

**STATE OF NEW MEXICO
DE BACA COUNTY**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017



INTRODUCTORY SECTION

**STATE OF NEW MEXICO
DE BACA COUNTY
TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2017**

	Page
INTRODUCTORY SECTION	
Table of contents	i-ii
Official roster	iii
 FINANCIAL SECTION	
Independent auditors' report	1-3
Basic financial statements	
Government-wide financial statements:	
Statement of net position	4
Statement of activities	5
Fund financial statements:	
Balance sheet – Governmental funds	6
Reconciliation of the governmental fund balance to the statement of net position	7
Statement of revenues, expenditures, and changes in fund balances – Governmental funds	8
Reconciliation of the statement of revenues, expenditures and changes in fund balances of the governmental funds to the statement of activities	9
Statement of revenues, expenditures, and changes in fund balance – budget (non-GAAP budgetary basis) and actual – General fund	10
Statement of revenues, expenditures, and changes in fund balance – budget (non-GAAP budgetary basis) and actual – Correction fund	11
Statement of revenues, expenditures, and changes in fund balance – budget (non-GAAP budgetary basis) and actual – Environmental GRT fund	12
Statement of revenues, expenditures, and changes in fund balance – budget (non-GAAP budgetary basis) and actual – Road fund	13
Statement of revenues, expenditures, and changes in fund balance – budget (non-GAAP budgetary basis) and actual – Transfer station fund	14
Statement of fiduciary assets and liabilities - Agency funds	15
Notes to the financial statements	16-41
 REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of proportionate share of the net pension liability of PERA fund division municipal general - County Public employees retirement association (PERA) plan	42
Schedule of proportionate share of the net pension liability of PERA fund division municipal police - County Public employees retirement association (PERA) plan	43

**STATE OF NEW MEXICO
DE BACA COUNTY
TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2017**

	Page
Schedule of proportionate share of the net pension liability of PERA fund division municipal general - DeBaca Family Practice Clinic, Inc. Public employees retirement association (PERA) plan	44
Schedule of Contributions Public employees retirement association (PERA) plan PERA fund division municipal general - County	45
Schedule of Contributions Public employees retirement association (PERA) plan PERA fund division municipal police - County	46
Schedule of Contributions Public employees retirement association (PERA) plan PERA fund division municipal general - DeBaca Family Practice Clinic, Inc.	47
Notes to Required Supplementary Information	48
 SUPPLEMENTAL INFORMATION	
Combining and individual fund statements and schedules:	
Nonmajor governmental fund descriptions	49-51
Combining balance sheet – non-major governmental funds	52
Combining statement of revenues, expenditures, and changes in fund balance – non-major governmental funds	53
Combining balance sheets – Nonmajor funds	54-57
Combining statements of revenues, expenditures and changes in fund balance – Nonmajor funds	58-61
Schedule of changes in fiduciary assets and liabilities	62-67
 OTHER SUPPLEMENTAL INFORMATION	
Schedule of fund balances	68
Schedule of depositories	69
Schedule of pledged collateral by depository	70
Schedule of joint powers agreements and memorandums of understanding	71
Tax roll reconciliation-changes in proeprty taxes receivable	72
10-Year property tax schedule	73-74
 COMPLIANCE SECTION	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	75-76
Schedule of findings and responses	77-84
 OTHER DISCLOSURES	 85

**STATE OF NEW MEXICO
DE BACA COUNTY
OFFICIAL ROSTER
FOR THE YEAR ENDED JUNE 30, 2017**

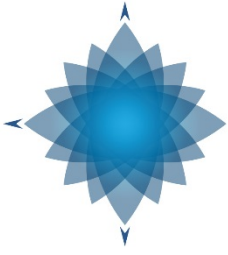
County Commision

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

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

Timothy Keller
New Mexico State Auditor
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, 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, 2017, 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, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2017, 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 42-48 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 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, 2017, 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, 2017

**STATE OF NEW MEXICO
DE BACA COUNTY
STATEMENT OF NET POSITION
As of June 30, 2017**

	Governmental Activities	Component Unit
Assets and deferred inflows of resources:		
Assets:		
Cash and cash equivalents	\$ 4,423,099	1,376,741
Receivables		
Accounts receivable	-	71,744
Taxes receivable	87,906	1,203
Due from other governments	3,557	29,185
Total current assets	4,514,562	1,478,873
Non-current assets:		
Capital assets	14,273,875	1,372,275
Less: Accumulated depreciation	(8,521,791)	(1,031,622)
Total non-current assets	5,752,084	340,653
Total assets	10,266,646	1,819,526
Deferred Outflows of Resources:		
Employer contributions subsequent to the measurement date	113,868	176,142
Actuarial experience	142,093	163,323
Investment experience	448,847	601,457
Change in assumptions	153,545	191,678
Change in proportion	77,932	93,231
Total deferred outflows of resources	936,285	1,225,831
Total assets and deferred outflows of resources	\$ 11,202,931	3,045,357
Liabilities, deferred inflows of resources and net position:		
Liabilities:		
Accounts payable	\$ 35,832	35,521
Accrued payroll liabilities	53,006	57,805
Other accrued liabilities	12,178	-
Current portion of compensated absences	39,508	12,442
Current portion of long-term debt	121,085	-
Total current liabilities	261,609	105,768
Non-current liabilities		
Compensated absences	9,877	60,103
Net pension liability	2,532,575	3,268,820
Landfill post-closure liability	990,971	-
Notes payable	817,971	-
Total non-current liabilities	4,351,394	3,328,923
Total liabilities	4,613,003	3,434,691
Deferred inflows of resources:		
Unavailable revenues	-	-
Actuarial experience	18,243	-
Investment experience	-	31,901
Change in assumptions	12,274	544
Change in proportion	123,176	59,533
Total deferred inflows of resources	153,693	91,978
Net position		
Net Investment in Capital Assets	4,813,028	340,653
Unrestricted Net Position	1,623,207	(821,965)
Total net position	6,436,235	(481,312)
Total liabilities, deferred inflows of resources and net position:	\$ 11,202,931	3,045,357

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, 2017**

<u>Functions/programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes In Net Assets</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Component Unit</u>
Primary government:						
Governmental activities						
General government	\$ 1,086,244	17,753	646,248	-	(422,243)	
Public safety	1,293,902	7,506	297,322	-	(989,074)	
Public works	1,077,320	229,870	-	330,797	(516,653)	
Culture and recreation	57,175	8,323	-	-	(48,852)	
Health and welfare	70,299	4,230	-	-	(66,069)	
Interest expense	24,987	-	-	-	(24,987)	
Total governmental activities	<u>3,609,927</u>	<u>267,682</u>	<u>943,570</u>	<u>330,797</u>	<u>(2,067,878)</u>	<u>-</u>
Component Unit:						
Operating Activities	\$ <u>3,670,869</u>	<u>1,741,689</u>	<u>1,420,006</u>	<u>56,475</u>		<u>(452,699)</u>
General revenues:						
Taxes						
Property taxes levied for general purposes and debt service				\$ 783,253		338,545
Gross receipts taxes				277,836		-
Other taxes and fees				405,974		-
Licenses and permits				1,835		-
Fines, forfeitures, and penalties				99,056		-
Interest income				15,541		4,353
Miscellaneous income				869,135		18,586
Total general revenue and transfers				<u>2,452,630</u>		<u>361,484</u>
Changes in net position				384,752		(91,215)
Beginning net position				6,051,483		(390,097)
Net position, end of year				<u>\$ 6,436,235</u>		<u>(481,312)</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, 2017

	Major Funds						
	Special Revenue Funds					Total Non-Major Funds	Total Funds
	General Fund	Corrections Fee Fund	Environmental GRT Fund		Transfer Station Fund		
			Road Fund	Transfer Station Fund			
Assets and deferred inflows of resources:							
Assets:							
Cash and cash equivalents	\$ 2,101,489	7,930	7,220	1,172,299	49,132	1,085,032	4,423,102
Investments	-	-	-	-	-	-	-
Receivables							
Accounts receivable	-	-	-	-	-	-	-
Taxes receivable	48,763	4,074	1,520	9,230	-	24,320	87,907
Interest receivable	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	3,557	3,557
Total assets	<u>2,150,252</u>	<u>12,004</u>	<u>8,740</u>	<u>1,181,529</u>	<u>49,132</u>	<u>1,112,909</u>	<u>4,514,566</u>
Deferred Outflows of Resources:							
Total deferred outflows of resources	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 2,150,252</u>	<u>12,004</u>	<u>8,740</u>	<u>1,181,529</u>	<u>49,132</u>	<u>1,112,909</u>	<u>4,514,566</u>
Liabilities, deferred inflows of resources and fund balances:							
Liabilities:							
Accounts payable	\$ 3,175	-	15,182	10,856	3,787	2,832	35,832
Accrued payroll liabilities	18,463	9,977	-	8,010	5,040	11,516	53,006
Other accrued liabilities	-	-	-	-	-	-	-
Compensated absences	-	-	-	-	-	-	-
Due to other fund	-	-	-	-	-	-	-
Due to other government	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	<u>21,638</u>	<u>9,977</u>	<u>15,182</u>	<u>18,866</u>	<u>8,827</u>	<u>14,348</u>	<u>88,838</u>
Deferred Inflows of Resources:							
"Unavailable" revenues	23,902	-	-	-	-	-	23,902
Total deferred inflows of resources	<u>23,902</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,902</u>
Fund balances:							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	2,027	-	1,162,663	40,305	1,098,561	2,303,556
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	2,104,712	-	(6,442)	-	-	-	2,098,270
Total fund balances	<u>2,104,712</u>	<u>2,027</u>	<u>(6,442)</u>	<u>1,162,663</u>	<u>40,305</u>	<u>1,098,561</u>	<u>4,401,826</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 2,150,252</u>	<u>12,004</u>	<u>8,740</u>	<u>1,181,529</u>	<u>49,132</u>	<u>1,112,909</u>	<u>4,514,566</u>

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, 2017**

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

Total fund balance - Governmental funds	\$	4,401,826
---	----	-----------

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		5,752,084
---	--	-----------

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.		23,902
--	--	--------

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		113,868
Actuarial experience		142,093
Investment experience		448,847
Change in assumptions		153,545
Change in proportion		77,932
Deferred inflows of resources related to:		
Actuarial experience		(18,243)
Investment experience		-
Change in assumptions		(12,274)
Change in proportion		(123,176)

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	\$	(2,532,575)	
Current compensated absences		(39,508)	
Noncurrent compensated absences		(9,877)	
Current notes payable		(121,085)	
Accrued interest		(12,178)	
Landfill post-closure liability		(990,971)	
Noncurrent notes payable	\$	<u>(817,971)</u>	(4,524,165)

Rounding		<u>(4)</u>
----------	--	------------

Net position for governmental activities	\$	<u><u>6,436,235</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, 2017

	Major Funds						Total Non-Major Funds	Total Funds
	Special Revenue Funds							
	General Fund	Corrections Fee Fund	Environmental GRT Fund	Road Fund	Transfer Station Fund			
Revenues:								
Taxes								
Property	\$ 763,616	-	-	-	-	21,742	785,358	
Gross receipts/State shared	99,239	39,436	9,037	-	-	130,040	277,752	
Other	27,168	-	-	378,806	-	-	405,974	
Licenses and permits	1,835	-	-	-	-	-	1,835	
Charges for services	20,784	-	-	3,609	226,261	21,259	271,913	
Fines and forfeitures	-	75,775	-	-	-	23,281	99,056	
Intergovernmental revenue								
Federal grants	-	-	-	-	-	38,592	38,592	
State grants	636,466	-	-	330,797	-	268,511	1,235,774	
Interest income	10,835	-	-	4,515	-	191	15,541	
Miscellaneous income	158,319	55,570	18,867	56,703	138,259	502,408	930,126	
Total revenues	<u>1,718,262</u>	<u>170,781</u>	<u>27,904</u>	<u>774,430</u>	<u>364,520</u>	<u>1,006,024</u>	<u>4,061,921</u>	
Expenditures:								
Current:								
General government	564,599	-	-	-	-	44,520	609,119	
Public safety	167,983	411,814	-	-	-	714,105	1,293,902	
Public works	151,614	-	53,297	527,148	323,501	21,760	1,077,320	
Culture and recreation	-	-	-	-	-	57,175	57,175	
Health and welfare	-	-	-	-	-	70,299	70,299	
Capital outlay	-	-	-	42,186	-	241,817	284,003	
Debt service								
Principal	5,316	-	-	64,613	16,069	32,161	118,159	
Interest	53	-	-	9,437	11,287	6,629	27,406	
Total expenditures	<u>889,565</u>	<u>411,814</u>	<u>53,297</u>	<u>643,384</u>	<u>350,857</u>	<u>1,188,466</u>	<u>3,537,383</u>	
Excess (deficiency) of revenues over (under) expenditures	828,697	(241,033)	(25,393)	131,046	13,663	(182,442)	524,538	
Other financing sources (uses):								
Transfers in	-	241,873	-	35,498	30,448	169,808	477,627	
Transfers out	(474,565)	-	-	-	-	(3,062)	(477,627)	
Total other financing sources (uses):	<u>(474,565)</u>	<u>241,873</u>	<u>-</u>	<u>35,498</u>	<u>30,448</u>	<u>166,746</u>	<u>-</u>	
Net change in fund balances	354,132	840	(25,393)	166,544	44,111	(15,696)	524,538	
Beginning fund balance	1,751,560	1,187	18,951	996,119	(3,806)	1,114,257	3,878,268	
Restatement	(980)	-	-	-	-	-	(980)	
Beginning fund balance, as restated	<u>1,750,580</u>	<u>1,187</u>	<u>18,951</u>	<u>996,119</u>	<u>(3,806)</u>	<u>1,114,257</u>	<u>3,877,288</u>	
Ending fund balance	<u>\$ 2,104,712</u>	<u>2,027</u>	<u>(6,442)</u>	<u>1,162,663</u>	<u>40,305</u>	<u>1,098,561</u>	<u>4,401,826</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, 2017**

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

Total net change in fund balances-governmental funds	\$	524,538
<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		429,979
<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>		
		(530,797)
<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		(2,105)
<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		1,530
(Increase)/decrease in landfill post-closure liability		38,114
Change in accrued interest on long-term debt		2,419
Principal payments on long-term debt		118,159
<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		77,932
Pension expense		(275,013)
Rounding		<u>(4)</u>
Change in net position of governmental activities	\$	<u><u>384,752</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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes				
Property	\$ 739,925	739,925	771,132	31,207
Gross receipts	60,000	60,000	99,940	39,940
Other	67,580	67,580	25,598	(41,982)
Licenses and permits	2,000	2,000	1,835	(165)
Charges for services	15,000	15,000	20,784	5,784
Intergovernmental revenue				
Federal grants	-	-	-	-
State grants	675,000	675,000	636,466	(38,534)
Interest income	7,000	7,000	10,835	3,835
Miscellaneous income	100,165	100,165	158,546	58,381
Total revenues	<u>1,666,670</u>	<u>1,666,670</u>	<u>1,725,136</u>	<u>58,466</u>
Expenditures:				
Current:				
General government	667,078	682,624	575,164	107,460
Public safety	204,433	212,042	165,033	47,009
Public works	149,466	190,656	151,992	38,664
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>1,020,977</u>	<u>1,085,322</u>	<u>892,189</u>	<u>193,133</u>
Excess (deficiency) of revenues over (under) expenditures	645,693	581,348	832,947	(134,667)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>(624,167)</u>	<u>(624,167)</u>	<u>(474,498)</u>	<u>149,669</u>
Total other financing sources (uses):	<u>(624,167)</u>	<u>(624,167)</u>	<u>(474,498)</u>	<u>149,669</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	21,526	(42,819)	358,449	<u>15,002</u>
Budgeted cash carryover	<u>-</u>	<u>42,819</u>	<u>-</u>	
Net change in fund balance	<u>\$ 21,526</u>	<u>-</u>	<u>358,449</u>	
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ 358,449	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			(6,646)	
Adjustments to expenditures for accrued wages and expenditures			<u>2,329</u>	
Net change in fund balance (GAAP)			<u>\$ 354,132</u>	

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, 2017**

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes				
Property	\$ -	-	-	-
Gross receipts	30,000	30,000	43,873	13,873
Other	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	25,000	25,000	75,775	50,775
Intergovernmental revenue				
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants	-	-	-	-
Interest income	-	-	-	-
Miscellaneous income	75,000	75,000	55,570	(19,430)
Total revenues	130,000	130,000	175,218	45,218
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	456,541	456,541	409,161	47,380
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	456,541	456,541	409,161	47,380
Excess (deficiency) of revenues over (under) expenditures	(326,541)	(326,541)	(233,943)	(2,162)
Other financing sources (uses):				
Transfers in	326,541	326,541	241,873	(84,668)
Transfers out	-	-	-	-
Total other financing sources (uses):	326,541	326,541	241,873	(84,668)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	7,930	(86,830)
Budgeted cash carryover	-	-	-	
Net change in fund balance	\$ -	-	7,930	
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ 7,930	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			(4,437)	
Adjustments to expenditures for accrued wages and expenditures			(2,653)	
Net change in fund balance (GAAP)			\$ 840	

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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes				
Property	\$ -	-	-	-
Gross receipts	26,800	26,800	8,302	(18,498)
Other	-	-	-	-
Miscellaneous income	-	-	18,867	18,867
Total revenues	<u>26,800</u>	<u>26,800</u>	<u>27,169</u>	<u>369</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	36,000	38,200	38,115	85
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>36,000</u>	<u>38,200</u>	<u>38,115</u>	<u>85</u>
Excess (deficiency) of revenues over (under) expenditures	(9,200)	(11,400)	(10,946)	284
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(9,200)	(11,400)	(10,946)	<u>284</u>
Budgeted cash carryover	<u>9,200</u>	<u>11,400</u>	<u>10,946</u>	
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>	
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ (10,946)	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			735	
Adjustments to expenditures for accrued wages and expenditures			<u>(15,182)</u>	
Net change in fund balance (GAAP)			<u>\$ (25,393)</u>	

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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes				
Property	\$ -	-	-	-
Gross receipts	-	-	-	-
Other	246,000	246,000	324,382	78,382
Licenses and permits	-	-	-	-
Charges for services	-	-	3,609	3,609
Intergovernmental revenue				
Federal grants	-	-	-	-
State grants	330,797	330,797	330,797	-
Interest income	2,000	2,000	3,450	1,450
Miscellaneous income	(74,050)	(74,050)	36,958	111,008
Total revenues	<u>504,747</u>	<u>504,747</u>	<u>699,196</u>	<u>194,449</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	602,311	657,984	527,374	130,610
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	17,500	225,502	31,331	194,171
Total expenditures	<u>619,811</u>	<u>883,486</u>	<u>558,705</u>	<u>324,781</u>
Excess (deficiency) of revenues over (under) expenditures	(115,064)	(378,739)	140,491	(130,332)
Other financing sources (uses):				
Transfers in	-	-	35,498	35,498
Transfers out	(74,050)	(74,050)	-	74,050
Total other financing sources (uses):	<u>(74,050)</u>	<u>(74,050)</u>	<u>35,498</u>	<u>109,548</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(189,114)	(452,789)	175,989	<u>(20,784)</u>
Budgeted cash carryover	<u>189,114</u>	<u>452,789</u>	-	
Net change in fund balance	\$ <u>-</u>	<u>-</u>	<u>175,989</u>	
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ 175,989	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			74,001	
Adjustments to expenditures for accrued wages and expenditures			(83,446)	
Net change in fund balance (GAAP)			<u>\$ 166,544</u>	

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

**STATE OF NEW MEXICO
DE BACA COUNTY
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, 2017**

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Charges for services	\$ 356,956	356,956	226,261	(130,695)
Fines and forfeitures	-	-	-	-
Intergovernmental revenue				
Federal grants	-	-	-	-
State grants	-	-	-	-
Interest income	-	-	-	-
Miscellaneous income	4,000	4,000	138,259	134,259
Total revenues	360,956	360,956	364,520	3,564
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	400,412	410,735	347,035	63,700
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	400,412	410,735	347,035	63,700
Excess (deficiency) of revenues over (under) expenditures	(39,456)	(49,779)	17,485	(60,136)
Other financing sources (uses):				
Transfers in	38,257	38,257	30,448	(7,809)
Transfers out	-	-	-	-
Total other financing sources (uses):	38,257	38,257	30,448	(7,809)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(1,199)	(11,522)	47,933	(67,945)
Budgeted cash carryover	1,199	11,522	-	
Net change in fund balance	\$ -	-	47,933	
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ 47,933	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			-	
Adjustments to expenditures for accrued wages and expenditures			(3,822)	
Net change in fund balance (GAAP)			\$ 44,111	

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, 2017

		<u>2017</u>
Assets:		
Cash	\$	24,333
Receivables - Property taxes		<u>58,837</u>
Total assets	\$	<u><u>83,170</u></u>
Liabilities:		
Deposits held in trust for others	\$	24,333
Future taxes collectible		<u>58,837</u>
Total liabilities	\$	<u><u>83,170</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, 2017**

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, 2017**

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:

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

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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.

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

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 current does not report any proprietary funds.

Proprietary funds are accounted for using the “economic resources” measurement focus and the

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017**

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.

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017.

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.

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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 \$113,868 related to contributions subsequent to the measurement date, \$448,847 related to the net difference between expected and actual earnings on pension plan investments, \$142,093 related to the net difference between expected and actual experience, \$153,545 related to changes in assumptions and \$77,932 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 are deferred and recognized as an inflow of resources in the

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

period that the amounts become available. The County has recorded \$23,902 related to property taxes and \$-0- related to grants that are considered "unavailable".

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, \$18,243 related to the net difference between expected and actual experience, \$12,274 related to changes in assumptions and \$123,176 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 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.

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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 68 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.

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

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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 2014. For the year ended June 30, 2017, 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.

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.

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017 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 69 of this report.

The following is a summary of the County's cash and cash equivalents balances by fund type as of June 30, 2017:

Fund Type	Amount
Primary government	
Governmental funds	\$ 4,423,099
Fiduciary funds	24,332
Total cash and cash equivalents	\$ 4,447,431

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 OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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 70 of this report.

As of June 30, 2017, the County's bank balances of \$4,367,495 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.	3,342,937
Uninsured and uncollateralized	<u>797,961</u>
Total uninsured deposits	<u>\$ 4,390,898</u>

The following is a summary of the Component Unit's cash and cash equivalents balances as of June 30, 2017:

Component unit	
DeBaca Family Clinic	\$ <u>1,376,741</u>
Total cash and cash equivalents	<u>\$ 1,376,741</u>

Additional information regarding the Clinic's cash balances and exposure to custodial credit risk can be found on page 69 and 70 of this report.

NOTE 4 – RECEIVABLES

Receivables as of June 30, 2017 are as follows:

	General Fund	Correc- tions Fund	Environ- mental GRT Fund	Road Fund	Transfer Station Fund	Non- major funds	Total Receivables
Taxes:							
Property	\$ 34,643	-	-	-	-	-	34,643
State	14,120	4,074	1,520	9,230	-	24,319	53,263
Other intergovernmental	-	-	-	-	-	3,557	3,557
Subtotal	<u>48,763</u>	<u>4,074</u>	<u>1,520</u>	<u>9,230</u>	<u>-</u>	<u>27,876</u>	<u>91,463</u>
Less: Allowance for uncollectibles	-	-	-	-	-	-	-
Net Receivables	<u>\$ 48,763</u>	<u>4,074</u>	<u>1,520</u>	<u>9,230</u>	<u>-</u>	<u>27,876</u>	<u>91,463</u>

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

The County has an established policy where an allowance for doubtful accounts is established for all receivable items outstanding over ninety (90) days.

Property taxes receivable in the amount of \$34,643 reported on the Statement of Net Position, at June 30, 2017, includes \$23,902 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.

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.

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

The composition of interfund transfers during the year ended June 30, 2017 was as follows:

<u>Fund Types</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$	(474,565)
Corrections Fund	241,873	-
Road Fund	35,498	-
Transfers Station Fund	30,448	-
Non-major funds	166,746	-
Totals	\$ <u>474,565</u>	<u>(474,565)</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, 2017.

NOTE 7 – CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2017 follows. Land and construction in progress are not subject to depreciation.

<u>GOVERNMENTAL ACTIVITIES</u>	<u>Balance 06/30/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/17</u>
Non-depreciable capital assets:				
Land	\$ 75,493	-	-	75,493
Construction in progress	-	26,831	-	26,831
Total non-depreciable capital assets	<u>75,493</u>	<u>26,831</u>	<u>-</u>	<u>102,324</u>
Capital assets being depreciated:				
Land improvements	7,238	-	-	7,238
Infrastructure	822,987	-	-	822,987
Buildings & improvements	6,207,502	-	-	6,207,502
Equipment & vehicles	7,292,219	403,148	(551,543)	7,143,824
Total capital assets being depreciated	<u>14,329,946</u>	<u>403,148</u>	<u>(551,543)</u>	<u>14,181,551</u>
Less accumulated depreciation for:				
Land improvements	(7,238)	-	-	(7,238)
Infrastructure	(145,494)	(16,460)	-	(161,954)
Buildings & improvements	(3,683,477)	(114,616)	-	(3,798,093)
Equipment & vehicles	(4,716,328)	(399,721)	551,543	(4,564,506)
Total accumulated depreciation	<u>(8,552,537)</u>	<u>(530,797)</u>	<u>551,543</u>	<u>(8,531,791)</u>
Total capital assets being depreciated	<u>5,777,409</u>	<u>(127,649)</u>	<u>-</u>	<u>5,649,760</u>
Total capital assets, net of depreciation	\$ <u>5,852,902</u>	<u>(100,818)</u>	<u>-</u>	<u>5,752,084</u>

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Depreciation expense for the year ended June 30, 2017 was charged to the following functions and funds:

Governmental activities:	
General government	\$ 22,148
Public safety	252,203
Public works	213,841
Culture and recreation	16,507
Health and welfare	<u>26,098</u>
Total governmental activities	\$ 530,797

Component Unit - De Baca Family Practice Clinic

Capital asset activity consists of the following at June 30, 2017:

	Balance 06/30/16	Additions	Deletions	Balance 06/30/17
Non-depreciable capital assets:				
Construction in progress	\$ -	56,475	-	56,475
Total non-depreciable capital assets	<u>-</u>	<u>56,475</u>	<u>-</u>	<u>56,475</u>
Capital assets being depreciated:				
Leasehold Improvements	505,413	11,862	-	517,275
Medical Equipment	408,966	-	(40,995)	367,971
Dental Equipment	263,544	23,195	-	286,739
Office Equipment	122,443	20,998	(12,814)	130,627
Maintenance Equipment	13,188	-	-	13,188
Total capital assets being depreciated	<u>1,313,554</u>	<u>56,055</u>	<u>(53,809)</u>	<u>1,315,800</u>
Less accumulated depreciation for:				
Leasehold Improvements	(276,526)	(34,476)	-	(311,002)
Medical Equipment	(408,540)	(426)	40,995	(367,971)
Dental Equipment	(197,956)	(27,364)	-	(225,320)
Office Equipment	(112,128)	(14,827)	12,814	(114,141)
Maintenance Equipment	(13,188)	-	-	(13,188)
Total accumulated depreciation	<u>(1,008,338)</u>	<u>(77,093)</u>	<u>53,809</u>	<u>(1,031,622)</u>
Total capital assets being depreciated	<u>305,216</u>	<u>(21,038)</u>	<u>-</u>	<u>284,178</u>
Total capital assets, net of depreciation	\$ <u>305,216</u>	<u>35,437</u>	<u>-</u>	<u>340,653</u>

Depreciation was \$77,093 for the year ended June 30, 2016, and is allocated across government functions.

NOTE 8 – LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017	Due within one year
Governmental funds debt					
Compensated absences	\$ 50,915	39,202	(40,732)	49,385	39,508
Notes payable	1,057,215	-	(118,159)	939,056	121,085
Total governmental activities	\$ <u>1,108,130</u>	<u>39,202</u>	<u>(158,891)</u>	<u>988,441</u>	<u>160,593</u>

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Long-term liabilities are liquidated from the general fund and special revenue funds. No short-term debt was incurred during fiscal year 2017.

The annual principal and interest requirements on long-term debt outstanding as of June 30, 2017 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 \$16,189 at June 30, 2017, and equal 5.44% of future state shared gross receipts tax at their current rate. During the year ended June 30, 2017, the City collected \$99,239 in pledged revenues, and retired \$5,369 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>
2018	\$ 5330	53	5,383
2019	5343	53	5,396
2020	5356	54	5,410
Total	<u>\$ 16,029</u>	<u>160</u>	<u>16,189</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. The revenues pledged totaled \$222,150 at June 30, 2017, and equal 57.2% of future gasoline tax revenues at their current rate. During the year ended June 30, 2017, the County collected \$129,365 in pledged revenues, and retired \$74,050 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>
2018	\$ 66,731	7,320	74,051
2019	69,003	5,046	74,049
2020	71,418	2,632	74,050
Total	<u>\$ 207,152</u>	<u>14,998</u>	<u>222,150</u>

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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 \$389,014 at June 30, 2017, and equal 35.2% of future fire protection grant funds at their current rate. During the year ended June 30, 2017, the County collected \$110,217 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>
2018	\$ 32,473	6,318	38,791
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
2023-2027	<u>188,157</u>	<u>6,905</u>	<u>195,062</u>
Total	<u>\$ 355,701</u>	<u>33,313</u>	<u>389,014</u>

NMED – RIP 93-06 R – Water System 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 \$465,055 at June 30, 2017, and equal 7.50% of future estimated net revenues at their current rate. During the year ended June 30, 2017, the County collected \$364,520 in pledged revenues, and retired \$27,356 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>
2018	\$ 16,551	10,805	27,356
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
2023-2027	<u>101,867</u>	<u>34,914</u>	<u>136,781</u>
2028-2032	<u>118,092</u>	<u>18,689</u>	<u>136,781</u>
2033-2037	<u>52,345</u>	<u>2,367</u>	<u>54,712</u>
Total	<u>\$ 360,175</u>	<u>104,880</u>	<u>465,055</u>

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 121,085	24,496	145,581
2019	124,282	21,310	145,592
2020	127,745	17,861	145,606
2021	52,112	14,035	66,147
2022	53,372	12,774	66,146
2022-2026	290,024	41,819	331,843
2027-2031	118,092	18,689	136,781
2032-2036	52,345	2,367	54,712
Total	<u>\$ 939,057</u>	<u>153,351</u>	<u>1,092,408</u>

NOTE 9 – 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 \$990,970 as of June 30, 2017, 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, 2017. Post closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

NOTE 10 – 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, 2017 totaled \$99,081.

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 11 – 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.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org> using the Audit Report Search function for agency 366.

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 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.

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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

PERA Contribution Rates and Pension Factors as of July 1, 2016						
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 3	7.42 %	8.92 %	16.99 %	3.0 %	2.5 %	90 %
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 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 Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.90%	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	16.65%	18.15%	17.05%	3.0%	3.0%	90%
State Police and Adult Correctional Officer Plan 1	7.60%	9.10%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2016 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2016. There were no significant events

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2016. 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, 2017, DeBaca County reported a liability of \$1,869,266 for its proportionate share of the net pension liability. At June 30, 2016, DeBaca County's proportion was 0.1170%, which was a decrease of 0.0032% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$118,882. At June 30, 2017, DeBaca County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 93,396	18,243
Changes of assumptions	109,611	311
Net difference between projected and actual earnings on pension plan investments	343,941	-
Changes in proportion and differences between County contributions and proportionate share of contributions	32,628	25,284
County contributions subsequent to the measurement date	86,298	-
	\$ 665,874	43,838

\$86,298 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, 2018. 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:		
2018	\$	121,666
2019		121,666
2020		206,118
2021		86,288
2022		-
Thereafter	\$	-

For PERA Fund Division Municipal Police Plan 5: At June 30, 2017, DeBaca County reported a liability of \$663,309 for its proportionate share of the net pension liability. At June 30, 2016, DeBaca County's proportion was 0.0899%, which was an increase of 0.0128% from its proportion measured as of June 30, 2015.

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

For the year ended June 30, 2017, the County recognized pension expense of \$78,199. At June 30, 2017, 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	\$ 48,697	-
Changes of assumptions	43,934	11,963
Net difference between projected and actual earnings on pension plan investments	104,906	-
Changes in proportion and differences between County contributions and proportionate share of contributions	45,304	97,892
County contributions subsequent to the measurement date	<u>27,570</u>	<u>-</u>
	<u>\$ 270,411</u>	<u>109,855</u>

\$27,570 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For PERA Fund Division Municipal General Plan-Component Unit (Clinic): At June 30, 2017, the Clinic reported a liability of \$3,268,820 for its proportionate share of the net pension liability. At June 30, 2016, the Clinic's proportion was 0.0768%, which was no increase from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Clinic recognized pension expense of \$372,447. At June 30, 2017, the Clinic 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	\$ 163,323	31,901
Changes of assumptions	191,678	544
Net difference between projected and actual earnings on pension plan investments	601,457	-
Changes in proportion and differences between Clinic contributions and proportionate share of contributions	93,231	59,533
Clinic contributions subsequent to the measurement date	<u>176,142</u>	<u>-</u>
	<u>\$ 1,225,831</u>	<u>91,978</u>

\$176,142 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

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

liability in the year ended June 30, 2018. 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:	
2018	\$ 204,955
2019	204,955
2020	392,901
2021	154,900
2022	-
Thereafter	\$ -

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, open
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.48% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	2.75% for first 10 years, then 3.25% annual rate
Projected salary increases	2.75% to 14.00% annual rate
Includes inflation at	2.25% annual rate first 10 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.
Experience Study Dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 20, 2015 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2016. These assumptions were adopted by the Board use in the June 30, 2015 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:

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

<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	20.00%	7.35%
Total	<u>100.00%</u>	

Discount rate. A single discount rate of 7.48% was used to measure the total pension liability as of June 30, 2016. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.48%, 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 7.48 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 (6.48 percent) or 1-percentage-point higher (8.48 percent) than the current rate:

PERA Fund Division - Municipal General	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
County's proportionate share of the net pension liability	\$ 2,786,910	1,869,266	1,108,127
PERA Fund Division - Municipal Police	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 975,892	663,309	407,652
PERA Fund Division - Component Unit - Muni	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
DeBaca Family Clinic proportionate share of the net pension liability	\$ 4,873,519	3,268,820	1,937,801

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

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 12 – 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 13 – 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:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2018	\$ 99,939
2019	82,864
2020	30,355
2021	30,355
2022	<u>15,178</u>
Total	<u>\$ 258,691</u>

Rental payments charged to current operations for the year ended June 30, 2017 totaled \$111,743.

NOTE 14 – FUND DEFICITS AND NON-COMPLIANCE

Deficit Fund Balances

The following non-major funds incurred a deficit fund balance at June 30, 2017:

<u>Fund</u>	<u>Fund Type</u>	<u>Amount</u>
Environmental GRT fund	Special revenue fund	\$ (6,442)

Legal Compliance with Budget

The County did not have any funds that exceeded budget at the fund level as of June 30, 2017.

NOTE 15 – 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, 2017, 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.

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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 16 – RESTATEMENT OF FUND BALANCE

During the year ended June 30, 2017, it was determined that Sheriff's Overtime fund no longer met the requirements for presentation as a special revenue fund. As a result, the ending fund balance in that fund of (\$980) was reclassified to the General Fund. This resulted in a decrease in the General Fund beginning fund balance of \$980.

NOTE 17 – EVALUATION OF SUBSEQUENT EVENTS

The County has evaluated subsequent events through November 29, 2017, 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>2017</u>	<u>2016</u>	<u>2015</u>
DeBaca County's proportion of the net pension liability (asset)	0.1170%	0.1202%	0.1145%
DeBaca County's proportionate share of the net pension liability (asset)	\$ 1,869,266	\$ 1,225,543	\$ 893,223
DeBaca County's covered-employee payroll	\$ 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	299.67%	188.98%	145.16%
Plan fiduciary net position as a percentage of the total pension liability	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.

See independent auditors' report
See notes to required supplementary information

**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>2017</u>	<u>2016</u>	<u>2015</u>
DeBaca County's proportion of the net pension liability (asset)	0.0899%	0.0771%	0.1163%
DeBaca County's proportionate share of the net pension liability (asset)	\$ 663,309	\$ 370,740	\$ 379,125
DeBaca County's covered-employee payroll	\$ 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	201.04%	120.10%	123.43%
Plan fiduciary net position as a percentage of the total pension liability	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.

See independent auditors' report
See notes to required supplementary information

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>2017</u>	<u>2016</u>	<u>2015</u>
De Baca Family Practice Clinic, Inc's proportion of the net pension liability (asset)	0.2046%	0.1928%	0.2032%
De Baca Family Practice Clinic, Inc's proportionate share of the net pension liability (asset)	\$ 3,268,820	\$ 1,965,763	\$ 1,585,178
De Baca Family Practice Clinic, Inc's covered-employee payroll	\$ 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	177.23%	98.69%	86.05%
Plan fiduciary net position as a percentage of the total pension liability	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.

See independent auditors' report
See notes to required supplementary information

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

	2017	2016	2015
Contractually required contribution	\$ 84,458	\$ 95,157	\$ 95,425
Contributions in relation to the contractually required contribution	84,458	95,157	95,425
Contribution deficiency (excess)	-	-	-

* 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.

See independent auditors' report
 See notes to required supplementary information

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

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

See independent auditors' report
 See notes to required supplementary information

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*

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

See independent auditors' report
 See notes to required supplementary information

**STATE OF NEW MEXICO
DE BACA COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017**

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 2016 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, 2017**

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.

218 – Comprehensive Plan – The De Baca County Comprehensive Plan is a long-range general plan setting policies to guide decisions about the physical development of the county. It addressed subjects of land use, economic development, transportation, housing, facilities, utilities and hazards mitigation.

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.

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.

**STATE OF NEW MEXICO
DE BACA COUNTY
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

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.

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.

**STATE OF NEW MEXICO
DE BACA COUNTY
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

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

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.

418 – EMW 2015 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 will 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 tire management 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, 2017**

	Special Revenue Funds	Total
	<u> </u>	<u> </u>
Assets and deferred inflows of resources:		
Assets:		
Cash and cash equivalents	\$ 1,085,032	1,085,032
Receivables		
Taxes receivable	24,320	24,320
Due from other governments	3,557	3,557
Total assets	<u>1,112,909</u>	<u>1,112,909</u>
Deferred Outflows of Resources:		
Total deferred outflows of resources	<u>-</u>	<u>-</u>
 Total assests and deferred outflows of resources	 \$ <u>1,112,909</u>	 <u>1,112,909</u>
 Liabilities, deferred inflows of resources and fund balances:		
Liabilities:		
Accounts payable	\$ 2,832	2,832
Accrued payroll liabilities	11,516	11,516
Total liabilities	<u>14,348</u>	<u>14,348</u>
Deferred Inflows of Resources:		
"Unavailable" revenues	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>
 Fund balances:		
Nonspendable	-	-
Restricted	1,098,561	1,098,561
Committed	-	-
Assigned	-	-
Unassigned	-	-
Total fund balances	<u>1,098,561</u>	<u>1,098,561</u>
 Total liabilities, deferred inflows of resources and fund balances:	 \$ <u>1,112,909</u>	 <u>1,112,909</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, 2017**

	Special Revenue Funds	Totals
	<u> </u>	<u> </u>
Revenues:		
Taxes		
Property	21,742	21,742
Gross receipts	\$ 130,040	130,040
Charges for services	21,259	21,259
Fines and forfeitures	23,281	23,281
Intergovernmental revenue		
Federal grants	38,592	38,592
State grants	268,511	268,511
Interest income	191	191
Miscellaneous income	502,408	502,408
Total revenues	<u>1,006,024</u>	<u>1,006,024</u>
Expenditures:		
Current:		
General government	44,520	44,520
Public safety	714,105	714,105
Public works	21,760	21,760
Culture and recreation	57,175	57,175
Health and welfare	70,299	70,299
Capital outlay	241,817	241,817
Debt service		
Principal	32,161	32,161
Interest	6,629	6,629
Total expenditures	<u>1,188,466</u>	<u>1,188,466</u>
Excess (deficiency) of revenues over (under) expenditures	(182,442)	(182,442)
Other financing sources (uses):		
Transfers in	169,808	169,808
Transfers out	(3,062)	(3,062)
Total other financing sources (uses):	<u>166,746</u>	<u>166,746</u>
Net change in fund balances	(15,696)	(15,696)
Beginning fund balance	<u>1,114,257</u>	<u>1,114,257</u>
Ending fund balance	<u>\$ 1,098,561</u>	<u>1,098,561</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, 2017

	Property Valuation	Sheriffs JPA	Lake Sumner EMS	Enhanced 911	Farm & Range	Law Enforcem ent	Indigent Fund	Ambu- lance Fund
Assets and deferred inflows of resources:								
Assets:								
Cash and cash equivalents	\$ 66,807	5,701	9,217	-	-	17,632	226,265	791
Investments	-	-	-	-	-	-	-	-
Receivables								
Taxes receivable	-	-	-	-	-	-	11,804	3,040
Total assets	<u>66,807</u>	<u>5,701</u>	<u>9,217</u>	<u>-</u>	<u>-</u>	<u>17,632</u>	<u>238,069</u>	<u>3,831</u>
Deferred Outflows of Resources:								
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assests and deferred outflows of resources	<u>\$ 66,807</u>	<u>5,701</u>	<u>9,217</u>	<u>-</u>	<u>-</u>	<u>17,632</u>	<u>238,069</u>	<u>3,831</u>
Liabilities, deferred inflows of resources and fund balances:								
Liabilities:								
Accounts payable	\$ -	-	-	-	-	-	-	-
Accrued payroll liabilities	-	3,946	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>3,946</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:								
"Unavailable" revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	66,807	1,755	9,217	-	-	17,632	238,069	3,831
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<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>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 66,807</u>	<u>5,701</u>	<u>9,217</u>	<u>-</u>	<u>-</u>	<u>17,632</u>	<u>238,069</u>	<u>3,831</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, 2017

	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	\$ 26,101	8,655	30,805	37,396	87,072	29,621	42,146	2,444	11,232
Investments	-	-	-	-	-	-	-	-	-
Receivables									
Taxes receivable	-	-	-	-	-	-	1,615	-	7,861
Total assets	<u>26,101</u>	<u>8,655</u>	<u>30,805</u>	<u>37,396</u>	<u>87,072</u>	<u>29,621</u>	<u>43,761</u>	<u>2,444</u>	<u>19,093</u>
Deferred Outflows of Resources:									
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ <u>26,101</u>	<u>8,655</u>	<u>30,805</u>	<u>37,396</u>	<u>87,072</u>	<u>29,621</u>	<u>43,761</u>	<u>2,444</u>	<u>19,093</u>
Liabilities, deferred inflows of resources and fund balances:									
Liabilities:									
Accounts payable	\$ -	-	-	-	2,832	-	-	-	-
Accrued payroll liabilities	-	-	-	-	-	-	-	-	7,049
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,832</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,049</u>
Deferred Inflows of Resources:									
"Unavailable" revenues	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	26,101	8,655	30,805	37,396	84,240	29,621	43,761	2,444	12,044
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	<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>43,761</u>	<u>2,444</u>	<u>12,044</u>
Total liabilities, deferred inflows of resources and fund balances:	\$ <u>26,101</u>	<u>8,655</u>	<u>30,805</u>	<u>37,396</u>	<u>87,072</u>	<u>29,621</u>	<u>43,761</u>	<u>2,444</u>	<u>19,093</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, 2017

	Emer- gency Mgmt	Fair Grounds	Health Grant	Hazard Mitigation Grant	Hospital	Misde- meanor Compli- ance	2011 EMW Grant	2015 EMW Grant	100 Days and Nights of Summer
Assets and deferred inflows of resources:									
Assets:									
Cash and cash equivalents	\$ 233	7,337	19,392	23,750	150,796	1,850	68	-	-
Investments	-	-	-	-	-	-	-	-	-
Receivables									
Due from other governments	3,557	-	-	-	-	-	-	-	-
Total assets	<u>3,790</u>	<u>7,337</u>	<u>19,392</u>	<u>23,750</u>	<u>150,796</u>	<u>1,850</u>	<u>68</u>	<u>-</u>	<u>-</u>
Deferred Outflows of Resources:									
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ <u>3,790</u>	<u>7,337</u>	<u>19,392</u>	<u>23,750</u>	<u>150,796</u>	<u>1,850</u>	<u>68</u>	<u>-</u>	<u>-</u>
Liabilities, deferred inflows of resources and fund balances:									
Liabilities:									
Accounts payable	\$ -	-	-	-	-	-	-	-	-
Accrued payroll liabilities	521	-	-	-	-	-	-	-	-
Total liabilities	<u>521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:									
"Unavailable" revenues	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	3,269	7,337	19,392	23,750	150,796	1,850	68	-	-
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	<u>3,269</u>	<u>7,337</u>	<u>19,392</u>	<u>23,750</u>	<u>150,796</u>	<u>1,850</u>	<u>68</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances:	\$ <u>3,790</u>	<u>7,337</u>	<u>19,392</u>	<u>23,750</u>	<u>150,796</u>	<u>1,850</u>	<u>68</u>	<u>-</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, 2017

	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	\$ -	240,000	12,204	1,715	824	24,978	1,085,032
Investments	-	-	-	-	-	-	-
Receivables							
Taxes receivable	-	-	-	-	-	-	24,320
Due from other governments	-	-	-	-	-	-	3,557
Total assets	<u>-</u>	<u>240,000</u>	<u>12,204</u>	<u>1,715</u>	<u>824</u>	<u>24,978</u>	<u>1,112,909</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>\$ -</u>	<u>240,000</u>	<u>12,204</u>	<u>1,715</u>	<u>824</u>	<u>24,978</u>	<u>1,112,909</u>
Liabilities, deferred inflows of resources and fund balances:							
Liabilities:							
Accounts payable	\$ -	-	-	-	-	-	2,832
Accrued payroll liabilities	-	-	-	-	-	-	11,516
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,348</u>
Deferred Inflows of Resources:							
"Unavailable" revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	240,000	12,204	1,715	824	24,978	1,098,561
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>240,000</u>	<u>12,204</u>	<u>1,715</u>	<u>824</u>	<u>24,978</u>	<u>1,098,561</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ -</u>	<u>240,000</u>	<u>12,204</u>	<u>1,715</u>	<u>824</u>	<u>24,978</u>	<u>1,112,909</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, 2017

	Property Valuation	Sheriffs JPA	Lake Sumner EMS	Enhanced 911	Farm & Range	Law Enforce- ment	Compre- hensive Plan	Indigent Fund	Ambu- lance Fund
Revenues:									
Taxes									
Property	\$ 21,742	-	-	-	-	-	-	-	-
Gross receipts	-	-	-	-	-	-	-	31,027	18,075
Charges for services	302	-	-	-	-	-	-	-	-
Intergovernmental revenue									
Federal grants	-	-	-	-	-	-	-	-	-
State grants	-	-	5,352	1,518	9,781	21,200	-	-	-
Other grants	-	-	-	-	-	-	-	-	-
Miscellaneous income	346	123,908	-	-	-	6,864	-	112,855	-
Total revenues	<u>22,390</u>	<u>123,908</u>	<u>5,352</u>	<u>1,518</u>	<u>9,781</u>	<u>28,064</u>	<u>-</u>	<u>143,882</u>	<u>18,075</u>
Expenditures:									
Current:									
General government	7,790	-	-	-	35,500	-	-	-	-
Public safety	-	136,722	6,711	3,578	-	15,040	-	-	17,231
Public works	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	70,114	-
Capital outlay	-	-	-	-	-	-	-	-	-
Debt service									
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Total expenditures	<u>7,790</u>	<u>136,722</u>	<u>6,711</u>	<u>3,578</u>	<u>35,500</u>	<u>15,040</u>	<u>-</u>	<u>70,114</u>	<u>17,231</u>
Excess (deficiency) of revenues over (under) expenditures	14,600	(12,814)	(1,359)	(2,060)	(25,719)	13,024	-	73,768	844
Other financing sources (uses):									
Transfers in	-	-	-	2,060	25,719	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,060</u>	<u>25,719</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	14,600	(12,814)	(1,359)	-	-	13,024	-	73,768	844
Beginning fund balance	<u>52,207</u>	<u>14,569</u>	<u>10,576</u>	<u>-</u>	<u>-</u>	<u>4,608</u>	<u>-</u>	<u>164,301</u>	<u>2,987</u>
Ending fund balance	<u>\$ 66,807</u>	<u>1,755</u>	<u>9,217</u>	<u>-</u>	<u>-</u>	<u>17,632</u>	<u>-</u>	<u>238,069</u>	<u>3,831</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, 2017

	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	\$ -	-	-	-	-	-	5,469	-	75,469
Charges for services	898	6,678	-	-	-	1,028	-	-	5,887
Intergovernmental revenue									
Federal grants	-	-	-	-	-	-	-	-	-
State grants	-	-	5,357	50,448	44,024	110,217	-	-	14,063
Other grants	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	176	15	-	-
Miscellaneous income	4,065	-	-	187	-	131	-	-	59,710
Total revenues	<u>4,963</u>	<u>6,678</u>	<u>5,357</u>	<u>50,635</u>	<u>44,024</u>	<u>111,552</u>	<u>5,484</u>	<u>-</u>	<u>155,129</u>
Expenditures:									
Current:									
General government	1,230	-	-	-	-	-	-	-	-
Public safety	-	-	-	148,261	3,328	62,394	-	-	253,515
Public works	-	-	-	-	-	-	-	-	-
Culture and recreation	-	3,990	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	121,342	-	-	-
Debt service									
Principal	-	-	-	-	-	32,161	-	-	-
Interest	-	-	-	-	-	6,629	-	-	-
Total expenditures	<u>1,230</u>	<u>3,990</u>	<u>-</u>	<u>148,261</u>	<u>3,328</u>	<u>222,526</u>	<u>-</u>	<u>-</u>	<u>253,515</u>
Excess (deficiency) of revenues over (under) expenditures	3,733	2,688	5,357	(97,626)	40,696	(110,974)	5,484	-	(98,386)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	4,438	7	-	100,122
Transfers out	-	-	-	(3,062)	-	-	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,062)</u>	<u>-</u>	<u>4,438</u>	<u>7</u>	<u>-</u>	<u>100,122</u>
Net change in fund balances	3,733	2,688	5,357	(100,688)	40,696	(106,536)	5,491	-	1,736
Beginning fund balance	<u>22,368</u>	<u>5,967</u>	<u>25,448</u>	<u>138,084</u>	<u>43,544</u>	<u>136,157</u>	<u>38,270</u>	<u>2,444</u>	<u>10,308</u>
Ending fund balance	<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>43,761</u>	<u>2,444</u>	<u>12,044</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, 2017

	<u>Emer- gency Mgmt</u>	<u>Fair Grounds</u>	<u>Health Grant</u>	<u>Hazard Mitigation Grant</u>	<u>Hospital</u>	<u>Misde- meanor Compli- ance</u>	<u>2011 EMW Grant</u>	<u>2015 EMW Grant</u>	<u>100 Days and Nights of Summer</u>
Revenues:									
Taxes									
Property	-	-	-	-	-	-	-	-	-
Gross receipts	\$ -	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Charges for services	591	1,645	4,230	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	2,825	-	-	-
Intergovernmental revenue									
Federal grants	-	-	-	-	-	-	-	38,592	-
State grants	6,551	-	-	-	-	-	-	-	-
Other grants	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-
Miscellaneous income	-	52,688	-	-	-	-	-	-	-
Total revenues	<u>7,142</u>	<u>54,333</u>	<u>4,230</u>	<u>-</u>	<u>-</u>	<u>2,825</u>	<u>-</u>	<u>38,592</u>	<u>-</u>
Expenditures:									
Current:									
General government	-	-	-	-	-	-	-	-	-
Public safety	14,638	-	-	-	-	2,684	-	-	1,033
Public works	-	-	-	-	-	-	-	-	-
Culture and recreation	-	53,185	-	-	-	-	-	-	-
Health and welfare	-	-	185	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	38,592	-
Total expenditures	<u>14,638</u>	<u>53,185</u>	<u>185</u>	<u>-</u>	<u>-</u>	<u>2,684</u>	<u>-</u>	<u>38,592</u>	<u>1,033</u>
Excess (deficiency) of revenues over (under) expenditures	(7,496)	1,148	4,045	-	-	141	-	-	(1,033)
Other financing sources (uses):									
Transfers in	7,208	-	-	23,750	-	-	-	-	1,033
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses):	<u>7,208</u>	<u>-</u>	<u>-</u>	<u>23,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,033</u>
Net change in fund balances	(288)	1,148	4,045	23,750	-	141	-	-	-
Beginning fund balance	<u>3,557</u>	<u>6,189</u>	<u>15,347</u>	<u>-</u>	<u>150,796</u>	<u>1,709</u>	<u>68</u>	<u>-</u>	<u>-</u>
Ending fund balance	<u>\$ 3,269</u>	<u>7,337</u>	<u>19,392</u>	<u>23,750</u>	<u>150,796</u>	<u>1,850</u>	<u>68</u>	<u>-</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, 2017**

	Safety Enforce- ment OT	Tranfer Station Financial Assurance	Transfer Station Equipment	Tire Mgmt	Recycling Grant	Municipal Court Fines	Total
Revenues:							
Taxes							
Property	\$ -	-	-	-	-	-	21,742
Gross receipts	-	-	-	-	-	-	130,040
Charges for services	-	-	-	-	-	-	21,259
Fines and forfeitures	-	-	-	-	-	20,456	23,281
Intergovernmental revenue							
Federal grants	-	-	-	-	-	-	38,592
State grants	-	-	-	-	-	-	268,511
Other grants	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	191
Miscellaneous income	-	60,000	-	94	81,560	-	502,408
Total revenues	<u>-</u>	<u>60,000</u>	<u>-</u>	<u>94</u>	<u>81,560</u>	<u>20,456</u>	<u>1,006,024</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	-	44,520
Public safety	4,833	-	-	-	-	44,137	714,105
Public works	-	-	21,760	-	-	-	21,760
Culture and recreation	-	-	-	-	-	-	57,175
Health and welfare	-	-	-	-	-	-	70,299
Capital outlay	-	-	-	-	81,560	323	241,817
Debt service							
Principal	-	-	-	-	-	-	32,161
Interest	-	-	-	-	-	-	6,629
Total expenditures	<u>4,833</u>	<u>-</u>	<u>21,760</u>	<u>-</u>	<u>81,560</u>	<u>44,460</u>	<u>1,188,466</u>
Excess (deficiency) of revenues over (under) expenditures	(4,833)	60,000	(21,760)	94	-	(24,004)	(182,442)
Other financing sources (uses):							
Transfers in	4,833	-	-	638	-	-	169,808
Transfers out	-	-	-	-	-	-	(3,062)
Total other financing sources (uses):	<u>4,833</u>	<u>-</u>	<u>-</u>	<u>638</u>	<u>-</u>	<u>-</u>	<u>166,746</u>
Net change in fund balances	-	60,000	(21,760)	732	-	(24,004)	(15,696)
Beginning fund balance	-	180,000	33,964	983	824	48,982	1,114,257
Ending fund balance	<u>\$ -</u>	<u>240,000</u>	<u>12,204</u>	<u>1,715</u>	<u>824</u>	<u>24,978</u>	<u>1,098,561</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, 2017

	<u>Balance</u>			<u>Balance</u>
	<u>6/30/2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>6/30/2017</u>
FT. SUMNER SCHOOL OPR FUND 700				
Assets:				
Cash	\$ -	32,015	(32,015)	-
Receivables - Property taxes	1,870	31,868	(32,275)	1,463
Total assets	<u>\$ 1,870</u>	<u>63,883</u>	<u>(64,290)</u>	<u>1,463</u>
Liabilities:				
Deposits held in trust for other	-	32,015	(32,015)	-
Future taxes collectible	1,870	31,868	(32,275)	1,463
Total liabilities	<u>\$ 1,870</u>	<u>63,883</u>	<u>(64,290)</u>	<u>1,463</u>
FT. SUMNER SCHOOL DEBT SER FUND 701				
Assets:				
Cash	\$ -	395,812	(395,812)	-
Receivables - Property taxes	22,272	394,285	(399,078)	17,479
Total assets	<u>\$ 22,272</u>	<u>790,097</u>	<u>(794,890)</u>	<u>17,479</u>
Liabilities:				
Deposits held in trust for other	-	395,812	(395,812)	-
Future taxes collectible	22,272	394,285	(399,078)	17,479
Total liabilities	<u>\$ 22,272</u>	<u>790,097</u>	<u>(794,890)</u>	<u>17,479</u>
FT. SUMNER SCHOOL CAP IMP FUND 702				
Assets:				
Cash	\$ -	134,912	(134,912)	-
Receivables - Property taxes	7,774	134,300	(136,013)	6,061
Total assets	<u>\$ 7,774</u>	<u>269,212</u>	<u>(270,925)</u>	<u>6,061</u>
Liabilities:				
Deposits held in trust for other	-	134,912	(134,912)	-
Future taxes collectible	7,774	134,300	(136,013)	6,061
Total liabilities	<u>\$ 7,774</u>	<u>269,212</u>	<u>(270,925)</u>	<u>6,061</u>
VILLAGE OF FT. SUMNER FUND 705				
Assets:				
Cash	\$ -	23,027	(23,027)	-
Receivables - Property taxes	2,384	22,867	(23,079)	2,172
Total assets	<u>\$ 2,384</u>	<u>45,894</u>	<u>(46,106)</u>	<u>2,172</u>
Liabilities:				
Deposits held in trust for other	-	23,027	(23,027)	-
Future taxes collectible	2,384	22,867	(23,079)	2,172
Total liabilities	<u>\$ 2,384</u>	<u>45,894</u>	<u>(46,106)</u>	<u>2,172</u>
CLINIC FUND 706				
Assets:				
Cash	\$ -	351,557	(351,557)	-
Receivables - Property taxes	15,941	352,336	(354,523)	13,754
Total assets	<u>\$ 15,941</u>	<u>703,893</u>	<u>(706,080)</u>	<u>13,754</u>
Liabilities:				
Deposits held in trust for other	-	351,557	(351,557)	-
Future taxes collectible	15,941	352,336	(354,523)	13,754
Total liabilities	<u>\$ 15,941</u>	<u>703,893</u>	<u>(706,080)</u>	<u>13,754</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, 2017**

	<u>Balance</u>			<u>Balance</u>
	<u>6/30/2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>6/30/2017</u>
FSID MAINTENANCE FUND 735				
Assets:				
Cash	\$ -	188,978	(188,978)	-
Receivables - Property taxes	6,366	192,268	(191,031)	7,603
Total assets	<u>\$ 6,366</u>	<u>381,246</u>	<u>(380,009)</u>	<u>7,603</u>
Liabilities:				
Deposits held in trust for other	\$ -	188,978	(188,978)	-
Future taxes collectible	6,366	192,268	(191,031)	7,603
Total liabilities	<u>\$ 6,366</u>	<u>381,246</u>	<u>(380,009)</u>	<u>7,603</u>
FSID SINKING FUND 736				
Assets:				
Cash	\$ -	55,121	(55,121)	-
Receivables - Property taxes	2,580	55,986	(55,720)	2,846
Total assets	<u>\$ 2,580</u>	<u>111,107</u>	<u>(110,841)</u>	<u>2,846</u>
Liabilities:				
Deposits held in trust for other	\$ -	55,121	(55,121)	-
Future taxes collectible	2,580	55,986	(55,720)	2,846
Total liabilities	<u>\$ 2,580</u>	<u>111,107</u>	<u>(110,841)</u>	<u>2,846</u>
FSID WATER MASTER FUND 737				
Assets:				
Cash	\$ -	32,725	(32,725)	-
Receivables - Property taxes	1,724	33,016	(33,345)	1,395
Total assets	<u>\$ 1,724</u>	<u>65,741</u>	<u>(66,070)</u>	<u>1,395</u>
Liabilities:				
Deposits held in trust for other	\$ -	32,725	(32,725)	-
Future taxes collectible	1,724	33,016	(33,345)	1,395
Total liabilities	<u>\$ 1,724</u>	<u>65,741</u>	<u>(66,070)</u>	<u>1,395</u>
FSID DELINQUENT WATER 738				
Assets:				
Cash	\$ -	1,516	(1,516)	-
Receivables - Property taxes	505	2,102	(1,515)	1,092
Total assets	<u>\$ 505</u>	<u>3,618</u>	<u>(3,031)</u>	<u>1,092</u>
Liabilities:				
Deposits held in trust for other	\$ -	1,516	(1,516)	-
Future taxes collectible	505	2,102	(1,515)	1,092
Total liabilities	<u>\$ 505</u>	<u>3,618</u>	<u>(3,031)</u>	<u>1,092</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, 2017**

	<u>Balance</u> <u>6/30/2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>6/30/2017</u>
SWINE FUND 740				
Assets:				
Cash	\$ -	1	(3)	(2)
Receivables - Property taxes	-	3	(3)	-
Total assets	<u>\$ -</u>	<u>4</u>	<u>(6)</u>	<u>(2)</u>
Liabilities:				
Deposits held in trust for other	-	1	(3)	(2)
Future taxes collectible	-	3	(3)	-
Total liabilities	<u>\$ -</u>	<u>4</u>	<u>(6)</u>	<u>(2)</u>
BISON FUND 742				
Assets:				
Cash	\$ -	64	(64)	-
Receivables - Property taxes	-	60	(60)	-
Total assets	<u>\$ -</u>	<u>124</u>	<u>(124)</u>	<u>-</u>
Liabilities:				
Deposits held in trust for other	-	64	(64)	-
Future taxes collectible	-	60	(60)	-
Total liabilities	<u>\$ -</u>	<u>124</u>	<u>(124)</u>	<u>-</u>
DAIRY LEVY FUND 743				
Assets:				
Cash	\$ -	-	-	-
Receivables - Property taxes	-	-	-	-
Total assets	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities:				
Deposits held in trust for other	-	-	-	-
Future taxes collectible	-	-	-	-
Total liabilities	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
RATITES FUND 744				
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 other	-	2	(2)	-
Future taxes collectible	-	2	(2)	-
Total liabilities	<u>\$ -</u>	<u>4</u>	<u>(4)</u>	<u>-</u>
STATE LEVY FUND 745				
Assets:				
Cash	\$ -	113,055	(113,055)	-
Receivables - Property taxes	5,784	112,751	(113,992)	4,543
Total assets	<u>\$ 5,784</u>	<u>225,806</u>	<u>(227,047)</u>	<u>4,543</u>
Liabilities:				
Deposits held in trust for other	-	113,055	(113,055)	-
Future taxes collectible	5,784	112,751	(113,992)	4,543
Total liabilities	<u>\$ 5,784</u>	<u>225,806</u>	<u>(227,047)</u>	<u>4,543</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, 2017**

	<u>Balance</u>			<u>Balance</u>
	<u>6/30/2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>6/30/2017</u>
CATTLE FUND 746				
Assets:				
Cash	\$ -	66,755	(66,755)	-
Receivables - Property taxes	502	66,814	(66,912)	404
Total assets	<u>\$ 502</u>	<u>133,569</u>	<u>(133,667)</u>	<u>404</u>
Liabilities:				
Deposits held in trust for other	-	66,755	(66,755)	-
Future taxes collectible	502	66,814	(66,912)	404
Total liabilities	<u>\$ 502</u>	<u>133,569</u>	<u>(133,667)</u>	<u>404</u>
SHEEP FUND 747				
Assets:				
Cash	\$ -	173	(172)	1
Receivables - Property taxes	-	174	(174)	-
Total assets	<u>\$ -</u>	<u>347</u>	<u>(346)</u>	<u>1</u>
Liabilities:				
Deposits held in trust for other	-	173	(172)	1
Future taxes collectible	-	174	(174)	-
Total liabilities	<u>\$ -</u>	<u>347</u>	<u>(346)</u>	<u>1</u>
EQUINE FUND 748				
Assets:				
Cash	\$ -	498	(498)	-
Receivables - Property taxes	32	495	(502)	25
Total assets	<u>\$ 32</u>	<u>993</u>	<u>(1,000)</u>	<u>25</u>
Liabilities:				
Deposits held in trust for other	-	498	(498)	-
Future taxes collectible	32	495	(502)	25
Total liabilities	<u>\$ 32</u>	<u>993</u>	<u>(1,000)</u>	<u>25</u>
GOATS FUND 749				
Assets:				
Cash	\$ -	20	(20)	-
Receivables - Property taxes	-	20	(20)	-
Total assets	<u>\$ -</u>	<u>40</u>	<u>(40)</u>	<u>-</u>
Liabilities:				
Deposits held in trust for other	-	20	(20)	-
Future taxes collectible	-	20	(20)	-
Total liabilities	<u>\$ -</u>	<u>40</u>	<u>(40)</u>	<u>-</u>
COST TO STATE FUND 750				
Assets:				
Cash	\$ (184)	1,125	(941)	-
Receivables - Property taxes	-	-	-	-
Total assets	<u>\$ (184)</u>	<u>1,125</u>	<u>(941)</u>	<u>-</u>
Liabilities:				
Deposits held in trust for other	(184)	1,125	(941)	-
Future taxes collectible	-	-	-	-
Total liabilities	<u>\$ (184)</u>	<u>1,125</u>	<u>(941)</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, 2017**

	<u>Balance</u>			<u>Balance</u>
	<u>6/30/2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>6/30/2017</u>
STATE PENALTY FUND 751				
Assets:				
Cash	\$ (115)	115	(141)	(141)
Receivables - Property taxes	-	-	-	-
Total assets	<u>\$ (115)</u>	<u>115</u>	<u>(141)</u>	<u>(141)</u>
Liabilities:				
Deposits held in trust for other	\$ (115)	115	(141)	(141)
Future taxes collectible	-	-	-	-
Total liabilities	<u>\$ (115)</u>	<u>115</u>	<u>(141)</u>	<u>(141)</u>
STATE INTEREST FUND 752				
Assets:				
Cash	\$ (405)	405	(567)	(567)
Receivables - Property taxes	-	-	-	-
Total assets	<u>\$ (405)</u>	<u>405</u>	<u>(567)</u>	<u>(567)</u>
Liabilities:				
Deposits held in trust for other	\$ (405)	405	(567)	(567)
Future taxes collectible	-	-	-	-
Total liabilities	<u>\$ (405)</u>	<u>405</u>	<u>(567)</u>	<u>(567)</u>
CHILDREN TRUST FUND 753				
Assets:				
Cash	\$ 60	180	(240)	-
Receivables - Property taxes	-	-	-	-
Total assets	<u>\$ 60</u>	<u>180</u>	<u>(240)</u>	<u>-</u>
Liabilities:				
Deposits held in trust for other	\$ 60	180	(240)	-
Future taxes collectible	-	-	-	-
Total liabilities	<u>\$ 60</u>	<u>180</u>	<u>(240)</u>	<u>-</u>
UNDISTRIBUTED TAXES 760				
Assets:				
Cash	\$ 257	128,483	(128,483)	257
Receivables - Property taxes	-	-	-	-
Total assets	<u>\$ 257</u>	<u>128,483</u>	<u>(128,483)</u>	<u>257</u>
Liabilities:				
Deposits held in trust for other	\$ 257	128,483	(128,483)	257
Future taxes collectible	-	-	-	-
Total liabilities	<u>\$ 257</u>	<u>128,483</u>	<u>(128,483)</u>	<u>257</u>
SUSPENSE FUND-OVER/UNDER FUND 771				
Assets:				
Cash	\$ (520)	458	-	(62)
Receivables - Property taxes	-	-	-	-
Total assets	<u>\$ (520)</u>	<u>458</u>	<u>-</u>	<u>(62)</u>
Liabilities:				
Deposits held in trust for other	\$ (520)	458	-	(62)
Future taxes collectible	-	-	-	-
Total liabilities	<u>\$ (520)</u>	<u>458</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, 2017**

	<u>Balance</u> <u>6/30/2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>6/30/2017</u>
PAID IN ADVANCE FUND 775				
Assets:				
Cash	\$ 1,817	-	(373)	1,444
Receivables - Property taxes	-	-	-	-
Total assets	<u>\$ 1,817</u>	<u>-</u>	<u>(373)</u>	<u>1,444</u>
Liabilities:				
Deposits held in trust for other	\$ 1,817	-	(373)	1,444
Future taxes collectible	-	-	-	-
Total liabilities	<u>\$ 1,817</u>	<u>-</u>	<u>(373)</u>	<u>1,444</u>
INMATE TRUST ACCOUNT FUND 780				
Assets:				
Cash	\$ 21,648	16,441	(14,686)	23,403
Receivables - Property taxes	-	-	-	-
Total assets	<u>\$ 21,648</u>	<u>16,441</u>	<u>(14,686)</u>	<u>23,403</u>
Liabilities:				
Deposits held in trust for other	\$ 21,648	16,441	(14,686)	23,403
Future taxes collectible	-	-	-	-
Total liabilities	<u>\$ 21,648</u>	<u>16,441</u>	<u>(14,686)</u>	<u>23,403</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash	\$ 22,558	1,543,438	(1,541,663)	24,333
Receivables - Property taxes	<u>67,734</u>	<u>1,399,347</u>	<u>(1,408,244)</u>	<u>58,837</u>
Total assets	<u>\$ 90,292</u>	<u>2,942,785</u>	<u>(2,949,907)</u>	<u>83,170</u>
Liabilities:				
Deposits held in trust for other	\$ 22,558	1,543,438	(1,541,663)	24,333
Future taxes collectible	<u>67,734</u>	<u>1,399,347</u>	<u>(1,408,244)</u>	<u>58,837</u>
Total liabilities	<u>\$ 90,292</u>	<u>2,942,785</u>	<u>(2,949,907)</u>	<u>83,170</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, 2017

	Major Funds					Total Non-Major Funds	Total Funds
	General Fund	Special Revenue Funds			Transfer Station Fund		
		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	-	2,027	-	-	-	87,790	89,817
Road improvements	-	-	-	1,162,663	-	-	1,162,663
Solid waste operations	-	-	-	-	40,305	14,743	55,048
Valuation services	-	-	-	-	-	66,807	66,807
Providing emergency medical services	-	-	-	-	-	13,048	13,048
Indigent Healthcare	-	-	-	-	-	238,069	238,069
County clerk equipment	-	-	-	-	-	26,101	26,101
Cultural recreation facilities and events	-	-	-	-	-	15,992	15,992
Fire fighting efforts/equipment	-	-	-	-	-	182,062	182,062
County Courthouse maintenance	-	-	-	-	-	43,761	43,761
Healthcare services	-	-	-	-	-	170,188	170,188
Financial assurance - landfill	-	-	-	-	-	240,000	240,000
Subtotal restricted funds	-	2,027	-	1,162,663	40,305	1,098,561	2,303,556
Committed to:							
Subtotal committed funds	-	-	-	-	-	-	-
Assigned to:							
Subtotal assigned funds	-	-	-	-	-	-	-
Unassigned	2,104,712	-	(6,442)	-	-	-	2,098,270
	\$ 2,104,712	2,027	(6,442)	1,162,663	40,305	1,098,561	4,401,826

See independent auditor's report.

**STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF DEPOSITORIES
As of June 30, 2017**

<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*	\$ 415,963	-		5,420	(41,453)	379,930
Public Funds MMDA	CK*	3,951,531	-		-	-	3,951,531
De Baca Correction Fund	CK*	23,403	-		-	-	23,403
NMFA Debt service reserves	CK*	-	92,571		-	-	92,571
Total cash and equivalents		<u>4,390,897</u>	<u>92,571</u>		<u>5,420</u>	<u>(41,453)</u>	<u>4,447,435</u>
Component Unit - DeBaca Family Clinic							
Demand Deposits				598,179	-	(35,672)	562,507
Time and Savings Deposits				814,025	209	-	814,234
Total amount on deposit		4,390,897	92,571	1,412,204	<u>209</u>	<u>(35,672)</u>	<u>1,376,741</u>
FDIC coverage		<u>(250,000)</u>	<u>(92,571)</u>	<u>(250,000)</u>			
Total uninsured public funds		4,140,897	-	1,162,204			
50% collateral requirement (Section 6-10-17 NMSA-1978)		2,070,449	-	581,102			
Pledge security		3,390,689		1,919,654			
See NMFA audited financials							
Amount (over)/under collateralized		<u>\$ (1,320,241)</u>	<u>-</u>	<u>(1,338,552)</u>			

* denotes interest bearing account

STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF PLEDGED COLLATERAL BY DEPOSITORY
As of June 30, 2017

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	3.00	\$ 110,552	111,488
36179NA32	GNMA II Pool #MA0926 4/20/2043	3.00	572,235	577,082
36179NTY4	GNMA II Pool #MA1467 11/20/2043	2.25	624,319	639,802
36179SAY3	GNMA II Pool #MA3623 4/20/2046	2.00	2,035,831	2,062,317
			\$ <u>3,342,937</u>	<u>3,390,689</u>
Citizens Bank of Clovis - For DeBaca Family Clinic				
<i>Safekeeping Location - Independent Bank, Dallas, TX</i>				
357021201405230	GNMA II Pool #4974 3/20/2026	3.00	615,480	615,480
297647201211210	SBAP 2012-20K 1 11/1/2032	3.00	1,304,174	1,304,174
			\$ <u>1,919,654</u>	<u>1,919,654</u>

See independent auditor's report.

STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF JOINT POWERS AGREEMENTS AND MEMORANDUMS OF UNDERSTANDING
As of June 30, 2017

E-911 Services

Participants: De Baca County and Village of Fort Sumner
Responsible party: Village of Fort Sumner
Description: De Baca County and Village of Fort Sumner have agreed to the need for a consolidated E-911 Communications System and Law Enforcement.
Period: Perpetual
Project costs: Undeterminable
County contributions: Undeterminable
Audit responsibility: De Baca County

De Baca County Collection Center

Participants: De Baca County and Village of Fort Sumner
Responsible party: De Baca County and Village of Fort Sumner
Description: This agreement was entered into to exercise their common power to design, construct, operate, and maintain the De Baca County Collection Center.
Period: Perpetual
Project costs: None in 2017.
County contributions: Providing funding as available from the county wide solid waste fee to support operations and maintenance of the collection center and transfers.
Audit responsibility: De Baca County

Law Enforcement Services

Participants: De Baca County and Village of Fort Sumner
Responsible party: De Baca County and Village of Fort Sumner
Description: Intergovernmental agreement for law enforcement services to provide for the safety, protection and welfare of its citizens an property of Fort Sumner. Entered into August 11, 2014 and may be terminated by either party by providing the other party formal notice of intent to terminated not less than (90) days from the date on notice.
Period: (90) days from the date on notice.
Project costs: Undeterminable
County contributions: Undeterminable
Audit responsibility: De Baca County

**STATE OF NEW MEXICO
DE BACA COUNTY
TAX ROLL RECONCILIATION-CHANGES IN PROPERTY TAXES RECEIVABLE
As of and for the year ended June 30, 2017**

Property taxes receivable, beginning of year	\$ 111,998
Changes to tax roll:	
Net tax charges to treasurer for fiscal year	2,151,582
Adjustments:	
Increases to taxes levied in current year	5,898
Decreases to taxes levied in current year	<u>(228)</u>
Total receivable prior to collections	2,157,252
Collections for fiscal year ended June 30, 2016	<u>(2,175,770)</u>
Property taxes receivable at June 30, 2017	<u><u>\$ 93,480</u></u>

Property taxes receivable are reported as follows:

Governmental funds:	
County portion	\$ 34,643
Agency portion	<u>58,837</u>
Total property taxes receivable	<u><u>\$ 93,480</u></u>

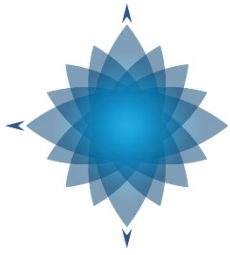
Property taxes receivable by years:	
2007	\$ 6
2008	6
2009	6
2010	381
2011	13,351
2012	14,874
2013	1,466
2014	5,766
2015	10,751
2016	<u>46,873</u>
	<u><u>\$ 93,480</u></u>

STATE OF NEW MEXICO
DE BACA COUNTY
10-YEAR PROPERTY TAX SCHEDULE
As of June 30, 2017

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							
2007-2015	688,959	3,549	686,586	3,549	686,586	-	2,373
2016	112,819	110,649	110,649	110,649	110,649	-	2,170
Total:	<u>801,778</u>	<u>114,198</u>	<u>797,235</u>	<u>114,198</u>	<u>797,235</u>	-	<u>4,543</u>
CO Operational:							
2007-2015	5,742,809	25,959	5,723,447	25,959	5,723,447	-	19,362
2016	754,763	739,482	739,482	739,482	739,482	-	15,281
Total:	<u>6,497,572</u>	<u>765,441</u>	<u>6,462,929</u>	<u>765,441</u>	<u>6,462,929</u>	-	<u>34,643</u>
MUN Operational:							
2007-2015	177,552	1,783	176,750	1,783	176,750	-	802
2016	22,849	21,479	21,479	21,479	21,479	-	1,370
Total:	<u>200,401</u>	<u>23,262</u>	<u>198,229</u>	<u>23,262</u>	<u>198,229</u>	-	<u>2,172</u>
SCH Operational:							
2007-2015	242,555	1,097	241,737	1,097	241,737	-	818
2016	31,886	31,241	31,241	31,241	31,241	-	645
Total:	<u>274,441</u>	<u>32,338</u>	<u>272,978</u>	<u>32,338</u>	<u>272,978</u>	-	<u>1,463</u>
SCH Debt:							
2007-2015	3,086,295	12,882	3,076,404	12,882	3,076,404	-	9,891
2016	394,520	386,932	386,932	386,932	386,932	-	7,588
Total:	<u>3,480,815</u>	<u>399,814</u>	<u>3,463,336</u>	<u>399,814</u>	<u>3,463,336</u>	-	<u>17,479</u>
SCH CAPT:							
2007-2015	1,000,981	4,621	997,641	4,621	997,641	-	3,340
2016	134,376	131,655	131,655	131,655	131,655	-	2,721
Total:	<u>1,135,357</u>	<u>136,276</u>	<u>1,129,296</u>	<u>136,276</u>	<u>1,129,296</u>	-	<u>6,061</u>
Clinic-L Total:							
2007-2015	2,074,987	9,346	2,068,013	9,346	2,068,013	-	6,974
2016	352,546	345,766	345,766	345,766	345,766	-	6,780
Total:	<u>2,427,533</u>	<u>355,112</u>	<u>2,413,779</u>	<u>355,112</u>	<u>2,413,779</u>	-	<u>13,754</u>
Cattle Elk:							
2007-2015	367,117	385	367,001	385	367,001	-	116
2016	67,332	67,044	67,044	67,044	67,044	-	288
Total:	<u>434,449</u>	<u>67,429</u>	<u>434,045</u>	<u>67,429</u>	<u>434,045</u>	-	<u>404</u>
Sheep:							
2007-2015	699	-	699	-	699	-	-
2016	174	174	174	174	174	-	-
Total:	<u>873</u>	<u>174</u>	<u>873</u>	<u>174</u>	<u>873</u>	-	-
Goat:							
2007-2015	132	-	132	-	132	-	-
2016	20	20	20	20	20	-	-
Total:	<u>152</u>	<u>20</u>	<u>152</u>	<u>20</u>	<u>152</u>	-	-
Equine Levy:							
2007-2015	6,674	19	6,661	19	6,661	-	13
2016	495	483	483	483	483	-	12
Total:	<u>7,169</u>	<u>502</u>	<u>7,144</u>	<u>502</u>	<u>7,144</u>	-	<u>25</u>

STATE OF NEW MEXICO
DE BACA COUNTY
10-YEAR PROPERTY TAX SCHEDULE
As of June 30, 2017

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:							
2007-2015	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-
Total:	-	-	-	-	-	-	-
Swine:							
2007-2015	35	-	35	-	35	-	-
2016	3	3	3	3	3	-	-
Total:	38	3	38	3	38	-	-
Bison:							
2007-2015	194	4	194	4	194	-	-
2016	60	60	60	60	60	-	-
Total:	254	64	254	64	254	-	-
Ratities Levy:							
2007-2015	8	-	8	-	8	-	-
2016	2	2	2	2	2	-	-
Total:	10	2	10	2	10	-	-
DLQ Water:							
2007-2015	505	184	184	184	184	-	321
2016	2,102	1,331	1,331	1,331	1,331	-	771
Total:	2,607	1,515	1,515	1,515	1,515	-	1,092
FSID Maint:							
2007-2015	1,638,077	5,085	1,636,797	5,085	1,636,797	-	1,280
2016	192,124	185,801	185,801	185,801	185,801	-	6,323
Total:	1,830,201	190,886	1,822,598	190,886	1,822,598	-	7,603
FSID Sink:							
2007-2015	500,748	1,575	500,353	1,575	500,353	-	395
2016	55,944	54,103	54,103	54,103	54,103	-	1,841
Total:	556,692	55,678	554,456	55,678	554,456	-	2,236
Non-Rendition:							
2007-2015	610	-	-	-	-	-	610
2016	-	-	-	-	-	-	-
Total:	610	-	-	-	-	-	610
FSID WTR MASTER:							
2007-2015	296,797	1,150	296,487	1,150	296,487	-	310
2016	32,991	31,906	31,906	31,906	31,906	-	1,085
Total:	329,788	33,056	328,393	33,056	328,393	-	1,395
Total Agency Funds							
2007-2015	15,825,734	67,639	15,779,129	67,639	15,779,129	-	46,605
2016	2,155,006	2,108,131	2,108,131	2,108,131	2,108,131	-	46,875
Total:	17,980,740	2,175,770	17,887,260	2,175,770	17,887,260	-	93,480



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

Timothy Keller
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, 2017, 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, 2017.

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.

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

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

deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies: 2015-001, 2015-002, 2015-005, 2017-001, and 2017-002.

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: Component unit findings 2017-001, and 2017-002.

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, 2017

**STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017**

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? | No |
| 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
2015-003 Travel and Per Diem	Resolved	Yes
2015-004 County owned vehicle policy	Resolved	Yes
2015-005 Journal entries review	Repeated/modified	Yes
2015-007 Purchasing Violations	Resolved	Yes
2016-001 Expenditures in Excess of Budget	Resolved	Yes
Component Unit - DeBaca Family Practice Clinic, Inc.		
None		
Current Year Findings		
DeBaca County		
2017-001 Bank Reconciliations		Yes
2017-002 Solid Waste Agreement with Village of Fort Sumner		Yes
Component Unit - DeBaca Family Practice Clinic, Inc.		
2017-001 Capital Asset Accounting		Yes
2017-002 Late Audit Report		Yes

**STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENT FINDINGS

PRIOR YEAR FINDINGS REPATED/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 note 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 2017.

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

**STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017**

The Human Resources Specialist will be responsible for these corrective actions and we intend to have this rectified by June 30, 2018.

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 did not appear to have made progress in this area due to lack of resources.

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 no longer do any billing and 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.

The County Treasurer will be responsible for these corrective actions and we intend to have this rectified by June 30, 2018..

**STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017**

2015-005 – JOURNAL ENTRIES REVIEW – Significant Deficiency – Repeated/Modified

Statement of Condition

Five of five journal entries selected for testing did not have evidence of review or approval and five journal entries did not have supporting documentation attached to the journal entry which would substantiate the appropriateness of the journal entry.

There was no evidence that any progress was made in this area during FY 2017.

Criteria

Sound internal control policies should include controls over the journal entry process; adjusting journal entries should include, at a minimum, supporting documentation, indication of the reason for the entry, and indication that the entry was reviewed by someone other than the person posting the entry.

Effect

Failure to have such a review process in place could result in misappropriation or misstatement of financial statement amounts and is also subjects the general ledger to potential fraudulent entries.

Cause

The County has not yet implemented a formalized process for entering journal entries into the system.

Recommendation

We recommend the County implement policies and procedures to ensure that journal entries are reviewed and/or approved prior to being posted into the general ledger. Or in consideration of limited staffing resources in both the finance and Treasurer's Office, the County may want to consider having both the Financial Specialist and the County Treasurer generate monthly journal entry reports that are submitted to the County Commission at the monthly board meetings for their information.

Management's Response

Management will continue to work toward refining this process to include secondary review of all manual journal entries between the finance and treasurer office. A report will also be generated for the County Commission to review.

The Financial Specialist and County Treasurer will be responsible for these corrective actions and we intend to have this rectified by June 30, 2018.

CURRENT YEAR FINANCIAL STATEMENT FINDINGS

DeBaca County

2017-001 – BANK RECONCILIATIONS – 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. The manual

**STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017**

reconciliation resulted in a variance of \$147,766.81 to the general ledger, while the accounting software reconciliation had an unreconciled variance of \$9,696.85 on the June 30, 2017 bank reconciliation.

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.

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

It is recommended that the County contact its accounting software provider to obtain training on the reconciliation process to more fully utilize the software's reconciliation module. Any outstanding items should be reviewed for potential follow-up actions. The reconciliations should be reviewed and approved by someone independent of the reconciliation process.

Management's Response

The Treasurer will work with Triadic on a computer-generated report that reconciles the bank statement and the fund balance report. Generic spreadsheets will no longer be used.

The County Treasurer will be responsible for these corrective actions and we intend to have this rectified by June 30, 2018.

2017-002 – Solid Waste Agreement with Village of Fort Sumner – Significant Deficiency

Statement of Condition

As part of our audit we conducted procedures related to the County's solid waste services and specifically how it was billing the Village of Fort Sumner for the monthly solid waste usage. We identified the following weaknesses in the current billing process:

- There currently is no mechanism at the County to invoice the Village or record a receivable in advance of the payment from the Village. The Village remits its monthly solid waste collections to the County along with a summary report of those collections. This report is not tied back to any existing list of customers to ensure the proper amounts were remitted.

**STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017**

- County is not being provided copies of customer list from Village as outlined in agreement. This prevents the county from effectively being able to identify the amount of revenue that should be received.
- County is unable to bill the Village a specific amount due to a lack of information of applicable customers.

Criteria

A signed agreement between the County and the Village stipulates that a customer list should be provided to the county and that the list should be used to calculate the amount due to the county for solid waste services.

Effect

The County is not able to calculate the monthly solid waste invoice to the Village of Fort Sumner and does not have the ability to ensure all applicable revenue is recognized in the proper period.

Cause

The County was not ensuring the signed agreement with the Village was being followed by all parties.

Recommendation

We recommend the County obtain a customer list from the Village on a monthly basis. Based on that list, the fees to be received can be calculated and allows an invoice to be created and sent to the Village for the amount owed.

Alternatively, the Village and the county could establish a fixed price agreement and the County could invoice the Village monthly based on a set rate in lieu of having to recalculate the amount due each month.

Management's Response

The Treasurer Office will work closely with the Village of Fort Sumner on obtaining a customer list on a monthly basis to insure the correct amount is invoiced and received each month.

The County Treasurer will be responsible for these corrective actions and we intend to have this rectified by June 30, 2018.

COMPONENT UNIT – DEBACA FAMILY PRACTICE CLINIC, INC.

2017-001 – CAPITAL ASSET ACCOUNTING – Other matters and noncompliance

Statement of Condition

The Clinic maintains a listing of its capital assets on an Excel spread sheet, which is also used to compute depreciation. The spread sheet is not the most effective manner of accounting for assets acquired with federal grant funds, as well as meeting compliance requirements, although it does meet the compliance requirements. The Clinic's capitalization policy for fiscal year 2017 was to capitalize assets with a cost of over \$3,500. The Clinic has amended the policy effective for fiscal year 2018.

**STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017**

Criteria

Section 12-6-10 NMSA 1978 requires the capitalization of chattels and equipment that cost over \$5,000. Equipment purchased with federal grant funds requires compliance with federal directives (2 CFR.313) relating to inventory management and dispositions of equipment acquired under federal awards. Section 12-6-5 NMSA 1978 requires “good accounting practices”. A review of the Clinic’s compliance with these matters is required by the annual Single Audit. The federal directives do not prescribe a specific method of meeting this compliance and the Excel spread sheet does meet the requirement; however, we bring to your attention that the implementation of this requirement could be enhanced through the use of fixed asset management software.

Fixed Asset Management software assists in meeting the federal compliance requirements by providing a more complete and robust capital asset accounting system. The software will prompt users to use serial numbers to identify equipment, more readily classifies equipment to similar groups, (IT equipment, X Ray equipment, etc.) and assists in consistency in the use of equipment lives for computation of depreciation.

Effect

Management meets its compliance requirement regarding capital assets, which are maintained on an Excel spread sheet. However, the Clinic is a federally funded health clinic and currently receives and will continue to receive a major portion of its revenue from the continuing federal funding – not just a onetime grant. The Clinic will acquire more equipment every year from federal grants. Using software dedicated to capital asset accounting will only strengthen internal controls to preclude possible future noncompliance.

Cause

The Clinic was not familiar with special software which could enhance the accounting for capital assets or how the software could assist with compliance.

Recommendation

I recommend the Clinic consider acquiring fixed asset management software to more effectively account for its capital assets.

Response

We appreciate your perception that acquiring fixed management software will strengthen internal controls to preclude possible future noncompliance. Senior management will consider and investigate the possibility. We will look at feasibility, along with the size of our organization, to determine which avenue which will benefit us. Our plan is to have software in place and managed by the Operations Manager by close of FY 2018.

FINDING 2017-002 – LATE AUDIT REPORT – Other matters and noncompliance

Statement of Condition

Condition - The Clinic’s audit report was submitted after the date required by the State Audit Rule for component unit audit reports.

**STATE OF NEW MEXICO
DE BACA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017**

Criteria

The State Audit Rule establishes the required date for submission of the component unit audit report, as 15 days prior to the due date of the Primary Government.

Effect

The audit report was filed after the required filing date.

Cause

The auditors did not budget sufficient time to obtain all required information, necessary to timely complete the audit.

Recommendation

The auditors will be more focused on the document request and will schedule field work as soon as management has the books of account closed. The measures will ensure the timely completion of the audit report.

Response

No response provided

**STATE OF NEW MEXICO
DE BACA COUNTY
OTHER DISCLOSURES
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017. The following individuals were in attendance.

DeBaca County Officials

Adolfo Lucero	Commission Chair
Betty Berry	Treasurer
Amanda Lucero	Human Resources Specialist

Integrity Accounting & Consulting

Erick Robinson, CPA, CFE	Partner
Jela Basista, CPA	Auditor