change in estimate resulted in a decrease of allowance for doubtful accounts totaling \$13,888.

Of the grant receivables presented above, \$224,324 is not expected to be collected by June 30, 2021. As such, they are classified as noncurrent assets on the statement of Net Position, Exhibit A-1.

NOTE 4. Interfund Receivables, Payables, and Transfers

The Authority records temporary interfund receivables and payables to enable the funds to operate until grant monies are received. All interfund balances are to be repaid within one year. These are reported as "Due from other funds" and "Due to other funds" on the Statement of Net Position.

The composition of interfund balances during the year ended June 30, 2020 is as follows:

<u>Due from other funds</u>	<u>Due to other funds</u>	<u>Amount</u>
Low Rent Pubic Housing	Section 8 Housing Choice Vouchers Program	\$ 6,431

RIO ARRIBA COUNTY HOUSING AUTHORITY
A Component Unit of Rio Arriba County
Notes to the Financial Statements
June 30, 2020

NOTE 5. Capital Assets

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

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Dispositions and Transfers</u>	<u>Balance June 30, 2020</u>
Capital assets not depreciated:				
Land	\$ 109,735	\$ -	\$ -	\$ 109,735
Total assets not depreciated	<u>109,735</u>	<u>-</u>	<u>-</u>	<u>109,735</u>
Capital assets being depreciated:				
Buildings and improvements	5,639,544	-	-	5,639,544
Machinery and equipment	156,924	28,958	-	185,882
Total assets depreciated	<u>5,796,468</u>	<u>28,958</u>	<u>-</u>	<u>5,825,426</u>
Total assets	5,906,203	28,958	-	5,935,161
Less accumulated depreciation for:				
Buildings and improvements	4,988,881	152,583	-	5,141,464
Machinery and equipment	139,576	13,501	-	153,077
Total accumulated depreciation	<u>5,128,457</u>	<u>166,084</u>	<u>-</u>	<u>5,294,541</u>
Capital assets, net	<u>\$ 777,746</u>	<u>\$ (137,126)</u>	<u>\$ -</u>	<u>\$ 640,620</u>

Depreciation expense for the year ended June 30, 2020 totaled \$166,084.

NOTE 6. Long-term Liabilities

The following summarizes changes in long-term liabilities during the fiscal year ended June 30, 2020. Compensated absences are typically liquidated through the Low Rent Public Housing Program.

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 8,642	\$ 1,818	\$ 4,773	\$ 5,687	\$ 3,774

NOTE 7. Pension Plan – Public Employee Retirement Association of NM

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, Article 11, NMSA 1978).

RIO ARRIBA COUNTY HOUSING AUTHORITY

A Component Unit of Rio Arriba County

Notes to the Financial Statements

June 30, 2020

NOTE 7. Pension Plan – Public Employee Retirement Association of NM (continued)

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.

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 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

RIO ARRIBA COUNTY HOUSING AUTHORITY
A Component Unit of Rio Arriba County
Notes to the Financial Statements
June 30, 2020

NOTE 7. Pension Plan – Public Employee Retirement Association of NM (continued)

Contributions – See PERA’s compressive annual financial report for Contribution provided description.

PERA Contribution Rates and Pension Factors in effect during FY19						
Coverage Plan	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per year of Service		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
STATE PLAN						
State Plan 3	7.42%	8.92%	16.99%	3.0%	2.5%	90%
MUNICIPAL PLANS 1 - 4						
Municipal Plan 1 (plan open to new employers)	7.0%	8.5%	7.4%	2.0%	2.0%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.55%	2.5%	2.0%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.55%	3.0%	2.5%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.05%	3.0%	2.5%	90%
MUNICIPAL POLICE PLANS 1 - 5						
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
MUNICIPAL FIRE PLANS 1 - 5						
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.9%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
MUNICIPAL DETENTION OFFICER PLAN 1						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.						
State Police and Adult Correctional Officer Plan 1	7.6%	9.1%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions –

At June 30, 2020, the Authority reported a liability of \$141,951 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018.

RIO ARRIBA COUNTY HOUSING AUTHORITY
A Component Unit of Rio Arriba County
Notes to the Financial Statements
June 30, 2020

NOTE 7. Pension Plan – Public Employee Retirement Association of NM (continued)

The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2019 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2019.

There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2019.

The Authority’s proportion of the net pension liability was based on a projection of the Authority’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the Authority’s proportion was 0.0082 percent, which was a decrease of 0.0024 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Authority recognized pension expense of \$4,956. At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 4,257	\$ 1,535
Net difference between expected and actual investments on pension plan investments	4,783	-
Change in assumptions	6,329	350
Change in proportion	516	42,239
Authority’s contributions subsequent to the measurement date	<u>5,224</u>	<u>-</u>
Total	<u>\$ 21,109</u>	<u>\$ 44,124</u>

\$5,224 reported as deferred outflows of resources related to pensions resulting from the Authority’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pensions expense as follows:

Year ended June 30:	
2021	\$ (9,745)
2022	(13,967)
2023	(5,315)
2024	788
Total	<u>\$ (28,239)</u>

Actuarial assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

RIO ARRIBA COUNTY HOUSING AUTHORITY
A Component Unit of Rio Arriba County
Notes to the Financial Statements
June 30, 2020

NOTE 7. Pension Plan – Public Employee Retirement Association of NM (continued)

PERA FUND

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

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2018. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2019. These assumptions were adopted by the Board use in the June 30, 2018 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:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	42.33%	7.48%
Risk Reduction & Mitigation	21.37%	2.37%
Credit Oriented Fixed Income	15.00%	5.47%
Real Assets to include Real Estate Equity	20.00%	6.48%
Multi-Risk Allocation	<u>1.30%</u>	
Total	100.00%	

RIO ARRIBA COUNTY HOUSING AUTHORITY
A Component Unit of Rio Arriba County
Notes to the Financial Statements
June 30, 2020

NOTE 7. Pension Plan – Public Employee Retirement Association of NM (continued)

Discount Rate. A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2019. 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 period of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Authority’s proportionate share of the net pension liability	\$ 214,691	\$ 141,951	\$ 81,767

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in separately issued PERA’S financial reports.

Payables to the pension plan. At June 30, 2020, there were no contributions due and payable to PERA for the Authority.

NOTE 8. Contingent Liabilities

Legal Proceedings – The Authority is subject to various legal proceedings that arise in the ordinary course of the Authority’s operations. In the opinion of the Authority’s management, the ultimate resolution of the matters will not have a material adverse impact on the financial position or results of operations of the Authority.

Federal Grants – The Authority receives federal grants for various specific purposes. These grants are subject to audit, which may result in requests for reimbursements to granting agencies for expenditures disallowed under the terms of the grants. Management believes that such disallowance, if any, will not be material to the financial statements.

NOTE 9. Risk Management

Rio Arriba County Housing Authority is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets: errors and omissions: injuries to employees: and natural disasters. The Authority has joined together with other housing authorities throughout the country and obtained insurance through the Housing Authority Insurance Group, a housing authority risk pool currently operating as a common risk management and insurance program for member units. The Authority pays an annual premium to the Housing Authority Insurance Group for its general insurance coverage and all risk of loss is transferred to the risk pool.

RIO ARRIBA COUNTY HOUSING AUTHORITY
A Component Unit of Rio Arriba County
Notes to the Financial Statements
June 30, 2020

NOTE 10. Concentration

Approximately 54% of total revenues of the Authority are received directly from the United States Department of Housing and Urban Development, for operations and administration of programs directed by the Department. Receipt of these funds is contingent upon the Authority's continued compliance with grant provisions and the continuance of the grant programs by this U.S. Governmental agency.

NOTE 11. Subsequent Events

The date to which events occurring after June 30, 2020, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 30, 2020 which is the date on which the financial statements were issued. No events took place subsequent to year end.

NOTE 12. Related Party

Rio Arriba County Housing Authority has entered into a Property Management Agreement with the Truth or Consequences Housing Authority to manage, rent, lease, and operate the Villa Del Norte Apartments, located at 737 La Joya St. NE, Espanola, NM on behalf Truth or Consequences Housing Authority. The term of the agreement has been renewed through December 31, 2020, and is typically renewed on an annual basis. The U.S. Department of Housing and Urban Development has approved this agreement. Rio Arriba County Housing Authority receives management fees in the amount of \$14.40 per unit per month leased plus Management salaries and benefits. For the year ended June 30, 2020, total management fee income was \$81,097.

REQUIRED SUPPLEMENTARY INFORMATION

RIO ARRIBA COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
of PERA Fund Municipal General Division
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

	2020 Measurement Date (As of and for the year ended <u>June 30, 2019</u>)
Rio Arriba County's proportion of the net pension liability	1.1070%
Rio Arriba County's proportionate share of the net pension liability	\$ 19,163,271
Rio Arriba County's covered payroll	\$ 6,624,828
Rio Arriba County's proportionate share of the net pension liability as a percentage of its covered payroll	289.26%
Plan fiduciary net position as a percentage of the total pension liability	70.52%

* Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of the information is available. Complete information for Rio Arriba County is not available prior to fiscal year 2015, the year the statement requirements became effective.

See independent auditors' report.
See notes to required supplementary information.

2019 Measurement Date (As of and for the year ended June 30, 2018)	2018 Measurement Date (As of and for the year ended June 30, 2017)	2017 Measurement Date (As of and for the year ended June 30, 2016)	2016 Measurement Date (As of and for the year ended June 30, 2015)	2015 Measurement Date (As of and for the year ended June 30, 2014)
1.2615%	1.2390%	1.3228%	1.3302%	1.3579%
\$ 20,112,979	\$ 17,024,908	\$ 21,133,893	\$ 13,562,542	\$ 10,593,077
\$ 6,547,862	\$ 7,045,872	\$ 7,401,984	\$ 7,043,138	\$ 6,791,648
307.17%	241.63%	285.52%	192.56%	155.97%
71.13%	73.74%	69.18%	76.99%	81.29%

See independent auditors' report.
See notes to required supplementary information.

RIO ARRIBA COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
of PERA Fund Municipal Police Division
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

	2020 Measurement Date (As of and for the year ended <u>June 30, 2019</u>)
Rio Arriba County's proportion of the net pension liability	0.4062%
Rio Arriba County's proportionate share of the net pension liability	\$ 3,000,474
Rio Arriba County's covered payroll	\$ 1,845,987
Rio Arriba County's proportionate share of the net pension liability as a percentage of its covered payroll	162.54%
Plan fiduciary net position as a percentage of the total pension liability	70.52%

* Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of the information is available. Complete information for Rio Arriba County is not available prior to fiscal year 2015, the year the statement requirements became effective.

See independent auditors' report.
See notes to required supplementary information.

2019 Measurement Date (As of and for the year ended June 30, 2018)	2018 Measurement Date (As of and for the year ended June 30, 2017)	2017 Measurement Date (As of and for the year ended June 30, 2016)	2016 Measurement Date (As of and for the year ended June 30, 2015)	2015 Measurement Date (As of and for the year ended June 30, 2014)
0.4719%	0.4786%	0.4480%	0.4546%	0.4989%
\$ 3,219,794	\$ 2,658,937	\$ 3,308,428	\$ 2,185,972	\$ 1,626,360
\$ 2,031,037	\$ 2,129,148	\$ 2,096,194	\$ 2,210,948	\$ 2,056,163
158.53%	124.88%	157.83%	98.87%	79.10%
71.13%	73.74%	69.18%	76.99%	81.29%

See independent auditors' report.
See notes to required supplementary information.

RIO ARRIBA COUNTY
Schedule of the County's Contributions
Public Employees Retirement Association (PERA) Plan
PERA Fund Municipal General Division
Last 10 Fiscal Years*

	As of and for the year ended <u>June 30, 2020</u>
Contractually required contribution	\$ 842,622
Contributions in relation to the contractually required contribution	<u>(842,622)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Rio Arriba County's covered payroll	\$ 7,082,389
Contributions as a percentage of covered payroll	11.90%

* Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of the information is available. Complete information for Rio Arriba County is not available prior to fiscal year 2015, the year the statement requirements became effective.

See independent auditors' report.
See notes to required supplementary information.

As of and for the year ended June 30, 2019	As of and for the year ended June 30, 2018	As of and for the year ended June 30, 2017	As of and for the year ended June 30, 2016	As of and for the year ended June 30, 2015
\$ 789,864	\$ 789,017	\$ 849,028	\$ 891,939	\$ 848,698
<u>(789,864)</u>	<u>(789,017)</u>	<u>(849,028)</u>	<u>(891,939)</u>	<u>(848,698)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,624,828	\$ 6,547,862	\$ 7,045,872	\$ 7,401,984	\$ 7,043,138
11.92%	12.05%	12.05%	12.05%	12.05%

See independent auditors' report.
See notes to required supplementary information.

RIO ARRIBA COUNTY
Schedule of the County's Contributions
Public Employees Retirement Association (PERA) Plan
PERA Fund Municipal Police Division
Last 10 Fiscal Years*

	As of and for the year ended <u>June 30, 2020</u>
Contractually required contribution	\$ 351,745
Contributions in relation to the contractually required contribution	<u>(351,745)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Rio Arriba County's covered payroll	\$ 1,934,065
Contributions as a percentage of covered payroll	18.19%

* Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of the information is available. Complete information for Rio Arriba County is not available prior to fiscal year 2015, the year the statement requirements became effective.

See independent auditors' report.
See notes to required supplementary information.

As of and for the year ended June 30, 2019	As of and for the year ended June 30, 2018	As of and for the year ended June 30, 2017	As of and for the year ended June 30, 2016	As of and for the year ended June 30, 2015
\$ 331,454	\$ 364,055	\$ 381,428	\$ 374,023	\$ 378,219
<u>(331,454)</u>	<u>(364,055)</u>	<u>(381,428)</u>	<u>(374,023)</u>	<u>(378,219)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,845,987	\$ 2,031,037	\$ 2,129,148	\$ 2,096,194	\$ 2,210,948
17.96%	17.92%	17.91%	17.84%	17.11%

See independent auditors' report.
See notes to required supplementary information.

RIO ARRIBA COUNTY
Rio Arriba County
Notes to Required Supplementary Information
For the Year Ended June 30, 2020

PERA

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

Assumptions: The Public Employee Retirement Association of New Mexico Annual Actuarial Valuations as of June 2019 report is available at <http://www.nmpera.org>.

See independent auditors' report.
See notes to required supplementary information.

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RIO ARRIBA COUNTY
Schedule of Proportionate Share of the Net OPEB Liability
Retiree Health Care OPEB Plan
Last 10 Fiscal Years*

Schedule B-1

	2020 Measurement Date (As of and for the Year Ended June 30, 2019)	2019 Measurement Date (As of and for the Year Ended June 30, 2018)	2018 Measurement Date (As of and for the Year Ended June 30, 2017)
Rio Arriba County's proportion of the net OPEB liability (asset)	0.20297%	0.21521%	0.22795%
Rio Arriba County's proportionate share of the net OPEB liability (asset)	\$ 6,581,076	\$ 9,358,094	\$ 10,329,949
Rio Arriba County's covered payroll	8,474,954	8,657,852	9,495,593
Rio Arriba County's proportionate share of the net OPEB liability as a percentage of its covered payroll	78%	108%	109%
Plan fiduciary net position as a percentage of the total OPEB liability	18.92%	13.14%	11.34%

* Governmental Accounting Standards Board Statement No. 75 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Rio Arriba County's is not available prior to fiscal year 2018, the year the statement's requirements became effective.

See independent auditors' report.
See notes to required supplementary information.

RIO ARRIBA COUNTY
Schedule of Contributions
Retiree Health Care OPEB Plan
Last 10 Fiscal Years*

Schedule B-2

	<u>As of and for the Year Ended June 30, 2020</u>	<u>As of and for the Year Ended June 30, 2019</u>	<u>As of and for the Year Ended June 30, 2018</u>
Contractually required contribution	\$ 190,909	\$ 179,672	\$ 183,495
Contributions in relation to the contractually required contribution	<u>190,909</u>	<u>179,672</u>	<u>183,495</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Rio Arriba County's covered payroll	9,061,668	8,474,954	8,657,852
Contribution as a percentage of covered payroll	2.11%	2.12%	2.12%

* Governmental Accounting Standards Board Statement No. 75 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Rio Arriba County's is not available prior to fiscal year 2018, the year the statement's requirements became effective.

Notes to Required Supplementary Information

RHC Plan

Changes of Benefit Terms

Recent changes in benefits are described in the financial statement note disclosure covering the Other Post-Employment Benefits (OPEB) – Retiree Health Trust.

Changes of Assumptions

In the June 30, 2019 actuarial valuation, changes in assumptions and differences between expected and actual experience include adjustments resulting from an increase in the discount rate from 4.08% to 4.16%, decrease in expected participation rates for future retirees from 75% to 60%, and a decrease in the spousal coverage rate for future male retirees from 55% to 35%.

Additional financial information supporting the preparation of the Schedule of Employer Allocations and the Schedule of OPEB Amounts by Employer, including the disclosure of the net OPEB liability and the unmodified audit opinion on the financial statements, is located in the New Mexico Retiree Health Care Authority financial statements for the fiscal year ended June 30, 2019. Additional financial information is available at www.nmrhca.state.nm.us or by contacting New Mexico Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

See independent auditors' report.
See notes to required supplementary information.

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SUPPLEMENTARY INFORMATION

RIO ARRIBA COUNTY
Nonmajor Fund Descriptions
June 30, 2020

Special Revenue Funds

2201 – Corrections/Jail Operations – To account for Detention Center expenditures. Funding is provided from Correction Fees. (Authority: NMSA 3-3-25)

2202 – Environmental (Solid Waste) - Rio Arriba County, working in a Memorandum of Agreement with its North Central Solid Waste Authority to provide solid waste collection, removal and disposal services. Funding is provided by Gross Receipts Tax Revenue (Authority: 7-20E-17 & 7-19D-10)

2203 – County Property Evaluation – The County established the fund to account for expenditures for training and other expenditures pertaining to the County Evaluation Program. A 1% administrative fee on property tax distributions provides funds (Authority: NMSA 7-38-38.1)

2204 – County Road – The County established this fund to account for road projects in Rio Arriba County, New Mexico. (Authority: NMSA 67-3-28.2)

2207 - Emergency Communication/EMS – Established to account for expenditures related to 911 Center Operations and Emergency Medical Services funding is provided by Gross Receipts Tax Revenue. (Authority: NMSA 7-20E-12)

2208 - Farm and Range Improvement – To account for expenditures related to soil conservation, predatory animal and insect control. Funding is provided from distributions made under the Taylor Grazing Act. (Authority: NMSA 6-11-6)

2211 - Law Enforcement Protection – To account for expenditures related to the purchase of law enforcement equipment and training. Financing is provided by a grant from New Mexico Department of Finance and Administration. (Authority: NMSA 29-13-7)

2214 - Lodgers' Tax – The County established this fund to account for the administration of a County promotional effort. Financing is derived from lodgers' tax imposed on hotels located within the unincorporated sections of the County. Rio Arriba County established the fund pursuant to Lodger's Occupancy Tax Ordinance. (Authority: NMSA 3-38-13 - 24)

2217 – Recreation - The County established the fund to account for expenditures related to the operations of its recreational activities. Financing is provided by a cigarette tax and other miscellaneous sources. (Authority: NMSA 7-12-15)

2219 - Senior Citizen Program- The County established the fund to account for expenditures related to the operation of its senior programs. Funding is provided from federal grants and County matching funds. (Authority: County Commission)

2222 – County Fire Protection – The County established the fund to account for expenditures of equipment, operating costs, and training for volunteer fire fighters. Financing is provided by Gross Receipts Tax Revenue. (Authority: NMSA 7-20E-15)

DWI GRANTS

2223 - Local DWI Program – To account for expenditures incurred for prevention, outpatient treatment, intensive probation and alternative sentencing for the DWI Program. Funding is provided from state grants and County matching funds. (Authority: County Commission)

2224 – DWI Detox Grant – To account for expenditures made for prevention, law enforcement, screening and assessment, outpatient treatment, and coordination and planning of DWI program activities in the County. Funding is provided from State grants and County matching funds. (Authority: NMSA 11-6A-6)

2227 – DWI Grant-Juvenile Adjudication Fund- To fund programs providing alternative procedures of adjudication for juveniles charged with traffic offenses and other misdemeanors in 2.110.5 NMAC the regulations. (Authority: County Commission)

RIO ARRIBA COUNTY
Nonmajor Fund Descriptions
June 30, 2020

2229 - DWI Grant – To account for expenditures incurred for Prevention, Screening, Treatment and compliance monitoring/ Tracking for the DWI program. Funding is providing from State Grants. (Authority: County Commission)

2461 – NM Youth Alliance-To promote the PYD approach and adolescent health by peer to peer and youth-adult partnership in New Mexico. (Authority: County Commission)

2462 – DWI NCCBS/Optum (North Central Community Based Services, In.) To Account for expenditures incurred for the Total Community Approach. Funding is provided from the NCCBS. (Authority: County Commission)

2463 – JCC- Santa Fe County - Correction Program - CYFD – To Account for expenditures incurred for providing juvenile community corrections services to clients in the Santa Fe Area. Funding provided by the New Mexico Department of Children, Youth and Families Department. (Authority: County Commission)

2464 Abstinence Education SWAH – To Account for expenditures incurred for providing abstinence education services to youth. Funding provided by the New Mexico Department of Health. (Authority: County Commission)

2467 - NMSH&T Community DWI - To account for expenditures incurred for activities to reduce DWI which are of permanent direct benefit to traffic safety in New Mexico. Funding is provided from fees imposed on convicted drunk drivers as allowed by Section 31-12-7(B), Regulation 18.20.6 NMAC (2004) (Authority: County Commission)

2468 – DWI Misdemeanor Compliance Program RAC MCP – To account for expenditures related to the DWI Misdemeanor Compliance program whose purpose is to ensure, through standards and limitations of powers, the safe and consistent handling of misdemeanor defendants who may be monitored or supervised by county operated misdemeanor compliance programs. (Authority: County Commission)

2469 – Correction Program - CYFD – To Account for expenditures incurred for providing juvenile community corrections services to clients. Funding provided by the New Mexico Department of Children, Youth and Families Department. (Authority: County Commission)

2470 – Assessment Fees – DWI – To account for expenditures incurred for RAC Stop program to conduct assessment and UA on clients to be a candidate for program. (Authority: County Commission)

2485 The County established the fund to account for expenditures incur in implementing the SAMHSA DFC grant – establish and strengthen collaboration among communities, and reduce substance abuse among youth and over time among adults. (Authority: County Commission)

2499 – RAJJB - Rio Arriba County, working in conjunction with its Rio Arriba Juvenile Justice Board, established this fund to account for expenditures incurred for continuum of programs for youth at high risk of delinquent behavior. Rio Arriba Acts as the fiscal agent for the Rio Arriba Juvenile Justice Board. (Authority: County Commission)

2225 - Clerk Recording and Filing – The County established this fund to account for receipts and expenditures related to the County Clerk's Office. New Mexico law stipulates that this fund is designated “for the purpose of equipment associated with recording, filing, maintaining or reproducing documentation”. Financing is provided from County recording fees. (Authority: NMSA 14-8-10)

FIRE DEPARTMENT FUNDS

2300,2301,2302,2303,2305,2306,2307,2308,2310,2311,2312,2313,2314,2315,2316,2317,2318,2319 – Fire Department Funds – To account for expenditures of equipment, operating costs, and training for volunteer fire fighters. The County maintains and operates Eighteen (18) fire departments; Velarde, El Rito, Tierra Amarilla, Dixon, Canjilon/Cebolla, Truchas/Cordova, La Mesilla/San Pedro, Abiquiu, Laguna Vista, Coyote, Ojo Sarco, Chamita, Dulce, Vallecitos, Alcalde, Brazos Canyon, Agua Sana, Lindrith/Llaves. Funding is provided from the State of New Mexico Fire Protection Fund Act. (Authority: NMSA 59-A-53-2)

RIO ARRIBA COUNTY
Nonmajor Fund Descriptions
June 30, 2020

2340 – Fire Marshall/State Allocation - To account for expenditures of equipment, operating costs, and training for volunteer fire fighters. Funding is provided from the State of New Mexico Fire Protection Fund Act. (Authority: NMSA 59-A-53-2)

EMS FUNDS

2350,2351,2352,2353,2354,2355,2357,2360,2361,2363,2364,2366,2367,2368,2369 – Emergency Medical Service (EMS) Funds – to account for expenditures for maintenance and operations of ambulance service in the County. The County maintains and operates sixteen (14) EMS Departments; Jicarilla, Lindrith, Dixon, Santa Clara, Espanola, Canjilon, El Rito, Abiquiu, Ojo Sarco, La Mesilla, Agua Sana, Velarde, Chamita, Coyote. Funding is provided from the Emergency Medical Services Act. (Authority: NMSA 24-10A & B)

2402 - New Mexico State Library – The County established the fund to account for expenditures that assist the Public Library. The County assists three public libraries. Funding is provided from the General Obligation Bonds for the purpose of providing public library resources. County established the fund pursuant to NM Statutes Law (Authority: NMSA 1978, 4-36-2).

2405 – COOP Forestry Assistance Grant – To account for expenditures incurred in the grant whose purpose of implementing and identifying areas threatened areas and how threatened areas will be mitigated.

2406 and 2410 – Economic Development (Regional Development Corporation Grant) - To account for expenditures incurred in grant whose purpose of implementing or identifying Economic Development. (Authority: County Commission)

2409 – Low Rider Museum – To account for expenditures incurred in grant whose purpose of implementing a Low Rider Museum (Authority: County Commission).

2409 – Forest Reserve Title III – The County established this fund to account for expenditures for community services and fire and rescue activities. Funding provided by United State Public Law 106-393.

2411 – Rural Community Assistance - To account for expenditures incurred in grant whose purpose of implementing or identifying Rural Community Assistance. (Authority: County Commission)

2411 – Census Grant - To account for expenditures incurred in grant whose purpose of implementing the 2020 Census. (Authority: County Commission)

2421 – Summer Food Program - The County established these funds to account for expenditures related to the County's Summer Food program. Financing is provided from a grant from the Children, Youth and Families Department. (Authority: County Commission)

2426 - SCAAP – The County established the fund to account for detention center costs related to the incarceration of undocumented criminal aliens (Costs reimbursed through the State Criminal Alien Assistance program (SCAAP). (Authority: County Commission)

2430 - NM Dept. Game and Fish Off Highway Vehicle Program-To provide land which meets the dept required specification for the development for an OHV training site on county's property within a minimum measurement of 140 feet by 90 feet with access to a hill measuring 8 feet tall by 30 feet long. County will get reimbursed for use of equipment and maintenance. (Authority: County Commission)

SHERIFF GRANTS

2431 – JAG Program – To account for expenditures related to purchase of law enforcement equipment and training. Funds are provided by the Department of Justice. (Authority: County Commission)

2434 – Abiquiu Lake Patrol - To account for expenditures related to lake patrol of the Abiquiu Dam. Funds are provided by the USDA Corps of Engineers. (Authority: County Commission)

2435 – Forest Patrol – Carson/Santa Fe – To account for expenditures related to Forest Patrol of the Carson and

RIO ARRIBA COUNTY
Nonmajor Fund Descriptions
June 30, 2020

Santa Fe National Forest. Funds are provided by the US Forest Service. (Authority: County Commission)

2440 – ENDWI 17-AL-68-080 - To account for expenditures related to DWI overtime for prevention and enforcement. Funds are provided by the New Mexico Department of Transportation. (Authority: County Commission)

2441 – Bulletproof Vest Program – To account for expenditures related to purchase of law enforcement Bulletproof Vest. Funds are provided by the Department of Justice. (Authority: County Commission)

2457 – Health and Social Services-To account for expenditures incurred in grant whose purpose of implementing and collaborating with the LEAD Program. (Authority: County Commission)

2460 – NM Youth Conservation Corps-To plan, design, establish and manage a YCC project including recruiting, guiding and coordinating the work of corps members and providing them with job and life skills training and educational opportunities in a accordance with NMYCC Act. (Authority: County Commission)

2474 – Emergency Management-To account for expenditures incurred in grant whose purpose of purchase and/or maintenance of the communication tower/repeater. (Authority: County Commission)

BEHAVIORAL HEALTH AND HUMAN SERVICES GRANT

2481 – NM Drug Overdose Prevention - To account for expenditures related to drug overdose prevention. (Authority: County Commission)

2482 – SIM Health Council - The County established this fund to account for expenditures incurred in to participate in an orientation to learn about the state’s Health System Innovation Design Process. (Authority: County Commission)

2483 – RAC Health Council - The County established this fund to account for expenditures incurred in providing health information/assessment to learn about the health status of the population as well as identify assets and resources that can be mobilized to address population health improvement. (Authority: County Commission)

2484 – Health Promotion IIID – HHS – The County established this fund to account for expenditures incurred in development and implementation of health promotion programs and activities that will support health lifestyles and promote health behaviors for individuals age 60 and older. (Authority: County Commission)

2486 – Rural Health Network (HRSA) – The County established this found to account for expenditures incurred to improve and expand health care services for underserved people, focusing on the following program areas: Health Care systems, Primary Health Care/ Health Centers. (Authority: County Commission)

2487 – Prescription Drug Overdose Prevention – The County established this found to account for expenditures incurred to improve and expand health care services for Prescription Drug Overdose Prevention . (Authority: County Commission)

2488 – Region 2 Behavioral Health/Value Options - The County established the fund to account for expenditures incurred for providing quality behavioral health services, intervention and prevention for targeted population and the implementation of Total Community Approach Initiatives. (Authority: County Commission)

2489 – OPTUM - The County established the fund to account for expenditures incurred for case management and outreach services. Funding provided by NM Dept. of Health- Region. (Authority: County Commission)

2490 – PHO Health Profile – The County established the fund to account for expenditures incurred to perform services to identify community health needs. (Authority: County Commission)

2491 – Presbyterian Community Health – The County established the fund to account for expenditures incurred to perform services to identify community health needs. (Authority: County Commission)

RIO ARRIBA COUNTY
Nonmajor Fund Descriptions
June 30, 2020

2492 – New Normal Launch Grant – The County established the fund to account for expenditures incurred to perform services to identify community health needs. (Authority: County Commission)

2494 - SL Start MOU NMWI-Care- To provide substance abuse related staffing services and clinical oversight for NMWI-Care program per negotiated rates with SL Start. NMWI-Care is designated to reduce or eliminate the use of substances identified as a barrier to employment with the ultimate goal of becoming employed and reducing or eliminating their dependency on Temporary Assistance for Needy Families (TANF). (Authority: County Commission)

2495 – NM Primary Care Association – The County established the fund to account for expenditures incurred to perform services to identify community health needs. (Authority: County Commission)

2496 – National Council of Aging (NCOA) – The County established the fund to account for expenditures to implement a Benefits Enrollment Center. Benefit programs are Medicare Part D, Medicare Saving Programs, Medicaid, Supplemental Nutrition Assistance Program, and Low Income Energy Assistance. (Authority: County Commission)

2497 – Opioid STR Grant – The County established the fund to account for expenditures incurred to perform opioid prevention services. (Authority: County Commission)

2498 – Community Partnership – The County established the fund to account for expenditures incurred to perform services to identify community health needs. (Authority: County Commission)

2528 - Inmate Evercom Phone Fund – The County established the fund to account for inmate expenditures as needed. Financing is provided from phone system charges that were collected as a commission on the purchase of phone cards. (Authority: County Commission)

2529 – Redi Net – The County established the fund to account for inmate expenditures as Fiscal Agent for RediNet. Financing is provided from the administrative fee collected. (Authority: County Commission)

5500 – Cemetery – The County established the fund to account for fees and expense related to the County cemetery. (Authority: County Commission)

Capital Projects Funds

SENIOR CAPITAL PROJECTS

3250,3251,3252,3253,3254,3255,3256,3261,3262,3263,3264,3265,3266,3267,3268,3269,3270,3271,3272,3273,3274,3275,3276,3277,3278,3279,3280 – Senior Capital Outlay – The County established this fund to account for expenditures relative to various County Senior facility projects finance by the Senior Capital Outlay. (Authority: County Commission).

3366 – Fire District Bond Funds – The County established this fund to account for the initial receipt of the funds from the issuance of bonds and the subsequent expenditures of those funds. (Authority: County Commission)

3367 – EMS Bond Fund – The County established this fund to account for the initial receipt of funds from the issuance of bonds and the subsequent expenditures of those funds. (Authority: County Commission)

LEGISLATIVE APPROPRIATIONS

2014 STATE APPROPRIATION CAPITAL PROJECTS

3700,3701,3702,3703,3704,3705,3713 - 2014 State Appropriations – The County Established this fund to account for revenue and expenditures relative to capital projects financed by the 2014 State Appropriations. (Authority: County Commission)

2015 STATE APPROPRIATION CAPITAL PROJECTS

3706,3707,3708,3709,3710,3711,3712,3714,3715,3718 - 2015 State Appropriations – The County Established this

RIO ARRIBA COUNTY
Nonmajor Fund Descriptions
June 30, 2020

fund to account for revenue and expenditures relative to capital projects financed by the 2015 State Appropriations. (Authority: County Commission)

2016 STATE APPROPRIATION CAPITAL PROJECTS

3719,3720,3721,3722,3723,3724 - 2016 State Appropriations – The County Established this fund to account for revenue and expenditures relative to capital projects financed by the 2015 State Appropriations. (Authority: County Commission)

3600 - The Energy Savings Project Special Revenue Fund accounts for loan proceeds used for purposes of financing the costs of purchasing and installing new energy savings equipment, lighting and other improvements within the County. (Authority: County Commission)

Debt Service Funds

To account for the accumulation of resources and payment on General Obligation, Gross Receipt and Fire Tax Revenue bonds principal and interest

4400 – Reserve Accounts - To account for monies that are in the reserve account at the New Mexico Finance Authority NMFA.

RIO ARRIBA COUNTY
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2020

Special Revenue

	Corrections / Jail Operations	Environmental	County Property Valuation	County Road
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 328,917	\$ 239,070	\$ 1,478,623
Investments	-	-	-	-
Receivables:				
Taxes receivable	-	76,174	-	60,803
Due from other governments	12,243	-	-	-
<i>Total assets</i>	<u>\$ 12,243</u>	<u>\$ 405,091</u>	<u>\$ 239,070</u>	<u>\$ 1,539,426</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ 1,850	\$ 9,951
Accrued payroll expenses	-	-	1,186	32,161
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>3,036</u>	<u>42,112</u>
<i>Fund balances</i>				
Spendable				
Restricted for:				
General county operations	-	-	236,034	-
Public safety	12,243	405,091	-	-
County roads	-	-	-	1,497,314
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital improvements	-	-	-	-
Debt service	-	-	-	-
Assigned to:				
Economic development	-	-	-	-
Capital projects	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>12,243</u>	<u>405,091</u>	<u>236,034</u>	<u>1,497,314</u>
<i>Total liabilities and fund balances</i>	<u>\$ 12,243</u>	<u>\$ 405,091</u>	<u>\$ 239,070</u>	<u>\$ 1,539,426</u>

See independent auditors' report.

RIO ARRIBA COUNTY
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2020

Special Revenue

	Senior Citizen Program	County Fire Protection	DWI Program	Clerk Recording & Filing
<i>Assets</i>				
Cash and cash equivalents	\$ 151,602	\$ 1,492,847	\$ 36,766	\$ 495,616
Investments	-	1,600,000	-	-
Receivables:				
Taxes receivable	-	88,451	-	-
Due from other governments	187,158	-	118,052	-
<i>Total assets</i>	<u>\$ 338,760</u>	<u>\$ 3,181,298</u>	<u>\$ 154,818</u>	<u>\$ 495,616</u>
<i>Liabilities</i>				
Accounts payable	\$ 9,207	\$ -	\$ 1,330	10,236
Accrued payroll expenses	42,800	-	35,284	-
<i>Total liabilities</i>	<u>52,007</u>	<u>-</u>	<u>36,614</u>	<u>10,236</u>
<i>Fund balances</i>				
Spendable				
Restricted for:				
General county operations	-	-	-	485,380
Public safety	-	3,181,298	118,204	-
County roads	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	286,753	-	-	-
Capital improvements	-	-	-	-
Debt service	-	-	-	-
Assigned to:				
Economic development	-	-	-	-
Capital projects	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>286,753</u>	<u>3,181,298</u>	<u>118,204</u>	<u>485,380</u>
<i>Total liabilities and fund balances</i>	<u>\$ 338,760</u>	<u>\$ 3,181,298</u>	<u>\$ 154,818</u>	<u>\$ 495,616</u>

See independent auditors' report.

Special Revenue

Fire Department Funds	EMS Funds	New Mexico State Library	COOP Forestry Assistance Grant	Economic Development
\$ 3,422,505	\$ 16,892	\$ -	\$ 11,499	\$ 40,399
-	-	-	-	-
-	-	-	-	-
-	-	550	-	123,846
<u>\$ 3,422,505</u>	<u>\$ 16,892</u>	<u>\$ 550</u>	<u>\$ 11,499</u>	<u>\$ 164,245</u>
\$ 15,687	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
<u>15,687</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	11,499	-
3,406,818	16,892	-	-	-
-	-	-	-	-
-	-	550	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	164,245
-	-	-	-	-
<u>3,406,818</u>	<u>16,892</u>	<u>550</u>	<u>11,499</u>	<u>164,245</u>
<u>\$ 3,422,505</u>	<u>\$ 16,892</u>	<u>\$ 550</u>	<u>\$ 11,499</u>	<u>\$ 164,245</u>

See independent auditors' report.

RIO ARRIBA COUNTY
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2020

Special Revenue

	Low Rider Museum	Forest Reserve	Rural Community Assistance	Census Grant
<i>Assets</i>				
Cash and cash equivalents	\$ 50,000	\$ 1,294,860	\$ -	\$ 85,790
Investments	-	262,687	-	-
Receivables:				
Taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
<i>Total assets</i>	<u>\$ 50,000</u>	<u>\$ 1,557,547</u>	<u>\$ -</u>	<u>\$ 85,790</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll expenses	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Spendable				
Restricted for:				
General county operations	-	-	-	-
Public safety	-	-	-	-
County roads	50,000	1,557,547	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	85,790
Capital improvements	-	-	-	-
Debt service	-	-	-	-
Assigned to:				
Economic development	-	-	-	-
Capital projects	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>50,000</u>	<u>1,557,547</u>	<u>-</u>	<u>85,790</u>
<i>Total liabilities and fund balances</i>	<u>\$ 50,000</u>	<u>\$ 1,557,547</u>	<u>\$ -</u>	<u>\$ 85,790</u>

See independent auditors' report.

Special Revenue

Summer Food Program	SCAAP	Sheriff's Grants	Health and Social Services	DWI NMYCC Program
\$ 34,059	\$ -	\$ -	\$ 172,385	\$ 15,423
-	-	-	-	-
-	-	-	-	-
-	-	8,361	54,939	75,174
<u>\$ 34,059</u>	<u>\$ -</u>	<u>\$ 8,361</u>	<u>\$ 227,324</u>	<u>\$ 90,597</u>
\$ -	\$ -	\$ -	\$ 3,195	\$ -
-	-	1,844	16,521	20,927
-	-	1,844	19,716	20,927
-	-	-	-	-
-	-	6,517	-	69,670
-	-	-	-	-
-	-	-	-	-
34,059	-	-	207,608	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>34,059</u>	<u>-</u>	<u>6,517</u>	<u>207,608</u>	<u>69,670</u>
<u>\$ 34,059</u>	<u>\$ -</u>	<u>\$ 8,361</u>	<u>\$ 227,324</u>	<u>\$ 90,597</u>

See independent auditors' report.

RIO ARRIBA COUNTY
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2020

Special Revenue

	Emergency Management	Behavioral Health	Inmate Evercom Phone	Redi Net
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 97,987	\$ 5,780	\$ 28,974
Investments	-	-	-	-
Receivables:				
Taxes receivable	-	-	-	-
Due from other governments	-	319,933	-	-
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 417,920</u>	<u>\$ 5,780</u>	<u>\$ 28,974</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 86	\$ -	\$ -
Accrued payroll expenses	-	42,479	-	-
<i>Total liabilities</i>	<u>-</u>	<u>42,565</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Spendable				
Restricted for:				
General county operations	-	-	5,780	28,974
Public safety	-	-	-	-
County roads	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	375,355	-	-
Capital improvements	-	-	-	-
Debt service	-	-	-	-
Assigned to:				
Economic development	-	-	-	-
Capital projects	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>375,355</u>	<u>5,780</u>	<u>28,974</u>
<i>Total liabilities and fund balances</i>	<u>\$ -</u>	<u>\$ 417,920</u>	<u>\$ 5,780</u>	<u>\$ 28,974</u>

See independent auditors' report.

<u>Special Revenue</u>		<u>Capital Projects</u>			
<u>Cemetery</u>	<u>Senior Appropriations Capital Projects</u>	<u>Fire District Bond Fund</u>	<u>EMS Bond Fund</u>	<u>Energy Savings Project</u>	
\$ 7,522	\$ -	\$ 605,956	\$ 44,357	\$ 211,321	
-	-	119,233	-	-	
-	-	-	-	-	
-	10,500	-	-	-	
<u>\$ 7,522</u>	<u>\$ 10,500</u>	<u>\$ 725,189</u>	<u>\$ 44,357</u>	<u>\$ 211,321</u>	
\$ 15	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	
<u>15</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
7,507	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	10,500	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	725,189	44,357	211,321	
-	-	-	-	-	
<u>7,507</u>	<u>10,500</u>	<u>725,189</u>	<u>44,357</u>	<u>211,321</u>	
<u>\$ 7,522</u>	<u>\$ 10,500</u>	<u>\$ 725,189</u>	<u>\$ 44,357</u>	<u>\$ 211,321</u>	

See independent auditors' report.

RIO ARRIBA COUNTY
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2020

	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Legislative Appropriations</u>	<u>Reserve Accounts</u>	
<i>Assets</i>			
Cash and cash equivalents	\$ 4,020	\$ 721,715	\$ 11,810,880
Investments	-	-	2,603,004
Receivables:			
Taxes receivable	-	-	422,942
Due from other governments	612,871	-	1,523,627
<i>Total assets</i>	<u>\$ 616,891</u>	<u>\$ 721,715</u>	<u>\$ 16,360,453</u>
<i>Liabilities</i>			
Accounts payable	\$ 8,185	\$ -	\$ 72,713
Accrued payroll expenses	-	-	193,276
<i>Total liabilities</i>	<u>8,185</u>	<u>-</u>	<u>265,989</u>
<i>Fund balances</i>			
<i>Spendable</i>			
<i>Restricted for:</i>			
General county operations	-	-	775,174
Public safety	-	-	8,684,726
County roads	-	-	3,104,861
Culture and recreation	-	-	56,512
Health and welfare	-	-	989,565
Capital improvements	-	-	10,500
Debt service	-	721,715	721,715
<i>Assigned to:</i>			
Economic development	-	-	164,245
Capital projects	608,706	-	1,589,573
Unassigned	-	-	(2,407)
<i>Total fund balances</i>	<u>608,706</u>	<u>721,715</u>	<u>16,094,464</u>
<i>Total liabilities and fund balances</i>	<u>\$ 616,891</u>	<u>\$ 721,715</u>	<u>\$ 16,360,453</u>

See independent auditors' report.

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RIO ARRIBA COUNTY
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2020

	Special Revenue			
	Corrections / Jail Operations	Environmental	County Property Valuation	County Road
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ 194,966	\$ -
Gross receipts	-	269,464	-	-
Gasoline and motor vehicle	-	-	-	493,580
Lodgers tax	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	703,926
Federal capital grants	-	-	-	-
State operating grants	-	124,013	-	-
State capital grants	-	-	-	-
Charges for services	66,426	-	-	-
Licenses and fees	-	-	-	49,742
Investment income	-	-	-	-
Miscellaneous	-	-	2,925	-
<i>Total revenues</i>	66,426	393,477	197,891	1,247,248
<i>Expenditures</i>				
Current:				
General government	-	-	330,205	-
Public safety	43,917	-	-	-
Public works	-	-	-	1,296,449
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	12,870
Debt service:				
Principal	-	220,122	-	-
Interest	-	117,873	-	-
<i>Total expenditures</i>	43,917	337,995	330,205	1,309,319
<i>Excess (deficiency) of revenues over expenditures</i>	22,509	55,482	(132,314)	(62,071)
<i>Other financing sources (uses)</i>				
Loan proceeds	-	-	-	-
Proceeds from sale of capital assets	-	-	-	2,900
Transfers in	-	2,811	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	2,811	-	2,900
<i>Net change in fund balances</i>	22,509	58,293	(132,314)	(59,171)
<i>Fund balances - beginning of year</i>	(10,266)	346,798	368,348	1,556,485
<i>Fund balances - end of year</i>	\$ 12,243	\$ 405,091	\$ 236,034	\$ 1,497,314

See independent auditors' report.

Special Revenue

<u>Emergency Communication /EMS</u>	<u>Farm & Range Improvement</u>	<u>Law Enforcement Protection</u>	<u>Lodgers' Tax</u>	<u>Recreation</u>
\$ -	\$ -	\$ -	\$ -	\$ -
1,111,712	-	-	-	-
-	-	-	-	-
-	-	-	45,621	-
-	12,830	-	-	-
-	-	-	-	-
-	-	42,600	-	-
-	-	-	-	-
-	-	-	-	505
-	-	-	-	-
-	-	-	-	-
<u>1,111,712</u>	<u>12,830</u>	<u>42,600</u>	<u>45,621</u>	<u>505</u>
-	-	-	-	-
989,993	-	43,246	-	-
-	-	-	-	-
-	-	-	56,225	1,940
-	38,591	-	-	-
46,847	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,036,840</u>	<u>38,591</u>	<u>43,246</u>	<u>56,225</u>	<u>1,940</u>
<u>74,872</u>	<u>(25,761)</u>	<u>(646)</u>	<u>(10,604)</u>	<u>(1,435)</u>
-	-	-	-	-
-	-	-	-	-
-	24,000	-	-	-
-	-	-	-	-
<u>-</u>	<u>24,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
74,872	(1,761)	(646)	(10,604)	(1,435)
<u>1,393,121</u>	<u>-</u>	<u>-</u>	<u>65,686</u>	<u>2,315</u>
<u>\$ 1,467,993</u>	<u>\$ (1,761)</u>	<u>\$ (646)</u>	<u>\$ 55,082</u>	<u>\$ 880</u>

See independent auditors' report.

RIO ARRIBA COUNTY
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2020

	Special Revenue			
	Senior Citizen Program	County Fire Protection	DWI Program	Clerk Recording & Filing
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	456,641	-	-
Gasoline and motor vehicle	-	-	-	-
Lodgers tax	-	-	-	-
Intergovernmental:				
Federal operating grants	276,605	-	41,800	-
Federal capital grants	-	-	-	-
State operating grants	385,380	-	1,190,541	-
State capital grants	-	-	-	-
Charges for services	-	-	-	115,299
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	217,904	-	24,150	-
Total revenues	879,889	456,641	1,256,491	115,299
<i>Expenditures</i>				
Current:				
General government	-	-	-	28,674
Public safety	-	59,591	1,287,734	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	1,566,697	-	-	-
Capital outlay	-	-	-	102,224
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,566,697	59,591	1,287,734	130,898
<i>Excess (deficiency) of revenues over expenditures</i>	(686,808)	397,050	(31,243)	(15,599)
<i>Other financing sources (uses)</i>				
Loan proceeds	-	-	-	-
Proceeds from sale of capital assets	1,468	-	-	-
Transfers in	761,650	-	49,016	-
Transfers (out)	-	-	(13,856)	-
Total other financing sources (uses)	763,118	-	35,160	-
<i>Net change in fund balances</i>	76,310	397,050	3,917	(15,599)
<i>Fund balances - beginning of year</i>	210,443	2,784,248	114,287	500,979
<i>Fund balances - end of year</i>	\$ 286,753	\$ 3,181,298	\$ 118,204	\$ 485,380

See independent auditors' report.

Special Revenue

Fire Department Funds	EMS Funds	New Mexico State Library	COOP Forestry Assistance Grant	Economic Development
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	281,508
2,409,271	80,844	2,911	30,259	-
-	-	-	-	-
-	-	-	-	-
3,711	-	-	-	-
50,254	-	-	-	7,919
<u>2,463,236</u>	<u>80,844</u>	<u>2,911</u>	<u>30,259</u>	<u>289,427</u>
-	-	-	-	-
1,007,669	73,613	-	36,655	-
-	-	-	-	-
-	-	9,696	-	-
-	-	-	-	-
1,196,663	12,000	-	-	743,972
-	-	-	-	-
-	-	-	-	-
<u>2,204,332</u>	<u>85,613</u>	<u>9,696</u>	<u>36,655</u>	<u>743,972</u>
<u>258,904</u>	<u>(4,769)</u>	<u>(6,785)</u>	<u>(6,396)</u>	<u>(454,545)</u>
250,756	-	-	-	462,464
-	-	-	-	-
26	-	7,292	-	123,846
(127,987)	-	-	-	-
<u>122,795</u>	<u>-</u>	<u>7,292</u>	<u>-</u>	<u>586,310</u>
381,699	(4,769)	507	(6,396)	131,765
3,025,119	21,661	43	17,895	32,480
<u>\$ 3,406,818</u>	<u>\$ 16,892</u>	<u>\$ 550</u>	<u>\$ 11,499</u>	<u>\$ 164,245</u>

See independent auditors' report.

RIO ARRIBA COUNTY
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Year Ended June 30, 2020

	Special Revenue			
	Low Rider Museum	Forest Reserve	Rural Community Assistance	Census Grant
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Lodgers tax	-	-	-	-
Intergovernmental:				
Federal operating grants	-	124,222	-	181,269
Federal capital grants	-	-	-	-
State operating grants	50,000	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	50,000	124,222	-	181,269
<i>Expenditures</i>				
Current:				
General government	-	-	-	86,479
Public safety	-	-	-	-
Public works	-	162,369	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	2,452	-
Capital outlay	-	34,558	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	196,927	2,452	86,479
<i>Excess (deficiency) of revenues over expenditures</i>	50,000	(72,705)	(2,452)	94,790
<i>Other financing sources (uses)</i>				
Loan proceeds	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	2,452	-
Transfers (out)	-	(26)	-	(9,000)
Total other financing sources (uses)	-	(26)	2,452	(9,000)
Net change in fund balances	50,000	(72,731)	-	85,790
<i>Fund balances - beginning of year</i>	-	1,630,278	-	-
Fund balances - end of year	\$ 50,000	\$ 1,557,547	\$ -	\$ 85,790

See independent auditors' report.

Special Revenue

Summer Food Program	SCAAP	Sheriff's Grants	Health and Social Services	DWI NMYCC Program
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	2,079	-	-
-	-	-	-	-
-	-	129,417	269,354	75,174
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	127,079	109,180
-	-	131,496	396,433	184,354
-	-	-	-	-
-	88	38,732	-	178,352
-	-	93,741	-	-
-	-	-	-	-
-	-	-	348,533	-
-	-	-	23,750	10,204
-	-	-	-	-
-	-	-	-	-
-	88	132,473	372,283	188,556
-	(88)	(977)	24,150	(4,202)
-	-	-	-	-
-	-	-	-	-
-	-	4,400	180,270	-
-	-	-	(24,877)	-
-	-	4,400	155,393	-
-	(88)	3,423	179,543	(4,202)
34,059	88	3,094	28,065	73,872
<u>\$ 34,059</u>	<u>\$ -</u>	<u>\$ 6,517</u>	<u>\$ 207,608</u>	<u>\$ 69,670</u>

See independent auditors' report.

RIO ARRIBA COUNTY
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Year Ended June 30, 2020

	Special Revenue			
	Emergency Management	Behavioral Health	Inmate Evercom Phone	Redi Net
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Lodgers tax	-	-	-	-
Intergovernmental:				
Federal operating grants	-	664,626	-	-
Federal capital grants	-	-	-	-
State operating grants	-	893,984	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	594	7,080	-
Total revenues	-	1,559,204	7,080	-
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	23,921	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	1,535,522	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	1,535,522	23,921	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	23,682	(16,841)	-
<i>Other financing sources (uses)</i>				
Loan proceeds	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	164,303	-	-
Transfers (out)	-	(83,770)	-	-
Total other financing sources (uses)	-	80,533	-	-
<i>Net change in fund balances</i>	-	104,215	(16,841)	-
<i>Fund balances - beginning of year</i>	-	271,140	22,621	28,974
Fund balances - end of year	\$ -	\$ 375,355	\$ 5,780	\$ 28,974

See independent auditors' report.

<u>Special Revenue</u>	<u>Capital Projects</u>			
<u>Cemetery</u>	<u>Senior Appropriations Capital Projects</u>	<u>Fire District Bond Fund</u>	<u>EMS Bond Fund</u>	<u>Energy Savings Project</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	98,357	-	-	-
-	480,604	-	-	-
8,262	-	-	-	-
-	-	-	-	-
-	-	-	-	35,186
-	-	-	-	-
<u>8,262</u>	<u>578,961</u>	<u>-</u>	<u>-</u>	<u>35,186</u>
-	-	-	-	2,794,429
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
755	28,914	-	-	-
-	544,951	16,000	-	-
-	-	-	-	-
-	-	-	-	-
<u>755</u>	<u>573,865</u>	<u>16,000</u>	<u>-</u>	<u>2,794,429</u>
<u>7,507</u>	<u>5,096</u>	<u>(16,000)</u>	<u>-</u>	<u>(2,759,243)</u>
-	-	-	-	-
-	-	-	-	-
-	10,814	115,210	-	-
-	(198,276)	-	-	-
-	(187,462)	115,210	-	-
<u>7,507</u>	<u>(182,366)</u>	<u>99,210</u>	<u>-</u>	<u>(2,759,243)</u>
-	192,866	625,979	44,357	2,970,564
<u>\$ 7,507</u>	<u>\$ 10,500</u>	<u>\$ 725,189</u>	<u>\$ 44,357</u>	<u>\$ 211,321</u>

See independent auditors' report.

RIO ARRIBA COUNTY
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Year Ended June 30, 2020

	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Legislative Appropriations</u>	<u>Reserve Accounts</u>	
<i>Revenues</i>			
Taxes:			
Property	\$ -	\$ -	\$ 194,966
Gross receipts	-	-	1,837,817
Gasoline and motor vehicle	-	-	493,580
Lodgers tax	-	-	45,621
Intergovernmental:			
Federal operating grants	-	-	2,288,865
Federal capital grants	-	-	98,357
State operating grants	-	-	5,683,748
State capital grants	2,494,168	-	2,974,772
Charges for services	-	-	190,492
Licenses and fees	-	-	49,742
Investment income	-	13,813	52,710
Miscellaneous	-	-	547,085
<i>Total revenues</i>	<u>2,494,168</u>	<u>13,813</u>	<u>14,457,755</u>
<i>Expenditures</i>			
Current:			
General government	596,689	-	3,836,476
Public safety	-	-	3,783,511
Public works	-	-	1,552,559
Culture and recreation	-	-	67,861
Health and welfare	-	-	3,521,464
Capital outlay	2,566,934	-	5,310,973
Debt service:			
Principal	-	126,827	346,949
Interest	-	207,358	325,231
<i>Total expenditures</i>	<u>3,163,623</u>	<u>334,185</u>	<u>18,745,024</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(669,455)</u>	<u>(320,372)</u>	<u>(4,287,269)</u>
<i>Other financing sources (uses)</i>			
Loan proceeds	-	-	713,220
Proceeds from sale of capital assets	-	-	4,368
Transfers in	1,173,688	197,298	2,817,076
Transfers (out)	(18,304)	-	(476,096)
<i>Total other financing sources (uses)</i>	<u>1,155,384</u>	<u>197,298</u>	<u>3,058,568</u>
<i>Net change in fund balances</i>	485,929	(123,074)	(1,228,701)
<i>Fund balances - beginning of year</i>	<u>122,777</u>	<u>844,789</u>	<u>17,323,165</u>
<i>Fund balances - end of year</i>	<u>\$ 608,706</u>	<u>\$ 721,715</u>	<u>\$ 16,094,464</u>

See independent auditors' report.

SUPPORTING SCHEDULES

RIO ARRIBA COUNTY
Schedule of Deposit and Investment Accounts
June 30, 2020

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
New Mexico Bank and Trust					
Operating	Checking	\$ 7,173,506	\$ -	\$ 2,665,443	\$ 4,508,063
Treasurer	Checking	3,724,091	69,773	21,797	3,772,067
Inmate Trust Account	Checking	45,772	-	9,107	36,665
Savings	Savings	12,780,064	-	-	12,780,064
Sheriff's Bank Account	Checking	60	-	-	60
Certificate of Deposit	CD	1,356,994	-	-	1,356,994
<i>Total New Mexico Bank and Trust</i>		<u>25,080,487</u>	<u>69,773</u>	<u>2,696,347</u>	<u>22,453,913</u>
Bank of the West					
Certificate of Deposit	CD	1,037,950	-	-	1,037,950
<i>Total Bank of the West</i>		<u>1,037,950</u>	<u>-</u>	<u>-</u>	<u>1,037,950</u>
Washington Federal					
Certificate of Deposit	CD	305,784	-	-	305,784
<i>Total Washington Federal</i>		<u>305,784</u>	<u>-</u>	<u>-</u>	<u>305,784</u>
Mesirow Financial					
Investment	Investment	2,012,652	-	-	2,012,652
<i>Total Mesirow Financial</i>		<u>2,012,652</u>	<u>-</u>	<u>-</u>	<u>2,012,652</u>
Moreton					
Investment	Investment	2,002,133	-	-	2,002,133
<i>Total Moreton</i>		<u>2,002,133</u>	<u>-</u>	<u>-</u>	<u>2,002,133</u>
<i>Bank balance of deposits</i>		<u>\$ 30,439,006</u>	<u>\$ 69,773</u>	<u>\$ 2,696,347</u>	<u>\$ 27,812,432</u>
New Mexico Finance Authority					
PPRF-4892 Debt Service	Cash equiv.	\$ 113,628	\$ -	\$ -	\$ 113,628
PPRF-4892 Reserve Funds	Cash equiv.	369,098	-	-	369,098
PPRF-4892 Program Funds	Cash equiv.	266,737	-	-	266,737
Rio Arriba 3 Debt Service	Cash equiv.	43,934	-	-	43,934
Rio Arriba 3 Reserve Funds	Cash equiv.	194,721	-	-	194,721
Rio Arriba 5 Debt Service	Cash equiv.	334	-	-	334
PPRF-4974 Program	Cash equiv.	101,503	-	-	101,503
PPRF-4977 Program	Cash equiv.	154	-	-	154
PPRF-5142A Program	Cash equiv.	4,482,954	-	-	4,482,954
PPRF-5142B Program	Cash equiv.	502,333	-	-	502,333
<i>Total New Mexico Finance Authority</i>		<u>6,075,396</u>	<u>-</u>	<u>-</u>	<u>6,075,396</u>

See independent auditors' report.

<u>Bank Name/Account Name</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>Book Balance</u>
State of New Mexico LGIP					
LGIP	Investment	\$ 5,585,110	\$ -	\$ -	\$ 5,585,110
<i>Total State of New Mexico LGIP</i>		<u>5,585,110</u>	<u>-</u>	<u>-</u>	<u>5,585,110</u>
<i>Total investments</i>		<u>11,660,506</u>	<u>-</u>	<u>-</u>	<u>11,660,506</u>
<i>Total deposits and investments</i>		<u>\$ 42,099,512</u>	<u>\$ 69,773</u>	<u>\$ 2,696,347</u>	<u>\$ 39,472,938</u>
Deposits and investments per financial statements:					
Cash and cash equivalents - Exhibit A-1					\$ 29,805,265
Investments - Exhibit A-1					8,285,837
Restricted cash and cash equivalents - Exhibit A-1					721,715
Fiduciary funds cash - Exhibit E-1					<u>660,121</u>
<i>Total cash, cash equivalents, and investments</i>					<u>\$ 39,472,938</u>

See independent auditors' report.

RIO ARRIBA COUNTY
Schedule of Collateral Pledged by Depository
For Public Funds
June 30, 2020

Schedule II

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2020
New Mexico Bank and Trust				
	FNMA Pool #CA3765	6/1/2034	3140QBFF0	\$ 3,527,899
	FHLMC Pool #G61900	2/1/2049	31335CDD3	6,309,014
	FNMA Pool #BL3489	8/1/2029	3140HU2X3	3,627,908
	GNR 2006-10 ZT	3/20/2036	38374MYT0	6,480,166
	SCRT 2017-4 HT	6/25/2057	35568PDD8	3,048,425
	SCRT 2018-3 HA	8/25/2057	35563PFB9	863,406
	SCRT 2018-2 HA	11/25/2057	35563PFB0	1,601,560
	SCRT 2018-2 HA	11/25/2057	35563PFB0	2,463,938
	SBA Pool #510221	7/25/2043	83164MLA5	3,550,521
	SBA Pool #521933	2/25/2038	83165ALN2	124,270
<i>Total New Mexico Bank and Trust</i>				<u>31,597,107</u>
The location of the safekeeper of the above securities is Sun Trust Bank Atlanta, GA				
Bank of the West				
	GNMA2 SINGLE FAMILY 30 YR	9/20/2043	36179NM96	24,598
	GNMA2 ARM MULTIPLE	2/20/2042	36225FLV9	135,991
	G2SF MA4718 3.00 09/20/47	9/20/2047	36179TG33	307,011
	FNCL MA3210 3.5 12/1/47	12/1/2047	31418CR89	259,436
	FNMA SF AMR; LIBOR	1/1/2044	3138EMD65	15,989
	GNMA1 SINGLE FAMILY 30 YR	6/15/2042	36176XUA5	56,599
	GNMA2 SINGLE FAMILY 30 YR	9/20/2041	36202FXJ0	20,130
	FNCL AS7582 3.00 7/1/46	7/1/2046	3138WHM82	59,961
	G2SF MA3375 3.00 01/20/46	1/20/2046	36179RXC8	7,136
	GNMA2 ARM MULTIPLE	1/20/2043	36179MYQ7	5,648
	G2SF MA2753 3.00 3/20/45	4/20/2045	36179RBW8	6,335
	G2SF MA2753 3.00 3/20/45	4/20/2045	36179RBW8	8,218
	G2SF MA2677 3.00 3/20/45	3/20/2045	36179Q6N6	3,553
	G2SF MA2677 3.00 3/20/45	3/20/2045	36179Q6N6	6,080
	GNMA2 SINGLE FAMILY 30 YR	4/20/2042	36179MAX8	15,189
	FHLMC GOLD 30 YR	10/1/2042	3132HM3Y5	8,406
	GNMA2 SINGLE FAMILY 30 YR	11/20/2042	36179MSV3	22,612
	G2SF MA4003 3.00 10/20/46	10/20/2046	36179SNU7	15,265
	FNMA CONV 30 YR SF	9/1/2042	3138M93R0	10,937
	FNMA CONV 30 YR SF	9/1/2042	3138M8J61	12,580
	G2SF MA3662 3.00 05/20/46	5/20/2046	36179SB71	16,099
	G2SF MA3520 3.00 03/20/46	3/20/2046	36179R4D8	23,763
	GNMA2 ARM MULTIPLE	3/20/2043	36179M6H8	5,054
	G2SF MA3033 3.00 08/20/45	8/20/2045	36179RLN7	8,281
<i>Total Bank of the West</i>				<u>1,054,871</u>
The location of the safekeeper of the above securities is Wells Fargo Minneapolis, MN				
Washington Federal				
	FNMA PL#BC2636	11/1/2046	3140EW4W2	114,581
<i>Total Washington Federal</i>				<u>114,581</u>
The location of the safekeeper of the above securities is Federal Home Loan Bank Seattle, WA				
<i>Total Pledged Collateral</i>				<u>\$ 32,766,559</u>

See independent auditors' report.

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RIO ARRIBA COUNTY
 County Treasurer's Ten Year Property Tax Schedule
 For the year ended June 30, 2020

	Property Taxes Levied	Adjustments to Taxes Collected to Date	Taxes Collected Current year	Taxes Collected to Date
State Debt Service				
2010	1,086,460	23,937	982	1,097,953
2011	973,698	25,498	1,221	986,190
2012	1,075,238	(23,102)	1,627	1,036,308
2013	1,115,526	(12,557)	2,093	1,082,028
2014	1,187,511	(7,944)	3,595	1,153,240
2015	1,137,478	6,310	4,746	1,118,745
2016	1,164,359	9,091	11,238	1,142,144
2017	1,146,147	(5,461)	28,998	1,103,382
2018	1,279,354	998	71,155	1,088,864
2019	1,173,375	(2,779)	1,023,698	1,023,698
	\$ 11,339,145	\$ 13,991	\$ 1,149,354	\$ 10,832,553

County Operating				
2010	5,135,259	(14,909)	3,502	5,071,236
2011	5,301,212	6,468	5,454	5,252,352
2012	5,510,747	(88,049)	6,632	5,362,603
2013	5,677,306	(17,791)	8,687	5,577,909
2014	5,760,860	(23,520)	14,878	5,662,621
2015	5,763,596	96,568	21,173	5,770,282
2016	5,874,727	119,159	48,470	5,880,789
2017	6,038,070	(22,649)	133,075	5,868,433
2018	7,267,071	26,283	357,943	5,903,449
2019	6,376,494	(17,653)	5,630,627	5,630,627
	\$ 58,705,342	\$ 63,907	\$ 6,230,441	\$ 55,980,300

Taxes Distributed Current Year	Taxes Distributed To Date	County Taxes Receivable at Year End
1,124	1,097,900	12,444
1,354	986,144	13,005
1,780	1,036,118	15,828
2,544	1,081,828	20,941
4,421	1,153,045	26,327
5,662	1,118,280	25,043
16,405	1,141,467	31,306
25,268	1,093,309	37,304
75,479	1,078,867	191,488
1,005,990	995,838	146,898
\$ 1,140,028	\$ 10,782,796	\$ 520,584

3,909	5,071,085	49,114
5,903	5,252,196	55,328
7,421	5,361,985	60,095
10,902	5,577,148	81,607
18,872	5,661,993	74,719
25,760	5,768,483	89,882
73,791	5,878,019	113,097
114,729	5,821,055	146,988
380,612	5,855,615	1,389,905
5,535,285	5,487,783	728,214
\$ 6,177,183	\$ 55,735,361	\$ 2,788,949

RIO ARRIBA COUNTY
 County Treasurer's Ten Year Property Tax Schedule
 For the year ended June 30, 2020

	Property Taxes Levied	Adjustments to Taxes Collected to Date	Taxes Collected Current year	Taxes Collected to Date
Municipalities				
Village of Chama				
2010	78,093	(296)	8	77,507
2011	80,715	(191)	19	79,972
2012	87,255	(2,613)	18	84,466
2013	89,343	(467)	14	88,500
2014	93,025	(101)	36	92,410
2015	98,797	17	399	98,194
2016	99,390	(196)	1,228	98,403
2017	102,992	(643)	3,653	100,202
2018	109,230	(206)	9,610	102,807
2019	113,858	(280)	99,060	99,060
	\$ 952,698	\$ (4,975)	\$ 114,046	\$ 921,521
City of Espanola				
2010	402,604	(1,896)	578	397,905
2011	413,337	(3,471)	647	405,759
2012	449,868	(17,083)	745	428,053
2013	475,248	(6,863)	972	461,306
2014	489,511	(12,100)	2,128	473,518
2015	544,347	(6,828)	2,111	531,752
2016	553,183	(1,935)	5,122	543,871
2017	579,037	(4,981)	17,033	560,007
2018	619,526	(1,976)	45,817	588,922
2019	669,414	(8,992)	583,811	583,811
	\$ 5,196,076	\$ (66,125)	\$ 658,966	\$ 4,974,903

Taxes Distributed Current Year	Taxes Distributed To Date	County Taxes Receivable at Year End
8	77,507	289
19	79,972	552
23	84,466	176
19	88,499	375
82	92,410	515
578	98,192	620
1,950	98,375	791
3,137	98,752	2,148
9,952	101,689	6,216
95,399	94,598	14,519
\$ 111,166	\$ 914,461	\$ 26,201
591	397,904	2,803.39
660	405,744	4,107
851	428,037	4,732
1,261	461,289	7,079
2,705	473,508	3,893
2,574	531,449	5,767
9,567	543,731	7,377
13,345	553,598	14,049
51,128	584,591	28,628
566,835	561,513	76,610
\$ 649,517	\$ 4,941,364	\$ 155,048

RIO ARRIBA COUNTY
 County Treasurer's Ten Year Property Tax Schedule
 For the year ended June 30, 2020

	Property Taxes Levied	Adjustments to Taxes Collected to Date	Taxes Collected Current year	Taxes Collected to Date
Mesa Vista SD#6				
2010	217,787	(1,109)	40	213,798
2011	213,116	(969)	277	208,533
2012	239,453	(4,700)	558	230,300
2013	246,687	(851)	824	238,046
2014	237,709	(1,006)	807	229,047
2015	289,061	657	1,236	278,800
2016	289,701	(1,481)	2,287	275,410
2017	206,733	1,260	6,165	200,643
2018	268,327	(3,406)	20,224	248,310
2019	279,399	(382)	241,909	241,909
	\$ 2,487,972	\$ (11,988)	\$ 274,327	\$ 2,364,796

Chama Valley Schools #19

2010	1,301,590	(5,679)	531	1,280,784
2011	1,291,997	(10,320)	546	1,266,770
2012	1,276,048	(41,356)	567	1,221,209
2013	1,275,053	(12,857)	1,795	1,245,843
2014	1,278,349	(17,434)	3,577	1,244,165
2015	1,501,846	(13,811)	8,523	1,464,939
2016	1,719,268	(9,465)	17,442	1,672,602
2017	1,614,901	(15,790)	41,079	1,557,973
2018	1,536,332	(9,475)	102,203	1,453,014
2019	802,310	(2,058)	707,704	707,704
	\$ 13,597,694	\$ (138,245)	\$ 883,967	\$ 13,115,002

Dulce Independent #21

2010	1,705,764	(2,383)	-	1,696,095
2011	781,141	51,607	289	829,086
2012	672,514	12,576	238	681,108
2013	999,423	20,112	14	1,013,539
2014	894,579	18,319	319	907,042
2015	1,374,204	46,968	597	1,411,079
2016	2,382,362	129,838	1,404	2,495,359
2017	1,509,746	758	3,409	1,499,554
2018	818,816	13,821	9,766	758,376
2019	744,935	9,848	736,079	736,079
	\$ 11,883,485	\$ 301,464	\$ 752,115	\$ 12,027,316

Taxes Distributed Current Year	Taxes Distributed To Date	County Taxes Receivable at Year End
141	213,797	2,880
335	208,532	3,614
683	230,300	4,453
942	238,046	7,790
982	229,047	7,655
1,365	278,723	10,918
4,023	275,196	12,811
5,881	199,120	7,350
21,581	246,071	16,610
237,055	233,521	37,108
\$ 272,988	\$ 2,352,353	\$ 111,188
596	1,280,673	15,127
705	1,266,676	14,908
1,079	1,221,123	13,483
2,235	1,245,702	16,353
4,219	1,244,034	16,750
9,368	1,464,300	23,096
25,374	1,671,989	37,201
35,701	1,544,152	41,138
106,520	1,439,766	73,843
693,946	687,468	92,548
\$ 879,742	\$ 13,065,883	\$ 344,447
-	1,696,095	7,287
289	829,086	3,662
244	681,108	3,982
45	1,013,539	5,995.17
349	907,042	5,856.53
646	1,411,077	10,092.80
1,840	2,495,241	16,841.66
2,613	1,498,190	10,951.13
10,177	757,294	74,262
735,087	731,789	18,704
\$ 751,291	\$ 12,020,462	\$ 157,634

RIO ARRIBA COUNTY
 County Treasurer's Ten Year Property Tax Schedule
 For the year ended June 30, 2020

	Property Taxes Levied	Adjustments to Taxes Collected to Date	Taxes Collected Current year	Taxes Collected to Date
Penasco #32				
2010	31,833	(16)	-	31,233
2011	10,407	(7)	-	10,140
2012	14,544	(739)	-	13,492
2013	23,253	(394)	89	22,350
2014	22,602	(406)	309	21,707
2015	22,613	(60)	379	22,048
2016	23,057	57	476	22,601
2017	25,225	(3)	1,627	24,499
2018	23,593	2,531	2,314	25,127
2019	27,249	-	24,245	24,245
	\$ 224,376	\$ 962	\$ 29,439	\$ 217,442

Espanola 45IN&Out

2010	2,368,898	(11,210)	3,203	2,334,710
2011	2,372,103	(16,588)	4,123	2,329,446
2012	2,355,363	(61,697)	4,951	2,266,447
2013	3,674,126	(43,631)	9,127	3,575,157
2014	3,308,532	(42,589)	12,634	3,217,408
2015	3,599,780	6,210	17,755	3,542,635
2016	4,624,070	18,768	55,780	4,540,362
2017	3,853,313	(23,153)	122,557	3,704,975
2018	3,512,588	(4,877)	248,745	3,298,808
2019	3,641,423	(18,256)	3,135,570	3,135,570
	\$ 33,310,197	\$ (197,025)	\$ 3,614,445	\$ 31,945,517

Jemez Mtn #53

2010	341,752	1,014	159	339,288
2011	364,059	(11,721)	329	348,478
2012	244,752	6,879	383	248,594
2013	276,660	3,288	391	276,451
2014	172,627	6,158	302	176,667
2015	191,226	10,138	343	198,971
2016	205,846	8,151	1,335	210,729
2017	214,453	2,277	2,505	212,315
2018	430,384	3,637	8,210	209,104
2019	231,361	214	204,811	204,811
	\$ 2,673,119	\$ 30,036	\$ 218,767	\$ 2,425,407

Taxes Distributed Current Year	Taxes Distributed To Date	County Taxes Receivable at Year End
-	31,233	584
-	10,140	260
-	13,492	313
153	22,350	509
368	21,707	488
434	22,048	505
584	22,601	513
1,753	24,332	723
2,371	24,588	997
23,751	23,210	3,004
\$ 29,414	\$ 215,701	\$ 7,896

3,635	2,334,575	22,978
4,551	2,329,303	26,068
5,174	2,265,756	27,218
11,199	3,574,092	55,339
16,156	3,216,497	48,535
22,085	3,540,526	63,355
83,665	4,536,727	102,476
104,658	3,662,570	125,185
263,544	3,262,616	208,903
3,070,056	3,035,456	487,597
\$ 3,584,722	\$ 31,758,120	\$ 1,167,655

159	339,288	3,478
329	348,478	3,860
383	248,594	3,038
391	276,451	3,497.76
314	176,667	2,117
358	198,971	2,393
1,490	210,623	3,268
2,426	210,960	4,415
8,891	207,652	224,917
203,540	202,026	26,764
\$ 218,280	\$ 2,419,709	\$ 277,748

RIO ARRIBA COUNTY
 County Treasurer's Ten Year Property Tax Schedule
 For the year ended June 30, 2020

	Property Taxes Levied	Adjustments to Taxes Collected to Date	Taxes Collected Current year	Taxes Collected to Date
Hospital				
2010	2,499,118	(8,328)	2,061	2,466,726
2011	2,543,747	(1,145)	3,003	2,515,713
2012	2,666,298	(45,865)	3,854	2,590,868
2013	3,341,384	(18,507)	6,541	3,275,900
2014	3,383,296	(16,211)	10,506	3,319,971
2015	3,416,703	27,410	14,761	3,387,956
2016	3,463,909	37,496	34,168	3,429,681
2017	3,477,467	(13,289)	89,868	3,367,730
2018	3,895,326	4,965	217,234	3,323,940
2019	3,564,357	(8,381)	3,127,152	3,127,152
	\$ 32,251,604	\$ (41,856)	\$ 3,509,148	\$ 30,805,636

Chama SWCD

2010	102,239	(461)	49	100,413
2011	104,523	(958)	49	102,258
2012	113,088	(3,708)	56	107,977
2013	111,876	(1,240)	187	108,999
2014	114,698	(1,312)	411	111,687
2015	117,268	(1,303)	725	113,965
2016	119,735	(737)	1,158	116,100
2017	119,710	(1,252)	2,778	115,346
2018	124,367	(1,031)	7,729	117,633
2019	125,854	(318)	111,110	111,110
	\$ 1,153,357	\$ (12,319)	\$ 124,252	\$ 1,105,488

Taxes Distributed Current Year	Taxes Distributed To Date	County Taxes Receivable at Year End
2,341	2,466,622	24,064
3,308	2,515,606	26,889
4,245	2,590,442	29,565
7,950	3,275,273	46,978
13,069	3,319,367	47,113
17,620	3,386,502	56,157
50,160	3,427,589	71,724
78,044	3,336,546	96,448
229,730	3,292,856	576,351
3,073,112	3,041,873	428,824
\$ 3,479,579	\$ 30,652,677	\$ 1,404,112

55	100,402	1,366
65	102,249	1,308
110	107,968	1,402
233	108,984	1,637
469	111,672	1,699
758	113,905	2,000
1,522	116,056	2,898
2,307	114,465	3,112
8,013	116,594	5,703
109,347	108,057	14,426
\$ 122,879	\$ 1,100,354	\$ 35,550

RIO ARRIBA COUNTY
 County Treasurer's Ten Year Property Tax Schedule
 For the year ended June 30, 2020

	Property Taxes Levied	Adjustments to Taxes Collected to Date	Taxes Collected Current year	Taxes Collected to Date
East Espanola SWCD				
2010	293,568	(1,349)	366	289,071
2011	298,430	(1,927)	521	293,107
2012	321,708	(7,207)	703	310,667
2013	331,059	(3,718)	834	322,274
2014	343,441	(1,993)	1,273	335,046
2015	349,359	2,605	1,848	344,422
2016	356,493	2,127	4,293	348,995
2017	353,961	(1,582)	11,160	340,021
2018	363,811	(939)	24,772	338,296
2019	372,202	(938)	318,334	318,334
	\$ 3,384,033	\$ (14,922)	\$ 364,105	\$ 3,240,233
			\$364,245.14	

Cuba SWCD				
2010	67,505	191	31	67,007
2011	64,822	(2,065)	58	62,067
2012	64,578	1,755	102	65,529
2013	69,758	776	100	69,647
2014	63,844	1,445	103	64,494
2015	67,705	4,102	98	70,942
2016	73,838	3,455	395	76,180
2017	77,704	915	841	77,147
2018	162,205	2,266	2,573	76,065
2019	81,550	100	73,720	73,720
	\$ 793,507	\$ 12,940	\$ 78,022	\$ 702,797

Taxes Distributed Current Year	Taxes Distributed To Date	County Taxes Receivable at Year End
436	289,048	3,148
592	293,086	3,396
719	310,541	3,834
1,011	322,147	5,066
1,652	334,920	6,403
2,326	344,230	7,542
6,183	348,616	9,625
9,830	336,396	12,358
26,074	334,283	24,577
312,472	308,606	52,930
\$ 361,297	\$ 3,221,873	\$ 128,878

31	67,007	689
58	62,067	689
102	65,529	804
100	69,647	887
103	64,494	795
100	70,942	865
596	76,180	1,113
858	76,593	1,472
2,821	75,611	88,405
73,321	72,911	7,931
\$ 78,091	\$ 700,980	\$ 103,649

RIO ARRIBA COUNTY
 County Treasurer's Ten Year Property Tax Schedule
 For the year ended June 30, 2020

	Property Taxes Levied	Adjustments to Taxes Collected to Date	Taxes Collected Current year	Taxes Collected to Date
Upper Rio Grande Water Shed				
2010	-	-	-	-
2011	-	-	-	-
2012	-	-	-	-
2013	-	-	-	-
2014	270,078	(92,418)	762	175,110
2015	180,076	(1,490)	1,143	175,606
2016	141,942	(846)	1,826	138,756
2017	144,135	(798)	5,047	139,393
2018	147,313	(1,022)	11,396	138,024
2019	149,255	(571)	130,065	130,065
	\$ 1,032,798	\$ (97,145)	\$ 150,239	\$ 896,954
Northern NM College				
2010	-	-	-	-
2011	-	-	-	-
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	1,543,205	(5,596)	1,339,978	1,339,978
	\$ 1,543,205	\$ (5,596)	\$ 1,339,978	\$ 1,339,978
Total	\$ 180,528,607	\$ (166,896)	\$ 19,491,610	\$ 172,895,842

Taxes Distributed Current Year	Taxes Distributed To Date	County Taxes Receivable at Year End
-	-	-
-	-	-
-	-	-
-	-	-
1,121	174,997	2,550
1,834	175,465	2,980
2,930	138,609	2,340
4,365	137,701	3,944
12,088	136,279	8,267
126,147	124,822	18,619
\$ 148,485	\$ 887,874	\$ 38,700
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
1,314,876	1,300,910	197,631
\$ 1,314,876	\$ 1,300,910	\$ 197,631
\$ 19,319,538	\$ 172,070,877	\$ 7,465,869

RIO ARRIBA COUNTY
 County Treasurer's Ten Year Property Tax Schedule
 For the year ended June 30, 2020

	Property Taxes Levied	Adjustments to Taxes Collected to Date	Taxes Collected Current year	Taxes Collected to Date
Grand Total				
2010	15,632,470	(22,494)	11,510	15,463,725
2011	14,813,305	34,211	16,536	14,689,870
2012	15,091,454	(274,911)	20,434	14,647,620
2013	17,706,704	(94,701)	31,669	17,357,949
2014	17,620,661	(191,111)	51,640	17,184,134
2015	18,654,056	177,494	75,838	18,530,335
2016	21,091,879	313,482	186,624	20,991,982
2017	19,463,594	(84,393)	469,796	18,871,616
2018	20,558,242	31,569	1,139,691	17,670,739
2019	19,896,240	(56,041)	17,487,872	17,487,872
Grand Total	\$ 180,528,607	\$ (166,896)	\$ 19,491,610	\$ 172,895,842

Taxes Distributed Current Year	Taxes Distributed To Date	County Taxes Receivable at Year End
13,026	15,463,137	146,251
18,167	14,689,280	157,646
22,813	14,645,459	168,924
38,984	17,354,995	254,055
64,882	17,181,400	245,416
91,467	18,523,092	301,216
280,083	20,981,020	413,379
404,915	18,707,740	507,585
1,208,981	17,514,373	2,919,071
17,176,219	17,010,381	2,352,326
\$ 19,319,538	\$ 172,070,877	\$ 7,465,869

RIO ARRIBA COUNTY
 Schedule of Tax Roll Reconciliation- Property Tax Receivable
 June 30, 2020

Schedule IV

Property taxes receivable June 30, 2019	\$	7,270,237
Changes to Tax Roll:		
Net taxes charged to Treasurer for fiscal year		19,840,199
Adjustments:		
Charge off of taxes receivable		(145,868)
Net adjustments		<u>(7,089)</u>
Total receivables prior to collections		26,957,479
Collections for fiscal year ended June 30, 2020		<u>(19,491,610)</u>
Property taxes receivable June 30, 2020	\$	<u><u>7,465,869</u></u>
Per Treasurer's report:		
Property taxes receivable by year:		
2010	\$	146,251
2011		157,646
2012		168,924
2013		254,055
2014		245,416
2015		301,216
2016		413,379
2017		507,585
2018		2,919,071
2019		<u>2,352,326</u>
Total property taxes receivable	\$	<u><u>7,465,869</u></u>

See independent auditors' report.

COMPLIANCE SECTION

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

INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq.
New Mexico State Auditor
U.S. Office of Management and Budget
County Commissioners
Rio Arriba County
Tierra Amarilla, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the General Fund and major special revenue funds of the Rio Arriba County (the County), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 30, 2020.

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs as items 2020-002 and 2020-003 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that are required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 findings as items 2020-004 and 2020-005.

County's Responses to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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Cordova CPAs LLC
Albuquerque, New Mexico
November 30, 2020

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FEDERAL FINANCIAL ASSISTANCE

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq.
New Mexico State Auditor
U.S. Office of Management and Budget
County Commissioners
Rio Arriba County
Tierra Amarilla, New Mexico

Report on Compliance for Each Major Federal Program

We have audited Rio Arriba County's (the County) compliance with the types of compliance requirements described 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, 2020. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Major Federal Programs

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, 2020.

Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in blue ink that reads "Cordova CPAs LLC". The signature is written in a cursive, flowing style.

Cordova CPAs LLC
Albuquerque, New Mexico
November 30, 2020

RIO ARRIBA COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor or Pass-Through Grantor / Program Title	Federal CFDA Number	Federal Expenditures	Funds Provided to Subrecipients	Noncash Assistance
U.S. Department of Agriculture				
<i>Direct Awards</i>				
Cooperative Forestry Assistance	10.664	\$ 36,655	\$ -	\$ -
<i>Passed through NM Department of Finance and Administration</i>				
School and Roads - Grants to Counties	10.666 *	703,926	-	-
School and Roads - Grants to Counties	10.666 *	197,082	-	-
Forest Patrol - Carson/Santa Fe	10.666 *	10,531	-	-
<i>Total U.S. Department of Agriculture</i>		<u>948,194</u>	<u>-</u>	<u>-</u>
U.S. Department of Army Engineer District				
Law Enforcement, Abiquiu Lake	12.1XX	8,553	-	-
<i>Total U.S. Department of Army Engineer District</i>		<u>8,553</u>	<u>-</u>	<u>-</u>
U.S. Department of Housing and Urban Development				
Community Development Block Grant	14.228	287,680	-	-
Youth Homelessness	14.276	64,885	-	-
Low Rent Public Housing	14.850	240,458	-	-
Section 8 Vouchers Housing Program	14.871	85,838	-	-
<i>Total U.S. Department of Housing and Urban Development</i>		<u>678,861</u>	<u>-</u>	<u>-</u>
U.S. Department of Interior				
Taylor Grazing Act of 6-28-34	15.227	38,591	-	-
<i>Total U.S. Department of Interior</i>		<u>38,591</u>	<u>-</u>	<u>-</u>
U.S. Department of Justice				
SCAAP	16.606	88	-	-
Comprehensive Opioid Abuse Program	16.838	294,371	-	-
<i>Total U.S. Department of Justice</i>		<u>294,459</u>	<u>-</u>	<u>-</u>
U.S. Department of Transportation				
<i>Passed through NM Department of Finance and Administration</i>				
Enhanced Mobility of Seniors and Disabled Individuals	20.513	92,947	-	-
Highway Safety Improvement Program	20.608	13,095	-	-
<i>Total U.S. Department of Transportation</i>		<u>106,042</u>	<u>-</u>	<u>-</u>
U.S. Environmental Protection Agency				
Wastewater Grant	66.458 *	711,189	-	-
<i>Total U.S. Environmental Protection Agency</i>		<u>711,189</u>	<u>-</u>	<u>-</u>

* Denotes Major Federal Financial Assistance Program

See independent auditors' report.
See accompanying notes to schedule of expenditures of federal awards.

Federal Grantor or Pass-Through Grantor / Program Title	Federal CFDA Number	Federal Expenditures	Funds Provided to Subrecipients	Noncash Assistance
U.S. Department of Health and Human Services				
<i>Passed through Non Metro Area Agency on Aging</i>				
Federal Aging Grant Title III Part B	93.044	34,166	-	-
Federal Aging Grant Title III Part C I	93.045	64,072	-	-
Federal Aging Grant Title III Part C II	93.045	66,292	-	-
Federal Commodities - Nutrition	93.053	144,499	-	144,499
<i>Passed through National Council of Aging</i>				
National Council of Aging	93.071	74,989	-	-
<i>Direct awards</i>				
Abstinence Education Grant SWAH DOH	93.235	46,427	-	-
Rural Health Network (HRSA)	93.912	189,803	-	-
Prescription Drug Overdose Prevention	93.136	18,600	-	-
Opioid STR	93.788	242,525	-	-
<i>Total U.S Department of Health and Human Services</i>		<u>881,373</u>	<u>-</u>	<u>144,499</u>
<i>Total Federal Financial Assistance</i>		<u>\$ 3,667,262</u>	<u>\$ -</u>	<u>\$ 144,499</u>

* Denotes Major Federal Financial Assistance Program

() Denotes Cluster

Notes to Schedule of Expenditures of Federal Awards

1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Rio Arriba County and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2 Loans

The County did not expend federal awards related to loans or loan guarantees during the year.

3 10% de minimus Indirect Cost Rate

The County did not elect to use the allowed 10% indirect cost rate.

4 Federally Funded Insurance

The County has no federally funded insurance.

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RIO ARRIBA COUNTY
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements noted? | None noted |

Federal Awards:

- | | |
|---|------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | None |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 2. Type of auditors' report issued on compliance for major programs | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | No |

4. Identification of major programs:

CFDA Number	Federal Program
10.666	Schools and Roads – Grants to Counties
66.458	Capitalization Grants for Clean Water State Revolving Funds

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | No |

SECTION II - FINANCIAL STATEMENT FINDINGS

2020-001 — Deficiencies in IT General Computer Controls and IT Environment – (Material Weakness)

Condition: During our audit, we noted that there were various deficiencies within the IT General Computer Control and overall environments. The following were noted:

- We noted that there appeared to be a lack of build discipline that resulted in a wide range of operating system versions with varying patch levels being deployed. Also, the County appears to have deficient procedures in place to determine that necessary patches within each operating system are implemented timely and systematically. In addition, we noted that there was an overall lack of formal patching infrastructure.
- We noted that the County was made aware, in the prior year, of suggested preventative cybersecurity measures that were not adhered to. The County had not performed formal cybersecurity penetration testing from an outside third-party and we noted that the County would benefit from a formal, standards-based information security program, an assessment of the state of security as a whole including penetration testing to identify external access vulnerabilities, and a roadmap to move to a more robust security posture. The County did begin to hire a third-party to perform a cybersecurity assessment and upon completion of this assessment a ransomware attack was successfully orchestrated against the County.

Criteria: According to NMAC 1.12, provides guidance on an Enterprise Security Policy for the protection of information technology (IT) assets and resources including data and information. The policy establishes that protection must be provided for IT assets, resources, and data/information from unauthorized access, use, disclosure, disruption, modification, or destruction to provide integrity, confidentiality, availability, accountability, and assurance, and establishes that controls must be maintained over information systems, resources, and data/information sufficient to contain risk of loss or misuse of information. In addition, the Committee of Sponsoring Organizations (COSO) COSO Internal Control – Integrated Framework (2013), consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication and monitoring, which includes the implementation of good internal controls over IT general computer controls within the organization.

Effect: These deficiencies resulted in weaknesses in internal controls and led to a debilitating ransomware attack. Ultimately, the County paid a ransom of \$185,000 and incurred additional costs exceeding \$70,000 to restore the systems and recover the County's data.

Cause: The County did not perform monitoring of its IT General Computer controls which contributed to deficiencies in the information technology environment. In addition, there was a lack of penetration testing of its systems ensuring the required risk assessment and ongoing monitoring procedures are occurring timely.

Auditors' Recommendations: The County should perform (by a third-party expert) a complete risk assessment of the IT General Computer Controls and IT environment and develop appropriate and timely responses to reduce and mitigate the risks identified in such risk assessment. We recommend that the County document a formal technology plan that outlines the restructuring of its network as well as the phases for the plan. This plan should include training for various personnel that should be employed throughout so that the entire County is abreast of how it is going to overcome these deficiencies.

Agency Response: Management concurs with this finding. The IT Department has had a formal Risk Assessment done. The IT Department and Management are developing Disaster Recovery Plan. The Disaster Recovery Plan will be significantly revised in the next year due to the new infrastructure purchases and implementation. Rio Arriba IT Contractor Ortiz Systems Inc. continues to work with County Management on Risk Assessment. Additional security measures were implemented by December 31, 2020, and revisions continue as needed.

2020-002 Deficiencies in the Administration of Grant Funds (Significant Deficiency)

Condition: During our examination of grant compliance and reporting, we noted an ongoing issue with the MFA Grant 19-02-RAC-YHD-001. The issue began in the third quarter of fiscal year 2020 but was not discovered until after the end of the fiscal year. The issue was discovered when a County employee became aware the grant had received more revenue than had been expended. Further investigation uncovered the employee with the Health and Human Services Department had created their own general ledgers used to track expenditures and make requests for reimbursement. These general ledgers were then sent to the grantor without notifying the proper personnel and adhering to the internal controls in place. Upon discovery of the issue, the employee in question was asked to provide the County with a reconciliation of said expenditures, at which point it was discovered many of the expenditures in which reimbursement had been requested from the MFA grant were attributable to an entirely different grant. Furthermore, there were multiple instances discovered in which reimbursement for a single expenditure had been requested from both grants, resulting in the County being reimbursed for these expenditures twice-over.

Criteria: The Committee of Sponsoring Organizations (COSO) internal control integrated framework consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication, and monitoring.

Effect: The County is not in compliance in this context with either of the grants in question. Had the issue not been discovered and subsequently dealt with by the County before it was discovered by the grantor agencies, the County could have faced severe fines or penalties, or even a complete revocation of one or both of these grants. In total, the County received \$55,494.12 in reimbursement against expenditures totaling \$23,750.00; an overpayment of \$31,744.12.

Cause: The issues outlined above were caused by the Health and Human Services employee circumventing the established grant reporting procedures and submitting grant documents without receiving approval to do so from the proper personnel.

Auditors' Recommendation: We recommend the County establish more robust internal controls to catch such errors and prevent employees from circumventing the process and submitting grant documents without prior approval. We also recommend the seriousness of the issue be communicated to all staff involved in grant reporting. Lastly, we recommend the County conduct additional and more regular training for staff regarding the grant reporting process.

Agency Response: Management concurs with this finding. Management met with the HHS Department and has developed and implemented procedures for their grant management. A reconciliation was done to correctly show the balance. The money that was requested was refunded to the grantor. The Finance Department will continue to send the financial reports to the HHS Department. Health and Human Services Director Lauren Reichelt has corrected the issue and assigned grant management to one individual to oversee, this was corrected by December 31, 2020.

RIO ARRIBA COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Schedule VI

2020-003 Timeliness and Accuracy of Contributions to PERA (Significant Deficiency)

Condition: During our audit, we noted the following regarding the administration of the PERA:

- We discovered multiple instances in which PERA contributions were not remitted in a timely manner. There was a total of three pay periods in which this issue occurred; these were the pay periods ending 7/13/2019, 7/27/2019, and 11/16/2019. The PERA contributions for these pay periods were remitted on 8/7/2019, 8/20/2019, and 12/05/2019, respectively.
- Additionally, there was an employee who was underpaid for the pay period ending 5/30/2020. The error was caught before the subsequent pay period was ran, but the existence of the original error meant the PERA contribution for this employee for said pay period was not remitted in a timely manner.
- We discovered multiple instances in which the PERA Employer contribution amounts were calculated incorrectly. These errors occurred in the pay periods ending 9/21/19, 11/02/19, and 11/30/2019. Each of the miscalculations discovered were found in the Regular Employee portions for both categories (under/over \$24,000).

Criteria: PERA contribution requirements for the County and the County's employees, including those requirements related to retired elected officials, are established in State statute under NMSA 1978, Section 10-11-124, and 10-11-126 PERA may assess interest rates for late payments outstanding at an interest rate equal to 7.75% compounded annually.

Effect: The County is not in compliance with PERA reporting requirements and will owe additional interest and penalties every day they are not in compliance.

Cause: For the contribution related to the pay period ending 7/13/2019, the original contribution was remitted in a timely manner; however, the contribution rates used were incorrect. Because this pay period began in fiscal year 2019, it was still subject to the contribution rates for that fiscal year. The County instead used the updated contribution rates for fiscal year 2020. PERA notified the County of this error and it was rectified. However, this delay meant the County did not remit contributions within the specified timeframe.

For the contribution relating to the pay period ending 7/27/2019, the delay in contribution remittance was due to the transitional period that occurred following the departure of the employee tasked with handling PERA contributions.

For the contribution relating to the pay period ending 5/30/2020, the error was different in nature than the instances described above. The total PERA contribution for this pay period was remitted in a timely manner; however, the PERA contribution for the employee in question was not. This is due to a payroll miscalculation rather than a delay in PERA contribution remittance.

Overall, the County did not perform reviews of the PERA computations, and the system was not designed to ensure timely and accurate contributions to PERA.

Auditors' Recommendation: We recommend the County calculate and prepare PERA contributions as soon as the information to do so is available, and that this information is confirmed to be accurate. We recommend the County either 1) add a second control that involves a second employee reviewing the calculated contribution amounts, or 2) altering the calculation spreadsheet in a way that would make any errors caught by the "check" column more visible to the preparer.

Agency Response: Management concurs with this finding. Management has met with the HR Department that they will continue to generate the PERA paperwork, and submit in a timely manner and follow up if any is needed. This will ensure the Finance department can submit the PERA in a timely and accurate manner. A review of the PERA reports has been implemented. Working collaboratively with respective departments, Management will ensure deadlines are met. Human Resource Director Annabelle Almager has implemented procedures to ensure the PERA paperwork is submitted timely and correctly, this was correct by December 31, 2020.

RIO ARRIBA COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Schedule VI

SECTION III - FEDERAL AWARD FINDINGS

None

SECTION IV – SECTION 12-6-5 NMSA FINDINGS

2020-004 – Budgetary Controls (Other Matter)

Condition: The County over expended its budget by \$358,826 in the Debt Service Fund during fiscal year 2020.

Criteria: Section 6-6-6, NMSA 1978 states that all County funds, when any budget for a local public body has been approved and received by a local public body, it is binding upon all officials and governing authorities, and no governing authority or official shall allow or approve claims in excess thereof, and no official shall pay any check or warrant in excess thereof, and the allowances or claims or checks or warrants so allowed or paid shall be a liability against the officials so allowing or paying those claims or checks or warrants, and recovery for the excess amounts so allowed or paid may be had against the bondsmen of those officials.

Effect: The County spent public funds without an adopted budget.

Cause: The County did not properly submit a budget adjustment for the actual expenses in the debt service fund.

Auditors' Recommendations: We recommend that the County monitor its budgets closely and prepare budget adjustments as necessary and that the County submits all budget adjustments timely in the future.

Agency Response: Management concurs with this finding. With the increase of the debt, budget adjustments are being prepared for the monthly County Commission meetings to ensure the current budget balances are reflected. Finance Director Christine Montano implemented budget increases monthly for this fund, corrective action was executed by December 31, 2020.

RIO ARRIBA COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Schedule VI

2020-005 Untimely Deposit (Other Matter)

Condition: During our examination of cash receipts we noted one instance in which monies received by the County were not deposited within 24 hours.

Criteria: Per Section 6-10-2, NMSA 1978, It is the duty of every public official or agency of this state that receives or disburses public money to maintain a cash record in which is entered daily, in detail, all items of receipts and disbursements of public money. The cash record shall be balanced daily so as to show the balance of public money on hand at the close of each day's business. Except as may be otherwise provided by law, the cash record is a public record and is open to public inspection.

Effect: The County is not in compliance with state statutes and lack of timeliness of deposits could subject the County to a possible occurrence of fraud or improper reporting.

Cause: The County had staff that did not adhere to rules in place for deposit procedures.

Auditors' Recommendations: We recommend the County communicate the importance of timely deposits of receipts to comply with state statutes. The County should train and cross train employees so that more than one individual is able to make deposits to ensure timely deposits.

Agency Response: After a review by the Treasurer and staff, it was determined that there was only one (1) employee in the office on February 21, 2020. Due to the high volume of taxpayers that were paying taxes, the Treasurer's Office did not close the window to the public in order to go to the bank. The Treasurer's Office continues to reconcile daily collections with the bank. The Treasurer and staff will continue to realize the importance of timely deposits in order to comply with state statutes. The County has trained and cross trained all Treasury Employees regarding the procedure of daily deposits, however due to the short staffing in the Treasurer's Office, this isolated instance occurred. County Treasurer Livia Olguin has implemented and reviews that daily deposit are being done, this was effective December 31, 2020.

RIO ARRIBA COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Schedule VI

SECTION V. PRIOR YEAR AUDIT FINDINGS

2019-001 Noncompliance with Reporting Requirements (Material Noncompliance) (Primary Government) - Resolved

2019-002 Procurement Policies (Significant Deficiency) (Primary Government and Component Unit) - Resolved

2019-003 Payments for Goods/Services without Receipt of Goods/Services (Other Matter) - Resolved

2019-004- Pledged Collateral - (Other Matter) - Resolved

RIO ARRIBA COUNTY

Other Disclosures

June 30, 2020

Exit Conference

An exit conference was held on November 22, 2020. In attendance were the following:

Representing the Rio Arriba County:

Danny Garcia, County Commissioner
Tomas Campos III, County Manager
Christine Montano, Finance Director
Guadalupe Mercure, Assistant Finance Director
Livia Olguin, County Treasurer
Tim Machado, Accountant
Gilbert Martinez, Treasurer Accountant

Representing the Rio Arriba County Housing Authority:

Lorrie Leyba, Director

Representing Cordova CPAs LLC:

Robert Cordova, CPA, Principal

Auditor Prepared Financial Statements

Cordova CPAs LLC prepared the GAAP-basis financial statements and footnotes of Rio Arriba County from the original books and records provided to them by the management of the County. The responsibility for the financial statements remains with the County.