



City of Rio Communities Council Workshop
City Council Chambers - 360 Rio Communities Blvd
Rio Communities, NM 87002
Monday, February 27, 2023 3:00 PM
Agenda

Please silence all electronic devices.

Call to Order
Attendees

Presentations

1. **Greater Valencia County Chamber of Commerce - Rhona Espinoza**
2. **Audit Report Presentation – SJT Group**

Discussion/Agenda Items

3. **Accounts payable report (Finance Officer/SJT Group)**
4. **Resolution 2023 - XX IPA Audit Acceptance Approval (Finance Officer)**
5. **Authorization to Appropriate funds for purchase and installation of a new sound system in Council Chambers (Manager/Council)**
6. **Jr. Appropriation Bill for Community Programs (Finance Officer/Manager)**

Public Comment: The Council will take public comments in written format. These should be emailed to admin@riocommunities.net through 2:00 PM on Monday, February 27, 2023. These comments will be distributed to all Councilors for review. ***If you wish to speak during the public comment session,*** the Council will allow each member of the public to three (3) minutes to address the Council. Both the public and Council will follow rules of decorum. Give your name and where you live. The public will direct comments to the City Council. Comment(s) will not be disruptive or derogatory. **The Council will not take action or engage in discussion regarding the comments made or received, but when appropriate the matters raised may be referred to staff or others for further review. Both the public and Council will follow rules of decorum. Derogatory Comments or matters under litigation will not be allowed and any person or persons addressing the Council are liable for their own statements, not the Council. Statements are limited to a maximum of 3 minutes duration. Please give your name and where you live for the record.**

Manager Report

7. **Purchase and Installation of new HVAC unit**

Council General Discussion & Future Agenda Items

Adjourn

Thank you - Joshua Ramsell - Mayor of Rio Communities

Please join us from the comfort and safety of your own home by entering the following link: @ <https://www.facebook.com/riocommunities>

Council may be attending a tour with AREA (Albuquerque Regional Economic Alliance) of businesses in the Industrial park located at 7 Industrial Park Ln., Belen, NM on March 2 starting at 2:00, a possible quorum may be in attendance.

NOTE: THIS AGENDA IS SUBJECT TO REVISION UP TO 72 HOURS PRIOR TO THE SCHEDULED MEETING DATE AND TIME (NMSA 10-15-1 F). A COPY OF THE AGENDA MAY BE PICKED UP AT CITY HALL, 360 RIO COMMUNITIES BLVD, RIO COMMUNITIES, NM 87002. IF YOU ARE AN INDIVIDUAL WITH A DISABILITY WHO IS IN NEED OF A READER, AMPLIFIER, QUALIFIED SIGN LANGUAGE INTERPRETER OR ANY OTHER FORM OF AUXILIARY AND OR SERVICE TO ATTEND OR PARTICIPATE IN THE MEETING, PLEASE CONTACT THE MUNICIPAL CLERK AT 505-861-6803 AT LEAST ONE WEEK PRIOR TO THE MEETING OR AS SOON AS POSSIBLE.



SJT GROUP LLC
CERTIFIED PUBLIC ACCOUNTANTS



State of New Mexico City of Rio Communities

Financial Statements,
Supplementary Information,
and
Independent Auditor's Reports,
June 30, 2022

State of New Mexico City of Rio Communities

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State of New Mexico City of Rio Communities

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State of New Mexico City of Rio Communities

Official Roster

Mayor and Council Members

Name	Title
Joshua Ramsell	Mayor
Margaret "Peggy" Gutjahr, CMO	Mayor Pro-Tem/Councilor
Arthur Apodaca	Councilor
Lawrence Gordon	Councilor
Jim Winters	Councilor

Administrative Officials

Name	Title
Martin D. Moore, PhD	City Manager
Stephanie Finch, CMC, CPO	Finance Officer/Treasurer
Elizabeth "Lisa" Adair, CMC	Municipal Clerk



SJT GROUP LLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Mr. Brian S. Colón, Esq., New Mexico State Auditor
Joshua Ramsell, Mayor and the City Council
City of Rio Communities, New Mexico

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue funds of the State of New Mexico, City of Rio Communities (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-11 and, the schedule of proportionate share of net pension liability, schedule of pension contributions, and notes to required supplementary information related to pensions on pages 41-42 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other schedules required by 2.2.2 NMAC on pages 43-47 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance

SJT Group LLC

Albuquerque, New Mexico
December 12, 2022

Management's Discussion and Analysis

State of New Mexico
City of Rio Communities
Management's Discussion and Analysis
For the Year Ended June 30, 2022

As management of the City of Rio Communities (the "City"), we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022. Please read it in conjunction with the financial statements of the City, which follows this section of the report.

Financial Highlights

- ◆ The assets of the City exceeded its liabilities at June 30, 2022, by \$12 million (net position). Of this amount, \$2.7 million (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors.
- ◆ The City's net position increased by \$576,357 in fiscal year 2022.
- ◆ Virtually all of the City's revenues during fiscal years 2022 and 2021 were from state and local taxes (i.e. gross receipts, property, franchise), as well as state operating and capital grants.
- ◆ Total expenses of the City in fiscal years 2022 and 2021 were \$2.7 million and \$1.7 million, respectively. All fund expenditures in fiscal year 2022 were well within the City's approved budgets.

Overview of the Financial Report

The City's financial statements are comprised of four components: 1) *Management's Discussion and Analysis* (this section), 2) the *Basic Financial Statements*, 3) *Other Supplementary Information* and 4) the *Compliance Section*. The basic financial statements include two kinds of statements (government-wide financial statements and fund financial statements) that present different views of the City.

The first two statements, the statement of net position and the statement of activities, are *government-wide financial statements* that provide both long-term and short-term information about the City's overall financial status. *Fund financial statements* report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detail. The financial statements are followed by *Other Supplementary Information*, which includes schedules required by 2.2.2 NMAC, as well as the *Compliance Section*, which presents the City's schedule of findings and responses and a schedule presenting the current year status of prior year audit findings (if any).

State of New Mexico
City of Rio Communities
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Government-Wide Financial Statements

The statement of net position and the statement of activities report information about the City as a whole. All of the City's activities are reported as governmental activities. These activities are financed primarily through state and local taxes as well state operating grants. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in net position. You can think of the City's net position, the difference between assets and liabilities, as one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such influences from state or federal agencies, should be considered in addition to net position in measuring the City's financial health.

Fund Financial Statements

The fund financial statements provide detailed information about the City's most significant funds – not the City as a whole. Separate funds are established by the City to help control and manage revenues and expenditures for particular purposes or to show that the City is meeting legal responsibilities for using certain money. Additionally, separate funds are maintained to protect against the possibility of co-mingling funds.

Governmental funds focus on how cash and other financial assets flow in and out, with the balances that are left at year-end available for future spending. Governmental funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. Consequently, the governmental fund financial statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, we provide additional information in a reconciliation schedule that explains the relationship (or differences) between the amounts reported in the statement of net position and the statement of activities and the governmental funds financial statements.

The City maintains twelve individual governmental funds. Information is presented separately in the governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances for the City's four major government funds. Financial information from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining financial statements elsewhere in this report.

State of New Mexico
City of Rio Communities
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Budgetary comparison schedules, or the Statement of Revenue and Expenditures - Budget and Actual (on the City's budgetary basis), reports the original approved budget, final approved budget, and actual results presented on a budgetary basis of accounting for the City's general fund and major special revenue funds. A separate column is presented to report variances between the final approved budget and actual amounts.

Government-Wide Financial Analysis

Net Position. Table 1 reflects the condensed statement of net position as of June 30, 2022 and 2021.

TABLE 1
CONDENSED STATEMENT OF NET POSITION

	2022	2021 (as restated)
Assets		
Current assets	\$ 3,717,467	\$ 2,777,908
Capital assets, net	9,264,761	8,722,953
Leases right to use, net	62,821	88,817
Total assets	13,045,049	11,589,678
Deferred Outflows of Resources		
Deferred outflows - pensions	272,563	18,769
Total deferred outflows of resources	272,563	18,769
Liabilities		
Current liabilities	629,639	24,945
Compensated absences	18,212	11,224
Long-term debt	340,684	143,281
Net pension liability	228,882	-
Total liabilities	1,217,417	179,450
Deferred inflows of Resources		
Deferred inflows - pensions	94,841	-
Total deferred inflows of resources	94,841	-
Net Position		
Net investment in capital assets	8,960,106	8,668,489
Restricted	369,157	418,124
Unrestricted	2,676,091	2,342,384
Total net position	\$ 12,005,354	\$ 11,428,997

The City's current assets are made up primarily of cash of \$3.5 million. The City's other significant asset is capital assets, which had a balance of \$9.3 million, net of accumulated depreciation, at June 30, 2022.

State of New Mexico
City of Rio Communities
Management's Discussion and Analysis
For the Year Ended June 30, 2022

The City's current liabilities are primarily made up of unearned revenue of \$561,000 related to federal grants received in advance. Also included in current liabilities are accounts payable of \$15,300 and payroll liabilities of \$25,800. This includes accrued salaries and payroll taxes and benefits as of June 30, 2022.

Changes in Net Position. Table 2 summarizes the City's change in net position for the years ended June 30, 2022 and 2021.

TABLE 2
CONDENSED STATEMENT OF ACTIVITIES

	<u>2022</u>	<u>2021</u>
Revenues		
Charges for services	\$ 225	\$ 75
Operating grants and contributions	900,035	727,564
Capital grants and contributions	801,480	412,260
Taxes	1,183,752	1,003,723
Contributions/donations	331,413	-
Other	56,918	23,725
Total revenues	<u>3,273,823</u>	<u>2,167,347</u>
Expenses		
General government	1,030,802	687,297
Public safety	980,107	550,028
Public works	607,501	430,861
Culture and recreation	77,457	-
Interest	1,599	1,626
Total expenses	<u>2,697,466</u>	<u>1,669,812</u>
Change in net position	<u>\$ 576,357</u>	<u>\$ 497,535</u>

During fiscal year 2022, net position increased by \$576,357. The increase was due to an increase in capital grants received for the purchase of fire protection equipment, road improvements, and the City's drainage plan.

Expenses totaled \$2.7 million and \$1.7 million during fiscal years 2022 and 2021, respectively. The City's expenses were incurred primarily in the area of general government and public safety, comprising 74% of total expenses during fiscal years 2022 and 2021.

State of New Mexico
City of Rio Communities
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Financial Analysis of the City's Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a governmental funds net resources available for spending at the end of the fiscal year. Governmental funds reported by the City include the general fund, special revenue funds, a capital projects fund, and a debt service fund.

Revenues for governmental funds overall totaled \$3.3 million in fiscal year 2022, which represents an increase of \$1,104,740 from fiscal year 2021. This is largely due to state grants and appropriations totaling \$561,691 and a donation from the estate of Bill Brown in the amount of \$331,413 received in fiscal year 2022 that were not received in fiscal year 2021. There was also an increase of \$177,442 in gross receipts taxes revenue. Expenditures for governmental funds, totaling \$3.2 million, increased by \$940,047 from fiscal year 2021. This is largely due to an increase in public safety and capital outlay expenditures. In fiscal year 2022, revenues of governmental funds exceeded expenditures by approximately \$360,199.

The general fund is the chief operating fund of the City. It is from here that the City pays for the public safety and other basic services it provides to its citizens. At the end of fiscal year 2022, unassigned fund balance of the general fund was \$2.4 million.

Overall, the general fund's performance resulted in revenues exceeding expenditures in fiscal year 2022 by \$341,449. The City's overall general fund financial position increased by \$221,195 due to increased transfers out to other funds.

General Fund Budgetary Highlights

The City's approved budget for expenditures totaled \$1,454,074 for the general fund. The general fund budget represents a increase of \$270,550 when compared to the approved budget from fiscal year 2021, which is mainly caused by an increase in gross receipts taxes revenue. Actual budgetary basis expenditures for the general fund in fiscal year 2022 totaled \$1,244,087 representing a positive variance of \$209,987.

State of New Mexico
City of Rio Communities
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Capital Assets

The City's capital assets including leases for right-to-use assets as of June 30, 2022 amount to \$9.3 million (net of accumulated depreciation and amortization). Capital assets include land, water rights, right-to-use computer and server equipment, infrastructure, buildings and improvements, equipment and machinery, and vehicles, as follows:

	2022	2021 (as restated)
Land and water rights	\$ 234,865	\$ 137,500
Construction in progress	-	432,636
Leases right to use	129,977	129,977
Infrastructure	7,662,914	6,848,293
Buildings and improvements	2,865,019	2,752,452
Equipment and machinery	480,342	396,089
Software	62,936	62,936
Vehicles	1,497,394	922,427
Less: Accumulated depreciation/amortization	<u>(3,605,865)</u>	<u>(2,870,540)</u>
Total capital assets, net	<u>\$ 9,327,582</u>	<u>\$ 8,811,770</u>

For government-wide financial statement presentation purposes, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Note 5 to the basic financial statements for more details regarding capital assets.

Long-Term Debt

At the end of fiscal year 2022, the City had a note payable outstanding of \$300,000 for the purchase of a fire tanker. During 2022, the City paid off the remaining principal balance of a previous loan with the New Mexico Finance Authority in the amount of \$54,464.

At June 30, 2022, the City also reported a compensated absences liability of \$18,212.

See Note 6 to the basic financial statements for more details about the City's long-term debt activity.

Economic Factors Affecting the Next Fiscal Year's Budget

The City of Rio Communities is located in Valencia County. Valencia County, like the rest of urban New Mexico, has a strong and balanced economy. Employment in the area has been stable for the past three years.

The City receives approximately 30 percent of its annual operating budget for the general fund from gross receipts and franchise taxes.

State of New Mexico
City of Rio Communities
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Requests for Information

This financial report is designed to provide a general overview of the City's finances and to provide accountability for funds the City receives. If you have any questions about this report, or need additional financial information, contact:

City of Rio Communities
360 Rio Communities Blvd.
Rio Communities, New Mexico 87002

Basic Financial Statements

Government-Wide Financial Statements

State of New Mexico
City of Rio Communities
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Current assets	
Cash and cash equivalents	\$ 3,507,528
Accounts receivable	209,939
Total current assets	3,717,467
Capital assets, net	9,264,761
Leases right to use, net	62,821
Total assets	13,045,049
Deferred Outflows of Resources	
Deferred outflows - pension	272,563
Total deferred outflows of resources	272,563
Liabilities	
Current liabilities	
Accounts payable	15,280
Accrued payroll liabilities	25,809
Accrued interest	661
Compensated absences	18,212
Unearned grant revenue	561,097
Lease liability, current portion	26,792
Notes payable, current portion	29,263
Total current liabilities	677,114
Lease liability, net of current portion	40,684
Notes payable, net of current portion	270,737
Net pension liability	228,882
Total liabilities	1,217,417
Deferred inflows of Resources	
Deferred inflows - pension	94,841
Total deferred inflows of resources	94,841
Net Position	
Net investment in capital assets	8,960,106
Restricted for:	
Public safety	221,564
Public works	43,379
Subsequent year's expenditures	104,214
Unrestricted	2,676,091
Total net position	\$ 12,005,354

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

State of New Mexico
City of Rio Communities
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Program Revenues				Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Activities Net (Expenses) Revenues and Changes in Net Position
Governmental activities:					
General government	\$ (1,030,802)	\$ 225	\$ 389,550	\$ 801,480	\$ 160,453
Public safety	(980,107)	-	510,485	-	(469,622)
Public works	(607,501)	-	331,413	-	(276,088)
Culture and recreation	(77,457)	-	-	-	(77,457)
Interest	(1,599)	-	-	-	(1,599)
Total governmental activities	<u>\$ (2,697,466)</u>	<u>\$ 225</u>	<u>\$ 1,231,448</u>	<u>\$ 801,480</u>	<u>(664,313)</u>
General revenues:					
Gross receipt taxes					376,943
Property taxes					244,400
Franchise taxes					194,779
State shared taxes					367,630
Licenses and permits					2,691
Fines and forfeitures					958
Investment income					2,090
Other					51,179
Total general revenues					<u>1,240,670</u>
Change in net position					576,357
Net position, beginning of year					<u>11,428,997</u>
Net position, end of year					<u><u>\$ 12,005,354</u></u>

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

Governmental Funds Financial Statements

State of New Mexico
City of Rio Communities
Balance Sheet – Governmental Funds
June 30, 2022

	110	260	295	300	404		
	General	American	Bill Brown	Capital	Debt	Nonmajor	Total
	Fund	Rescue Plan	Parks, Recreation	Projects	Service	Governmental	Governmental
	Fund	Fund	and Public Works	Fund	Fund	Funds	Funds
Assets							
Cash and cash equivalents	\$ 2,384,457	\$ 561,097	\$ 326,323	\$ -	\$ -	\$ 235,651	\$ 3,507,528
Accounts receivable, net	169,545	-	-	-	-	40,394	209,939
Total assets	<u>\$ 2,554,002</u>	<u>\$ 561,097</u>	<u>\$ 326,323</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 276,045</u>	<u>\$ 3,717,467</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities							
Accounts payable	\$ 2,820	\$ -	\$ -	\$ 6,229	\$ -	\$ 6,231	\$ 15,280
Accrued payroll liabilities	25,809	-	-	-	-	-	25,809
Accrued interest	-	-	-	-	661	-	661
Unearned grant revenue	-	561,097	-	-	-	-	561,097
Total liabilities	<u>28,629</u>	<u>561,097</u>	<u>-</u>	<u>6,229</u>	<u>661</u>	<u>6,231</u>	<u>602,847</u>
Deferred inflows of resources							
Unavailable revenue - property taxes	<u>27,422</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,422</u>
Fund balances (deficits)							
Restricted	104,214	-	326,323	-	-	269,814	700,351
Unassigned	2,393,737	-	-	(6,229)	(661)	-	2,386,847
Total fund balances (deficits)	<u>2,497,951</u>	<u>-</u>	<u>326,323</u>	<u>(6,229)</u>	<u>(661)</u>	<u>269,814</u>	<u>3,087,198</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 2,554,002</u>	<u>\$ 561,097</u>	<u>\$ 326,323</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 276,045</u>	<u>\$ 3,717,467</u>

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

State of New Mexico
City of Rio Communities
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2022

Total fund balance - governmental funds \$ 3,087,198

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Capital assets	12,933,447	
Less accumulated depreciation/amortization	<u>(3,605,865)</u>	
		9,327,582

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Notes payable	(300,000)	
Compensated absences	(18,212)	
Lease liability	(67,476)	
Net pension liability	<u>(228,882)</u>	
		(614,570)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds

Deferred outflows - pensions		272,563
Deferred inflows - pensions		(94,841)

Delinquent property taxes not collected within sixty days after year-end are not considered "available" and are considered unavailable revenue in the governmental fund financial statements, but are considered revenue in the government-wide financial statements.

		<u>27,422</u>
Net position - governmental activities		<u><u>\$ 12,005,354</u></u>

State of New Mexico
City of Rio Communities
Statement of Revenues, Expenditures, and
Changes in Fund Balance – Governmental Funds
For the Year Ended June 30, 2022

	110	260	295	300	404		
	General	American	Bill Brown	Capital	Debt	Nonmajor	Total
	Fund	Rescue Plan	Parks, Recreation	Projects	Service	Governmental	Governmental
		Fund	and Public Works	Fund	Fund	Funds	Funds
			Fund				
Revenues							
Gross receipt taxes	\$ 367,890	\$ -	\$ -	\$ -	\$ -	\$ 9,053	\$ 376,943
Property taxes	242,942	-	-	-	-	-	242,942
Franchise taxes	194,779	-	-	-	-	-	194,779
State shared taxes	342,039	-	-	-	-	25,591	367,630
State grants	389,550	-	-	205,493	-	510,485	1,105,528
State appropriations	-	-	-	595,987	-	-	595,987
Licenses and permits	2,691	-	-	-	-	-	2,691
Fines and forfeitures	456	-	-	-	-	502	958
Charges for services	225	-	-	-	-	-	225
Investment income	2,090	-	-	-	-	-	2,090
Contributions/donations	-	-	331,413	-	-	-	331,413
Other	49,357	-	-	-	19	1,803	51,179
Total revenues	<u>1,592,019</u>	<u>-</u>	<u>331,413</u>	<u>801,480</u>	<u>19</u>	<u>547,434</u>	<u>3,272,365</u>
Expenditures							
Current							
General government	763,727	-	-	-	-	-	763,727
Public safety	286,460	-	-	-	-	521,513	807,973
Public works	179,265	-	-	50,928	-	25,616	255,809
Culture and recreation	8,492	-	-	68,965	-	-	77,457
Debt service							
Principal	-	-	-	-	54,464	-	54,464
Interest	-	-	-	-	1,599	-	1,599
Capital outlay	12,626	-	5,090	1,108,070	-	125,351	1,251,137
Total expenditures	<u>1,250,570</u>	<u>-</u>	<u>5,090</u>	<u>1,227,963</u>	<u>56,063</u>	<u>672,480</u>	<u>3,212,166</u>
Excess (deficiency) of revenues over expenditures	<u>341,449</u>	<u>-</u>	<u>326,323</u>	<u>(426,483)</u>	<u>(56,044)</u>	<u>(125,046)</u>	<u>60,199</u>
Other Financing Sources (Uses)							
Transfers in	385,857	-	-	506,111	55,537	-	947,505
Transfers out	(506,111)	-	-	(385,857)	-	(55,537)	(947,505)
Proceeds from notes issued	-	-	-	300,000	-	-	300,000
Total other financing sources (uses)	<u>(120,254)</u>	<u>-</u>	<u>-</u>	<u>420,254</u>	<u>55,537</u>	<u>(55,537)</u>	<u>300,000</u>
Net change in fund balances	221,195	-	326,323	(6,229)	(507)	(180,583)	360,199
Fund balances (deficits), beginning of year	2,276,756	-	-	-	(154)	450,397	2,726,999
Fund balance (deficits), end of year	\$ 2,497,951	\$ -	\$ 326,323	\$ (6,229)	\$ (661)	\$ 269,814	\$ 3,087,198

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

State of New Mexico
City of Rio Communities
Reconciliation of the Governmental Funds Statement
of Revenues, Expenditures, and Changes in
Fund Balance to the Statement of Activities
For the Year Ended June 30, 2022

Net change in fund balances - governmental funds		\$ 360,199
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in the governmental funds as expenditures, however, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation/amortization expense. In the current period, these amounts are:		
Capital outlay	1,251,137	
Depreciation/amortization expense	<u>(735,325)</u>	515,812
Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Net change in compensated absences		(6,988)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Principal payments on long-term debt	54,464	
Principal payments on lease liabilities	21,341	
Proceeds from issuance of long-term debt	<u>(300,000)</u>	(224,195)
The changes in the City's pension liabilities, which are reported as expenses in the statement of activities, do not require the use of current financial resources and therefore is not reported as expenditures in governmental funds.		
		(69,929)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.		
Change in deferred inflows of resources related to delinquent property taxes.		<u>1,458</u>
Change in net position - governmental activities		\$ <u>576,357</u>

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

State of New Mexico
City of Rio Communities
Statement of Revenues and Expenditures – Budget and Actual
(Budgetary Basis) – General Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Gross receipt taxes	\$ 227,744	\$ 321,744	\$ 338,035	\$ 16,291
Property taxes	238,179	242,179	243,526	1,347
Franchise taxes	185,000	185,000	198,422	13,422
State shared taxes	245,520	362,020	341,547	(20,473)
State grants	181,000	391,911	389,550	(2,361)
Licenses and permits	12,650	12,950	2,691	(10,259)
Fines and forfeitures	1,200	1,200	456	(744)
Charges for services	-	500	225	(275)
Other	-	122,795	51,448	(71,347)
Total revenues	<u>1,091,293</u>	<u>1,640,299</u>	<u>1,565,900</u>	<u>(74,399)</u>
Expenses				
Current				
General government	644,830	826,727	746,716	80,011
Public safety	296,960	416,817	286,459	130,358
Public works	136,142	194,272	189,794	4,478
Culture and recreation	11,250	16,258	8,492	7,766
Capital outlay	-	-	12,626	(12,626)
Total expenses	<u>1,089,182</u>	<u>1,454,074</u>	<u>1,244,087</u>	<u>209,987</u>
Excess (deficiency) of revenues over expenditures	<u>2,111</u>	<u>186,225</u>	<u>321,813</u>	<u>135,588</u>
Other Financing Sources (Uses)				
Transfers in	300,000	400,000	385,857	(14,143)
Transfers out	(442,898)	(696,601)	(506,110)	190,491
Total other financing sources (uses)	<u>(142,898)</u>	<u>(296,601)</u>	<u>(120,253)</u>	<u>176,348</u>
Net change in fund balance	(140,787)	(110,376)	<u>\$ 201,560</u>	<u>\$ 311,936</u>
Budgeted cash carry forward	<u>2,193,429</u>	<u>2,193,429</u>		
Total	<u>\$ 2,052,642</u>	<u>\$ 2,083,053</u>		

Reconciliation to GAAP basis:

Net change in fund balance (Budgetary basis)	\$ 201,560
To adjust applicable revenue accruals and deferrals	26,739
To adjust applicable expenditure accruals	(7,104)
Net change in fund balance (GAAP basis)	<u>\$ 221,195</u>

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

State of New Mexico
City of Rio Communities
Statement of Revenues and Expenditures – Budget and Actual
(Budgetary Basis) – American Rescue Plan Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
Revenues				
Federal grants	\$ 561,097	\$ 561,097	\$ -	\$ (561,097)
Total revenues	<u>561,097</u>	<u>561,097</u>	<u>-</u>	<u>(561,097)</u>
Expenses				
Current				
General government	200,000	200,000	-	200,000
Capital outlay	<u>361,097</u>	<u>361,097</u>	<u>-</u>	<u>361,097</u>
Total expenses	<u>561,097</u>	<u>561,097</u>	<u>-</u>	<u>561,097</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	<u>\$ -</u>	<u>\$ -</u>
Budgeted cash carry forward	<u>-</u>	<u>-</u>		
Total	<u>\$ -</u>	<u>\$ -</u>		
Reconciliation to GAAP basis:				
Net change in fund balance (Budgetary basis)			\$ -	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

State of New Mexico
City of Rio Communities
Statement of Revenues and Expenditures – Budget and Actual
(Budgetary Basis) – Bill Brown Parks, Recreation, and Public Works Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Contributions/Donations	\$ -	\$ 331,416	\$ 331,413	\$ (3)
Total revenues	<u>-</u>	<u>331,416</u>	<u>331,413</u>	<u>(3)</u>
Expenses				
Current				
Capital outlay	-	5,090	5,090	-
Total expenses	<u>-</u>	<u>5,090</u>	<u>5,090</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>326,326</u>	<u>326,323</u>	<u>(3)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	326,326	<u>\$ 326,323</u>	<u>\$ (3)</u>
Budgeted cash carry forward	-	-		
Total	<u>\$ -</u>	<u>\$ 326,326</u>		

Reconciliation to GAAP basis:

Net change in fund balance (Budgetary basis)	\$ 326,323
Net change in fund balance (GAAP basis)	<u>\$ 326,323</u>

State of New Mexico
City of Rio Communities
Notes to the Financial Statements
June 30, 2022

1) History and Organization

The City of Rio Communities (the “City”) was incorporated in 2013. The City operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), public works (highways and streets), and general administrative services.

Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

In evaluating how to define the City, 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 Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61 and GASB Statement No. 80. Blended component units, although legally separate entities, are in substance part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

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

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 City has no component units, and is not a component unit of another governmental agency.

State of New Mexico
City of Rio Communities
Notes to the Financial Statements
June 30, 2022

2) Summary of Significant Accounting Principles

Accounting Standards

The accompanying financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The GASB is the standard-setting body for governmental accounting and financial reporting. GASB standards and interpretations constitute GAAP for governments.

Basis of Presentation

Government-Wide Financial Statements. The government-wide financial statements include a statement of net position and a statement of activities. These statements present information about the City as a whole. These statements include the financial activities of the overall entity, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements present the governmental activities of the City. Governmental activities generally are financed through taxes and state grants.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. Indirect expenses are allocated to program/functions that they benefit.

Fund Financial Statements. The fund financial statements provide information about the City's funds. Separate statements for each fund category: governmental, proprietary and fiduciary are displayed, as applicable. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. The City reports the following major governmental funds:

- ◆ *General Fund*—is the City's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.
- ◆ *American Rescue Plan Fund*—This fund accounts for resources received from the federal American Rescue Plan Act. Authority for the creation of this fund is the City Council.
- ◆ *Bill Brown Parks, Recreation, and Public Works Fund*—This fund accounts for resources received from the estate of Bill Brown to improve the City's parks and public works infrastructure. Authority for the creation of this fund is the City Council.

State of New Mexico
City of Rio Communities
Notes to the Financial Statements
June 30, 2022

2) Summary of Significant Accounting Principles – continued

- ◆ *Capital Projects Fund*—This fund accounts for state capital outlay funds used to purchase and repair City buildings as approved through City Council resolution.
- ◆ *Debt Service Fund*—This fund accounts for funds required to pay off the City’s loans as approved through City Council resolution.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements. The statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange include grants, entitlements and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which eligibility requirements have been satisfied.

Fund Financial Statements. Governmental funds are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in its governmental funds to be available if the revenues are collected within sixty days after year-end.

Expenditures are recorded when the related fund liability is incurred. However, principal and interest on general long-term liabilities and claims and judgments are recorded as fund liabilities and expenditures when they are due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Revenue Recognition

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, subject to the availability criterion. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met, subject to the availability criterion. 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 City.

State of New Mexico
City of Rio Communities
Notes to the Financial Statements
June 30, 2022

2) Summary of Significant Accounting Principles – continued

Cash and Cash Equivalents

The City'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.

Accounts Receivable

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At June 30, 2022, all receivables are considered to be 100% collectible.

In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied. Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the City may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent. Property taxes are collected by Valencia County and remitted monthly to the City.

Capital Assets

According to Section 12-6-10 NMSA 1978, capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. 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 asset lives are not capitalized.

Depreciation on all capital assets is provided using the straight-line basis over the following estimated useful lives of the assets:

<u>Asset Class</u>	<u>Useful Life</u>
Infrastructure	30 years
Buildings and improvements	40 years
Equipment and machinery	5-15 years
Software	7 years
Vehicles	5-10 years

Compensated Absences

Qualified employees are entitled to accumulate paid time off (PTO) according to a graduated leave schedule of 120 to 195 hours per year, depending upon the length of service and employees hire date.

State of New Mexico
City of Rio Communities
Notes to the Financial Statements
June 30, 2022

2) Summary of Significant Accounting Principles – continued

Vested or accumulated PTO that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the 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 PTO that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

Deferred Outflows/Inflows of Resources

In addition to assets, the governmental funds balance sheet and government-wide statement of net position report a separate section for deferred outflows of resources. This separate financial statement element represents a *consumption* of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until that time. In the government-wide financial statements, the City reports deferred outflows of resources in relation to its pension activity. The City has recorded \$272,563 of deferred outflows related to pensions and is reflected in the statement of net position.

In addition to liabilities, the governmental funds balance sheet and government-wide statement of net position report 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 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 deferred inflows of resources. The City reports one type of deferred inflow which arises under the modified accrual basis of accounting. Accordingly, the financial statement line items “unavailable revenue – property taxes” is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The City has recorded \$27,422 related to property taxes considered “unavailable”. The City has also recorded \$94,481 of deferred inflows related to pensions.

Pensions

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

State of New Mexico
City of Rio Communities
Notes to the Financial Statements
June 30, 2022

2) Summary of Significant Accounting Principles – continued

Net Position and Fund Balance

In the government-wide financial statements, net position is classified into the following categories:

- ◆ *Net investment in capital assets*—Consists of capital assets, net of accumulated depreciation and outstanding principal balances attributable to the acquisition, construction, or improvement of those assets;
- ◆ *Restricted*—When constraints placed on an assets use are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. The basic concept is that restrictions are not unilaterally established by a reporting government itself and cannot be removed without the consent of those imposing the restrictions. This category of net position is intended to identify resources that were received or earned by the City with an explicit understanding between the City and the resource providers that the funds would be used for a specific purpose;
- ◆ *Unrestricted*—Consists of net position that does not meet the definition of the two preceding categories.

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies fund balance primarily on the extent to which the City is bound to observe constraints imposed on the use of the resources reported in governmental funds. This statement provides the following classifications:

- ◆ *Nonspendable*—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.
- ◆ *Restricted*—Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- ◆ *Committed*—Amounts that can only be used for specific purposes to constraints imposed by formal action of the highest level of authority, the City Council. Those committed amounts cannot be used for any other purpose unless the Council 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;

State of New Mexico
City of Rio Communities
Notes to the Financial Statements
June 30, 2022

2) Summary of Significant Accounting Principles – continued

- ◆ *Assigned*—Amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed and should be reported as assigned fund balance. The City Council has not delegated the authority to assign amounts to any individuals or Commissions within the City;
- ◆ *Unassigned*—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 City’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 City holds cash reserves equal to 1/12th of the general fund’s annual expenditures as required by the New Mexico Department of Finance and Administration (NM DFA). This restricted fund balance for the City is \$104,214 at June 30, 2022.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Use of Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Leases

The City is a lessee for non-cancellable leases of equipment and recognizes a lease liability and an intangible right-to-use asset (lease asset) in the financial statements. The lease liabilities are recognized with an individual value of \$15,000 or more or immaterial component leases that aggregate to a total value of \$15,000 or more. At the commencement of a lease, the City initially measures the lease liability at the present value of the payments expected to be made during the lease term. Subsequently, the lease is reduced by the principal portion of lease payments made. The lease asset is initially measured at the initial amount of the lease liability, adjusted from lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently the lease asset is amortized on a straight-line basis over its useful life.

State of New Mexico
City of Rio Communities
Notes to the Financial Statements
June 30, 2022

2) Summary of Significant Accounting Principles – continued

Key estimates and judgements related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- a. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the current borrowing rate is used as the discount rate for the leases.
- b. The lease term includes the non-cancellable period of the lease; the term of the lease contract, including in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

Tax Abatements

GASB Statement No. 77, *Tax Abatement Disclosures*, requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments that reduce the reporting government's tax revenues. For financial statement reporting purposes, this statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forego tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. These tax abatements may affect the financial position of the government and its results of operations, including its ability to raise resources in the future.

The City has evaluated the requirements of GASB Statement No. 77 and has concluded that this disclosure requirement does not apply to the City.

Budgetary Data

Annual budgets of the City are prepared prior to June 1 and must be approved by resolution of the City Council and submitted to the NM DFA for State approval. Once the budget has been formally approved, any budget adjustment requests (BAR) must also be approved by the City Council and NM DFA. A separate budget is prepared for each fund of the City. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total by fund.

State law prescribes that the City's budget be prepared on the basis of cash receipts and cash expenditures. Therefore, budgetary comparison statements are prepared on a cash basis to compare actual revenues and expenditures with a cash basis budget, as amended. Since the budgetary basis differs significantly from the basis of accounting used to present financial statements in conformity with GAAP, a reconciliation of the budgetary comparison statements to the GAAP basis financial statements is presented at the bottom of each budgetary comparison statement.

State of New Mexico
City of Rio Communities
Notes to the Financial Statements
June 30, 2022

2) Summary of Significant Accounting Principles – continued

New Accounting Standards

The following GASB pronouncements, which may have a future impact on the City, have been issued, but are not yet effective, at June 30, 2022:

- ◆ GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*
- ◆ GASB Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*
- ◆ GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*
- ◆ GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*
- ◆ GASB Statement No. 98, *The Annual Comprehensive Financial Report*
- ◆ GASB Statement No. 100, *Accounting Changes and Error Corrections*
- ◆ GASB Statement No. 101, *Compensated Absences*

The City will implement the new GASB pronouncements in the fiscal year no later than the required effective date. Management is still evaluating the financial impact of these pronouncements.

3) **Cash and Cash Equivalents**

State statutes authorize the investment of City funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. Deposits of funds may be made in interest or noninterest-bearing checking accounts in one or more banks or savings and loan associations. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for at least 50% of the deposit amount in excess of the deposit insurance.

State of New Mexico
City of Rio Communities
Notes to the Financial Statements
June 30, 2022

3) Cash and Cash Equivalents – continued

At June 30, 2022, the carrying amount of the City’s cash and cash equivalents was comprised of the following:

Carrying amount of deposits	\$ 3,507,452
Cash on hand	<u>76</u>
Total cash and cash equivalents	<u>\$ 3,507,528</u>
Statement of net position - cash and cash equivalents	<u>\$ 3,507,528</u>

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk, other than state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2022, the City’s bank deposits were exposed to custodial credit risk as follows:

	<u>United Business Bank</u>
Bank balance of deposits	\$ 3,622,450
Less: FDIC insurance coverage	<u>(2,909,901)</u>
Total uninsured deposits	712,549
Less: Pledged collateral at fair value	<u>(2,000,000)</u>
Total uninsured/uncollateralized deposits	<u>\$ -</u>
Collateral requirement (50%)	\$ 356,275
Pledged collateral	<u>2,000,000</u>
Over (under) collateralized	<u>\$ 1,643,725</u>

State of New Mexico
City of Rio Communities
Notes to the Financial Statements
June 30, 2022

4) Accounts Receivable

Accounts receivable of the City are as follows as of June 30, 2022:

<i>Governmental activities</i>	Nonmajor Governmental		Total
	General Fund	Funds	
Gross receipts tax	\$ 114,068	\$ 40,394	\$ 154,462
Property tax	33,799	-	33,799
Franchise tax	19,726	-	19,726
Other	1,952	-	1,952
Total accounts receivable, net	<u>\$ 169,545</u>	<u>\$ 40,394</u>	<u>\$ 209,939</u>

5) Capital Assets

Capital assets activity for the year ended June 30, 2022 was as follows:

<i>Governmental activities</i>	Beginning Balance (as restated)	Additions	Transfers	Ending Balance
<i>Capital assets not being depreciated</i>				
Land and water rights	\$ 137,500	\$ -	\$ 97,365	\$ 234,865
Construction in progress	432,636	459,299	(891,935)	-
Total capital assets not being depreciated	<u>570,136</u>	<u>459,299</u>	<u>(794,570)</u>	<u>234,865</u>
<i>Capital assets being depreciated/amortized</i>				
Leases right to use	129,977	-	-	129,977
Infrastructure	6,848,293	20,051	794,570	7,662,914
Buildings and improvements	2,752,452	112,567	-	2,865,019
Equipment and machinery	396,089	84,253	-	480,342
Software	62,936	-	-	62,936
Vehicles	922,427	574,967	-	1,497,394
Total capital assets being depreciated/amortized	<u>11,112,174</u>	<u>791,838</u>	<u>794,570</u>	<u>12,698,582</u>
<i>Less accumulated depreciation/amortized</i>				
Leases right to use	(41,160)	(25,996)	-	(67,156)
Infrastructure	(1,899,722)	(396,614)	-	(2,296,336)
Buildings and improvements	(498,644)	(141,138)	-	(639,782)
Equipment and machinery	(170,886)	(52,371)	-	(223,257)
Software	-	(8,991)	-	(8,991)
Vehicles	(260,128)	(110,215)	-	(370,343)
Total accumulated depreciation/amortization	<u>(2,870,540)</u>	<u>(735,325)</u>	<u>-</u>	<u>(3,605,865)</u>
Capital assets being depreciated/amortized, net	<u>8,241,634</u>	<u>56,513</u>	<u>794,570</u>	<u>9,092,717</u>
Total capital assets, net	<u>\$ 8,811,770</u>	<u>\$ 515,812</u>	<u>\$ -</u>	<u>\$ 9,327,582</u>

State of New Mexico
City of Rio Communities
Notes to the Financial Statements
June 30, 2022

5) Capital Assets – continued

Depreciation expense for the year ended June 30, 2022 was charged to the following functions of the City’s governmental activities:

General government	\$ 211,499
Public safety	172,134
Public works	<u>351,692</u>
	<u>\$ 735,325</u>

6) **Long-Term Debt**

Changes in the City’s long-term debt balances for the year ended June 30, 2022 were as follows:

<i>Governmental activities</i>	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
NMFA loans	\$ 54,464	\$ 300,000	\$ (54,464)	\$ 300,000	\$ 29,263
Compensated absences	<u>11,224</u>	<u>20,842</u>	<u>(13,854)</u>	<u>18,212</u>	<u>18,212</u>
	<u>\$ 65,688</u>	<u>\$ 320,842</u>	<u>\$ (68,318)</u>	<u>\$ 318,212</u>	<u>\$ 47,475</u>

During fiscal year 2022, the City entered into a loan agreement with the New Mexico Finance Authority (NMFA) in the amount of \$300,000 to finance the purchase of a fire tanker. The term of the loan is ten years and carries a variable interest rate ranging from .95% - 1.42%. The loan will be paid from the revenues received pursuant to the Fire Protection Fund Law (NMSA 59A-53-1). There are no provisions for the acceleration of maturity of the principal of the loan in the event of a default in the payment of principal or interest on the loan.

Payments on the loan are scheduled to begin on May 1, 2023. Debt service payments are liquidated from resources of the Fire Protection Fund via an intercept agreement with the New Mexico Public Regulation Commission.

State of New Mexico
City of Rio Communities
Notes to the Financial Statements
June 30, 2022

6) Long-Term Debt – continued

Future scheduled payments on the NMFA loan are as follows:

<i>Years Ending June 30,</i>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 29,263	\$ 996	\$ 30,259
2024	29,700	560	30,260
2025	29,784	477	30,261
2026	29,906	355	30,261
2027	30,055	205	30,260
2028 - 3032	<u>151,292</u>	<u>10</u>	<u>151,302</u>
Total	<u>\$ 300,000</u>	<u>\$ 2,603</u>	<u>\$ 302,603</u>

Compensated absences are typically paid with general fund resources when used by employees. The City considers all compensated balances to be current.

7) **Transfers**

The City had the following interfund transfers, made to supplement other funding sources, for the year ended June 30, 2022:

<i>Governmental activities</i>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 385,857	\$ (506,111)
Fire protection fund (nonmajor governmental fund)	-	(55,537)
Municipal street fund (nonmajor governmental fund)	-	-
Capital projects fund	506,111	(385,857)
County EMS fund (nonmajor governmental fund)	-	-
Wildland protection fund (nonmajor governmental fund)	-	-
Debt service fund	<u>55,537</u>	<u>-</u>
Total transfers in (out)	<u>\$ 947,505</u>	<u>\$ (947,505)</u>

State of New Mexico
City of Rio Communities
Notes to the Financial Statements
June 30, 2022

8) Defined Benefit Pension Plan – PERA

The City Council approved a resolution during fiscal year 2020 to participate in PERA as an affiliated public employer effective July 1, 2020. The City adopted the Municipal General Coverage Plan 1, the Municipal Police Plan 1, and the Municipal Fire Plan 1 within PERA.

General Information About the Pension Plan

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

State of New Mexico
City of Rio Communities
Notes to the Financial Statements
June 30, 2022

8) Defined Benefit Pension Plan – PERA – continued

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 0.5%, employee contributions increased 1.5% and effective July 1, 2014 employer contributions were raised 0.05%. The computation of final average salary increased as the average of salary for 60 consecutive months.

Contributions: See PERA's publicly available comprehensive annual financial report obtained at <http://www.nmpera.org/financialoverview>, for the employer and employee contribution rates in effect for fiscal year 2022.

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

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2021 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2020. The City's proportion of the net pension liability was based on projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. For the Municipal Fire Plan, this measurement date was prior to the City's effective adoption and participation date.

For the PERA Fund Municipal General Division, at June 30, 2022, the City reported a liability of \$228,882 for its proportionate share of the net position liability. At June 30, 2021, the City's proportion was .020315 percent, which was an increase of .020315 percent from its proportion measured at June 30, 2020.

State of New Mexico
City of Rio Communities
Notes to the Financial Statements
June 30, 2022

8) Defined Benefit Pension Plan – PERA – continued

For the year ending June 30, 2022, the City recognized PERA Fund Municipal General Division pension expense of \$104,469. At June 30, 2022, the City reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,698	\$ 784
Changes of assumptions	75	-
Net difference between projected and actual investment earnings on pension plan investments	-	94,057
Changes in proportion and differences between the City's contributions and proportionate share of contributions	232,250	-
The City's contributions subsequent to the measurement date	<u>34,540</u>	<u>-</u>
Total	<u>\$ 272,563</u>	<u>\$ 94,841</u>

\$34,540 reported as deferred outflows of resources related to pensions from the City's contributions subsequent to the measurement date of June 30, 2021 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ 71,405
2024	67,403
2025	42,967
2026	(38,593)
2027	<u>-</u>
Total	<u>\$ 143,182</u>

State of New Mexico
City of Rio Communities
Notes to the Financial Statements
June 30, 2022

8) Defined Benefit Pension Plan – PERA – continued

For the PERA Fund Municipal Fire Division, the City did not report a liability for its proportionate share of the net pension liability due to the measurement date of the liability by PERA. For the year ended June 30, 2021, the City did not recognize pension expense due to the measurement date of the pension liability and the City's effective participation date in the pension plan. At June 30, 2022, the City reported deferred outflows of resources of \$7,577 for the City's contributions subsequent to the measurement date. These deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

Actuarial assumptions. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry age normal
Amortization period	Level percentage 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%
- Includes inflation at	2.50% and 2.75% for 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 to 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, 2020. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2020. These assumptions were adopted by the Board and used in the June 30, 2020 actuarial valuation.

State of New Mexico
City of Rio Communities
Notes to the Financial Statements
June 30, 2022

8) Defined Benefit Pension Plan – PERA – continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

All Funds - Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	35.50%	5.90%
Risk reduction and mitigation	19.50%	1.00%
Credit oriented fixed income	15.00%	4.20%
Real assets	20.00%	6.00%
Multi-risk allocation	<u>10.00%</u>	6.40%
Total	<u>100.00%</u>	

Discount rate. A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2021. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

State of New Mexico
City of Rio Communities
Notes to the Financial Statements
June 30, 2022

8) Defined Benefit Pension Plan – PERA – continued

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point (6.25%) or 1-percentage-point higher (8.25 percent) than the current rate:

The City's proportionate share of the net pension liability	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
PERA Fund Division: Municipal General	\$ 410,565	\$ 228,882	\$ 78,172
Total	<u>\$ 410,565</u>	<u>\$ 228,882</u>	<u>\$ 78,172</u>

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

9) **Lease Liabilities**

The City has entered into leases for computer and server equipment. The City is required to make principal and interest payments for these leases in the amount of \$26,016 for the year ending June 30, 2022. The City uses an interest rate of 5.75% for leases entered into prior to July 1, 2021. There were no new leases entered into subsequent to June 1, 2021. The equipment is amortized over the lease term. The value of the lease liability at June 30, 2022 was \$67,476. The value of the right-to-use assets at June 30, 2022 was \$129,977. The accumulated amortization at June 30, 2022 was \$67,156.

Changes in the City's lease liabilities for the year ended June 30, 2022 were as follows:

<i>Governmental activities</i>	Beginning Balance (as restated)	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Lease liabilities	\$ 92,774	\$ -	\$ (25,298)	\$ 67,476	\$ 26,792
	<u>\$ 92,774</u>	<u>\$ -</u>	<u>\$ (25,298)</u>	<u>\$ 67,476</u>	<u>\$ 26,792</u>

State of New Mexico
City of Rio Communities
Notes to the Financial Statements
June 30, 2022

9) Lease Liabilities – continued

The future principal and interest lease payments as of June 30, 2022, are as follows:

<i>Years Ending June 30,</i>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 26,792	\$ 3,181	\$ 29,973
2024	28,373	1,599	29,972
2025	<u>12,311</u>	<u>178</u>	<u>12,489</u>
Total	<u>\$ 67,476</u>	<u>\$ 4,958</u>	<u>\$ 72,434</u>

10) Fund Deficits

The City had a deficit fund balance in the Capital Projects Fund (fund 300) and Debt Service Fund (fund 404) of \$6,229 and \$661, respectively. The City will cover these deficits with transfers from the General Fund in the upcoming fiscal year.

11) Risk Management

The City is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of property, errors and omissions and natural disasters. The City participates in the New Mexico Self-Insurers' Fund risk pool.

The City has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the City which exceeds the insurance coverage, the City would be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and estimates the potential for loss and handles all aspects of the claim. Insurance coverage has not changed significantly from prior years and coverages are expected to be continued.

At June 30, 2022, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance. The City is not aware of any major lawsuits that have been filed.

12) Concentrations

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

Required Supplementary Information

State of New Mexico
City of Rio Communities
Schedule of the City's Proportionate Share of the Net Pension Liability and Schedule of the
City's Contributions
PERA – Municipal General Division
Last 10 Fiscal Years*

		June 30,
	Fiscal year	2022
	Measurement date	2021
The City's proportion of the net pension liability		0.0203%
The City's proportionate share of the net pension liability		\$ 228,882
The City's covered payroll		\$ 352,458
The City's proportionate share of the net pension liability as a percentage of its covered-employee payroll		64.94%
Plan fiduciary net position as a percentage of the total pension liability		77.25%
		June 30,
	Fiscal year	2022
	Measurement date	2021
Statutory required contribution		\$ 26,963
Contributions in relation to the statutorily required contributions		26,963
Annual contribution deficiency (excess)		\$ -
The City's covered payroll		\$ 352,458
Contributions as a percentage of covered payroll		7.65%

* The amounts presented were determined as of June 30. These Schedules are presented to illustrate the requirement to show information for 10 years. However, until a 10-year trend is compiled, the City will present information for those years for which information is available.

State of New Mexico
City of Rio Communities
Notes to the Required Supplementary Information
Public Employees Retirement Plan (PERA)
June 30, 2021

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

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 2021 report is available at <http://www.nmpera.org>.

Other Supplementary Information

State of New Mexico

City of Rio Communities

Nonmajor Governmental Fund Descriptions

Corrections Fund. This fund accounts for the proceeds of the State of New Mexico approved assessments for the municipal court, for which expenditures are designated for the care of prisoners. Authority is NMSA 1978, Section 33-2-25.

Environmental Gross Receipts Tax (GRT) Fund. This fund accounts for the 0.25% gross receipts tax funding used for the acquisition, construction, operation and maintenance of solid waste facilities, water facilities, wastewater facilities, sewer systems and related facilities. Authority is NMSA 1978, Section 7-19D-1 to 7-19D-11.

Emergency Medical Services (EMS) Fund. This fund accounts for annual grant from the Emergency Medical Service Fund Act. Funding is made available to municipalities in proportion to their needs, for use in the establishment and enhancement of local emergency medical services that assist in reducing injury and loss of life. Authority is NMSA 1978, Section 24-10A-1 to 24-10A-9.

Fire Protection Fund: This fund accounts for state fire marshal funds used for the operation of the fire department. Authority is NMSA 1978, Section 59A-53-2.

Law Enforcement Fund. This fund accounts for state grants from the State of New Mexico which are to be utilized to enhance the efficiency and effectiveness of law enforcement protection. Authority is NMSA 1978, Section 29-13-1 to 29-13-9.

Municipal Street Fund. This fund accounts for gas tax and road cut ordinance funds used for repairing and maintaining the City's streets. Authority is NMSA 1978, Sections 7-24A-1 to 7-24A-21.

County Fire GRT Fund. This fund accounts for resources received from Valencia County for the operation of fire protection services. Authority is NMSA 1978, Section 7-20E-15.

County EMS Fund. This fund accounts for resources received from Valencia County for the operation of emergency medical services operations. Authority is NMSA 1978, Section 7-24-E-22.

State of New Mexico
City of Rio Communities
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	201	202	206	209	211	216	296	297	Total
	Corrections	Environmental	EMS	Fire	Law	Municipal	County	County	Nonmajor
	Fund	GRT	Fund	Protection	Enforcement	Street	Fire GRT	EMS	Governmental
	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Funds
Assets									
Cash and cash equivalents	\$ 7,111	\$ 21,043	\$ 2,042	\$ 11,102	\$ -	\$ 21,329	\$ 14,819	\$ 158,205	\$ 235,651
Accounts receivable, net	-	3	-	-	-	1,004	8,561	30,826	40,394
Total assets	<u>\$ 7,111</u>	<u>\$ 21,046</u>	<u>\$ 2,042</u>	<u>\$ 11,102</u>	<u>\$ -</u>	<u>\$ 22,333</u>	<u>\$ 23,380</u>	<u>\$ 189,031</u>	<u>\$ 276,045</u>
Liabilities, and Fund Balances									
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ 6,231	\$ -	\$ -	\$ -	\$ -	\$ 6,231
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,231</u>
Fund balances									
Restricted	7,111	21,046	2,042	4,871	-	22,333	23,380	189,031	269,814
Total fund balances	<u>7,111</u>	<u>21,046</u>	<u>2,042</u>	<u>4,871</u>	<u>-</u>	<u>22,333</u>	<u>23,380</u>	<u>189,031</u>	<u>269,814</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,111</u>	<u>\$ 21,046</u>	<u>\$ 2,042</u>	<u>\$ 11,102</u>	<u>\$ -</u>	<u>\$ 22,333</u>	<u>\$ 23,380</u>	<u>\$ 189,031</u>	<u>\$ 276,045</u>

State of New Mexico
City of Rio Communities
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	201	202	206	209	211	216	296	297	Total
	Corrections	Environmental	EMS	Fire	Law	Municipal	County	County	Nonmajor
	Fund	GRT	Fund	Protection	Enforcement	Street	Fire GRT	EMS	Governmental
	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Funds
Revenues									
Gross receipt taxes	\$ -	\$ 9,053	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,053
State shared taxes	-	-	-	-	-	25,591	-	-	25,591
State grants	-	-	-	283,245	20,000	-	45,274	161,966	510,485
Fines and forfeitures	502	-	-	-	-	-	-	-	502
Other	-	-	-	1,803	-	-	-	-	1,803
Total revenues	<u>502</u>	<u>9,053</u>	<u>-</u>	<u>285,048</u>	<u>20,000</u>	<u>25,591</u>	<u>45,274</u>	<u>161,966</u>	<u>547,434</u>
Expenditures									
Current									
Public safety	-	-	5,740	315,042	37,215	-	43,141	120,375	521,513
Public works	-	11,837	-	-	-	13,779	-	-	25,616
Capital outlay	-	-	-	25,198	-	21,012	-	79,141	125,351
Total expenditures	<u>-</u>	<u>11,837</u>	<u>5,740</u>	<u>340,240</u>	<u>37,215</u>	<u>34,791</u>	<u>43,141</u>	<u>199,516</u>	<u>672,480</u>
Excess (deficiency) of revenues over expenditures	<u>502</u>	<u>(2,784)</u>	<u>(5,740)</u>	<u>(55,192)</u>	<u>(17,215)</u>	<u>(9,200)</u>	<u>2,133</u>	<u>(37,550)</u>	<u>(125,046)</u>
Other Financing Sources (Uses)									
Transfers out	-	-	-	(55,537)	-	-	-	-	(55,537)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,537)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,537)</u>
Net change in fund balances	502	(2,784)	(5,740)	(110,729)	(17,215)	(9,200)	2,133	(37,550)	(180,583)
Fund balances, beginning of year	6,609	23,830	7,782	115,600	17,215	31,533	21,247	226,581	450,397
Fund balances, end of year	<u>\$ 7,111</u>	<u>\$ 21,046</u>	<u>\$ 2,042</u>	<u>\$ 4,871</u>	<u>\$ -</u>	<u>\$ 22,333</u>	<u>\$ 23,380</u>	<u>\$ 189,031</u>	<u>\$ 269,814</u>

State of New Mexico
City of Rio Communities
Schedule of Deposits by Financial Institution
June 30, 2022

Name/Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
<i>United Business Bank</i>				
Checking account - operating	\$ 962,549	\$ 150	\$ (115,148)	\$ 847,551
Checking account - reserve	2,659,901	-	-	2,659,901
Petty cash	-	-	-	76
Total cash and cash equivalents	<u>\$ 3,622,450</u>	<u>\$ 150</u>	<u>\$ (115,148)</u>	<u>\$ 3,507,528</u>

State of New Mexico
City of Rio Communities
Schedule of Collateral by Financial Institution
June 30, 2022

Name/Collateral Description	Identification Number	Expiration Date	Current Market Value
<i>United Business Bank</i>			
Federal Home Loan Bank - Letter of Credit	2021-849	12/31/2022	\$ 2,000,000

State of New Mexico
City of Rio Communities
Schedule of Joint Power Agreements
June 30, 2022

Joint Powers Agreement	Participants	Responsible party	Description	Beginning and ending dates	Total estimated project amount and amount applicable to agency	Amount contributed by City during current fiscal year	Audit Responsibility	Fiscal agent and responsible reporting entity
Continuation of Services	City of Rio Communities and Valencia County	City of Rio Communities and Valencia County	Animal Control Services	7/1/2016 - Ongoing	\$ 20,000	\$ 17,531	City of Rio Communities and Valencia County	City of Rio Communities and Valencia County
VRECC	City of Rio Communities and Valencia County	City of Rio Communities and Valencia County	Provided enhanced 911 and dispatch services	6/30/2018 - Ongoing	\$ 33,000	\$ 30,966	City of Rio Communities and Valencia County	City of Rio Communities and Valencia County
Corrections	City of Rio Communities and Valencia County	City of Rio Communities and Valencia County	Housing and care of prison detainees	7/22/2014 - Ongoing	\$ 50,000	\$ -	City of Rio Communities and Valencia County	City of Rio Communities and Valencia County
Law Enforcement Protection	City of Rio Communities and Valencia County	City of Rio Communities and Valencia County	Designation of municipal law enforcement office to City of Rio Communities	7/7/2016 - Ongoing	\$ 150,000	\$ 150,000	City of Rio Communities and Valencia County	City of Rio Communities and Valencia County
Emergency Medical Services	City of Rio Communities and Valencia County	City of Rio Communities and Valencia County	As necessary medical direction on behalf of medical director and medical waste disposal	7/7/2016 - Ongoing	\$ 5,000	\$ -	City of Rio Communities and Valencia County	City of Rio Communities and Valencia County
Roadside Installation	City of Rio Communities and Valencia County	City of Rio Communities and Valencia County	Installation of city road signs	7/7/2016 - Ongoing	\$ -	\$ -	City of Rio Communities and Valencia County	City of Rio Communities and Valencia County
Mutual Wildfire Suppression	City of Rio Communities and EMNRD	City of Rio Communities and EMNRD	Mutual wildfire suppression, management assistance, cooperation and use of federal excess property	1/1/2016 - Ongoing	\$ -	\$ -	City of Rio Communities and EMNRD	City of Rio Communities and EMNRD
Countywide EMS Tax Transference (40%) ("EMS GRT VC")	City of Rio Communities Countwide (MOA)	City of Rio Communities Countwide (MOA)	Emergency communications and medical behavioral services tax	7/1/2016 - Ongoing	\$ -	\$ -	City of Rio Communities Countwide (MOA)	City of Rio Communities Countwide (MOA)

Compliance Section



Independent Auditor’s Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards*

Mr. Brian S. Colón, Esq., New Mexico State Auditor
Joshua Ramsell, Mayor and the City Council
City of Rio Communities, 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, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund and major special revenue funds of the State of New Mexico, City of Rio Communities (the “City”) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated December 12, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’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 City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

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

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

 4811 Hardware Dr. NE, Suite E-4, Albuquerque, NM 87109

 (505) 312-8702  info@sjtgroupcpa.com  www.sjtgroupcpa.com

Report on Compliance and Other Matters

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

Purpose of this Report

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

SJT Group LLC

Albuquerque, New Mexico
December 12, 2022

State of New Mexico
City of Rio Communities
Schedule of Findings and Responses
For the Year Ended June 30, 2022

Section I — Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No
Other findings required to be reported under Section 12-6-5, NMSA 1978?	No

State of New Mexico
City of Rio Communities
Schedule of Findings and Responses – continued
For the Year Ended June 30, 2022

Section II—Financial Statement Findings

None.

State of New Mexico
City of Rio Communities
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2022

None.

State of New Mexico
City of Rio Communities
Exit Conference
For the Year Ended June 30, 2022

An exit conference was held in a closed session on December 12, 2022. Present at the exit conference were:

For the City of Rio Communities:

Margaret "Peggy" Gutjahr, Mayor Pro-Tem/Councilor
Martin D. Moore, City Manager
Stephanie Finch, Finance Officer/Treasurer

For the SJT Group LLC:

Jeremiah Armijo, CPA, Senior Manager

Preparation of the Financial Statements

The accompanying financial statements of the City have been prepared by the SJT Group LLC, the City's independent auditors, however, the financial statements are the responsibility of management.



Rio Communities, NM

Accounts Payable Approval Report

By Fund

Item 3.

Vendor Name	Payable Number	Post Date	Description (Item)	Amount	
Fund: 11000 - General Operating Fund					
Department: 2002 - General Administration					
Wells Fargo Financial Leasing	5023784064	02/15/2023	Contract #8000452181 - CH Ser...	2,497.73	
Sharp Electronics Corporation	9004183796	02/15/2023	City Hall Copies	100.51	
Sharp Electronics Corporation	9004197095	02/15/2023	City Hall Copies	6.91	
Sandra Schauer	00001145	02/16/2023	Community Newsletter-create,...	2,991.50	
Wells Fargo Financial Leasing	5023885895	02/16/2023	Contract #8000493854 - MX30...	138.25	
Tyler Technologies	025-412832	02/22/2023	Workorders Module	519.30	
Mid-Valley Doors, LLC. dba Toby..	16393	02/22/2023	Door for file room	380.00	
Amazon Business	1WDW-N6LN-J6Q1	02/22/2023	Cork Board for notices - Bank bu...	28.89	
Sharp Electronics Corporation	9004205535	02/22/2023	Contract# 8000563882 VOIP CH...	451.10	
Sharp Electronics Corporation	9004207437	02/22/2023	Contract #8000452181 - CH Hel...	285.00	
H&E Equipment	97106656	02/22/2023	Equipment Rental	3,585.02	
H&E Equipment	97120040	02/22/2023	Equipment Rental	2,743.06	
Home Depot	1020561	02/23/2023	plexiglass	267.00	
Sharp Electronics Corporation	13754415	02/23/2023	Onboarding of Devices for Libra...	1,320.00	
Home Depot	5972872	02/23/2023	Blanket PO for materials maint...	14.91	
Department 2002 - General Administration Total:				15,329.18	
Department: 2008 - Municipal Clerk					
Amazon Business	1WDW-N6LN-J6Q1	02/22/2023	Lysol Disinfectant wipes & spray	23.04	
Department 2008 - Municipal Clerk Total:				23.04	
Department: 2014 - Economic Development					
UKUU Creative	357	02/15/2023	Website/Social Media Reference	161.25	
Griffin & Associates Marketing, ...	000354	02/16/2023	Public Relations & Media Relati...	52.50	
Griffin & Associates Marketing, ...	000354	02/16/2023	Economic Development Websi...	52.50	
Griffin & Associates Marketing, ...	000354	02/16/2023	Albq GRT	11.13	
Griffin & Associates Marketing, ...	000354	02/16/2023	Design Services	37.50	
Griffin & Associates Marketing, ...	000444	02/16/2023	Albq GRT	11.72	
Griffin & Associates Marketing, ...	000444	02/16/2023	Economic Development Websi...	150.00	
Griffin & Associates Marketing, ...	000523	02/16/2023	Design Services	315.00	
Griffin & Associates Marketing, ...	000523	02/16/2023	Albq GRT	24.61	
Department 2014 - Economic Development Total:				816.21	
Department: 5101 - Public Works					
Woodlands Hardware	010146/1	02/16/2023	PW Supplies	19.99	
Woodlands Hardware	010170/1	02/16/2023	PW Supplies	37.19	
Woodlands Hardware	010197/1	02/22/2023	PW Supplies	8.44	
Department 5101 - Public Works Total:				65.62	
Fund 11000 - General Operating Fund Total:					16,234.05
Fund: 20200 - Environmental					
Department: 5009 - Environmental					
Universal Waste Systems, Inc.	0001957143	02/23/2023	Clean Up Day	363.80	
Department 5009 - Environmental Total:				363.80	
Fund 20200 - Environmental Total:					363.80
Fund: 20900 - Fire Protection					
Department: 3002 - Fire Protection					
Century Link	INV0003917	02/14/2023	Telephone Services Fire Depart...	76.87	
Sharp Electronics Corporation	5023784063	02/15/2023	Contract #8000581517 - Fire D...	314.99	
Sharp Electronics Corporation	9004183796	02/15/2023	Fire Department Copies	100.51	
Sharp Electronics Corporation	9004197095	02/15/2023	Fire Department Copies	6.91	
Linde Gas & Equipment Inc.	34244639	02/22/2023	Oxygen	132.72	
Sharp Electronics Corporation	9004205535	02/22/2023	Contract# 8000563882 VOIP CH...	67.41	
Ray's Fire Extinguishers	12944	02/23/2023	PR for Extinguishers	1,548.00	

Accounts Payable Approval Report

Vendor Name	Payable Number	Post Date	Description (Item)	Amount
Comcast Business	INV0003918	02/26/2023	FD Telecommunications	280.71
			Department 3002 - Fire Protection Total:	2,528.12
			Fund 20900 - Fire Protection Total:	2,528.12
 Fund: 21600 - Municipal Street				
Department: 5002 - Municipal Streets				
H&M 116 Rock Products, LLC.	2844	02/15/2023	Millings	1,186.00
			Department 5002 - Municipal Streets Total:	1,186.00
			Fund 21600 - Municipal Street Total:	1,186.00
 Fund: 29700 - County EMS GRT				
Department: 2002 - General Administration				
Boundtree Medical	84868027	02/22/2023	Medical Supplies	12.88
			Department 2002 - General Administration Total:	12.88
			Fund 29700 - County EMS GRT Total:	12.88
 Fund: 30300 - State Legislative Appropriation Project				
Department: 2002 - General Administration				
HDR Engineering, Inc.	1200500240	02/14/2023	Gross Receipts Tax (Albuquerqu...	216.22
HDR Engineering, Inc.	1200500240	02/14/2023	Task 1 - Project Management	3,161.20
FBT Architects	2022-0084-1	02/23/2023	Architectual Design Services for...	11,556.66
			Department 2002 - General Administration Total:	14,934.08
			Fund 30300 - State Legislative Appropriation Project Total:	14,934.08
 Fund: 30400 - Road/Street Projects				
Department: 2002 - General Administration				
HDR Engineering, Inc.	1200500019	02/14/2023	Task 4 - Sub Cobb Fendley	23,463.00
HDR Engineering, Inc.	1200500019	02/14/2023	Subconsultant Markup (Manage..	2,346.30
HDR Engineering, Inc.	1200500019	02/14/2023	GRT (7.7500%)	2,098.60
HDR Engineering, Inc.	1200500019	02/14/2023	Task 2 - Scoping Report	1,269.35
			Department 2002 - General Administration Total:	29,177.25
			Fund 30400 - Road/Street Projects Total:	29,177.25
 Fund: 39900 - Other Capital Projects				
Department: 2002 - General Administration				
HDR Engineering, Inc.	1200500240	02/14/2023	Gross Receipts Tax (Albuquerqu...	28.77
HDR Engineering, Inc.	1200500311	02/14/2023	On-Call Engineering Services	5,703.75
HDR Engineering, Inc.	1200500238	02/15/2023	Task 3 Design Phase	5,116.00
HDR Engineering, Inc.	1200500238	02/15/2023	Task 1 Project Administration	1,080.00
HDR Engineering, Inc.	1200500238	02/15/2023	GRT @ 7.8750%	480.19
APIC	13776	02/15/2023	Street Lighting Repair	11,253.43
Amazon Business	1NTR-C7XD-497J	02/22/2023	Office Supplies - Police Depart...	196.24
Carpet Warehouse, Inc.	975714	02/22/2023	Floor Molding	240.00
			Department 2002 - General Administration Total:	24,098.38
			Fund 39900 - Other Capital Projects Total:	24,098.38
			Grand Total:	88,534.56

Report Summary

Fund Summary

Fund	Expense Amount
11000 - General Operating Fund	16,234.05
20200 - Environmental	363.80
20900 - Fire Protection	2,528.12
21600 - Municipal Street	1,186.00
29700 - County EMS GRT	12.88
30300 - State Legislative Appropriation Project	14,934.08
30400 - Road/Street Projects	29,177.25
39900 - Other Capital Projects	24,098.38
Grand Total:	88,534.56

Account Summary

Account Number	Account Name	Expense Amount
11000-2002-54010	Maintenance & Repairs - ...	394.91
11000-2002-55030	Contract - Professional Se...	2,056.10
11000-2002-55999	Contract - Other Services	2,991.50
11000-2002-56010	Software	519.30
11000-2002-56020	Supplies - General Office	28.89
11000-2002-56030	Supplies - Field Supplies	267.00
11000-2002-57090	Printing/Publishing/Advert..	107.42
11000-2002-57130	Rent of Equipment/Machi...	2,635.98
11000-2002-57998	City Wide Clean-Up	6,328.08
11000-2008-56020	Supplies - General Office	23.04
11000-2014-55030	Contract - Professional Se...	654.96
11000-2014-55999	Contract - Other Services	161.25
11000-5101-56999	Supplies - Other	65.62
20200-5009-55999	Contract - Other Services	363.80
20900-3002-55030	Contract - Professional Se...	67.41
20900-3002-55999	Contract - Other Services	1,548.00
20900-3002-56030	Supplies - Field Supplies	132.72
20900-3002-57090	Printing/Publishing/Advert..	107.42
20900-3002-57130	Rent of Equipment/Machi...	314.99
20900-3002-57160	Telecommunications	357.58
21600-5002-54030	Maintenance & Repairs - ...	1,186.00
29700-2002-56070	Supplies - Medical	12.88
30300-2002-55030	Contract - Professional Se...	14,934.08
30400-2002-55030	Contract - Professional Se...	29,177.25
39900-2002-55030	Contract - Professional Se...	12,408.71
39900-2002-56020	Supplies - General Office	196.24
39900-2002-58010	Buildings & Structures	240.00
39900-2002-58100	Street Lighting/Traffic Sig...	11,253.43
Grand Total:	88,534.56	

Project Account Summary

Project Account Key	Expense Amount
None	43,958.22
2023-003-50000	436.24
D19427-50000	29,177.25
D19577-50000	3,406.19
E2798-50000	11,556.66
Grand Total:	88,534.56

Authorization Signatures

MAYOR & COUNCILORS

JOSHUA RAMSELL, MAYOR

MARGARET "PEGGY" GUTJAHR, MAYOR PRO-TEM

LAWRENCE GORDON, COUNCILOR

ARTHUR APODACA, COUNCILOR

JIM WINTERS, COUNCILOR

ATTEST:

ELIZABETH "LISA" ADAIR, MUNICIPAL CLERK

**STATE OF NEW MEXICO
CITY OF RIO COMMUNITIES
RESOLUTION 2023 – (07)
(FISCAL YEAR ENDING JUNE 30, 2022)**

WHEREAS, the City of Rio Communities Governing Body has approved and accepted its statutory requirement authorizing an independent public auditor (SJT Group, LLC, CPA). to perform the required annual financial audit for Fiscal Year 2021-22

WHEREAS, this audit, upon its completion, has been presented to the City of Rio Communities’ Governing Body per the authorization letter from the Office of the State Auditor dated February 7, 2023

WHEREAS, NMAC 2.2.2.10 (M) (4) provides, in pertinent part, “if applicable, once the audit report has been officially released to the agency by the Office of the State Auditor (by way of letter), and the required waiting period of five calendar days has passed, unless waived by the agency, the audit report shall be presented to a quorum of the governing authority at a meeting held in accordance with the Open Meetings Act;”

NOW THEREFORE, BE IT RESOLVED, that the Governing Body of the City of Rio Communities hereby accepts and approves the completed audit report and findings as indicated within the attached documents.

ACCEPTED AND APPROVED this 27th day of February 2023 in regular business session by the City of Rio Communities’ Governing Body.

City of Rio Communities Governing Body

Joshua Ramsell,
Mayor

Margaret R. Gutjahr,
Councilor Mayor Pro-tem

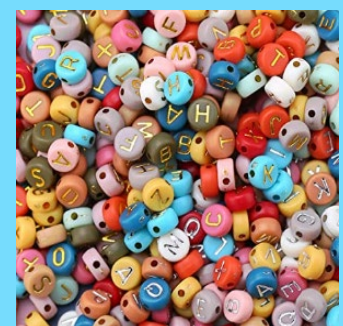
Arthur Apodaca,
Councilor

Lawrence R. Gordon,
Councilor

Jimmie Winters,
Councilor

ATTEST:

Elizabeth F. Adair,
Municipal Clerk



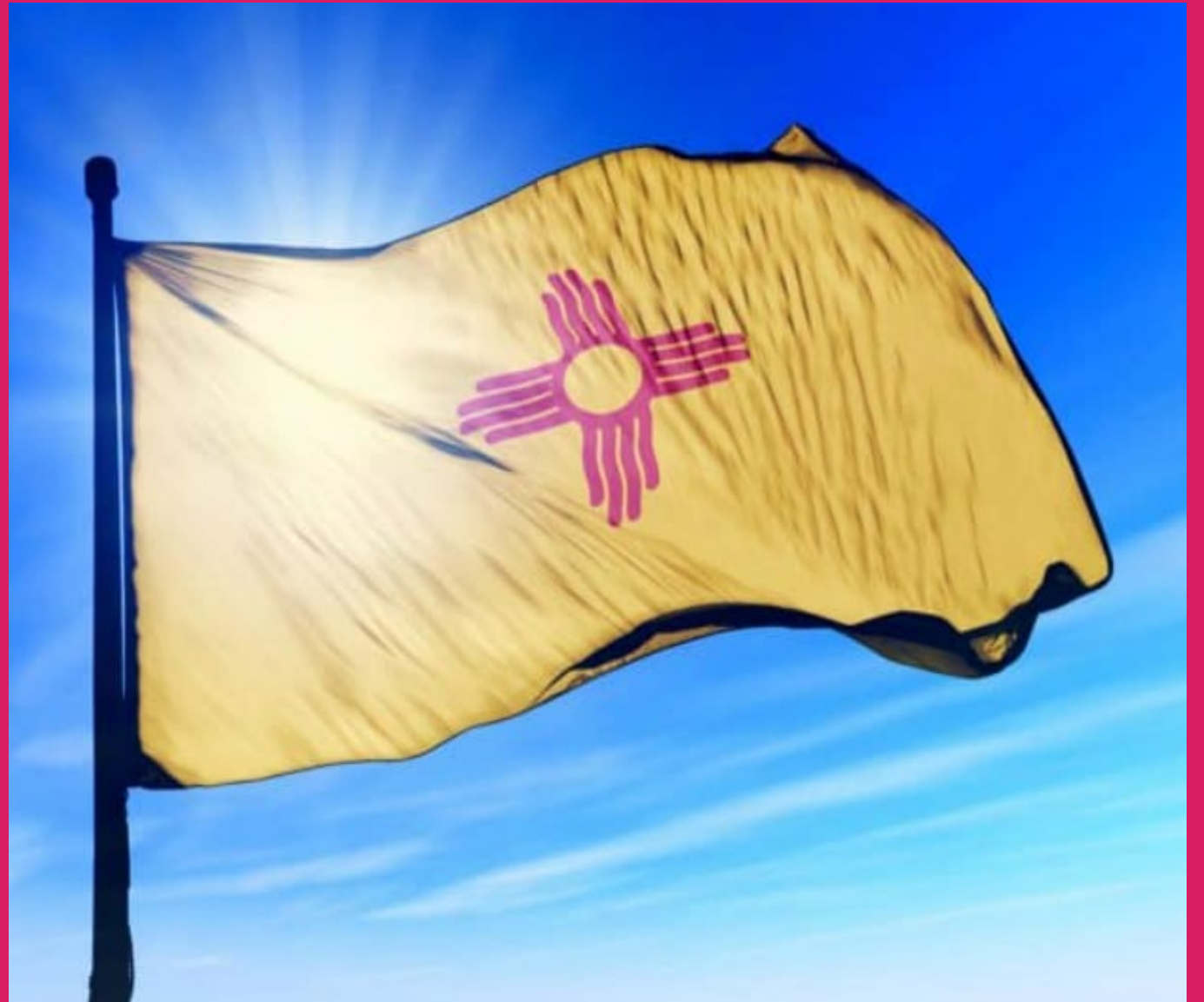
Junior Bill Grant: Community Programs



Rio Communities Community Programs: 228ZG9318

Funding

The City of Rio Communities has been awarded \$50,000 through Junior Bill 2228ZG9318 to enrich community programs. Thank you to Representative Matthew McQueen for allowing Rio Communities the opportunity to keep creating fun and exciting educational programs for all ages.



Computer Lab

The City of Rio Communities is creating a portable computer lab. The computer lab will feature 30 stackable desks and chairs, laptops, iPads, and tablets.

The computer lab will be used for coding, writing, robotic, and other programs throughout the year. While not in use, the tables, chairs, and computers will be stored away safely.

Cost of Computer Lab: \$15,000



Making Coding Easy

While the Makerspace currently offers some hands-on coding material, the City would like to introduce a more thorough, easy to learn and teach, coding program.

That program is Code Avengers.

Benefits of Code Avengers:

- Designed to teach three different computer scripts
- Builds on previous lessons
- Can be taught in weekly camps, as a club, or an individual can use the program on computers during open library hours
- Can be taught to 30 individuals at a time, with self-paced lessons and little instruction needed
- Has a teacher's license (easy to learn and teach, even if new to coding)
- Individuals that complete the program will have the ability to test for certificates (not paid for by the city), and start a career with what they learned and can earn up and average salary of \$63,000 a year

Cost: \$1,500 for two-year subscription

Website: www.codeavengers.com

CODING

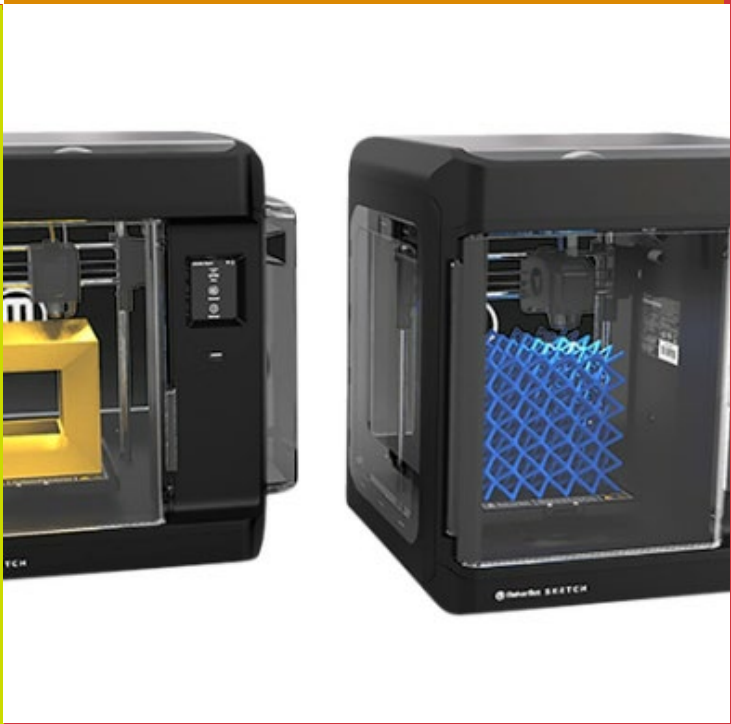
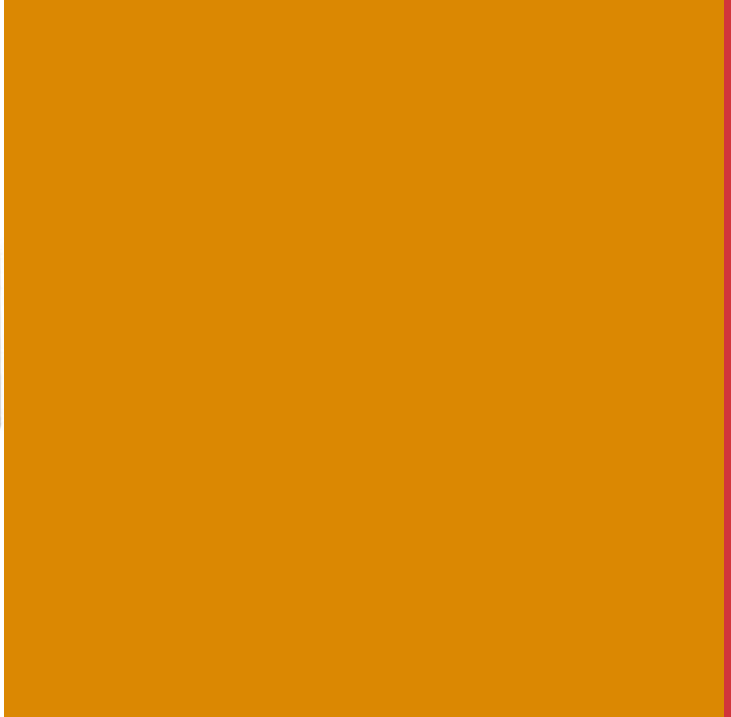
3D Printing

The Makerspace currently has three 3d printers. However, when working with larger groups and the amount of time the printing takes, not all individuals get to participate. The solution is adding more, faster machines.

Sketch Classroom

- 3D printer solution designed to accelerate learning and design-thinking
- With teacher and student certifications and more than 600+ lesson plans included, educators can integrate more interactive design projects and increase student engagement
- Students can share design projects wirelessly and teachers can manage queues easily between printers

Cost: \$5,500



STEM PROGRAMS



STEM-based tactiles will allow students to gain interest in robotics, hydraulics, and engineering. All new STEM programs will be age appropriate and easy to teach by staff of volunteer groups.



Partnering with volunteer groups such as the Optimist Club and other non-profit clubs will allow more community members to have access to STEM programs.



Cost: \$5,500

REQUESTED ARTS AND CRAFTS

Volunteer groups have offered to teach classes, such as jewelry making, weaving, soap and candle making and resin to children and adults.



Jewelry Making



Weaving



Soap and Candle Making



Resin

Cost: \$2,500

Chess Club

The City of Rio Communities will be providing twenty chess sets as well as clocks and score boards for Chess Club. Chess Club has been a success since it began in 2022. The City of Rio Communities would love to host chess tournaments in the near future.

Cost: \$1,000





LEGO CLUB

The formation of a LEGO Club will be great fun for students from elementary school to high school. The LEGO Club will be building the set for future stop motion filming classes.

Cost: \$3,000



Item 6.



Durable and sturdy furniture is a must for community programs.
More storage is necessary as the Makerspace adds programs.

Cost: \$16,000

A New Approach

A previous Junior Grant was awarded to the City of Rio Communities \$75,000 for community programs. With that money, the City created a Makerspace. For the first time, the city was able to offer summer programs in 2022. In collaboration with Belen Recreation, Rio Communities was able to host a variety of fun projects for 105 children in our new Makerspace. Since the first students came in the summer months, the Makerspace has been used by various groups.

The City of Rio Communities is currently unable to staff the Makerspace and have it always open, missing opportunities to serve the community. This year, we are working with non-profit and volunteer groups to help us host events and make the space more accessible for public use.



Total Cost of Programs

Computer Lab: \$15,000
Coding: \$ 1,500
3D Printing: \$ 5,500
STEM Programs: \$ 5,500
Arts and Crafts: \$ 2,500
Chess Club: \$ 1,000
LEGO: \$3,000
Makerspace Furniture: \$16,000

TOTAL: \$50,000



Thank you!

