



KRIEGEL/GRAY/SHAW & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS
TRADITIONAL YET PROGRESSIVE SERVICE SINCE 1962

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STATE OF NEW MEXICO

GRANT COUNTY

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2017

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GRANT COUNTY
OFFICIAL ROSTER
JUNE 30, 2017

BOARD OF COMMISSIONERS

<u>Name</u>	<u>Title</u>
<i>Brett A. Kasten</i>	<i>Chairman</i>
<i>Gabriel J. Ramos</i>	<i>Member</i>
<i>Alicia Edwards</i>	<i>Member</i>
<i>Gerald W. Billings, Jr.</i>	<i>Member</i>
<i>Harry Browne</i>	<i>Member</i>

ELECTED OFFICIALS

<i>Raul Turrieta</i>	<i>County Assessor</i>
<i>Marisa Castrillo</i>	<i>County Clerk</i>
<i>Velia Miranda</i>	<i>County Probate Judge</i>
<i>Raul Villanueva</i>	<i>County Sheriff</i>
<i>Steve Armendariz</i>	<i>County Treasurer</i>

ADMINISTRATIVE OFFICIALS

<i>Charlene Webb</i>	<i>County Manager</i>
<i>Linda Vasquez</i>	<i>County Director of Fiscal Services</i>

INDEPENDENT AUDITORS' REPORT

Mr. Wayne Johnson, State Auditor and
The County Manager and County Commissioners
Grant County
Silver City, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund of Grant County, as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise Grant County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of Grant County's nonmajor governmental funds, presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2017, 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 misstatements, 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.

Mr. Wayne Johnson, State Auditor and
The County Manager and County Commissioners
Grant County
Silver City, New Mexico
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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 Grant County, as of June 30, 2017, and the respective changes in financial position 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. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental funds of Grant County as of June 30, 2017, and the respective changes in financial position 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 pension liability schedules on pages 59 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on Grant County's financial statements, the combining and individual fund financial statements, and the budgetary comparisons of the general fund and major special revenue funds. The Schedule of Expenditures of Federal Awards required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other schedules required by 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Mr. Wayne Johnson, State Auditor and
The County Manager and County Commissioners
Grant County
Silver City, New Mexico
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The *Schedule of Expenditures of Federal Awards and other supplementary information 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 the auditing standards generally accepted in the United States of America. In our opinion, the *Schedule of Expenditures of Federal Awards and other supplementary information 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 18, 2017 on our consideration of Grant 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grant County's internal control over financial reporting and compliance.

Kriegel/Gray/Shaw & Co., P.C.

Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico

November 18, 2017

GRANT COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Governmental	Component Unit	
	<u>Governmental Activities</u>	<u>Gila Regional Medical Center</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$20,111,196	\$2,774,517	\$22,885,713
Certificates of deposit	0	7,844,433	7,844,433
Patient accounts receivable, net of estimated uncollectible accounts of approximately \$5,369,000, respectively	0	9,654,810	9,654,810
Investments	0	0	0
Other invested cash	0	0	0
Receivables:			
Safety net care pool	0	2,438,076	2,438,076
Grants/Due from other governments	525,167	105,801	630,968
Property taxes	1,747,159	0	1,747,159
Other taxes	0	0	0
Other	125,772	268,598	394,370
Inventory	0	2,659,324	2,659,324
Prepaid expenses	330,265	958,809	1,289,074
Current portion of assets limited as to use	0	0	0
<i>Total current assets</i>	<u>22,839,559</u>	<u>26,704,368</u>	<u>49,543,927</u>
Noncurrent Assets			
Restricted cash and cash equivalents	1,171,831	0	1,171,831
Restricted investments	0	0	0
Bond discounts, net of accumulated amortization of \$27,431	74,188		74,188
Capital assets	192,545,257	70,882,250	263,427,507
Other assets	0	0	0
Art collection	0	140,016	140,016
Less: accumulated depreciation	(84,852,249)	(35,339,369)	(120,191,618)
<i>Total noncurrent assets</i>	<u>108,939,027</u>	<u>35,682,897</u>	<u>144,621,924</u>
Deferred Outflow of Resources			
Pension	5,132,554	0	5,132,554
<i>Total deferred outflow of resources</i>	<u>5,132,554</u>	<u>0</u>	<u>5,132,554</u>
Total assets and deferred outflow of resources	<u>\$136,911,140</u>	<u>\$62,387,265</u>	<u>\$199,298,405</u>

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Governmental	Component Unit	
	Governmental Activities	Gila Regional Medical Center	Total
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable	\$609,080	\$3,863,731	\$4,472,811
Accrued compensation and related liabilities	299,114	737,833	1,036,947
Accrued interest payable	1,337,863	0	1,337,863
Accrued compensated absences	0	1,951,592	1,951,592
Current portion of loans and capital leases payables	0	0	0
Current portion of bonds payable	0	0	0
Safety net care pool payable	0	0	0
Patient refunds	0	1,187,401	1,187,401
Estimated third-party payor settlements payable	0	698,974	698,974
Current maturities of long-term debt	0	0	0
<i>Total current liabilities</i>	<u>2,246,057</u>	<u>8,439,531</u>	<u>10,685,588</u>
Noncurrent Liabilities			
Accrued compensated absences	395,311	0	395,311
Bond premiums, net of accumulated amortization of \$92,682	139,024	0	139,024
Bonds payable	61,715,000	0	61,715,000
Notes payable	3,168,644	0	3,168,644
Net pension liability	15,407,370	0	15,407,370
Lease payable	194,297	0	194,297
<i>Total noncurrent liabilities</i>	<u>81,019,646</u>	<u>0</u>	<u>81,019,646</u>
<i>Total liabilities</i>	<u>83,265,703</u>	<u>8,439,531</u>	<u>91,705,234</u>
Deferred Inflow of Resources			
Unavailable revenue	2,318,771	0	2,318,771
Pension	263,739	0	263,739
<i>Total deferred inflows of resources</i>	<u>2,582,510</u>	<u>0</u>	<u>2,582,510</u>
Net Position			
Net investment in capital assets	42,615,067	35,542,881	78,157,948
Restricted for:			
Debt service	9,552,528	0	9,552,528
Capital projects	2,897,489	0	2,897,489
Other purposes - special revenue	5,227,016	0	5,227,016
Unrestricted	(9,229,173)	18,404,853	9,175,680
<i>Total net position</i>	<u>51,062,927</u>	<u>53,947,734</u>	<u>105,010,661</u>
<i>Total liabilities, deferred inflow of resources, and net position</i>	<u>\$136,911,140</u>	<u>\$62,387,265</u>	<u>\$199,298,405</u>

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense)	Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position	
					Primary Government	
					Governmental Activities	
Primary Government						
Governmental Activities:						
General government	\$8,203,790	\$5,640,883	\$864,180	\$3,851,346	\$2,152,619	
Public safety	10,509,479	263,732	2,742,055	9,327	(7,494,365)	
Public works	5,885,524	694,056	0	263,602	(4,927,866)	
Health and welfare	1,624,199	39,499	461,986	154,002	(968,712)	
Cultural and recreational	119,904	0	390	0	(119,514)	
Interest and fees on long-term debt	3,014,950	0	0	0	(3,014,950)	
<i>Total governmental activities</i>	<i>29,357,846</i>	<i>6,638,170</i>	<i>4,068,611</i>	<i>4,278,277</i>	<i>(14,372,788)</i>	
Total primary government	\$29,357,846	\$6,638,170	\$4,068,611	\$4,064,627	(\$14,372,788)	

COMPONENT UNIT:

Gila Regional Medical Center	\$74,157,289	\$70,604,212	\$568,225	\$328,600		(\$2,656,252)
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General Revenues

Taxes:		
Gross receipts/state shared	\$5,955,165	\$0
Property	8,019,053	0
Lodgers' tax	79,445	0
Payments in lieu of taxes	2,130,365	0
Interest income	28,232	47,813
Other	619,896	0
Gain/Loss on asset disposals	(1,234,852)	(14,254)
Operating transfers, net	0	0
Capital transfers, net	0	0
<i>Total general revenues and transfers</i>	<i>15,597,304</i>	<i>33,559</i>
Change in net position	1,224,516	(2,622,693)
Net position, beginning of year, as previously stated	60,128,661	56,570,427
Restatement	(10,290,250)	0
Net position, beginning of year, as restated	49,838,411	56,570,427
Net position (deficit), end of year	\$51,062,927	\$53,947,734

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY
GOVERNMENTAL FUNDS
BALANCE SHEETS
JUNE 30, 2017

	General Fund	Fort Bayard Medical Facility Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$4,036,789	\$6,972,291	\$9,102,116	\$20,111,196
Cash held by trustee	0	0	1,171,831	1,171,831
Accounts receivable	35,498	0	90,274	125,772
Interfund receivable	873,805	0	153,228	1,027,033
Taxes receivable	1,277,102	0	470,057	1,747,159
Due from other governments	160,730	0	364,437	525,167
Prepaid expenses	330,265	0	0	330,265
Total assets	\$6,714,189	\$6,972,291	\$11,351,943	\$25,038,423
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$76,842	\$0	\$532,238	\$609,080
Salaries payable	0	0	104,908	104,908
Accrued payroll expenses	194,206	0	0	194,206
Interfund payable	46,465	0	980,568	1,027,033
Total liabilities	317,513	0	1,617,714	1,935,227
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:				
Grant revenue	0	0	133,200	133,200
Property taxes	2,795,815	0	79,189	2,875,004
Total deferred inflows of resources	2,795,815	0	212,389	3,008,204
Fund Balance:				
Nonspendable				
Prepaid expenses	330,265	0	0	330,265
Spendable				
Restricted for:				
General government	0	0	199,343	199,343
Maintenance of roads	0	0	198,634	198,634
Recreation	0	0	270,071	270,071
Public safety	0	0	3,337,157	3,337,157
Health and welfare	0	0	767,738	767,738
Debt service expenditures	0	6,972,291	2,593,616	9,565,907
Capital projects	0	0	2,897,489	2,897,489
Unassigned	3,270,596	0	(742,208)	2,528,388
Total fund balance	3,600,861	6,972,291	9,521,840	20,094,992
Total liabilities, deferred inflows of resources, and fund balances	\$6,714,189	\$6,972,291	\$11,351,943	\$25,038,423

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY
RECONCILIATION OF THE FUND BALANCE OF GOVERNMENTAL FUNDS
TO GOVERNMENTAL ACTIVITIES NET POSITION
JUNE 30, 2017

Amounts reported for governmental activities in the Statement of Net Position are different because:

FUND BALANCE of Governmental Funds	\$20,094,992
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	107,693,008
Bond premiums and discounts are capitalized and amortized over the life of the bond	
Bond discounts	(139,024)
Bond premiums	74,188
Deferred outflow and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds.	
Deferred outflows of resources related to pensions	5,132,554
Deferred inflows of resources related to pensions	(263,739)
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:	
Property taxes subject to the 60 day availability period	689,433
Receivables subject to the 60 day availability period	0
Long-term liabilities are not reported in the funds:	
Net pension liability	(15,407,370)
Bonds payable	(61,715,000)
Notes payable	(3,168,644)
Lease payable	(194,297)
Accrued interest payable	(1,337,863)
Compensated absences	(395,311)
<i>Net position of governmental activities</i>	\$51,062,927

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Fort Bayard Medical Facility Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$7,192,640	\$0	\$955,885	\$8,148,525
Gross receipts	4,010,909	0	1,944,256	5,955,165
Lodgers	0	0	79,445	79,445
Intergovernmental:				
Federal operating grants	183,228	0	1,363,875	1,547,103
Federal capital grants	15,000	0	2,319,511	2,334,511
State operating grants	1,302,182	0	1,791,793	3,093,975
State capital grants	0	0	1,943,766	1,943,766
Payment in lieu of taxes	2,130,365	0	0	2,130,365
Fines, licenses and permits	7,264	0	0	7,264
Charges for services	478,130	4,047,269	2,112,771	6,638,170
Investment income (loss)	12,531	5,057	10,644	28,232
Miscellaneous	461,149	0	151,483	612,632
<i>Total revenues</i>	15,793,398	4,052,326	12,673,429	32,519,153
EXPENDITURES				
Current:				
General government	4,451,653	0	1,819,171	6,270,824
Public safety	4,220,860	0	4,641,459	8,862,319
Public works	2,944,612	0	729,130	3,673,742
Health and welfare	49,360	0	1,497,580	1,546,940
Culture and recreation	45,115	0	70,614	115,729
Debt Service				
Principal	0	1,285,000	1,371,981	2,656,981
Interest	0	2,729,214	363,570	3,092,784
Capital outlay	273,298	0	7,846,519	8,119,817
<i>Total expenditures</i>	11,984,898	4,014,214	18,340,024	34,339,136
<i>Excess (deficiency) of revenues over expenditures</i>	3,808,500	38,112	(5,666,595)	(1,819,983)
Other Financing Sources (Uses):				
Transfer in	1,341,706	0	4,355,533	5,697,239
Transfer (out)	(4,740,265)	0	(956,974)	(5,697,239)
Loan proceeds	0	0	115,765	115,765
<i>Total other financing sources (uses)</i>	(3,398,559)	0	3,514,324	115,765
<i>Net changes in fund balances</i>	409,941	38,112	(2,152,271)	(1,704,218)
Fund balance - beginning of year, as previously stated	3,353,165	6,934,179	10,756,635	21,043,979
Restatements	(162,245)	0	917,476	755,231
<i>Fund balance - beginning of year, as restated</i>	3,190,920	6,934,179	11,674,111	21,799,210
<i>Fund balance - end of year</i>	\$3,600,861	\$6,972,291	\$9,521,840	\$20,094,992

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

Net change in fund balances - Governmental Funds	(\$1,704,218)
Change in net position of internal service funds	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period	3,071,864
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal. This is the basis in the assets disposed of.	(1,234,852)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.	(701,939)
Bond discounts capitalized and amortized over the life of the bond:	
Bond discounts	(7,283)
Amortization	0
Bond premiums capitalized and amortized over the life of the bond:	
Bond premiums	41,707
Amortization	0
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.	
Pension contributions and cost of benefits	(1,058,128)
Proceeds from new loans or leases is financing sources but is shown as a liability in the Statement of Net Position.	(115,765)
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	2,631,818
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. This is the net change for the year.	68,573
Some expense reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditure in governmental funds. This is the net change for the year.	232,739
<i>Change in net position of governmental activities</i>	\$1,224,516

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Approved Budget	Final Adjusted Budget	Actual	Favorable (Unfavorable)
REVENUES				
Taxes:				
Property	\$7,342,481	\$7,342,481	\$7,664,222	\$321,741
Gross receipts/other state taxes	3,383,441	3,383,441	3,329,553	(53,888)
Intergovernmental:				
Federal operating grants	552,937	581,337	169,005	(412,332)
Federal capital grants	103,432	103,432	15,000	(88,432)
State operating grants	1,054,883	1,374,398	1,265,609	(108,789)
Other	0	0	0	0
Payment in lieu of taxes	2,020,000	2,020,000	2,185,571	165,571
Fines, licenses and permits	77,850	77,850	7,264	(70,586)
Charges for services	2,594,760	2,928,949	2,987,222	58,273
Investment income (loss)	95,000	95,000	88,188	(6,812)
Miscellaneous	129,325	190,294	451,742	261,448
<i>Total revenues</i>	<u>17,354,109</u>	<u>18,097,182</u>	<u>18,163,376</u>	<u>66,194</u>
EXPENDITURES				
Current:				
General government	7,430,294	7,611,503	7,152,884	458,619
Public safety	4,348,238	4,647,409	4,305,462	341,947
Public works	2,975,368	3,068,802	2,908,489	160,313
Culture and recreation	42,601	57,601	45,115	12,486
Health and welfare	125,588	165,188	49,360	115,828
Capital outlay	332,080	482,580	273,298	209,282
<i>Total expenditures</i>	<u>15,254,169</u>	<u>16,033,083</u>	<u>14,734,608</u>	<u>1,298,475</u>
<i>Excess (deficiency) of revenues over expenditures</i>	2,099,940	2,064,099	3,428,768	1,227,889
Other Financing Sources (Uses):				
Transfers in	1,129,626	1,341,706	1,341,706	0
Transfers (out)	(4,363,127)	(4,628,129)	(4,628,129)	0
<i>Total other financing sources (uses)</i>	<u>(3,233,501)</u>	<u>(3,286,423)</u>	<u>(3,286,423)</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(1,133,561)	(1,222,324)	<u>\$142,345</u>	<u>\$0</u>
Budgeted cash carryover	<u>1,133,561</u>	<u>1,222,324</u>		
	<u>\$0</u>	<u>\$0</u>		
Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			\$142,345	
Adjustments for revenue accruals			(2,369,978)	
Adjustments for expenditures accruals			2,749,710	
Transfers due to debt transactions			(112,136)	
Net changes in fund balance (GAAP basis)			<u>\$409,941</u>	

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
JUNE 30, 2017

	<u>Agency Funds</u>
ASSETS	
Cash	\$156,807
Property taxes receivable	703,948
<i>Total assets</i>	<i>\$860,755</i>
LIABILITIES	
Deposits held in trust	\$156,807
Due to other taxing units	703,948
<i>Total liabilities</i>	<i>\$860,755</i>

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY
COMPONENT UNIT - GILA REGIONAL MEDICAL CENTER
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Increase (Decrease) in Cash and Cash Equivalents

Cash flows from operating activities

Receipts from and on behalf of patients	\$61,059,804
Receipts from safety net care pool	4,077,667
Receipts from grants and contributions	539,825
Electronic health records system incentive payback	(495,689)
Receipts from other revenue	356,876
Payments to and on behalf of employees	(37,831,470)
Payments to suppliers and contractors	(34,737,060)
<i>Net cash provided by (used in) operating activities</i>	<u>(7,030,047)</u>

Cash flows from capital and related financing activities

Purchase of capital assets	(5,606,106)
Proceeds from capital grants	328,600
Proceeds from disposal of capital assets	0
<i>Net cash used in capital and related financing activities</i>	<u>(5,277,506)</u>

Cash flows from investing activities

Purchase of investments	(7,844,433)
Proceeds from sale of investments	16,766,297
Interest received	47,812
<i>Net cash provided by investing activities</i>	<u>8,969,676</u>

Net increase (decrease) in cash and cash equivalents	(3,337,877)
Cash and cash equivalents, beginning of year	6,112,394

<i>Cash and cash equivalents, end of year</i>	<u>\$2,774,517</u>
------------------------------------------------------	---------------------------

GRANT COUNTY
COMPONENT UNIT - GILA REGIONAL MEDICAL CENTER
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

***Reconciliation of Operating Loss to Net Cash
Provided By (Used In) Operating Activities:***

Operating loss	(\$2,984,852)
<i>Adjustments to reconcile operating income to net cash provided by (used in) operating activities</i>	
Depreciation	3,190,415
Provision for bad debts	6,273,755
Decrease (increase) in assets:	
Receivables:	
Patient accounts	(6,889,714)
Safety net care pool	(2,438,076)
Grants	(28,400)
Other	(250,789)
Inventories	(457,010)
Prepaid expense	(330,518)
Increase (decrease) in liabilities:	
Accounts payable	(662,092)
Accrued compensation and related liabilities	(25,917)
Accrued compensated absences	(126,119)
Safety net care pool payable	(3,699,813)
Patient refunds	1,187,401
Estimated third-party payor settlements payable	211,682
<hr/>	
Net cash provided by (used in) operating activities	(\$7,030,047)

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Grant County, a political subdivision of the State of New Mexico, operates under the commissioner-manager form of government. The County provides the following authorized services: public safety, highways and streets, sanitation, health and welfare, social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The County's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for State and Local Governments, through its pronouncements (Statements and Interpretations). The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

Financial Reporting Entity

The County's basic financial statements include the accounts of all County operations. The criteria for including organizations as component units within the County's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the County holds the corporate powers of the organization
- the County appoints a voting majority of the organization's board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is fiscal dependency by the organization on the County

Based on the aforementioned criteria, the County has one component unit, Gila Regional Medical Center.

Gila Regional Medical Center is a County owned hospital. The hospital is presented discretely, meaning separate columns are provided for the hospital in the financial statements to distinguish it from the primary government. Separately issued financial statements can be obtained by writing to Gila Regional Medical Center at 1313 East 32nd Street, Silver City, New Mexico 88061.

Basis of Presentation

Governmental-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The County has no business-type activities.

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are not allocated, but are presented as separate functions. Program revenues include charges paid by recipients of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational and capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which a program is self-financing or draws from the general revenues of the County.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual Governmental Fund or Enterprise Fund are at least five percent of the corresponding total for all Governmental and Enterprise Funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the County and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Capital Project Fund

The Capital Project Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items.

Debt Service Fund

The Debt Service Fund is used to account for resources restricted for the payment of interest and principle on the general obligation bonds of the County other than debt service payments made by enterprise funds. Ad valorem taxes are used for the payment of principle and interest on the County's general obligation bonds.

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Funds (Not included in government-wide statements)

Agency Funds

Agency funds account for assets held by the County in a purely custodial capacity. The reporting entity includes two agency funds. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations. The Agency funds are as follows:

Property Tax Fund – to account for the undistributed property taxes both received and yet to be received which are to be distributed to the various taxing entities at a later date.

Major Funds

The funds classified as major are as follows:

General – Accounts for all activities except those accounted for in the other funds.

Debt Service:

Fort Bayard Medical Facility Debt Service – to account for the payment of principal and interest on the bond issue used to construct the new facility.

Nonmajor Funds

Fund description for all funds are included in the “Other Supplementary Information” section of this report.

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined in item “b” below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets, deferred outflows of resources, liabilities and deferred inflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The government-wide financial statements utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities and deferred inflow of resources resulting from non-exchange transactions are recognized when the earnings process is complete. Proprietary fund equity is classified as net position.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expensed are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Derived tax revenues are recognized when the exchange takes place, and grants are recognized when all eligibility requirements are met.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Revenue not collected within sixty days of year end is recorded as deferred outflows of resources in the fund statements. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported when due.

Fiduciary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are prepared by management and approved by the local County Commission and the New Mexico Department of Finance and Administration. The Ft. Bayard Medical Facility Debt Service is not budgeted because funds are managed at the State level.

These budgets are prepared on the NON-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

Actual expenditures may not exceed the budget on a by fund basis. Budgets may be amended in two ways. If a budget transfer is necessary within a fund, this may be accomplished with only local Commission approval. If a transfer between “funds” or a budget increase is required, approval must also be obtained from the Department of Finance and Administration.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

Cash and Investments

For the purpose of the Statement of Net Position, “cash and investments” includes all demand, savings accounts, Certificate of deposits and short-term investments of the County.

The County categorizes its investment fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the investment. All of the counties investments are level 1 inputs, which are quoted prices in active markets for identical assets.

State statutes authorize the government to invest in interest bearing accounts with local financial institutions, direct obligations of the U.S. Treasury or New Mexico political subdivisions, and the State Treasurers Investment Pool.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owner of such public monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the County. The pledged securities remain in the name of the financial institution. Premiums (discounts) on investments are amortized by the interest method, or methods approximating the interest method.

Inter-Fund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Short-term inter-fund loans are reported as “inter-fund receivables or payables”. Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include gross receipts and use taxes, franchise taxes, and grants.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as gross receipts tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non- exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis.

Interest and investments earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivables.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statement. Capital assets are defined by the government as assets with an initial, individual cost more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

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

<u>Assets</u>	<u>Years</u>
Buildings	25 - 50
Improvements	10 - 50
Machinery and Equipment	3 - 10
Infrastructure	25 - 75
Software and Library	5 - 10

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Statements

In the government-wide financial statements, capital assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Assets acquired with an original cost of \$5,000 or more are capitalized.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period, and so will be recognized as an outflow of resources (expenses/expenditures) then. The County has deferred outflows of resources related to pensions as discussed in Note 8.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statements element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government reports unavailable revenue from the following sources:

	Statement of Net Position	Governmental Funds Balance Sheet		
		General Fund	Other Funds	Total
Advances received before recognition requirements are met	\$2,318,771	\$2,185,571	\$133,200	\$2,318,771
Amounts not received within 60 days of year end:				
Property taxes	0	610,244	79,189	689,433
	<u>\$2,318,771</u>	<u>\$2,795,815</u>	<u>\$212,389</u>	<u>\$3,008,204</u>

In addition, the County has deferred inflows related to pensions as discussed in Note 8.

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets acquired with the debt are used in governmental fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable, accrued compensated absences, and bonds payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principles and interest reported as expenditures.

Compensated Absences

The County's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expenditures available financial resources.

Equity Classifications

Government wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets, net of related debt.”

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Statements

During the year ended June 30, 2011, the County implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to remain intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change its constraints.
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the government body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The County Commission establishes (and modified or rescinds) fund balance commitments by adoption of a resolution or a vote of the Commission. This is typically done through the adoption and amendment of the budget. Assigned fund balance is established by the County Commission through adoption or amendment of the budget as intended for a specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues, Expenditures, and Expenses

Gross Receipts Tax

The County levies a gross receipts tax on taxable gross receipts within the County. The rate includes both County and State assessments. The tax is collected by the New Mexico Taxation and Revenue Department and remitted to the County in the month following receipt by the Department. The Department receives the tax one month after collection by vendors. Included in this tax is amounts dedicated to intercept agreements, and those dedicated amounts are recorded directly in those funds.

Gross receipts tax collected by the State in June and July (which represent May and June transactions) and received by the County in July and August have been accrued and are included under the caption "Taxes Receivable."

Property Tax

Property taxes attach as an enforceable lien on property as of January 1. Property tax rates for the year are set no later than September 1 each year by the Secretary of Finance and Administration. The rates of tax are then used by County Assessors to develop the property tax schedule by October 1. Taxes are payable in equal semiannual installments by November 10 and April 10 of the subsequent year and become delinquent 30 days later. Taxes are collected on behalf of the County by the County Treasurer, and are remitted to the County in the month following collection. Because the Treasurer of the County in which the County is located is statutorily required to collect taxes as an intermediary agency for all forms of government, distribution of taxes are made through the applicable county to the County.

The County is permitted to levy taxes for general operating purposes based on a state formula, per \$1,000 of taxable value for both residential and nonresidential property, taxable value being defined as one third of the fully assessed value. In addition, the County is allowed to levy taxes for payments of bond principal and interest in amounts approved by voters of the County.

Property tax receivables are recognized net of estimated refunds and uncollectible amounts in the period for which the taxes are levied, even if they are not available. Property taxes not collected within 60 days of year end are reported as deferred inflows of resources in the fund statements.

Operating Revenues and Expenses

Operating revenue of governmental funds includes fees to users and license fees. Operating grants include operating-specific and discretionary grants while capital grants reflect capital-specific appropriations.

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for governmental activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Fund - By Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

In the fund financial statements, governmental funds report expenditures of financial resources.

The County first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. The County does not allocate indirect expenses.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as inter-fund transfers. For the purposes of the Statement of Activities, all inter-fund transfers between individual governmental funds have been eliminated.

Use of Estimates

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

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2. CUSTODIAL CREDIT RISK

Custodial credit risk is the risk in the event of a bank failure the Government's deposits may not be returned to it. The County does not have a deposit policy for credit risk beyond that disclosed in Note 1. As of June 30, 2017, \$6,710,345 of the County's bank balance of \$7,210,345 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$6,710,345
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The State Treasurer Local Government Investment Pool is not SEC registered. The State Treasurer, with the advice and consent of the State Board of Finance, is authorized to invest money held in the short-term investment fund in accordance with Sections 6-10-10I through 6-10-10P and Sections 6-10-10.1 A and E, NMSA 1978. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The pool does not have unit shares. Per Section 6-10-10.IF, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts fund were invested.

Investments are valued at fair value based on quoted market prices as of the valuation date.

Participation in the pool is voluntary. The County has \$99,737 on deposit in the pool at June 30, 2017, which is AAAM rated with a weighted average maturity of 44 days.

The cash on deposit with NMFA is, in effect, loan payments made by the County or loans generated but not yet disbursed. Such deposits are subject to the collateral requirements of NMFA. Such deposits total \$1,170,327.

The cash and investments with U.S. Bank and RBC Public Funds Service are solely for the construction and Debt Service requirements of the new Fort Bayard Medical Facility, and are controlled by the New Mexico Department of Health, and are subject to their collateral requirements.

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3. INVESTMENTS

As of June 30, 2017, the County had the following investments; all level 1 inputs:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Portfolio</u>
Municipal Bonds	\$152,211	2%
CD's	5,795,929	91%
FHLB Notes	290,808	5%
U.S. Government Money Market	98,290	2%
<i>Total fair value</i>	6,337,238	100%
Less cash equivalents - shown as cash	(98,290)	
	<u>\$6,238,948</u>	

Interest Rate Risk – The County limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates by limiting the weighted average maturity of its investment portfolio to less than five years.

Credit Risk – The County has no investment policy beyond that prescribed by New Mexico law. As of June 30, 2017, the County's invests only in highly rated Municipal Bonds. The County's investment in Federal Home Loan Notes was rated A-1+ by Standards & Poors, and P-1 by Moody's. The County's investment in Fannie Mae notes was rated A-1+ by Standard & Poors, and P-1 by Moody's. The County's investment in Federal Home Loan Mortgages was rated A-1 + by Standard & Poors, and P-1 by Moody's.

Concentration of Credit Risk – The County, places no limits on the amount it may invest in anyone issuer. The County currently has 2% invested in government money markets, 5% invested in Federal Home Loan notes, 2% invested in Municipal Bonds, and 91% invested in CD's.

Custodial Credit Risk – The County is not subject to custodial credit risk for its investments, since all are held in the name of the County.

Local Government Investment Pool

June 30, 2017

New Mexico LGIP AAAM Rated \$99,737 [58] day WAM (R); [106] day WAM (F)

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4. RECEIVABLES

	Governmental Activities
Accounts receivables:	
Services (net)	\$276,977
<hr/>	
Property taxes	800,568
Gross receipts taxes	824,633
Motor vehicle taxes	85,062
Gas taxes	30,753
Lodgers taxes	6,143
<i>Total taxes receivable</i>	1,747,159
Due from other governments:	
Intergovernmental grants	525,167
<i>Total receivables</i>	\$2,549,303

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

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5. CAPITAL ASSETS

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

	Balance June 30, 2016	Restatements	Additions	Retirements	Transfers	Balance June 30, 2017
Governmental Activities:						
Capital assets not being depreciated						
Land	\$2,680,309	(\$287,656)	\$0	(\$449,967)	\$0	\$1,942,686
Construction in progress	3,741,889	(43,666)	5,960,429	0	(3,745,941)	5,912,711
<i>Total capital assets not being depreciated</i>	<i>6,422,198</i>	<i>(331,322)</i>	<i>5,960,429</i>	<i>(449,967)</i>	<i>(3,745,941)</i>	<i>7,855,397</i>
Capital assets being depreciated						
Land improvements	0	1,271,960	0	(174,920)	0	1,097,040
Improvements	18,885,374	7,273,204	44,864	(998,466)	187,159	25,392,135
Buildings and infrastructure	140,414,844	(24,712,947)	155,439	(719,540)	3,558,782	118,696,578
Machinery and Equipment	26,138,800	13,197,870	1,538,305	(1,370,868)	0	39,504,107
<i>Total capital assets being depreciated</i>	<i>185,439,018</i>	<i>(2,969,913)</i>	<i>1,738,608</i>	<i>(3,263,794)</i>	<i>3,745,941</i>	<i>184,689,860</i>
Less accumulated depreciation for:						
Land improvements	0	(808,297)	(23,114)	43,852	0	(787,559)
Improvements	(15,537,029)	2,291,121	(64,633)	980,668	0	(12,329,873)
Buildings and infrastructure	(39,735,847)	5,908,552	(3,247,478)	104,410	0	(36,970,363)
Machinery and Equipment	(19,686,863)	(15,135,622)	(1,291,948)	1,349,979	0	(34,764,454)
<i>Total accumulated depreciation</i>	<i>(74,959,739)</i>	<i>(7,744,246)</i>	<i>(4,627,173)</i>	<i>2,478,909</i>	<i>0</i>	<i>(84,852,249)</i>
Governmental activities capital	\$116,901,477	(\$11,045,481)	\$3,071,864	(\$1,234,852)	\$0	\$107,693,008

Depreciation was charged to the Governmental Activities as follows:

General Government	\$1,602,295
Public Safety	1,215,202
Public Works	1,735,928
Health and Welfare	69,573
Culture/Recreation	4,175
	<u>\$4,627,173</u>

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6. LONG-TERM DEBT

Long-Term Debt and Other Liabilities

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

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017	Amounts Due Within One Year
Governmental Activities:					
Bonds:					
2009 G.O. Bonds	\$700,000	\$0	(\$500,000)	\$200,000	\$200,000
2014 GRT Reserve Bonds	5,960,000	0	(135,000)	5,825,000	0
2014 G.O. Refunding Bonds	2,960,000	0	(315,000)	2,645,000	330,000
Ft. Bayard Bonds	54,330,000	0	(1,285,000)	53,045,000	1,335,000
Notes payable	3,451,764	0	(283,120)	3,168,644	2,845,703
<i>Total bonds and notes payable</i>	67,401,764	0	(2,518,120)	64,883,644	4,710,703
Other Liabilities:					
Capital leases	150,349	115,765	(71,817)	194,297	74,232
Compensated absences	628,050	416,638	(649,377)	395,311	0
<i>Total other liabilities</i>	778,399	532,403	(721,194)	589,608	74,232
Long-term debt	\$68,180,163	\$532,403	(\$3,239,314)	\$65,473,252	\$4,784,935

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6. LONG-TERM DEBT (CONTINUED)

2005 and 2009 G.O. Bonds

At the Election, the County was given authority to issue general obligation bonds in a principal amount of up to \$10,000,000. The bonds are general obligation bonds and are being issued to finance the demolition of existing structures for and the design, construction, improvement, equipping and furnishing of a County Detention and Law Enforcement Center. The County issued \$6,000,000 of these bonds in 2005. The County issued an additional series of bonds in the amount of \$4,000,000 in 2009 to finance the completion of the Project.

The Bonds are general obligation bonds to be used by the County in the total principal amount of \$10,000,000. The bonds will be issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof, bearing interest from their date to maturity at varying rates payable annually on September 1 each year, commencing on September 1, 2006, and maturing on specific dates. The 2005 Series was refunded during the 2014-2015 fiscal year.

The Bonds are being issued pursuant to the County Commissioner's powers under Sections 6-15-1 et.seq., NMSA 1978, as amended and supplemented, the Constitution and other laws of the State and the Resolution. The Bonds are issued pursuant to a \$10,000,000 authorization granted by the qualified voters in the County on August 23, 2005. The Bonds are the first series of general obligation bonds of the County authorized at the Election.

The Bonds maturing on or after September 1, 2016, are subject to redemption at the option of the County, on or after March 1, 2016, either in whole or in part on any date, at a redemption price of 100% of their principal amount plus accrued interest to the date of redemption.

The Bonds are secured by the County's full faith and credit and are general obligations of the County payable from *ad valorem* taxes to be levied, without limitation as to rate or amount, against all taxable property within the County.

Series 2014 General Obligation Refunding Bonds

On December 11, 2014, the County issued \$3,300,000 in general obligation refunding bonds with interest rates ranging between 2% and 4%. The County issued the bonds to advance refund \$3,825,000 of the outstanding series 2005 general obligation revenue bonds with interest rates ranging from 4.15% to 5%. The County used the net proceeds from the bonds along with \$586,895 in available funds to purchase U.S. Government Securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the 2005 series bonds. As a result, the 2005 series bonds are considered defeased, and the County has removed the liability from its accounts.

The advance refunding reduced the total debt service payments over the next 10 years by \$926,156. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$186,221.

The revenues pledged for all general obligation bond issues totaled \$4,913,727 at June 30, 2017, which is 100% of the property tax assessed specifically to retire the debt. During the year ended June 30, 2017, the County recognized \$955,885 in pledged revenues, and retired \$406,050 in bond principal and interest. Maturity dates range from 2018 to 2024.

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6. LONG-TERM DEBT (CONTINUED)

Series 2014 Gross Receipts Tax Revenue Bonds

The County issued gross receipts tax revenue bonds of \$6,200,000 during the year ended June 30, 2015. These bonds were issued to fund various improvement projects throughout the County, and are to be repaid solely from gross receipts taxes collected by the County.

The bonds carry interest rates ranging from 2% to 3.939% for various scheduled maturities. Maturity dates range from 2018 to 2044.

The revenues pledged totaled \$9,288,544 at June 30, 2017, which is 11% of the gross receipts tax collected at the current rate. During the year ended June 30, 2017, the County recognized \$1,817,215 in pledged revenues, and retired \$341,175 in bond principal and interest.

Lease Appropriation Bonds Fort Bayard

The Series 2008 Bonds are special, limited obligations of the County, payable solely from and secured by funds appropriated annually by the New Mexico State Legislature for basic rent payments under a lease-purchase agreement by and between Grant County, New Mexico and the Department of Health for the operation of the Fort Bayard Facility. The lien of the Series 2008 Bonds on the pledged revenues will be on parity with future Parity Bonds, if any, of the County. There are no outstanding Parity Bonds at the time of delivery of the Series 2008 Bonds. The issuance of the Series 2008 Bonds shall not directly, indirectly or contingently obligate the State or any political subdivision thereof to levy any form of taxation or to make any appropriation for their payment. The County is not pledging any of its taxing authority toward payment of the Series 2008 Bonds.

Fire Department Loans

These loans are for equipment and real property. The loans are secured by the State Fire Allotments. The revenues pledged totaled \$2,533,557 at June 30, 2017, which is 21% of the future state fire allotments at their current rate. Interest rates range from 0% to 4.2% for individually scheduled retirements, and maturity dates range from 2017 through 2042. During the year ended June 30, 2017, the County recognized \$917,109 in pledged revenues, and retired \$186,376 in loan principal and interest.

New Mexico Finance Authority Note Payable Gila River Stabilization

On August 11, 2011, the County borrowed \$17,600 from the New Mexico Finance Authority for the stabilization project on the Gila River. The loan is to be repaid from general fund revenues, and no revenue stream is pledged to retire the debt.

Fair Barn Loan

This loan is for equipment and real property upgrades at the Grant County fair barn. The loan is secured by general fund gross receipts tax. The revenues pledged totaled \$325,064 at June 30, 2017, which is 5% of the future gross receipts tax at their current rate. Interest rates range from .32% to 1.57% for individually scheduled retirements, and maturity dates range from 2018 through 2020. During the year ended June 30, 2017, the County recognized \$1,413,732 in pledged revenues, and retired \$186,376 in loan principal and interest.

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6. LONG-TERM DEBT (CONTINUED)

Viva Santa Rita and Loma Verde Special Assessment District Loans

These loans are to provide infrastructure upgrades to the Viva Santa Rita and Loma Verde Subdivision. The loans are secured by general fund revenues, but are to be repaid from special assessments to the property owners. The revenues pledged totaled \$151,539 at June 30, 2017, which is 100% of the assessments at their current rate. Interest rates range from .28% to 2.46% for individually scheduled retirements, and maturity dates range from 2018 to 2026. During the year ended June 30, 2017, the County recognized \$40,547 in pledged revenues and retired \$18,058 in loan principal and interest.

North Hurley Wastewater System Loan

This loan is to provide infrastructure upgrades to the North Hurley water system. The loan is secured by general fund revenues, but is to be repaid from fees for services. The revenues pledged totaled \$322,941 at June 30, 2017, which is 100% of future fees. The interest rate is 2.75%, and maturity dates range from 2017 through 2054. During the year ended June 30, 2017, the County recognized \$23,429 in pledged revenues, and retired \$14,018 in loan principal and interest.

Drainage Loans

These loans are payable to the New Mexico Financial Authority, and are to be repaid from the General Fund. No revenue stream is pledged to retire the debt.

The following is a schedule of the annual payments required to service the long-term debt of Grant County:

<u>Due in Fiscal Year Ended June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$2,355,073	\$325,944	\$2,681,017
2019	2,245,529	315,100	2,560,629
2020	2,328,089	290,524	2,618,613
2021	2,253,930	264,172	2,518,102
2022	2,376,999	251,349	2,628,348
2023 - 2027	12,147,506	972,274	13,119,780
2028 - 2032	13,724,802	758,049	14,482,851
2033 - 2037	7,380,754	548,411	7,929,165
2038 - 2042	19,178,542	300,309	19,478,851
2043 - 2047	892,420	38,888	931,308
	<u>\$64,883,644</u>	<u>\$4,065,020</u>	<u>\$68,948,664</u>

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6. LONG-TERM DEBT (CONTINUED)

Lease Purchase Payable

The County leases police and fire equipment, along with computer hardware and software, under various capital leases. The economic substance of the leases is that the County is financing the acquisition of the assets through the leases and, accordingly, they are recorded in the County's assets and liabilities. The obligations under capital leases have been recorded in the accompanying financial statements at the present value of future minimum lease payments, discounted at interest rates varying from 4.04% to 8.585%, as stated in the individual contracts. Included in fixed assets is equipment acquired under capital leases at a cost of \$2,945,907 and accumulated depreciation of \$2,626,542.

The following is a schedule of future minimum lease payments required under the leases, together with their present value as of June 30, 2017:

2018	\$81,223
2019	51,057
2020	51,057
2021	25,533
<i>Total minimum lease payment</i>	208,870
Less amounts representing imputed interest necessary to reduce future lease payments to net present value	(14,573)
<i>Present value of minimum lease payments</i>	\$194,297

Payments on the bonds payable that pertain to the County's governmental activities are made by the debt service fund. Payments made on the note payable to the New Mexico Finance Authority are made by the fund incurring the debt. Special Revenue funds make payments on capital leases that pertain to the County's governmental activities.

New Mexico Finance Authority Loan – Note Number 1

On April 19, 2002, the New Mexico Finance Authority Board gave approval for a loan in the amount of \$703,013. The loan agreement is between the Finance Authority and Grant County on behalf of the Grant County Solid Waste Authority. On July 19, 1995, Grant County entered into a joint powers agreement with the Town of Silver City, the Village of Hurley, the Village of Santa Clara, the City of Lordsburg, the County of Hidalgo, and the City of Bayard to exercise common power relating to solid waste disposal. The governments have created the Grant County Solid Waste Authority.

The Solid Waste Authority's governing body determined the need of financing for the purpose to construct administrative offices and to make improvements to the landfill. Grant County did not receive any of the proceeds from the loan. The Authority retained all proceeds. The loan is not a general obligation of the County, or debt or pledge of the faith and credit of Grant County or the State of New Mexico. The County has pledged environmental gross receipts tax revenue to satisfy the obligation of the loan. The County has authorized the New Mexico Taxation and Revenue Department to intercept the required monthly payment.

The Solid Waste Authority has entered into agreement with the County to reimburse the intercepted gross receipts tax revenues.

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6. LONG-TERM DEBT (CONTINUED)

New Mexico Finance Authority Loan – Note Number 2

On November 21, 2003, the New Mexico Finance Authority issued a loan in the amount of \$1,732,951 to Grant County and the Grant County Solid Waste Authority. The interest rates vary between .620% and 3.79% per annum. The note matures on May 1, 2018. The Authority's governing body determined the need of financing for the purpose of reimbursing the government members of the Authority for amounts previously loaned to the Authority by its members, and refunding outstanding indebtedness of the Authority.

The County has pledged environmental gross receipts tax revenue to satisfy the obligation of the loan. The County has authorized the New Mexico Taxation and Revenue Department to intercept the required monthly payment. The Authority has entered into an agreement with the County to reimburse the intercepted gross receipts tax revenues.

Compensated Absences

A liability for unused vacation and sick time for all full-time employees is calculated and reported in the government-wide statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

- leave or compensation is attributable to services already rendered
- leave or compensation is not contingent on a specific event (such as illness).

Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e., are due for payment). Compensated absences are accrued in the government-wide statements. The compensated absences liability attributable to the governmental activities will be liquidated primarily by the general fund.

All compensated absences are considered non-current. Compensated absences are paid out of the fund that salaries for the respective employee are paid out of provided there are funds available. Otherwise, they are paid out of the general fund.

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

Plan Description: The Public Employees Retirement Fund (PERA 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 Officer, 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 PERA 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), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

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: For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2016 available at <http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366PublicEmployeesRetirementAssociation2016.pdf>.

Contributions: The contribution requirements of defined benefit plan members and the County are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY16 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on page 43 of the PERA FY16 annual audit report at <http://osanm.org/media/audits/366PublicEmploveesRetirementAssociation2016.pdf>. The PERA coverage options that apply to the County are the Municipal General and Municipal Police. Statutorily required contributions to the pension plan from the County were \$487,677 for the year ended June 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The PERA pension liability amounts for each division were 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 June 30, 2016.

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to Chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The County's proportion of the net pension liability for each member group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2016. Only employer contributions for the pay period end dates that fell within the period of July 1, 2015 to June 30, 2016 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2016 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division Municipal General, at June 30, 2017, the County reported a liability of \$9,323,964 for its proportionate share of the net pension liability. At June 30, 2016, the County's proportion was .5836 percent, and was .5906 percent as of June 30, 2015.

For the year ended June 30, 2017, the County recognized PERA Fund Division Municipal General pension expense of \$1,012,219. At June 30, 2017, the County reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$374,867	\$0
Changes of assumptions	545,191	0
Net difference between projected and actual earnings on pension plan investments	1,715,592	0
Changes in proportion and differences between Grant County contributions and proportionate share of contributions	0	207,574
Grant County contributions subsequent to the measurement date	487,677	0
Total	\$3,123,327	\$207,574

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

\$487,677 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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	\$488,520
2019	488,520
2020	1,018,555
2021	432,481
2022	0
	\$2,428,076
	\$2,428,076

For PERA Fund Division Municipal Police, at June 30, 2017, the County reported a liability of \$6,083,406 for its proportionate share of the net pension liability. At June 30, 2016, the County's proportion was .8245%, and was .8367% as of June 30, 2015.

For the year ended June 30, 2017, the County recognized PERA Fund Division Municipal Police pension expense of \$839,309. At June 30, 2017, the County reported PERA Fund Division Municipal Police deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$446,610	\$0
Changes of assumptions	293,218	0
Net difference between projected and actual earnings on pension plan investments	962,126	0
Changes in proportion and differences between Grant County contributions and proportionate share of contributions	0	56,165
Grant County contributions subsequent to the measurement date	307,273	0
Total	\$2,009,227	\$56,165

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

\$307,273 reported as deferred outflows of resources related to pensions resulting from Grant County contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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	\$386,456
2019	386,456
2020	627,984
2021	244,893
2022	0
	\$1,645,789

Actuarial Assumption. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2015 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2016. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

Valuation date	June 30, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Open
Payroll growth rate	3.50%
Remaining amortization period	30 years
Asset valuation method	4-year Smoothed Market
Actuarial assumptions:	
Investment rate of return*	7.75%
Administrative expenses	0.45% of payroll
Projected salary increases*	4.00% - 14.25%
Post-retirement benefit increases	2.00% compounded annually (2.50% for certain retirees and disabled participants with annual benefits less than \$20,000)

* Includes inflation at 3.00%

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a statistical analysis 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 asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS – Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.50%	7.39%
Risk Reduction & Mitigation	21.50%	1.79%
Client Oriented Fixed Income	15.00%	5.77%
Real Assets	20.00%	7.35%
Total	100.0%	

Discount Rate. The discount rate used to measure the total pension liability was 7.48 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan’s fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.48% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the County’s net pension liability in each PERA Fund Division that the County participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.48%) or one percentage point higher (8.48%) than the single discount rate.

PERA Fund Division Municipal General	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
Grant County’s proportionate share of the net pension liability	\$13,901,201	\$9,323,964	\$5,527,373
 PERA Fund Division Municipal Police	 1% Decrease (6.48%)	 Current Discount Rate (7.48%)	 1% Increase (8.48%)
Grant County’s proportionate share of the net pension liability	\$8,950,201	\$6,083,406	\$3,738,704

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued FY16 PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. The County is legally required to make defined contributions to the cost sharing pension plan on behalf of its’ participant employees. At June 30, 2017, Grant County had paid all required contributions and therefore, there is no payable to the pension plan.

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN

Plan Description – The County contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term policies.

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the Retiree Health Care Act plan on the person's behalf, unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; (2) retirees defined by the Act who retired prior to July 1, 1990; (3) former legislators who served at least two years; and (4) former governing authority members who served at least four years.

The Retiree Health Care Authority issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the post-employment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority, 4308 Carlisle Blvd., N.E., Suite 104, Albuquerque, New Mexico 87107.

Funding Policy – The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the Board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4, or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2% of each participating employee's annual salary; and each participating employee was required to contribute 1% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15CG) NMSA 1978, at the first session of the Legislature following July 1, 2014, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Grant County's contributions to RHCA for the year ending June 30, 2017, 2016 and 2015 were \$141,666, \$140,955, and \$139,174 respectively, which equal the required contributions for each year.

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 10. FUTURE COMMITMENTS

The County has contracts and grant awards for construction projects in various stages of completion. Such contracts, funded principally by federal and state agencies, and bond proceeds, constitute future commitments, and total \$1,543,462.

NOTE 11. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has joined together with other agencies in the State and obtained insurance through the New Mexico Self Insurers Fund, a public 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 Insurers Fund for its general insurance coverage, and risk of loss is transferred. The County has not incurred any losses in excess of insurance coverage in the last three years.

NOTE 12. DEFICIT FUND BALANCES

The County had the following deficit balances at June 30, 2017: Airport (\$44,258), Emergency Medical Service (\$15,488), Safe Borders (\$100,161), Capital Road (\$157,473), Renovations (\$424,828). These deficit fund balances are due to the 60 day revenue recognition policy required by the modified accrual basis of accounting, or the fact that transfers have not yet been made from the General Fund to fund the deficits. As revenue is collected and/or transfers made, the deficit will be reduced.

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13. OPERATING LEASES

The County entered into a lease for road maintenance equipment, with the first lease payment due November 1, 2012. The lease term is five years and has a fair market value purchase option at the end of the term. The County does not currently intend to purchase the equipment at the end of the lease. The County expended \$117,184 under the lease during the year ended June 30, 2017.

Future commitments under the lease are as follows:

2018	\$98,168
2019	32,636
2020	25,533
2021	25,533
<hr/>	
	\$181,870
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GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14. INTER-FUND ACTIVITY

Inter-fund balances at June 30, 2017, consisted of the following:

<u>Inter-Fund Receivable</u>	<u>Inter-Fund Payable</u>		
	General	Other Governmental Funds	Total
General Fund	\$4,286	\$869,519	\$873,805
Other Governmental Funds	42,179	111,049	153,228
	<u>\$46,465</u>	<u>\$980,568</u>	<u>\$1,027,033</u>

These amounts are expected to be repaid within one year, and the advances were made to meet operating expenses, or fund projects.

Interfund transfers are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>		
	General	Other Funds	Total
General Fund	\$1,216,346	\$125,360	\$1,341,706
Other Governmental Funds	3,523,919	831,614	4,355,533
	<u>\$4,740,265</u>	<u>\$956,974</u>	<u>\$5,697,239</u>

The transfers were made to fund debt service payments, fund construction projects and provide operating funds.

NOTE 15. EVALUATION OF SUBSEQUENT EVENTS

The County has evaluated subsequent events through November 18, 2017, the date which the financial statements were available to be issued.

NOTE 16. RESTATEMENTS

The fund financial statements have been restated for NMFA funding balances available for various projects not previously recognized for \$755,231.

The government-wide financial statements have been restated for correction of depreciable assets in the amount of \$11,045,481.

GRANT COUNTY
COMPONENT UNIT - GILA REGIONAL MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

1. Reporting Entity and Summary of Significant Accounting Policies:

a. Reporting Entity

Gila Regional Medical Center (the Medical Center) is a 68-bed acute care hospital located in Silver City, New Mexico. The Medical Center is a component unit of Grant County, New Mexico (the County) and the Board of County Commissioners appoints members to the Board of Trustees of the Medical Center. The Medical Center provides inpatient, outpatient, and emergency care services to patients in the Grant County area.

Gila Regional Medical Center Foundation (the Foundation) is a legally separate, tax-exempt organization under Internal Revenue Code Section 501(c)(3) established primarily to raise and hold funds to support the Medical Center and its programs. Although the Medical Center does not control the timing or amount of receipts from the Foundation, the majority of the Foundation's resources and related income are restricted by donors for the benefit of the Medical Center. The resources and operations were determined not to be significant to the Medical Center and, therefore, the Foundation is not reported as a component unit of the Medical Center in the accompanying financial statements.

b. Summary of Significant Accounting Policies

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual events and results could differ from those estimates.

Enterprise fund accounting – The Medical Center's accounting policies conform to accounting principles generally accepted in the United States of America as applicable to proprietary funds of governments. The Hospital uses enterprise fund accounting. Revenue and expenses are recognized on the accrual basis using the economic resources measurement focus.

Cash and cash equivalents – Cash and cash equivalents include business checking accounts maintained with local financial institutions, cash on hand, and investments in highly liquid debt instruments with an original maturity of three months or less.

Inventories – Inventories consist primarily of medical and pharmaceutical supplies and are stated at the lower of cost (using the first-in, first-out method) or market value.

Prepaid expenses – Prepaid expenses are expenses paid during the year relating to expenses incurred in future periods. Prepaid expenses are amortized over the expected benefit period of the related expense.

GRANT COUNTY
COMPONENT UNIT - GILA REGIONAL MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

1. Reporting Entity and Summary of Significant Accounting Policies:

b. Summary of Significant Accounting Policies (continued)

Compensated absences – The Medical Center’s policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits as earned whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned, but not yet realized. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statements of net position dates.

Income taxes – As a political subdivision of the County, the Medical Center is exempt from federal and state income taxes.

Restricted resources – When the Medical Center has both restricted and unrestricted resources available to finance a particular program, it is the Medical Center’s policy to use restricted resources before unrestricted resources.

Net position – Net position of the Medical Center is classified into three components. *Net investment in capital assets* consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted net position* is noncapital net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Medical Center, including amounts deposited with trustees as required by revenue bond indentures. *Unrestricted net position* is remaining net position that does not meet the definition of *net investment in capital assets* or *restricted*.

Budget process – The Medical Center’s budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), using an estimate of the anticipated revenues and expenses. Budgets are approved and amended by the Finance Committee and the Board of Directors.

Operating revenues and expenses – The Medical Center’s statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions, including grants for specific operating activities associated with providing healthcare services — the Medical Center’s principal activity. Nonexchange revenues, including taxes and contributions received for purposes other than capital asset acquisitions, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide healthcare services other than financing costs.

GRANT COUNTY
COMPONENT UNIT - GILA REGIONAL MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

1. Reporting Entity and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Grants and contributions – From time to time, the Medical Center receives grants from governmental and nongovernmental entities, as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses. Grants that are for specific projects, or purposes related to the Medical Center’s operating activities, are reported as operating revenue. Grants that are used to subsidize operating deficits are reported as nonoperating revenue. Contributions, except for capital contributions, are reported as nonoperating revenue.

Subsequent events – Subsequent events have been reviewed through October 6, 2017, the date on which the financial statements were available to be issued.

2. Deposits and Investments:

Deposits – Custodial credit risk is the risk that, in the event of a bank failure, the Medical Center’s deposits may not be returned to it. In accordance with Section 6-10-17, NMSA, 1978 compilation, the Medical Center is required to obtain collateral in an amount equal to one-half of the deposited public money in excess of \$250,000 and 102 percent for repurchase agreements. The Medical Center’s policy is to require collateral in accordance with state statutes. As of June 30, 2017 and 2016, the Medical Center was in compliance with the state collateralization requirements.

As of June 30, 2017, the Medical Center had deposits with a bank balance of \$12,576,542, of which \$3,132,303 was uninsured and uncollateralized, and therefore subject to custodial credit risk. As of June 30, 2016, the Medical Center had deposits with a bank balance of \$23,095,756, of which \$6,764,153 was uninsured and uncollateralized, and therefore subject to custodial credit risk.

The Medical Center has a Letter-of-Credit (LOC) issued by the Federal Home Loan Bank of Atlanta in the amount of \$1,700,000. This LOC has been pledged by BBVA Compass Bank to collateralize uninsured deposits. As of June 30, 2017, the LOC has not been drawn on. The LOC expires March 6, 2018.

State Treasurer’s Investment Pool – The Medical Center may legally invest in direct obligations of and other obligations guaranteed as to principal by the United States (U.S.) Treasury and U.S. agencies and instrumentalities, commercial paper rated not less than Grade “A” by a national rating service; bonds or other obligations issued by the State of New Mexico; the State Treasurer’s New MexiGROW Local Government Investment Pool (the Pool); and in bank repurchase agreements. It may also invest, to a limited extent, in corporate bonds and equity securities.

GRANT COUNTY
COMPONENT UNIT - GILA REGIONAL MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

2. Deposits and Investments (continued):

State Treasurer's Investment Pool (continued) – The Pool is not Securities and Exchange Commission registered. Section 6-10-10-I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or agencies sponsored by the United States government. The Pool's investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The Pool does not have unit shares. According to Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund's amounts were invested. Participation in the Pool is voluntary.

Fair value – The Medical Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Medical Center's certificates of deposit are valued using quoted market prices (Level 2 input).

The Medical Center's investments are as follows:

	2017					
	Fair Value	Investment Maturities (in Years)				Investment Ratings
Less Than One		One to Five	Six to Ten	More than Ten		
Repurchase agreement	\$ 815,236	\$ 815,236	\$ -	\$ -	\$ -	Not applicable
New MexiGROW Local Government Investment Pool	1,068	1,068	-	-	-	AAAm
Certificates of deposit	7,844,433	7,844,433	-	-	-	Not applicable
Total investments	\$ 8,660,737	\$ 8,660,737	\$ -	\$ -	\$ -	

	2016					
	Fair Value	Investment Maturities (in Years)				Investment Ratings
Less Than One		One to Five	Six to Ten	More than Ten		
Repurchase agreement	\$ 2,536,698	\$ 2,536,698	\$ -	\$ -	\$ -	Not applicable
New MexiGROW Local Government Investment Pool	1,063	1,063	-	-	-	AAAm
Certificates of deposit	16,766,297	16,766,297	-	-	-	Not applicable
Total investments	\$ 19,304,058	\$ 19,304,058	\$ -	\$ -	\$ -	

The repurchase agreement was collateralized at 102% at June 30, 2017 and 2016, by U.S. government agency securities.

Interest rate risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the Medical Center's practice is to invest in certificates of deposit and repurchase agreements with maturities of less than one year.

Custodial credit risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Medical Center will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

GRANT COUNTY
COMPONENT UNIT - GILA REGIONAL MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

2. Deposits and Investments (continued):

Concentration of credit risk – The Medical Center places no limit on the amount that may be invested in any one issuer.

Reconciliation to the statements of net position – The carrying values of deposits and investments in the statements of net position are as follows:

	2017	2016
Carrying value		
Deposits	\$ 1,958,213	\$ 3,574,633
Investments and New MexiGROW Local Government Investment Pool	8,660,737	19,304,058
	\$ 10,618,950	\$ 22,878,691
Included in the following statements of net position captions		
Cash and cash equivalents	\$ 2,774,517	\$ 6,112,394
Certificates of deposit	7,844,433	16,766,297
	\$ 10,618,950	\$ 22,878,691

3. Patient Accounts Receivable:

Patient accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectability of patient accounts receivable, the Medical Center analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. For receivables associated with services provided to patients who have third-party coverage, the Medical Center analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Medical Center records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

The Medical Center’s allowance for uncollectible accounts for self-pay patients has not changed significantly from prior years. The Medical Center does not maintain a material allowance for uncollectible accounts from third-party payors, nor did it have significant writeoffs from third-party payors.

GRANT COUNTY
COMPONENT UNIT - GILA REGIONAL MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

3. Patient Accounts Receivable (continued):

Patient accounts receivable reported as current assets by the Medical Center consisted of these amounts:

	2017	2016
Receivable from patients and their insurance carriers	\$ 11,609,650	\$ 10,520,990
Receivable from Medicare	1,871,865	1,990,441
Receivable from Medicaid	1,542,060	1,525,435
Total patient accounts receivable	15,023,575	14,036,866
Less allowance for uncollectible accounts	5,368,765	4,998,015
Net patient accounts receivable	\$ 9,654,810	\$ 9,038,851

4. Capital Assets:

The Medical Center capitalizes assets whose costs exceed \$5,000 and with an estimated useful life of at least one year, in accordance with Section 12-6-10 NMSA 1978. Capital asset acquisitions are recorded at historical cost. Contributed capital assets are reported at their estimated fair value at the time of their donation. All capital assets other than land and construction in progress are depreciated or amortized (in the case of capital leases) by the straight-line method of depreciation using these asset lives:

Land improvements	15 to 20 years
Buildings	20 to 40 years
Equipment	3 to 10 years

GRANT COUNTY
COMPONENT UNIT - GILA REGIONAL MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

4. Capital Assets (continued):

Capital asset additions, retirements, transfers, and balances were as follows:

	2017				
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
<i>Capital assets not being depreciated</i>					
Construction in progress	\$ 6,246,114	\$ 189,063	\$ -	\$ (6,150,149)	\$ 285,028
Land	806,200	-	-	-	806,200
Total capital assets not being depreciated	7,052,314	189,063	-	(6,150,149)	1,091,228
<i>Capital assets being depreciated</i>					
Land improvements	577,465	-	-	-	577,465
Buildings	32,250,049	-	-	-	32,250,049
Equipment	25,805,129	5,413,443	(405,213)	6,150,149	36,963,508
Total capital assets being depreciated	58,632,643	5,413,443	(405,213)	6,150,149	69,791,022
<i>Less accumulated depreciation for</i>					
Land improvements	284,908	51,676	-	-	336,584
Buildings	15,831,724	862,286	-	-	16,694,010
Equipment	16,423,282	2,276,453	(390,960)	-	18,308,775
Total accumulated depreciation	32,539,914	3,190,415	(390,960)	-	35,339,369
Total capital assets being depreciated, net	26,092,729	2,223,028	(14,253)	6,150,149	34,451,653
Capital assets, net of accumulated depreciation	\$ 33,145,043	\$ 2,412,091	\$ (14,253)	\$ -	\$ 35,542,881

GRANT COUNTY
COMPONENT UNIT - GILA REGIONAL MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

4. Capital Assets (continued):

	2016				
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
<i>Capital assets not being depreciated</i>					
Construction in progress	\$ 2,231,455	\$ 4,176,261	\$ -	\$ (161,602)	\$ 6,246,114
Land	806,200	-	-	-	806,200
Total capital assets not being depreciated	3,037,655	4,176,261	-	(161,602)	7,052,314
<i>Capital assets being depreciated</i>					
Land improvements	577,465	-	-	-	577,465
Buildings	32,250,049	-	-	-	32,250,049
Equipment	27,148,861	2,073,851	(3,579,185)	161,602	25,805,129
Total capital assets being depreciated	59,976,375	2,073,851	(3,579,185)	161,602	58,632,643
<i>Less accumulated depreciation for</i>					
Land improvements	233,231	51,677	-	-	284,908
Buildings	14,969,438	862,286	-	-	15,831,724
Equipment	17,741,021	2,261,188	(3,578,927)	-	16,423,282
Total accumulated depreciation	32,943,690	3,175,151	(3,578,927)	-	32,539,914
Total capital assets being depreciated, net	27,032,685	(1,101,300)	(258)	161,602	26,092,729
Capital assets, net of accumulated depreciation	\$ 30,070,340	\$ 3,074,961	\$ (258)	\$ -	\$ 33,145,043

5. Commitments Under Operating Leases:

The Medical Center leases various buildings and equipment under operating leases with terms of one to four years.

GRANT COUNTY
COMPONENT UNIT - GILA REGIONAL MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

6. Noncurrent Liabilities:

A schedule of changes in the Medical Center's noncurrent liabilities is as follows:

	2017				
	Beginning Balance	Additions	Decreases	Ending Balance	Amounts Due Within One Year
Compensated absences	\$ 2,077,711	\$ 2,410,810	\$ (2,536,929)	\$ 1,951,592	\$ 1,951,592
Total noncurrent liabilities	\$ 2,077,711	\$ 2,410,810	\$ (2,536,929)	\$ 1,951,592	\$ 1,951,592

	2016				
	Beginning Balance	Additions	Decreases	Ending Balance	Amounts Due Within One Year
Compensated absences	\$ 1,983,390	\$ 2,655,971	\$ (2,561,650)	\$ 2,077,711	\$ 2,077,711
Total noncurrent liabilities	\$ 1,983,390	\$ 2,655,971	\$ (2,561,650)	\$ 2,077,711	\$ 2,077,711

GRANT COUNTY
COMPONENT UNIT - GILA REGIONAL MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

7. Net Patient Service Revenue:

The Medical Center recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Medical Center recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Medical Center's patients will be unable or unwilling to pay for the services provided. Thus, the Medical Center records a significant provision for bad debts related to uninsured patients and the deductible and coinsurance portion of payments due from beneficiaries in the period the services are provided. The Medical Center has not changed its charity care or uninsured discount policies during fiscal years 2017 or 2016. Patient service revenue, net of contractual adjustments and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows:

	2017	2016
Patient service revenue (net of contractual adjustments and discounts):		
Medicare	\$ 22,338,816	\$ 21,193,970
Medicaid/Centennial Care	10,746,577	10,592,027
Other third-party payors	29,579,409	35,976,871
Patients	3,905,187	2,723,843
	66,569,989	70,486,711
Less:		
Charity care	19,554	91,507
Provision for bad debts	6,273,755	4,999,171
	60,276,680	65,396,033
Net patient service revenue	\$ 60,276,680	\$ 65,396,033

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates. A summary of the payment arrangements with major third-party payors is as follows:

Medicare – Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The Medical Center is reimbursed for some items at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare administrative contractor.

GRANT COUNTY
COMPONENT UNIT - GILA REGIONAL MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

7. Net Patient Service Revenue (continued):

Medicaid/Centennial Care – The state of New Mexico (the State) administers its Medicaid program through contracts with several Managed Care Organizations (MCOs). Medicaid beneficiaries are required to enroll with one of the MCOs. The State pays each MCO a per member, per month rate based on their current enrollment. These amounts are allocated by each MCO to separate pools for the hospital, physicians, and ancillary providers. As a result, the MCOs assume the financial risk of providing healthcare to its members.

Through the Medical Center’s contracts with MCOs, inpatient acute care services and outpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge and discounted fee schedules. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors.

Behavioral services provided to Medicaid program beneficiaries are paid under a fee schedule methodology.

The Medical Center also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Medical Center under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The net patient service revenue decreased by approximately \$177,000 in 2016, due to differences between original estimates and final settlements or revised estimates.

The Medical Center provides charity care to patients who are financially unable to pay for the healthcare services they receive. The Medical Center’s policy is not to pursue collection of amounts determined to qualify as charity care. Accordingly, the Medical Center does not report these amounts in net operating revenues or in the allowance for uncollectible accounts. The Medical Center determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries, wages, benefits, supplies, and other operating expenses, based on data from its costing system. The costs of caring for charity care patients for the years ended June 30, 2017 and 2016, were approximately \$7,000 and \$35,000, respectively. The Medical Center did not receive any gifts or grants to subsidize charity care services during 2017 and 2016. The SNCP program subsidizes services to uninsured patients and unreimbursed Medicaid costs.

8. Safety Net Care Pool:

The Medical Center receives funding for uncompensated care costs through the State of New Mexico’s safety net care pool program. The Medical Center receives interim quarterly payments subject to settlement based on actual uncompensated care costs. The Medical Center estimates the settlement amounts for each calendar year. There is a reasonable possibility that recorded estimates will change by a material amount. The safety net care pool funding increased by approximately \$2,162,000 in 2017 due to differences between original estimates and final settlements or revised estimates.

GRANT COUNTY
COMPONENT UNIT - GILA REGIONAL MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

9. Retirement Plan:

The Medical Center contributes to a tax sheltered retirement plan covering all eligible employees. The name of the plan is Gila Regional Medical Center 403(b) Plan. Eligible employees may participate in the Medical Center's retirement plan after 12 months of continuous employment on a regular full-time or part-time status. The Medical Center will contribute 2.5% of the employee's annual salary provided the employee is a participant in the plan. Beginning the fifth year of employment, the Medical Center will match an additional 2.5% of the employee's contribution up to a maximum of 5% of the employee's annual salary. Employees may contribute a maximum of 20% of their annual salary. The Medical Center's contributions for each employee are vested immediately upon contribution. The Medical Center's contributions to the plan were approximately \$720,000 and \$726,000 for the years ended June 30, 2017 and 2016, respectively. Employee contributions to the plan were approximately \$901,000 and \$993,000 for 2017 and 2016, respectively. There are no stand-alone financial reports available to the public for the plan.

The plan is administered by the Medical Center. The Medical Center has the authority to amend the plan.

10. Risk Management and Contingencies:

Medical malpractice claims – The Medical Center has professional liability insurance coverage with Allied World Assurance Company, LTD. The policy provides protection on a "claims-made" basis whereby claims filed in the current year are covered by the current policy. If there are occurrences in the current year, these will only be covered in the year the claim is filed if claims-made coverage is obtained in that year or if the Medical Center purchases insurance to cover prior acts. The current professional liability insurance provides \$1,000,000 per claim of primary coverage with an annual aggregate limit of \$3,000,000. The policy has a \$50,000 deductible per claim.

Risk management – The Medical Center is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Industry regulations – The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditations, and government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Medical Center is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations.

While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

GRANT COUNTY
 COMPONENT UNIT - GILA REGIONAL MEDICAL CENTER
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

11. Concentration of Risk:

Patient accounts receivable – The Medical Center grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The majority of these patients are geographically concentrated in and around Grant County.

The mix of receivables from patients and third-party payors was as follows:

	2017	2016
Medicare	36 %	32 %
Medicaid/Centennial Care	23	22
Patients	23	21
Commercial and other	18	25
	100 %	100 %

Physicians – The Medical Center is dependent on local physicians in its service area to provide admissions and utilize hospital services on an outpatient basis. A decrease in the number of physicians providing these services or a change in their utilization patterns may have an adverse effect on the Medical Center’s operations.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF GRANT COUNTY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY OF PERA FUND DIVISION
MUNICIPAL GENERAL**

Public Employees Retirement Association (PERA) Plan

Last 10 Fiscal Years*

	As of Measurement Date		
	June 30, 2016 2017	June 30, 2015 2016	June 30, 2014 2015
Grant County's proportion of the net pension liability (asset)	0.5836%	0.5906%	0.6172%
Grant County's proportionate share of the net pension liability (asset)	\$9,323,964	\$6,021,679	\$4,814,822
Grant County's covered-employee payroll	\$4,868,247	\$4,868,247	\$4,885,440
Grant County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	191.53%	123.69%	98.55%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	76.99%	81.50%

*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, Grant County will present information for those years for which information is available.

**SCHEDULE OF GRANT COUNTY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY OF PERA FUND DIVISION
MUNICIPAL POLICE**

Public Employees Retirement Association (PERA) Plan

Last 10 Fiscal Years*

	As of Measurement Date		
	June 30, 2016 2017	June 30, 2015 2016	June 30, 2014 2015
Grant County's proportion of the net pension liability (asset)	0.8245%	0.8367%	0.8419%
Grant County's proportionate share of the net pension liability (asset)	\$6,083,406	\$4,023,323	\$2,744,502
Grant County's covered-employee payroll	\$1,769,519	\$1,769,519	\$1,662,941
Grant County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	343.79%	227.37%	165.04%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	76.99%	81.50%

*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, Grant County will present information for those years for which information is available.

SCHEDULE OF GRANT COUNTY'S CONTRIBUTIONS

Public Employees Retirement Association (PERA) Plan

PERA FUND DIVISION - MUNICIPAL GENERAL

Last 10 Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$487,677	\$452,790	\$466,687
Contributions in relation to the contractually required contribution	\$487,677	\$452,790	\$466,687
Contribution deficiency (excess)	\$0	\$0	\$0
Grant County's covered-employee payroll	\$5,106,563	\$4,868,247	\$4,885,490
Contributions as a percentage of covered-employee payroll	9.55%	9.30%	9.55%

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

SCHEDULE OF GRANT COUNTY'S CONTRIBUTIONS

Public Employees Retirement Association (PERA) Plan

PERA FUND DIVISION MUNICIPAL POLICE

Last 10 Fiscal Years*

	2017	2016	2015
Contractually required contribution	\$307,273	\$334,439	\$311,126
Contributions in relation to the contractually required contribution	\$307,273	\$334,439	\$311,126
Contribution deficiency (excess)	\$0	\$0	\$0
Grant County's covered-employee payroll	\$1,625,784	\$1,769,519	\$1,662,941
Contributions as a percentage of covered-employee payroll	18.90%	18.90%	18.71%

*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.

GRANT COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

Public Employee Retirement Association Plan (PERA)

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY16 audit available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2016.pdf.

Changes of assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2015%20PERA%20Valuation%20Report_FINAL.pdf. The summary of Key Findings for the PERA Fund (on page 2 of the report) provides summary information for each division.

SUPPLEMENTARY INFORMATION

GRANT COUNTY
SPECIAL REVENUE FUNDS
JUNE 30, 2017

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources, other than expendable trusts and major capital projects that are legally restricted to expenditures for specific purposes.

Agency on Aging – To account for federal and state revenues and expenditures therefrom to provide services to senior citizens.

Airport – To account for self-generated revenues and the expenditures for the operation of the County airport. The Authority for the fund is given by NMSA 3-39-1.

CDBG – Water Study/Zoning – To account for the federal (CDBG) revenues and the expenditures therefrom to fund a water study as well as a zoning study.

Corre Caminos – To account for buses and vans used for public transportation including federal grants expended for that purpose. Authority is the County Commission.

Correction Fees – To account for proceeds collected for the care of prisoners. The Authority for the fund is given by NMSA 33-3-25.

County Clerk's Equipment – To account for funds collected to be used for purchase of special equipment. The Authority for the fund is given by NMSA 14-8-12.2.

Emergency Medical Service – To account for the operations and maintenance of medical service equipment in the County. The Authority for the fund is given by NMSA 24-10A-6.

Farm and Range – To account for the maintenance, improvements and animal control of federal land under Section 10 of the Taylor Grazing Act of 6-28-34. The Taylor Grazing Co-Op Agreement provides financing. Funds received under this agreement are to be used strictly for the maintenance, improvements and animal control of this federal land. The Authority for the fund is given by NMSA 6-11-5.

Fire Protection and Fire Administration – To account for the proceeds of the State fire allotment, and the expenditures for public safety therefrom. Established by Section 59A-6-5 NMSA 1978 as authorized by Section 59A-53-7.

Fort Bayard Fire – To account for the State revenues allocated to this fire district and the restricted expenditures therefrom. The Authority for the fund is given by NMSA 59A-53-1.

Gila-Cliff Fire – To account for the State revenues allocated to this fire district and the restricted expenditures therefrom. The Authority for the fund is given by NMSA 59A-53-1.

Grant County Health Council – To account for grant funds received from the Gila Regional Medical Center Foundation for health related activities. The fund was established by County ordinance.

HIDTA – To account for federal funds under the High Intensity Drug Trafficking Program. The program is currently dormant. The fund was authorized by County ordinance per federal grant requirements.

GRANT COUNTY
SPECIAL REVENUE FUNDS
JUNE 30, 2017

Special Revenue Funds (Continued)

Hospital Indigent – To account for the sole source provider for indigent medical services and gross receipts tax dedicated for indigent medical care. Authority is County Commission.

Law Enforcement – To account for the County’s state distribution of Law Enforcement Protection funds to be used for the repair and/or replacement of law enforcement equipment. The Authority for the fund is given by NMSA 29-13-1.

Lodger’s Tax – To account for the revenues specifically generated by the tax on transient lodging. Expenditures must be of a culture-recreation nature. The Authority for the fund is given by NMSA 3-38-13.

Lower Mimbres Fire – To account for the State revenues allocated to this fire district and the restricted expenditures therefrom. The Authority for the fund is given by NMSA 59A-53-1.

Pinos Altos Fire – To account for the State revenues allocated to this fire district and the restricted expenditures therefrom. The Authority for the fund is given by NMSA 59A-53-1.

Reappraisal – To account for the proceeds from property taxes and the one-percent administrative fees assessed by County Treasurers to revenue recipients. Authority given by NMSA 7-38-38.1.

Recreation – To account for the operations and maintenance of County-owned recreation facilities. Financing is provided by the County’s share of cigarette tax. State law requires the use of these cigarette taxes to be used for recreation purposes. The Authority for the fund is given by NMSA 7- 12-16.

Regional Dispatch – To account for the funding of a regional 911 system. The fund is authorized by NMSA 63-9D-1.

Safe Borders – To account for federal revenues and expenditures to aid in securing our borders.

Santa Rita Fire – To account for the State revenues allocated to this fire district and the restricted expenditures therefrom. The Authority for the fund is given by NMSA 59A-53-1.

Sapillo Fire – To account for the State revenues allocated to this fire district and the restricted expenditures therefrom. The Authority for the fund is given by NMSA 59A-53-1.

Solid Waste – To account for grant monies from the New Mexico Energy, Mineral and Natural Resources Department to be used to evaluate a solid waste plan for Grant County. The fund is authorized by County resolution 90-12-27D.

Tyrone Fire – To account for the State revenues allocated to this fire district and the restricted expenditures therefrom. The Authority for the fund is given by NMSA 59A-53-1.

Upper Mimbres Fire – To account for the State revenues allocated to this fire district and the restricted expenditures therefrom. The Authority for the fund is given by NMSA 59A-53-1.

Whiskey Creek Fire – To account for the State revenues allocated to this fire district and the restricted expenditures therefrom. The Authority for the fund is given by NMSA 59A-53-1.

GRANT COUNTY
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2017

	Agency on Aging	Airport	CDBG Zoning	Corre Caminos	Corrections	County Clerk's Equipment
ASSETS						
Cash and cash equivalents	\$30,813	\$0	\$498	\$37,508	\$185,436	\$216,922
Cash held by trustee	0	0	0	0	0	0
Accounts receivable	554	250	0	0	0	0
Interfund receivable	0	0	0	11,013	0	0
Taxes receivable	0	0	0	0	99,549	0
Due from other governments	61,042	9,085	0	227,217	27,132	0
Total assets	\$92,409	\$9,335	\$498	\$275,738	\$312,117	\$216,922
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$11,474	\$26,758	\$0	\$7,023	\$27,407	\$18,288
Salaries payable	13,077	4,582	0	15,532	43,381	0
Interfund payable	6,727	22,253	0	0	0	0
Total liabilities	31,278	53,593	0	22,555	70,788	18,288
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue:						
Property taxes	0	0	0	0	0	0
Total deferred inflows of resources	0	0	0	0	0	0
Fund Balance:						
Nonspendable						
Inventory	0	0	0	0	0	0
Prepaid expenses	0	0	0	0	0	0
Spendable						
Restricted for:						
General government	0	0	498	0	0	0
Maintenance of roads	0	0	0	0	0	198,634
Environment	0	0	0	0	0	0
Recreation	0	0	0	0	0	0
Public safety	0	0	0	0	241,329	0
Health and welfare	61,131	0	0	253,183	0	0
Debt service expenditures	0	0	0	0	0	0
Capital projects	0	0	0	0	0	0
Unassigned	0	(44,258)	0	0	0	0
Total fund balance	61,131	(44,258)	498	253,183	241,329	198,634
Total liabilities, deferred inflows of resources, and fund balances	\$92,409	\$9,335	\$498	\$275,738	\$312,117	\$216,922

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2017

	Emergency Medical Service	Farm and Range	Fire Administration	Fire Protection	Grant County Health Council
ASSETS					
Cash and cash equivalents	\$13,246	\$7,240	\$141,630	\$1,089,633	\$98,061
Cash held by trustee	0	0	0	0	0
Accounts receivable	0	0	0	0	0
Interfund receivable	0	0	0	26,613	0
Taxes receivable	0	719	0	51,635	0
Due from other governments	0	0	0	0	3,269
Total assets	\$13,246	\$7,959	\$141,630	\$1,167,881	\$101,330
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$3,211	\$0	\$0	\$2,707	\$0
Salaries payable	0	0	0	0	0
Interfund payable	25,523	0	0	0	0
Total liabilities	28,734	0	0	2,707	0
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue:					
Property taxes	0	719	0	0	0
Total deferred inflows of resources	0	719	0	0	0
Fund Balance:					
Nonspendable					
Inventory	0	0	0	0	0
Prepaid expenses	0	0	0	0	0
Spendable					
Restricted for:					
General government	0	7,240	0	0	0
Maintenance of roads	0	0	0	0	0
Environment	0	0	0	0	0
Recreation	0	0	0	0	0
Public safety	0	0	141,630	1,165,174	0
Health and welfare	0	0	0	0	101,330
Debt service expenditures	0	0	0	0	0
Capital projects	0	0	0	0	0
Unassigned	(15,488)	0	0	0	0
Total fund balance	(15,488)	7,240	141,630	1,165,174	101,330
Total liabilities, deferred inflows of resources, and fund balances	\$13,246	\$7,959	\$141,630	\$1,167,881	\$101,330

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2017

	HIDTA	Hospital Indigent	Law Enforcement Protection	Lodgers Tax	Reappraisal	Recreation
ASSETS						
Cash and cash equivalents	\$54	\$283,692	\$556	\$41,220	\$202,509	\$48
Cash held by trustee	0	0	0	0	0	0
Accounts receivable	0	0	0	0	0	0
Interfund receivable	0	0	0	0	0	0
Taxes receivable	0	93,568	0	6,143	0	0
Due from other governments	0	0	0	0	0	0
Total assets	\$54	\$377,260	\$556	\$47,363	\$202,509	\$48
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$0	\$25,166	\$0	\$0	\$330	\$0
Salaries payable	0	0	0	0	13,351	0
Interfund payable	0	0	0	0	0	0
Total liabilities	0	25,166	0	0	13,681	0
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue:						
Property taxes	0	0	0	0	0	0
Total deferred inflows of resources	0	0	0	0	0	0
Fund Balance:						
Nonspendable						
Inventory	0	0	0	0	0	0
Prepaid expenses	0	0	0	0	0	0
Spendable						
Restricted for:						
General government	0	0	0	0	188,828	0
Maintenance of roads	0	0	0	0	0	0
Environment	0	0	0	0	0	0
Recreation	0	0	0	47,363	0	48
Public safety	54	0	556	0	0	0
Health and welfare	0	352,094	0	0	0	0
Debt service expenditures	0	0	0	0	0	0
Capital projects	0	0	0	0	0	0
Unassigned	0	0	0	0	0	0
Total fund balance	54	352,094	556	47,363	188,828	48
Total liabilities, deferred inflows of resources, and fund balances	\$54	\$377,260	\$556	\$47,363	\$202,509	\$48

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2017

	Regional Dispatch	Rural Fire Departments	Safe Borders	Solid Waste	Totals
ASSETS					
Cash and cash equivalents	\$148,986	\$1,495,652	\$0	\$162,074	\$4,155,778
Cash held by trustee	0	673,274	0	0	673,274
Accounts receivable	0	0	0	89,470	90,274
Interfund receivable	0	68,247	0	0	105,873
Taxes receivable	99,570	0	0	26,907	378,091
Due from other governments	0	0	35,072	0	362,817
Total assets	\$248,556	\$2,237,173	\$35,072	\$278,451	\$5,766,107
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$85	\$65,488	\$1,583	\$55,791	\$245,311
Salaries payable	14,985	0	0	0	104,908
Interfund payable	0	0	133,650	0	188,153
Total liabilities	15,070	65,488	135,233	55,791	538,372
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue:					
Property taxes	0	0	0	0	719
Total deferred inflows of resources	0	0	0	0	719
Fund Balance:					
Nonspendable					
Inventory	0	0	0	0	0
Prepaid expenses	0	0	0	0	0
Spendable					
Restricted for:					
General government	0	0	0	0	196,566
Maintenance of roads	0	0	0	0	198,634
Environment	0	0	0	0	0
Recreation	0	0	0	222,660	270,071
Public safety	233,486	1,554,928	0	0	3,337,157
Health and welfare	0	0	0	0	767,738
Debt service expenditures	0	27,842	0	0	27,842
Capital projects	0	588,915	0	0	588,915
Unassigned	0	0	(100,161)	0	(159,907)
Total fund balance	233,486	2,171,685	(100,161)	222,660	5,227,016
Total liabilities, deferred inflows of resources, and fund balances	\$248,556	\$2,237,173	\$35,072	\$278,451	\$5,766,107

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Agency on Aging	Airport	CDBG Zoning	Corre Caminos	Corrections	County Clerk's Equipment
REVENUES						
Taxes:						
Property	\$0	\$0	\$0	\$0	\$0	\$0
Gross receipts	0	0	0	0	588,634	0
Gasoline and motor vehicle	0	0	0	0	0	0
Lodgers	0	0	0	0	0	0
Intergovernmental:						
Federal operating grants	212,682	0	0	723,433	0	0
Federal capital grants	0	2,319,511	0	0	0	0
State operating grants	249,304	30,884	0	0	0	0
State capital grants	154,002	61,141	0	0	0	0
Charges for services	39,499	588,862	0	376,285	263,732	34,704
Investment income (loss)	0	0	0	0	0	0
Miscellaneous	0	0	0	382	53,017	0
<i>Total revenues</i>	655,487	3,000,398	0	1,100,100	905,383	34,704
EXPENDITURES						
Current:						
General government	0	676,247	0	962,799	0	28,059
Public safety	0	0	0	0	2,625,563	0
Public works	0	0	0	0	0	0
Health and welfare	535,157	0	0	0	0	0
Culture and recreation	0	0	0	0	0	0
Debt Service						
Principal	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Capital outlay	126,230	2,438,400	0	24,736	0	18,288
<i>Total expenditures</i>	661,387	3,114,647	0	987,535	2,625,563	46,347
<i>Excess (deficiency) of revenues over expenditures</i>	(5,900)	(114,249)	0	112,565	(1,720,180)	(11,643)
Other Financing Sources (Uses):						
Transfer in	0	112,246	0	595,497	1,955,892	0
Transfer (out)	0	(70,391)	0	0	0	0
<i>Total other financing sources (uses)</i>	0	41,855	0	595,497	1,955,892	0
<i>Net changes in fund balances</i>	(5,900)	(72,394)	0	708,062	235,712	(11,643)
Fund balance - beginning of year	67,031	28,136	498	(454,879)	5,617	210,277
<i>Fund balance - end of year</i>	\$61,131	(\$44,258)	\$498	\$253,183	\$241,329	\$198,634

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Emergency Medical Service	Farm and Range	Fire Administration	Fire Protection	Grant County Health Council
REVENUES					
Taxes:					
Property	\$0	\$0	\$0	\$0	\$0
Gross receipts	0	0	0	311,310	0
Gasoline and motor vehicle	0	0	0	0	0
Lodgers	0	0	0	0	0
Intergovernmental:					
Federal operating grants	0	28,741	0	0	0
Federal capital grants	0	0	0	0	0
State operating grants	42,244	0	71,685	0	0
State capital grants	0	0	0	0	0
Charges for services	0	0	0	0	0
Investment income (loss)	0	0	0	92	0
Miscellaneous	3,113	0	0	0	7,999
<i>Total revenues</i>	45,357	28,741	71,685	311,402	7,999
EXPENDITURES					
Current:					
General government	0	28,000	0	0	0
Public safety	44,896	0	70,171	337,695	0
Public works	0	0	0	0	0
Health and welfare	0	0	0	0	65,502
Culture and recreation	0	0	0	0	0
Debt Service					
Principal	0	0	0	0	0
Interest	0	0	0	0	0
Capital outlay	0	0	49,084	0	0
<i>Total expenditures</i>	44,896	28,000	119,255	337,695	65,502
<i>Excess (deficiency) of revenues over expenditures</i>	461	741	(47,570)	(26,293)	(57,503)
Other Financing Sources (Uses):					
Transfer in	0	7,733	0	0	0
Transfer (out)	0	(1,250)	(5,000)	(28,024)	0
<i>Total other financing sources (uses)</i>	0	6,483	(5,000)	(28,024)	0
<i>Net changes in fund balances</i>	461	7,224	(52,570)	(54,317)	(57,503)
Fund balance - beginning of year	(15,949)	16	194,200	1,219,491	158,833
<i>Fund balance - end of year</i>	(\$15,488)	\$7,240	\$141,630	\$1,165,174	\$101,330

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	HIDTA	Hospital Indigent	Law Enforcement Protection	Lodgers Tax	Reappraisal	Recreation
REVENUES						
Taxes:						
Property	\$0	\$0	\$0	\$0	\$0	\$0
Gross receipts	0	455,259	0	0	0	0
Gasoline and motor vehicle	0	0	0	0	0	0
Lodgers	0	0	0	79,445	0	0
Intergovernmental:						
Federal operating grants	0	0	0	0	0	0
Federal capital grants	0	0	0	0	0	0
State operating grants	0	0	41,600	0	0	390
State capital grants	0	0	0	0	0	0
Charges for services	0	0	0	0	106,307	0
Investment income (loss)	0	0	0	0	0	0
Miscellaneous	0	2,392	707	0	0	0
<i>Total revenues</i>	<u>0</u>	<u>457,651</u>	<u>42,307</u>	<u>79,445</u>	<u>106,307</u>	<u>390</u>
EXPENDITURES						
Current:						
General government	0	0	0	0	123,683	0
Public safety	0	0	0	0	0	0
Public works	0	0	23,261	0	0	0
Health and welfare	0	896,921	0	0	0	0
Culture and recreation	0	0	0	70,224	0	390
Debt Service						
Principal	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Capital outlay	0	0	17,944	0	9,143	0
<i>Total expenditures</i>	<u>0</u>	<u>896,921</u>	<u>41,205</u>	<u>70,224</u>	<u>132,826</u>	<u>390</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>0</u>	<u>(439,270)</u>	<u>1,102</u>	<u>9,221</u>	<u>(26,519)</u>	<u>0</u>
Other Financing Sources (Uses):						
Transfer in	0	0	0	0	0	0
Transfer (out)	0	(118,110)	0	(5,000)	0	0
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>(118,110)</u>	<u>0</u>	<u>(5,000)</u>	<u>0</u>	<u>0</u>
<i>Net changes in fund balances</i>	<u>0</u>	<u>(557,380)</u>	<u>1,102</u>	<u>4,221</u>	<u>(26,519)</u>	<u>0</u>
Fund balance - beginning of year	54	909,474	(546)	43,142	215,347	48
<i>Fund balance - end of year</i>	<u>\$54</u>	<u>\$352,094</u>	<u>\$556</u>	<u>\$47,363</u>	<u>\$188,828</u>	<u>\$48</u>

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Regional Dispatch	Rural Fire Departments	Safe Borders	Solid Waste	Totals
REVENUES					
Taxes:					
Property	\$0	\$0	\$0	\$0	\$0
Gross receipts	589,053	0	0	0	1,944,256
Gasoline and motor vehicle	0	0	0	0	0
Lodgers	0	0	0	0	79,445
Intergovernmental:					
Federal operating grants	0	0	399,019	0	1,363,875
Federal capital grants	0	0	0	0	2,319,511
State operating grants	0	1,355,686	0	0	1,791,793
State capital grants	0	0	0	0	215,143
Charges for services	0	9,327	0	580,453	1,999,169
Investment income (loss)	0	7,702	0	0	7,794
Miscellaneous	29,174	209	0	0	96,993
<i>Total revenues</i>	618,227	1,372,924	399,019	580,453	9,817,979
EXPENDITURES					
Current:					
General government	0	0	0	0	1,818,788
Public safety	643,791	743,077	176,266	0	4,641,459
Public works	0	0	0	692,743	716,004
Health and welfare	0	0	0	0	1,497,580
Culture and recreation	0	0	0	0	70,614
Debt Service					
Principal	0	154,529	0	0	154,529
Interest	0	31,847	0	0	31,847
Capital outlay	0	1,008,985	458	0	3,693,268
<i>Total expenditures</i>	643,791	1,938,438	176,724	692,743	12,624,089
<i>Excess (deficiency) of revenues over expenditures</i>	(25,564)	(565,514)	222,295	(112,290)	(2,806,110)
Other Financing Sources (Uses):					
Transfer in	97,099	279,632	0	303,248	3,351,347
Transfer (out)	0	(319,397)	0	(338,604)	(885,776)
<i>Total other financing sources (uses)</i>	97,099	(39,765)	0	(35,356)	2,465,571
<i>Net changes in fund balances</i>	71,535	(605,279)	222,295	(147,646)	(340,539)
Fund balance - beginning of year	161,951	2,776,964	(322,456)	370,306	5,567,555
<i>Fund balance - end of year</i>	\$233,486	\$2,171,685	(\$100,161)	\$222,660	\$5,227,016

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY
RURAL FIRE DEPARTMENTS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2017

	Fort Bayard Fire	Gila/ Cliff Fire	Lower Mimbres Fire	Pinos Altos Fire	Santa Rita Fire
ASSETS					
Cash	\$23,800	\$78,546	\$86,829	\$315,571	\$117,791
Cash held by trustee	56	72	0	108,379	516,481
Interfund receivable	0	0	0	38,070	8,318
Total assets	\$23,856	\$78,618	\$86,829	\$462,020	\$642,590
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$205	\$0	\$0	\$54,653	\$65
Interfund payable	0	0	0	0	0
Total liabilities	205	0	0	54,653	65
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue:					
Property taxes	0	0	0	0	0
Total deferred inflows of resources	0	0	0	0	0
Fund Balance:					
Spendable					
Restricted for:					
Public safety	23,651	78,546	86,829	353,641	126,044
Debt service expenditures	0	72	0	384	81
Capital projects	0	0	0	53,342	516,400
Unassigned	0	0	0	0	0
Total fund balance	23,651	78,618	86,829	407,367	642,525
Total liabilities, deferred inflows of resources, and fund balances	\$23,856	\$78,618	\$86,829	\$462,020	\$642,590

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY
RURAL FIRE DEPARTMENTS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2017

	Sapillo Creek Fire	Tyrone Fire	Upper Mimbres Fire	Whiskey Creek Fire	Totals
ASSETS					
Cash	\$147,684	\$546,796	\$21,151	\$157,484	\$1,495,652
Cash held by trustee	0	48,286	0	0	673,274
Interfund receivable	0	21,859	0	0	68,247
Total assets	\$147,684	\$616,941	\$21,151	\$157,484	\$2,237,173
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$0	\$1,807	\$222	\$8,536	\$65,488
Interfund payable	0	0	0	0	0
Total liabilities	0	1,807	222	8,536	65,488
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue:					
Property taxes	0	0	0	0	0
Total deferred inflows of resources	0	0	0	0	0
Fund Balance:					
Spendable					
Restricted for:					
Public safety	147,684	568,656	20,929	148,948	1,554,928
Debt service expenditures	0	27,305	0	0	27,842
Capital projects	0	19,173	0	0	588,915
Unassigned	0	0	0	0	0
Total fund balance	147,684	615,134	20,929	148,948	2,171,685
Total liabilities, deferred inflows of resources, and fund balances	\$147,684	\$616,941	\$21,151	\$157,484	\$2,237,173

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY
RURAL FIRE DEPARTMENTS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Fort Bayard Fire	Gila/ Cliff Fire	Lower Mimbres Fire	Pinos Altos Fire	Santa Rita Fire
REVENUES					
Federal sources	\$0	\$0	\$0	\$0	\$0
State sources	80,196	100,896	100,896	253,550	71,685
Charges for services	0	0	0	0	0
Investment income (loss)	820	71	0	2,822	3,540
Miscellaneous	30	0	35	0	0
<i>Total revenues</i>	81,046	100,967	100,931	256,372	75,225
EXPENDITURES					
Current:					
Public safety	23,487	32,478	57,533	178,014	39,739
Debt Service					
Principal	18,749	24,131	0	41,007	15,142
Interest	689	278	0	2,076	3,209
Capital outlay	220,091	0	0	387,895	0
<i>Total expenditures</i>	263,016	56,887	57,533	608,992	58,090
<i>Excess (deficiency) of revenues over expenditures</i>	(181,970)	44,080	43,398	(352,620)	17,135
Other Financing Sources (Uses):					
Transfer in	5,991	1,698	8,654	34,685	31,667
Transfer (out)	(41,157)	(1,698)	(8,654)	(34,685)	(31,667)
Loan proceeds	0	0	0	0	0
<i>Total other financing sources (uses)</i>	(35,166)	0	0	0	0
<i>Net changes in fund balances</i>	(217,136)	44,080	43,398	(352,620)	17,135
Fund balance - beginning of year	240,787	34,538	43,431	759,987	625,390
<i>Fund balance - end of year</i>	\$23,651	\$78,618	\$86,829	\$407,367	\$642,525

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY
RURAL FIRE DEPARTMENTS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Sapillo Creek Fire	Tyrone Fire	Upper Mimbres Fire	Whiskey Creek Fire	Totals
REVENUES					
Federal sources	\$0	\$0	\$0	\$0	\$0
State sources	73,808	411,328	100,896	162,431	1,355,686
Charges for services	0	9,327	0	0	9,327
Investment income (loss)	0	449	0	0	7,702
Miscellaneous	0	72	0	72	209
<i>Total revenues</i>	<u>73,808</u>	<u>421,176</u>	<u>100,896</u>	<u>162,503</u>	<u>1,372,924</u>
EXPENDITURES					
Current:					
Public safety	59,277	211,928	47,257	93,364	743,077
Debt Service					
Principal	0	55,500	0	0	154,529
Interest	0	25,595	0	0	31,847
Capital outlay	0	296,010	90,000	14,989	1,008,985
<i>Total expenditures</i>	<u>59,277</u>	<u>589,033</u>	<u>137,257</u>	<u>108,353</u>	<u>1,938,438</u>
<i>Excess (deficiency) of revenues over expenditures</i>	14,531	(167,857)	(36,361)	54,150	(565,514)
Other Financing Sources (Uses):					
Transfer in	13,537	154,006	19,178	10,216	279,632
Transfer (out)	(13,537)	(158,605)	(19,178)	(10,216)	(319,397)
Loan proceeds	0	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>(4,599)</u>	<u>0</u>	<u>0</u>	<u>(39,765)</u>
<i>Net changes in fund balances</i>	14,531	(172,456)	(36,361)	54,150	(605,279)
Fund balance - beginning of year	133,153	787,590	57,290	94,798	2,776,964
<i>Fund balance - end of year</i>	<u>\$147,684</u>	<u>\$615,134</u>	<u>\$20,929</u>	<u>\$148,948</u>	<u>\$2,171,685</u>

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY
CAPITAL PROJECT FUNDS
JUNE 30, 2017

Capital Project Funds

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Capital Projects HH – To account for hold harmless gross receipts tax revenues for various capital improvement projects across the County.

Capital Road Projects – To account for co-operative agreements with the New Mexico Department of Transportation to construct or improve elected projects.

Economic Development – To account for revenue and expenditures to improve economic development within the County.

Fort Bayard Medical Facility – To account for the bond proceeds and expenditures therefrom to construct the new medical facility.

Hurley Waste Water – To account for the federal revenue and expenditure therefrom to improve the Waste Water facility in Hurley.

Loma Verde – To account for NMFA loan funds and gross receipts tax for improvements to the subdivision.

Renovations – To account for various improvement/renovation projects throughout the County funded by various sources including grant funds.

Wild Canyon – To account for the assessment of revenues and expenditures to improve roads in this area of the County.

Viva Santa Rita – To account for the assessment revenues and expenditures to improve roads in this area of the County.

GRANT COUNTY
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2017

	Capital Projects HH	Capital Road	Economic Development	Fort Bayard	Hurley Waste Water
ASSETS					
Cash and cash equivalents	\$2,222,576	(\$55,514)	\$2,777	\$53,686	\$154,680
Cash held with trustee	0	0	0	0	0
Interfund receivable	0	0	0	0	0
Due from other governments	0	0	0	0	0
Total assets	\$2,222,576	(\$55,514)	\$2,777	\$53,686	\$154,680
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$0	\$101,959	\$0	\$0	\$0
Interfund payable	0	0	0	0	16,813
Total liabilities	0	101,959	0	0	16,813
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue:					
Grant revenue	0	0	0	0	133,200
Property taxes	0	0	0	0	0
Total deferred inflows of resources	0	0	0	0	133,200
Fund Balance:					
Nonspendable					
Inventory	0	0	0	0	0
Prepaid expenses	0	0	0	0	0
Spendable					
Restricted for:					
General government	0	0	2,777	0	0
Maintenance of roads	0	0	0	0	0
Environment	0	0	0	0	0
Recreation	0	0	0	0	0
Public safety	0	0	0	0	0
Health and welfare	0	0	0	0	0
Debt service expenditures	0	0	0	0	0
Capital projects	2,222,576	0	0	53,686	0
Unassigned	0	(157,473)	0	0	4,667
Total fund balance	2,222,576	(157,473)	2,777	53,686	4,667
Total liabilities, deferred inflows of resources, and fund balance	\$2,222,576	(\$55,514)	\$2,777	\$53,686	\$154,680

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2017

	Loma Verde Assessment	Renovations	Viva Santa Rita Assessment	Wind Canyon Assessment	Totals
ASSETS					
Cash and cash equivalents	\$21,585	\$0	\$0	\$36,020	\$2,435,810
Cash held with trustee	4,227	385,727	0	0	389,954
Interfund receivable	0	40,752	0	0	40,752
Due from other governments	0	1,620	0	0	1,620
Total assets	\$25,812	\$428,099	\$0	\$36,020	\$2,868,136
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$0	\$150,781	\$0	\$34,187	\$286,927
Interfund payable	0	702,146	0	0	718,959
Total liabilities	0	852,927	0	34,187	1,005,886
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue:					
Grant revenue	0	0	0	0	133,200
Property taxes	0	0	0	0	0
Total deferred inflows of resources	0	0	0	0	133,200
Fund Balance:					
Nonspendable					
Inventory	0	0	0	0	0
Prepaid expenses	0	0	0	0	0
Spendable					
Restricted for:					
General government	0	0	0	0	2,777
Maintenance of roads	0	0	0	0	0
Environment	0	0	0	0	0
Recreation	0	0	0	0	0
Public safety	0	0	0	0	0
Health and welfare	0	0	0	0	0
Debt service expenditures	0	0	0	0	0
Capital projects	25,812	0	0	1,833	2,303,907
Unassigned	0	(424,828)	0	0	(577,634)
Total fund balance	25,812	(424,828)	0	1,833	1,729,050
Total liabilities, deferred inflows of resources, and fund balance	\$25,812	\$428,099	\$0	\$36,020	\$2,868,136

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY

NONMAJOR CAPITAL PROJECT FUND

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Capital Projects HH	Capital Road	Economic Development	Fort Bayard	Hurley Waste Water
REVENUES					
Taxes:					
Property	\$0	\$0	\$0	\$0	\$0
Gross receipts	0	0	0	0	0
Gasoline and motor vehicle	0	0	0	0	0
Intergovernmental:					
Federal operating grants	0	0	0	0	0
Federal capital grants	0	0	0	0	0
State operating grants	0	0	0	0	0
State capital grants	0	254,275	0	0	0
Charges for services	0	0	0	0	0
Investment income (loss)	0	0	0	0	0
<i>Total revenues</i>	0	254,275	0	0	0
EXPENDITURES					
Current:					
General government	0	0	0	0	0
Public safety	0	0	0	0	0
Public works	0	0	0	0	0
Health and welfare	0	0	0	0	0
Culture and recreation	0	0	0	0	0
Capital outlay	788,552	325,420	0	0	0
<i>Total expenditures</i>	788,552	325,420	0	0	0
<i>Excess (deficiency) of revenues over expenditures</i>	(788,552)	(71,145)	0	0	0
Other Financing Sources (Uses):					
Transfer in	0	0	0	0	0
Transfer (out)	(50,000)	0	0	0	0
Loan proceeds	0	0	0	0	0
<i>Total other financing sources (uses)</i>	(50,000)	0	0	0	0
<i>Net changes in fund balances</i>	(838,552)	(71,145)	0	0	0
Fund balance - beginning of year, as previously stated	3,061,128	(86,328)	2,777	53,686	4,667
Restatements	0	0	0	0	0
<i>Fund balance - beginning of year, as restated</i>	3,061,128	(86,328)	2,777	53,686	4,667
<i>Fund balance - end of year</i>	<i>\$2,222,576</i>	<i>(\$157,473)</i>	<i>\$2,777</i>	<i>\$53,686</i>	<i>\$4,667</i>

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY

NONMAJOR CAPITAL PROJECT FUND

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Loma Verde	Renovations	Viva Santa Rita	Wind Canyon	Totals
	Assessment		Assessment	Assessment	
REVENUES					
Taxes:					
Property	\$0	\$0	\$0	\$0	\$0
Gross receipts	0	0	0	0	0
Gasoline and motor vehicle	0	0	0	0	0
Intergovernmental:					
Federal operating grants	0	0	0	0	0
Federal capital grants	0	0	0	0	0
State operating grants	0	0	0	0	0
State capital grants	0	1,474,348	0	0	1,728,623
Charges for services	37,289	0	0	73,056	110,345
Investment income (loss)	509	0	0	0	509
Total revenues	37,798	1,474,348	0	73,056	1,839,477
EXPENDITURES					
Current:					
General government	0	0	0	0	0
Public safety	0	0	0	0	0
Public works	0	0	0	0	0
Health and welfare	0	0	0	0	0
Culture and recreation	0	0	0	0	0
Capital outlay	45,566	2,922,490	0	71,223	4,153,251
Total expenditures	45,566	2,922,490	0	71,223	4,153,251
<i>Excess (deficiency) of revenues over expenditures</i>	<i>(7,768)</i>	<i>(1,448,142)</i>	<i>0</i>	<i>1,833</i>	<i>(2,313,774)</i>
Other Financing Sources (Uses):					
Transfer in	0	50,000	0	0	50,000
Transfer (out)	(15,704)	0	0	0	(65,704)
Loan proceeds	0	115,765	0	0	115,765
Total other financing sources (uses)	(15,704)	165,765	0	0	100,061
<i>Net changes in fund balances</i>	<i>(23,472)</i>	<i>(1,282,377)</i>	<i>0</i>	<i>1,833</i>	<i>(2,213,713)</i>
Fund balance - beginning of year, as previously stated	49,284	30,733	11,102	0	3,127,049
Restatements	0	826,816	(11,102)	0	815,714
Fund balance - beginning of year, as restated	49,284	857,549	0	0	3,942,763
Fund balance - end of year	\$25,812	(\$424,828)	\$0	\$1,833	\$1,729,050

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY
DEBT SERVICE FUNDS
JUNE 30, 2017

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Detention Center Revenue Bond – To account for the accumulation of resources for, and the payment of, general long-term principal, interest and related costs of general obligation bonds. The primary source of revenue is property taxes. The authorization for this fund is the bond ordinance.

Hold Harmless – To account for the resources and payment of Gross Receipts Tax Revenue Bonds series 2014. The primary source of revenue is hold harmless gross receipts tax. The funds was authorized by the bond ordinance.

Loma Verde – To account for the resources and payment of NMFA loans for Loma Verde improvements. Revenue for payment provided through assessments to property owners.

N. Hurley Waste Water Reserve – To account for bond reserves required by the N. Hurley Waste Water System improvement revenue bonds funded by the net revenues from the N. Hurley Waste Water system.

N. Hurley Waste Water System – To account for the resources and payments of waste water system improvement revenue bonds series 2013 purchased by USDA. The primary source of revenue is the net revenues from the N. Hurley Waste Water System.

NMFA Loan Payments – To account for the resources and payments of NMFA loans. The primary source of revenue is intercept of state funds - predominantly fire department allotments.

Viva Santa Rita – To account for the resources and payment of NMFA loans for Viva Santa Rita improvements. Revenue for payment provided through assessments to property owners.

GRANT COUNTY
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2017

	Detention Center Revenue Bond	Hold Harmless	Loma Verde Assessment	N.Hurley Waste Water Reserve
ASSETS				
Cash and cash equivalents	\$2,107,800	\$104,075	\$0	\$62,465
Cash held with trustee	0	0	0	0
Interfund receivable	0	0	0	0
Taxes receivable	91,966	0	0	0
Due from other governments	0	0	0	0
Total assets	\$2,199,766	\$104,075	\$0	\$62,465
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$0	\$0	\$0	\$0
Salaries payable	0	0	0	0
Interfund payable	0	0	0	0
Total liabilities	0	0	0	0
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:				
Property taxes	78,470	0	0	0
Total deferred inflows of resources	78,470	0	0	0
Fund Balance:				
Nonspendable				
Inventory	0	0	0	0
Prepaid expenses	0	0	0	0
Spendable				
Restricted for:				
General county operations	0	0	0	0
Maintenance of roads	0	0	0	0
Environment	0	0	0	0
Recreation	0	0	0	0
Public safety	0	0	0	0
Healthcare	0	0	0	0
Debt service expenditures	2,121,296	104,075	0	62,465
Total fund balance	2,121,296	104,075	0	62,465
Total liabilities, deferred inflows of resources, and fund balance	\$2,199,766	\$104,075	\$0	\$62,465

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2017

	N.Hurley Waste Water System	NMFA Loan Payments	Viva Santa Rita Assessment	Totals
ASSETS				
Cash and cash equivalents	\$138	\$212,096	\$23,954	\$2,510,528
Cash held with trustee	0	96,339	12,264	108,603
Interfund receivable	1,057	1,427	4,119	6,603
Taxes receivable	0	0	0	91,966
Due from other governments	0	0	0	0
<i>Total assets</i>	\$1,195	\$309,862	\$40,337	\$2,717,700
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$0	\$0	\$0	0
Salaries payable	0	0	0	0
Interfund payable	0	73,456	0	73,456
<i>Total liabilities</i>	0	73,456	0	73,456
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:				
Property taxes	0	0	0	78,470
<i>Total deferred inflows of resources</i>	0	0	0	78,470
Fund Balance:				
Nonspendable				
Inventory	0	0	0	0
Prepaid expenses	0	0	0	0
Spendable				
Restricted for:				
General government	0	0	0	0
Maintenance of roads	0	0	0	0
Environment	0	0	0	0
Recreation	0	0	0	0
Public safety	0	0	0	0
Health and welfare	0	0	0	0
Debt service expenditures	1,195	236,406	40,337	2,565,774
<i>Total fund balance</i>	1,195	236,406	40,337	2,565,774
<i>Total liabilities, deferred inflows of resources, and fund balance</i>	\$1,195	\$309,862	\$40,337	\$2,717,700

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY

NONMAJOR DEBT SERVICE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Detention Center Revenue Bond	Hold Harmless	Loma Verde Assessment	N.Hurley Waste Water Reserve
REVENUES				
Taxes:				
Property	\$955,885	\$0	\$0	\$0
Gross receipts	0	0	0	0
Gasoline and motor vehicle	0	0	0	0
Intergovernmental:				
Federal operating grants	0	0	0	0
Federal capital grants	0	0	0	0
State operating grants	0	0	0	0
State capital grants	0	0	0	0
Charges for services	0	0	0	0
Investment income (loss)	1,105	0	0	0
Miscellaneous	54,490	0	0	0
<i>Total revenues</i>	<u>1,011,480</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	383	0	0	0
Public safety	0	0	0	0
Public works	0	0	0	13,126
Health and welfare	0	0	0	0
Culture and recreation	0	0	0	0
Debt Service				
Principal	815,000	135,000	0	0
Interest	104,300	206,417	1	0
<i>Total expenditures</i>	<u>919,683</u>	<u>341,417</u>	<u>1</u>	<u>13,126</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>91,797</u>	<u>(341,417)</u>	<u>(1)</u>	<u>(13,126)</u>
Other Financing Sources (Uses):				
Transfer in	0	521,321	0	0
Transfer (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>521,321</u>	<u>0</u>	<u>0</u>
<i>Net changes in fund balances</i>	<u>91,797</u>	<u>179,904</u>	<u>(1)</u>	<u>(13,126)</u>
Fund balance - beginning of year, as previously stated	2,029,499	(75,829)	1	75,591
Restatements	0	0	0	0
<i>Fund balance - beginning of year, as restated</i>	<u>2,029,499</u>	<u>(75,829)</u>	<u>1</u>	<u>75,591</u>
<i>Fund balance - end of year</i>	<u>\$2,121,296</u>	<u>\$104,075</u>	<u>\$0</u>	<u>\$62,465</u>

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	N.Hurley Waste Water System	NMFA Loan Payments	Viva Santa Rita Assessment	Totals
REVENUES				
Taxes:				
Property	\$0	\$0	\$0	\$955,885
Gross receipts	0	0	0	0
Gasoline and motor vehicle	0	0	0	0
Intergovernmental:				
Federal operating grants	0	0	0	0
Federal capital grants	0	0	0	0
State operating grants	0	0	0	0
State capital grants	0	0	0	0
Charges for services	0	0	3,257	3,257
Investment income (loss)	0	1,153	83	2,341
Miscellaneous	0	0	0	54,490
<i>Total revenues</i>	0	1,153	3,340	1,015,973
EXPENDITURES				
Current:				
General government	0	0	0	383
Public safety	0	0	0	0
Public works	0	0	0	13,126
Health and welfare	0	0	0	0
Culture and recreation	0	0	0	0
Debt Service				
Principal	5,000	262,452	0	1,217,452
Interest	7,961	13,044	0	331,723
<i>Total expenditures</i>	12,961	275,496	0	1,562,684
<i>Excess (deficiency) of revenues over expenditures</i>	(12,961)	(274,343)	3,340	(546,711)
Other Financing Sources (Uses):				
Transfer in	14,156	418,709	0	954,186
Transfer (out)	0	0	(5,494)	(5,494)
<i>Total other financing sources (uses)</i>	14,156	418,709	(5,494)	948,692
<i>Net changes in fund balances</i>	1,195	144,366	(2,154)	401,981
Fund balance - beginning of year, as previously stated	0	0	32,769	2,062,031
Restatements	0	92,040	9,722	101,762
<i>Fund balance - beginning of year, as restated</i>	0	92,040	42,491	2,163,793
<i>Fund balance - end of year</i>	\$1,195	\$236,406	\$40,337	\$2,565,774

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY
TOTAL ALL NONMAJOR GOVERNMENTAL FUND TYPES
COMBINING BALANCE SHEET
JUNE 30, 2017

	Special Revenue	Capital Projects	Debt Service	Total
ASSETS				
Cash and cash equivalents	\$4,155,778	\$2,435,810	\$2,510,528	\$9,102,116
Cash held by trustee	673,274	389,954	108,603	1,171,831
Investments	0	0	0	0
Accounts receivable	90,274	0	0	90,274
Interest receivable	0	0	0	0
Interfund receivable	105,873	40,752	6,603	153,228
Notes receivable	0	0	0	0
Taxes receivable	378,091	0	91,966	470,057
Due from other governments	362,817	1,620	0	364,437
Total assets	\$5,766,107	\$2,868,136	\$2,717,700	\$11,351,943
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$245,311	\$286,927	\$0	\$532,238
Salaries payable	104,908	0	0	104,908
Interfund payable	188,153	718,959	73,456	980,568
Total liabilities	538,372	1,005,886	73,456	1,617,714
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:				
Grant revenue	0	133,200	0	133,200
Property taxes	719	0	78,470	79,189
Total deferred inflows of resources	719	133,200	78,470	212,389
Fund Balance:				
Nonspendable				
Inventory	0	0	0	0
Prepaid expenses	0	0	0	0
Spendable				
Restricted for:				
General government	196,566	2,777	0	199,343
Maintenance of roads	198,634	0	0	198,634
Environment	0	0	0	0
Recreation	270,071	0	0	270,071
Public safety	3,337,157	0	0	3,337,157
Healthcare and welfare	767,738	0	0	767,738
Debt service expenditures	27,842	0	2,565,774	2,593,616
Capital projects	588,915	2,303,907	0	2,892,822
Unassigned	(159,907)	(577,634)	0	(737,541)
Total fund balance	5,227,016	1,729,050	2,565,774	9,521,840
Total liabilities, deferred inflows of resources, and fund balance	\$5,766,107	\$2,868,136	\$2,717,700	\$11,351,943

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY

TOTAL ALL NONMAJOR GOVERNMENTAL FUND TYPES COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Special Revenue	Capital Projects	Debt Service	Total
REVENUES				
Taxes:				
Property	\$0	\$0	\$955,885	\$955,885
Gross receipts	1,944,256	0	0	1,944,256
Gasoline and motor vehicle	0	0	0	0
Lodgers	79,445	0	0	79,445
Intergovernmental:				
Federal operating grants	1,363,875	0	0	1,363,875
Federal capital grants	2,319,511	0	0	2,319,511
State operating grants	1,791,793	0	0	1,791,793
State capital grants	215,143	1,728,623	0	1,943,766
Charges for services	1,999,169	110,345	3,257	2,112,771
Investment income (loss)	7,794	509	2,341	10,644
Miscellaneous	96,993	0	54,490	151,483
<i>Total revenues</i>	9,817,979	1,839,477	1,015,973	12,673,429
EXPENDITURES				
Current:				
General government	1,818,788	0	383	1,819,171
Public safety	4,641,459	0	0	4,641,459
Public works	716,004	0	13,126	729,130
Health and welfare	1,497,580	0	0	1,497,580
Culture and recreation	70,614	0	0	70,614
Debt Service:				
Principal	154,529	0	1,217,452	1,371,981
Interest	31,847	0	331,723	363,570
Capital outlay	3,693,268	4,153,251	0	7,846,519
<i>Total expenditures</i>	12,624,089	4,153,251	1,562,684	18,340,024
<i>Excess (deficiency) of revenues over expenditures</i>	(2,806,110)	(2,313,774)	(546,711)	(5,666,595)
Other Financing Sources (Uses):				
Transfers in	3,351,347	50,000	954,186	4,355,533
Transfers (out)	(885,776)	(65,704)	(5,494)	(956,974)
Loan proceeds	0	115,765	0	115,765
<i>Total other financing sources (uses)</i>	2,465,571	100,061	948,692	3,514,324
<i>Net changes in fund balances</i>	(340,539)	(2,213,713)	401,981	(2,152,271)
Fund balance - beginning of year, as previously stated	5,567,555	3,127,049	2,062,031	10,756,635
Restatements	0	815,714	101,762	917,476
<i>Fund balance - beginning of year, as restated</i>	5,567,555	3,942,763	2,163,793	11,674,111
<i>Fund balance - end of year</i>	\$5,227,016	\$1,729,050	\$2,565,774	\$9,521,840

The Notes to Financial Statements are an integral part of these statements.

OTHER SUPPLEMENTARY INFORMATION

GRANT COUNTY
ALL AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Balance June 30, 2016	Increase	Decrease	Balance June 30, 2017
ASSETS				
Cash	\$182,930	\$11,843,280	\$11,869,403	\$156,807
Property taxes receivable	714,803	5,591,911	5,602,766	703,948
<i>Total assets</i>	\$897,733	\$17,435,191	\$17,472,169	\$860,755
LIABILITIES				
Deposits held in trust	\$182,930	\$11,843,280	\$11,869,403	\$156,807
Due to other taxing units	714,803	5,591,911	5,602,766	703,948
<i>Total liabilities</i>	\$897,733	\$17,435,191	\$17,472,169	\$860,755

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY

SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY OF PUBLIC FUNDS

JUNE 30, 2017

Wells Fargo
Bank

Amounts of deposits	\$7,210,345
Less: FDIC Insurance - demand deposit	(250,000)
FDIC Insurance - time deposits	(250,000)
<i>Total uninsured public funds</i>	<i>\$6,710,345</i>
50% collateralization requirement (Section 6-10-17 NMSA)	\$3,355,173
Pledged Securities:	
FNMA FGPC, Cusip No. 3128MMTK9, maturing 5/1/2030	443,001
FNMA FNMS, Cusip No. 3138WFXS0, maturing 10/1/2035	6,376,944
FNMA FNMS, Cusip No. 31418CAK0, maturing 8/1/2031	45,569
<i>Total pledged securities</i>	<i>6,865,514</i>
<i>Pledged securities over (under) requirement</i>	<i>(\$3,510,341)</i>

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
JUNE 30, 2017

Financial Institution: Account Name	Type of Account	Bank Balance	Reconciling Items	Book Balance
<u>Wells Fargo Bank</u>				
Operational	Checking	\$3,906,568	(\$353,508)	\$3,553,060
Grant County Treasurer	Checking	1	0	1
Construction	Checking	2,236,311	0	2,236,311
Dos Griegos	Savings	11,127	0	11,127
Warrants	Checking	0	0	0
North Hurley Water	Checking	0	0	0
P card account	Checking	0	0	0
Detention Center Issuance Cost	Checking	1,056,338	0	1,056,338
<i>Total Wells Fargo Bank</i>		7,210,345	(353,508)	6,856,837
<u>Moreton Capital Markets</u>				
General	Cash	499	0	499
General	Govt Money Mkt	98,290	0	98,290
General	Municipal Bonds	152,211	0	152,211
General	FHLB	290,808	0	290,808
General	CD's	5,795,929	0	5,795,929
<i>Total Moreton Capital Markets</i>		6,337,737	0	6,337,737
<u>NM Local Government Investment Pool</u>				
General		80,787	0	80,787
Fire		18,950	0	18,950
<i>Total NM LGIP</i>		99,737	0	99,737
<u>NMFA</u>				
Cash on deposit with paying agent	NMFA	1,170,327	1,505	1,171,832
<u>US BANK</u>				
Ft. Bayard Hospital - Bond Account		2,712,774	0	2,712,774
Ft. Bayard Hospital - D/S Reserve		4,051,399	0	4,051,399
Ft. Bayard Hospital - Surplus Account		208,118	0	208,118
<i>Total US Bank</i>		6,972,291	0	6,972,291
Petty cash on hand		0	1,400	1,400
<i>Total cash and investments</i>		\$21,790,437	(\$350,603)	\$21,439,834

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY

SCHEDULE OF TAX ROLL RECONCILIATION - PROPERTY TAXES RECEIVABLE

JUNE 30, 2017

Property taxes receivable, beginning of year	\$1,634,751
<hr/>	
Changes to tax roll:	
Net taxes charged to Treasurer for fiscal year	11,348,812
Adjustments:	
Decrease in property tax receivable	(200,117)
<i>Total taxes charged to Treasurer for fiscal year</i>	<i>11,148,695</i>
<hr/>	
Total receivables before collections	12,783,446
Collections/Distributions/Changes	(11,279,649)
<hr/>	
Property taxes receivable, end of year	\$1,503,797
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Property taxes receivable by years:	
2007 - 2015	\$828,583
2016	675,214
<hr/>	
Total taxes receivable	\$1,503,797
<hr/> <hr/>	

The Notes to Financial Statements are an integral part of these statements.

GRANT COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
JUNE 30, 2017

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	County Receivable at Year End
GRANT COUNTY									
General Ad valorem									
2007 - 2015	\$42,636,936	\$263,306	\$42,209,628	\$362,768	\$42,148,479	\$403	\$22,003	\$61,149	\$405,304
2016	\$5,028,242	\$4,725,438	\$4,725,438	\$4,631,961	\$4,546,805	\$226	\$226	\$178,633	\$302,578
<i>Total General Ad valorem</i>	<i>\$47,665,178</i>	<i>\$4,988,744</i>	<i>\$46,935,066</i>	<i>\$4,994,729</i>	<i>\$46,695,284</i>	<i>\$629</i>	<i>\$22,229</i>	<i>\$239,782</i>	<i>\$707,882</i>
Debt Service P & I									
2007 - 2015	\$7,100,257	\$37,351	\$7,044,713	\$51,813	\$7,036,267	\$77	\$3,859	\$8,446	\$51,685
2016	\$701,961	\$661,643	\$661,643	\$648,678	\$636,984	\$37	\$37	\$24,659	\$40,281
<i>Total Debt Service</i>	<i>\$7,802,218</i>	<i>\$698,994</i>	<i>\$7,706,356</i>	<i>\$700,491</i>	<i>\$7,673,251</i>	<i>\$114</i>	<i>\$3,896</i>	<i>\$33,105</i>	<i>\$91,966</i>
Total Grant County	\$55,467,396	\$5,687,738	\$54,641,422	\$5,695,220	\$54,368,535	\$743	\$26,125	\$272,887	\$799,849
STATE OF NEW MEXICO									
P & I on Bonds									
2007 - 2015	\$6,835,592	\$43,448	\$6,775,030	\$60,576	\$6,765,295	\$86	\$3,581	\$9,735	\$56,981
2016	\$838,899	\$790,716	\$790,716	\$775,222	\$761,247	\$44	\$44	\$29,469	\$48,139
<i>Total P & I on Bonds</i>	<i>\$7,674,491</i>	<i>\$834,164</i>	<i>\$7,565,745</i>	<i>\$835,798</i>	<i>\$7,526,541</i>	<i>\$130</i>	<i>\$3,625</i>	<i>\$39,204</i>	<i>\$105,120</i>
State Special Levies									
2007 - 2015	\$460,021	\$7,410	\$453,006	\$6,567	\$450,306	\$0	\$356	\$2,700	\$6,659
2016	\$70,354	\$61,829	\$61,829	\$60,292	\$59,398	\$0	\$0	\$2,431	\$8,525
<i>Total State Special Levies</i>	<i>\$530,375</i>	<i>\$69,239</i>	<i>\$514,835</i>	<i>\$66,859</i>	<i>\$509,704</i>	<i>\$0</i>	<i>\$356</i>	<i>\$5,132</i>	<i>\$15,184</i>
Total State of New Mexico	\$8,204,866	\$903,402	\$8,080,581	\$902,657	\$8,036,245	\$130	\$3,981	\$44,336	\$120,305
SCHOOL DISTRICTS									
Silver Consolidated Schools									
General Ad valorem									
2007 - 2015	\$1,235,286	\$7,365	\$1,223,013	\$10,426	\$1,221,197	\$16	\$435	\$1,815	\$11,838
2016	\$157,449	\$148,538	\$148,538	\$145,806	\$143,172	\$8	\$8	\$5,366	\$8,903
<i>Total General Ad valorem</i>	<i>\$1,392,735</i>	<i>\$155,903</i>	<i>\$1,371,551</i>	<i>\$156,232</i>	<i>\$1,364,369</i>	<i>\$24</i>	<i>\$443</i>	<i>\$7,182</i>	<i>\$20,741</i>
Debt Service P & I									
2007 - 2015	\$13,117,674	\$60,721	\$13,018,828	\$86,756	\$13,004,121	\$168	\$5,058	\$14,707	\$93,789
2016	\$1,325,067	\$1,253,315	\$1,253,315	\$1,230,379	\$1,208,664	\$76	\$76	\$44,650	\$71,676
<i>Total Debt Service</i>	<i>\$14,442,741</i>	<i>\$1,314,035</i>	<i>\$14,272,142</i>	<i>\$1,317,135</i>	<i>\$14,212,785</i>	<i>\$244</i>	<i>\$5,134</i>	<i>\$59,357</i>	<i>\$165,465</i>
Capital Improvements									
2007 - 2015	\$8,152,867	\$45,460	\$8,082,907	\$65,069	\$8,071,983	\$120	\$2,898	\$10,924	\$67,063
2016	\$969,621	\$917,102	\$917,102	\$900,318	\$884,427	\$56	\$56	\$32,675	\$52,464
<i>Total Capital Improvements</i>	<i>\$9,122,489</i>	<i>\$962,562</i>	<i>\$9,000,009</i>	<i>\$965,388</i>	<i>\$8,956,410</i>	<i>\$176</i>	<i>\$2,953</i>	<i>\$43,599</i>	<i>\$119,527</i>
House Bill 33									
2007 - 2015	\$3,703,722	\$35,334	\$3,655,114	\$50,816	\$3,646,846	\$85	\$1,185	\$8,268	\$47,423
2016	\$765,473	\$724,011	\$724,011	\$710,761	\$698,215	\$44	\$44	\$25,796	\$41,418
<i>Total House Bill 33</i>	<i>\$4,469,195</i>	<i>\$759,345</i>	<i>\$4,379,125</i>	<i>\$761,577</i>	<i>\$4,345,062</i>	<i>\$129</i>	<i>\$1,229</i>	<i>\$34,063</i>	<i>\$88,841</i>
Total Silver Consolidated Schools	\$29,427,160	\$3,191,845	\$29,022,827	\$3,200,332	\$28,878,625	\$572	\$9,759	\$144,201	\$394,574

GRANT COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
JUNE 30, 2017

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	County Receivable at Year End
SCHOOL DISTRICTS (CONTINUED)									
Cobre Consolidated Schools									
General Ad valorem									
2007 - 2015	\$284,221	\$2,596	\$281,599	\$3,341	\$281,141	\$0	\$354	\$458	\$2,268
2016	\$34,712	\$32,179	\$32,179	\$31,339	\$30,722	\$1	\$1	\$1,457	\$2,532
Total General Ad valorem	\$318,933	\$34,776	\$313,778	\$34,680	\$311,863	\$1	\$355	\$1,915	\$4,800
Debt Service P & I									
2007 - 2015	\$5,966,109	\$46,454	\$5,914,251	\$59,497	\$5,905,921	\$4	\$8,339	\$8,331	\$43,519
2016	\$520,089	\$481,945	\$481,945	\$469,420	\$460,071	\$16	\$16	\$21,873	\$38,129
Total Debt Service	\$6,486,198	\$528,399	\$6,396,196	\$528,917	\$6,365,992	\$20	\$8,354	\$30,204	\$81,647
Capital Improvements									
2007 - 2015	\$1,839,310	\$16,125	\$1,822,624	\$20,737	\$1,819,775	\$1	\$2,363	\$2,848	\$14,324
2016	\$210,496	\$195,061	\$195,061	\$189,991	\$186,208	\$6	\$6	\$8,852	\$15,429
Total Capital Improvements	\$2,049,806	\$211,185	\$2,017,684	\$210,728	\$2,005,984	\$7	\$2,369	\$11,700	\$29,753
Tech Debt									
2007 - 2015	\$492,225	\$460	\$489,971	\$540	\$489,916	\$0	\$652	\$55	\$1,602
2016	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Tech Debt	\$492,225	\$460	\$489,971	\$540	\$489,916	\$0	\$652	\$55	\$1,602
Total Cobre Consolidated Schools	\$9,347,162	\$774,819	\$9,217,629	\$774,865	\$9,173,756	\$29	\$11,731	\$43,874	\$117,802
Aldo Leopold School									
Capital Improvements									
2007 - 2015	\$125,945	\$2,169	\$123,453	\$3,145	\$122,945	\$5	\$21	\$508	\$2,471
2016	\$51,121	\$48,353	\$48,353	\$47,468	\$46,631	\$3	\$3	\$1,723	\$2,765
Total Capital Improvements	\$177,067	\$50,523	\$171,807	\$50,613	\$169,576	\$8	\$24	\$2,231	\$5,236
Total Aldo Leopold School	\$177,067	\$50,523	\$171,807	\$50,613	\$169,576	\$8	\$24	\$2,231	\$5,236
MUNICIPALITIES									
Town of Silver City									
General Ad valorem									
2007 - 2015	\$3,338,626	\$30,592	\$3,319,028	\$43,223	\$3,311,628	\$16	\$1,331	\$7,401	\$18,266
2016	\$584,133	\$549,268	\$549,268	\$539,247	\$528,135	\$34	\$34	\$21,134	\$34,830
Total General Ad valorem	\$3,922,759	\$579,860	\$3,868,297	\$582,471	\$3,839,763	\$50	\$1,365	\$28,534	\$53,097
Debt Service P & I									
2007 - 2015	\$509,758	\$728	\$508,799	\$1,165	\$508,648	\$4	\$292	\$151	\$668
2016	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service	\$509,758	\$728	\$508,799	\$1,165	\$508,648	\$4	\$292	\$151	\$668
Total Town of Silver City	\$4,432,517	\$580,588	\$4,377,095	\$583,636	\$4,348,410	\$54	\$1,657	\$28,685	\$53,765

GRANT COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
JUNE 30, 2017

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	County Receivable at Year End
MUNICIPALITIES (CONTINUED)									
City of Bayard									
General Ad valorem									
2007 - 2015	\$251,229	\$2,994	\$249,427	\$3,950	\$248,882	\$0	\$73	\$545	\$1,728
2016	\$29,989	\$27,234	\$27,234	\$26,404	\$25,710	\$0	\$0	\$1,525	\$2,755
<i>Total General Ad valorem</i>	<i>\$281,218</i>	<i>\$30,229</i>	<i>\$276,662</i>	<i>\$30,354</i>	<i>\$274,592</i>	<i>\$0</i>	<i>\$73</i>	<i>\$2,070</i>	<i>\$4,483</i>
Total City of Bayard	\$281,218	\$30,229	\$276,662	\$30,354	\$274,592	\$0	\$73	\$2,070	\$4,483
Town of Hurley									
General Ad valorem									
2007 - 2015	\$113,110	\$1,695	\$112,015	\$1,838	\$111,569	\$0	\$61	\$446	\$1,034
2016	\$14,165	\$12,881	\$12,881	\$12,488	\$12,198	\$0	\$0	\$683	\$1,284
<i>Total General Ad valorem</i>	<i>\$127,275</i>	<i>\$14,576</i>	<i>\$124,896</i>	<i>\$14,326</i>	<i>\$123,767</i>	<i>\$0</i>	<i>\$61</i>	<i>\$1,129</i>	<i>\$2,318</i>
Total Town of Hurley	\$127,275	\$14,576	\$124,896	\$14,326	\$123,767	\$0	\$61	\$1,129	\$2,318
Village of Santa Clara									
General Ad valorem									
2007 - 2015	\$98,190	\$1,157	\$97,050	\$1,301	\$96,875	\$0	\$146	\$175	\$995
2016	\$13,514	\$12,450	\$12,450	\$12,196	\$11,974	\$0	\$0	\$476	\$1,064
<i>Total General Ad valorem</i>	<i>\$111,705</i>	<i>\$13,607</i>	<i>\$109,500</i>	<i>\$13,498</i>	<i>\$108,849</i>	<i>\$0</i>	<i>\$146</i>	<i>\$651</i>	<i>\$2,059</i>
Total Village of Santa Clara	\$111,705	\$13,607	\$109,500	\$13,498	\$108,849	\$0	\$146	\$651	\$2,059
LOCAL SPECIAL LEVIES									
Gila Watershed									
Timberon Special Levies									
2007 - 2015	\$213,840	\$1,247	\$212,874	\$1,893	\$212,831	\$0	\$1	\$44	\$965
2016	\$33,525	\$31,076	\$31,076	\$30,428	\$29,323	\$8	\$8	\$1,753	\$2,441
<i>Timberon Special Levies</i>	<i>\$247,365</i>	<i>\$32,323</i>	<i>\$243,950</i>	<i>\$32,320</i>	<i>\$242,154</i>	<i>\$8</i>	<i>\$9</i>	<i>\$1,796</i>	<i>\$3,406</i>
Total Gila Watershed	\$247,365	\$32,323	\$243,950	\$32,320	\$242,154	\$8	\$9	\$1,796	\$3,406
Grand Totals	\$107,823,731	\$11,279,649	\$106,266,369	\$11,297,821	\$105,724,509	\$1,544	\$53,565	\$541,860	\$1,503,797
Recap By Tax Year									
2007 - 2015	\$96,474,919	\$606,609	\$95,593,329	\$835,423	\$95,454,624	\$985	\$53,006	\$138,705	\$828,583
2016	\$11,348,812	\$10,673,039	\$10,673,039	\$10,462,398	\$10,269,884	\$559	\$559	\$403,155	\$675,214
Total Recap By Tax Year	\$107,823,731	\$11,279,649	\$106,266,369	\$11,297,821	\$105,724,509	\$1,544	\$53,565	\$541,860	\$1,503,797

GRANT COUNTY
SCHEDULE OF JOINT POWERS AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Participants	Responsible Party for Operations	Descriptions	Beginning and Ending dates	Total Estimated Amount of Project	Contribution 6/30/2016	Audit Responsibility
<u>Silver Schools</u>						
Grant County, Silver Consolidated School District No. 1	Both agencies	Maintain little league field	Indefinite	Unknown	Matching costs	Both agencies
<u>Municipal</u>						
Grant County, Town of Silver City, City of Bayard Town of Hurley, and the Village of Santa Clara	Grant County	Central dispatch of emergency personnel	Indefinite	On-going Operations	Proportionate	Grant County
<u>Southwest Solid Waste Authority</u>						
Grant County, Town of Silver City, City of Bayard Town of Hurley, and the Village of Santa Clara	Solid Waste Authority	Landfill operation	Indefinite	On-going Operations	None	Solid Waste Authority
<u>Southwest Water Planning Group</u>						
Grant County, Hidalgo County, Luna County, Catron County and all municipalities within these county borders except the Town of Silver City	All Entities	Water planning group	Indefinite	N/A	Non-monetary expertise	N/A

The Notes to Financial Statements are an integral part of these statements.

ADDITIONAL FEDERAL INFORMATION

GRANT COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor/Program Title	Federal CFDA Number or Agency Prefix	Passed through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Justice</u>				
Direct:				
Passed through NM Dept. of Children, Youth & Families:				
Juvenile Justice and Delinquency Prevention	16.540	17-690-19784	-	\$94,980
<i>Total U.S. Department of Justice</i>				\$94,980
<u>U.S. Department of Interior</u>				
Direct:				
Distribution of receipts - Taylor Grazing Act	15.227	N/A	-	\$28,740
National Fire Plan - Rural Fire Assistance	15.242	N/A	-	15,236
<i>Total U.S. Department of Interior</i>				\$43,976
<u>U.S. Department of Homeland Security</u>				
Passed through NM Dept. of Homeland Security and Emergency Management:				
Homeland Security Grant Program	97.067	EMW-2015-SS-00110-SO1-OPSG-GCSO	-	\$145,959
		EMW-2016-SS-00110-SO1-OPSG-GCSO	-	30,780
				176,739
Emergency Management Performance Grants - Per Diem	97.042	EMW-2015-EP-00066-SO1	-	208
		EMT-2016-EP-00005-SO1	-	20,775
Mitigation Plan	97.039	EMW-2015-SS-00110-SO1-OPSG-GCSO	-	8,585
<i>Total U.S. Department of Homeland Security</i>				\$206,307
<u>U.S. Department of Health and Human Services</u>				
Passed through NM Aging Department:				
Special Programs for Aging-Nutrition Services	93.045	2010-010	-	\$197,310
<i>Total U.S. Department of Health and Human Services</i>				\$197,310

GRANT COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor/Program Title	Federal CFDA Number or Agency Prefix	Passed through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Transportation</u>				
Direct:				
Airport Improvement Grants	20.106	N/A	-	\$2,319,511
Passed through NM Dept of Transportation:				
Public Transportation Formula Grants	20.509		-	565,432
<i>Total U.S. Department of Transportation</i>				\$2,884,943
<u>U.S. Department of Agriculture</u>				
Direct:				
Schools and Roads - Grants to States	10.665		-	\$12,153
Water and Waste Disposal Systems for Rural Communities	10.760			
<i>Total U.S. Department of Agriculture</i>				\$12,153
<u>U.S. Department of Housing and Urban Development</u>				
Passed through NM Dept. of Finance & Adm. LGD:				
Community Development Block Grant	14.228	16-C-RS-I-04-G-91	-	\$392,328
<i>Total U.S. Department of Housing and Urban Development</i>				\$392,328
<i>Total Expenditures of Federal Awards</i>				\$3,831,997

N/A - Not Available

GRANT COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2017

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Grant County, under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Grant County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Grant County.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

NOTE 3. Grant County has elected not to use the de Minimis indirect cost rate allowed under the Uniform Guidance.

**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***

Independent Auditor's Report

Mr. Wayne Johnson, State Auditor and
The County Manager and County Commissioners
Grant County
Silver City, 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, the budgetary comparisons of the general fund and major special revenue funds of Grant County as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Grant County's basic financial statements, and the combining and individual funds of Grant County, presented as supplemental information, and have issued our report thereon dated November 18, 2017.

Internal Control Over Financial Reporting

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

Mr. Wayne Johnson, State Auditor and
The County Manager and County Commissioners
Grant County
Silver City, New Mexico
Page Two

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that 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. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies. 2017-001 and 2017-002

Compliance and Other Matters

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

Grant County's Response to Findings

Grant County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Grant County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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 Grant County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kriegel/Gray/Shaw & Co., P.C.

Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico

November 18, 2017

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Mr. Wayne Johnson, State Auditor and
The County Manager and County Commissioners
Grant County
Silver City, New Mexico

Report on Compliance for Each Major Federal Program

We have audited Grant County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Grant County's major federal programs for the year ended June 30, 2017. Grant County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Grant County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Grant County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Grant County's compliance.

Opinion on Each Major Federal Program

In our opinion, Grant County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Mr. Wayne Johnson, State Auditor and
The County Manager and County Commissioners
Grant County
Silver City, New Mexico
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Report on Internal Control over Compliance

Management of Grant County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Grant County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Grant County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Kriegel/Gray/Shaw & Co., P.C.

Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico

November 18, 2017

GRANT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of Auditor’s Report issued:

Unmodified

Internal Control Over Financial Reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses?

 X Yes _____ No

Noncompliance material to financial statements noted?

_____ Yes X No

FEDERAL AWARDS

Internal Control Over Major Programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses?

_____ Yes X No

Type of Auditor’s Report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 516(a) of the Uniform Guidance?

_____ Yes X No

Identification of Major Programs:

CFDA Number(s)

Name of Federal Program or Cluster

20.106

Airport Improvement Grants

14.228

Community Development Block Grant

Dollar threshold used to distinguish between Type A and Type B Programs:

\$750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

GRANT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS:

2017-001 Gasoline Credit Card Purchase Activity Reports not Consistently Approved by Supervisors – Significant Deficiency

Statement of Condition – Monthly Purchase Activity Reports that summarize gasoline credit card purchases, are not being consistently reviewed and approved by supervisors/department heads. We found three instances (totaling \$208) where this occurred – two in the Manager’s Office and one in the Planning Department. In addition, there were two volunteer fire department’s that consistently had no approvals – Tyrone and Whiskey Creek (totaling \$1,403) We selected all gas card transactions for two months.

Criteria – Fuel charge purchases on County gasoline cards are tracked by vehicle and employee pin #, and allocated to the department to which an individual is assigned. County procedures require that a) employees attach their receipts to the report sent out monthly by the Manager’s Office, b) department head’s review and approve the reports and c) return the reports to the Manager’s Office.

Cause – The Manager’s Office has not enforced a requirement that a department head indicate that they have reviewed and approved the charges by signing or initialing and dating the reports before they are returned to the Manager’s Office.

Effect – Unauthorized or excessive gasoline charges may be being made without a supervisor’s knowledge or approval.

Recommendation – Send out instructions, in writing, to all employees to remind them of the procedures that they are expected to follow when making gasoline purchases and submitting receipts to the Manager’s Office. Return reports to the appropriate supervisors that have not specifically indicated their review and approval of the purchases by signing and dating the monthly reports.

Management’s Response – The Accounting Specialist will send a letter to all Elected Officials/Department Heads and employees outlining the procedures that are in place when using the gasoline credit card. The letter will be sent on December 1, 2017. The Accounting Specialist is responsible for paying the invoices. He will ensure that the person authorizing the purchase, reviews and approves the invoices and that all receipts are attached prior to paying the invoice.

GRANT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS (CONTINUED):

2017-002 – The County is not Enforcing Procurement Card Policies/Procedures – Significant Deficiency

Statement of Condition – During test work, we noted the following procurement card exceptions:

- The County is not requiring that every employee who receives a procurement card (Pcard) sign a form stating that they have been provided with and understand the rules that they are expected to follow with regard to using Pcards; supervisor's are not being required to indicate their approval for an employee to become a cardholder in their department by signing the form; and the Pcard Administrator is not signing off as indication that all paperwork is in order prior to the card being issued. Two out of fifteen cardholders chosen in the sample had signed a Procurement Card Acceptance form, but none had a supervisor's approval or an administrator signature.
- Cardholders are not required to provide a description of the purchase made in the Wells Fargo Pcard system. Less than one-half of the cardholder summaries chosen in the sample contained descriptions, and it was not always obvious by looking at the receipt what was being purchased.
- The requirement that the cardholder and a supervisor review and approve the purchases made (either by electronic approval or by physically signing or initialing and dating the monthly statement) is not being enforced. There was one physical approval and two electronic approvals by employee/cardholders out of 15 in the sample. There was one electronic supervisor approval and no physical approvals by supervisors.

Criteria- The Grant County Purchasing Card Policy adopted in January 2015 states that a Cardholder Application Form be kept on file that is signed by the employee, department head and Pcard administrator. In addition, a Procurement Card Acceptance Statement is supposed to be on file with the administrator. Monthly statements with itemized receipts are supposed to be signed by the cardholder and reviewed and signed off on by the employee's supervisor, prior to being submitted to the administrator.

Cause – Cardholders and supervisors have not been given clear instructions as to what their responsibilities are with regard to procurement card purchases, and requirements are not being enforced by the Pcard Administrator.

Effect – Inappropriate or unauthorized purchases could be made using a County procurement card.

GRANT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS (CONTINUED):

2017-002 – The County is not Enforcing Procurement Card Policies/Procedures (Continued)

Recommendations –

- Develop one form to be signed and dated by the employee/cardholder, supervisor and Pcard administrator when a procurement card is requested. The form should indicate a cardholder's acknowledgement and acceptance of responsibility, a supervisor's authorization for a card to be issued to the employee along with an acceptance of supervisor responsibilities, and the administrator's acknowledgement that the cardholder and supervisor have received copies of the rules and their respective responsibilities.
- Cardholders should be required to provide a description for each purchase made in the Wells Fargo Pcard system, and Supervisor's should be required to indicate that they reviewed and approved each purchase, either by electronic or physical signature on the monthly report. If a description or signature is missing, the report should be kicked back. Consider tracking violations and implementing appropriate consequences for repeat violations.

Management's Response – The Procurements Officer is developing a form for the Elected Official/Department Head to submit when requesting the issuance of a pcard to an employee. Once this form is received the County Manager will sign the form authorizing the Procurement Officer to acquire a pcard for the employee. When the pcard is received the employee will sign the form acknowledging that he/she has received the policy. The Procurement Officer will review the monthly statements to ensure that the Supervisor has signed the report approving the purchases. A letter is being sent out to all cardholders as a reminder of the policy that is in place outlining the procedures and requirements. This letter is being sent out on December 1, 2017.

CURRENT STATUS ON PRIOR YEAR FINDINGS:

2007-003 Property Tax Schedule – Other Noncompliance

Resolved and not repeated.

GRANT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SECTION II – FINANCIAL STATEMENT FINDINGS

COMPONENT UNIT:

CURRENT YEAR FINDINGS:

2017-001 Auditor-Detected Adjustments – Material Weakness

Criteria – Timely and accurate information should be available to management and those charged with governance to make decisions.

Condition – Three material audit adjustments were required to correct the estimated safety net care pool (SNCP) program settlement, the allowance for uncollectible patient accounts receivable, the accounts payable and cash balances, and other balance sheet accounts. The net effect of the auditor-detected adjustments was a \$4,017,258 increase in the change in net position.

Context – This finding appears to be a systemic problem.

Effect – There were material errors in the financial statements that were corrected through auditor-proposed adjustments.

Cause – The SNCP program settlement estimate was misstated due to misunderstanding the settlement process. Other audit adjustments were caused by incorrect calculations, misposted journal entries, and unreconciled accounts during the Meditech upgrade.

Recommendation – The Medical Center should develop a methodology to estimate and record SNCP program settlements and review processes for significant balance sheet accounts. The Medical Center should seek consultation regarding unique transactions.

Management's Response – Management uses a third party to review the SNCP reserves and depends upon their expertise to maintain appropriate reserves for any potential reconciliation and related payback. With the preparation of the latest estimate, the recommended reserves were adjusted for the latest estimate. In addition, the Meditech software conversion on June 1, 2017, resulted in multiple challenges which made year-end reconciliations difficult. These issues have been addressed and processes implemented to ensure all accounts are appropriately reconciled monthly and management has timely and accurate information. The chief financial officer will be responsible for resolution of this issue.

GRANT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SECTION II – FINANCIAL STATEMENT FINDINGS

COMPONENT UNIT:

CURRENT YEAR FINDINGS (CONTINUED):

2017-002 Reconciliations – Material Weakness

Criteria – Timely and accurate information should be available to management and those charged with governance to make decisions.

Condition – Cash, accounts payable, and other accounts were not reconciled to supporting records on a monthly basis. This finding appears to be a systemic problem.

Context – This finding appears to be a *systemic* problem.

Effect – There were material errors in the financial statements that were corrected through the audit process.

Cause – Processes were not in place to systematically reconcile all balance - sheet accounts on a monthly basis. The computer-system conversion also contributed to account reconciliations not occurring on a monthly basis.

Recommendation – The Medical Center should develop formal, systematic processes to reconcile all balance sheet accounts on a monthly basis.

Management's Response – As with the prior finding, there were issues with the conversion near yearend, as well as other process problems that have been addressed so that management and others have accurate and timely information going forward. The chief financial officer will be responsible for resolution of this issue.

GRANT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SECTION II – FINANCIAL STATEMENT FINDINGS

COMPONENT UNIT:

CURRENT STATUS ON PRIOR YEAR FINDINGS:

2016-002 Schedule of Vendor Information – Compliance Finding

Resolved.

2016-003 Employee Meal Reimbursements – Other Noncompliance

Resolved.

2016-004 Actual Expenditures Exceeded Budgeted Expenditures – Other Noncompliance

Resolved.

GRANT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**CURRENT YEAR FINDINGS AND QUESTIONED COSTS –
MAJOR FEDERAL AWARD PROGRAM AUDIT:**

None.

**PRIOR YEAR FINDINGS AND QUESTIONED COSTS –
MAJOR FEDERAL AWARD PROGRAM AUDIT:**

None.

GRANT COUNTY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FINDINGS - FINANCIAL STATEMENT AUDIT

CURRENT STATUS

2007-003 Property Tax Schedule not Presented in the State Auditor Required Format

Resolved

FINDINGS RELATED TO THE COMPONENT UNIT

2016-001 Safety Net Care Pool Audit Adjustment

Repeated as 2017-001

2016-002 Schedule of Vendor Information - Compliance Finding

Resolved

2016-003 Employee Meal Reimbursement

Resolved

2016-004 Actual Expenditures Exceeded Budgeted Expenditures - Compliance Finding

Resolved

FINDINGS AND QUESTIONED COSTS - Major Federal Award Programs

None.

GRANT COUNTY
EXIT CONFERENCE
JUNE 30, 2017

EXIT CONFERENCE:

The exit conference was held November 20, 2017 and was attended by the following:

Representing Grant County:

Brett A. Kasten, Chairman
Charlene Webb, County Manager
Linda Vasquez, County Director of Fiscal Services
Steve Armendariz, County Treasurer

Representing Kriegel/Gray/Shaw & Co., P.C.:

Debbie Gray, CPA/Shareholder

FINANCIAL STATEMENTS PREPARATION

Preparation of financial statements is the responsibility of management. Although, the Grant County's personnel provided significant assistance in the preparation, the statements and related footnotes were prepared by Kriegel/Gray/Shaw & Co., P.C.