



**NEW MEXICO COUNTY INSURANCE AUTHORITY
MULTI-LINE POOL**

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

DECEMBER 31, 2019

MORTON
ACCOUNTING, LLC

certified public accountants | consultants

**NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
TABLE OF CONTENTS**

Official Roster	1
Independent Auditor's Report	2
Management's Discussion and Analysis	5
Financial Statements:	
Statement of Net Position - Enterprise Funds.....	9
Statement of Revenues, Expenses and Changes in Fund Net Position - Enterprise Funds.....	11
Statement of Cash Flows - Enterprise Funds.....	12
Notes to Financial Statements.....	13
Required Supplementary Information:	
Notes to Ten Year Claims Development Information (Unaudited).....	32
Ten Year Claims Development Information (Unaudited).....	33
Other Supplementary Information:	
Schedules of Revenues and Expenses - Budget and Actual - Multi-Line Program.....	34
Schedules of Revenues and Expenses - Budget and Actual - Law Enforcement Program.....	35
Schedule of Cash and Cash Equivalents Reconciliation from Bank to Financial Statements.....	36
Schedule of Cash Collateral.....	37
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.....	38
Schedule of Findings and Responses.....	40
Summary Schedule of Prior Year Audit Findings.....	41
Exit Conference.....	42

**NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
OFFICIAL ROSTER
DECEMBER 31, 2019**

BOARD OF DIRECTORS

Ron Lethgo	Chair
Jim Fambro	Vice Chair
Lance Pyle	Member
Shirley Ragin	Member
Jay Block	Member
John Sweetser	Member
Shannon Reynolds	Member
Greg Shaffer	Member
Linda Cooke	Member
Kate Fletcher	Member
Mark Cage	Ex-Officio Member

ADMINISTRATION

Steve Kopelman	Executive Director
Taylor Horst	Risk Management Director
Leandro Cordova	Finance Director

MEMBER COUNTIES

Bernalillo	McKinley
Catron	Mora
Chaves	Otero
Cibola	Quay
Colfax	Roosevelt
Curry	San Miguel
De Baca	Sandoval
Dona ana	Santa Fe
Eddy	Sierra
Grant	Socorro
Guadalupe	Taos
Harding	Torrence
Hidalgo	Union
Lincoln	Valencia
Luna	



1512 Pacheco Street
Suite D-204
Santa Fe, NM 87505
505.303.3557 (o)

INDEPENDENT AUDITOR'S REPORT

Board of Directors
New Mexico County Insurance Authority Multi-Line Pool
Santa Fe, New Mexico and
Brian S. Colón, Esq.
New Mexico State Auditor
Santa Fe, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of New Mexico County Insurance Authority Multi-Line Pool (the Pool), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or

error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above 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, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8 and, the Notes to Ten Year Claims Development Information and the Ten Year Claims Development Information on pages 31 and 32 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.

Other 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 and the Schedule of Cash and Cash Equivalents Reconciliation from Bank to Financial Statements 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 and the Schedule of Cash and Cash Equivalents Reconciliation from Bank to Financial Statements 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 29, 2020, 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



Santa Fe, New Mexico

May 29, 2020

**NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

As management of the New Mexico County Insurance Authority: Multi-Line 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, 2019.

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 two separate county self-insurance pools: the Multi-Line Program and the Law Enforcement Program (the Programs). Both programs had 29 member counties as of December 31, 2019. Members pay annual contributions to the Programs. The other source of income is investments. The Programs then 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 Comparative Data

	2019	2018
Total Assets (Cash, Investments, Receivables, Due from New Mexico Association of Counties, and Prepaid Expenses)	\$ 61,855,817	\$ 53,904,852
Total Liabilities (Accounts Payable, Claims and Claim Adjustment Expenses)	32,081,222	31,050,003
Total Pool Net Position	\$ 29,774,595	\$ 22,854,849
Revenues:		
Member Contributions	\$ 27,099,966	\$ 26,823,758
Investment and Other Income	2,723,775	410,533
Total Revenues	29,823,741	27,234,291
Expenses		
Claims and Claim Adjustment Expenses	15,302,512	9,178,580
Reinsurance Premiums	3,827,099	4,493,039
General, Administrative & Brokerage	3,774,384	3,728,680
Total Expenses	22,903,995	17,400,299
Excess (Deficiency) of Revenues Over Expenses	6,919,746	9,833,992

**NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

Condensed Comparative Data (Continue)

	<u>2019</u>	<u>2018</u>
Pool Net Position Held for Member Benefits - Beginning of Year	<u>22,854,849</u>	<u>13,020,857</u>
Pool Net Position Held for Member Benefits - End of Year	<u>\$ 29,774,595</u>	<u>\$ 22,854,849</u>

Financial Highlights

1. Multi-Line Program assets increased by \$3,356,877, and net position increased by \$2,477,827.
2. Law Enforcement Program assets increased by \$4,594,088 and net position increased by \$4,441,919.

Underwriting Results

Contributions to the Multi-Line Program decreased from \$11,455,006 in 2018 to \$11,027,644 in 2019. Law Enforcement Program contributions increased from \$15,368,752 in 2018 to \$16,072,322 in 2019. Individual counties' contributions to the Multi-Line and Law Enforcement Programs are based on each county's loss experience and risk exposure.

The Pools' pricing and budgeting approach includes investment income and interest income. Adding in investment and interest income, the Pools had an increase in net position of \$6,919,746 (a \$2,477,827 increase for Multi-Line and a \$4,441,919 increase for Law Enforcement).

Reinsurance Premiums

Reinsurance expenses for the Multi-Line Program increased by \$236,035 from \$1,508,189 in 2018 to \$1,744,224 in 2019. Reinsurance expenses for the Law Enforcement Program decreased by \$901,975, from \$2,984,850 in 2018 to \$2,082,875 in 2019. The Multi-Line Program's reinsurance expenses increased due to increases in exposure across the pool. The Law Enforcement Program's reinsurance expenses decreased due to the fact that the Pool is taking on more risk internally, and our reinsurer, Munich Re, reduced coverage for claims alleging whole or partial inadequate medical or mental health treatment.

**NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

Investments

As of December 31, 2019, cash balances increased \$146,706 for Multi-Line and \$1,914,366 for Law Enforcement and investments increased \$4,635,885 and \$3,300,366 respectively. Due to market conditions and cash flow needs, investments were made by laddering short term government bonds and notes and brokered certificates of deposit. This allowed the Pools to keep less in cash and cash equivalents for claim payments due to the liquidity of the funds within these instruments. Overall portfolio duration is kept short due to market conditions and the unpredictability of claim payments. The Pools have two independent investment advisors that are consulted regularly on the changing market and the best strategies to invest Pool funds for maximum return and liquidity. There was an increase of \$101,399 in the Multi-Line Pool's equity with County Reinsurance Limited, the reinsurance carrier for property coverage.

Property, Plant and Equipment

The Pool had no purchases or disposals of property, plant and equipment during 2019.

Long-term Debt

The Pool had no long-term debt during 2019.

Change in Net Position

For the year ended December 31, 2019, the Multi-Line Program's net position increased by \$2,477,827. The Law Enforcement Program's net position increased by \$4,441,919. The change in net position for the Multi-Line Program included an operating profit of \$1,231,406 and investment and interest income of \$1,246,421. The change in net position for the Law Enforcement Program included an operating profit of \$2,974,759 and investment income of \$1,467,160.

Net Position

The Pool had a combined net position of \$29,774,595 at the close of its most recent fiscal year. The Multi-Line Program net position increased from \$12,542,024 to \$15,019,851 and the Law Enforcement Program net position increased from \$10,312,825 to \$14,754,744.

**NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

Budget

There were no budget overages in the Multi-Line or Law Enforcement Pools for 2019.

Pool Trends and Conditions

The Multi-Line Pool claims experience is slowly beginning to trend in a positive direction. Loss prevention efforts focusing on employment practices and auto collisions are having an impact on the frequency and severity of claims. The in-house legal bureau is making an impact by consulting with counties prior to employment actions and in defending claims that were heretofore not cost effective to fight. Member deductibles and the Pool Self Insured Retention both remained at the same levels in 2019 that existed previously.

The Law Enforcement Pool claims experience also appears to be trending in the right direction. However it should be noted that this pool historically has the most volatile experience in claims costs of all three pools, and financial changes can occur quickly. We believe the current downward trend in claims costs is the result of continued significant and consistent loss prevention efforts in member detention centers. Loss prevention efforts are also being focused on law enforcement agencies to mitigate the variety of risks that exist with member sheriff offices.

**NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
STATEMENT OF NET POSITION - ENTERPRISE FUNDS
DECEMBER 31, 2019**

ASSETS

	<u>Multi-Line Program</u>	<u>Law Enforcement Program</u>	<u>Total</u>
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 2,001,473	\$ 3,831,805	\$ 5,833,278
Investments in the Local Government			
Investment Pool	422	606	1,028
Investments	21,525,841	30,419,514	51,945,355
Accounts Receivable - Subrogation, Deductibles	226,740	188,567	415,307
Accounts Receivable - Contributions	76,531	389,764	466,295
Due from New Mexico Association of Counties,			
Current Portion	2,222,515	-	2,222,515
Prepays	533,143	-	533,143
	<u>26,586,665</u>	<u>34,830,256</u>	<u>61,416,921</u>
NONCURRENT ASSETS			
Investment in County Reinsurance Limited	<u>438,896</u>	<u>-</u>	<u>438,896</u>
	<u>438,896</u>	<u>-</u>	<u>438,896</u>
TOTAL ASSETS	<u><u>\$ 27,025,561</u></u>	<u><u>\$ 34,830,256</u></u>	<u><u>\$ 61,855,817</u></u>

See auditor's report and accompanying notes to financial statements

**NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
STATEMENT OF NET POSITION - ENTERPRISE FUNDS
DECEMBER 31, 2019**

LIABILITIES AND POOL NET POSITION

	<u>Multi-Line Program</u>	<u>Law Enforcement Program</u>	<u>Total</u>
CURRENT LIABILITIES			
Accounts Payable	\$ 240,307	\$ 201,229	\$ 441,536
Claims and Claim Adjustment Expenses	<u>4,108,959</u>	<u>6,738,353</u>	<u>10,847,312</u>
 TOTAL CURRENT LIABILITIES	 4,349,266	 6,939,582	 11,288,848
LONG-TERM LIABILITIES			
Claims and Claim Adjustment Expenses	<u>7,656,444</u>	<u>13,135,930</u>	<u>20,792,374</u>
 TOTAL LONG-TERM LIABILITIES	 <u>7,656,444</u>	 <u>13,135,930</u>	 <u>20,792,374</u>
 TOTAL LIABILITIES	 12,005,710	 20,075,512	 32,081,222
POOL NET POSITION HELD FOR MEMBERS' BENEFITS			
Unrestricted	<u>15,019,851</u>	<u>14,754,744</u>	<u>29,774,595</u>
 TOTAL POOL NET POSITION HELD FOR MEMBERS' BENEFITS	 <u>15,019,851</u>	 <u>14,754,744</u>	 <u>29,774,595</u>
 TOTAL LIABILITIES AND POOL NET POSITION	 <u>\$ 27,025,561</u>	 <u>\$ 34,830,256</u>	 <u>\$ 61,855,817</u>

See auditor's report and accompanying notes to financial statements

**NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION – ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2019**

	Multi-Line Program	Law Enforcement Program	Total
OPERATING REVENUE			
Member Contributions	\$ 11,027,644	\$ 16,072,322	\$ 27,099,966
Other Operating Income	-	10,194	10,194
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING REVENUE	11,027,644	16,082,516	27,110,160
OPERATING EXPENSES			
Claims and Claim Adjustment Expenses	6,276,913	9,025,599	15,302,512
Reinsurance Premiums	1,744,224	2,082,875	3,827,099
Brokerage Fees (Insurance)	85,000	45,000	130,000
General and Administrative	1,690,101	1,954,283	3,644,384
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	9,796,238	13,107,757	22,903,995
OPERATING INCOME (LOSS)	1,231,406	2,974,759	4,206,165
NON-OPERATING REVENUES			
Investment Income	1,031,411	1,467,160	2,498,571
Interest Income on Notes Receivable	113,611	-	113,611
Interest in Change in Net Position of County Reinsurance Limited	101,399	-	101,399
	<hr/>	<hr/>	<hr/>
TOTAL NON-OPERATING REVENUE	1,246,421	1,467,160	2,713,581
CHANGE IN NET POSITION	2,477,827	4,441,919	6,919,746
Pool Net Position - Beginning of Year	12,542,024	10,312,825	22,854,849
	<hr/>	<hr/>	<hr/>
POOL NET POSITION HELD FOR MEMBERS' BENEFITS - END OF YEAR	<u>\$ 15,019,851</u>	<u>\$ 14,754,744</u>	<u>\$ 29,774,595</u>

See auditor's report and accompanying notes to financial statements

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2019

	Multi-Line Program	Law Enforcement Program	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Members	\$ 12,563,036	\$ 16,692,844	\$ 29,255,880
Cash Received from Others	-	10,194	10,194
Cash Paid to Vendors	(1,778,800)	(1,934,722)	(3,713,522)
Cash Paid on Claims and Claim Adjustment Expenses	(5,408,500)	(8,892,991)	(14,301,491)
Cash Paid for Insurance Brokerage Fees	(85,000)	(45,000)	(130,000)
Cash Paid for Reinsurance	(1,744,224)	(2,082,875)	(3,827,099)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	3,546,512	3,747,450	7,293,962
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Income Received	1,132,810	1,467,160	2,599,970
Interest Income on Notes Receivable Received	113,611	-	113,611
Repayments Received on Notes Receivable	91,067	-	91,067
Purchase of Investments	(5,015,076)	(4,991,953)	(10,007,029)
Proceeds from Sale or Maturity of Investments	277,782	1,691,709	1,969,491
NET CASH USED FOR INVESTING ACTIVITIES	(3,399,806)	(1,833,084)	(5,232,890)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	146,706	1,914,366	2,061,072
Cash and Cash Equivalents - Beginning of Year	1,854,767	1,917,439	3,772,206
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,001,473	\$ 3,831,805	\$ 5,833,278
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 1,231,406	\$ 2,974,759	\$ 4,206,165
Changes in Assets and Liabilities:			
Accounts Receivable	1,535,392	620,522	2,155,914
Prepays	(99,336)	-	(99,336)
Accounts Payable	10,637	19,561	30,198
Claims and Claim Adjustment Expenses	868,413	132,608	1,001,021
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 3,546,512	\$ 3,747,450	\$ 7,293,962
NONCASH INVESTING ACTIVITIES			
Unrealized Gains on Investments	\$ 437,374	\$ 608,138	\$ 1,045,512
Increase in County Reinsurance Limited	\$ 101,399	\$ -	\$ 101,399

See auditor's report and accompanying notes to financial statements

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The New Mexico County Insurance Authority: Multi-Line Pool (the Pool) was formed January 1, 1989, pursuant to the New Mexico Joint Powers Agreement Act (11-1-1 NMSA 1978), as amended. The Pool operates 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 various 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.

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.

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. In accordance with the Pools' investment policy, allowable investments include securities of the United States government and certain state and local governments; securities guaranteed by the United States Government; certain corporate bonds; certificates of deposit; mutual funds; exchange traded products and the New Mexico Office of the State Treasurer State Investment Pool (State Investment Pool).

Participation in the State Local Government Investment Pool is not required and the State Investment Pool is not registered with the SEC. Also, the State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10 I through 610-10 P and Sections 6-10-10.1 A and E, NMSA 1978.

The State Investment Pool does not have unit shares, and all interest earned is distributed by the State Treasurer to contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested.

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in County Reinsurance, Limited. County Reinsurance Limited (CRL) is a member-owned reinsurance company, consisting of 28 members at December 31, 2019. The Pool accounts for its investment in CRL on the equity method of accounting. The initial capital contribution of \$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 totaled \$101,399 during the year ended December 31, 2019. Additional contributions may be required from the Pool and other members as determined by CRL. During the year ended December 31, 2019, 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.

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.

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.

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.

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2019 and, accordingly, the net position is reported as unrestricted.

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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, 2019:

MULTI-LINE PROGRAM:						
Investment	Rate	Maturity Date	Moody Rating	Cost	Market Gain (Loss)	Estimated Fair Value
MUTUAL FUNDS:						
DODGE & COX INCOME FD	3.04%	N/A	N/A	\$ 1,712,850	\$ 35,744	\$ 1,748,594
METROPOLITAN WEST FDS	2.80%	N/A	N/A	1,669,847	16,084	1,685,931
DOUBLELINE FDS TOTAL RETURN	3.65%	N/A	N/A	1,668,060	(51,972)	1,616,088
FIDELITY FUNDS	1.62%	N/A	N/A	1,256,612	-	1,256,612
DELAWARE LTD TERM DIVERS INC	2.98%	N/A	N/A	1,037,764	(41,209)	996,555
AMG MANAGERS DBL CORE BOND	3.53%	N/A	N/A	900,000	20,650	920,650
FEDERATED INC TRUST SH BEN INT	2.25%	N/A	N/A	893,320	(31,144)	862,176
FEDERATED TOTAL RET BOND	3.39%	N/A	N/A	834,211	(11,104)	823,107
LOOMIS SAYLES LTD TERM GOV	2.30%	N/A	N/A	430,964	(22,584)	408,380
PIMCO LOW DURATION FUND CL P	3.28%	N/A	N/A	388,511	(19,146)	369,365
VANGUARD FIXED INC SHORT TERM	2.93%	N/A	N/A	299,672	275	299,947
PGIM SHORT TERM CORP BOND Z	2.84%	N/A	N/A	270,737	(8,117)	262,620
LOOMIS SAYLES LTD TERM GOV	2.30%	N/A	N/A	239,677	(6,415)	233,262
THOMPSON IM FDS INC BOND FUND	3.48%	N/A	N/A	183,607	(5,916)	177,691
VANGUARD S/T BOND	2.84%	N/A	N/A	170,420	(254)	170,166
DELAWARE DIVERSIFIED FLOATING	5.36%	N/A	N/A	149,618	1,474	151,092
TOTAL MUTUAL FUNDS				12,105,870	(123,634)	11,982,236

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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	N/A	1/02/2020	AAA	1,691,081	8,919	1,700,000
US TREASURY	2.25%	3/31/2020	AAA	1,147,195	4,415	1,151,610
US TREASURY	3.61%	2/15/2020	AAA	650,879	623	651,502
US TREASURY	3.47%	5/15/2020	AAA	501,993	1,342	503,335
US TREASURY	2.61%	7/31/2020	AAA	500,619	2,206	502,825
US TREASURY	1.99%	1/31/2020	AAA	497,676	2,454	500,130
FEDERAL HOME LOAN BANK	1.74%	6/12/2020	AAA	360,237	(136)	360,101
FEDERAL HOME LOAN MTG CORP	1.62%	6/29/2020	AAA	249,368	604	249,972
FEDERAL HOME LOAN MTG CORP	1.62%	9/29/2020	AAA	100,018	(25)	99,993
US TREASURY	N/A	2/06/2020	AAA	99,299	556	99,855
FEDERAL HOME LOAN BANK	2.12%	2/11/2020	AAA	80,044	(3)	80,041
FEDERAL HOME LOAN BANK	2.49%	4/23/2020	AAA	72,134	58	72,192
TOTAL GOVERNMENT BONDS				5,950,543	21,013	5,971,556
GOVT. ASSET BACKED SECURITIES:						
GNMA II	4.93%	2/20/2038	N/A	95,414	(23,218)	72,196
GNMA II	4.51%	3/20/2038	N/A	77,616	(22,940)	54,676
GNMA II	4.52%	2/20/2039	N/A	70,483	(19,790)	50,693
GNMA	4.95%	3/15/2032	N/A	113,643	(73,741)	39,902
GNMA II	5.24%	5/20/2036	N/A	54,004	(15,165)	38,839
GNMA II	5.31%	3/20/2037	N/A	51,169	(18,823)	32,346
GNMA II	5.25%	8/20/2033	N/A	36,879	(17,023)	19,856
GNMA	5.05%	10/15/2033	N/A	16,586	(7,392)	9,194
GNMA II	5.39%	6/20/2031	N/A	8,179	(5,953)	2,226
TOTAL GOVT. ASSET BACKED SECURITIES				523,973	(204,045)	319,928
EXCHANGE-TRADED FUNDS (ETF)						
VANGUARD MALVERN FDS	1.95%	N/A	N/A	263,327	(3,818)	259,509
TOTAL EXCHANGE TRADED FUNDS				263,327	(3,818)	259,509
CERTIFICATES OF DEPOSIT						
CERTIFICATES OF DEPOSIT	2.27%	N/A	N/A	2,970,037	22,575	2,992,612
TOTAL MULTI-LINE PROGRAM INVESTMENTS				\$ 21,813,750	\$ (287,909)	\$ 21,525,841

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

LAW ENFORCEMENT PROGRAM:						
Investment	Rate	Maturity Date	Moody Rating	Cost	Market Gain (Loss)	Estimated Fair Value
MUTUAL FUNDS:						
DELAWARE DIVERSIFIED FLOATING RATE	5.28%	N/A	N/A	\$ 2,490,375	\$ 30,280	\$ 2,520,655
FEDERATED TOTAL RETURN BOND	2.50%	N/A	N/A	2,418,633	(38,540)	2,380,093
DELAWARE LTD TERM DIVERS INC FD	2.87%	N/A	N/A	1,670,931	(68,168)	1,602,763
DOUBLELINE FDS TOTAL RETURN	3.65%	N/A	N/A	1,619,319	(49,333)	1,569,986
FIDELITY FUNDS	1.62%	N/A	N/A	1,541,321	-	1,541,321
METROPOLITAN WEST FDS	2.80%	N/A	N/A	1,325,221	15,722	1,340,943
FEDERATED GOVT INC TRUST	3.42%	N/A	N/A	1,299,153	(40,785)	1,258,368
FPA NEW INCOME INC	2.63%	N/A	N/A	799,180	(16,311)	782,869
DODGE & COX INCOME FD	3.04%	N/A	N/A	765,012	15,400	780,412
THOMPSON IM FDS INC BOND FD	3.48%	N/A	N/A	612,256	(18,717)	593,539
VANGUARD FIXED INCOME SHORT TERM	2.93%	N/A	N/A	584,548	(106)	584,442
FIDELITY ADVISOR FLOATING RATE	4.61%	N/A	N/A	540,790	(29,436)	511,354
VANGUARD FUNDS S/T BOND	2.24%	N/A	N/A	284,032	(423)	283,609
LOOMIS SAYLES LIMITED	2.30%	N/A	N/A	102,999	(2,151)	100,848
AMG MANAGERS DOUBLE CORE BOND	3.81%	N/A	N/A	100,000	2,294	102,294
TOTAL MUTUAL FUNDS				16,153,770	(200,274)	15,953,496
GOVERNMENT BONDS:						
US TREASURY	2.00%	1/31/2020	AAA	2,945,622	5,145	2,950,767
US TREASURY	2.25%	3/31/2020	AAA	1,445,770	6,260	1,452,030
US TREASURY	1.99%	7/31/2020	AAA	1,000,539	1,520	1,002,059
US TREASURY	1.87%	6/30/2020	AAA	999,727	1,483	1,001,210
FEDERAL HOME LOAN BANK	2.12%	2/11/2020	AAA	946,247	4,247	950,494
US TREASURY	1.50%	8/15/2020	AAA	597,867	1,653	599,520
US TREASURY	2.49%	5/31/2020	AAA	500,247	1,468	501,715
US TREASURY	2.36%	4/30/2020	AAA	499,922	1,288	501,210
FEDERAL HOME LOAN BANK	2.36%	4/22/2020	AAA	499,942	1,138	501,080
US TREASURY	1.37%	3/31/2020	AAA	493,984	5,681	499,665
US TREASURY	3.47%	5/15/2020	AAA	250,997	671	251,668
FEDERAL HOME LOAN BANK	2.49%	3/18/2020	AAA	250,054	386	250,440
US TREASURY	3.61%	2/15/2020	AAA	200,297	165	200,462
TOTAL GOVERNMENT BONDS				10,631,215	31,105	10,662,320
GOVT. ASSET BACKED SECURITIES:						
GNMA II	4.51%	8/20/2035	N/A	149,745	(37,636)	112,109
GNMA II	4.51%	7/20/2035	N/A	118,525	(24,263)	94,262
GNMA II	5.24%	5/20/2036	N/A	27,006	(7,586)	19,420
GNMA II	5.31%	3/20/2037	N/A	25,588	(9,415)	16,173
GNMA II	4.89%	6/20/2033	N/A	40,512	(25,050)	15,462
TOTAL GOVT. ASSET BACKED SECURITIES				361,376	(103,950)	257,426

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

LAW ENFORCEMENT (CONTINUED):						
Investment	Rate	Maturity Date	Moody Rating	Cost	Market Gain (Loss)	Estimated Fair Value
EXCHANGE-TRADED FUNDS (ETF)						
VANGUARD MALVERN FDS	1.95%	N/A	N/A	299,376	(3,844)	295,532
TOTAL EXCHANGE TRADED FUNDS				<u>299,376</u>	<u>(3,844)</u>	<u>295,532</u>
CERTIFICATES OF DEPOSIT						
CERTIFICATES OF DEPOSIT	2.65%	N/A	N/A	3,212,019	38,721	3,250,740
TOTAL LAW ENFORCEMENT PROGRAM INVESTMENTS				<u>\$ 30,657,756</u>	<u>\$ (238,242)</u>	<u>\$ 30,419,514</u>

Investment income is summarized as follows for the year ended December 31, 2019:

Multi-Line Program:

Interest Income	\$ 593,351
Gain on Sale of Investments	686
Unrealized Gain	<u>437,374</u>
Total Investment Income	<u>\$ 1,031,411</u>

Law Enforcement Program:

Interest Income	\$ 871,792
Loss on Sale of Investments	(12,770)
Unrealized Gain	<u>608,138</u>
Total Investment Income	<u>\$ 1,467,160</u>

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2019, 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	\$ 2,001,473	\$ 2,001,473
Total	<u>\$ 2,001,473</u>	<u>\$ 2,001,473</u>
Investment in the State General Fund Investment Pool	\$ 422	\$ 422
Total	<u>\$ 422</u>	<u>\$ 422</u>
Investments:		
Exchange Traded Funds	\$ 263,327	\$ 259,509
Government Bonds	5,950,543	5,971,556
Government Asset-Backed Securities	523,973	319,928
Certificate of Deposits	2,970,037	2,992,612
Mutual Funds	12,105,870	11,982,236
Total	<u>\$ 21,813,750</u>	<u>\$ 21,525,841</u>
<i>Law Enforcement Program</i>		
Cash and Cash Equivalents:		
Checking and Money Market	\$ 3,831,805	\$ 3,831,805
Total	<u>\$ 3,831,805</u>	<u>\$ 3,831,805</u>
Investment in the State General Fund Investment Pool	\$ 606	\$ 606
Total	<u>\$ 606</u>	<u>\$ 606</u>
Investments:		
Exchange Traded Funds	\$ 299,376	\$ 295,532
Government Bonds	10,631,215	10,662,320
Government Asset-Backed Securities	361,376	257,426
Certificate of Deposits	3,212,019	3,250,740
Mutual Funds	16,153,770	15,953,496
Total	<u>\$ 30,657,756</u>	<u>\$ 30,419,514</u>

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investment Type	Cost	Fair Value
<i>Both Programs</i>		
Cash and Cash Equivalents:		
Checking and Money Market	\$ 5,833,278	\$ 5,833,278
Total	<u>\$ 5,833,278</u>	<u>\$ 5,833,278</u>
Investment in the State General Fund Investment Pool	\$ 1,028	\$ 1,028
Total	<u>\$ 1,028</u>	<u>\$ 1,028</u>
Investments:		
Exchange Traded Funds	\$ 562,703	\$ 555,041
Government Bonds	16,581,758	16,633,876
Government Asset-Backed Securities	885,349	577,354
Certificate of Deposits	6,182,056	6,243,352
Mutual Funds	28,259,640	27,935,732
Total	<u>\$ 52,471,506</u>	<u>\$ 51,945,355</u>

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, 2019, 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:

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.

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Credit Risk (Continued).

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 MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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:

Federated Investors	14%
Dodge & Cox	14%
Metropolitan	14%
Doubleline	14%
Fidelity	10%
Delaware Investments	10%
AMG	7%
Loomis	6%

Law Enforcement Program:

Delaware Investments	26%
Federated Investors	23%
Doubleline	10%
Fidelity	13%
Metropolitan	8%
Vanguard	5%

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

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.

Investments by Fair Value Level - December 31, 2019

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

Mutual Funds	\$ 27,935,732
Certificate of Deposits	6,243,352
Government Bonds	16,633,876
Government Asset-Backed Securities	577,354
Exchange Traded Funds	555,041
Total	51,945,355

NAV Investment - December 31, 2019

Investment in County Reinsurance Limited	438,896
--	---------

Investments Not Requiring Fair Value - December 31, 2019

Money Market	4,972,911
State Treasurer LGIP	1,028
	4,973,939

Total Investments and Cash Equivalents	\$ 57,358,190
--	---------------

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 are 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. The Pool is in the process of re-evaluating and negotiating new contract terms. As of May 28, 2020, the new terms have not been finalized. As no new terms have been finalized, the balance of the note receivable at December 31, 2019, of 1,611,491, is classified as short-term. This original loan funded the purchase of a new building for the New Mexico Association of Counties, which performs administrative functions for the Multi-Line Program and the Law Enforcement Program (Note 7). Payments received on this note totaled \$118,967 in 2019.

Note Receivable - Furniture and Fixtures and Building Renovations. During 2013, the Multi-Line Program loaned the New Mexico Association of Counties, a related party, \$903,213 in return for a promissory note carrying annual interest at 5%. Six interest-only payments of \$3,763 were required beginning May 24, 2013. Principal and interest payments in the amount of \$7,143 are due monthly from November 24, 2013 through April 24, 2020, for a total of 78 payments. The monthly payments were based on a 15-year amortization with a 7-year call, at which time, the parties would re-evaluate the interest rate and term.

As of May 28, 2020, the New Mexico Association of Counties has determined that full payment of remaining balance of \$592,522, will be made in June, 2020, resulting in interest savings of \$138,506. The remaining balance of \$611,024 at December 31, 2019 is classified as short-term. This loan funded the purchase of furniture and fixtures, including renovations on a new building for the New Mexico Association of Counties, which performs administrative functions for the Multi-Line Program and the Law Enforcement Program. Payments received on this note totaled \$91,067 in 2019.

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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, 2019 and 2018 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.

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

<i>Multi-Line Program:</i>	2019	2018
Liability for Claims and Claim Adjustment Expenses		
Beginning of Year	\$ 10,896,990	\$ 11,461,018
Incurred Claims and Claim Adjustment Expenses Related to:		
Current Year	5,648,451	7,271,970
Prior Years	628,462	(1,794,203)
Total Incurred	6,276,913	5,477,767
Payments (Net of Amounts Received Pursuant to Reinsurance Contracts) Related to:		
Current Year	(515,577)	(1,385,897)
Prior Years	(4,892,923)	(4,655,898)
Total Payments	(5,408,500)	(6,041,795)
Liability for Claims and Claim Adjustment Expenses -		
End of Year	11,765,403	10,896,990

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4 - CLAIMS AND CLAIM ADJUSTMENT EXPENSES (CONTINUED)

Law Enforcement Program:

	2019	2018
Liability for Claims and Claim Adjustment Expenses		
Beginning of Year	\$ 19,741,675	\$ 22,682,770
Incurred Claims and Claim Adjustment Expenses Related to:		
Current Year	10,149,443	9,390,095
Prior Years	(1,123,844)	(5,689,282)
Total Incurred	9,025,599	3,700,813
Payments (Net of Amounts Received Pursuant to Reinsurance Contracts) Related to:		
Current Year	(583,742)	(351,247)
Prior Years	(8,309,249)	(6,290,661)
Total Payments	(8,892,991)	(6,641,908)
Liability for Claims and Claims Adjustment Expenses -		
End of Year	19,874,283	19,741,675
 <i>Total:</i>		
Expenses End of Year	\$ 31,639,686	\$ 30,638,665

As of December 31, 2019, the liability for unpaid claims and claim adjustment expenses of \$12,351,111 for the Multi-Line Program and \$20,861,162 for the Law Enforcement Program are presented at their net present value of \$11,765,403, and \$19,874,283, respectively. These claims are discounted at a rate of 3.0%. For the year ended December 31, 2019, the Multi-Line Program experienced negative development on prior policy year claims, resulting in a increase to claim expense of \$799,146, from the prior year. For the year ended December 31, 2019, the Law Enforcement Program experienced negative development on prior policy year claims, resulting in a increase to claim expense of \$5,324,786, from the prior year.

NOTE 5 - REINSURANCE AND EXCESS INSURANCE

The Multi-Line Program and the Law Enforcement Program purchase commercial reinsurance.

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 - REINSURANCE AND EXCESS INSURANCE (CONTINUED)

The Multi-Line Program's property coverage has a limit of \$1,000,000 per occurrence. The Multi-Line pool's self-insured retention for property coverage is \$250,000 per occurrence, then County Reinsurance Limited provides the next \$1,750,000 in coverage, then Lloyds of London Syndicates provides coverage up to \$1,000,000.

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 \$1,000,000 per occurrence, then Munich Re provides the next \$4,000,000 in coverage on a per occurrence basis. There is a \$10,000,000 annual aggregate limit on liability reinsurance coverage in the Multi-Line Program.

The Law Enforcement Program's liability coverage has a limit of \$5,000,000 per occurrence with an annual aggregate of \$10,000,000 per member. The Law Enforcement pool's self-insured retention for liability coverage is \$1,500,000 per occurrence, then Munich Re provides the next \$3,500,000 in coverage on a per occurrence basis. There is a \$10,000,000 annual aggregate limit on liability reinsurance coverage in the Law Enforcement Program.

For the year ended December 31, 2019, the Multi-Line and Law Enforcement Pools paid a total of \$1,744,224 and \$2,082,875, respectively for reinsurance premiums.

For Class A County members in the Multi-Line and Law Enforcement Pools, a \$5,000,000 excess umbrella liability policy is procured by the Pools. Each Class A member has \$5,000,000 in coverage for any liability claims exceeding the Pool's per occurrence limit of \$5,000,000. This umbrella liability has a per occurrence limit of \$5,000,000 and an annual aggregate of \$5,000,000, per Class A member.

NOTE 6 - BROKERAGE SERVICE FEE

Commission/brokerage service fees were \$130,000, for the year ended December 31, 2019.

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.

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 7 - GENERAL AND ADMINISTRATIVE (CONTINUED)

The Pool expensed \$3,050,000 in 2019, 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, 2019 consisted of the following:

	Multi-Line Program	Law Enforcement Program	Total
Administrative Fees	\$ 1,375,000	\$ 1,675,000	\$ 3,050,000
Software Support and Licensing	104,723	104,724	209,447
Appraisal Fees	95,960	-	95,960
Insurance	39,398	23,543	62,941
Accounting and Auditing	9,488	9,488	18,976
Actuarial	19,000	17,625	36,625
Consulting and Training	40,838	106,195	147,033
Legal	5,694	17,708	23,402
Total	\$ 1,690,101	\$ 1,954,283	\$ 3,644,384

NOTE 8 - 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 9 - TAX ABATEMENT DISCLOSURES

As of December 31, 2019, the Pool had no tax abatement programs or agreements with other government entities.

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 10 - SUBSEQUENT EVENTS

Joint Powers Agreement - Consolidation. As of January 1, 2020, pursuant to a Joint Powers Agreement, the New Mexico County Insurance Authority Workers' Compensation Pool will consolidate 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 are transferred to and assumed by the Authority upon consolidation. The consolidation will allow 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.

Impact of COVID-19. Since December 31, 2019, the outbreak of COVID-19 and related global responses have caused material disruptions to businesses around the world, leading to an economic slowdown. Global equity markets have experienced significant volatility and weakness. As of May 29, 2020, the fair value of the Pool's investments had were not significantly affected, due to the nature of the underlying assets (Government Bonds and other Government-Backed Assets). While governments and central banks have reacted with monetary interventions designed to stabilise economic conditions, the duration and extent of the impact of the COVID-19 outbreak, as well as the effectiveness of government and central bank responses, remains unclear at this time. Any work disruptions experienced by the Pool have been mitigated by instituting work-at-home and staggered office hours and other work-flow processes. The Pool does not anticipate any significant changes in revenue streams or other operating activities due to COVID-19.

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO TEN YEAR CLAIMS DEVELOPMENT INFORMATION (UNAUDITED)
DECEMBER 31, 2019

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 MULTI-LINE POOL
TEN YEAR CLAIMS DEVELOPMENT INFORMATION (UNAUDITED)
TEN YEARS ENDED DECEMBER 31, 2019
(Dollars in Thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1. Net Earned Required Contribution and Investment Revenues	\$ 17,301	\$ 17,486	\$ 17,759	\$ 16,416	\$ 19,807	\$ 20,096	\$ 24,226	\$ 26,107	\$ 27,076	\$ 29,599
2. Unallocated Expenses	2,296	2,358	2,522	2,408	2,712	2,963	3,062	3,202	3,729	3,774
3. Estimated Incurred Claims and Expense, End of Policy Year	11,685	13,601	12,687	12,888	19,479	16,813	15,051	14,967	16,663	15,798
4. Paid (Cumulative) as of:										
Year One	985	1,839	1,566	1,781	3,998	1,534	1,164	1,438	1,737	1,099
Year Two	3,659	5,771	4,476	5,204	7,378	5,171	6,659	4,481	4,493	
Year Three	6,570	8,910	8,183	5,485	8,966	12,535	12,678	7,058		
Year Four	7,826	10,922	7,787	6,884	13,271	14,028	7,059			
Year Five	8,366	10,498	8,971	9,068	14,711	5,982				
Year Six	7,781	11,780	11,347	9,328	13,519					
Year Seven	8,015	13,147	11,431	8,492						
Year Eight	8,973	13,283	10,888							
Year Nine	8,978	13,057								
Year Ten	9,440									
5. Re-Estimated Incurred Claims and Expense										
Year One	11,685	13,601	12,687	12,888	19,479	16,813	15,051	14,967	16,663	15,798
Year Two	10,622	14,908	12,179	12,071	15,573	15,357	19,953	12,658	14,563	
Year Three	11,849	14,341	13,323	9,428	13,162	18,311	21,189	13,463		
Year Four	10,452	13,333	12,616	9,392	16,796	17,724	22,168			
Year Five	9,954	13,116	11,236	10,323	16,305	17,277				
Year Six	8,094	12,710	11,858	9,966	14,101					
Year Seven	8,050	14,114	11,816	8,896						
Year Eight	8,993	13,687	11,255							
Year Nine	8,978	13,183								
Year Ten	9,440									
6. Increase (Decrease) in Estimated Incurred Claims and Expense from End of Policy Year	(2,245)	(418)	(1,432)	(3,992)	(5,378)	464	7,117	(1,504)	(2,100)	-

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
SCHEDULES OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGETARY BASIS)
DECEMBER 31, 2019

Multi-Line Program

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts - (Budgetary Basis)	Variance With Final Budget Positive (Negative)
REVENUES				
Member Contributions	\$ 11,333,000	\$ 11,333,000	\$ 11,027,644	\$ (305,356)
Investment Income	400,000	400,000	1,246,421	846,421
Other Operating Income	-	-	-	-
Total Revenues	<u>11,733,000</u>	<u>11,733,000</u>	<u>12,274,065</u>	<u>541,065</u>
EXPENSES				
Claims and Claim				
Adjustment Expenses	9,989,580	9,989,580	8,021,137	1,968,443
General and Administrative	1,673,420	1,673,420	1,690,101	(16,681)
Brokerage Fees	<u>70,000</u>	<u>70,000</u>	<u>85,000</u>	<u>(15,000)</u>
Total Expenses	<u>11,733,000</u>	<u>11,733,000</u>	<u>9,796,238</u>	<u>1,936,762</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,477,827</u>	<u>\$ 2,477,827</u>
EXCESS OF REVENUES OVER EXPENSES PER ACCOMPANYING GAAP FINANCIAL STATEMENTS			<u>\$ 2,477,827</u>	

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
SCHEDULES OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGETARY BASIS)
DECEMBER 31, 2019

Law Enforcement Program

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts - (Budgetary Basis)	Variance With Final Budget Positive (Negative)
REVENUES				
Member Contributions	\$ 15,959,191	\$ 15,959,191	\$ 16,072,322	\$ 113,131
Investment Income	400,000	400,000	1,467,160	1,067,160
Other Operating Income	-	-	10,194	10,194
Total Revenues	<u>16,359,191</u>	<u>16,359,191</u>	<u>17,549,676</u>	<u>1,190,485</u>
EXPENSES				
Claims and Claim				
Adjustment Expenses	14,324,691	14,324,691	11,108,474	3,216,217
General and Administrative	1,966,500	1,966,500	1,954,283	12,217
Brokerage Fees	<u>68,000</u>	<u>68,000</u>	<u>45,000</u>	<u>23,000</u>
Total Expenses	<u>16,359,191</u>	<u>16,359,191</u>	<u>13,107,757</u>	<u>3,251,434</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,441,919</u>	<u>\$ 4,441,919</u>
EXCESS OF REVENUES OVER EXPENSES PER ACCOMPANYING GAAP FINANCIAL STATEMENTS			<u>\$ 4,441,919</u>	

**NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
SCHEDULE OF CASH AND CASH EQUIVALENTS RECONCILIATION
FROM BANK TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

	Multi-Line Program	Law Enforcement Program	Total
Interest-Bearing Checking Accounts:			
First National 1870	\$ 607,003	\$ 984,368	\$ 1,591,371
Money Market Wells Fargo Advisors	1,210,986	2,772,940	3,983,926
Money Market Fidelity Investments	411,813	577,172	988,985
	2,229,802	4,334,480	6,564,282
Reconciling Items:			
Outstanding Checks	(228,329)	(502,675)	(731,004)
Deposits in Transit	-	-	-
Financial Statement Balance	2,001,473	3,831,805	5,833,278
Cash Held with the State Treasurer			
Local Government			
Investment Fund	422	606	1,028
Financial Statement Balance	422	606	1,028
TOTAL CASH AND CASH EQUIVALENTS, RESTRICTED CASH, AND INVESTMENT IN THE STATE LOCAL GOVERNMENT INVESTMENT POOL	\$ 2,001,895	\$ 3,832,411	\$ 5,834,306

**NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
SCHEDULE OF CASH COLLATERAL
DECEMBER 31, 2019**

FIRST NATIONAL 1870

Multi-Line Checking	\$	607,003
Law Enforcement Checking		984,368
Other Checking Accounts Administered by the New Mexico Association of Counties (Not Held by the Pool)		1,258,476
Total Deposit in Bank		2,849,847
FDIC Coverage		(250,000)
Total Uninsured Funds		2,599,847
50% Pledged Collateral Requirement		1,299,924

Pledged Collateral:

FHR - Series 4328 Class BH - Held with Sunflower Bank; Cusip #3137B9RC1, Maturity Date: 12/15/2026		511,523
FHR - Series 4420 Class CA - Held with Sunflower Bank; Cusip #3137BFF71, Maturity Date: 1/15/2041		2,414,401
FNMA - Pool#: CA3632 - Held with Sunflower Bank; Cusip #3140QBBA5, Maturity Date: 6/1/2049		816,057
FNMA - Pool#: MA2417 - Held with Sunflower Bank; Cusip #31418BVK9, Maturity Date: 10/1/2035		492,658
Total Pledged Collateral		4,234,639

OVER-COLLATERALIZED

\$ 2,934,716



1512 Pacheco Street
Suite D-204
Santa Fe, NM 87505
505.303.3557 (o)

**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 Multi-Line Pool
Santa Fe, New Mexico and
Brian S. Colón, Esq.
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 Multi-Line Pool (the Pool), as of and for the year ended December 31, 2019, 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 29, 2020.

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 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. 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 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 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 29, 2020

**NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2019**

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 - Other Findings

None.

**NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
DECEMBER 31, 2019**

SECTION I – FINANCIAL STATEMENT FINDINGS

There were no financial statement findings for the year ended December 31, 2018.

**NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
EXIT CONFERENCE
YEAR ENDED DECEMBER 31, 2019**

An exit conference was held on May 28, 2020. The conference was via teleconference in a closed meeting to preserve the confidentiality of the audit information prior to the official release of the financial statements by the State Auditor. In attendance were:

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL

Ron Lethgo, Chair
Steve Kopelman, Executive Director
Taylor Horst, Risk Manager
Leandro Cordova, Finance Director
Carolin Rios, Controller
Richard Garcia, GL Accountant
Lori Urban, Assistant Risk Management Director
Robin Martinez, Claims Manager
Cynthia Stephenson, Risk Management Specialist

MORTON ACCOUNTING SERVICES, LLC

Janet Pacheco-Morton, Principal

PREPARATION OF FINANCIAL STATEMENTS

The financial statements presented in this report have been prepared by the independent auditor. However, they are the responsibility of management, as addressed in the Independent Auditor's Report.