



NEW MEXICO COUNTY INSURANCE AUTHORITY POOL

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2023

MORTON
ACCOUNTING, LLC

certified public accountants | consultants

**NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
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**NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
OFFICIAL ROSTER
DECEMBER 31, 2023**

BOARD OF DIRECTORS

Lance Pyle	Chair
Gregory S. Shaffer	Vice Chair
Michael Meek	NMC Representative, Director
Jhonathan Aragon	Director
Charlene Webb	Director
Amber Hamilton	Director
Lisa Sedillo-White	Director
Shirley Ragin	Director
Shannon Reynolds	Director
Cynthia Singleton	Director
Michael Meek	Director
Brandy Thompson	Director
Kate Fletcher	Director
Danny Monette	Director
Mark Cage	Ex Officio Directors
Annie Hogland	Ex Officio Directors
Micheal Eshleman	Ex Officio Directors

ADMINISTRATION

Joy Esparsen	Executive Director
Taylor Horst	Risk Management Director
Richard Garcia	Finance Director

MEMBER COUNTIES

Bernalillo	McKinley
Catron	Mora
Chaves	Otero (ML/LE)
Cibola	Quay
Colfax	Rio Arriba (WC)
Curry	Roosevelt
De Baca	San Juan (WC)
Dona ana	San Miguel
Eddy	Sandoval
Grant	Santa Fe
Guadalupe	Sierra
Harding	Socorro
Hidalgo	Taos
Lea (WC)	Torrance
Lincoln	Union
Los Alamos (ML/WC)	Valencia
Luna	



INDEPENDENT AUDITOR'S REPORT

Board of Directors
New Mexico County Insurance Authority Pool
Santa Fe, New Mexico and
Joseph M. Maestas, P.E.
New Mexico State Auditor
Santa Fe, New Mexico

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and each major fund of New Mexico County Insurance Authority Pool (the Pool), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Pool, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Pool 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.

Responsibility of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibility 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 (GAAS) 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 GAAS, 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 Pool'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 Pool'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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 6 through 10 and, the Notes to Ten Year Claims Development Information and the Ten Year Claims Development Information on pages 40 and 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

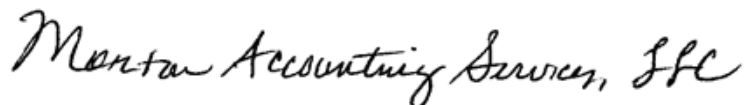
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pool’s basic financial statements. The Schedules of Revenue and Expenses - Budget and Actual, Schedule of Cash and Cash Equivalents Reconciliation from Bank to Financial Statements and the Schedule of Cash Collateral are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules of Revenue and Expenses - Budget and Actual, the Schedule of Cash and Cash Equivalents Reconciliation from Bank to Financial Statements, and the Schedule of Cash Collateral are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenue and Expenses - Budget and Actual, the Schedule of Cash and Cash Equivalents Reconciliation from Bank to Financial Statements, and Schedule of Cash Collateral 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 May 31, 2024, on our consideration of the Pool's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Pool's internal control over financial reporting and compliance.

MORTON ACCOUNTING SERVICES, LLC

A handwritten signature in black ink that reads "Morton Accounting Services, LLC". The signature is written in a cursive, flowing style.

Santa Fe, New Mexico

May 31, 2024

**NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

As management of the New Mexico County Insurance Authority Pool (the Pool), we offer readers of the Pool's financial statements this narrative overview and analysis of the financial activities of the Pool for the fiscal year ended December 31, 2023.

Overview of the Financial Statements

The Pool is a self-insurance pool for New Mexico counties created pursuant to joint powers agreements. The Pool is composed of three separate county self-insurance programs: the Multi-Line Program, the Law Enforcement Program and the Workers' Compensation Program (the Programs). This is the fourth year of combined pool operations, wherein the previous three pools are now consolidated into one Pool with three programs. The Multi-Line and Workers' Compensation programs had 30 member counties and Law Enforcement had 29 member counties as of December 31, 2023. Members pay annual contributions to the Programs. The other source of income is investments. The Programs pay all administrative, claims and reinsurance costs. The Programs' basic financial statements are composed of three components: 1) government-wide financial statements, 2) separate pool financial statements, and 3) notes to the financial statements.

Condensed Data

	2023	2022
Total Assets (Cash, Investments, Receivables, Due from New Mexico Association of Counties, and Prepaid Expenses)	\$ 120,742,354	\$ 110,287,754
Total Liabilities (Accounts Payable, Claims and Claim Adjustment Expenses, and Unearned Member Contributions)	81,168,107	65,686,006
Total Pool Net Position	\$ 39,574,247	\$ 44,601,748
 Revenues		
Member Contributions	\$ 36,872,756	\$ 31,579,483
Investment (Losses) Income	6,568,901	(5,156,081)
Total Revenues	43,441,657	26,423,402
 Expenses		
Claims and Claim Adjustment Expenses	38,404,569	28,237,876
Reinsurance Premiums	4,460,650	6,300,591
General, Administrative & Brokerage	5,603,939	5,658,981
Total Expenses	48,469,158	40,197,448
(Deficit) Excess of Revenues Over Expenses	(5,027,501)	(13,774,046)

**NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

Condensed Data (Continued)

	2023	2022
Pool Net Position Held for Member Benefits - Beginning of Year	44,601,748	58,375,794
Pool Net Position Held for Member Benefits - End of Year	\$ 39,574,247	\$ 44,601,748

Financial Highlights

1. The Multi-Line Program assets increased by \$1,656,156 and net position increased by \$31,162.
2. Law Enforcement Program assets increased by \$7,475,893 and net position decreased by \$6,118,335.
3. Workers' Compensation Program assets increased by \$1,322,551 and net position increased by \$1,059,672.

Underwriting Results

Contributions to the Multi-Line Program decreased from \$10,643,086 in 2022 to \$10,190,664 in 2023. Law Enforcement Program contributions increased from \$15,490,981 in 2022 to \$18,412,744 in 2023. Workers' Compensation Program contributions increased from \$5,445,416 in 2022 to \$8,269,348 in 2023. Individual counties' contributions to the Multi-Line, Law Enforcement and Workers' Compensation Programs are based on each county's loss experience and risk exposure.

While all lines of coverage provided by the Pool have policy effective periods of January 1 to December 31 of the respective year, note that only the Workers' Compensation line of coverage is renewed on the July 1 to June 30 policy period.

The Pools' pricing and budgeting approach includes investment income or losses and interest income. Adding in investment income and interest income, the Pools had an overall decrease in net position of \$5,027,501, consisting of a \$31,162 increase for Multi-Line, a \$6,118,335 decrease for Law Enforcement and a \$1,059,672 increase for Workers' Compensation Program.

**NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

Reinsurance Premiums

Reinsurance expenses for the Multi-Line Program increased by \$1,018,527 from \$2,459,092 in 2022 to \$3,477,619 in 2023, due primarily to increased property exposures and increased property rates. Reinsurance expenses for the Law Enforcement Program decreased from \$2,997,000 in 2022 to \$0 in 2023, due to the premium funding of New Mexico County Reinsurance, Inc. (NMCR_e). Reinsurance expenses for the Workers' Compensation Program increased by \$138,532, from \$844,499 in 2022 to \$983,031 in 2023, due to an increase in payroll across the pool, and an increase in loss ratios.

Investments

As of December 31, 2023, cash balances increased \$1,139,049 for Multi-Line, decreased by \$177,085 for Law Enforcement and decreased by \$5,289,673 for Workers' Compensation. Investments increased \$2,622,269 for Multi-Line, \$3,271,164 for Law Enforcement and \$7,023,491 for Workers' Compensation. The Pool has two independent investment advisors that are consulted regularly on the changing market and best strategies to invest Pool funds for maximum return and liquidity. There was a increase of \$1,402,928 in the Multi-Line program equity and decrease \$115,685 in the Workers' Compensation program equity with reinsurance carrier, County Reinsurance Limited. In addition, there was an increase of \$631,687 in the Law Enforcement program equity with New Mexico County Reinsurance, Inc.

The Pool's Board of Directors has been concerned for a number of years about the availability of reinsurance for the law enforcement exposure of its members. The traditional method of procuring reinsurance in the commercial market for the Pool self-insured pool has become less viable because reinsurers have become increasingly less willing to take on this risk. Over the last few years, the number of commercial reinsurers willing to reinsure law enforcement liability has dwindled to only one or two companies. To address this problem, in 2021 a study was completed to determine the feasibility of Pool creating its own captive insurance company to reinsure the law enforcement liability. Based on the results of this study, NMCR_e was formed and started doing business on January 1, 2022. Investment in NMCR_e was \$20,358,758 as of December 31, 2023. To date there have been no claims that have penetrated the reinsurance layer.

Property, Plant and Equipment

The Pool had no purchases or disposals of property, plant and equipment during 2023.

**NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

Long-term Debt

The Pool had no long-term debt during 2023.

Change in Net Position

For the year ended December 31, 2023, the Multi-Line Program's change in net position was \$31,162. The Law Enforcement Program's change in net position was (\$6,118,335). The Workers' Compensation Program's change in net position was \$1,059,672. The change in net position for the Multi-Line Program included an operating loss of \$2,810,914 and investment and interest income of \$2,842,076. The change in net position for the Law Enforcement Program included an operating loss of \$8,624,225 and investment income of \$2,505,890. The change in net position for the Workers' Compensation Program included an operating loss of \$161,263 and net investment income of \$1,220,935.

Net Position

The Pool had a combined net position of \$39,574,247 at the close of its most recent fiscal year, December 31, 2023. The Multi- Line Program net position increased from \$20,381,630 to \$20,412,792, the Law Enforcement Program net position decreased from \$17,960,289 to \$11,841,954 and the Workers' Compensation Program net position increased from \$6,259,829 to \$7,319,501.

Budget

The following budget overages occurred for the fiscal year ended 2023:

Categories	Program		
	Multi-Line	Law Enforcement	Workers' Compensation
Claims and Claim Adjustment Expenses	\$ 1,816,595	\$ 8,284,192	\$ 163,193
General and Administrative	(83,996)	(246,008)	(107,655)
Risk Mitigation	3,246	(58,512)	(30,707)
Brokerage Fees	-	(40,000)	-
Expenses in Excess of Amounts Budgeted	<u>\$ 1,735,845</u>	<u>\$ 7,939,672</u>	<u>\$ 24,831</u>
Total Overage for Program	<u>\$ 1,735,845</u>	<u>\$ 7,939,672</u>	<u>\$ 24,831</u>

**NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

Program budget overages were primarily to increased claims expense and actuarial adjustments. The general and administrative budget overage was largely comprised of increased fees for property appraisal and Board Director and Officer's Insurance.

Pool Trends and Conditions

Fiscal year 2023 saw an increase in total paid claims of \$8.376 million (24.2%) to \$49.2 million. Similar to fiscal year 2022, the semi-annual actuarial study recommended a significant increase in estimated outstanding losses, affecting both paid claims and claims reserves.

In fiscal year 2023, the performance of the stock market resulted in an increase in investment income, totaling \$6.569 million by fiscal year end.

**NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
STATEMENT OF NET POSITION - ENTERPRISE FUNDS
DECEMBER 31, 2023**

	ASSETS			
	Multi-Line Program	Law Enforcement Program	Workers' Compensation Program	Total
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 2,818,051	\$ 1,925,491	\$ 2,341,259	\$ 7,084,801
Investments in the Local Government				
Investment Pool	451	647	1,974	3,072
Investments	23,588,696	33,257,261	28,517,964	85,363,921
Accounts Receivable - Subrogation, Deductibles	190,065	45,078	-	235,143
Accounts Receivable - Members and Other	2,187	-	65,577	67,764
Due from New Mexico Association of Counties,				
Current Portion	91,308	-	-	91,308
Prepays	1,789,328	14,604	444,034	2,247,966
TOTAL CURRENT ASSETS	28,480,086	35,243,081	31,370,808	95,093,975
NONCURRENT ASSETS				
Due from New Mexico Association of Counties,				
Net of Current Portion	1,214,972	-	-	1,214,972
Investment in New Mexico County Reinsurance, Inc.	-	20,358,758	-	20,358,758
Investment in County Reinsurance Limited	3,670,107	-	404,542	4,074,649
TOTAL NONCURRENT ASSETS	4,885,079	20,358,758	404,542	25,648,379
TOTAL ASSETS	\$ 33,365,165	\$ 55,601,839	\$ 31,775,350	\$ 120,742,354

See auditor's report and accompanying notes to financial statements

**NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
STATEMENT OF NET POSITION - ENTERPRISE FUNDS
DECEMBER 31, 2023**

LIABILITIES AND POOL NET POSITION

	Multi-Line Program	Law Enforcement Program	Workers' Compensation Program	Total
CURRENT LIABILITIES				
Accounts Payable	\$ 119,796	\$ 171,997	\$ 37,913	\$ 329,706
Claims and Claim Adjustment Expenses	5,180,016	11,889,501	3,489,481	20,558,998
Unearned Member Contributions	-	-	5,677,573	5,677,573
TOTAL CURRENT LIABILITIES	5,299,812	12,061,498	9,204,967	26,566,277
LONG-TERM LIABILITIES				
Claims and Claim Adjustment Expenses	7,652,561	31,698,387	15,250,882	54,601,830
TOTAL LONG-TERM LIABILITIES	7,652,561	31,698,387	15,250,882	54,601,830
TOTAL LIABILITIES	12,952,373	43,759,885	24,455,849	81,168,107
POOL NET POSITION HELD FOR MEMBERS' BENEFITS				
Unrestricted	20,412,792	11,841,954	7,319,501	39,574,247
TOTAL LIABILITIES AND POOL NET POSITION	\$ 33,365,165	\$ 55,601,839	\$ 31,775,350	\$ 120,742,354

See auditor's report and accompanying notes to financial statements

**NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION – ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2023**

	Multi-Line Program	Law Enforcement Program	Workers' Compensation Program	Total
OPERATING REVENUE				
Member Contributions	\$ 10,190,664	\$ 18,412,744	\$ 8,269,348	\$ 36,872,756
 TOTAL OPERATING REVENUE	 10,190,664	 18,412,744	 8,269,348	 36,872,756
OPERATING EXPENSES				
Claims and Claim Adjustment Expenses	7,642,879	24,906,159	5,855,531	38,404,569
Reinsurance Premiums	3,477,619	-	983,031	4,460,650
Brokerage Fees (Insurance)	70,000	30,000	20,000	120,000
General and Administrative	1,811,080	2,100,810	1,572,049	5,483,939
 TOTAL OPERATING EXPENSES	 13,001,578	 27,036,969	 8,430,611	 48,469,158
OPERATING LOSS	(2,810,914)	(8,624,225)	(161,263)	(11,596,402)

See auditor's report and accompanying notes to financial statements

**NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION – ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2023**

	Multi-Line Program	Law Enforcement Program	Workers' Compensation Program	Total
NON-OPERATING REVENUES				
Investment Income	1,384,984	1,874,203	1,336,620	4,595,807
Interest Income on Notes Receivable	54,164	-	-	54,164
Interest in Change in Net Position of County Reinsurance Limited	1,402,928	-	(115,685)	1,287,243
Interest in Change in Net Position New Mexico County Reinsurance, Inc.	-	631,687	-	631,687
TOTAL NON-OPERATING REVENUES	<u>2,842,076</u>	<u>2,505,890</u>	<u>1,220,935</u>	<u>6,568,901</u>
CHANGE IN NET POSITION	31,162	(6,118,335)	1,059,672	(5,027,501)
Pool Net Position - Beginning of Year	<u>20,381,630</u>	<u>17,960,289</u>	<u>6,259,829</u>	<u>44,601,748</u>
POOL NET POSITION HELD FOR MEMBERS' BENEFITS - END OF YEAR	<u>\$ 20,412,792</u>	<u>\$ 11,841,954</u>	<u>\$ 7,319,501</u>	<u>\$ 39,574,247</u>

See auditor's report and accompanying notes to financial statements

**NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2023**

	Multi-Line Program	Law Enforcement Program	Workers' Compensation Program	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Members	\$ 10,389,288	\$ 18,523,246	\$ 9,725,487	\$ 38,638,021
Cash Paid to Vendors	(2,541,418)	(2,051,016)	(1,552,657)	(6,145,091)
Cash Paid on Claims and Claim Adjustment Expenses	(6,073,793)	(7,367,324)	(6,772,508)	(20,213,625)
Cash Paid for Insurance Brokerage Fees	(70,000)	(30,000)	(20,000)	(120,000)
Cash Paid for Reinsurance	(3,477,619)	-	(983,031)	(4,460,650)
NET CASH PROVIDED (USED) FROM OPERATING ACTIVITIES	(1,773,542)	9,074,906	397,291	7,698,655
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income	794,312	1,069,003	770,663	2,633,978
Interest Income on Notes Receivable Received	54,164	-	-	54,164
Repayments Received on Notes Receivable	87,733	-	-	87,733
Interfund Activity	4,000,000	(4,000,000)	-	-
Purchase of Investments - NMCRe	-	(3,855,000)	-	(3,855,000)
Purchase of Investments	(10,933,266)	(5,488,418)	(8,361,155)	(24,782,839)
Proceeds from Sale or Maturity of Investments	8,901,648	3,022,424	1,903,528	13,827,600
NET CASH PROVIDED (USED) FROM INVESTING ACTIVITIES	2,904,591	(9,251,991)	(5,686,964)	(12,034,364)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS				
	1,131,049	(177,085)	(5,289,673)	(4,335,709)
Cash and Cash Equivalents - Beginning of Year	1,687,002	2,102,576	7,630,932	11,420,510
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,818,051	\$ 1,925,491	\$ 2,341,259	\$ 7,084,801

See auditor's report and accompanying notes to financial statements

**NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2023**

	Multi-Line Program	Law Enforcement Program	Workers' Compensation Program	Total
RECONCILIATION OF OPERATING LOSS TO NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES				
Operating Income	\$ (2,810,914)	\$ (8,624,225)	\$ (161,263)	\$ (11,596,402)
Changes in Assets and Liabilities:				
Accounts Receivable	198,624	110,502	291,626	600,752
Prepays	(786,246)	(5,599)	4,049	(787,796)
Accounts Payable	55,908	55,393	15,343	126,644
Claims and Claim Adjustment Expenses	1,569,086	17,538,835	(916,977)	18,190,944
Unearned Revenue	-	-	1,164,513	1,164,513
NET CASH PROVIDED (USED) FROM OPERATING ACTIVITIES	<u><u>\$ (1,773,542)</u></u>	<u><u>\$ 9,074,906</u></u>	<u><u>\$ 397,291</u></u>	<u><u>\$ 7,698,655</u></u>
NONCASH INVESTING ACTIVITIES				
Unrealized Gains (Losses) on Investments	<u><u>\$ 590,672</u></u>	<u><u>\$ 805,200</u></u>	<u><u>\$ 565,957</u></u>	<u><u>\$ 1,961,829</u></u>
Decrease in County Reinsurance Limited	<u><u>\$ 1,402,928</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (115,685)</u></u>	<u><u>\$ 1,287,243</u></u>
Decrease in New Mexico County Reinsurance, Inc.	<u><u>\$ -</u></u>	<u><u>\$ 631,687</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 631,687</u></u>

See auditor's report and accompanying notes to financial statements

NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The New Mexico County Insurance Authority Pool is a self-insurance pool for New Mexico counties created pursuant to joint powers agreements. The Pool is composed of three separate county self-insurance programs: the Multi-Line Program, the Law Enforcement Program and the Workers' Compensation Program (the Programs). This is the fourth year of combined pool operations, wherein the previous three pools are now consolidated into one Pool with three programs. The Workers' Compensation program had 32 member counties and Multi-Line and Law Enforcement programs had 29 member counties as of December 31, 2023. Members pay annual contributions to the Programs.

The New Mexico County Insurance Authority: Multi-Line Pool (the Multi-Line Pool) was formed January 1, 1989, pursuant to the New Mexico Joint Powers Agreement Act (11-1-1 NMSA 1978), as amended. Prior to consolidation, the Multi-Line Pool operated two self-insurance pools: a Multi-Line Program and a Law Enforcement Program (collectively referred to as the Programs). As a self-insurance fund under Section 3-62-2 NMSA 1978, the Pool is not considered to be in the insurance business and, as such, is not subject to New Mexico laws regulating insurance operations.

The Law Enforcement Program was formed August 1, 1995, by the Pool as a self-insurance program for law enforcement employees, detention officers and sheriff reserve officers. Members of the Law Enforcement Program include 29 counties within the State of New Mexico.

The New Mexico County Insurance Authority Workers' Compensation Pool (the Workers' Compensation Pool) was formed July 1, 1987, pursuant to the New Mexico Joint Powers Agreement Act (NMSA 1978), as amended, as a workers' compensation self-insurance pool. Members of the Pool include 30 counties within the State of New Mexico.

Membership in the Programs is voluntary and members may withdraw at the end of any fiscal year upon sixty days' written notice to the Pool's Board of Directors. Members may be expelled for failure to make timely contributions to the Pool, or failure to institute loss reduction and prevention procedures. Upon withdrawal or expulsion, a member is not entitled to reimbursement of contributions made to the Pool, and continues to be obligated to make payment for obligations that arose prior to withdrawal.

Members agree to contribute amounts determined by the Pool's Board of Directors to be necessary to protect the solvency of the Pool after considering investment income. The Pool is responsible for paying all claims and for administering the funds.

NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

No entities were noted that should be considered component units of the Pool. No entities were specifically excluded, as none were noted as meeting any of the criteria for inclusion set forth by Governmental Accounting Standards Board (GASB) Statements 39 and 61. The Pool has no component units.

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

Basis of Accounting. The Pool uses fund accounting. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

All operations of the Pool are accounted for as proprietary funds. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to outside parties. The only proprietary fund types the Pool has are enterprise funds. Enterprise funds are required to account for operations for which a fee is charged to external users for goods and services, and the activity is financed with debt that is: a) solely secured by a pledge of the net revenues; b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or c) has a pricing policy designed for the fees and charges to recover similar costs. The Multi-Line Program and Law Enforcement Program are considered major enterprise funds.

Cash and Cash Equivalents. For purposes of the statement of cash flows, cash and cash equivalents include demand and money market accounts. Cash in bank accounts is insured up to \$250,000 per bank by the Federal Deposit Insurance Corporation (FDIC). The Pool has all cash and cash equivalents secured by pledges of qualifying securities held by the depository. Cash held by First American Financial Advisors with Fidelity and Hauger/Salmon/Salmon of Wells Fargo Advisors is insured by the Securities Protection Investors Corporation up to \$500,000 per institution. This coverage does not protect against losses from any change in the market values of securities.

NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments. The Pool reports certain investments at fair value in the statement of net position and recognizes the corresponding change in the fair value of investments in the year in which the change occurred. Fair value is based on the quoted market value at year-end. Investment transactions are recorded on the trade date. Dividends are recognized as income when declared.

The Pool has adopted an investment policy that is consistent with 6-10-10 NMSA 1978 for the deposit of public funds by local governments in New Mexico. In accordance with the policy, allowable investments include securities of the United States government and certain state and local governments; securities guaranteed by the United States Government; repurchase agreements; certificates of deposit; corporate bonds; mutual funds; exchange traded products and the New Mexico Office of the State Treasurer Local Government Investment Pool (LGIP).

Investments are reported at fair value. Fair value is the amount reasonably expected to be received for an investment in a current sale between a willing buyer and a willing seller. Mutual funds, fixed income securities, exchange-traded funds and corporate bonds are valued based on published market prices and quotations from national security exchanges and securities pricing services.

Investment in County Reinsurance, Limited. County Reinsurance Limited (CRL) is a member-owned reinsurance company, consisting of 29 members at December 31, 2023. The Pool accounts for its investment in CRL on the equity method of accounting. The initial capital contribution of \$2,172,079 to obtain membership in CRL was accounted for at cost, and annually the carrying amount of the investment is adjusted to reflect the Pool's proportionate share in CRL's earnings or losses. These annual adjustments are reflected in the statement of revenues, expenses, and changes in net position as interest in change in net position of County Reinsurance Limited, and increased by \$1,287,243 during the year ended December 31, 2023. Additional contributions may be required from the Pool and other members as determined by CRL. During the year ended December 31, 2023, there were no additional contributions requested from the Pool by CRL. Upon withdrawal from CRL, the Pool may request repayment of the original contribution plus the Pool's proportionate earnings in CRL accumulated during membership.

Investment in New Mexico County Reinsurance, Inc. On January 1, 2022, the Pool created and began operations of its own captive reinsurance company, New Mexico County Reinsurance, Inc. (NMCR) to reinsure law enforcement liabilities. NMCR is domiciled in the state of Utah and is organized under Utah law and subject to regulation by the Utah Department of Insurance. The purpose of NMCR is to provide reinsurance in an environment of limited commercial reinsurers willing to reinsure law enforcement liabilities. For fiscal year 2023, NMCR took on 100% of the Pool's law enforcement reinsurance.

NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in New Mexico County Reinsurance, Inc., continued. The investment was recorded in accordance with Government Accounting Standards Board Statements No. 90, *Majority Equity Interests*, and No., *Fair Value Measurement and Application*.

Due From/To Other Funds. The prior year interfund receivable (payable) consisted of amounts transferred from Multi-Line to Law Enforcement program to fund investment in NMCR in the amount of \$4,000,000. This amount was repaid during fiscal year 2023.

Accounts Receivable. Accounts receivable consist primarily of deductibles owed to the Pool by the various member county governments and amounts due to the Pool pursuant to reinsurance contracts. These receivables are not secured by collateral, nor is any collateral considered necessary by the Pool. All balances are deemed to be fully collectible; therefore, no allowance has been made for any potentially uncollectible balances.

Accounting Method. The Pool's books are maintained on the accrual basis of accounting using the economic resources measurement focus. Billings for contributions are recognized as revenue in the period of the insurance coverage.

Restricted/Unrestricted Net Position. Net position is restricted to the extent external constraints place restrictions on the use of the net position, such as restrictions by contributors or laws and regulations. Usage of the Pool's net position was not externally restricted at December 31, 2023, the net position is reported as unrestricted.

Operating Revenues. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal ongoing operations of the Pool is risk financing and, accordingly, premiums paid by participants and members for risk and benefits coverage are classified as operating revenues. Other income, including investment income, is outside of the Pool's principal ongoing operations and, therefore, is classified as non-operating income. The principal operating expenses of the Pool include the cost of claims and adjustment, as well as reinsurance premiums and general and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beginning in the year ended December 31, 2015, the Workers' Compensation Pool began offsetting certain member counties' contributions with rebates and safety awards as part of ongoing risk reduction initiatives. During the year ended December 31, 2023, this amount totaled \$35,000 and is presented as an offset to member contributions in the statement of revenues, expenses and changes in net position.

Participant Premiums. Participant premiums for insurance coverage are recognized as revenue on a pro rata basis over the contract period (coincides with fiscal year).

Reinsurance Premiums. Reinsurance premiums for risk coverage are recognized as an expense on a pro rata basis over the contract period (coincides with the fiscal year). Premium adjustments for retrospectively adjusted reinsurance policies are estimated and recorded as revenue or expense over the period of policy coverage.

Claims and Claim Adjustment Expenses. Insurance losses and related loss adjustment expenses are charged to operations as incurred. The reserves for losses and loss adjustment expenses are determined based upon case-basis evaluations and actuarial projections, and include a provision for claims incurred but not reported. The actuarial projections of ultimate losses on reported claims and the estimate of claims incurred but not reported are based on a composite of the Pool's experience and benefits, as well as property and casualty insurance industry data, which supplements the Pool's limited historical experience and includes the effects of inflation and other factors. Losses are reported net of estimated amounts recoverable from reinsurance, salvage and subrogations, and the deductible portion of claims.

Adjustments to the probable ultimate liability for losses and loss adjustment expenses are made continually, based on subsequent developments and experience, and are included in operating income.

Exemption from Income Taxes. The Pool has not requested a ruling from the Internal Revenue Service regarding its tax status. Management of the Pool considers the organization exempt from income taxes under Section 115 of the Internal Revenue Code. Accordingly, no liability for income taxes is included in the accompanying financial statements.

Credit Risk. The Pool transacts the majority of its business with its members. Credit losses relating to member receivables have been within management's expectations and there is no allowance for doubtful accounts. Generally, collateral is not required on receivables.

NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget. In accordance with by-laws, the Pool prepares the budget that is controlled at the Pool level. The level of budgetary control is at the total fund level. Amendments affecting the overall Pool must be approved by the Board and members. The budget is adopted on a special purpose framework. GAAP differences in budgeted amounts arise from non-budgeted depreciation expense on capital assets, when applicable. There were no differences between GAAP and this budgetary basis for the current fiscal year. The Pool budgets claims and claim adjustment expenses based on actuarial estimates. Overages on this specific line item are only considered deficiencies if the cash and investment balances within the Pool cannot support the overage.

Unrestricted Net Position. Net position is restricted to the extent external constraints place restrictions on the use of the net position, such as restrictions by contributors or laws and regulations. Usage of the Pool's net position was not externally restricted at December 31, 2023 and, accordingly, the net position is reported as unrestricted.

Leases. The Pool does not have any leases meeting the requirements of Government Accounting Standards Board Statement No. 87, *Leases*.

NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 - CASH AND INVESTMENTS

The Pool deposits its funds with various financial institutions. New Mexico statutes provide that deposits of public monies in financial institutions must be secured by pledged collateral in an aggregate value equal to one-half of the amount of the public monies deposited after deducting the amount of Federal Deposit Insurance Corporation insurance coverage for each financial institution. The Pool does not engage in any securities lending arrangements or derivatives.

Investments consisted of the following at December 31, 2023:

MULTI-LINE PROGRAM:						
Investment	Rate	Maturity Date	Moody Rating	Cost	Market Gain (Loss)	Estimated Fair Value
MUTUAL FUNDS:						
FIDELITY FUNDS	5.20%	N/A	N/A	\$ 2,919,485	\$ -	\$ 2,919,485
BLACKROCK HIGH YIELD	6.58%	N/A	N/A	496,017	(34,147)	461,870
TOTAL MUTUAL FUNDS				3,415,502	(34,147)	3,381,355
GOVERNMENT BONDS:						
GNMA II	5.28%	2/20/2038	N/A	57,611	(29,515)	28,096
GNMA II	4.91%	3/20/2038	N/A	46,252	(27,906)	18,346
GNMA II	4.92%	2/20/2039	N/A	42,867	(24,368)	18,499
GNMA	5.42%	3/15/2032	N/A	88,445	(77,706)	10,739
GNMA	5.68%	5/20/2036	N/A	35,356	(19,162)	16,194
GNMA	5.68%	3/20/2037	N/A	34,594	(21,829)	12,765
GNMA	5.68%	8/20/2033	N/A	26,958	(19,083)	7,875
GNMA	5.42%	10/15/2033	N/A	9,729	(8,117)	1,612
GNMA	5.75%	6/20/2031	N/A	7,036	(6,142)	894
TOTAL GOVT. ASSET BACKED SECURITIES				348,848	(233,828)	115,020
EXCHANGE-TRADED FUNDS (ETF)						
FIDELITY MERRIMACK	5.28%	N/A	N/A	589,520	(11,886)	577,634
ISHARES ETF	3.14%	N/A	N/A	718,312	(56,331)	661,981
ISHARES MBS ETF	3.36%	N/A	N/A	1,722,202	(215,134)	1,507,068
ISHARES 10 PLUS YEAR ETF	4.58%	N/A	N/A	400,001	31,003	431,004
JANUS HENDERSON	3.95%	N/A	N/A	602,433	(20,515)	581,918
JPMORGAN	4.60%	N/A	N/A	583,576	(5,881)	577,695
PIMCO ACTIVE ETF BOND	3.58%	N/A	N/A	1,429,544	(218,172)	1,211,372
PIMCO ETF TRUST	4.78%	N/A	N/A	586,706	(11,317)	575,389
SPDR PORTFOLIO ETF	3.83%	N/A	N/A	1,435,431	(134,148)	1,301,283
SPDR PORTFOLIO	3.21%	N/A	N/A	608,619	(100,855)	507,764
SPDR PORTFOLIO SHORT	4.05%	N/A	N/A	608,126	(29,412)	578,714
VANGUARD MORTGAGE	3.30%	N/A	N/A	1,437,968	(176,188)	1,261,780
VANGUARD SCOTTSDALE	2.73%	N/A	N/A	2,151,763	(255,896)	1,895,867
VANGUARD SCOTTSDALE ETF LT	3.32%	N/A	N/A	400,053	23,581	423,634
VANGUARD SHORT TERM IP ETF	2.86%	N/A	N/A	714,053	(48,481)	665,572
VANGUARD SHORT TERM CORP BOND ETF	3.09%	N/A	N/A	2,156,534	(118,916)	2,037,618
VANGUARD SHORT-TERM TREASURY INDX	1.15%	N/A	N/A	2,156,916	(98,332)	2,058,584
TOTAL EXCHANGE TRADED FUNDS				18,301,757	(1,446,880)	16,854,877

NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

MULTI-LINE PROGRAM, CONTINUED:						
Investment	Rate	Maturity Date	Moody Rating	Cost	Market Gain (Loss)	Estimated Fair Value
GOVERNMENT BONDS						
US TREASURY NOTES	0.75%	12/31/2023	N/A	1,756,617	43,383	1,800,000
US TREASURY NOTES	2.25%	12/31/2023	N/A	707,766	12,234	720,000
US TREASURY NOTES	0.87%	1/31/2024	N/A	699,497	17,947	717,444
TOTAL GOVERNMENT BONDS				<u>3,163,880</u>	<u>73,564</u>	<u>3,237,444</u>
TOTAL MULTI-LINE PROGRAM INVESTMENTS				<u>\$ 25,229,987</u>	<u>\$ (1,641,291)</u>	<u>\$ 23,588,696</u>
LAW ENFORCEMENT PROGRAM:						
Investment	Rate	Maturity Date	Moody Rating	Cost	Market Gain (Loss)	Estimated Fair Value
EXCHANGE-TRADED FUNDS (ETF)						
FIDELITY MERRIMACK ETF	5.28%	N/A	N/A	\$ 574,101	\$ (11,186)	\$ 562,915
ISHARES ETF	3.14%	N/A	N/A	957,057	(67,368)	889,689
ISHARES MBS	3.36%	N/A	N/A	2,295,211	(261,766)	2,033,445
ISHARES 10 PLUS YEAR ETF	4.59%	N/A	N/A	500,059	38,432	538,491
JANUS HENDERSON ETF	3.95%	N/A	N/A	589,473	(22,196)	567,277
JPMORGAN ETF	4.60%	N/A	N/A	568,778	(5,698)	563,080
PIMCO ACTIVE BOND ETF	3.58%	N/A	N/A	1,904,023	(262,203)	1,641,820
PIMCO ETF TRUST	4.78%	N/A	N/A	572,179	(11,459)	560,720
SPDR PORTFOLIO ETF	3.83%	N/A	N/A	1,912,331	(156,156)	1,756,175
SPDR PORTFOLIO ETF	3.21%	N/A	N/A	731,703	(120,055)	611,648
SPDR PORTFOLIO SHORT ETF	4.05%	N/A	N/A	599,143	(28,886)	570,257
VANGUARD MORTGAGE ETF	3.30%	N/A	N/A	1,916,447	(213,876)	1,702,571
VANGUARD SCOTTSDALE ETF	2.73%	N/A	N/A	2,865,588	(306,523)	2,559,065
VANGUARD SCOTTSDALE ETF LT	3.32%	N/A	N/A	500,133	29,025	529,158
VANGUARD SHORT TERM IP ETF	2.86%	N/A	N/A	952,852	(63,934)	888,918
VANGUARD SHORT TERM CORP BOND ETF	3.09%	N/A	N/A	2,874,184	(134,203)	2,739,981
VANGUARD SHORT TERM TREAS INDX ETF	3.31%	N/A	N/A	2,874,579	(117,437)	2,757,142
TOTAL EXCHANGE TRADED FUNDS				<u>23,187,841</u>	<u>(1,715,489)</u>	<u>21,472,352</u>
GOVERNMENT BACKED ASSET SECURITIES:						
GNMA II	5.28%	6/20/2033	N/A	32,523	(26,523)	6,000
GNMA II	4.91%	7/20/2035	N/A	68,769	(32,827)	35,942
GNMA II	4.92%	8/20/2035	N/A	88,224	(47,884)	40,340
GNMA	5.68%	5/30/2036	N/A	17,682	(9,585)	8,097
GNMA	5.68%	3/20/2037	N/A	17,301	(10,919)	6,382
TOTAL GOVERNMENT BACKED ASSET SECURITIES				<u>224,499</u>	<u>(127,738)</u>	<u>96,761</u>

NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

LAW ENFORCEMENT (CONTINUED):						
Investment	Rate	Maturity Date	Moody Rating	Cost	Market Gain (Loss)	Estimated Fair Value
GOVERNMENT BONDS						
US TREASURY NOTES	0.75%	12/31/2023	N/A	1,578,500	21,500	1,600,000
US TREASURY NOTES	2.25%	12/31/2023	N/A	2,141,759	38,241	2,180,000
US TREASURY NOTES	0.87%	1/31/2024	N/A	660,663	16,924	677,587
US TREASURY NOTES	0.00%	1/25/2024	N/A	300,785	7,173	307,958
TOTAL GOVERNMENT BONDS				4,681,707	83,838	4,765,545
MUTUAL FUNDS:						
FIDELITY TREASURY	5.20%	N/A	N/A	2,472,883	-	2,472,883
BLACKROCK HIGH YIELD BOND	6.58%	N/A	N/A	656,798	(38,147)	618,651
DELAWARE LTD TERM DIVERS INC FD	3.52%	N/A	N/A	1,388,632	(118,405)	1,270,227
FEDERATED SERS INC TOTAL RET BD	3.80%	N/A	N/A	2,418,633	(358,896)	2,059,737
FIDELITY ADVISOR FLOATING RATE	7.46%	N/A	N/A	540,790	(39,685)	501,105
TOTAL MUTUAL FUNDS				7,477,736	(555,133)	6,922,603
TOTAL LAW ENFORCEMENT PROGRAM INVESTMENTS				\$ 35,571,783	\$ (2,314,522)	\$ 33,257,261

WORKERS COMPENSATION PROGRAM:						
Investment	Rate	Maturity Date	Moody Rating	Cost	Market Gain (Loss)	Estimated Fair Value
EXCHANGE-TRADED FUNDS (ETF)						
FIDELITY MERRIMACK ETF	5.28%	N/A	N/A	\$ 490,311	\$ (10,171)	\$ 480,140
ISHARES	3.14%	N/A	N/A	549,017	(48,059)	500,958
ISHARES MBS	3.36%	N/A	N/A	1,315,539	(183,380)	1,132,159
JANUS HENDERSON ETF	3.95%	N/A	N/A	499,533	(19,812)	479,721
JPMORGAN ETF	4.60%	N/A	N/A	485,195	(4,946)	480,249
PIMCO ACTIVE BOND ETF	3.58%	N/A	N/A	1,094,175	(186,593)	907,582
PIMCO ETF TRUST	4.78%	N/A	N/A	488,675	(10,381)	478,294
SPDR PORTFOLIO ETF	3.83%	N/A	N/A	1,098,096	(118,875)	979,221
SPDR PORTFOLIO ETF	3.21%	N/A	N/A	549,482	(87,557)	461,925
SPDR PORTFOLIO SHORT ETF	4.05%	N/A	N/A	511,563	(25,166)	486,397
VANGUARD MORTGAGE ETF	3.30%	N/A	N/A	1,098,078	(149,367)	948,711
VANGUARD SCOTTSDALE ETF	2.73%	N/A	N/A	1,647,497	(222,156)	1,425,341
VANGUARD SHORT TERM IP ETF	2.86%	N/A	N/A	549,158	(38,736)	510,422
VANGUARD SHORT TERM	3.09%	N/A	N/A	1,646,959	(108,302)	1,538,657
VANGUARD SHORT TERM	3.31%	N/A	N/A	1,646,771	(83,586)	1,563,185
TOTAL EXCHANGE TRADED FUNDS				13,670,049	(1,297,087)	12,372,962

NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

WORKERS COMPENSATION (CONTINUED):						
Investment	Rate	Maturity Date	Moody Rating	Cost	Market Gain (Loss)	Estimated Fair Value
MUTUAL FUNDS:						
FIDELITY FUNDS	5.20%	N/A	N/A	1,301,606	-	1,301,606
BLACKROCK HIGH YIELD	6.58%	N/A	N/A	383,065	(29,066)	353,999
DELAWARE LTD TERM DIVERS INC FD	3.52%	N/A	N/A	1,019,608	(80,185)	939,423
FEDERATED INC TRST SH BEN	2.67%	N/A	N/A	2,202,005	(339,910)	1,862,095
FEDERATED SER INC TOTAL RET	3.80%	N/A	N/A	1,115,892	(150,301)	965,591
PIMCO FD PAC INVT LOW DURATION	3.95%	N/A	N/A	2,078,045	(203,517)	1,874,528
FIDELITY FL RATE HIGH INC CL I	7.46%	N/A	N/A	165,855	(10,302)	155,553
AMG MANAGERS DOUBLE CORE BOND	4.04%	N/A	N/A	973,133	(144,202)	828,931
BLACKROCK STRATEGIC INC	4.46%	N/A	N/A	461,041	(29,827)	431,214
TOTAL MUTUAL FUNDS				9,700,250	(987,310)	8,712,940
GOVERNMENT BONDS:						
US TREASURY	75.00%	12/31/2023	N/A	731,584	13,416	745,000
US TREASURY	2.25%	1/31/2024	N/A	734,087	9,058	743,145
US TREASURY	1.50%	2/29/2024	N/A	729,111	11,367	740,478
US TREASURY	2.14%	3/31/2024	N/A	729,896	9,166	739,062
US TREASURY	2.52%	4/30/2024	N/A	731,584	6,599	738,183
US TREASURY	2.02%	5/31/2024	N/A	727,306	7,763	735,069
US TREASURY	3.03%	6/30/2024	N/A	1,398,226	11,855	1,410,081
US TREASURY	3.03%	7/31/2024	N/A	729,576	6,633	736,209
US TREASURY	0.00%	1/25/2024	N/A	700,858	16,715	717,573
TOTAL GOVERNMENT BONDS				7,212,228	92,572	7,304,800
GOVT. ASSET BACKED SECURITIES:						
GNMA II	5.28%	7/20/2033	N/A	55,547	(40,672)	14,875
GNMA II	5.28%	8/20/2033	N/A	19,851	13,669	33,520
GNMA II	4.91%	1/20/2037	N/A	26,292	(17,393)	8,899
GNMA II	5.28%	2/20/2038	N/A	28,809	(14,761)	14,048
GNMA	4.08%	9/20/2040	N/A	97,613	(41,693)	55,920
TOTAL GOVT. ASSET BACKED SECURITIES				228,112	(100,850)	127,262
TOTAL WORKERS COMPENSATION PROGRAM INVESTMENTS				\$ 30,810,639	-\$ 2,292,675	\$ 28,517,964

NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investment income is summarized as follows for the year ended December 31, 2023:

Multi-Line Program:

Interest Income	\$ 900,082
Gain on Sale of Investments	(105,770)
Unrealized Gain	590,672
Total Investment Losses	\$ 1,384,984

Law Enforcement Program:

Interest Income	\$ 1,215,526
Loss on Sale of Investments	(146,523)
Unrealized Gain	805,200
Total Investment Losses	\$ 1,874,203

Workers' Compensation Program:

Interest Income	\$ 874,681
Gain on Sale of Investments	(104,018)
Unrealized Gain	565,957
Total Investment Losses	\$ 1,336,620

As of December 31, 2023, the Pool's cash and cash equivalents and investments were as follows:

Investment Type	Cost	Estimated Fair Value
<i>Multi-Line Program</i>		
Cash and Cash Equivalents:		
Checking and Money Market	\$ 2,818,051	\$ 2,818,051
Total	\$ 2,818,051	\$ 2,818,051
Investment in the State General Fund Investment Pool	\$ 451	\$ 451
Total	\$ 451	\$ 451

NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investment Type	Cost	Estimated Fair Value
Investments:		
Exchange Traded Funds	\$ 18,301,757	\$ 16,854,877
Government Bonds	3,163,880	3,237,444
Government Asset-Backed Securities	348,848	115,020
Mutual Funds	3,415,502	3,381,355
Total	<u>\$ 25,229,987</u>	<u>\$ 23,588,696</u>
 <i>Law Enforcement Program</i>		
Cash and Cash Equivalents:		
Checking and Money Market	\$ 1,925,491	\$ 1,925,491
Total	<u>\$ 1,925,491</u>	<u>\$ 1,925,491</u>
Investment in the State General Fund Investment Pool	\$ 647	\$ 647
Total	<u>\$ 647</u>	<u>\$ 647</u>
Investments:		
Exchange Traded Funds	\$ 23,187,841	\$ 21,472,352
Government Bonds	4,681,707	4,765,545
Government Asset-Backed Securities	224,499	96,761
Mutual Funds	7,477,736	6,922,603
Total	<u>\$ 35,571,783</u>	<u>\$ 33,257,261</u>
 <i>Workers' Compensation Program</i>		
Cash and Cash Equivalents:		
Checking and Money Market	\$ 2,341,259	\$ 2,341,259
Total	<u>\$ 2,341,259</u>	<u>\$ 2,341,259</u>
Investment in the State General Fund Investment Pool	\$ 1,974	\$ 1,974
Total	<u>\$ 1,974</u>	<u>\$ 1,974</u>

NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Workers' Compensation Program, continued

Investment Type	Cost	Fair Value
Investments:		
Exchange Traded Funds	\$ 13,670,049	\$ 12,372,962
Government Bonds	7,212,228	7,304,800
Government Asset-Backed Securities	228,112	127,262
Mutual Funds	9,700,250	8,712,940
Total	\$ 30,810,639	\$ 28,517,964

All Programs

Cash and Cash Equivalents:

Checking and Money Market	\$ 7,084,801	\$ 7,084,801
Total	\$ 7,084,801	\$ 7,084,801

Investment in the State General Fund Investment Pool	\$ 3,072	\$ 3,072
Total	\$ 3,072	\$ 3,072

Investments:		
Exchange Traded Funds	\$ 55,159,647	\$ 50,700,191
Government Bonds	15,057,815	15,307,789
Government Asset-Backed Securities	801,459	339,043
Mutual Funds	20,593,488	19,016,898
Total	\$ 91,612,409	\$ 85,363,921

Custodial Credit Risks. Custodial credit risk is the risk that, in the event of a bank failure, the Pool's deposits may not be returned to it. As of December 31, 2023, none of the Pool's deposits were exposed to custodial credit risk; the total of demand deposits was covered by FDIC or by collateral held by the Pool's agent in the Pool's name.

Interest Rate Risk. The Pool does not have an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk.

The Pool's investment policy states that investments are limited to the following:

NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Government Bonds. Bonds or negotiable securities of the United States, the state or any municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding. Such investments shall have aggregate durations or maturities of no more than five years.

Government Securities. Securities issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States, the Federal Home Loan Mortgage Association, the Federal National Mortgage Association, the Federal Farm Credit Bank or the Student Loan Marketing Association, or are backed by the full faith and credit of the United States government. Such investments shall have aggregate durations or maturities of no more than five years.

Corporate Bonds. The Pool is no longer purchasing corporate bonds. Such investments currently held by the Pool will be sold if management believes that the sale will be beneficial. Otherwise, investments in corporate bonds will be held until maturity.

Certificates of Deposit. In New Mexico Financial Institutions, limited to the current FDIC or NCUSIF limit per financial institution or bank, unless collateralization requirements are met. Federally insured obligations, including brokered certificates of deposit, certificates of deposit account registry service and federally insured cash accounts outside of New Mexico financial institutions shall be eligible as long as the FDIC or NCUSIF insures the instrument from the date the investment is made until the date of maturity. Furthermore, returns on such deposits determined by investment returns linked to the stock markets, commodities markets or other non-interest rate markets or any index or basket thereof, shall not be eligible for investment under this Policy. No commission, mark-up or other remuneration shall be paid for the purchase of any asset in this section.

Exchange-traded Funds (ETFs). The majority of ETFs are typically structured as registered unit investments trusts (UITs) or open-end investment companies (commonly referred to as "funds") whose shares represent an interest in a portfolio of securities that track an underlying benchmark or index. These products are the most common type of ETF, and typically hold a basket of equity or fixed income securities constructed to track an index.

NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Credit Risk (Continued).

Mutual Funds. Shares of a diversified investment company registered pursuant to the federal Investment Company Act of 1940 that invests in fixed-income securities or debt instruments that are listed in a nationally recognized, broad-market, fixed-income-securities market index. Such investments shall have aggregate durations or maturities of no more than five years.

New Mexico State Treasurer Local Government Investment Pool (State Investment Pool as defined in Note 1). This fund is rated AAA by Standard and Poor's.

Concentration of Credit Risk.

The Pool places no limit on the amount the Pool may invest in any one issuer. Excluding investments that are implicitly backed by the full faith and credit of the United States, investments in the following issuers represent more than 5 percent of the Pool's investments, and are therefore considered to have a concentration of credit risk.

Multi-Line Program:

FIDELITY	15%
ISHARES	11%
PIMCO	8%
SPDR	10%
VANGUARD	35%

Law Enforcement Program:

FIDELITY	11%
FEDERATED	6%
ISHARES	10%
PIMCO	7%
SPDR	9%
VANGUARD	34%

NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk (Continued).

Workers' Compensation Program:

FIDELITY	7%
FEDERATED	7%
ISHARES	12%
PIMCO	8%
SPDR	10%
VANGUARD	39%

Fair Value Measurements. The Pool categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles (GAAP). Under GASB statement No. 72 fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Investments classified in Level 1 of the fair value hierarchy are valued using prices in active markets for those investments.

The Pool owns an interest in County Reinsurance Limited, a risk pool which provides reinsurance coverage to member counties. The unit of account for this investment is the Pool's ownership interest in CRL, rather than a percentage of individual assets held by CRL. The assets could be sold at an amount different than the Net Asset Value (NAV) per share (or its equivalent) due to the liquidation policies of CRL and its member counties.

The Pool owns 100% interest in New Mexico County Reinsurance, Inc. (NMCR*e*), a newly-formed captive reinsurance entity, which provides reinsurance coverage to the Law Enforcement Pool. Its investment value is calculated in line with other Pool investments, as described above.

NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investments by Fair Value Level - December 31, 2023

Quoted Prices in
Active Markets for
Identical Assets
(Level 1)

Mutual Funds	\$ 19,016,898
Government Asset-Backed Securities	339,043
Exchange Traded Funds	50,700,191
Total	85,363,921

NAV Investment - December 31, 2023

Investment in County Reinsurance Limited	4,074,649
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NAV Investment - December 31, 2023

Investment in New Mexico County Reinsurance, Inc.	20,358,758
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Investments Not Requiring Fair Value - December 31, 2023

Money Market	7,084,801
State Treasurer LGIP	3,072
	7,087,873

Total Investments and Cash Equivalents	\$ 116,885,201
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NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 - NOTE RECEIVABLE

Note Receivable - Building. During 2012, the Multi-Line Program loaned the New Mexico Association of Counties, a related party, \$1,850,257 in return for a promissory note carrying an annual interest rate of 5%. Principal and interest payments in the amount of \$9,914 were due monthly from September 24, 2012 through August 24, 2019, for a total of 84 payments. The monthly payments were based on a 30-year amortization, with a 7-year call, at which time, the parties would re-evaluate the interest rate and term. The parties have continued to operate under the original agreement, through May 28, 2020. In October 2020, the Pool signed a new lease purchase agreement which was retroactive to July 1, 2020. The original balance of this lease purchase agreement on July 1, 2020 was \$1,598,614, and carries an interest rate of 4%, with required payments of \$11,825 for 180 monthly installments (15 years). The balance of the note receivable at December 31, 2023 is \$1,306,280. This original loan funded the purchase of a new building for the New Mexico Association of Counties, which performs administrative functions for the Pool (Note 7). Principal payments received on this note totaled \$87,733 in 2023.

NOTE 4 - CLAIMS AND CLAIM ADJUSTMENT EXPENSES

The liability for claims and claims adjustment expenses, which is reported on an ultimate development basis, includes an amount determined from claims reports and individual cases, and an amount for claims incurred but not reported.

Estimates of the liability for amounts incurred but not reported as of December 31, 2023 and 2022 have been based on an actuarial evaluation of the Pool's historical claims experience, industry data and other factors. While management believes that these estimates are adequate, actual incurred but unpaid claims may vary significantly from the amount provided.

NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 - CLAIMS AND CLAIM ADJUSTMENT EXPENSES, continued

Changes in reserves for claims and claim adjustment expenses were as follows for the years ended December 31:

<i>Multi-Line Program:</i>	2023	2022
Liability for Claims and Claim Adjustment Expenses		
Beginning of Year	\$ 11,263,491	\$ 11,052,889
Incurred Claims and Claim Adjustment Expenses Related to:		
Current Year	6,291,618	5,270,792
Prior Years	1,351,261	1,442,332
Total Incurred	7,642,879	6,713,124
Payments (Net of Amounts Received Pursuant to Reinsurance Contracts) Related to:		
Current Year	(741,700)	(743,122)
Prior Years	(5,332,093)	(5,759,400)
Total Payments	(6,073,793)	(6,502,522)
Liability for Claims and Claim Adjustment Expenses - End of Year	\$ 12,832,577	\$ 11,263,491

<i>Law Enforcement Program:</i>	2023	2022
Liability for Claims and Claim Adjustment Expenses		
Beginning of Year	\$ 26,049,053	\$ 21,183,612
Incurred Claims and Claim Adjustment Expenses Related to:		
Current Year	17,675,509	12,867,546
Prior Years	7,230,650	1,703,643
Total Incurred	24,906,159	14,571,189
Payments (Net of Amounts Received Pursuant to Reinsurance Contracts) Related to:		
Current Year	(475,371)	(485,942)
Prior Years	(6,891,953)	(9,219,806)
Total Payments	(7,367,324)	(9,705,748)
Liability for Claims and Claims Adjustment Expenses - End of Year	\$ 43,587,888	\$ 26,049,053

NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 - CLAIMS AND CLAIM ADJUSTMENT EXPENSES, continued

Workers' Compensation Program:

	2023	2022
Liability for Claims and Claim Adjustment Expenses		
Beginning of Year	\$ 19,657,340	\$ 19,012,189
Incurred Claims and Claim Adjustment Expenses Related to:		
Current Year	4,227,666	4,104,011
Prior Years	1,627,865	2,849,552
Total Incurred	5,855,531	6,953,563
Payments (Net of Amounts Received Pursuant to Reinsurance Contracts) Related to:		
Current Year	(512,516)	(628,297)
Prior Years	(6,259,992)	(5,680,115)
Total Payments	(6,772,508)	(6,308,412)
Liability for Claims and Claims Adjustment Expenses - End of Year	\$ 18,740,363	\$ 19,657,340
 <i>Total:</i>		
Total Liability Claims and Claim Adjustment - Expenses End of Year	\$ 75,160,828	\$ 56,969,884

As of December 31, 2023, the liability for unpaid claims and claim adjustment expenses of \$13,713,259 for the Multi-Line Program, \$46,658,840 for the Law Enforcement Program and \$19,265,675 for the Workers' Compensation Program are presented at their net present value of \$12,832,577, \$43,587,888 and \$18,740,363, respectively. The Multi-Line and Law Enforcement claims are discounted at a rate of 4.0%, and Workers' Compensation claims are discounted at 2.0%. For the year ended December 31, 2023, the Multi-Line Program experienced negative development on prior policy year claims, resulting in an increase to claim expense of \$903,625, from the prior year. For the year ended December 31, 2023, the Law Enforcement Program also experienced negative development on prior policy year claims, resulting in an increase to claim expense of \$10,334,988 from the prior year. For the year ended December 31, 2023, the Workers' Compensation Program experienced positive development on prior policy year claims, resulting in a decrease to claim expense of \$1,514,909 from the prior year.

NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 - REINSURANCE AND EXCESS INSURANCE

The New Mexico County Insurance Authority Pool purchases commercial reinsurance for the Multi-Line, Law Enforcement and Worker's Compensation programs.

The Multi-Line Program's property coverage has a limit of \$1,000,000,000 per occurrence. The Multi-Line program's self-insured retention for property coverage is \$350,000 per occurrence, then County Reinsurance Limited provides the next \$4,650,000 in coverage, then Lloyds of London Syndicates provides coverage up to \$1,000,000,000.

The Multi-Line Program's liability coverage has a limit of \$5,000,000 per occurrence, with an annual aggregate of \$10,000,000 per member. The Multi-Line pool's self-insured retention for liability coverage is \$2,000,000 per occurrence, then Berkley Public Entity provides the next \$3,000,000 in coverage on a per occurrence basis. There is a \$20,000,000 annual aggregate limit on liability reinsurance coverage in the Multi-Line Program for all members combined.

The Law Enforcement Program's liability coverage has a limit of \$4,000,000 for non-class A members and \$5,000,000 for class A members per occurrence with no annual aggregate. The Law Enforcement program's self-insured retention for liability coverage is \$2,000,000 per occurrence, then New Mexico County Reinsurance, Inc. provides the next \$2,000,000 for non-class A members, and \$3,000,000 in coverage for class A members on a per occurrence basis. There is an \$8,000,000 annual aggregate limit on liability reinsurance coverage in the Law Enforcement Program for all members combined.

The Worker's Compensation Program has purchased commercial reinsurance for specific claims in excess of \$750,000. Beginning July 1, 1998, this insurance has been provided by County Reinsurance Limited

CRL is a captive organization formed to provide excess and reinsurance to county association pools. Similar to counties that participate as members of the Workers' Compensation Pool, the Pool's contribution to CRL includes amounts for capital, losses and other pool expenses. CRL has the ability to return equity to its members in the event that loss fund contributions are not depleted or if there is a surplus of capital.

For the year ended December 31, 2023, the Multi-Line, Law Enforcement and Workers' Compensation Programs paid a total of \$2,459,092, \$2,997,000 and \$844,499, respectively for reinsurance premiums.

NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6 - BROKERAGE SERVICE FEE

Commission/brokerage service fees were \$120,000, for the year ended December 31, 2023.

NOTE 7 - GENERAL AND ADMINISTRATIVE

For a monthly fee, the New Mexico Association of Counties provides claims processing, risk management, loss prevention training, legal services, general and administrative services, financial management, office space, equipment and supplies.

The Pool expensed \$4,535,571 in 2023, under this arrangement. The fees to be paid to the New Mexico Association of Counties for such services are approved by the Pool's Board of Directors when the Pool's annual operating budget is reviewed and approved. The Pool also engages other related third parties to provide legal, actuarial and other services.

The Pool's general and administrative expenses for the year ended December 31, 2023 consisted of the following:

	Multi-Line Program	Law Enforcement Program	Workers' Compensation Program	Total
Administrative Fees	\$ 1,455,330	\$ 1,755,330	\$ 1,324,911	\$ 4,535,571
Software and Licensing	151,174	124,921	126,342	402,437
Appraisal Fees	123,800	-	-	123,800
Insurance	14,540	14,543	14,543	43,626
Accounting and Auditing	16,646	16,646	56,502	89,794
Actuarial	18,450	14,650	13,450	46,550
Consulting and Training	4,371	122,284	1,057	127,712
Legal and Bank Fees	1,168	27,195	-	28,363
Contracts	-	-	10,000	10,000
Capital Assessment	25,244	25,241	25,244	75,729
Miscellaneous	357	-	-	357
Total	<u>\$ 1,811,080</u>	<u>\$ 2,100,810</u>	<u>\$ 1,572,049</u>	<u>\$ 5,483,939</u>

NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 - JOINT POWERS AGREEMENT

As of January 1, 2022, pursuant to a Joint Powers Agreement, the New Mexico County Insurance Authority Workers' Compensation Pool was consolidated with the New Mexico County Insurance Multi-Line Pool, as one legal entity, the New Mexico County Insurance Authority (Authority). All assets, liabilities and contracts of the respective Pools were transferred to and assumed by the Authority upon consolidation. The consolidation allows for efficient use of Pools' Member powers and resources, by cooperating on a basis that will be of mutual advantage; and provide a means for securing benefits, services, coverage or protection for the Pools' Members, their employees, and other political subdivisions or local public bodies approved by the Authority Board, relating to insurance or self-insurance, as authorized by law.

NOTE 9 - FUNDING ARRANGEMENTS

The Workers' Compensation Program has historically optional high-deductible funding arrangements with Bernalillo, Dona Ana, Sandoval, San Juan and Santa Fe Counties. Sandoval County selected a \$50,000 per claim deductible for 2023. No other member county took a deductible in 2023. Funding arrangements exist for all Class A Counties in previous plan years. The Worker's Compensation Program handled all claims for member counties, and they were covered by the Workers' Compensation Program reinsurance for any claim which exceeded \$750,000.

NOTE 10 - LITIGATION

The Pool is subject to various legal proceedings, claims and liabilities which arise in the ordinary course of the Pool's operations. In the opinion of the Pool's management and legal counsel, the ultimate resolution of these matters will not have a material adverse impact on the financial position or results of operation of the Pool.

NOTE 11 - TAX ABATEMENT DISCLOSURES

As of December 31, 2023, the Pool had no tax abatement programs or agreements with other government entities.

NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
NOTES TO TEN YEAR CLAIMS DEVELOPMENT INFORMATION (UNAUDITED)
DECEMBER 31, 2023

The following illustrates how the Pool's earned revenues and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Pool as of the end of each of the last nine years. The rows of the table are defined as follows:

(1) This line shows the total of each fiscal year's earned contribution revenues and investment revenues, net of contribution revenue ceded to reinsurers.

(2) This line shows each fiscal year's other operation costs of the Pool, including overhead and claims expenses not allocable to individual claims.

(3) This line shows the Pool's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).

(4) This section of ten rows shows the cumulative net amounts paid at of the end of successive years for each policy year.

(5) This section of ten rows shows how each policy year's incurred claims increased or decreased as of the end of the successive years. (These annual re-estimations result from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.)

(6) This line compares the latest re-estimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years matures, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
TEN YEAR CLAIMS DEVELOPMENT INFORMATION (UNAUDITED)
TEN YEARS ENDED DECEMBER 31, 2023
(Dollars in Thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1. Net Earned Required Contribution and Investment Revenues	\$ 28,721	\$ 28,763	\$ 33,554	\$35,208	\$36,235	\$33,757	\$ 35,407	29,649	26,811	41,469
2. Unallocated Expenses	3,893	4,252	4,331	4,553	5,191	4,484	5,118	5,362	5,779	5,604
3. Estimated Incurred Claims and Expense, End of Policy Year	25,244	24,714	22,805	21,856	20,720	18,531	18,133	18,934	18,934	18,934
4. Paid (Cumulative) as of:										
Year One	5,097	2,973	2,350	2,753	2,633	1,362	14,720	15,451	1,857	1,717
Year Two	9,605	7,697	9,198	6,891	6,154	15,436	12,768	8,034	6,688	
Year Three	11,596	15,581	15,842	9,088	16,419	18,159	9,675	16,264		
Year Four	16,194	17,351	10,882	14,530	16,283	15,006	11681			
Year Five	18,067	9,746	26,998	15,281	15,667	16,499				
Year Six	17,230	20,678	27,308	13,475	15,546					
Year Seven	17,884	20,949	25,993	14,326						
Year Eight	17,846	21,083	26,116							
Year Nine	17,687	21,193								
Year Ten	17,782									
5. Re-Estimated Incurred Claims and Expense										
Year One	25,244	24,714	22,805	21,856	20,720	18,531	4,262	4,705	22,242	27,676
Year Two	22,035	21,848	27,547	18,818	19,830	10,916	9,374	27,284	28,530	
Year Three	19,790	24,231	26,827	17,550	14,371	12,390	19,879	31,769		
Year Four	22,995	22,757	28,870	12,623	15,451	9,563	23,668			
Year Five	21,841	22,802	25,484	14,200	18,052	19,564				
Year Six	18,857	21,839	26,066	16,130	17,163					
Year Seven	18,112	22,118	27,708	17,323						
Year Eight	18,097	22,067	27,265							
Year Nine	18,353	22,003								
Year Ten	18,199									
6. Increase (Decrease) in Estimated Incurred Claims and Expense from End of Policy Year	(7,045)	(2,711)	4,460	(4,533)	(3,557)	1,033	5,535	12,835	9,596	8,742

NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
SCHEDULES OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGETARY BASIS)
DECEMBER 31, 2023

Multi-Line Program

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts - (Budgetary Basis)	Variance With Final Budget Positive (Negative)
REVENUES				
Member Contributions	\$ 10,866,496	\$ 10,866,496	\$ 10,190,664	\$ (675,832)
Investment Income	406,118	406,118	2,842,076	2,435,958
Total Revenues	<u>11,272,614</u>	<u>11,272,614</u>	<u>13,032,740</u>	<u>1,760,126</u>
NET POSITION				
	-	-		
EXPENSES				
Claims and Claim Adjustment Expenses	9,303,903	9,303,903	11,120,498	(1,816,595)
Risk Mitigation	222,202	222,202	138,206	83,996
General and Administrative	1,669,628	1,669,628	1,672,874	(3,246)
Brokerage Fees	70,000	70,000	70,000	-
Total Expenses	<u>11,265,733</u>	<u>11,265,733</u>	<u>13,001,578</u>	<u>(1,735,845)</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 6,881</u>	<u>\$ 6,881</u>	<u>\$ 31,162</u>	<u>\$ 24,281</u>
EXCESS OF REVENUES OVER EXPENSES PER ACCOMPANYING GAAP FINANCIAL STATEMENTS			<u>\$ 31,162</u>	

NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
SCHEDULES OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGETARY BASIS)
DECEMBER 31, 2023

Law Enforcement Program

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts - (Budgetary Basis)	Variance With Final Budget Positive (Negative)
REVENUES				
Member Contributions	\$ 18,398,541	\$ 18,398,541	\$ 18,412,744	\$ 14,203
Investment Income	711,599	711,599	2,505,890	1,794,291
Total Revenues	<u>19,110,140</u>	<u>19,110,140</u>	<u>20,918,634</u>	<u>1,808,494</u>
EXPENSES				
Claims and Claim Adjustment Expenses	16,621,967	16,621,967	24,906,159	(8,284,192)
Risk Mitigation	374,290	374,290	315,778	58,512
General and Administrative	2,031,040	2,031,040	1,785,032	246,008
Brokerage Fees	70,000	70,000	30,000	40,000
Total Expenses	<u>19,097,297</u>	<u>19,097,297</u>	<u>27,036,969</u>	<u>(7,939,672)</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 12,843</u>	<u>\$ 12,843</u>	<u>\$ (6,118,335)</u>	<u>\$ (6,131,178)</u>
EXCESS OF REVENUES OVER EXPENSES PER ACCOMPANYING GAAP FINANCIAL STATEMENTS			<u>\$ (6,118,335)</u>	

NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
SCHEDULES OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGETARY BASIS)
DECEMBER 31, 2023

Workers' Compensation Program

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts - (Budgetary Basis)	Variance With Final Budget Positive (Negative)
REVENUES				
Member Contributions	\$ 6,305,545	\$ 6,755,545	\$ 8,269,348	\$ 1,513,803
Investment Income	413,052	413,052	1,220,935	807,883
Total Revenues	<u>6,718,597</u>	<u>7,168,597</u>	<u>9,490,283</u>	<u>2,321,686</u>
EXPENSES				
Claims and Claim Adjustment Expenses	6,662,098	6,675,369	6,838,562	(163,193)
Risk Mitigation	360,243	364,401	333,694	30,707
General and Administrative	1,310,587	1,346,010	1,238,355	107,655
Brokerage Fees	20,000	20,000	20,000	-
Total Expenses	<u>8,352,928</u>	<u>8,405,780</u>	<u>8,430,611</u>	<u>(24,831)</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ (1,634,331)</u>	<u>\$ (1,237,183)</u>	<u>\$ 1,059,672</u>	<u>\$ 2,296,855</u>
EXCESS OF REVENUES OVER EXPENSES PER ACCOMPANYING GAAP FINANCIAL STATEMENTS			<u>\$ 1,059,672</u>	

**NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
SCHEDULE OF CASH AND CASH EQUIVALENTS RECONCILIATION
FROM BANK TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

	Multi-Line Program	Law Enforcement Program	Workers' Compensation Program	Total
Interest-Bearing Checking Accounts:				
First National 1870	\$ 614,342	\$ 763,424	\$ 614,052	\$ 1,991,818
Money Market Wells Fargo Advisors	2,415,280	1,098,257	1,750,342	5,263,879
Money Market Fidelity Investments	-	107,055	126,943	233,998
	<u>3,029,622</u>	<u>1,968,736</u>	<u>2,491,337</u>	<u>7,489,695</u>
Reconciling Items:				
Outstanding Checks	(211,571)	(43,245)	(150,078)	(404,894)
Deposits in Transit		-	-	-
Financial Statement Balance	<u>2,818,051</u>	<u>1,925,491</u>	<u>2,341,259</u>	<u>7,084,801</u>
Cash Held with the State Treasurer				
Local Government				
Investment Fund	451	647	1,974	3,072
Financial Statement Balance	<u>451</u>	<u>647</u>	<u>1,974</u>	<u>3,072</u>
TOTAL CASH AND CASH EQUIVALENTS, RESTRICTED CASH, AND INVESTMENT IN THE STATE LOCAL GOVERNMENT INVESTMENT POOL	<u><u>\$ 2,818,502</u></u>	<u><u>\$ 1,926,138</u></u>	<u><u>\$ 2,343,233</u></u>	<u><u>\$ 7,087,873</u></u>

**NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
SCHEDULE OF CASH COLLATERAL
DECEMBER 31, 2023**

FIRST NATIONAL 1870

Multi-Line Checking	\$	614,342
Law Enforcement Checking		763,424
Worker's Compensation Checking		614,052
Other Checking Accounts Administered by the New Mexico Association of Counties (Not Held by the Pool)		857,879
Total Deposit in Bank		2,235,645
FDIC Coverage		(500,000)
Total Uninsured Funds		1,735,645
50% Pledged Collateral Requirement		867,823
Pledged Collateral:		
FNMA - Pool#: AN6440 - Held with Sunflower Bank; Cusip #3138LKEN3, Maturity Date: 8/01/31		1,495,347
Total Pledged Collateral		1,495,347
 OVER-COLLATERALIZED		 \$ 627,525



**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***

Board of Directors
New Mexico County Insurance Authority Pool
Santa Fe, New Mexico and
Joseph M. Maestas, P.E.
New Mexico State Auditor
Santa Fe, 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 business-type activities and each major fund of the New Mexico County Insurance Authority Pool (the Pool), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements and have issued our report thereon dated May 31, 2024.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pool'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 one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and responses as item 2023-001.

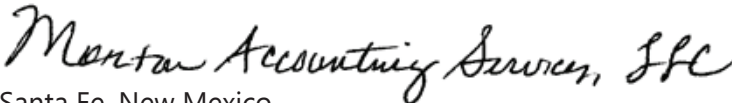
Pool's Response to Finding

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

Purpose of This Report

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

MORTON ACCOUNTING SERVICES, LLC



Santa Fe, New Mexico

May 31, 2024

**NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2023**

Section I – Summary of Auditor’s Results

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
1. Material weaknesses identified	No
2. Significant deficiencies identified	No
3. Noncompliance material to the financial statements noted	No

Section II – Current Year Findings Pertaining to the Financial Statements Which Are Required to Be Reported

None.

Section III - Section 12-6-5 NMSA 1978 Findings

Finding 2023-001 (2020-001) – Non-Compliance with Title 11, Chapter 4 of the New Mexico Administrative Code (Other Non-Compliance), Modified and Repeated

Condition: Out of 40 claims payments tested, one payment did not contain Workers’ Compensation Administration (WCA) E1 forms as required by the New Mexico Administrative Code (NMAC) Section 11.4.2.8B(1).

In addition, out of 40 claims payments tested, one payment was overpaid by \$3; the payment was a bi-weekly payment, resulting in a total overpayment of approximately \$546 for the duration of the overpayment (fiscal years 2017 - 2023).

Progress: The Pool has made some progress in reducing the timeframe for internal approval (within 5 days) and making payments within the 30 day required turnaround.

Criteria: Per the New Mexico Administrative Code, Section 11.4.7.8 B(1), “first report of injury data (WCA form E-1) must be submitted, within 10 days of notification, for all injuries or occupational diseases that result in more than seven cumulative days of lost time.”

Cause: Claim was received via a complaint with the NM Workers' Compensation Administration a year after the date of original loss and operations manual does not specifically address such claims. There was typographical error when issuing the overpayment(s) and there was an oversight during the review process.