

**STATE OF NEW MEXICO
DE BACA COUNTY**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018



INTRODUCTORY SECTION

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DE BACA COUNTY
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FOR THE YEAR ENDED JUNE 30, 2018**

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DE BACA COUNTY
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**STATE OF NEW MEXICO
DE BACA COUNTY
OFFICIAL ROSTER
FOR THE YEAR ENDED JUNE 30, 2018**

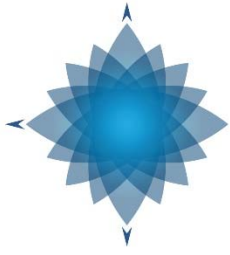
County Commision

| Name | Title |
|----------------|---------------|
| Adolfo Lucero | Chairman |
| Becky Harris | Vice-chairman |
| Billy Wertheim | Member |

Other Elected Officials

| Name | Title |
|------------------|---------------|
| Rosalie Joiner | Clerk |
| Betty Berry | Treasurer |
| Josephine Lucero | Assessor |
| Elva Harvey | Sheriff |
| John Wootton | Probate Judge |

FINANCIAL SECTION



Independent Auditor's Report

Wayne Johnson
New Mexico State Auditor and
Board of County Commissioners of
DeBaca County
Fort Sumner, New Mexico

To the Board of County Commissioners

Report of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of DeBaca County, as of and for the year-ended June 30, 2018, and the related notes to the financial statements which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds 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 Schedule of proportionate share of the net pension liability and the schedule of contributions and notes to the Required Supplementary Information on pages 49-55 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 evidence sufficient to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the County's financial statements, the combining and individual fund financial statements, and the budgetary comparisons, and other schedules as required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, and the budgetary comparisons, and other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly

to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and other schedules required by 2.2.2 NMAC are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2018, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 County's internal control over financial reporting and compliance.

Integrity Accounting + Consulting, LLC

Integrity Accounting & Consulting, LLC
Albuquerque, NM

November 29, 2018

**STATE OF NEW MEXICO
DE BACA COUNTY
STATEMENT OF NET POSITION
As of June 30, 2018**

| | Primary Government | | | Component Unit |
|---|----------------------------|-----------------------------|--------------------|--------------------|
| | Governmental Activities | Business-Type Activities | Totals | |
| Assets and deferred inflows of resources: | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 4,624,989 | 59,248 | 4,684,237 | 1,531,492 |
| Receivables | | | | |
| Accounts receivable | - | 26,827 | 26,827 | 21,388 |
| Taxes receivable | 222,986 | - | 222,986 | 16,178 |
| Other receivables | 4,885 | 19,097 | 23,982 | - |
| Due from other governments | - | - | - | 114,052 |
| Prepaid expenses | - | - | - | 2,260 |
| Total current assets | <u>4,852,860</u> | <u>105,172</u> | <u>4,958,032</u> | <u>1,685,370</u> |
| Non-current assets: | | | | |
| Capital assets | 13,110,891 | 1,552,550 | 14,663,441 | 1,815,133 |
| Less: Accumulated depreciation | <u>(8,633,659)</u> | <u>(398,616)</u> | <u>(9,032,275)</u> | <u>(1,096,471)</u> |
| Total non-current assets | <u>4,477,232</u> | <u>1,153,934</u> | <u>5,631,166</u> | <u>718,662</u> |
| Total assets | <u>9,330,092</u> | <u>1,259,106</u> | <u>10,589,198</u> | <u>2,404,032</u> |
| Deferred Outflows of Resources: | | | | |
| Employer contributions subsequent to the measurement date | 93,792 | 11,945 | 105,737 | 166,116 |
| Actuarial experience | 74,528 | 8,126 | 82,654 | 113,384 |
| Investment experience | 136,201 | 16,967 | 153,168 | 236,744 |
| Change in assumptions | 82,524 | 9,536 | 92,060 | 133,068 |
| Change in proportion | <u>46,081</u> | <u>2,558</u> | <u>48,639</u> | <u>108,955</u> |
| Total deferred outflows of resources | <u>433,126</u> | <u>49,132</u> | <u>482,258</u> | <u>758,267</u> |
| Total assets and deferred outflows of resources | <u>\$ 9,763,218</u> | <u>1,308,238</u> | <u>11,071,456</u> | <u>3,162,299</u> |
| Liabilities, deferred inflows of resources and net position: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 121,930 | 3,596 | 125,526 | 63,114 |
| Accrued payroll liabilities | 42,050 | 5,309 | 47,359 | 47,942 |
| Other accrued liabilities | 984 | 9,450 | 10,434 | - |
| Current portion of compensated absences | 36,531 | 4,652 | 41,183 | 60,579 |
| Current portion of long-term debt | <u>38,232</u> | <u>17,047</u> | <u>55,279</u> | <u>-</u> |
| Total current liabilities | 239,727 | 40,054 | 279,781 | 171,635 |
| Non-current liabilities | | | | |
| Compensated absences | 9,133 | 1,163 | 10,296 | - |
| Net pension liability | 1,667,808 | 206,799 | 1,874,607 | 2,885,578 |
| Landfill post-closure liability | - | 1,458,464 | 1,458,464 | - |
| Notes payable | <u>295,695</u> | <u>326,576</u> | <u>622,271</u> | <u>-</u> |
| Total non-current liabilities | <u>1,972,636</u> | <u>1,993,002</u> | <u>3,965,638</u> | <u>2,885,578</u> |
| Total liabilities | 2,212,363 | 2,033,056 | 4,245,419 | 3,057,213 |
| Deferred inflows of resources: | | | | |
| Unavailable revenues - grants received in advance | 348,396 | - | 348,396 | - |
| Actuarial experience | 142,307 | 10,592 | 152,899 | - |
| Investment experience | - | - | - | 147,790 |
| Change in assumptions | 22,654 | 2,137 | 24,791 | 29,819 |
| Change in proportion | <u>206,349</u> | <u>15,838</u> | <u>222,187</u> | <u>32,836</u> |
| Total deferred inflows of resources | 719,706 | 28,567 | 748,273 | 210,445 |
| Net position | | | | |
| Net Investment in Capital Assets | 4,143,305 | 810,311 | 4,953,616 | 718,662 |
| Unrestricted Net Position | <u>2,687,844</u> | <u>(1,563,696)</u> | <u>1,124,148</u> | <u>(824,021)</u> |
| Total net position | <u>6,831,149</u> | <u>(753,385)</u> | <u>6,077,764</u> | <u>(105,359)</u> |
| Total liabilities, deferred inflows of resources and net position: | <u>\$ 9,763,218</u> | <u>1,308,238</u> | <u>11,071,456</u> | <u>3,162,299</u> |

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

**STATE OF NEW MEXICO
DE BACA COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018**

| <u>Functions/programs</u> | <u>Program Revenues</u> | | | | <u>Net (Expense) Revenue and Changes In Net Assets</u> | | | |
|---|-------------------------|-------------------------|---------------------------------------|--|--|-----------------------------|--------------------|-------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total | Component Unit |
| Primary government: | | | | | | | | |
| Governmental activities | | | | | | | | |
| General government | \$ 1,082,074 | 26,310 | 722,721 | - | (333,043) | - | (333,043) | |
| Public safety | 1,173,425 | - | 223,559 | - | (949,866) | - | (949,866) | |
| Public works | 737,667 | - | - | - | (737,667) | - | (737,667) | |
| Culture and recreation | 11,454 | 8,225 | - | - | (3,229) | - | (3,229) | |
| Health and welfare | 60,046 | - | - | - | (60,046) | - | (60,046) | |
| Interest expense | 23,537 | - | - | - | (23,537) | - | (23,537) | |
| Total governmental activities | <u>3,088,203</u> | <u>34,535</u> | <u>946,280</u> | <u>-</u> | <u>(2,107,388)</u> | <u>-</u> | <u>(2,107,388)</u> | <u>-</u> |
| Business-type activities: | | | | | | | | |
| Transfer Station | 935,564 | 411,178 | - | - | - | (524,386) | (524,386) | |
| Total business-type activities | <u>935,564</u> | <u>411,178</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(524,386)</u> | <u>(524,386)</u> | |
| Total primary government | <u>4,023,767</u> | <u>445,713</u> | <u>946,280</u> | <u>-</u> | <u>(2,107,388)</u> | <u>(524,386)</u> | <u>(2,631,774)</u> | |
| Component Unit: | | | | | | | | |
| Operating Activities | \$ <u>3,501,933</u> | <u>1,598,858</u> | <u>1,850,932</u> | <u>1,600</u> | | | | <u>(50,543)</u> |
| General revenues: | | | | | | | | |
| Taxes | | | | | | | | |
| Property taxes levied for general purposes and debt service | | | | | \$ 806,324 | - | 806,324 | 371,037 |
| Gross receipts taxes | | | | | 358,827 | - | 358,827 | - |
| Other taxes and fees | | | | | 423,552 | - | 423,552 | - |
| Licenses and permits | | | | | 1,560 | - | 1,560 | - |
| Fines, forfeitures, and penalties | | | | | 38,086 | - | 38,086 | - |
| Interest income | | | | | 17,470 | - | 17,470 | 5,712 |
| Miscellaneous income | | | | | 556,367 | 33,071 | 589,438 | 49,747 |
| Transfers | | | | | (30,370) | 30,370 | - | - |
| Total general revenue and transfers | | | | | <u>2,171,816</u> | <u>63,441</u> | <u>2,235,257</u> | <u>426,496</u> |
| Changes in net position | | | | | 64,428 | (460,945) | (396,517) | 375,953 |
| Beginning net position | | | | | 6,436,235 | - | 6,436,235 | (481,312) |
| Restatement | | | | | 330,486 | (292,440) | 38,046 | - |
| Beginning net position, as restated | | | | | <u>6,766,721</u> | <u>(292,440)</u> | <u>6,474,281</u> | <u>(481,312)</u> |
| Net position, end of year | | | | | <u>\$ 6,831,149</u> | <u>(753,385)</u> | <u>6,077,764</u> | <u>(105,359)</u> |

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

**STATE OF NEW MEXICO
DE BACA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2018**

| | Major Funds | | | | | |
|--|---------------------|------------------------------|--------------------------------|------------------|------------------------------|--------------------|
| | General Fund | Special Revenue Funds | | | Total Non-Major Funds | Total Funds |
| | | Corrections Fee Fund | Environ-mental GRT Fund | Road Fund | | |
| Assets and deferred inflows of resources: | | | | | | |
| Assets: | | | | | | |
| Cash and cash equivalents | \$ 2,271,584 | 6,895 | 4,618 | 1,062,774 | 1,279,118 | 4,624,989 |
| Receivables | | | | | | |
| Taxes receivable | 76,307 | 10,527 | 6,615 | 64,944 | 64,592 | 222,985 |
| Other receivables | - | - | - | - | 4,885 | 4,885 |
| Total assets | 2,347,891 | 17,422 | 11,233 | 1,127,718 | 1,348,595 | 4,852,859 |
| Deferred Outflows of Resources: | | | | | | |
| Total deferred outflows of resources | - | - | - | - | - | - |
| Total assets and deferred outflows of resources | \$ 2,347,891 | 17,422 | 11,233 | 1,127,718 | 1,348,595 | 4,852,859 |
| Liabilities, deferred inflows of resources and fund balances: | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 22,759 | 3,938 | 16,335 | 3,352 | 75,547 | 121,931 |
| Accrued payroll liabilities | 16,422 | 8,690 | - | 7,636 | 9,302 | 42,050 |
| Total liabilities | 39,181 | 12,628 | 16,335 | 10,988 | 84,849 | 163,981 |
| Deferred Inflows of Resources: | | | | | | |
| Unavailable revenues | 31,060 | - | - | 348,396 | - | 379,456 |
| Total deferred inflows of resources | 31,060 | - | - | 348,396 | - | 379,456 |
| Fund balances: | | | | | | |
| Nonspendable | - | - | - | - | - | - |
| Restricted | - | 4,794 | - | 768,334 | 1,317,063 | 2,090,191 |
| Committed | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - |
| Unassigned | 2,277,650 | - | (5,102) | - | (53,317) | 2,219,231 |
| Total fund balances | 2,277,650 | 4,794 | (5,102) | 768,334 | 1,263,746 | 4,309,422 |
| Total liabilities, deferred inflows of resources and fund balances: | \$ 2,347,891 | 17,422 | 11,233 | 1,127,718 | 1,348,595 | 4,852,859 |

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

**STATE OF NEW MEXICO
DE BACA COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE
TO THE STATEMENT OF NET POSITION
As of June 30, 2018**

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

| | | |
|--|----|-------------------------|
| Total fund balance - Governmental funds | \$ | 4,309,422 |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. | | 4,477,232 |
| Delinquent property tax not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred inflows of resources in the fund financial statements, but are considered revenue in the statement of activities. | | 31,060 |
| Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds: | | |
| Deferred outflows of resources related to: | | |
| Employer contribution subsequent to the measurement date | | 93,792 |
| Actuarial experience | | 74,528 |
| Investment experience | | 136,201 |
| Change in assumptions | | 82,524 |
| Change in proportion | | 46,081 |
| Deferred inflows of resources related to: | | |
| Actuarial experience | | (142,307) |
| Change in assumptions | | (22,654) |
| Change in proportion | | (206,349) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year-end consist of: | | |
| Net pension liability | \$ | (1,667,808) |
| Current compensated absences | | (36,531) |
| Noncurrent compensated absences | | (9,133) |
| Current notes payable | | (38,232) |
| Accrued interest | | (984) |
| Noncurrent notes payable | \$ | <u>(295,695)</u> |
| | | (2,048,383) |
| Rounding | | <u>2</u> |
| Net position for governmental activities | \$ | <u><u>6,831,149</u></u> |

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

**STATE OF NEW MEXICO
DE BACA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018**

| | Major Funds | | | | | Total Non-Major Funds | Total Funds |
|---|---------------------|-----------------------|-------------------------|------------------|------------------|-----------------------|-------------|
| | General Fund | Special Revenue Funds | | | | | |
| | | Corrections Fee Fund | Environ-mental GRT Fund | Road Fund | | | |
| Revenues: | | | | | | | |
| Taxes | | | | | | | |
| Property | \$ 777,275 | - | - | - | 21,892 | 799,167 | |
| Gross receipts/State shared | 91,708 | 34,103 | 14,250 | - | 218,766 | 358,827 | |
| Other | 33,767 | - | - | 389,785 | - | 423,552 | |
| Licenses and permits | 1,560 | - | - | - | - | 1,560 | |
| Charges for services | 15,239 | 9,323 | - | - | 9,974 | 34,536 | |
| Fines and forfeitures | - | 16,342 | - | - | 21,745 | 38,087 | |
| Intergovernmental revenue | | | | | | | |
| Federal grants | - | - | - | - | 29,936 | 29,936 | |
| State grants | 684,709 | - | - | - | 231,637 | 916,346 | |
| Interest income | 12,624 | - | - | 4,636 | 210 | 17,470 | |
| Miscellaneous income | 81,379 | 90,708 | 19,217 | 141,143 | 283,912 | 616,359 | |
| Total revenues | <u>1,698,261</u> | <u>150,476</u> | <u>33,467</u> | <u>535,564</u> | <u>818,072</u> | <u>3,235,840</u> | |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | 548,632 | - | - | - | 44,312 | 592,944 | |
| Public safety | 187,134 | 454,136 | - | - | 532,155 | 1,173,425 | |
| Public works | 131,748 | - | 39,588 | 553,939 | 12,392 | 737,667 | |
| Culture and recreation | - | - | - | - | 11,454 | 11,454 | |
| Health and welfare | - | - | - | - | 60,046 | 60,046 | |
| Capital outlay | - | - | - | 353,902 | 106,748 | 460,650 | |
| Debt service | | | | | | | |
| Principal | 5,330 | - | - | 207,152 | 32,473 | 244,955 | |
| Interest | 40 | - | - | 8,118 | 6,317 | 14,475 | |
| Total expenditures | <u>872,884</u> | <u>454,136</u> | <u>39,588</u> | <u>1,123,111</u> | <u>805,897</u> | <u>3,295,616</u> | |
| Excess (deficiency) of revenues over (under) expenditures | 825,377 | (303,660) | (6,121) | (587,547) | 12,175 | (59,776) | |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | 306,427 | 7,461 | 150,000 | 158,182 | 622,070 | |
| Transfers out | (652,439) | - | - | - | - | (652,439) | |
| Total other financing sources (uses): | <u>(652,439)</u> | <u>306,427</u> | <u>7,461</u> | <u>150,000</u> | <u>158,182</u> | <u>(30,369)</u> | |
| Net change in fund balances | 172,938 | 2,767 | 1,340 | (437,547) | 170,357 | (90,145) | |
| Beginning fund balance | 2,104,712 | 2,027 | (6,442) | 1,162,663 | 1,098,561 | 4,361,521 | |
| Restatement | - | - | - | 43,218 | (5,172) | 38,046 | |
| Beginning fund balance, as restated | <u>2,104,712</u> | <u>2,027</u> | <u>(6,442)</u> | <u>1,205,881</u> | <u>1,093,389</u> | <u>4,399,567</u> | |
| Ending fund balance | <u>\$ 2,277,650</u> | <u>4,794</u> | <u>(5,102)</u> | <u>768,334</u> | <u>1,263,746</u> | <u>4,309,422</u> | |

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

**STATE OF NEW MEXICO
DE BACA COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
As of June 30, 2018**

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

| | | |
|--|----|----------------------|
| Total net change in fund balances-governmental funds | \$ | (90,145) |
| <p>Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimates useful lives and reported as depreciation expense.</p> | | |
| Capital expenditures recorded as capital outlay or other expenses | | 378,737 |
| <p>Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore depreciation expense is not reported as an expenditure in the governmental funds.</p> | | |
| | | (448,502) |
| <p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p> | | |
| Change in deferred inflows of resources related to property taxes receivable | | 7,158 |
| <p>The issuance of long-term debt (e.g. bonds, notes, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p> | | |
| (Increase)/decrease in compensated absences | | (2,176) |
| Change in accrued interest on long-term debt | | 1,289 |
| Principal payments on long-term debt | | 244,955 |
| <p>Expenditures in the statement of activities that do not provide current financial resources are not reported as expenditures in the funds</p> | | |
| <p>Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:</p> | | |
| Employer contributions subsequent to the measurement date | | 93,792 |
| Pension expense | | (120,688) |
| Rounding | | <u>8</u> |
| Change in net position of governmental activities | \$ | <u><u>64,428</u></u> |

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

**STATE OF NEW MEXICO
DE BACA COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2018**

| | Budgeted Amounts | | Actual | Favorable (Unfavorable) |
|--|------------------|-----------|------------|----------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | | | | |
| Property | \$ 748,559 | 748,559 | 780,181 | 31,622 |
| Gross receipts | 80,000 | 80,000 | 63,014 | (16,986) |
| Other | 25,306 | 25,306 | 33,793 | 8,487 |
| Licenses and permits | 1,800 | 1,800 | 1,560 | (240) |
| Charges for services | 15,500 | 15,500 | 15,239 | (261) |
| Intergovernmental revenue | | | | |
| State grants | 641,013 | 639,708 | 684,709 | 45,001 |
| Interest income | 8,000 | 8,000 | 12,624 | 4,624 |
| Miscellaneous income | 103,165 | 103,165 | 81,381 | (21,784) |
| Total revenues | 1,623,343 | 1,622,038 | 1,672,501 | 50,463 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 657,129 | 661,336 | 541,865 | 119,471 |
| Public safety | 208,392 | 240,055 | 190,760 | 49,295 |
| Public works | 146,266 | 211,715 | 117,645 | 94,070 |
| Culture and recreation | - | - | - | - |
| Health and welfare | - | - | - | - |
| Total expenditures | 1,011,787 | 1,113,106 | 850,270 | 262,836 |
| Excess (deficiency) of revenues over (under) expenditures | 611,556 | 508,932 | 822,231 | (212,373) |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (652,433) | (652,433) | (652,433) | - |
| Total other financing sources (uses): | (652,433) | (652,433) | (652,433) | - |
| Excess (deficiency) of revenues over expenditures and other financing sources (uses) | (40,877) | (143,501) | 169,798 | (212,373) |
| Budgeted cash carryover | 40,877 | 143,501 | - | |
| Net change in fund balance | \$ - | - | 169,798 | |
| Reconciliation From Budget/Actual to GAAP | | | | |
| Net change in fund balance (Non-GAAP budgetary basis) | | | \$ 169,798 | |
| Adjustments to revenue for tax accruals and other miscellaneous revenue accruals | | | 25,763 | |
| Adjustments to expenditures for accrued wages and expenditures | | | (22,623) | |
| Net change in fund balance (GAAP) | | | \$ 172,938 | |

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

**STATE OF NEW MEXICO
DE BACA COUNTY
CORRECTIONS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2018**

| | Budgeted Amounts | | Actual | Favorable (Unfavorable) |
|--|------------------|-----------|------------|----------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | | | | |
| Gross receipts | \$ 20,000 | 20,000 | 27,650 | 7,650 |
| Charges for services | - | - | 9,323 | 9,323 |
| Fines and forfeitures | 16,342 | 16,342 | 16,342 | - |
| Miscellaneous income | 140,658 | 140,658 | 90,709 | (49,949) |
| Total revenues | 177,000 | 177,000 | 144,024 | (32,976) |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | 456,234 | 490,473 | 451,485 | 38,988 |
| Total expenditures | 456,234 | 490,473 | 451,485 | 38,988 |
| Excess (deficiency) of revenues over (under) expenditures | (279,234) | (313,473) | (307,461) | (71,964) |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | 306,427 | 306,427 |
| Transfers out | - | - | - | - |
| Total other financing sources (uses): | - | - | 306,427 | 306,427 |
| Excess (deficiency) of revenues over expenditures and other financing sources (uses) | (279,234) | (313,473) | (1,034) | 234,463 |
| Budgeted cash carryover | 279,234 | 313,473 | 1,034 | |
| Net change in fund balance | \$ - | - | - | |
| Reconciliation From Budget/Actual to GAAP | | | | |
| Net change in fund balance (Non-GAAP budgetary basis) | | | \$ (1,034) | |
| Adjustments to revenue for tax accruals and other miscellaneous revenue accruals | | | 6,453 | |
| Adjustments to expenditures for accrued wages and expenditures | | | (2,652) | |
| Net change in fund balance (GAAP) | | | \$ 2,767 | |

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

STATE OF NEW MEXICO
DE BACA COUNTY
ENVIRONMENTAL GRT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2018

| | Budgeted Amounts | | Actual | Favorable (Unfavorable) |
|--|------------------|----------|------------|----------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | | | | |
| Gross receipts | \$ 7,000 | 7,000 | 9,155 | 2,155 |
| Miscellaneous income | 19,800 | 19,800 | 19,218 | (582) |
| Total revenues | 26,800 | 26,800 | 28,373 | 1,573 |
| Expenditures: | | | | |
| Current: | | | | |
| Public works | 38,500 | 39,000 | 38,436 | 564 |
| Total expenditures | 38,500 | 39,000 | 38,436 | 564 |
| Excess (deficiency) of revenues over (under) expenditures | (11,700) | (12,200) | (10,063) | 1,009 |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | 7,461 | 7,461 |
| Transfers out | - | - | - | - |
| Total other financing sources (uses): | - | - | 7,461 | 7,461 |
| Excess (deficiency) of revenues over expenditures and other financing sources (uses) | (11,700) | (12,200) | (2,602) | 8,470 |
| Budgeted cash carryover | 11,700 | 12,200 | 2,602 | |
| Net change in fund balance | \$ - | - | - | |
| Reconciliation From Budget/Actual to GAAP | | | | |
| Net change in fund balance (Non-GAAP budgetary basis) | | | \$ (2,602) | |
| Adjustments to revenue for tax accruals and other miscellaneous revenue accruals | | | 5,095 | |
| Adjustments to expenditures for accrued wages and expenditures | | | (1,153) | |
| Net change in fund balance (GAAP) | | | \$ 1,340 | |

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

**STATE OF NEW MEXICO
DE BACA COUNTY
ROAD FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2018**

| | Budgeted Amounts | | Actual | Favorable (Unfavorable) |
|--|------------------|-----------|--------------|----------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | | | | |
| Other | \$ 292,000 | 292,000 | 303,238 | 11,238 |
| Intergovernmental revenue | | | | |
| State grants | 498,396 | 498,396 | 348,396 | (150,000) |
| Interest income | 2,400 | 2,400 | 3,311 | 911 |
| Miscellaneous income | 74,050 | 74,050 | 141,145 | 67,095 |
| Total revenues | 866,846 | 866,846 | 796,090 | (70,756) |
| Expenditures: | | | | |
| Current: | | | | |
| Public works | 663,550 | 677,219 | 550,962 | 126,257 |
| Capital outlay | 190,670 | 382,448 | 364,758 | 17,690 |
| Debt service | | | | |
| Principal | 74,050 | 74,050 | 55,792 | 18,258 |
| Interest | - | - | - | - |
| Total expenditures | 928,270 | 1,133,717 | 971,512 | 162,205 |
| Excess (deficiency) of revenues over (under) expenditures | (61,424) | (266,871) | (175,422) | (232,961) |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | 150,000 | 150,000 |
| Transfers out | - | - | - | - |
| Total other financing sources (uses): | - | - | 150,000 | 150,000 |
| Excess (deficiency) of revenues over expenditures and other financing sources (uses) | (61,424) | (266,871) | (25,422) | (82,961) |
| Budgeted cash carryover | 61,424 | 266,871 | 25,422 | |
| Net change in fund balance | \$ - | - | - | |
| Reconciliation From Budget/Actual to GAAP | | | | |
| Net change in fund balance (Non-GAAP budgetary basis) | | | \$ (25,422) | |
| Adjustments to revenue for tax accruals and other miscellaneous revenue accruals | | | (260,524) | |
| Adjustments to expenditures for accrued wages and expenditures | | | (151,601) | |
| Net change in fund balance (GAAP) | | | \$ (437,547) | |

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

**STATE OF NEW MEXICO
DE BACA COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of June 30, 2018**

| | <u>Transfer Station Fund</u> |
|--|----------------------------------|
| Assets and deferred inflows of resources: | |
| Assets: | |
| Cash and cash equivalents | \$ 59,248 |
| Receivables | |
| Accounts receivable, net | 26,827 |
| Other receivables | <u>19,097</u> |
| Total current assets | 105,172 |
| Non-current assets: | |
| Capital assets, net | <u>1,153,934</u> |
| Total non-current assets | <u>1,153,934</u> |
| Total assets | <u>1,259,106</u> |
| Deferred Outflows of Resources: | |
| Employer contributions subsequent to the measurement date | 11,945 |
| Actuarial experience | 8,126 |
| Investment experience | 16,967 |
| Change in assumptions | 9,536 |
| Change in proportion | <u>2,558</u> |
| Total deferred outflows of resources | <u>49,132</u> |
| Total assets and deferred outflows of resources | \$ <u><u>1,308,238</u></u> |
| Liabilities, deferred inflows of resources and net position: | |
| Liabilities: | |
| Accounts payable | \$ 3,596 |
| Accrued payroll liabilities | 5,309 |
| Other accrued liabilities | 9,450 |
| Current portion of compensated absences | 4,652 |
| Current portion of long-term debt | <u>17,047</u> |
| Total current liabilities | 40,054 |
| Non-current liabilities | |
| Compensated absences | 1,163 |
| Total pension liability | 206,799 |
| Landfill post-closure liability | 1,458,464 |
| Notes payable | <u>326,576</u> |
| Total non-current liabilities | <u>1,993,002</u> |
| Total liabilities | 2,033,056 |
| Deferred inflows of resources: | |
| Actuarial experience | 10,592 |
| Change in assumptions | 2,137 |
| Change in proportion | <u>15,838</u> |
| Total deferred inflows of resources | <u>28,567</u> |
| Net position | |
| Net Investment in Capital Assets | 810,311 |
| Unrestricted Net Position | <u>(1,563,696)</u> |
| Total net position | <u>(753,385)</u> |
| Total liabilities, deferred inflows of resources and net position: | \$ <u><u>1,308,238</u></u> |

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

STATE OF NEW MEXICO
DE BACA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2018

| | Transfer Station Fund |
|---|----------------------------------|
| Operating revenues: | |
| Charges for services | \$ 411,178 |
| Total operating revenues | 411,178 |
| Operating expenses: | |
| Personnel services | 166,537 |
| Operating expenses | 679,499 |
| Depreciation and amortization | 79,179 |
| Total operating expenses | 925,215 |
| Operating income (loss) | (514,037) |
| Non-operating revenues (expenses): | |
| Gain/(loss) on disposal of capital assets | 21,585 |
| Miscellaneous | 11,487 |
| Interest expense | (10,350) |
| Total non-operating revenues (expenses) | 22,722 |
| Income (loss) before transfers | (491,315) |
| Other financing sources/(uses) | |
| Transfers in | 30,370 |
| Transfers out | - |
| Total other financing sources/(uses) | 30,370 |
| Change in net position | (460,945) |
| Net position, beginning of year | 40,305 |
| Restatement | (332,745) |
| Beginning net position, as restated | (292,440) |
| Net position, end of year | \$ (753,385) |

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

**STATE OF NEW MEXICO
DE BACA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2018**

| | <u>Transfer Station Fund</u> |
|---|----------------------------------|
| Cash flows from operating activities: | |
| Receipts from customers and users | \$ 365,254 |
| Payments to suppliers and employees | (212,196) |
| Payments to employees | (151,457) |
| Net cash provided (used) for operating activities | <u>1,601</u> |
| Cash flows from noncapital financing activities: | |
| Transfers from other funds | 30,370 |
| Miscellaneous income | 11,487 |
| Net cash provided (used) for noncapital financing activities | <u>41,857</u> |
| Cash flows from capital and related financing activities: | |
| Acquisition and construction of capital assets | (47,680) |
| Proceeds from sale of capital assets | 41,239 |
| Principal paid on long-term debt | (16,551) |
| Interest paid on long-term debt | (10,350) |
| Net cash provided (used) for capital and related financing activities. | <u>(33,342)</u> |
| Cash flows from investing activities: | |
| Net cash provided (used) for investing activities. | <u>-</u> |
| Net increase (decrease) in cash and cash equivalents | 10,116 |
| Cash and cash equivalents – beginning of year | <u>49,132</u> |
| Cash and cash equivalents – end of year | <u>\$ 59,248</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities | |
| Operating income (loss) | \$ (514,037) |
| Adjustments | |
| Depreciation and amortization | 79,179 |
| Pension expense | 27,293 |
| Employer pension contributions | (11,945) |
| Changes in assets and liabilities: | |
| Receivables | (45,924) |
| Accounts payable | (191) |
| Accrued expenses and other liabilities | (186) |
| Landfill post-closure liability | 467,494 |
| Compensated absences | (82) |
| Net cash provided by operating activities | <u>\$ 1,601</u> |

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

STATE OF NEW MEXICO
DE BACA COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
As of June 30, 2018

| | | <u>2018</u> |
|-----------------------------------|--------|--------------------------|
| Assets: | | |
| Cash | \$ | 24,062 |
| Receivables - Property taxes | | <u>64,806</u> |
| Total assets | \$ | <u><u>88,868</u></u> |
| Liabilities: | | |
| Deposits held in trust for others | \$ | 24,062 |
| Future taxes collectible | | <u>64,806</u> |
| Total liabilities | \$ | <u><u>88,868</u></u> |

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

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

De Baca County (County) was created by Section 4-30-1, New Mexico State Statutes Annotated, (NMSA) 1978 Compilation. The powers of the County as a body politic and corporate are exercised by a three-member Board of Commissioners who are elected, staggering positions expire each election. At each general election in the State of New Mexico a County Assessor, County Clerk, County Sheriff, and County Treasurer are elected. The County assesses, collects, and distributes property taxes; records property and legal documents; provides law enforcement services and maintains County roads.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The County's most significant accounting policies are described below.

A. Reporting Entity

In evaluating how to define the County, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements 61. GASB Statement No. 61 established criteria for determining the government reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the County is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 61, fiscally independent means that the County may, without the approval or consent of another government entity, determine or modify its own budget, levy its own taxes or set rates or change, and issue bonded debt. The County has one component unit, as defined by GASB Statement No. 61. The component unit that the County is financially responsible for is the De Baca Family Practice. There are no other primary governments with which the County has a significant relationship.

De Baca Family Practice Clinic – De Baca Family Practice Clinic (Clinic) located in Fort Sumner, New Mexico is a not-for-profit community health center. The Clinic provides comprehensive and coordinated primary and ancillary medical services to all persons regardless of ability to pay, primarily for residents of De Baca County. The County has the ability to exercise financial control over the Clinic as the County Commission must approve any debt issuance or tax levies. For these reasons it is considered a component unit of De Baca County, pursuant to GASB 61.

B. Basis of Accounting/Measurement Focus

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Government-Wide Financial Statements

The County's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the County accompanied by a total column. Fiduciary activities of the County are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the County include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, those transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements.

The County reports the general fund as a major governmental fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the County except for items included in other funds.

In addition, the County reports the following other major funds:

Corrections Fees (201) - Authorized by Section 33.3.25, NMSA, 1978 Compilation, to be used for the maintenance and operation of the County Jail, including training, construction thereof,

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

cost of housing County prisoners, and/or as matching funds for federal grants as these funds relate to jails.

Environmental GRT (202) - To account for environmental services gross receipts tax to be used to cover expenses associated with landfills, water systems and other environmental services. Authority for creation of this fund is contained in Resolution R-96-31.

Road (204) - To account for funds used to maintain roads for which the County has responsibility. Financing is provided by motor vehicle fees and gasoline taxes flowing through from the state. Expenditures are restricted to the construction and maintenance of County roads. Authorized sections 7-1-6.26 and 27, 67-3-28.2, NMSA, 1978.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the County, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. The County reports the following proprietary fund:

Transfer Station (504) -To account for a monthly fee charged to all residents of the County for the upkeep of the transfer station area.

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues, such as charges for services and tenant rent payments, in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues, such as subsidies/grants and investment earnings, are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The County’s fiduciary funds are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

C. Assets, Liabilities and Equity

Cash Equivalents

The County’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The County pools idle cash from all funds for the purpose of increasing income through investment activities. A "Pooled Cash" concept is used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amount. All amounts included in pooled cash and investments are considered to be cash equivalents for the purposes of the statement of cash flows, except for certificates of deposit or other investments that have original maturities of more than 90 days.

Investments

The County's investments are regulated by state law as well as by guidelines and rules promulgated by the State Investment Council and the State Treasurer. All investments are generally highly liquid in nature and are integrated with cash on the financial statements with appropriate disclosure. Investments are stated at fair value, which is determined using selected bases. Certificates of deposit are reported at carrying amount, which reasonably estimates fair value. Investments in a U.S. Treasury Fund and or repurchase agreements are valued at the last reported sales price at current exchange rates.

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” In governmental fund financial statements, advances between funds are offset by an amount reported as nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

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

Inventories and Prepaid Items

Inventories in governmental funds consist of expendable supplies held for consumption, and are valued at cost using a first-in, first-out (FIFO) method. Expendable supplies are accounted for using the consumption method. Proprietary fund inventories are recorded at the lower of cost or market on a first-in, first-out basis, and consist of operating supplies held for use in operations and are recorded as expenditures when consumed rather than when purchased. The County current does not hold any items in inventory.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. Information technology equipment including software is being capitalized and included in machinery and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets that have been disposed of are recorded as deletions on the government-wide financial statements. Accumulated depreciation is adjusted for all deletions.

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

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Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense capitalized by the County during the current fiscal year was \$0. No interest was included as part of the cost of capital assets under construction.

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

| <u>Asset Type</u> | <u>Years</u> |
|--------------------------|--------------|
| Land | Perpetuity |
| Construction in progress | Perpetuity |
| Buildings & improvements | 15 - 50 |
| Infrastructure | 25 - 50 |
| Equipment & vehicles | 5 - 25 |
| Land improvements | 7 - 10 |

Analysis of Impairment

Management reviews long-lived assets and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In management's opinion, there is no impairment of such County assets at June 30, 2018.

Restricted Assets

Certain long-term assets are classified as restricted assets on the balance sheet because their use is limited to payments for debt service or other purposes such as deposits held in trust for others.

Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated annual leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Sick leave is lost if the employee leaves the County.

Short-Term Obligations

No short-term debt occurred during the current fiscal year.

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Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of fund net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Deferred Outflows of Resources

In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The County has five types of items that qualify for reporting in this category. Accordingly, the items, employer contributions subsequent to measurement date, net difference between expected and actual earnings on pension plan investments, net difference between expected and actual experience, change in assumptions and change in proportion, are reported on the Statement of Net Position. These amounts are deferred and recognized as an outflow of resources in the period the amounts become available. The County has recorded \$105,737 related to contributions subsequent to the measurement date, \$153,168 related to the net difference between expected and actual earnings on pension plan investments, \$82,654 related to the net difference between expected and actual experience, \$92,060 related to changes in assumptions and \$48,638 related to changes in proportion.

Deferred Inflows of Resources

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized.

If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources.

The County has six types of items which qualify for reporting in this category. The items, unavailable revenue – property taxes and unavailable revenue - grants, are reported only in the governmental funds balance sheet. These amounts arise due to receivables not being collected within the period

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of availability after fiscal year end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The County has recorded \$31,060 related to property taxes and \$-0- related to grants that are considered “unavailable”.

The item unavailable revenue – grants received in advance are reported in the statement of net position, the governmental funds balance sheet and the proprietary funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the related eligibility requirements are met. The County has recorded \$348,396 related to grants that have been received in advance of eligibility requirements being met.

The items, net difference between expected and actual earnings on pension plan investments, change in assumptions, actuarial experience, and change in proportion, are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The County has recorded \$- related to the net difference between expected and actual earnings on pension plan investments, \$152,899 related to the net difference between expected and actual experience, \$24,791 related to changes in assumptions and \$222,187 related to changes in proportion.

Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent.

Governmental Fund Financial Statements. In accordance with GASBS No. 54, the County classifies fund balances in the governmental funds as follows:

Nonspendable Fund Balance includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal/contractual requirements. Examples are Prepaid Expenses and Inventory.

Spendable Fund Balance includes Restricted, Committed, Assigned, and Unassigned designations:

Restricted includes fund balances restricted to a specific purpose when constraints placed on the use of resources are either (a) external impositions by creditors, grantors, contributors, laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed includes fund balances committed for specific purposes pursuant to constraints imposed by formal action of the highest level of decision making authority, which is the San Juan County Board of County Commissioners. The highest formal action required by the County is in the form of an ordinance, which requires public notice 14 days prior to Commission decision. To remove a commitment, the DeBaca County Board of County Commissioners must take the same type of action it employed to previously commit the

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funds. Commitments must occur prior to the end of the reporting period, but the amount may be determined in the subsequent period.

Assigned includes spendable fund balance amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning resources remains only with the governing body, the DeBaca County Board of County Commissioners. The County Commission has not delegated this authority to any other body or official.

Unassigned includes the residual classification for the General Fund consisting of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

See the Schedule of Fund Balances on page 76 for additional information about fund balances.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in the General Fund, it is the County's policy to use unassigned resources first, then assigned, and then committed as needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in any other governmental fund, it is the County's policy to use committed resources first, then assigned, and then unassigned as needed.

The County does not have a formal minimum fund balance requirement.

Net Position

Government-wide and Proprietary Fund Financial Statements. The County classifies net position in the government-wide and proprietary fund financial statements as follows:

Net Investment in Capital Assets includes the County's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The County typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

Unrestricted Net Position typically includes unrestricted liquid assets. The County Council has the authority to revisit or alter this designation.

**STATE OF NEW MEXICO
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D. Pensions

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

E. Inter-Fund Transactions

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

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

F. Income Taxes

As a local government entity, the County is not subject to federal or state income taxes. The County is generally no longer subject to examination by federal and state taxing authorities for years prior to 2015. For the year ended June 30, 2018, no interest or penalties were recorded or included in the financial statements.

G. Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The County adopts budgets for each individual fund (governmental and proprietary). The County follows these procedures in establishing the budgetary data reflected in the financial statements.

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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1. The County administrator submits a proposed operating budget for the fiscal year commencing July 1, prior to June 30. The operating budget includes proposed expenditures and the means of financing them. A budget is proposed for the General and Special Revenue Funds.
2. Public hearings are conducted to obtain taxpayer comments. The budgets are then submitted to the Department of Finance and Administration for review, adjustment and approval.
3. Prior to June 30, the budget is legally enacted through passages of a resolution. The County Commission is authorized to transfer budgeted amounts between departments within any fund. Department of Finance and Administration, Local Government Division must approve any revisions that alter the total expenditures of any fund.
4. Budgets for all funds are adopted on a regulatory prescribed cash basis. The level of budgetary control is by fund total. Budgetary information is presented as amended. The amendments being adopted in a legally prescribed manner.
5. Expenditures for each budget may not legally exceed the appropriation for fund. Appropriations lapse at year-end with any unspent cash balance being available for expenditures and appropriation in the subsequent year's budget.
6. The County did not adopt the budget for the Clinic. The budgetary comparison for the Clinic appears in the Clinic's separate audit report.

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

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2018 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

NOTE 3 – CASH AND CASH EQUIVALENTS

The County maintains cash in one financial institution within Fort SUMner, New Mexico. The County's deposits are carried at cost. The Federal Depository Insurance Corporation (FDIC) insures the cash accounts at the financial institution.

The County's cash balances consist of demand deposits, interest bearing savings accounts, and money market accounts. The majority of County's cash and investments are pooled. All interest income is accounted for in the related funds. The County does not have a deposit policy. The County's cash and cash equivalents are listed on page 77 of this report.

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NOTES TO THE FINANCIAL STATEMENTS
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The following is a summary of the County's cash and cash equivalents balances by fund type as of June 30, 2018:

| Fund Type | Amount |
|---------------------------------|--------------|
| Primary government | |
| Governmental funds | \$ 4,624,989 |
| Business-type activities | 59,248 |
| Fiduciary funds | 24,062 |
| Total cash and cash equivalents | \$ 4,708,299 |

Custodial Credit Risk Deposits - Custodial credit risk is the risk that in the event of a bank failure, the County funds may not be returned. The County does not have a deposit policy for custodial risk.

State regulations require that uninsured demand deposits and deposit-type investments such as certificates of deposit be collateralized by the depository thrift or banking institution. At present, state statutes require that a minimum of 50% of uninsured balances on deposit with anyone institution must be collateralized, with higher requirements up to 102% for financially troubled institutions.

Based on the above, the County is required to obtain from each bank that is a depository for public funds pledged collateral in an aggregate amount equal to 50% of the public money in each account. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency or political subdivision of the State of New Mexico. The County's Schedule of Collateral is presented on page 78 of this report.

As of June 30, 2018, the County's bank balances of \$4,731,611 were exposed to custodial credit risk as follows:

| | |
|--|--------------|
| Insured through federal depository insurance | \$ 250,000 |
| Uninsured, collateralized with securities held by pledging financial institution's trust department or agent in the County's name. | 4,168,022 |
| Uninsured and uncollateralized | 313,589 |
| Total uninsured deposits | \$ 4,731,611 |

The following is a summary of the Component Unit's cash and cash equivalents balances as of June 30, 2018:

| | |
|---------------------------------|--------------|
| Component unit | |
| DeBaca Family Clinic | \$ 1,531,492 |
| Total cash and cash equivalents | \$ 1,531,492 |

Additional information regarding the Clinic's cash balances and exposure to custodial credit risk can be found on page 77 and 78 of this report.

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DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 4 – RECEIVABLES

Receivables as of June 30, 2018 are as follows:

| <u>Governmental Funds</u> | <u>General Fund</u> | <u>Correc- tions Fund</u> | <u>Environ- mental GRT Fund</u> | <u>Road Fund</u> | <u>Non- major funds</u> | <u>Total Receivables</u> |
|------------------------------------|---------------------|-------------------------------|---|----------------------|---------------------------------|------------------------------|
| Taxes: | | | | | | |
| Property | \$ 38,895 | - | - | - | - | 38,895 |
| State | 37,412 | 10,527 | 6,615 | 64,944 | 64,593 | 184,091 |
| Other | - | - | - | - | 4,885 | 4,885 |
| Subtotal | <u>76,307</u> | <u>10,527</u> | <u>6,615</u> | <u>64,944</u> | <u>69,478</u> | <u>227,871</u> |
| Less: Allowance for uncollectibles | - | - | - | - | - | - |
| Net Receivables | <u>\$ 76,307</u> | <u>10,527</u> | <u>6,615</u> | <u>64,944</u> | <u>69,478</u> | <u>227,871</u> |

| <u>Proprietary Funds</u> | <u>Transfer Station Fund</u> |
|------------------------------------|--------------------------------------|
| Accounts | \$ 26,827 |
| Other | <u>19,097</u> |
| Subtotal | 45,924 |
| Less: Allowance for uncollectibles | - |
| Net Receivables | <u>\$ 45,924</u> |

The County believes all receivables are collectible, therefore, no allowance for doubtful accounts has been established.

Property taxes receivable in the amount of \$38,895 reported on the Statement of Net Position, at June 30, 2018, includes \$31,060 that is not considered a current economic resource; therefore, excluded from the Statement of Revenues, Expenditures and Changes in Fund Balances.

NOTE 5 – PROPERTY TAXES

Property taxes attach as an unsubordinated enforceable lien on property as of January 1 of the assessment year. Current year taxes are levied within five days of the rate setting order received from New Mexico Department of Finance and Administration (7-38-32 thru 7-38-36). Tax bills are mailed by November 1, unless the De Baca County Assessor obtains a formal extension of time from the New Mexico Property Tax Division. Taxpayers have the option to pay in two equal installments due by the close of business November 10th and April 10th. Penalty and interest will be accrued after the delinquency due dates of December 10th and May 10th. In the event of a formal extension, the respective dates are correspondingly extended.

The County bills and collects its own taxes, as well as taxes for the State of New Mexico and various municipal governments, public school districts, and other special districts.

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The County's share of the property taxes equal approximately 36.1% of the total and are used for general governmental services and retirement of long-term debt. The statutory maximum rate for servicing long-term debt with property tax revenue is unlimited, although the total amount of outstanding debt at any one time is restricted by other factors.

The County is required to report all real property delinquencies in excess of three years to the New Mexico Property Tax Division. The State, in turn administers all subsequent collection actions and proceedings.

Property taxes receivable are an aggregate of uncollected amounts assessed for the current fiscal year, as well as delinquent balances carried forward from the nine preceding fiscal years. While some of the delinquent outstanding balances will eventually be eliminated through corrections, litigation, and other property tax administrative procedures, the majority of the balances will ultimately be realized through delinquent payment or tax sales. The aggregate amount of this ultimate realization is generally difficult to ascertain at any point in time. Thus, taxes not collected within sixty days of year end are carried in the deferred inflow of resources section of the balance sheet as "unavailable revenue" on the fund basis financial statements.

NOTE 6 – INTERFUND BALANCES AND TRANSFERS

The County recorded interfund transfers to reflect activity occurring between funds. Transfers and payments within the County are substantially for the purpose of subsidizing operating functions and funding various projects within the County. All transfers made during the year were considered routine and were consistent with the general characteristics of the County's transfer policy.

The composition of interfund transfers during the year ended June 30, 2018 was as follows:

| <u>Fund Types</u> | <u>Transfers In</u> | <u>Transfers Out</u> |
|------------------------|---------------------|----------------------|
| Governmental funds | | |
| General Fund | \$ - | (652,439) |
| Corrections Fund | - | - |
| Environmental GRT Fund | - | - |
| Road Fund | 150,000 | - |
| Non-major funds | 474,870 | (2,800) |
| Proprietary funds | | |
| Transfers Station Fund | 31,199 | (830) |
| Totals | <u>\$ 656,069</u> | <u>(656,069)</u> |

The County recorded interfund receivables/payables to reflect temporary loans between funds. The purpose of the loans was to cover cash shortages until grant reimbursements or other funding measures could be obtained. There were no interfund balances outstanding as of June 30, 2018.

NOTE 7 – CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2018 follows. Land and construction in progress are not subject to depreciation.

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| <u>GOVERNMENTAL ACTIVITIES</u> | <u>Balance 06/30/17</u> | <u>Additions</u> | <u>Deletions</u> | <u>Adj</u> | <u>Balance 06/30/18</u> |
|---|-----------------------------|------------------|------------------|--------------------|-----------------------------|
| Non-depreciable capital assets: | | | | | |
| Land | \$ 75,493 | - | - | (22,568) | 52,925 |
| Construction in progress | 26,831 | 94,158 | - | (26,831) | 94,158 |
| Total non-depreciable capital assets | <u>102,324</u> | <u>94,158</u> | <u>-</u> | <u>(49,399)</u> | <u>147,083</u> |
| Capital assets being depreciated: | | | | | |
| Land improvements | 7,238 | - | - | - | 7,238 |
| Infrastructure | 822,987 | 123,169 | - | 26,831 | 972,987 |
| Buildings & improvements | 6,207,502 | - | - | (784,451) | 5,423,051 |
| Equipment & vehicles | 7,143,824 | 161,410 | (551,543) | (734,701) | 6,018,990 |
| Total capital assets being depreciated | <u>14,181,551</u> | <u>284,579</u> | <u>(551,543)</u> | <u>(1,492,321)</u> | <u>12,422,266</u> |
| Less accumulated depreciation for: | | | | | |
| Land improvements | (7,238) | - | - | - | (7,238) |
| Infrastructure | (161,954) | (20,801) | - | - | (182,755) |
| Buildings & improvements | (3,798,093) | (87,021) | - | 144,364 | (3,740,750) |
| Equipment & vehicles | (4,564,506) | (340,680) | 551,543 | 192,269 | (4,161,374) |
| Total accumulated depreciation | <u>(8,531,791)</u> | <u>(448,502)</u> | <u>551,543</u> | <u>336,633</u> | <u>(8,092,117)</u> |
| Total capital assets being depreciated | <u>5,649,760</u> | <u>(163,923)</u> | <u>-</u> | <u>(1,155,688)</u> | <u>4,330,149</u> |
| Total capital assets, net of depreciation | <u>\$ 5,752,084</u> | <u>(69,765)</u> | <u>-</u> | <u>(1,205,087)</u> | <u>4,477,232</u> |
| BUSINESS-TYPE ACTIVITIES | | | | | |
| Non-depreciable capital assets: | | | | | |
| Land | \$ - | - | - | 22,568 | 22,568 |
| Total non-depreciable capital assets | <u>-</u> | <u>-</u> | <u>-</u> | <u>22,568</u> | <u>22,568</u> |
| Capital assets being depreciated: | | | | | |
| Buildings & improvements | - | 13,500 | - | 784,451 | 797,951 |
| Equipment & vehicles | - | 34,180 | (36,850) | 734,701 | 732,031 |
| Total capital assets being depreciated | <u>-</u> | <u>47,680</u> | <u>(36,850)</u> | <u>1,519,152</u> | <u>1,529,982</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings & improvements | - | (26,854) | - | (144,364) | (171,218) |
| Equipment & vehicles | - | (52,325) | 17,196 | (192,269) | (227,398) |
| Total accumulated depreciation | <u>-</u> | <u>(79,179)</u> | <u>17,196</u> | <u>(336,633)</u> | <u>(398,616)</u> |
| Total capital assets being depreciated | <u>-</u> | <u>(31,499)</u> | <u>(19,654)</u> | <u>1,182,519</u> | <u>1,131,366</u> |
| Total capital assets, net of depreciation | <u>\$ -</u> | <u>(31,499)</u> | <u>(19,654)</u> | <u>1,205,087</u> | <u>1,153,934</u> |

Depreciation expense for the year ended June 30, 2018 was charged to the following functions and funds:

| | |
|-------------------------------|-------------------|
| Governmental activities: | |
| General government | \$ 18,714 |
| Public safety | 213,100 |
| Public works | 180,687 |
| Culture and recreation | 13,948 |
| Health and welfare | 22,052 |
| Total governmental activities | <u>\$ 448,501</u> |

**STATE OF NEW MEXICO
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| | |
|--------------------------------|-------------------------|
| Business type activities | |
| Transfer Station | \$ <u>79,179</u> |
| Total business-type activities | \$ <u><u>79,179</u></u> |

During the year ended June 30, 2018, as a result of an internal evaluation, the County reclassified the Transfer Station from a governmental fund to a proprietary fund. As a result of this reclassification, capital assets related to the Transfer Station fund with a book value of \$1,205,087 were reclassified from governmental activities to business-type activities. These are reflected in the Adj column above.

Component Unit - De Baca Family Practice Clinic

Capital asset activity consists of the following at June 30, 2018:

| | Balance 06/30/17 | Additions | Deletions | Adj | Balance 06/30/18 |
|---|---------------------|-----------|-----------|-----|---------------------|
| Capital assets being depreciated: | | | | | |
| Leasehold Improvements | \$ 573,750 | 433,196 | - | - | 1,006,946 |
| Medical Equipment | 367,971 | - | - | - | 367,971 |
| Dental Equipment | 286,739 | 9,662 | - | - | 296,401 |
| Office Equipment | 130,627 | - | - | - | 130,627 |
| Maintenance Equipment | 13,188 | - | - | - | 13,188 |
| Total capital assets being depreciated | 1,372,275 | 442,858 | - | - | 1,815,133 |
| Less accumulated depreciation for: | | | | | |
| Leasehold Improvements | (311,002) | (32,352) | - | - | (343,354) |
| Medical Equipment | (367,971) | - | - | - | (367,971) |
| Dental Equipment | (225,320) | (24,388) | - | - | (249,708) |
| Office Equipment | (114,141) | (8,109) | - | - | (122,250) |
| Maintenance Equipment | (13,188) | - | - | - | (13,188) |
| Total accumulated depreciation | (1,031,622) | (64,849) | - | - | (1,096,471) |
| Total capital assets being depreciated | 340,653 | 378,009 | - | - | 718,662 |
| Total capital assets, net of depreciation | \$ 340,653 | 378,009 | - | - | 718,662 |

Depreciation was \$64,849 for the year ended June 30, 2018, and is allocated across government functions.

NOTE 8 – LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2018, was as follows:

| | Balance 6/30/2017 | Increases | Decreases | Adj | Balance 6/30/2018 | Due within one year |
|---------------------------------|----------------------|-----------|-----------|-----------|----------------------|------------------------|
| Governmental funds debt | | | | | | |
| Compensated absences | \$ 49,385 | 41,684 | (39,508) | (5,897) | 45,664 | 36,531 |
| Notes payable | 939,056 | - | (244,955) | (360,174) | 333,927 | 38,219 |
| Total governmental activities | \$ 988,441 | 41,684 | (284,463) | (366,071) | 379,591 | 74,750 |
| Business-type funds debt | | | | | | |
| Compensated absences | \$ - | 4,636 | (4,718) | 5,897 | 5,815 | 4,652 |
| Notes payable | - | - | (16,551) | 360,174 | 343,623 | 17,047 |
| Total business-type activities | \$ - | 4,636 | (21,269) | 366,071 | 349,438 | 21,699 |

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Long-term liabilities are liquidated from the general fund and special revenue funds. No short-term debt was incurred during fiscal year 2018.

During the year ended June 30, 2018, as a result of an internal evaluation, the County reclassified the Transfer Station from a governmental fund to a proprietary fund. As a result of this reclassification, Long-term debt related to the Transfer Station fund with a book value of \$366,071 were reclassified from governmental activities to business-type activities. These are reflected in the Adj column above.

The annual principal and interest requirements on long-term debt outstanding as of June 30, 2018 are as follows.

Governmental activities

Notes payable

NMFA - PP-355 - Detention Facility

On August 11, 2000, the County borrowed \$103,202 from the New Mexico Finance Authority for improvements to the County detention facility. The interest/ administrative fee on the note is 1.00% with a maturity date of August 11, 2020. The payments of principal and interest are paid from pledged governmental gross receipts tax revenues. The revenues pledged totaled \$10,780 at June 30, 2018, and equal 5.88% of future state shared gross receipts tax at their current rate. During the year ended June 30, 2018, the County collected \$91,708 in pledged revenues, and retired \$5,370 in principal and interest on the aforementioned note.

The future payments required on the note payable are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------|------------------|-----------------|---------------|
| 2019 | \$ 5330 | 53 | 5,383 |
| 2020 | 5343 | 54 | 5,397 |
| Total | <u>\$ 10,673</u> | <u>107</u> | <u>10,780</u> |

NMFA - PP-2156 - Motor Graders

On May 23, 2008, the County borrowed \$727,255 from the New Mexico Finance Authority for the purchase of equipment. The note matures on May 1, 2020, and accrues interest at a blended rate of 3.16% per annum. The payments of principal and interest are paid from pledged gasoline tax revenues. During the year ended June 30, 2018, the County fully paid-off this note.

NMFA - PP-2712 - Fire Pumper/Tanker

On June 1, 2012, the County borrowed \$477,456 from the New Mexico Finance Authority. The note matures on June 1, 2027, and carries a blended rate of 1.62%. The proceeds of the loan were used for purchase of a fire pumper truck. The payments of principal and interest are paid from pledged fire protection grant funds. The revenues pledged totaled \$350,223 at June 30, 2018, and equal 33.71% of future fire protection grant funds at their current rate. During the year ended June 30, 2018, the County

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collected \$115,451 in pledged revenues, and retired \$38,790 in principal and interest on the aforementioned note.

The future payments required on the note payable are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|-------------------|-----------------|----------------|
| 2019 | \$ 32,889 | 5,902 | 38,791 |
| 2020 | 33,412 | 5,378 | 38,790 |
| 2021 | 34,026 | 4,764 | 38,790 |
| 2022 | 34,744 | 4,046 | 38,790 |
| 2023 | 35,557 | 3,234 | 38,791 |
| 2024-2028 | <u>152,600</u> | <u>3,671</u> | <u>156,271</u> |
| Total | <u>\$ 323,228</u> | <u>26,995</u> | <u>350,223</u> |

The aggregated future payments required on the notes payable are as follows.

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|-------------------|-----------------|----------------|
| 2019 | \$ 38,219 | 5,955 | 44,174 |
| 2020 | 38,755 | 5,432 | 44,187 |
| 2021 | 34,026 | 4,764 | 38,790 |
| 2022 | 34,744 | 4,046 | 38,790 |
| 2023 | 35,557 | 3,234 | 38,791 |
| 2024-2028 | <u>152,600</u> | <u>3,671</u> | <u>156,271</u> |
| Total | <u>\$ 333,901</u> | <u>27,102</u> | <u>361,003</u> |

Business-type activities

NMED – RIP 93-06 R – Solid Waste Improvements

On March 22, 2012, the County borrowed \$406,990 from the New Mexico Environment Department. The note matures on August 7, 2033 and carries a 3% interest rate per annum. The proceeds of the loan were used for improvements to the County’s solid waste transfer station. The payments of principal are paid from pledged net system revenues of the transfer station. The revenues pledged totaled \$437,699 at June 30, 2018, and equal 6.55% of future estimated net revenues at their current rate. During the year ended June 30, 2018, the County collected \$444,250 in pledged revenues, and retired \$27,356 in principal and interest on the aforementioned note.

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The future payments required on the note payable are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|-------------------|-----------------|----------------|
| 2019 | \$ 17,047 | 10,309 | 27,356 |
| 2020 | 17,559 | 9,797 | 27,356 |
| 2021 | 18,086 | 9,271 | 27,357 |
| 2022 | 18,628 | 8,728 | 27,356 |
| 2023 | 19,187 | 8,169 | 27,356 |
| 2024-2028 | 104,923 | 31,858 | 136,781 |
| 2029-2033 | 121,635 | 15,146 | 136,781 |
| 2034-2038 | 26,559 | 797 | 27,356 |
| Total | <u>\$ 343,624</u> | <u>94,075</u> | <u>437,699</u> |

NOTE 9 – CONDUIT DEBT OBLIGATIONS

From time to time, the County issues Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The Bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the entities served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. For a description of the related tax abatement, see Note 18.

As of June 30, 2018, there were 3 IRDBs outstanding. The aggregate principal amount payable for the outstanding IRBs was \$190,300,000 as of June 30, 2018.

NOTE 10 – LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

State and Federal laws and regulations require that the County place a final cover on its landfill site and perform certain maintenance and monitoring functions at the landfill site for a minimum of thirty years after closure. In addition to operating expenses related to current activities of the landfill site, an expenses provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure costs is based on the amount of the landfill used.

The landfill is located on property owned by the Village of Fort Sumner. The County and the Village are accumulating funds, through the imposition of a gross receipts tax, to fund the closure and post closure care cost. The landfill was closed in 2014, based on the requirements of the New Mexico Environment Department. The estimated liability for the landfill closure and post-closure care cost is \$1,458,464 as of June 30, 2018, which is based on a total usage of the landfill. The estimated total current cost of the landfill closure and post-closure care is based on the amount that would be paid if all equipment, facilities and services required to close, monitor and maintain the landfills were acquired as of June 30, 2018. Post closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

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NOTE 11 – RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries and natural disasters. DeBaca County has joined together with other local governments in the state and obtained insurance through the New Mexico Self-Insurers Fund, a public entity risk pool currently operating as a common risk management and insurance program for local governments. The County pays an annual premium to New Mexico Self-Insured Fund for general insurance coverage and all risk of loss is transferred. The premiums paid for the year ended June 30, 2018 totaled \$99,081.

NOTE 12 – PERA PENSION PLAN

Plan description. *Public Employees Retirement Fund* is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officers, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the Public Employees Retirement Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded.

Benefits Provided – Tier I – Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member’s final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors’ annuities are also available.

TIER II – The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member’s age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more

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years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

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

| PERA Contribution Rates and Pension Factors as of July 1, 2017 | | | | | | |
|---|----------------------------------|-------------------------------------|----------------------------------|------------------------------------|--------|---|
| Coverage Plan | Employee Contribution Percentage | | Employer Contribution Percentage | Pension Factor per year of Service | | Pension Maximum as a Percentage of the Final Average Salary |
| | Annual Salary less than \$20,000 | Annual Salary greater than \$20,000 | | TIER 1 | TIER 2 | |
| STATE PLAN | | | | | | |
| State Plan 3 | 7.42% | 8.92% | 16.99% | 3.0% | 2.5% | 90% |
| MUNICIPAL PLANS 1 - 4 | | | | | | |
| Municipal Plan 1 (plan open to new employers) | 7.0% | 8.5% | 7.4% | 2.0% | 2.0% | 90% |
| Municipal Plan 2 (plan open to new employers) | 9.15% | 10.65% | 9.55% | 2.5% | 2.0% | 90% |
| Municipal Plan 3 (plan closed to new employers 6/95) | 13.15% | 14.65% | 9.55% | 3.0% | 2.5% | 90% |
| Municipal Plan 4 (plan closed to new employers 6/00) | 15.65% | 17.15% | 12.05% | 3.0% | 2.5% | 90% |
| MUNICIPAL POLICE PLANS 1 - 5 | | | | | | |
| Municipal Police Plan 1 | 7.0% | 8.5% | 10.40% | 2.0% | 2.0% | 90% |
| Municipal Police Plan 2 | 7.0% | 8.5% | 15.40% | 2.5% | 2.0% | 90% |
| Municipal Police Plan 3 | 7.0% | 8.5% | 18.90% | 2.5% | 2.0% | 90% |
| Municipal Police Plan 4 | 12.35% | 13.85% | 18.90% | 3.0% | 2.5% | 90% |
| Municipal Police Plan 5 | 16.3% | 17.8% | 18.90% | 3.5% | 3.0% | 90% |
| MUNICIPAL FIRE PLANS 1 - 5 | | | | | | |
| Municipal Fire Plan 1 | 8.0% | 9.5% | 11.40% | 2.0% | 2.0% | 90% |
| Municipal Fire Plan 2 | 8.0% | 9.5% | 17.9% | 2.5% | 2.0% | 90% |
| Municipal Fire Plan 3 | 8.0% | 9.5% | 21.65% | 2.5% | 2.0% | 90% |
| Municipal Fire Plan 4 | 12.8% | 14.3% | 21.65% | 3.0% | 2.5% | 90% |
| Municipal Fire Plan 5 | 16.2% | 17.7% | 21.65% | 3.5% | 3.0% | 90% |
| MUNICIPAL DETENTION OFFICER PLAN 1 | | | | | | |
| Municipal Detention Officer Plan 1 | 16.65% | 18.15% | 17.05% | 3.0% | 3.0% | 90% |
| STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC. | | | | | | |
| State Police and Adult Correctional Officer Plan 1 | 7.6% | 9.1% | 25.50% | 3.0% | 3.0% | 90% |
| State Plan 3 - Peace Officer | 7.42% | 8.92% | 16.99% | 3.0% | 3.0% | 90% |
| Juvenile Correctional Officer Plan 2 | 4.78% | 6.28% | 26.12% | 3.0% | 3.0% | 90% |

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2017. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2017. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

For PERA Fund Division Municipal Plan 2: At June 30, 2018, the County reported a liability of \$1,455,155 for its proportionate share of the net pension liability. At June 30, 2017, the County's proportion was 0.1059%, which was a decrease of 0.0111% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$146,563. At June 30, 2018, DeBaca County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 57,178 | 74,529 |
| Changes of assumptions | 67,104 | 15,037 |
| Net difference between projected and actual earnings on pension plan investments | 119,387 | - |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 17,996 | 111,443 |
| County contributions subsequent to the measurement date | 84,050 | - |
| | <u>\$ 345,715</u> | <u>201,009</u> |

\$84,050 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | | |
|---------------------|----|----------|
| 2019 | \$ | 14,989 |
| 2020 | | 90,361 |
| 2021 | | (9,804) |
| 2022 | | (34,890) |
| 2023 | | - |
| Thereafter | \$ | - |

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For PERA Fund Division Municipal Police Plan 5: At June 30, 2018, DeBaca County reported a liability of \$419,452 for its proportionate share of the net pension liability. At June 30, 2017, DeBaca County's proportion was 0.0755%, which was a decrease of 0.0144% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$1,418. At June 30, 2018, DeBaca County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 25,476 | 78,370 |
| Changes of assumptions | 24,956 | 9,754 |
| Net difference between projected and actual earnings on pension plan investments | 33,781 | - |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 30,642 | 110,744 |
| County contributions subsequent to the measurement date | <u>21,687</u> | <u>-</u> |
| | <u>\$ 136,542</u> | <u>198,868</u> |

\$21,687 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|---------------------|-------------|
| 2019 | \$ (50,622) |
| 2020 | 4,883 |
| 2021 | (28,398) |
| 2022 | (9,876) |
| 2023 | - |
| Thereafter | \$ - |

For PERA Fund Division Municipal General Plan-Component Unit (Clinic): At June 30, 2018, the Clinic reported a liability of \$2,885,578 for its proportionate share of the net pension liability. At June 30, 2017, the Clinic's proportion was 0.2100%, which was a 0.0054% increase from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Clinic recognized pension expense of \$379,687. At June 30, 2018, the Clinic reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 113,384 | 147,790 |
| Changes of assumptions | 133,068 | 29,819 |
| Net difference between projected and actual earnings on pension plan investments | 236,744 | - |
| Changes in proportion and differences between Clinic contributions and proportionate share of contributions | 108,955 | 32,836 |
| Clinic contributions subsequent to the measurement date | <u>166,116</u> | |
| | <u>\$ 758,267</u> | <u>210,445</u> |

\$166,116 reported as deferred outflows of resources related to pensions resulting from the Clinic's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|---------------------|------------|
| 2019 | \$ 101,583 |
| 2020 | 293,947 |
| 2021 | 55,363 |
| 2022 | (69,187) |
| 2023 | - |
| Thereafter | \$ - |

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------------|--|
| Actuarial valuation date | June 30, 2016 |
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of pay |
| Amortization period | Solved for based on statutory rates |
| Asset valuation method | 4 Year smoothed Market Value |
| Actuarial assumptions: | |
| Investment rate of return | 7.51% annual rate, net of investment expense |
| Projected benefit payment | 100 years |
| Payroll growth | 2.75% for first 9 years, then 3.25% annual rate |
| Projected salary increases | 2.75% to 14.00% annual rate |
| Includes inflation at | 2.25% annual rate first 9 years 2.75% rate all other years |
| Mortality Assumption | RP-2000 Mortality Tables (Combined table for healthy post-retirement, Employee table for active members, and Disable table for disabled retirees before retirement age) with projection to 2018 using Scale AA. July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through |
| Experience Study Dates | June 20, 2016 (economic) |

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The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2017. These assumptions were adopted by the Board use in the June 30, 2016 actuarial valuation.

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

| <u>ALL FUNDS - Asset Class</u> | <u>Target Allocation</u> | <u>Long-term Expected Real Rate of Return</u> |
|---|------------------------------|---|
| Global Equity | 43.50% | 7.39% |
| Risk Reduciton & Mitigation | 21.50% | 1.79% |
| Credit Oriented Fixed Income | 15.00% | 5.77% |
| Real Assets to include Real Estate Equity | 20.00% | 7.35% |
| Total | <u>100.00%</u> | |

Discount rate. A single discount rate of 7.51% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.51%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

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

Sensitivity of the County’s proportionate share of the net pension liability to changes in the discount rate. The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.51 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.51 percent) or 1-percentage-point higher (8.51 percent) than the current rate:

| PERA Fund Division - Municipal General | 1% Decrease (6.51%) | Current Discount Rate (7.51%) | 1% Increase (8.51%) |
|---|------------------------------------|--|--------------------------------|
| County's proportionate share of the net pension liability | \$ 2,280,709 | 1,455,155 | 768,592 |

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| | | | |
|---|-----------------------|-----------------------|-----------------------|
| PERA Fund Division - Municipal Police | 1% | Current | |
| | Decrease | Discount Rate | 1% Increase |
| | <u>(6.51%)</u> | <u>(7.51%)</u> | <u>(8.51%)</u> |
| County's proportionate share of the net pension liability | \$ 668,909 | 419,452 | 214,735 |
| PERA Fund Division - Component Unit - Muni | 1% | Current | |
| | Decrease | Discount Rate | 1% Increase |
| | <u>(6.51%)</u> | <u>(7.51%)</u> | <u>(8.51%)</u> |
| DeBaca Family Clinic proportionate share of the net pension liability | \$ 4,522,653 | 2,885,578 | 1,524,122 |

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

NOTE 13 – POST EMPLOYMENT BENEFITS

The Retiree Health Care Act, Chapter IV, Article 7C NMSA 1978 provides a comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The County has elected not to participate in the post-employment health insurance plan.

NOTE 14 – OPERATING LEASES

The County has entered into a number of operating leases, which contain cancellation provisions and are subject to annual appropriations. The rent expenditures for these leases were primarily from the General fund and Road fund. Future minimum lease payments are:

| Fiscal Year | |
|------------------------|-----------------------|
| <u>Ending June 30,</u> | <u>Amount</u> |
| 2019 | \$ 94,215 |
| 2020 | 93,495 |
| 2021 | 78,591 |
| 2022 | 78,951 |
| 2023 | <u>43,315</u> |
| Total \$ | <u><u>388,567</u></u> |

Rental payments charged to current operations for the year ended June 30, 2018 totaled \$149,356.

NOTE 15 – FUND DEFICITS AND NON-COMPLIANCE

Deficit Fund Balances

The following non-major funds incurred a deficit fund balance at June 30, 2018:

| <u>Fund</u> | <u>Fund Type</u> | <u>Amount</u> |
|-------------------------|----------------------|---------------|
| Environmental GRT fund | Special revenue fund | \$ (5,102) |
| Hazard Mitigation Grant | Special revenue fund | \$ (53,317) |

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Legal Compliance with Budget

The County did not have any funds that exceeded budget at the fund level as of June 30, 2018.

NOTE 16 – CONTINGENCIES

The County participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of June 30, 2018, significant amounts of grant expenditures have not been audited by the grantor agencies. Management believes that any disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds of the overall financial position of the County.

The County is party to various legal proceedings, which are the unavoidable results of governmental operations. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's legal counsel that resolution of these matters will not have a material effect on the financial condition of the County.

NOTE 17 – RESTATEMENT OF FUND BALANCE

During the year ended June 30, 2017, it was determined that the County's Transfer Station fund, met the requirements to be considered a proprietary fund. As a result of this reclassification from a governmental fund, the beginning net position of the fund was decreased by \$332,745. Additionally, the beginning net position of the governmental activities was increased \$292,440 and the beginning net position of the business-type activities decreased \$292,400.

Additional adjustments to beginning fund balances were made to correct errors in receivable balances from prior years. Those adjustments and the adjustments related to the reclassification of the Transfer Station are as follows:

| <u>Fund</u> | <u>Purpose/Reason</u> | <u>Amount</u> |
|-------------------------------|---|-------------------|
| Governmental activities | | |
| Governmental funds | | |
| Road fund | Prior year receivables were understated | \$ 43,218 |
| County reserve fund | Prior year receivables were overstated | (1,615) |
| Emergency management fund | Prior year receivables were overstated | (3,557) |
| Total governmental funds | | <u>38,046</u> |
| Government-wide statements | Adjustments from above | 38,046 |
| | Reclassification of Transfer Station | <u>292,440</u> |
| Total governmental activities | | <u>\$ 330,486</u> |

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

| | | |
|--------------------------------|---|---------------------|
| Business-type activities | | |
| Proprietary funds | | |
| Transfer station | Reclassifications to beginning balances related to: | |
| | Landfill post-closure liability | \$ (990,971) |
| | Long-term debt | (360,174) |
| | Capital assets | 1,205,087 |
| | PERA NPL portion | (170,886) |
| | Accrued interest | (9,905) |
| | Compensated absences | <u>(5,896)</u> |
| | Total adjustments related to beginning balances | (332,745) |
| | Reclass prior year ending net position | <u>40,305</u> |
| Total business-type activities | | <u>\$ (292,440)</u> |

NOTE 18 – TAX ABATEMENTS

The County has the following tax abatement agreements:

| Agency Number | 5006 | 5006 | 5006 |
|--|---|---|---|
| Agency Name | De Baca County | De Baca County | De Baca County |
| Agency Type | County | County | County |
| Tax Abatement Agreement Name | \$90,900,000 DE BACA COUNTY, NEW MEXICO TAXABLE INDUSTRIAL REVENUE BONDS (FPL Energy New Mexico Wind, LLC Project) SERIES 2002 | \$62,900,000 DE BACA COUNTY, NEW MEXICO TAXABLE INDUSTRIAL REVENUE BONDS (NEW MEXICO WIND ENERGY CENTER REPOWER PROJECT) SERIES 2017 | \$36,500,000 DE BACA COUNTY, NEW MEXICO TAXABLE INDUSTRIAL REVENUE BONDS (CASA MESA WIND, LLC PROJECT) SERIES 2018 |
| Recipient(s) of tax abatement | FPL Energy New Mexico Wind, LLC | FPL Energy New Mexico Wind, LLC | Casa Mesa Wind, LLC |
| Parent company(ies) of recipient(s) of tax abatement | NextEra Energy, Inc. | NextEra Energy, Inc. | NextEra Energy, Inc. |
| Tax abatement program (name and brief description) | Industrial Revenue Bond | Industrial Revenue Bond | Industrial Revenue Bond |
| Specific Tax(es) Being Abated | Ad Valorem Taxes | Ad Valorem Taxes | Ad Valorem Taxes |
| Legal authority under which tax abatement agreement was entered into | The County Industrial Revenue Bond Act, Ch. 4, Art. 59 NMSA 1978("the Act") | The County Industrial Revenue Bond Act, Ch. 4, Art. 59 NMSA 1978("the Act") | The County Industrial Revenue Bond Act, Ch. 4, Art. 59 NMSA 1978("the Act") |
| Criteria that make a recipient eligible to receive a tax abatement | Under Section 4-59-2(F) of the Act, a wide variety of businesses are eligible to be beneficiaries of IRB's to wit: Businesses in which all or part of the activities of the business involve the supplying of services to the general public or to governmental agencies or to a specific industry or customer. | Under Section 4-59-2(F) of the Act, a wide variety of businesses are eligible to be beneficiaries of IRB's to wit: Businesses in which all or part of the activities of the business involve the supplying of services to the general public or to governmental agencies or to a specific industry or customer. | Under Section 4-59-2(F) of the Act, a wide variety of businesses are eligible to be beneficiaries of IRB's to wit: Businesses in which all or part of the activities of the business involve the supplying of services to the general public or to governmental agencies or to a specific industry or customer. |

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

| | | | |
|--|---|---|---|
| How are the tax abatement recipient's taxes reduced? (For example: through a reduction of assessed value) | The project property is exempt from ad valorem taxation for the term of the bonds. | The project property is exempt from ad valorem taxation for the term of the bonds. | The project property is exempt from ad valorem taxation for the term of the bonds. |
| How is the amount of the tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc. | This IRB project is comprised of Real Property. Exactly how much of the IRB subsidy takes the form of these excise tax abatements depends on how much of the project property corresponds to eligible tangible depreciable personal property. The IRB property tax exemption is effective starting in the first calendar year following the issuance of the bonds, and continues until the last calendar year in which the bonds are outstanding (30 years max.). | This IRB project is comprised of Real Property. Exactly how much of the IRB subsidy takes the form of these excise tax abatements depends on how much of the project property corresponds to eligible tangible depreciable personal property. The IRB property tax exemption is effective starting in the first calendar year following the issuance of the bonds, and continues until the last calendar year in which the bonds are outstanding (30 years max.). | This IRB project is comprised of Real Property. Exactly how much of the IRB subsidy takes the form of these excise tax abatements depends on how much of the project property corresponds to eligible tangible depreciable personal property. The IRB property tax exemption is effective starting in the first calendar year following the issuance of the bonds, and continues until the last calendar year in which the bonds are outstanding (30 years max.). |
| Are there provisions for recapturing abated taxes? (Yes or No) | No. | No. | No. |
| If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture. | N/A | N/A | N/A |
| List each specific commitment made by the recipient of the abatement. | The Company must make annual payments of \$90,165 to De Baca County and \$90,165 to the Fort Sumner School District. In addition to these obligations, the Companies have made customary covenants under the IRB leases concerning insurance, indemnification, payments to utilities, suppliers and other third parties, and so forth. | 1. The project must be completed by April 1, 2023. (2018 IRB Lease § 4.4.) The Company must make annual payments of \$261,090 to De Baca County and \$110,362 to the Fort Sumner School District. In addition to these obligations, the Companies have made customary covenants under the IRB leases concerning insurance, indemnification, payments to utilities, suppliers and other third parties, and so forth. | 1. The project must be completed by April 1, 2023. (2018 IRB Lease § 4.4.) The Company must make annual payments of \$28,715 to De Baca County and \$28,715 to the Fort Sumner School District. In addition to these obligations, the Companies have made customary covenants under the IRB leases concerning insurance, indemnification, payments to utilities, suppliers and other third parties, and so forth. |

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

| | | | |
|--|---|--|--|
| Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement. | N/A | N/A | N/A |
| For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency or another agency in association with the foregone tax revenue, list the authority for and describe the payment, including the agency that is supposed to receive the payment | NMSA 1978, Section 4-59-4(A)(2) (2003) and NMSA 1978, Section 4-59-4(B)(2003) - Fort Sumner Municipal School District. Payments to be made annual by April 1 - ending April 2018. Superseded by new agreement | NMSA 1978, Section 4-59-4(A)(2) (2003) and NMSA 1978, Section 4-59-4(B)(2003) - Fort Sumner Municipal School District. Payments to be made annual by April 1 starting April 2019. | NMSA 1978, Section 4-59-4(A)(2) (2003) and NMSA 1978, Section 4-59-4(B)(2003) - Fort Sumner Municipal School District. Payments to be made annual by April 1 starting April 2019. |
| For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year | \$90,165 | \$0 | \$0 |
| For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by a different agency in association with the foregone tax revenue, list the name of the agency and the amount of payments received in the current fiscal year | Fort Sumner Municipal School District - \$90,165 | Fort Sumner Municipal School District - \$0 | Fort Sumner Municipal School District - \$0 |
| List each specific commitment made by your agency or any other government, other than the tax abatement. | None, other than covenants related to maintenance of the bonds and the related bond agreements during the term of the bonds. | None, other than covenants related to maintenance of the bonds and the related bond agreements during the term of the bonds. | None, other than covenants related to maintenance of the bonds and the related bond agreements during the term of the bonds. |

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

| | | | |
|--|--|--|--|
| <p>Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such agency.</p> | <p>Yes - Fort Sumner Municipal School District</p> | <p>Yes - Fort Sumner Municipal School District</p> | <p>Yes - Fort Sumner Municipal School District</p> |
| <p>If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.</p> | <p>N/A</p> | <p>N/A</p> | <p>N/A</p> |

NOTE 18 – EVALUATION OF SUBSEQUENT EVENTS

The County has evaluated subsequent events through November 29, 2018, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL GENERAL
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|--------------|--------------|--------------|-------------|
| DeBaca County's proportion of the net pension liability (asset) | 0.1059% | 0.1170% | 0.1202% | 0.1145% |
| DeBaca County's proportionate share of the net pension liability (asset) | \$ 1,455,155 | \$ 1,869,266 | \$ 1,225,543 | \$ 893,223 |
| DeBaca County's covered-employee payroll | \$ 914,835 | \$ 623,777 | \$ 648,511 | \$ 615,346 |
| DeBaca County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 159.06% | 299.67% | 188.98% | 145.16% |
| Plan fiduciary net position as a percentage of the total pension liability | 73.74% | 69.18% | 76.99% | 81.29% |

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

**STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL POLICE
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years***

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-------------|-------------|-------------|-------------|
| DeBaca County's proportion of the net pension liability (asset) | 0.0755% | 0.0899% | 0.0771% | 0.1163% |
| DeBaca County's proportionate share of the net pension liability (asset) | \$ 419,452 | \$ 663,309 | \$ 370,740 | \$ 379,125 |
| DeBaca County's covered-employee payroll | \$ 118,236 | \$ 329,942 | \$ 308,690 | \$ 307,152 |
| DeBaca County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 354.76% | 201.04% | 120.10% | 123.43% |
| Plan fiduciary net position as a percentage of the total pension liability | 73.74% | 69.18% | 76.99% | 81.29% |

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

STATE OF NEW MEXICO
DE BACA COUNTY - DE BACA FAMILY PRACTICE CLINIC, INC.
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL GENERAL
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|--------------|--------------|--------------|--------------|
| De Baca Family Practice Clinic, Inc's proportion of the net pension liability (asset) | 0.2100% | 0.2046% | 0.1928% | 0.2032% |
| De Baca Family Practice Clinic, Inc's proportionate share of the net pension liability (asset) | \$ 2,885,578 | \$ 3,268,820 | \$ 1,965,763 | \$ 1,585,178 |
| De Baca Family Practice Clinic, Inc's covered-employee payroll | \$ 1,966,408 | \$ 1,844,416 | \$ 1,991,835 | \$ 1,842,166 |
| De Baca Family Practice Clinic, Inc's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 146.74% | 177.23% | 98.69% | 86.05% |
| Plan fiduciary net position as a percentage of the total pension liability | 73.74% | 69.18% | 76.99% | 81.29% |

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

STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA Municipal General Division
Last 10 Fiscal Years*

| | 2018 | 2017 | 2016 | 2015 |
|--|---------------|---------------|---------------|---------------|
| Contractually required contribution | \$ 84,050 | \$ 84,458 | \$ 95,157 | \$ 95,425 |
| Contributions in relation to the contractually required contribution | <u>84,050</u> | <u>84,458</u> | <u>95,157</u> | <u>95,425</u> |
| Contribution deficiency (excess) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA Municipal Police Division
Last 10 Fiscal Years*

| | 2018 | 2017 | 2016 | 2015 |
|--|---------------|---------------|---------------|---------------|
| Contractually required contribution | \$ 21,687 | \$ 29,410 | \$ 33,808 | \$ 28,575 |
| Contributions in relation to the contractually required contribution | <u>21,687</u> | <u>29,410</u> | <u>33,808</u> | <u>28,575</u> |
| Contribution deficiency (excess) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

STATE OF NEW MEXICO
DE BACA COUNTY - DE BACA FAMILY PRACTICE CLINIC, INC.
SCHEDULE OF CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA Municipal General Division
Last 10 Fiscal Years*

| | 2018 | 2017 | 2016 | 2015 |
|--|----------------|----------------|----------------|----------------|
| Contractually required contribution | \$ 173,115 | \$ 176,142 | \$ 167,296 | \$ 152,447 |
| Contributions in relation to the contractually required contribution | <u>173,115</u> | <u>176,142</u> | <u>167,296</u> | <u>152,447</u> |
| Contribution deficiency (excess) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Clinic will present information for those years for which information is available.

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018**

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

Assumptions: The Public Employ Retirement Association of New Mexico Annual Actuarial Valuations as of June 2017 report is available at <http://www.nmpera.org/>

SUPPLEMENTAL INFORMATION

**STATE OF NEW MEXICO
DE BACA COUNTY
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

SPECIAL REVENUE FUNDS

203 - Property Valuation – To account for the operations of a fund to help with reappraisal of County property to insure valuation reflects current fair market value. Financing is provided by 1% of tax collections. Authority is Section 7-38-38.1, NMSA 1978.

205 - Sheriffs JPA – The County entered into a joint powers agreement to provide law enforcement services for the Village of Fort Sumner. The fund was created by County ordinance.

206 - Lake Sumner EMS – To account for a grant from the State of New Mexico to be used for the acquisition of emergency medical services to County resident. Sources of funds are the State of New Mexico Health Department.

207 - Enhanced 911 – To account for state grants to provide enhanced 911 service to County residents. Authority: NMSA 6-1-6.

208 - Farm & Range – To account for the operations of farm and range activities, including soil and water conservation, predatory animal and insect control. Financing is provided from distributions made under the Taylor Grazing Act. Authority is Section 6-11-6, NMSA 1978

211 - Law Enforcement – To account for a grant from the State of New Mexico Correction Department through the Law Enforcement Protection Act. The funding is to be used for law enforcement improvements. Authority is 29-13-1, NMSA 1978.

220 - Indigent – To account for revenues received from state shared gross receipts taxes for hospital service for indigent citizens of the County. The fund was created by authority of state statute Section 7-20E-9, NMSA 1978 Compilation.

222 - Ambulance – To account for 1-4% County fire protection excise tax imposed by the ordinance of the Board of County Commissioners of De Baca County under authority of Section 7-20A-3, NMSA 1978, the proceeds of which are dedicated solely to the provision of ambulance services, imposed before 1986. Authority is provided by state provisions.

223 – DWI Fund – To account for the state revenues to aid in education and prevention of DWI. Fund was created by authority of the governing body by default upon approval of the budget.

225- Recording & Equipment – To account for monies collected by the County Clerk's office for each instrument recorded and when the instrument is photocopied, the County Clerk may charge, in addition to any other fees authorized by law, and equipment recording fee. The equipment recording fee revenues are to be expended only to rent, purchase, lease or lease-purchase equipment associated with recording, filing, maintaining or reproducing document in the County Clerk's office and for staff training on office procedures and equipment. Authority is the Absentee-Early Voting Act (Section 14-8-12.2, NMSA 1978.

325 – Firework Donations – To account for local donations from vendors and citizens to help defray the costs of annual 4th of July celebration. This fund was established by the Commission.

**STATE OF NEW MEXICO
DE BACA COUNTY
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

350 - Lake Sumner Forestry Fire – To account for forestry funds received for fighting wild fires. The fund was created by County ordinance.

351 - Lake Sumner Fire – To account for the operations and maintenance of the fire department servicing the Lake Sumner area. Financing is primarily from an annual state fire allotment. The fund was created by the authority of state grant provisions. (NMSA 59A-53-1)

352 - Valley Forestry Fire – To account for forestry funds received for fighting wild fires. The fund was created by County ordinance.

353 - Valley Fire – To account for the operations and maintenance of the fire department servicing the Valley area. Financing is primarily from an annual state fire allotment. The fund was created by the authority of state grant provisions. (NMSA 59A-53-1)

403 - County Reserve – To account for 1/8% County gross receipts tax, authorized to be imposed under the County Gross receipts tax, authorized to be imposed under the County Gross Receipts Tax Act (Sections 7-20E-1 through 7-20E-25, NMSA 1978), the proceeds of which will be expended for maintenance of the County Courthouse, imposed before 1986.

404 - DARE – Authorized by Section 31-20-6, NMSA 1978 to account for contribution collected from law violators. These contributions are made as directed by Magistrate Judge.

405 - Communications – To account for expenditures for the Communication Department for the purpose of dispatching public safety personnel and equipment in emergencies. The fund was created by County ordinance.

406 - Emergency Management – To account for a matching state grant to provide part time personnel for emergency management. Authority is provided by grant agreement.

407 - Fair Grounds – To account for revenues received from the rent of the fairground facilities, donations for the awards and livestock premium sale and related expenditures. Authority for the fund creation was by resolution.

408 – Health Grant – The De Baca County Family Practice Clinic applied for and received this grant for reconstruction to prevent HIPPA violations.

409 – Hazard Migration Grant – To enhance the Emergency Management Program with local and grant funds to complete a required living document, the “Hazard Mitigation Plan”.

410 – Hospital – To account for monies received from prior patients and Medicare reimbursements to be used for the upkeep of the clinic building. Authorized by County Resolution.

412 - Misdemeanor Compliance – To account for a fee received from citizens on probation to fund the probation office. The fund was created by resolution.

**STATE OF NEW MEXICO
DE BACA COUNTY
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

415- 2016 EMW Grant – To support activities essential to the ability of states, territories, and urban areas to prepare for, prevent, and respond to terrorist attacks and other all hazards events.

416 – 2011 EMW Grant – To support activities essential to the ability of states, territories, and urban areas to prepare for, prevent, and respond to terrorist attacks and other all hazards events.

431 – 100 Days and Nights of Summer – To support activities essential to the ability of states, territories, and urban areas to prepare for, prevent, and respond to terrorist attacks and other all hazards events.

432 – Safety Enforcement OT – To support activities essential to the ability of states, territories, and urban areas to prepare for, prevent, and respond to terrorist attacks and other all hazards events.

450 – Financial Assurance Grant – Required by the Solid Waste Rules 20.9.2-20.9-10 NMAC to close the unlined De Baca County Landfill and by the Rules to comply with all Closure/Post Closure care requirements. Authorized by County Resolution 2013-18

452 – Transfer Station Equipment – To account for a state grant to purchase equipment and capital improvements for the transfer station that replaces the landfill.

453 – Tire Management Grant – To account for a grant of \$3,000 for the purpose of tires at the transfer station facility. Authorized by De Baca County Resolution No. 2015-19.

457- Recycling Grant – Grant through NMED for purchases of recycling material and equipment.

480 – Municipal Court Fines – To account for the collection of fines which are used to supplement the cost of correctional facilities.

**STATE OF NEW MEXICO
DE BACA COUNTY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
As of June 30, 2018**

| | Special Revenue Funds | Total |
|---|--------------------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| Assets and deferred inflows of resources: | | |
| Assets: | | |
| Cash and cash equivalents | \$ 1,279,118 | 1,279,118 |
| Receivables | | |
| Taxes receivable | 64,592 | 64,592 |
| Other receivables | 4,885 | 4,885 |
| Total assets | <u>1,348,595</u> | <u>1,348,595</u> |
| Deferred Outflows of Resources: | | |
| Total deferred outflows of resources | <u>-</u> | <u>-</u> |
| Total assets and deferred outflows of resources | <u>\$ 1,348,595</u> | <u>1,348,595</u> |
| Liabilities, deferred inflows of resources and fund balances: | | |
| Liabilities: | | |
| Accounts payable | \$ 75,547 | 75,547 |
| Accrued payroll liabilities | 9,302 | 9,302 |
| Total liabilities | <u>84,849</u> | <u>84,849</u> |
| Deferred Inflows of Resources: | | |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> |
| Fund balances: | | |
| Nonspendable | - | - |
| Restricted | 1,317,063 | 1,317,063 |
| Committed | - | - |
| Assigned | - | - |
| Unassigned | <u>(53,317)</u> | <u>(53,317)</u> |
| Total fund balances | <u>1,263,746</u> | <u>1,263,746</u> |
| Total liabilities, deferred inflows of resources and fund balances: | <u>\$ 1,348,595</u> | <u>1,348,595</u> |

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

**STATE OF NEW MEXICO
DE BACA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018**

| | Special Revenue Funds | Totals |
|---|--------------------------------------|-------------------|
| | <u> </u> | <u> </u> |
| Revenues: | | |
| Taxes | | |
| Property | 21,892 | 21,892 |
| Gross receipts | \$ 218,766 | 218,766 |
| Charges for services | 9,974 | 9,974 |
| Fines and forfeitures | 21,745 | 21,745 |
| Intergovernmental revenue | | |
| Federal grants | 29,936 | 29,936 |
| State grants | 231,637 | 231,637 |
| Interest income | 210 | 210 |
| Miscellaneous income | <u>283,912</u> | <u>283,912</u> |
| Total revenues | <u>818,072</u> | <u>818,072</u> |
| Expenditures: | | |
| Current: | | |
| General government | 44,312 | 44,312 |
| Public safety | 532,155 | 532,155 |
| Public works | 12,392 | 12,392 |
| Culture and recreation | 11,454 | 11,454 |
| Health and welfare | 60,046 | 60,046 |
| Capital outlay | 106,748 | 106,748 |
| Debt service | | |
| Principal | 32,473 | 32,473 |
| Interest | <u>6,317</u> | <u>6,317</u> |
| Total expenditures | <u>805,897</u> | <u>805,897</u> |
| Excess (deficiency) of revenues over (under) expenditures | 12,175 | 12,175 |
| Other financing sources (uses): | | |
| Transfers in | 158,182 | 158,182 |
| Transfers out | - | - |
| Total other financing sources (uses): | <u>158,182</u> | <u>158,182</u> |
| Net change in fund balances | 170,357 | 170,357 |
| Beginning fund balance | <u>1,098,561</u> | <u>1,098,561</u> |
| Ending fund balance | <u>\$ 1,263,746</u> | <u>1,263,746</u> |

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

**STATE OF NEW MEXICO
DE BACA COUNTY
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
As of June 30, 2018**

| | <u>Property Valuation</u> | <u>Sheriffs JPA</u> | <u>Lake Sumner EMS</u> | <u>Enhanced 911</u> | <u>Farm & Range</u> | <u>Law Enforcem ent</u> | <u>Indigent Fund</u> | <u>Ambu- lance Fund</u> | <u>DWI Fund</u> |
|---|-------------------------------|-------------------------|--------------------------------|-------------------------|-----------------------------|---------------------------------|--------------------------|---------------------------------|---------------------|
| Assets and deferred inflows of resources: | | | | | | | | | |
| Assets: | | | | | | | | | |
| Cash and cash equivalents | \$ 82,997 | 24,348 | 13,413 | 650 | 1 | 27,941 | 274,579 | 3,507 | - |
| Receivables | | | | | | | | | |
| Taxes receivable | - | - | - | - | - | - | 30,708 | 13,230 | - |
| Total assets | <u>82,997</u> | <u>24,348</u> | <u>13,413</u> | <u>650</u> | <u>1</u> | <u>27,941</u> | <u>305,287</u> | <u>16,737</u> | <u>-</u> |
| Deferred Outflows of Resources: | | | | | | | | | |
| Total deferred outflows of resources | - | - | - | - | - | - | - | - | - |
| Total assets and deferred outflows of resources | <u>\$ 82,997</u> | <u>24,348</u> | <u>13,413</u> | <u>650</u> | <u>1</u> | <u>27,941</u> | <u>305,287</u> | <u>16,737</u> | <u>-</u> |
| Liabilities, deferred inflows of resources and fund balances: | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts payable | \$ - | - | - | - | - | 6,741 | - | 3,507 | - |
| Accrued payroll liabilities | - | 1,852 | - | - | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>1,852</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>6,741</u> | <u>-</u> | <u>3,507</u> | <u>-</u> |
| Deferred Inflows of Resources: | | | | | | | | | |
| Total deferred inflows of resources | - | - | - | - | - | - | - | - | - |
| Fund balances: | | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | - | - |
| Restricted | 82,997 | 22,496 | 13,413 | 650 | 1 | 21,200 | 305,287 | 13,230 | - |
| Committed | - | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - | - | - | - |
| Total fund balances | <u>82,997</u> | <u>22,496</u> | <u>13,413</u> | <u>650</u> | <u>1</u> | <u>21,200</u> | <u>305,287</u> | <u>13,230</u> | <u>-</u> |
| Total liabilities, deferred inflows of resources and fund balances: | <u>\$ 82,997</u> | <u>24,348</u> | <u>13,413</u> | <u>650</u> | <u>1</u> | <u>27,941</u> | <u>305,287</u> | <u>16,737</u> | <u>-</u> |

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

STATE OF NEW MEXICO
DE BACA COUNTY
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
As of June 30, 2018

| | Re-cording & Equip- ment | Firework Dona- tions | Lake Sumner Forestry Fire | Lake Sumner Fire | Valley Forestry Fire | Valley Fire | County Reserve | DARE | Commu- nications |
|--|--------------------------------|----------------------------|------------------------------------|---------------------|----------------------------|---------------|-------------------|--------------|---------------------|
| Assets and deferred inflows of resources: | | | | | | | | | |
| Assets: | | | | | | | | | |
| Cash and cash equivalents | \$ 29,418 | 10,631 | 32,466 | 71,691 | 98,511 | 48,506 | 43,604 | 2,644 | 10,174 |
| Receivables | | | | | | | | | |
| Taxes receivable | - | - | - | - | - | - | - | - | 20,654 |
| Total assets | <u>29,418</u> | <u>10,631</u> | <u>32,466</u> | <u>71,691</u> | <u>98,511</u> | <u>48,506</u> | <u>43,604</u> | <u>2,644</u> | <u>30,828</u> |
| Deferred Outflows of Resources: | | | | | | | | | |
| Total deferred outflows of resources | - | - | - | - | - | - | - | - | - |
| Total assets and deferred outflows of resources | \$ <u>29,418</u> | <u>10,631</u> | <u>32,466</u> | <u>71,691</u> | <u>98,511</u> | <u>48,506</u> | <u>43,604</u> | <u>2,644</u> | <u>30,828</u> |
| Liabilities, deferred inflows of resources and fund balances: | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts payable | \$ - | - | - | 121 | - | 235 | - | - | - |
| Accrued payroll liabilities | - | - | - | - | - | - | - | - | 6,914 |
| Total liabilities | - | - | - | <u>121</u> | - | <u>235</u> | - | - | <u>6,914</u> |
| Deferred Inflows of Resources: | | | | | | | | | |
| Total deferred inflows of resources | - | - | - | - | - | - | - | - | - |
| Fund balances: | | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | - | - |
| Restricted | 29,418 | 10,631 | 32,466 | 71,570 | 98,511 | 48,271 | 43,604 | 2,644 | 23,914 |
| Committed | - | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - | - | - | - |
| Total fund balances | <u>29,418</u> | <u>10,631</u> | <u>32,466</u> | <u>71,570</u> | <u>98,511</u> | <u>48,271</u> | <u>43,604</u> | <u>2,644</u> | <u>23,914</u> |
| Total liabilities, deferred inflows of resources and fund balances: | \$ <u>29,418</u> | <u>10,631</u> | <u>32,466</u> | <u>71,691</u> | <u>98,511</u> | <u>48,506</u> | <u>43,604</u> | <u>2,644</u> | <u>30,828</u> |

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

**STATE OF NEW MEXICO
DE BACA COUNTY
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
As of June 30, 2018**

| | Emer- gency Mgmt | Fair Grounds | Health Grant | Hazard Mitigation Grant | Hospital | Misde- meanor Compli- ance | 2016 EMW Grant | 2011 EMW Grant | 100 Days and Nights of Summer |
|---|---------------------------------|-------------------------|-------------------------|--|-----------------|---|-------------------------------|-------------------------------|--|
| Assets and deferred inflows of resources: | | | | | | | | | |
| Assets: | | | | | | | | | |
| Cash and cash equivalents | \$ 3,843 | 3,539 | 20,158 | 11,626 | 150,796 | 1,963 | - | 68 | 149 |
| Total assets | <u>3,843</u> | <u>3,539</u> | <u>20,158</u> | <u>11,626</u> | <u>150,796</u> | <u>1,963</u> | <u>-</u> | <u>68</u> | <u>149</u> |
| Deferred Outflows of Resources: | | | | | | | | | |
| Total deferred outflows of resources | - | - | - | - | - | - | - | - | - |
| Total assets and deferred outflows of resources | \$ <u>3,843</u> | <u>3,539</u> | <u>20,158</u> | <u>11,626</u> | <u>150,796</u> | <u>1,963</u> | <u>-</u> | <u>68</u> | <u>149</u> |
| Liabilities, deferred inflows of resources and fund balances: | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts payable | \$ - | - | - | 64,943 | - | - | - | - | - |
| Accrued payroll liabilities | 536 | - | - | - | - | - | - | - | - |
| Total liabilities | <u>536</u> | <u>-</u> | <u>-</u> | <u>64,943</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Deferred Inflows of Resources: | | | | | | | | | |
| Total deferred inflows of resources | - | - | - | - | - | - | - | - | - |
| Fund balances: | | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | - | - |
| Restricted | 3,307 | 3,539 | 20,158 | - | 150,796 | 1,963 | - | 68 | 149 |
| Committed | - | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - | - | - |
| Unassigned | - | - | - | (53,317) | - | - | - | - | - |
| Total fund balances | <u>3,307</u> | <u>3,539</u> | <u>20,158</u> | <u>(53,317)</u> | <u>150,796</u> | <u>1,963</u> | <u>-</u> | <u>68</u> | <u>149</u> |
| Total liabilities, deferred inflows of resources and fund balances: | \$ <u>3,843</u> | <u>3,539</u> | <u>20,158</u> | <u>11,626</u> | <u>150,796</u> | <u>1,963</u> | <u>-</u> | <u>68</u> | <u>149</u> |

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

**STATE OF NEW MEXICO
DE BACA COUNTY
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
As of June 30, 2018**

| | Safety Enforce- ment OT | Tranfer Station Financial Assurance | Transfer Station Equipment | Tire Mgmt | Recycling Grant | Municipal Court Fines | Total |
|--|--|--|---|----------------------|----------------------------|----------------------------------|------------------|
| Assets and deferred inflows of resources: | | | | | | | |
| Assets: | | | | | | | |
| Cash and cash equivalents | \$ 189 | 300,000 | - | 2,357 | 824 | 8,525 | 1,279,118 |
| Receivables | | | | | | | |
| Taxes receivable | - | - | - | - | - | - | 64,592 |
| Other receivables | - | - | - | - | - | 4,885 | 4,885 |
| Total assets | <u>189</u> | <u>300,000</u> | <u>-</u> | <u>2,357</u> | <u>824</u> | <u>13,410</u> | <u>1,348,595</u> |
| Deferred Outflows of Resources: | | | | | | | |
| Total deferred outflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assests and deferred outflows of resources | <u>\$ 189</u> | <u>300,000</u> | <u>-</u> | <u>2,357</u> | <u>824</u> | <u>13,410</u> | <u>1,348,595</u> |
| Liabilities, deferred inflows of resources and fund balances: | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ - | - | - | - | - | - | 75,547 |
| Accrued payroll liabilities | - | - | - | - | - | - | 9,302 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>84,849</u> |
| Deferred Inflows of Resources: | | | | | | | |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - |
| Restricted | 189 | 300,000 | - | 2,357 | 824 | 13,410 | 1,317,063 |
| Committed | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - | (53,317) |
| Total fund balances | <u>189</u> | <u>300,000</u> | <u>-</u> | <u>2,357</u> | <u>824</u> | <u>13,410</u> | <u>1,263,746</u> |
| Total liabilities, deferred inflows of resources and fund balances: | <u>\$ 189</u> | <u>300,000</u> | <u>-</u> | <u>2,357</u> | <u>824</u> | <u>13,410</u> | <u>1,348,595</u> |

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

**STATE OF NEW MEXICO
DE BACA COUNTY
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2018**

| | <u>Property Valuation</u> | <u>Sheriffs JPA</u> | <u>Lake Sumner EMS</u> | <u>Enhanced 911</u> | <u>Farm & Range</u> | <u>Law Enforce- ment</u> | <u>Indigent Fund</u> | <u>Ambu- lance Fund</u> | <u>DWI Fund</u> |
|--|-------------------------------|-------------------------|--------------------------------|-------------------------|-----------------------------|----------------------------------|--------------------------|---------------------------------|---------------------|
| Revenues: | | | | | | | | | |
| Taxes | | | | | | | | | |
| Property | \$ 21,892 | - | - | - | - | - | - | - | - |
| Gross receipts | - | - | - | - | - | - | 123,175 | 28,500 | - |
| Charges for services | 67 | - | - | - | - | - | - | - | - |
| Intergovernmental revenue | | | | | | | | | |
| Federal grants | - | - | - | - | - | - | - | - | 255 |
| State grants | - | - | 5,196 | 4,164 | 7,878 | 21,200 | - | - | - |
| Miscellaneous income | 246 | 121,193 | - | - | - | - | - | - | - |
| Total revenues | <u>22,205</u> | <u>121,193</u> | <u>5,196</u> | <u>4,164</u> | <u>7,878</u> | <u>21,200</u> | <u>123,175</u> | <u>28,500</u> | <u>255</u> |
| Expenditures: | | | | | | | | | |
| Current: | | | | | | | | | |
| General government | 6,015 | - | - | - | 36,500 | - | - | - | - |
| Public safety | - | 98,307 | 1,000 | 3,514 | - | 17,632 | - | 19,101 | 2,656 |
| Public works | - | - | - | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - | - | - | - |
| Health and welfare | - | - | - | - | - | - | 55,957 | - | - |
| Total expenditures | <u>6,015</u> | <u>98,307</u> | <u>1,000</u> | <u>3,514</u> | <u>36,500</u> | <u>17,632</u> | <u>55,957</u> | <u>19,101</u> | <u>2,656</u> |
| Excess (deficiency) of revenues over (under) expenditures | 16,190 | 22,886 | 4,196 | 650 | (28,622) | 3,568 | 67,218 | 9,399 | (2,401) |
| Other financing sources (uses): | | | | | | | | | |
| Transfers in | - | (2,145) | - | - | 28,623 | - | - | - | 2,401 |
| Transfers out | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses): | <u>-</u> | <u>(2,145)</u> | <u>-</u> | <u>-</u> | <u>28,623</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,401</u> |
| Net change in fund balances | 16,190 | 20,741 | 4,196 | 650 | 1 | 3,568 | 67,218 | 9,399 | - |
| Beginning fund balance | <u>66,807</u> | <u>1,755</u> | <u>9,217</u> | <u>-</u> | <u>-</u> | <u>17,632</u> | <u>238,069</u> | <u>3,831</u> | <u>-</u> |
| Ending fund balance | <u>\$ 82,997</u> | <u>22,496</u> | <u>13,413</u> | <u>650</u> | <u>1</u> | <u>21,200</u> | <u>305,287</u> | <u>13,230</u> | <u>-</u> |

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

**STATE OF NEW MEXICO
DE BACA COUNTY
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2018**

| | Re- cording & Equip- ment | Firework Dona- tions | Lake Sumner Forestry Fire | Lake Sumner Fire | Valley Forestry Fire | Valley Fire | County Reserve | DARE | Commu- nications |
|---|------------------------------------|----------------------------|------------------------------|------------------------|----------------------------|----------------|-------------------|--------------|---------------------|
| Revenues: | | | | | | | | | |
| Taxes | | | | | | | | | |
| Gross receipts | \$ - | - | - | - | - | - | 1,406 | - | 65,685 |
| Charges for services | 480 | 6,450 | - | - | - | - | - | - | - |
| Intergovernmental revenue | | | | | | | | | |
| State grants | - | - | 1,661 | 52,844 | 14,373 | 115,451 | - | 200 | - |
| Interest income | 7 | - | - | - | - | 157 | 46 | - | - |
| Miscellaneous income | 4,627 | - | - | 182 | - | 195 | - | - | 89,934 |
| Total revenues | <u>5,114</u> | <u>6,450</u> | <u>1,661</u> | <u>53,026</u> | <u>14,373</u> | <u>115,803</u> | <u>1,452</u> | <u>200</u> | <u>155,619</u> |
| Expenditures: | | | | | | | | | |
| Current: | | | | | | | | | |
| General government | 1,797 | - | - | - | - | - | - | - | - |
| Public safety | - | - | - | 18,852 | 102 | 58,363 | - | - | 260,649 |
| Public works | - | - | - | - | - | - | - | - | - |
| Culture and recreation | - | 4,474 | - | - | - | - | - | - | - |
| Health and welfare | - | - | - | - | - | - | - | - | - |
| Debt service | | | | | | | | | |
| Principal | - | - | - | - | - | 32,473 | - | - | - |
| Interest | - | - | - | - | - | 6,317 | - | - | - |
| Total expenditures | <u>1,797</u> | <u>4,474</u> | <u>-</u> | <u>18,852</u> | <u>102</u> | <u>97,153</u> | <u>-</u> | <u>-</u> | <u>260,649</u> |
| Excess (deficiency) of revenues over (under) expenditures | 3,317 | 1,976 | 1,661 | 34,174 | 14,271 | 18,650 | 1,452 | 200 | (105,030) |
| Other financing sources (uses): | | | | | | | | | |
| Transfers in | - | - | - | - | - | - | 6 | - | 116,900 |
| Transfers out | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses): | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>6</u> | <u>-</u> | <u>116,900</u> |
| Net change in fund balances | 3,317 | 1,976 | 1,661 | 34,174 | 14,271 | 18,650 | 1,458 | 200 | 11,870 |
| Beginning fund balance | 26,101 | 8,655 | 30,805 | 37,396 | 84,240 | 29,621 | 43,761 | 2,444 | 12,044 |
| Restatement | - | - | - | - | - | - | (1,615) | - | - |
| Beginning fund balance, as restated | <u>26,101</u> | <u>8,655</u> | <u>30,805</u> | <u>37,396</u> | <u>84,240</u> | <u>29,621</u> | <u>42,146</u> | <u>2,444</u> | <u>12,044</u> |
| Ending fund balance | <u>\$ 29,418</u> | <u>10,631</u> | <u>32,466</u> | <u>71,570</u> | <u>98,511</u> | <u>48,271</u> | <u>43,604</u> | <u>2,644</u> | <u>23,914</u> |

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

**STATE OF NEW MEXICO
DE BACA COUNTY
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2018**

| | Emer- gency Mgmt | Fair Grounds | Health Grant | Hazard Mitigation Grant | Hospital | Misde- meanor Compli- ance | 2016 EMW Grant | 2011 EMW Grant | 100 Days and Nights of Summer |
|---|---------------------------------|-------------------------|-------------------------|--|-----------------|---|-------------------------------|-------------------------------|--|
| Revenues: | | | | | | | | | |
| Charges for services | \$ - | 1,775 | - | - | - | - | - | - | - |
| Fines and forfeitures | - | - | - | - | - | 2,275 | - | - | - |
| Intergovernmental revenue | | | | | | | | | |
| Federal grants | - | - | - | - | - | - | 29,681 | - | - |
| State grants | 8,670 | - | - | - | - | - | - | - | - |
| Miscellaneous income | - | 1,407 | 4,855 | - | - | - | - | - | 1,273 |
| Total revenues | <u>8,670</u> | <u>3,182</u> | <u>4,855</u> | <u>-</u> | <u>-</u> | <u>2,275</u> | <u>29,681</u> | <u>-</u> | <u>1,273</u> |
| Expenditures: | | | | | | | | | |
| Current: | | | | | | | | | |
| General government | - | - | - | - | - | - | - | - | - |
| Public safety | 16,396 | - | - | - | - | 2,162 | - | - | 665 |
| Public works | - | - | - | - | - | - | - | - | - |
| Culture and recreation | - | 6,980 | - | - | - | - | - | - | - |
| Health and welfare | - | - | 4,089 | - | - | - | - | - | - |
| Capital outlay | - | - | - | 77,067 | - | - | 29,681 | - | - |
| Total expenditures | <u>16,396</u> | <u>6,980</u> | <u>4,089</u> | <u>77,067</u> | <u>-</u> | <u>2,162</u> | <u>29,681</u> | <u>-</u> | <u>665</u> |
| Excess (deficiency) of revenues over (under) expenditures | (7,726) | (3,798) | 766 | (77,067) | - | 113 | - | - | 608 |
| Other financing sources (uses): | | | | | | | | | |
| Transfers in | 11,321 | - | - | - | - | - | - | - | (459) |
| Transfers out | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses): | <u>11,321</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(459)</u> |
| Net change in fund balances | 3,595 | (3,798) | 766 | (77,067) | - | 113 | - | - | 149 |
| Beginning fund balance | 3,269 | 7,337 | 19,392 | 23,750 | 150,796 | 1,850 | - | 68 | - |
| Restatement | (3,557) | - | - | - | - | - | - | - | - |
| Beginning fund balance, as restated | <u>(288)</u> | <u>7,337</u> | <u>19,392</u> | <u>23,750</u> | <u>150,796</u> | <u>1,850</u> | <u>-</u> | <u>68</u> | <u>-</u> |
| Ending fund balance | <u>\$ 3,307</u> | <u>3,539</u> | <u>20,158</u> | <u>(53,317)</u> | <u>150,796</u> | <u>1,963</u> | <u>-</u> | <u>68</u> | <u>149</u> |

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

STATE OF NEW MEXICO
DE BACA COUNTY
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2018

| | Safety Enforce- ment OT | Tranfer Station Financial Assurance | Transfer Station Equipment | Tire Mgmt | Recycling Grant | Municipal Court Fines | Total |
|--|-------------------------------|--|----------------------------------|--------------|--------------------|--------------------------|------------------|
| Revenues: | | | | | | | |
| Taxes | | | | | | | |
| Property | \$ - | - | - | - | - | - | 21,892 |
| Gross receipts | - | - | - | - | - | - | 218,766 |
| Charges for services | 1,202 | - | - | - | - | - | 9,974 |
| Fines and forfeitures | - | - | - | - | - | 19,470 | 21,745 |
| Intergovernmental revenue | | | | | | | |
| Federal grants | - | - | - | - | - | - | 29,936 |
| State grants | - | - | - | - | - | - | 231,637 |
| Interest income | - | - | - | - | - | - | 210 |
| Miscellaneous income | - | 60,000 | - | - | - | - | 283,912 |
| Total revenues | <u>1,202</u> | <u>60,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>19,470</u> | <u>818,072</u> |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | - | - | - | - | - | - | 44,312 |
| Public safety | 1,718 | - | - | - | - | 31,038 | 532,155 |
| Public works | - | - | 12,204 | 188 | - | - | 12,392 |
| Culture and recreation | - | - | - | - | - | - | 11,454 |
| Health and welfare | - | - | - | - | - | - | 60,046 |
| Capital outlay | - | - | - | - | - | - | 106,748 |
| Debt service | | | | | | | |
| Principal | - | - | - | - | - | - | 32,473 |
| Interest | - | - | - | - | - | - | 6,317 |
| Total expenditures | <u>1,718</u> | <u>-</u> | <u>12,204</u> | <u>188</u> | <u>-</u> | <u>31,038</u> | <u>805,897</u> |
| Excess (deficiency) of revenues over (under) expenditures | (516) | 60,000 | (12,204) | (188) | - | (11,568) | 12,175 |
| Other financing sources (uses): | | | | | | | |
| Transfers in | 705 | - | - | 830 | - | - | 158,182 |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses): | <u>705</u> | <u>-</u> | <u>-</u> | <u>830</u> | <u>-</u> | <u>-</u> | <u>158,182</u> |
| Net change in fund balances | 189 | 60,000 | (12,204) | 642 | - | (11,568) | 170,357 |
| Beginning fund balance | - | 240,000 | 12,204 | 1,715 | 824 | 24,978 | 1,098,561 |
| Restatement | - | - | - | - | - | - | (5,172) |
| Beginning fund balance, as restated | <u>-</u> | <u>240,000</u> | <u>12,204</u> | <u>1,715</u> | <u>824</u> | <u>24,978</u> | <u>1,093,389</u> |
| Ending fund balance | <u>\$ 189</u> | <u>300,000</u> | <u>-</u> | <u>2,357</u> | <u>824</u> | <u>13,410</u> | <u>1,263,746</u> |

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

**STATE OF NEW MEXICO
DE BACA COUNTY
PROPRIETARY FUND - TRANSFER STATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2018**

| | Budgeted Amounts | | Actual | Favorable (Unfavorable) |
|--|------------------|-----------|--------------|----------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for services | \$ 199,200 | 199,200 | 365,254 | 166,054 |
| Fines and forfeitures | - | - | - | - |
| Intergovernmental revenue | | | | |
| Federal grants | - | - | - | - |
| State grants | - | - | - | - |
| Interest income | - | - | - | - |
| Miscellaneous income | 150,000 | 150,000 | 52,726 | (97,274) |
| Total revenues | 349,200 | 349,200 | 417,980 | 68,780 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | 397,874 | 452,976 | 404,103 | 48,873 |
| Culture and recreation | - | - | - | - |
| Health and welfare | - | - | - | - |
| Capital outlay | 14,000 | 55,239 | 34,180 | 21,059 |
| Total expenditures | 411,874 | 508,215 | 438,283 | 69,932 |
| Excess (deficiency) of revenues over (under) expenditures | (62,674) | (159,015) | (20,303) | (1,152) |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | 30,370 | 30,370 |
| Transfers out | - | - | - | - |
| Total other financing sources (uses): | - | - | 30,370 | 30,370 |
| Excess (deficiency) of revenues over expenditures and other financing sources (uses) | (62,674) | (159,015) | 10,067 | 29,218 |
| Budgeted cash carryover | 62,674 | 159,015 | - | |
| Net change in fund balance | \$ - | - | 10,067 | |
| Reconciliation From Budget/Actual to GAAP | | | | |
| Net change in fund balance (Non-GAAP budgetary basis) | | | \$ 10,067 | |
| Adjustments to revenue for tax accruals and other miscellaneous revenue accruals | | | 26,270 | |
| Adjustments to expenditures for accrued wages and expenditures | | | (497,282) | |
| Net change in fund balance (GAAP) | | | \$ (460,945) | |

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

**STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2018**

| | Balance 6/30/2017 | Receipts | Disbursements | Balance 6/30/2018 |
|--|----------------------|----------------|------------------|----------------------|
| FT. SUMNER SCHOOL OPR FUND 700 | | | | |
| Assets: | | | | |
| Cash | \$ - | 32,395 | (32,395) | - |
| Receivables - Property taxes | 1,463 | 32,906 | (32,726) | 1,643 |
| Total assets | <u>\$ 1,463</u> | <u>65,301</u> | <u>(65,121)</u> | <u>1,643</u> |
| Liabilities: | | | | |
| Deposits held in trust for others | \$ - | 32,395 | (32,395) | - |
| Future taxes collectible | 1,463 | 32,906 | (32,726) | 1,643 |
| Total liabilities | <u>\$ 1,463</u> | <u>65,301</u> | <u>(65,121)</u> | <u>1,643</u> |
| FT. SUMNER SCHOOL DEBT SER FUND 701 | | | | |
| Assets: | | | | |
| Cash | \$ - | 400,980 | (400,980) | - |
| Receivables - Property taxes | 17,479 | 407,375 | (405,073) | 19,781 |
| Total assets | <u>\$ 17,479</u> | <u>808,355</u> | <u>(806,053)</u> | <u>19,781</u> |
| Liabilities: | | | | |
| Deposits held in trust for others | \$ - | 400,980 | (400,980) | - |
| Future taxes collectible | 17,479 | 407,375 | (405,073) | 19,781 |
| Total liabilities | <u>\$ 17,479</u> | <u>808,355</u> | <u>(806,053)</u> | <u>19,781</u> |
| FT. SUMNER SCHOOL CAP IMP FUND 702 | | | | |
| Assets: | | | | |
| Cash | \$ - | 136,594 | (136,594) | - |
| Receivables - Property taxes | 6,061 | 138,761 | (137,988) | 6,834 |
| Total assets | <u>\$ 6,061</u> | <u>275,355</u> | <u>(274,582)</u> | <u>6,834</u> |
| Liabilities: | | | | |
| Deposits held in trust for others | \$ - | 136,594 | (136,594) | - |
| Future taxes collectible | 6,061 | 138,761 | (137,988) | 6,834 |
| Total liabilities | <u>\$ 6,061</u> | <u>275,355</u> | <u>(274,582)</u> | <u>6,834</u> |
| VILLAGE OF FT. SUMNER FUND 705 | | | | |
| Assets: | | | | |
| Cash | \$ - | 23,081 | (23,082) | (1) |
| Receivables - Property taxes | 2,172 | 23,478 | (23,318) | 2,332 |
| Total assets | <u>\$ 2,172</u> | <u>46,559</u> | <u>(46,400)</u> | <u>2,331</u> |
| Liabilities: | | | | |
| Deposits held in trust for others | \$ - | 23,081 | (23,082) | (1) |
| Future taxes collectible | 2,172 | 23,478 | (23,318) | 2,332 |
| Total liabilities | <u>\$ 2,172</u> | <u>46,559</u> | <u>(46,400)</u> | <u>2,331</u> |
| CLINIC FUND 706 | | | | |
| Assets: | | | | |
| Cash | \$ - | 356,186 | (356,186) | - |
| Receivables - Property taxes | 13,754 | 362,245 | (359,820) | 16,179 |
| Total assets | <u>\$ 13,754</u> | <u>718,431</u> | <u>(716,006)</u> | <u>16,179</u> |
| Liabilities: | | | | |
| Deposits held in trust for others | \$ - | 356,186 | (356,186) | - |
| Future taxes collectible | 13,754 | 362,245 | (359,820) | 16,179 |
| Total liabilities | <u>\$ 13,754</u> | <u>718,431</u> | <u>(716,006)</u> | <u>16,179</u> |

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

**STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2018**

| | <u>Balance</u> <u>6/30/2017</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Balance</u> <u>6/30/2018</u> |
|-----------------------------------|------------------------------------|-----------------|----------------------|------------------------------------|
| FSID MAINTENANCE FUND 735 | | | | |
| Assets: | | | | |
| Cash | \$ - | 192,396 | (191,675) | 721 |
| Receivables - Property taxes | 7,603 | 192,354 | (193,611) | 6,346 |
| Total assets | <u>\$ 7,603</u> | <u>384,750</u> | <u>(385,286)</u> | <u>7,067</u> |
| Liabilities: | | | | |
| Deposits held in trust for others | \$ - | 192,396 | (191,675) | 721 |
| Future taxes collectible | 7,603 | 192,354 | (193,611) | 6,346 |
| Total liabilities | <u>\$ 7,603</u> | <u>384,750</u> | <u>(385,286)</u> | <u>7,067</u> |
| FSID SINKING FUND 736 | | | | |
| Assets: | | | | |
| Cash | \$ - | 56,050 | (55,835) | 215 |
| Receivables - Property taxes | 2,846 | 56,390 | (56,686) | 2,550 |
| Total assets | <u>\$ 2,846</u> | <u>112,440</u> | <u>(112,521)</u> | <u>2,765</u> |
| Liabilities: | | | | |
| Deposits held in trust for others | \$ - | 56,050 | (55,835) | 215 |
| Future taxes collectible | 2,846 | 56,390 | (56,686) | 2,550 |
| Total liabilities | <u>\$ 2,846</u> | <u>112,440</u> | <u>(112,521)</u> | <u>2,765</u> |
| FSID WATER MASTER FUND 737 | | | | |
| Assets: | | | | |
| Cash | \$ - | 33,003 | (33,003) | - |
| Receivables - Property taxes | 1,395 | 33,031 | (33,336) | 1,090 |
| Total assets | <u>\$ 1,395</u> | <u>66,034</u> | <u>(66,339)</u> | <u>1,090</u> |
| Liabilities: | | | | |
| Deposits held in trust for others | \$ - | 33,003 | (33,003) | - |
| Future taxes collectible | 1,395 | 33,031 | (33,336) | 1,090 |
| Total liabilities | <u>\$ 1,395</u> | <u>66,034</u> | <u>(66,339)</u> | <u>1,090</u> |
| FSID DELINQUENT WATER 738 | | | | |
| Assets: | | | | |
| Cash | \$ - | 1,991 | (1,991) | - |
| Receivables - Property taxes | 1,092 | 2,156 | (1,991) | 1,257 |
| Total assets | <u>\$ 1,092</u> | <u>4,147</u> | <u>(3,982)</u> | <u>1,257</u> |
| Liabilities: | | | | |
| Deposits held in trust for others | \$ - | 1,991 | (1,991) | - |
| Future taxes collectible | 1,092 | 2,156 | (1,991) | 1,257 |
| Total liabilities | <u>\$ 1,092</u> | <u>4,147</u> | <u>(3,982)</u> | <u>1,257</u> |

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

**STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2018**

| | Balance 6/30/2017 | Receipts | Disbursements | Balance 6/30/2018 |
|-----------------------------------|----------------------|----------------|------------------|----------------------|
| SWINE FUND 740 | | | | |
| Assets: | | | | |
| Cash | \$ (2) | - | (3) | (5) |
| Receivables - Property taxes | - | 3 | (3) | - |
| Total assets | <u>\$ (2)</u> | <u>3</u> | <u>(6)</u> | <u>(5)</u> |
| Liabilities: | | | | |
| Deposits held in trust for others | \$ (2) | - | (3) | (5) |
| Future taxes collectible | - | 3 | (3) | - |
| Total liabilities | <u>\$ (2)</u> | <u>3</u> | <u>(6)</u> | <u>(5)</u> |
| BISON FUND 742 | | | | |
| Assets: | | | | |
| Cash | \$ - | 10 | (10) | - |
| Receivables - Property taxes | - | 10 | (10) | - |
| Total assets | <u>\$ -</u> | <u>20</u> | <u>(20)</u> | <u>-</u> |
| Liabilities: | | | | |
| Deposits held in trust for others | \$ - | 10 | (10) | - |
| Future taxes collectible | - | 10 | (10) | - |
| Total liabilities | <u>\$ -</u> | <u>20</u> | <u>(20)</u> | <u>-</u> |
| DAIRY LEVY FUND 743 | | | | |
| Assets: | | | | |
| Cash | \$ - | 2 | (2) | - |
| Receivables - Property taxes | - | 2 | (2) | - |
| Total assets | <u>\$ -</u> | <u>4</u> | <u>(4)</u> | <u>-</u> |
| Liabilities: | | | | |
| Deposits held in trust for others | \$ - | 2 | (2) | - |
| Future taxes collectible | - | 2 | (2) | - |
| Total liabilities | <u>\$ -</u> | <u>4</u> | <u>(4)</u> | <u>-</u> |
| RATITES FUND 744 | | | | |
| Assets: | | | | |
| Cash | \$ - | 1 | (1) | - |
| Receivables - Property taxes | - | 1 | (1) | - |
| Total assets | <u>\$ -</u> | <u>2</u> | <u>(2)</u> | <u>-</u> |
| Liabilities: | | | | |
| Deposits held in trust for others | \$ - | 1 | (1) | - |
| Future taxes collectible | - | 1 | (1) | - |
| Total liabilities | <u>\$ -</u> | <u>2</u> | <u>(2)</u> | <u>-</u> |
| STATE LEVY FUND 745 | | | | |
| Assets: | | | | |
| Cash | \$ - | 114,295 | (114,295) | - |
| Receivables - Property taxes | 4,543 | 116,203 | (115,461) | 5,285 |
| Total assets | <u>\$ 4,543</u> | <u>230,498</u> | <u>(229,756)</u> | <u>5,285</u> |
| Liabilities: | | | | |
| Deposits held in trust for others | \$ - | 114,295 | (114,295) | - |
| Future taxes collectible | 4,543 | 116,203 | (115,461) | 5,285 |
| Total liabilities | <u>\$ 4,543</u> | <u>230,498</u> | <u>(229,756)</u> | <u>5,285</u> |

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

**STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2018**

| | <u>Balance</u> <u>6/30/2017</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Balance</u> <u>6/30/2018</u> |
|-----------------------------------|------------------------------------|-----------------|----------------------|------------------------------------|
| CATTLE FUND 746 | | | | |
| Assets: | | | | |
| Cash | \$ - | 55,180 | (55,180) | - |
| Receivables - Property taxes | 404 | 56,791 | (55,738) | 1,457 |
| Total assets | <u>\$ 404</u> | <u>111,971</u> | <u>(110,918)</u> | <u>1,457</u> |
| Liabilities: | | | | |
| Deposits held in trust for others | \$ - | 55,180 | (55,180) | - |
| Future taxes collectible | 404 | 56,791 | (55,738) | 1,457 |
| Total liabilities | <u>\$ 404</u> | <u>111,971</u> | <u>(110,918)</u> | <u>1,457</u> |
| SHEEP FUND 747 | | | | |
| Assets: | | | | |
| Cash | \$ 1 | 145 | (142) | 4 |
| Receivables - Property taxes | - | 151 | (143) | 8 |
| Total assets | <u>\$ 1</u> | <u>296</u> | <u>(285)</u> | <u>12</u> |
| Liabilities: | | | | |
| Deposits held in trust for others | \$ 1 | 145 | (142) | 4 |
| Future taxes collectible | - | 151 | (143) | 8 |
| Total liabilities | <u>\$ 1</u> | <u>296</u> | <u>(285)</u> | <u>12</u> |
| EQUINE FUND 748 | | | | |
| Assets: | | | | |
| Cash | \$ - | 552 | (552) | - |
| Receivables - Property taxes | 25 | 576 | (558) | 43 |
| Total assets | <u>\$ 25</u> | <u>1,128</u> | <u>(1,110)</u> | <u>43</u> |
| Liabilities: | | | | |
| Deposits held in trust for others | \$ - | 552 | (552) | - |
| Future taxes collectible | 25 | 576 | (558) | 43 |
| Total liabilities | <u>\$ 25</u> | <u>1,128</u> | <u>(1,110)</u> | <u>43</u> |
| GOATS FUND 749 | | | | |
| Assets: | | | | |
| Cash | \$ - | 22 | (22) | - |
| Receivables - Property taxes | - | 24 | (23) | 1 |
| Total assets | <u>\$ -</u> | <u>46</u> | <u>(45)</u> | <u>1</u> |
| Liabilities: | | | | |
| Deposits held in trust for others | \$ - | 22 | (22) | - |
| Future taxes collectible | - | 24 | (23) | 1 |
| Total liabilities | <u>\$ -</u> | <u>46</u> | <u>(45)</u> | <u>1</u> |
| COST TO STATE FUND 750 | | | | |
| Assets: | | | | |
| Cash | \$ - | 1,250 | (1,250) | - |
| Receivables - Property taxes | - | - | - | - |
| Total assets | <u>\$ -</u> | <u>1,250</u> | <u>(1,250)</u> | <u>-</u> |
| Liabilities: | | | | |
| Deposits held in trust for others | \$ - | 1,250 | (1,250) | - |
| Future taxes collectible | - | - | - | - |
| Total liabilities | <u>\$ -</u> | <u>1,250</u> | <u>(1,250)</u> | <u>-</u> |

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

**STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2018**

| | <u>Balance</u> <u>6/30/2017</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Balance</u> <u>6/30/2018</u> |
|--|------------------------------------|-----------------|----------------------|------------------------------------|
| STATE PENALTY FUND 751 | | | | |
| Assets: | | | | |
| Cash | \$ (141) | - | (278) | (419) |
| Receivables - Property taxes | - | - | - | - |
| Total assets | <u>\$ (141)</u> | <u>-</u> | <u>(278)</u> | <u>(419)</u> |
| Liabilities: | | | | |
| Deposits held in trust for others | \$ (141) | - | (278) | (419) |
| Future taxes collectible | - | - | - | - |
| Total liabilities | <u>\$ (141)</u> | <u>-</u> | <u>(278)</u> | <u>(419)</u> |
| STATE INTEREST FUND 752 | | | | |
| Assets: | | | | |
| Cash | \$ (567) | - | (4,437) | (5,004) |
| Receivables - Property taxes | - | - | - | - |
| Total assets | <u>\$ (567)</u> | <u>-</u> | <u>(4,437)</u> | <u>(5,004)</u> |
| Liabilities: | | | | |
| Deposits held in trust for others | \$ (567) | - | (4,437) | (5,004) |
| Future taxes collectible | - | - | - | - |
| Total liabilities | <u>\$ (567)</u> | <u>-</u> | <u>(4,437)</u> | <u>(5,004)</u> |
| CHILDREN TRUST FUND 753 | | | | |
| Assets: | | | | |
| Cash | \$ - | 285 | (285) | - |
| Receivables - Property taxes | - | - | - | - |
| Total assets | <u>\$ -</u> | <u>285</u> | <u>(285)</u> | <u>-</u> |
| Liabilities: | | | | |
| Deposits held in trust for others | - | 285 | (285) | - |
| Future taxes collectible | - | - | - | - |
| Total liabilities | <u>\$ -</u> | <u>285</u> | <u>(285)</u> | <u>-</u> |
| UNDISTRIBUTED TAXES 760 | | | | |
| Assets: | | | | |
| Cash | \$ 257 | 35,388 | (35,388) | 257 |
| Receivables - Property taxes | - | - | - | - |
| Total assets | <u>\$ 257</u> | <u>35,388</u> | <u>(35,388)</u> | <u>257</u> |
| Liabilities: | | | | |
| Deposits held in trust for others | \$ 257 | 35,388 | (35,388) | 257 |
| Future taxes collectible | - | - | - | - |
| Total liabilities | <u>\$ 257</u> | <u>35,388</u> | <u>(35,388)</u> | <u>257</u> |
| SUSPENSE FUND-OVER/UNDER FUND 771 | | | | |
| Assets: | | | | |
| Cash | \$ (62) | - | - | (62) |
| Receivables - Property taxes | - | - | - | - |
| Total assets | <u>\$ (62)</u> | <u>-</u> | <u>-</u> | <u>(62)</u> |
| Liabilities: | | | | |
| Deposits held in trust for others | \$ (62) | - | - | (62) |
| Future taxes collectible | - | - | - | - |
| Total liabilities | <u>\$ (62)</u> | <u>-</u> | <u>-</u> | <u>(62)</u> |

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

**STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2018**

| | <u>Balance 6/30/2017</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Balance 6/30/2018</u> |
|--------------------------------------|------------------------------|------------------|----------------------|------------------------------|
| PAID IN ADVANCE FUND 775 | | | | |
| Assets: | | | | |
| Cash | \$ 1,444 | 775 | (147) | 2,072 |
| Receivables - Property taxes | - | - | - | - |
| Total assets | <u>\$ 1,444</u> | <u>775</u> | <u>(147)</u> | <u>2,072</u> |
| Liabilities: | | | | |
| Deposits held in trust for others | \$ 1,444 | 775 | (147) | 2,072 |
| Future taxes collectible | - | - | - | - |
| Total liabilities | <u>\$ 1,444</u> | <u>775</u> | <u>(147)</u> | <u>2,072</u> |
| INMATE TRUST ACCOUNT FUND 780 | | | | |
| Assets: | | | | |
| Cash | \$ 23,403 | 29,128 | (26,247) | 26,284 |
| Receivables - Property taxes | - | - | - | - |
| Total assets | <u>\$ 23,403</u> | <u>29,128</u> | <u>(26,247)</u> | <u>26,284</u> |
| Liabilities: | | | | |
| Deposits held in trust for others | \$ 23,403 | 29,128 | (26,247) | 26,284 |
| Future taxes collectible | - | - | - | - |
| Total liabilities | <u>\$ 23,403</u> | <u>29,128</u> | <u>(26,247)</u> | <u>26,284</u> |
| TOTAL AGENCY FUNDS | | | | |
| Assets: | | | | |
| Cash | \$ 24,333 | 1,469,709 | (1,469,980) | 24,062 |
| Receivables - Property taxes | 58,837 | 1,422,457 | (1,416,488) | 64,806 |
| Total assets | <u>\$ 83,170</u> | <u>2,892,166</u> | <u>(2,886,468)</u> | <u>88,868</u> |
| Liabilities: | | | | |
| Deposits held in trust for others | \$ 24,333 | 1,469,709 | (1,469,980) | 24,062 |
| Future taxes collectible | 58,837 | 1,422,457 | (1,416,488) | 64,806 |
| Total liabilities | <u>\$ 83,170</u> | <u>2,892,166</u> | <u>(2,886,468)</u> | <u>88,868</u> |

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

STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF FUND BALANCES
As of June 30, 2018

| | Major Funds | | | | | Total Funds |
|---|--------------|-----------------------|-------------------------|-----------|-----------------------|-------------|
| | General Fund | Special Revenue Funds | | | Total Non-Major Funds | |
| | | Correc-tions Fund | Environ-mental GRT Fund | Road Fund | | |
| Fund Balances: | | | | | | |
| Nonspendable: | | | | | | |
| Inventory | - | - | - | - | - | - |
| Prepaid expenses | - | - | - | - | - | - |
| Subtotal nonspendable funds | \$ - | - | - | - | - | - |
| Restricted for: | | | | | | |
| Public safety and law enforcement efforts | - | 4,794 | - | - | 89,991 | 94,785 |
| Road improvements | - | - | - | 768,334 | - | 768,334 |
| Solid waste operations | - | - | - | - | 3,181 | 3,181 |
| Valuation services | - | - | - | - | 82,997 | 82,997 |
| Providing emergency medical services | - | - | - | - | 26,643 | 26,643 |
| Indigent Healthcare | - | - | - | - | 305,287 | 305,287 |
| County clerk equipment | - | - | - | - | 29,418 | 29,418 |
| Cultural recreation facilities and events | - | - | - | - | 14,170 | 14,170 |
| Fire fighting efforts/equipment | - | - | - | - | 250,818 | 250,818 |
| County Courthouse maintenance | - | - | - | - | 43,604 | 43,604 |
| Healthcare services | - | - | - | - | 170,954 | 170,954 |
| Financial assurance - landfill | - | - | - | - | 300,000 | 300,000 |
| Subtotal restricted funds | - | 4,794 | - | 768,334 | 1,317,063 | 2,090,191 |
| Committed to: | | | | | | |
| Subtotal committed funds | - | - | - | - | - | - |
| Assigned to: | | | | | | |
| Subtotal assigned funds | - | - | - | - | - | - |
| Unassigned | 2,277,650 | - | (5,102) | - | (53,317) | 2,219,231 |
| | \$ 2,277,650 | 4,794 | (5,102) | 768,334 | 1,263,746 | 4,309,422 |

See independent auditor's report.

**STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF DEPOSITORIES
As of June 30, 2018**

| <u>Account name</u> | <u>Type</u> | <u>Citizens Bank of Clovis</u> | <u>NMFA</u> | <u>Citizens Bank of Clovis</u> | <u>Plus Deposits in Transit</u> | <u>Less O/S Checks</u> | <u>Balance Per Books</u> |
|---|-------------|------------------------------------|----------------|------------------------------------|---|----------------------------|------------------------------|
| DeBaca County | | | | | | | |
| NOW | CK* | \$ 202,368 | - | | 3,105 | (34,824) | 170,649 |
| Public Funds MMDA | CK* | 4,502,690 | - | | - | - | 4,502,690 |
| De Baca Correction Fund | CK | 26,284 | - | | - | - | 26,284 |
| NMFA Debt service reserves | CK* | - | 8,676 | | - | - | 8,676 |
| Total cash and equivalents | | <u>4,731,342</u> | <u>8,676</u> | | <u>3,105</u> | <u>(34,824)</u> | <u>4,708,299</u> |
| Component Unit - DeBaca Family Clinic | | | | | | | |
| Demand Deposits | | | | 560,246 | 4,308 | - | 564,554 |
| Time and Savings Deposits | | | | 966,938 | - | - | 966,938 |
| Total amount on deposit | | 4,731,342 | 8,676 | 1,527,184 | <u>4,308</u> | <u>-</u> | <u>1,531,492</u> |
| FDIC coverage | | <u>(250,000)</u> | <u>(8,676)</u> | <u>(250,000)</u> | | | |
| Total uninsured public funds | | 4,481,342 | - | 1,277,184 | | | |
| 50% collateral requirement (Section 6-10-17 NMSA-1978) | | 2,240,671 | - | 638,592 | | | |
| Pledge security | | 4,045,145 | | 1,521,637 | | | |
| Amount (over)/under collateralized | | <u>\$ (1,804,474)</u> | <u>-</u> | <u>(883,045)</u> | | | |

* denotes interest bearing account

STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF PLEDGED COLLATERAL BY DEPOSITORY
As of June 30, 2018

| Cusip ID | Description/ Maturity | Coupon | Pledged | |
|--|------------------------------------|--------|--------------|--------------|
| | | | Par | Market Value |
| Citizens Bank of Clovis - For DeBaca County | | | | |
| <i>Safekeeping Location - Independent Bank, Dallas, TX</i> | | | | |
| 36179MXV7 | GNMA II Pool #MA0692 1/20/2043 | 3.000 | \$ 94,749 | 92,053 |
| 36179NA32 | GNMA II Pool #MA0926 4/20/2043 | 3.000 | 494,779 | 480,698 |
| 36179NTY4 | GNMA II Pool #MA1467 11/20/2043 | 3.125 | 359,919 | 369,424 |
| 36179R4S5 | GNMA II Pool #MA3623 4/20/2046 | 3.000 | 1,362,985 | 1,360,354 |
| 38375GWJ6 | GNR 2012-103 CD 8/16/2040 | 1.250 | 1,855,590 | 1,742,616 |
| | | | \$ 4,168,022 | 4,045,145 |
| Citizens Bank of Clovis - For DeBaca Family Clinic | | | | |
| <i>Safekeeping Location - Independent Bank, Dallas, TX</i> | | | | |
| 357021201405230 | GNMA II Pool #4974 3/20/2026 | | 452,651 | 452,651 |
| 297647201211210 | SBAP 2012-20K 1 11/1/2032 | | 1,068,986 | 1,068,986 |
| | | | \$ 1,521,637 | 1,521,637 |

**STATE OF NEW MEXICO
DE BACA COUNTY
TAX ROLL RECONCILIATION-CHANGES IN PROPERTY TAXES RECEIVABLE
As of and for the year ended June 30, 2018**

| | | |
|---|----|-------------|
| Property taxes receivable, beginning of year | \$ | 93,480 |
| Changes to tax roll: | | |
| Net tax charges to treasurer for fiscal year | | 2,189,480 |
| Adjustments: | | |
| Increases to taxes levied in current year | | 15,890 |
| Decreases to taxes levied in current year | | (3,675) |
| Total receivable prior to collections | | 2,201,695 |
| Collections for fiscal year ended June 30, 2018 | | (2,191,474) |
| Property taxes receivable at June 30, 2018 | \$ | 103,701 |

Property taxes receivable are reported as follows:

| | | |
|---------------------------------|----|---------|
| Governmental funds: | | |
| County portion | \$ | 38,895 |
| Agency portion | | 64,806 |
| Total property taxes receivable | \$ | 103,701 |

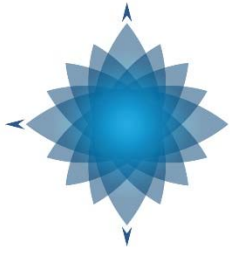
| | | |
|-------------------------------------|----|---------|
| Property taxes receivable by years: | | |
| 2007 | \$ | 12 |
| 2008 | | 6 |
| 2009 | | 381 |
| 2010 | | 8,920 |
| 2011 | | 14,847 |
| 2012 | | 1,078 |
| 2013 | | 2,311 |
| 2014 | | 4,888 |
| 2015 | | 12,490 |
| 2016 | | 58,768 |
| | \$ | 103,701 |

STATE OF NEW MEXICO
DE BACA COUNTY
10-YEAR PROPERTY TAX SCHEDULE
As of June 30, 2018

| Agency | Property Tax Levied | Collected in Current Year | Collected To-Date | Distributed in Current Year | Distributed To-Date | Undistributed at Year-End | Receivable at Year-End |
|-------------------------|---------------------|---------------------------|-------------------|-----------------------------|---------------------|---------------------------|------------------------|
| NM DEBT SERV | | | | | | | |
| 2008-2016 | 809,052 | 2,195 | 806,716 | 2,489 | 806,611 | 105 | 2,336 |
| 2017 | 116,203 | 113,254 | 113,254 | 112,922 | 113,254 | - | 2,949 |
| Total: | <u>925,255</u> | <u>115,449</u> | <u>919,970</u> | <u>115,411</u> | <u>919,865</u> | <u>105</u> | <u>5,285</u> |
| CO Operational: | | | | | | | |
| 2008-2016 | 6,560,445 | 16,067 | 6,541,950 | 16,067 | 6,541,950 | - | 18,495 |
| 2017 | 779,433 | 759,033 | 759,033 | 759,033 | 759,033 | - | 20,400 |
| Total: | <u>7,339,878</u> | <u>775,100</u> | <u>7,300,983</u> | <u>775,100</u> | <u>7,300,983</u> | <u>-</u> | <u>38,895</u> |
| MUN Operational: | | | | | | | |
| 2008-2016 | 200,256 | 1,283 | 199,371 | 1,475 | 199,315 | 56 | 885 |
| 2017 | 23,478 | 22,031 | 22,031 | 21,941 | 21,941 | 90 | 1,447 |
| Total: | <u>223,734</u> | <u>23,314</u> | <u>221,402</u> | <u>23,416</u> | <u>221,256</u> | <u>146</u> | <u>2,332</u> |
| SCH Operational: | | | | | | | |
| 2008-2016 | 277,098 | 678 | 276,317 | 767 | 276,285 | 32 | 781 |
| 2017 | 32,906 | 32,044 | 32,044 | 31,948 | 31,948 | 96 | 862 |
| Total: | <u>310,004</u> | <u>32,722</u> | <u>308,361</u> | <u>32,715</u> | <u>308,233</u> | <u>128</u> | <u>1,643</u> |
| SCH Debt: | | | | | | | |
| 2008-2016 | 3,515,759 | 7,993 | 3,506,316 | 9,032 | 3,505,940 | 376 | 9,443 |
| 2017 | 407,375 | 397,037 | 397,037 | 395,874 | 395,874 | 1,163 | 10,338 |
| Total: | <u>3,923,134</u> | <u>405,030</u> | <u>3,903,353</u> | <u>404,906</u> | <u>3,901,814</u> | <u>1,539</u> | <u>19,781</u> |
| SCH CAPT: | | | | | | | |
| 2008-2016 | 1,146,226 | 2,845 | 1,143,024 | 3,218 | 1,142,885 | 139 | 3,202 |
| 2017 | 138,761 | 135,129 | 135,129 | 134,723 | 134,723 | 406 | 3,632 |
| Total: | <u>1,284,987</u> | <u>137,974</u> | <u>1,278,153</u> | <u>137,941</u> | <u>1,277,608</u> | <u>545</u> | <u>6,834</u> |
| Clinic-L Total: | | | | | | | |
| 2008-2016 | 2,450,360 | 6,694 | 2,443,336 | 7,599 | 2,443,027 | 309 | 7,024 |
| 2017 | 362,245 | 353,090 | 353,090 | 352,059 | 352,059 | 1,031 | 9,155 |
| Total: | <u>2,812,605</u> | <u>359,784</u> | <u>2,796,426</u> | <u>359,658</u> | <u>2,795,086</u> | <u>1,340</u> | <u>16,179</u> |
| Cattle Elk: | | | | | | | |
| 2008-2016 | 434,714 | 255 | 434,565 | 341 | 434,565 | - | 149 |
| 2017 | 56,791 | 55,483 | 55,483 | 55,268 | 55,268 | 215 | 1,308 |
| Total: | <u>491,505</u> | <u>55,738</u> | <u>490,048</u> | <u>55,609</u> | <u>489,833</u> | <u>215</u> | <u>1,457</u> |
| Sheep: | | | | | | | |
| 2008-2016 | 873 | - | 873 | 24 | 873 | - | - |
| 2017 | 151 | 143 | 143 | 142 | 142 | 1 | 8 |
| Total: | <u>1,024</u> | <u>143</u> | <u>1,016</u> | <u>166</u> | <u>1,015</u> | <u>1</u> | <u>8</u> |
| Goat: | | | | | | | |
| 2008-2016 | 152 | - | 152 | 1 | 152 | - | - |
| 2017 | 24 | 23 | 23 | 23 | 23 | - | 1 |
| Total: | <u>176</u> | <u>23</u> | <u>175</u> | <u>24</u> | <u>175</u> | <u>-</u> | <u>1</u> |
| Equine Levy: | | | | | | | |
| 2008-2016 | 7,135 | 4 | 7,114 | 8 | 7,114 | - | 21 |
| 2017 | 576 | 554 | 554 | 553 | 553 | 1 | 22 |
| Total: | <u>7,711</u> | <u>558</u> | <u>7,668</u> | <u>561</u> | <u>7,667</u> | <u>1</u> | <u>43</u> |

STATE OF NEW MEXICO
DE BACA COUNTY
10-YEAR PROPERTY TAX SCHEDULE
As of June 30, 2018

| Agency | Property Tax Levied | Collected in Current Year | Collected To-Date | Distributed in Current Year | Distributed To-Date | Undistributed at Year-End | Receivable at Year-End |
|---------------------------|---------------------|---------------------------|-------------------|-----------------------------|---------------------|---------------------------|------------------------|
| Dairy: | | | | | | | |
| 2008-2016 | 34 | - | 34 | - | 34 | - | - |
| 2017 | 2 | 2 | 2 | 2 | 2 | - | - |
| Total: | 36 | 2 | 36 | 2 | 36 | - | - |
| Swine: | | | | | | | |
| 2008-2016 | 38 | - | 38 | - | 38 | - | - |
| 2017 | 3 | 3 | 3 | 3 | 3 | - | - |
| Total: | 41 | 3 | 41 | 3 | 41 | - | - |
| Bison: | | | | | | | |
| 2008-2016 | 255 | - | 255 | - | 255 | - | - |
| 2017 | 10 | 10 | 10 | 10 | 10 | - | - |
| Total: | 265 | 10 | 265 | 10 | 265 | - | - |
| Ratites Levy: | | | | | | | |
| 2008-2016 | 11 | - | 11 | - | 11 | - | - |
| 2017 | 1 | 1 | 1 | 1 | 1 | - | - |
| Total: | 12 | 1 | 12 | 1 | 12 | - | - |
| DLQ Water: | | | | | | | |
| 2008-2016 | 29,735 | 621 | 29,264 | 621 | 29,264 | - | 471 |
| 2017 | 2,156 | 1,370 | 1,370 | 1,370 | 1,370 | - | 786 |
| Total: | 31,891 | 1,991 | 30,634 | 1,991 | 30,634 | - | 1,257 |
| FSID Maint: | | | | | | | |
| 2008-2016 | 1,829,858 | 6,425 | 1,828,680 | 6,897 | 1,828,680 | - | 1,178 |
| 2017 | 192,354 | 187,186 | 187,186 | 186,484 | 186,484 | 702 | 5,168 |
| Total: | 2,022,212 | 193,611 | 2,015,866 | 193,381 | 2,015,164 | 702 | 6,346 |
| FSID Sink: | | | | | | | |
| 2008-2016 | 556,592 | 1,893 | 556,249 | 2,031 | 556,249 | - | 343 |
| 2017 | 56,011 | 54,506 | 54,506 | 54,302 | 54,302 | 204 | 1,505 |
| Total: | 612,603 | 56,399 | 610,755 | 56,333 | 610,551 | 204 | 1,848 |
| Non-Rendition: | | | | | | | |
| 2008-2016 | 3,710 | 208 | 3,308 | 208 | 3,308 | - | 402 |
| 2017 | 379 | 79 | 79 | 79 | 79 | - | 300 |
| Total: | 4,089 | 287 | 3,387 | 287 | 3,387 | - | 702 |
| FSID WTR MASTER: | | | | | | | |
| 2008-2016 | 329,728 | 1,193 | 329,526 | 1,277 | 329,526 | - | 202 |
| 2017 | 33,031 | 32,143 | 32,143 | 32,023 | 32,023 | 120 | 888 |
| Total: | 362,759 | 33,336 | 361,669 | 33,300 | 361,549 | 120 | 1,090 |
| Total Agency Funds | | | | | | | |
| 2008-2016 | 18,152,031 | 48,354 | 18,107,099 | 52,055 | 18,106,082 | 1,017 | 44,932 |
| 2017 | 2,201,890 | 2,143,121 | 2,143,121 | 2,138,760 | 2,139,092 | 4,029 | 58,769 |
| Total: | 20,353,921 | 2,191,475 | 20,250,220 | 2,190,815 | 20,245,174 | 5,046 | 103,701 |



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

Wayne Johnson
New Mexico State Auditor
Board of County Commissioners of
DeBaca County
Fort Sumner, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of DeBaca County, State of New Mexico, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 29, 2018.

Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses: 2018-002.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies: 2015-001, 2015-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items: 2017-001, 2018-001.

DeBaca County's Response to Findings

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Integrity Accounting + Consulting, LLC

Integrity Accounting & Consulting, LLC
Albuquerque, NM

November 29, 2018

**STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 1. Internal control over financial reporting: | |
| a. Material weakness identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements noted? | No |
| d. Other Matters? | Yes |

SECTION II FINDINGS – FINANCIAL STATEMENTS

| Finding | Status of Prior Year Findings | Financial Statement Finding |
|---|--|--|
| Prior Year Findings | | |
| DeBaca County | | |
| 2015-001 Information Technology | Repeated/modified | Yes |
| 2015-002 Treasurer's Office Segregation of duties | Repeated/modified | Yes |
| 2015-005 Journal entries review | Resolved | Yes |
| 2017-001 Bank Reconciliations | Repeated/modified | Yes |
| 2017-002 Solid Waste Agreement with Village of Fort Sumner | Resolved | Yes |
| Component Unit - DeBaca Family Practice Clinic, Inc. | | |
| 2017-001 Capital Asset Accounting | Resolved | Yes |
| 2017-002 Late Audit Report | Resolved | Yes |
| Current Year Findings | | |
| DeBaca County | | |
| 2018-001 Tracking Industrial Revenue Bonds | Current | Yes |
| 2018-002 Controls Over Financial Reporting | Current | Yes |
| Component Unit - DeBaca Family Practice Clinic, Inc. | | |
| None | | |

**STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENT FINDINGS

PRIOR YEAR FINDINGS REPEATED/MODIFIED IN CURRENT YEAR

2015-001 – INFORMATION TECHNOLOGY CONTROLS – Significant Deficiency – Repeated/Modified

Statement of Condition

During our review of Information Technology (IT) Financial Reporting close procedures we noted the following weaknesses in internal controls:

- Users are not required to periodically change passwords or use special characters in their passwords;
- The computer server is not stored in a secured location and is accessible to the public during the day; and
- Financial information backups are stored in the same location as the server and kept in an unsecure location.

The County did not appear to have made progress on this matter during FY 2018, however during fieldwork in August 2018, the County informed us they were beginning the process to add cages and other physical security controls to the servers.

Criteria

Sound internal control policies and procedures regarding the utilization of information technology are required to ensure the safeguarding of assets, the maintaining of data integrity, and for the uninterrupted continuation of the County's ongoing operations.

Effect

The County's financial data is more susceptible to loss from fire, water damage, or malicious attacks on either the hardware or software applications.

Cause

The County does not have a comprehensive IT Policy in place.

Recommendation

We recommend that the County create and implement a Disaster Recovery plan that requires the storage of backup financial data at a separate secure location. In addition, the policy should require that the placement of the computer server in a secured climate controlled location that prohibits public access and limits employee access to authorized personnel only. In addition, we recommend that the County create and implement a comprehensive IT policy that should include periodic password resets, password lengths, and the use of special characters.

Management's Response

De Baca County plans to purchase a secure cage to house the computer server in order to make it inaccessible to the public. The County also plans to obtain a fire proof safe to store the financial

**STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

information backups. Policies and Procedures will be revised and implemented regarding the changing of passwords using special characters.

The Human Resources Specialist will be responsible for these corrective actions and we intend to have this rectified by June 30, 2019.

2015-002 – TREASURERS OFFICE SEGREGATION OF DUTIES – Significant Deficiency – Repeated/Modified

Statement of Condition

During our review of the Treasurer’s Office control environment we noted the following internal control weaknesses related to the improper segregation of duties or certain financial functions within the Treasurer’s Office: The same person is responsible for billing customers/taxpayers, collecting payments, posting payment and deposit entries, and for reconciling the bank statements.

The County implemented several new procedures to address this finding during the year ended June 30, 2018. This included removing the billing for solid waste from the Treasurer’s office and increasing the communication and review between the Treasurer’s office and the Financial Specialist position. It did not appear that improvements had been made regarding the segregation of collecting payments, posting payment and deposit entries, and for reconciling the bank statements due to the lack of available resources to add additional personnel.

Criteria

Segregation of duties is a necessary attribute to safeguard an entity’s assets. State law section 6-5-2 C NMSA, 1978 states: Entities shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

Effect

Financial transactions are more susceptible to uncorrected errors and increase the risk of asset misappropriation.

Cause

There are limited staff resources within the County Treasurer Office.

Recommendation

We recommend that County implement controls within the Treasurer’s Office that restrict a person’s access to or underlying capability to perform certain functions that are incompatible from a segregation of duties viewpoint with their current job duties. If necessary, due to the limited staff resources in the Treasurer’s Office, the County might want to consider using an individual from outside of the Treasurer’s Office or from the finance department for that purpose.

Management’s Response

The Treasurer will make all end of day and monthly reports available to the Finance Department and Commission for review. These reports are computer generated and show all transactions. Documentation supporting all deposits will be available as well.

**STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

The County Treasurer will be responsible for these corrective actions and we intend to have this rectified by June 30, 2019.

2017-001 – BANK RECONCILIATIONS – Findings that do not rise to the level of significant deficiency

Statement of Condition

Review of the bank reconciliation procedures suggested that the County was using a manual excel spreadsheet to reconcile its bank accounts, as well as attempting to use the accounting software to perform the reconciliation. Both methods resulted in variances to the general ledger. An unreconciled variance totaling \$18,728.70 was identified in the County main operating account between the bank reconciliation and the general ledger. The Treasurer was able to decrease the variance to \$1,237.47 during fieldwork.

We also observed that there was no process for a secondary individual to review the bank reconciliation for accuracy and completeness. This prevented the Treasurer from identifying errors and correcting them in a timely manner.

This is a repeat finding from the previous year. The County was able to decrease the overall bank reconciliation variance, however it was unable to fully eliminate it. While there were indications that the bank reconciliations were provided to the County Commission for oversight, this was still not documented.

Criteria

Cash accounts should be reconciled in their entirety and any outstanding transactions should be monitored and followed up on to ensure proper handling. Reconciliations should be reviewed/approved by someone independent of the reconciliation process to ensure accuracy and completeness.

Effect

The County is not able to identify errors in cash which could lead to material misstatements of the reported cash balances.

Cause

The Treasurer was not fully trained on the reconciliation process through the accounting software. Due to limited personnel, oversight of the reconciliation process was not seen as necessary.

Recommendation

We recommend that the Treasurer continue to work toward identifying the variance in the bank reconciliation process. We also recommend that the County ensure bank reconciliations are reviewed and signed-off on by an individual independent of the initial reconciliation process.

Management's Response

The Treasurer will work with Triadic to resolve the remaining variances and will provide a copy of the monthly bank reconciliation to the Commission with the other monthly reporting.

The County Treasurer will be responsible for these corrective actions and we intend to have this rectified by June 30, 2019.

**STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

COMPONENT UNIT – DEBACA FAMILY PRACTICE CLINIC, INC.

None

CURRENT YEAR FINANCIAL STATEMENT FINDINGS

2018-001 – TRACKING INDUSTRIAL REVENUE BONDS – Findings that do not rise to the level of significant deficiency

Statement of Condition

While performing fieldwork, we were made aware that the County had entered into two new Industrial Revenue Bonds (IRB) series during the course of the year. After further discussion and testwork, it was identified that the County had a third IRB series outstanding from December 2002, however the County was unable to locate any additional documentation for this series.

Criteria

Proper accounting practices suggest that an entity maintain a listing of all contracts and obligations that it has entered into to ensure it is in compliance with any requirements and has met all of its obligations regarding the agreement.

Effect

The County is not able to readily identify what its contractual obligations or benefits are related to the Industrial Revenue Bond Series 2002.

Cause

Due to transition at the Clerk and Treasurer positions over time, the location of the documentation was lost.

Recommendation

We recommend that the County ensure copies of all applicable contracts and agreements are maintained in clearly identified locations to ensure continuity over time.

Management's Response

The county will ensure that all copies of contracts and agreements are be maintained in the County Clerk's office.

The County Finance Specialist will be responsible for these corrective actions and we intend to have this rectified by June 30, 2019.

2018-002 – CONTROLS OVER FINANCIAL REPORTING – Material Weakness

Statement of Condition

Following the commencement of audit fieldwork, a number of adjusting entries were identified that had a material effect on the revenues and expenditures of the District. Financial statement areas that required adjustment, due to unrecorded transactions, included but were not limited to the following:

**STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

- Receivables were increased by \$212,325
- Accounts payable were increased by \$125,526
- Salary Accruals were increased by 47,359
- Landfill post-closer liability was increased by \$467,494
- Deferred inflows of resources were increased by \$348,396

Additionally, prior-period adjustments totaling \$38,046 at the fund financial level were necessary to correct beginning balances for under/over stated accounts from prior years.

Criteria

Statement on Auditing Standards ("SAS") Number 115 defines a material weakness in financial reporting internal controls as a significant deficiency in internal controls that results in more than a remote likelihood that a material misstatement of the District's financial statements would not be prevented or detected by the District's internal financial reporting control.

Management is responsible for the preparation of financial statements that are fairly presented in accordance with generally accepted accounting principles.

Effect

There is an increased risk that a misstatement of the District's financial statements, that is more than inconsequential, will not be prevented or detected. As a result, financial statements reviewed by management and the governing body may be materially inaccurate.

Cause

The District did not have an effective process for identifying and correcting material adjustments to the accounting records to ensure the reported balances are correct.

Recommendation

Management should implement financial reporting processes that provide assurance that internally generated financial information is complete and accurate.

Management's Response

The County will provide completed and accurate documentation for the end of the year accrual adjustments.

The County Treasurer and Finance Specialist will be responsible for this corrective action and we intend to have this rectified by June 30, 2019.

**STATE OF NEW MEXICO
DE BACA COUNTY
OTHER DISCLOSURES
FOR THE YEAR ENDED JUNE 30, 2018**

A. AUDITOR PREPARED FINANCIAL STATEMENTS

Presentation: The accompanying financial statements are the responsibility of the County and are based on information from the County's financial records. Assistance was provided by Integrity Accounting & Consulting to the County in preparing the financial statements.

B. EXIT CONFERENCE

The contents of the report for the DeBaca County were discussed on November 29, 2018. The following individuals were in attendance.

DeBaca County Officials

| | |
|---------------|----------------------------|
| Adolfo Lucero | Commission Chair |
| Nicole Moyer | Finance Specialist |
| Amanda Lucero | Human Resources Specialist |

Integrity Accounting & Consulting

| | |
|--------------------------|---------|
| Erick Robinson, CPA, CFE | Partner |
|--------------------------|---------|