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, 2018

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GRANT COUNTY
OFFICIAL ROSTER
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BOARD OF COMMISSIONERS

Name	Title
Gerald W. Billings, Jr.	*Chairman*
Brett A. Kasten	*Member*
Gabriel J. Ramos	*Member*
Alicia Edwards	*Member*
Harry Browne	*Member*

ELECTED OFFICIALS

Raul Turrieta	*County Assessor*
Marisa Castrillo	*County Clerk*
Velia Miranda	*County Probate Judge*
Raul Villanueva	*County Sheriff*
Steve Armendariz	*County Treasurer*

ADMINISTRATIVE OFFICIALS

Charlene Webb	*County Manager*
Linda Vasquez	*County Director of Fiscal Services*

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, 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, 2018, 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, 2018, 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.

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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, 2018, and the respective changes in financial position and the respective budgetary comparisons for the general fund 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, 2018, 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

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

Accounting principles generally accepted in the United States of America require that the pension and OPEB liability schedules on pages 61 through 67 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 Principals, 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.

The S*chedule 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 19, 2018 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 19, 2018

GRANT COUNTY

STATEMENT OF NET POSITION

JUNE 30, 2018

	Primary Governmental	Component Unit	
	Governmental Activities	Gila Regional Medical Center	Total
ASSETS			
Current Assets			
Cash and cash equivalents	$13,849,910	$7,890,376	$21,740,286
Certificates of deposit	0	2,915,499	2,915,499
Patient accounts receivable, net of estimated uncollectible accounts of approximately $5,369,000, respectively	0	8,819,491	8,819,491
Investments	6,196,006	0	6,196,006
Other invested cash	0	0	0
Receivables:			
Safety net care pool	0	3,658,428	3,658,428
Grants/Due from other governments	502,066	130,069	632,135
Property taxes	761,220	0	761,220
Other taxes	1,173,001	0	1,173,001
Other	186,609	278,445	465,054
Inventory	0	2,779,788	2,779,788
Prepaid expenses	346,996	1,594,284	1,941,280
Current portion of assets limited as to use	0	0	0
Total current assets	23,015,808	28,066,380	51,082,188
Noncurrent Assets			
Restricted cash and cash equivalents	393,308	0	393,308
Restricted investments	0	0	0
Bond discounts, net of accumulated amortization of $34,714	66,905	0	66,905
Capital assets	200,725,107	34,246,062	234,971,169
Other assets	0	0	0
Art collection	0	140,016	140,016
Less: accumulated depreciation	(88,583,731)	0	(88,583,731)
Total noncurrent assets	112,601,589	34,386,078	146,987,667
Deferred Outflow of Resources			
Pension	2,979,464	0	2,979,464
OPEB	137,155	0	137,155
Total deferred outflow of resources	3,116,619	0	3,116,619
Total assets and deferred outflow of resources	**$138,734,016**	**$62,452,458**	**$201,186,474**

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

GRANT COUNTY

STATEMENT OF NET POSITION

JUNE 30, 2018

	Primary Governmental	Component Unit	
	Governmental Activities	Gila Regional Medical Center	Total
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable	$318,733	$5,920,005	$6,238,738
Accrued wages and related liabilities	184,271	540,362	724,633
Accrued interest payable	1,067,143	0	1,067,143
Accrued compensated absences	0	1,527,898	1,527,898
Current maturities of long-term debt	2,269,600	0	2,269,600
Total current liabilities	3,839,747	7,988,265	11,828,012
Noncurrent Liabilities			
Accrued compensated absences	492,579	0	492,579
Bond premiums, net of accumulated amortization of $134,389	97,317	0	97,317
Bonds payable	57,915,000	0	57,915,000
Notes payable	2,753,902	0	2,753,902
Net pension liability	12,372,603	0	12,372,603
Net OPEB liability	7,534,360	0	7,534,360
Lease payable	525,016	0	525,016
Total noncurrent liabilities	81,690,777	0	81,690,777
Total liabilities	85,530,524	7,988,265	93,518,789
Deferred Inflow of Resources			
Unavailable revenue	2,691,224	0	2,691,224
OPEB	1,728,802	0	1,728,802
Pension	1,714,803	0	1,714,803
Total deferred inflows of resources	6,134,829	0	6,134,829
Net Position			
Net investment in capital assets	48,647,446	34,246,062	82,893,508
Restricted for:			
Debt service	9,860,921	0	9,860,921
Capital projects	640,585	0	640,585
Other purposes - special revenue	4,919,506	0	4,919,506
Unrestricted	(16,999,795)	20,218,131	3,218,336
Total net position	47,068,663	54,464,193	101,532,856
Total liabilities, deferred inflow of resources, and net position	**$138,734,016**	**$62,452,458**	**$201,186,474**

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

GRANT COUNTY

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Component Unit
Primary Government						
Governmental Activities:						
General government	$11,271,593	$8,322,641	$1,620,842	$73,907	($1,254,203)	
Public safety	9,891,367	326,446	1,888,255	1,703	($7,674,963)	
Public works	6,362,076	973,555	16,205	811,141	($4,561,175)	
Health and welfare	1,659,666	52,442	271,297	749,679	($586,248)	
Cultural and recreational	114,378	217,747	5,789	0	$109,158	
Interest and fees on long-term debt	2,728,655	0	0	0	($2,728,655)	
Total governmental activities	32,027,735	9,892,831	3,802,388	1,636,430	(16,696,086)	
Total primary government	**$32,027,735**	**$9,892,831**	**$3,802,388**	**$1,636,430**	**($16,696,086)**	
COMPONENT UNIT:						
Gila Regional Medical Center	$68,942,304	$68,738,582	$544,844	$0		$341,122

	Governmental Activities	Component Unit
General Revenues		
Taxes:		
Gross receipts/state shared	$6,070,649	$0
Property	8,464,095	0
Lodgers' tax	81,598	0
Payments in lieu of taxes	2,185,571	0
Interest income	34,499	53,691
Other	383,119	121,646
Gain/Loss on asset disposals	730,387	0
Operating transfers, net	0	0
Capital transfers, net	0	0
Total general revenues and transfers	17,949,918	175,337
Change in net position	1,253,832	516,459
Net position, beginning of year, as previously stated	51,062,927	53,947,734
Restatement	(5,248,096)	0
Net position, beginning of year, as restated	45,814,831	53,947,734
Net position (deficit), end of year	$47,068,663	$54,464,193

GRANT COUNTY

GOVERNMENTAL FUNDS

BALANCE SHEETS

June 30, 2018

	General Fund	Fort Bayard Medical Facility Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$1,506,484	$7,053,304	$5,290,122	$13,849,910
Investments	3,696,006	0	2,500,000	6,196,006
Cash held by trustee	0	0	393,308	393,308
Accounts receivable, net of allowance of $331,554	23,179	0	163,430	186,609
Interfund receivable	155,880	0	153,228	309,108
Taxes receivable	1,355,112	0	579,109	1,934,221
Due from other governments	92,118	0	409,948	502,066
Prepaid expenses	346,996	0	0	346,996
Total assets	**$7,175,775**	**$7,053,304**	**$9,489,145**	**$23,718,224**
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	$77,968	$0	$240,765	$318,733
Salaries payable	116,081	0	68,190	184,271
Accrued payroll expenses	0	0	0	0
Interfund payable	46,466	0	262,642	309,108
Total liabilities	240,515	0	571,597	812,112
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:				
Grant revenue	2,558,024	0	240,310	2,798,334
Property taxes	577,744	0	76,163	653,907
Total deferred inflows of resources	3,135,768	0	316,473	3,452,241
Fund Balance:				
Nonspendable				
Prepaid expenses	346,996	0	0	346,996
Spendable				
Restricted for:				
General government	0	0	806,630	806,630
Maintenance of roads	0	0	227,367	227,367
Environment	0	0	116,556	116,556
Recreation	0	0	53,548	53,548
Public safety	0	0	3,705,179	3,705,179
Health and welfare	0	0	284,591	284,591
Debt service expenditures	0	7,053,304	2,807,617	9,860,921
Capital projects	0	0	640,585	640,585
Unassigned	3,452,496	0	(40,998)	3,411,498
Total fund balance	3,799,492	7,053,304	8,601,075	19,453,871
Total liabilities, deferred inflows of resources, and fund balances	**$7,175,775**	**$7,053,304**	**$9,489,145**	**$23,718,224**

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, 2018

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

FUND BALANCE of Governmental Funds	$19,453,871
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	112,141,376
Bond premiums and discounts are capitalized and amortized over the life of the bond	
Bond discounts	66,905
Bond premiums	(97,317)
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 and OPEB	3,116,619
Deferred inflows of resources related to pensions and OPEB	(3,443,605)
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	653,907
Receivables subject to the 60 day availability period	107,110
Long-term liabilities are not reported in the funds:	
Net pension liability	(12,372,603)
Bonds payable	(59,690,000)
Net OPEB Liability	(7,534,360)
Notes payable	(3,083,588)
Lease payable	(689,930)
Accrued interest payable	(1,067,143)
Compensated absences	(492,579)
Net position of governmental activities	**$47,068,663**

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, 2018

	General Fund	Fort Bayard Medical Facility Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	$7,784,381	$0	$715,240	$8,499,621
Gross receipts/other state tax	3,702,345	0	2,368,304	6,070,649
Lodgers	0	0	81,598	81,598
Intergovernmental:				
Federal operating grants	461,534	0	586,034	1,047,568
Federal capital grants	0	0	560,833	560,833
State operating grants	1,023,402	0	1,624,308	2,647,710
State capital grants	0	0	1,075,597	1,075,597
Payment in lieu of taxes	2,185,571	0	0	2,185,571
Fines, licenses and permits	6,910	0	0	6,910
Charges for services	3,177,783	4,049,356	2,658,782	9,885,921
Investment income (loss)	(16,718)	39,969	11,248	34,499
Miscellaneous	245,837	0	137,282	383,119
Total revenues	18,571,045	4,089,325	9,819,226	32,479,596
EXPENDITURES				
Current:				
General government	7,264,004	0	1,861,786	9,125,790
Public safety	4,273,536	0	4,124,873	8,398,409
Public works	2,685,171	0	1,624,030	4,309,201
Health and welfare	26,807	0	1,500,761	1,527,568
Culture and recreation	32,045	0	81,250	113,295
Debt Service				
Principal	104,022	1,355,000	1,026,395	2,485,417
Interest	4,317	2,653,312	341,746	2,999,375
Capital outlay	1,246,082	0	3,786,574	5,032,656
Total expenditures	15,635,984	4,008,312	14,347,415	33,991,711
Excess (deficiency) of revenues over expenditures	2,935,061	81,013	(4,528,189)	(1,512,115)
Other Financing Sources (Uses):				
Transfer in	1,059,477	0	5,190,983	6,250,460
Transfer (out)	(4,423,071)	0	(1,827,389)	(6,250,460)
Loan proceeds	627,164	0	243,830	870,994
Total other financing sources (uses)	(2,736,430)	0	3,607,424	870,994
Net changes in fund balances	198,631	81,013	(920,765)	(641,121)
Fund balance - beginning of year, as previously stated	3,600,861	6,972,291	9,521,840	20,094,992
Restatements	0	0	0	0
Fund balance - beginning of year, as restated	3,600,861	6,972,291	9,521,840	20,094,992
Fund balance - end of year	**$3,799,492**	**$7,053,304**	**$8,601,075**	**$19,453,871**

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, 2018

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

Net change in fund balances - Governmental Funds	($641,121)
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	16,456
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.	730,387
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.	71,584
Bond discounts capitalized and amortized over the life of the bond:	
Amortization	(7,283)
Bond premiums capitalized and amortized over the life of the bond:	
Amortization	41,707
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension and OPEB benefits earned net of employer contributions is reported as pension expense.	(745,773)
Pension contributions and cost of benefits	
Proceeds from new loans or leases is financing sources but is shown as a liability in the Statement of Net Position.	(870,994)
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	2,485,417
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.	270,720
Some expense reported in the Statement of Activities, such as compensated absences, do not require the us of current financial resources and therefore are not reported as expenditure in governmental funds. This is the net change for the year.	(97,268)
Change in net position of governmental activities	**$1,253,832**

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, 2018

	Original Approved Budget	Final Adjusted Budget	Actual	Favorable (Unfavorable)
REVENUES				
Taxes:				
Property	$7,487,524	$7,534,554	$7,668,570	$134,016
Gross receipts/other state taxes	3,258,560	3,258,560	3,618,489	359,929
Intergovernmental:				
Federal operating grants	78,615	439,711	456,291	16,580
Federal capital grants	92,342	92,342	0	(92,342)
State operating grants	1,010,820	1,082,870	1,017,526	(65,344)
Other	0	0	0	0
Payment in lieu of taxes	2,000,000	2,000,000	2,558,024	558,024
Fines, licenses and permits	6,750	6,750	6,910	160
Charges for services	3,118,721	3,118,721	3,162,312	43,591
Investment income (loss)	88,000	88,000	(16,717)	(104,717)
Miscellaneous	202,700	269,199	353,363	84,164
Total revenues	17,344,032	17,890,707	18,824,768	934,061
EXPENDITURES				
Current:				
General government	7,751,718	7,694,159	7,312,890	381,269
Public safety	4,562,312	4,624,551	4,317,417	307,134
Public works	2,720,597	2,802,343	2,685,118	117,225
Health and welfare	140,008	140,008	26,807	113,201
Culture and recreation	42,601	42,601	32,045	10,556
Capital outlay	437,179	1,412,938	1,246,080	166,858
Principal	0	0	104,022	(104,022)
Interest	0	0	4,017	(4,017)
Total expenditures	15,654,415	16,716,600	15,728,396	988,204
Excess (deficiency) of revenues over expenditures	1,689,617	1,174,107	3,096,372	1,922,265
Other Financing Sources (Uses):				
Transfers in	1,340,413	1,059,476	1,059,477	1
Transfers (out)	(4,253,022)	(4,423,071)	(4,423,071)	0
Loan Proceeds	0	626,864	626,864	0
Total other financing sources (uses)	(2,912,609)	(2,736,731)	(2,736,730)	1
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(1,222,992)	(1,562,624)	359,642	1,922,266
Budgeted cash carryover	1,222,992	1,562,624		
	$0	$0		

Budgetary - GAAP Reporting Reconciliation:	
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	$359,642
Adjustments for revenue accruals	(253,423)
Adjustments for expenditures accruals	92,412
Net changes in fund balance (GAAP basis)	$198,631

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, 2018

	Agency Funds
ASSETS	
Cash	$139,546
Property taxes receivable	687,125
Total assets	**$826,671**
LIABILITIES	
Deposits held in trust	$139,546
Due to other taxing units	687,125
Total liabilities	**$826,671**

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, 2018

Increase (Decrease) in Cash and Cash Equivalents

Cash flows from operating activities	
Receipts from and on behalf of patients	$54,192,492
Receipts from safety net care pool	11,704,428
Receipts from grants and contributions	520,576
Electronic health records system incentive payback	0
Receipts from other revenue	560,407
Payments to and on behalf of employees	(35,560,783)
Payments to suppliers and contractors	(28,435,541)
Net cash provided by (used in) operating activities	2,981,579
Cash flows from capital and related financing activities	
Purchase of capital assets	(2,848,345)
Proceeds from capital grants	0
Net cash used in capital and related financing activities	(2,848,345)
Cash flows from investing activities	
Purchase of investments	0
Proceeds from sale of investments	4,942,079
Interest received	40,545
Net cash provided by investing activities	4,982,624
Net increase (decrease) in cash and cash equivalents	5,115,858
Cash and cash equivalents, beginning of year	2,774,517
Cash and cash equivalents, end of year	**$7,890,375**

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, 2018

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

Operating loss	$341,122
Adjustments to reconcile operating income to net cash provided by (used in) operating activities	
Depreciation	4,266,810
Provision for bad debts	7,910,584
Decrease (increase) in assets:	
Receivables:	
Patient accounts	(8,262,666)
Safety net care pool	(1,220,352)
Grants	(24,268)
Other	(9,847)
Inventories	(120,464)
Prepaid expense	(635,475)
Increase (decrease) in liabilities:	
Accounts payable	2,065,777
Accrued compensation and related liabilities	(206,974)
Accrued compensated absences	(423,694)
Safety net care pool payable	0
Estimated third-party payor settlements payable	(698,974)
Net cash provided by (used in) operating activities	**$2,981,579**

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

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.

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.

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.

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.

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.

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:

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

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:

		Governmental Funds Balance Sheet		
	Statement of Net Position	General Fund	Other Funds	Total
Advances received before recognition requirements are met	$2,691,224	$2,558,024	$240,310	$2,798,334
Amounts not received within 60 days of year end:				
Property taxes	0	577,744	76,163	653,907
	$2,691,224	$3,135,768	$316,473	$3,452,241

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

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."

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 m 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).

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.

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.

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.

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, 2018, $6,632,942 of the County's bank balance of $7,132,942 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$6,632,942

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, 2018, 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 $393,308.

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.

NOTE 3. INVESTMENTS

As of June 30, 2018, the County had the following investments; all level 1 inputs:

Investment Type	Fair Value	Percent of Portfolio
Municipal Bonds	$147,174	2.36%
CD's	6,048,832	97.27%
FHLB Notes	0	0.00%
U.S. Government Money Market	22,488	0.37%
Total fair value	6,218,494	
Less cash equivalents - shown as cash	(22,488)	
	$6,196,006	

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, 2018, 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, 2018
New Mexico LGIP AAAm Rated $99,737 [50] day WAM (R); [100] day WAM (F)

NOTE 4. RECEIVABLES

	Governmental Activities
Accounts receivables:	
Services (net)	$186,609
Property taxes	761,220
Gross receipts taxes	1,048,286
Motor vehicle taxes	85,139
Gas taxes	30,094
Lodgers taxes	9,482
Total taxes receivable	1,934,221
Due from other governments:	
Intergovernmental grants	502,066
Total receivables	**$2,622,896**

The County has established an allowance for doubtful accounts of $331,554 for the receivables for the landfill that are more than one year old at which time a lien is placed on the property.

NOTE 5. CAPITAL ASSETS

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

	Balance June 30, 2017	Restatement	Additions	Retirements	Transfers	Balance June 30, 2018
Governmental Activities:						
Capital assets not being depreciated						
Land	$1,942,686	$0	$0	$0	$0	$1,942,686
Construction in progress	5,912,711	0	3,689,892	0	(2,201,776)	7,400,827
Total capital assets not being depreciated	7,855,397	0	3,689,892	0	(2,201,776)	9,343,513
Capital assets being depreciated						
Land improvements	1,097,040	0	0	0	0	1,097,040
Improvements	25,392,135	(61,451)	0	0	0	25,330,684
Buildings and infrastructure	118,696,578	3,762,973	0	0	2,061,039	124,520,590
Machinery and Equipment	39,504,107	0	1,953,913	(1,165,477)	140,737	40,433,280
Total capital assets being depreciated	184,689,860	3,701,522	1,953,913	(1,165,477)	2,201,776	191,381,594
Less accumulated depreciation for:						
Land improvements	(787,559)	0	(20,838)	0	0	(808,397)
Improvements	(12,329,873)	0	(60,844)	0	0	(12,390,717)
Buildings and infrastructure	(36,970,363)	0	(3,256,059)	0	0	(40,226,422)
Machinery and Equipment	(34,764,454)	0	(1,358,605)	964,864	0	(35,158,195)
Total accumulated depreciation	(84,852,249)	0	(4,696,346)	964,864	0	(88,583,731)
Governmental activities capital assets, net	**$107,693,008**	**$3,701,522**	**$947,459**	**($200,613)**	**$0**	**$112,141,376**

Depreciation was charged to the Governmental Activities as follows:

General Government	$1,607,463
Public Safety	1,130,451
Public Works	1,892,697
Health and Welfare	64,652
Culture/Recreation	1,083
	$4,696,346

NOTE 6. LONG-TERM DEBT

Long-Term Debt and Other Liabilities

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

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Amounts Due Within One Year
Governmental Activities:					
Bonds:					
2009 G.O. Bonds	$200,000	$0	($200,000)	$0	$0
2014 GRT Reserve Bonds	5,825,000	0	(140,000)	5,685,000	0
2014 G.O. Refunding Bonds	2,645,000	0	(330,000)	2,315,000	340,000
Ft. Bayard Bonds	53,045,000	0	(1,355,000)	51,690,000	1,435,000
Notes payable	3,168,644	243,830	(328,886)	3,083,588	329,686
Total bonds and notes payable	64,883,644	243,830	(2,353,886)	62,773,588	2,104,686
Other Liabilities:					
Capital leases	194,297	627,164	(131,531)	689,930	164,914
Compensated absences	395,311	553,993	(456,725)	492,579	0
Total other liabilities	589,608	1,181,157	(588,256)	1,182,509	164,914
Long-term debt	**$65,473,252**	**$1,424,987**	**($2,942,142)**	**$63,956,097**	**$2,269,600**

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. The Bonds were paid in full as of June 30, 2018.

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 resulted 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 $2,577,000 at June 30, 2018, which is 100% of the property tax assessed specifically to retire the debt. During the year ended June 30, 2018, the County recognized $710,873 in pledged revenues, and retired $615,950 in bond principal and interest. Maturity dates range from 2018 to 2024.

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 $8,945,069 at June 30, 2018, which is 20% of the hold harmless gross receipts tax collected at the current rate. During the year ended June 30, 2018, the County recognized $1,740,360 in pledged revenues, and retired $343,475 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 $2,611,344 at June 30, 2018, which is 9% 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, 2018, the County recognized $1,537,703 in pledged revenues, and retired $232,181 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 $216,709 at June 30, 2018, which is 50% 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, 2018, the County recognized $108,360 in pledged revenues, and retired $108,355 in loan principal and interest.

NOTE 6. LONG-TERM DEBT (CONTINUED)

Special Assessment Loans

These loans are to provide infrastructure upgrades to the Viva Santa Rita, Loma Verde Subdivision and Wind Canyon. The loans are secured by general fund revenues, but are to be repaid from special assessments to the property owners. The revenues pledged totaled $176,478 at June 30, 2018, 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 2027. During the year ended June 30, 2018, the County recognized $36,517 in pledged revenues and retired $21,324 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 $500,883 at June 30, 2018, 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, 2018, the County recognized $33,172 in pledged revenues, and retired $13,881 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:

Due in Fiscal Year Ended June 30:	Principal	Interest	Total
2019	$2,254,755	$326,477	$2,581,232
2020	2,335,076	312,786	2,647,862
2021	2,266,438	286,581	2,553,019
2022	2,389,719	267,151	2,656,870
2023	2,503,274	244,628	2,747,902
2024 - 2028	12,216,870	973,237	13,190,107
2029 - 2033	11,571,353	771,708	12,343,061
2034 - 2038	7,462,884	538,661	8,001,545
2039 - 2043	19,231,902	267,314	19,499,216
2044 - 2048	465,376	28,436	493,812
2049 - 2053	63,000	7,205	70,205
2054 - 2064	12,941	385	13,326
	$62,773,588	$4,024,569	$66,798,157

NOTE 6. LONG-TERM DEBT (CONTINUED)

Lease Purchase Payable

The County leases police, fire and road equipment 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 3.44% to 4.21%, as stated in the individual contracts. Included in fixed assets is equipment acquired under capital leases at a cost of $2,104,998 and accumulated depreciation of $553,795.

The following is a schedule of future minimum lease payments required under the leases, together with their present value as of June 30, 2018:

2019	$189,488
2020	189,488
2021	163,964
2022	138,431
2023	69,216
Total minimum lease payment	750,587
Less amounts representing imputed interest necessary to reduce future lease payments to net present value	60,658
Present value of minimum lease payments	**$689,930**

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.

Southwest Solid Waste Improvement and Refunding Bonds Series A and B

The original bonds (2002 and 2003) were utilized for the purpose of constructing administrative offices and to make improvements to the landfill. The Authority returned all proceeds. These original bonds were refunded in 2012 and 2013. The County adopted ordinance number 13-02 in which the County pledged environmental services gross receipts tax revenues for the payment of the bonds. The Town of Silver City has also pledged environmental gross receipts tax revenues for the payment of these bonds. The pledge of the environmental service gross receipts tax revenues are considered a special limited obligation of Grant County (and Town of Silver City) and do not constitute a general obligation or debt or pledge of the faith and credit of Grant County.

NOTE 6. LONG-TERM DEBT (CONTINUED)

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.

NOTE 7. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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, 2017 available at http://www.pera.state.nm.us/pdf/AuditFinancial Statements/366 Public Employees Retirement Association 2017.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 FY17 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures of the PERA FY17 annual audit report at http://osanm.org/media/audits/366PublicEmployeesRetirementAssocation2017.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 $761,645 for the year ended June 30, 2018.

NOTE 7. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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, 2016. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore the employer's portion was established as of the measurement date June 30, 2017. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2017. The County's proportion of the net pension liability was based in a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

For PERA Fund Division Municipal General, at June 30, 2018, the County reported a liability of $7,990,302 for its proportionate share of the net pension liability. At June 30, 2017, the County's proportion was .5815%, and was .5836% as of June 30, 2016.

For the year ended June 30, 2018, the County recognized PERA Fund Division Municipal General pension expense of $875,216. At June 30, 2018, 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	$313,965	$409,240
Changes of assumptions	368,472	82,569
Net difference between projected and actual earnings on pension plan investments	655,556	0
Changes in proportion and differences between Grant County contributions and proportionate share of contributions	0	139,241
Grant County contributions subsequent to the measurement date	471,539	0
Total	$1,809,532	$631,050

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

$471,539 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	$134,985
2020	663,302
2021	100,238
2022	(191,582)
2023	0
	$706,943

For PERA Fund Division Municipal Police, at June 30, 2018, the County reported a liability of $4,382,301 for its proportionate share of the net pension liability. At June 30, 2017, the County's proportion was .7888%, and was .8245% as of June 30, 2016.

For the year ended June 30, 2018, the County recognized PERA Fund Division Municipal Police pension expense of $469,911. At June 30, 2018, 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	$266,160	$818,790
Changes of assumptions	260,732	101,903
Net difference between projected and actual earnings on pension plan investments	352,934	0
Changes in proportion and differences between Grant County contributions and proportionate share of contributions	0	177,059
Grant County contributions subsequent to the measurement date	290,106	0
Total	$1,169,932	$1,097,752

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

$290,106 reported as deferred outflows of resources related to pensions resulting from Grant County contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	($85,680)
2020	145,584
2021	(174,637)
2022	(103,193)
2023	0
	($217,926)

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, 2016 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, 2017 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, 2017. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2016 actuarial valuation.

Valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Open
Amortization period	Solved for based on statutory rates
Payroll growth rate	3.50%
Asset valuation method	4-year Smoothed Market
Actuarial assumptions:	
Investment rate of return	7.51% annual rate, net of investment expensive
Projected benefit payment	100 years
Payroll growth	2.75% for first 9 years, then 3.25% annual rate
Projected salary increases*	2.75% to 14.00% annual rate
Mortality Assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirement, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA.
Experience Study Dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 30, 2016 (economic)

* Includes inflation at 2.25% annual rate for 9 years 2.75% all other years.

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 to include Real Estate Equity	20.00%	7.35%
Total	100.00%	

Discount Rate. The discount rate used to measure the total pension liability was 7.51%. 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. Therefore, the 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 (6.51%) or one percentage point higher (8.51%) than the single discount rate.

PERA Fund Division Municipal General	1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
Grant County's proportionate share of the net pension liability	$12,523,442	$7,990,302	$4,220,365

PERA Fund Division Municipal Police	1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
Grant County's proportionate share of the net pension liability	$6,988,554	$4,382,301	$2,243,484

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY17 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, 2018, Grant County had paid all required contributions and therefore, there is no payable to the pension plan.

NOTE 8. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan description. Employees of the County are provided with OPEB through the Retiree Health Care Fund (the Fund) – a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of new Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA's financial information is included with the financial presentation of the State of New Mexico.

Benefits provided. The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

Employees covered by benefit terms **–** At June 30, 2017, the Fund's measurement date, the following employees were covered by the benefit:

Plan membership	
Current retirees and surviving spouses	51,208
Inactive and eligible for deferred benefit	11,478
Current active members	97,349
	160,035
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	21,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	97,349

Contributions **–** Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by the statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund. Contributions to the Fund from the County were $137,155 for the year ended June 30, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the District reported a liability of $7,534,360 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2017, the County's proportion was .16626 percent.

NOTE 8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

For the year ended June 30, 2018, the County recognized OPEB expense of $299,542. At June 30, 2018 the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$0	$289,129
Changes in assumptions	0	1,317,287
Differences between actual and projected earnings on OPEB plan investments	0	108,387
Contributions made after the measurement date	137,155	0
Total	$137,155	$1,714,803

Deferred outflows of resources totaling $137,155 represent County contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30,2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	($364,579)
2020	(364,579)
2021	(364,579)
2022	(364,579)
2023	(256,487)
	($1,714,803)

NOTE 8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.25% for PERA
Project payroll increases	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

Rate of Return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

NOTE 8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

The best estimate for the long-term expected rate of return is summarized as follows:

Asset Class	Long-Term Rate of Return
U.S. core fixed income	4.1%
U.S. equity - large cap	9.1
Non U.S. - emerging markets	12.2
Non U.S. - developed equities	9.8
Private equity	13.8
Credit and structured finance	7.3
Real estate	6.9
Absolute return	6.1
U.S. equity - small/mid cap	9.1

Discount Rate. The discount rate used to measure the Fund's total OPEB liability is 3.81% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund to the service costs for future plan members and the beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 3.81% is the blended discount rate.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81 percent) or 1-percentage-point higher (4.81 percent) than the current discount rate:

1% Decrease (2.81%)	Current Discount (3.81%)	1% Increase (4.81%)
$9,139,061	$7,534,360	$6,275,327

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

1% Decrease	Current Discount	1% Increase
$6,408,492	$7,534,360	$8,412,258

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in NMRHCA's audited financial statements for the year ended June 30, 2017.

Payable Changes in the Net OPEB Liability. At June 30, 2018, the County reported a payable of $0 for outstanding contributions due to NMRHCA for the ended June 30. 2018.

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 $361,491.

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, 2018: Emergency Medical Service ($15,267), Safe Borders ($9,007), and Capital Road ($25,731). 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.

NOTE 13. INTER-FUND ACTIVITY

Inter-fund balances at June 30, 2018, consisted of the following:

	Inter-Fund Payable		
Inter-Fund Receivable	General	Other Governmental Funds	Total
General Fund	$4,287	$151,593	$155,880
Other Governmental Funds	42,179	110,049	153,228
	$46,466	$261,642	$309,108

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:

	Transfers Out		
Transfers In	General	Other Funds	Total
General Fund	$905,208	$154,269	$1,059,477
Other Governmental Funds	3,517,863	1,673,120	5,190,983
	$4,423,071	$1,827,389	$6,250,460

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

NOTE 14. EVALUATION OF SUBSEQUENT EVENTS

The County has evaluated subsequent events through November 19, 2018, the date which the financial statements were available to be issued.

NOTE 15. RESTATEMENTS

The government-wide financial statements have been restated for correction of depreciable assets in the amount of $3,701,522.

In addition, beginning net assets was restated for the OPEB liability as of June 30, 2017 of $8,949,618.

NOTE 16. TAX ABATEMENTS

The County does not have any tax abatements that are required to be disclosed in accordance with GASB77.

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 Medical Center 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.

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

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 Trustees.

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.

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.

Upcoming accounting standard pronouncements – In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. Specifically, this statement requires a government entity with legal obligations to perform future asset retirement activities related to its tangible capital assets to recognize a liability based on the guidance in this statement. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The determination of when a liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event obligating a government entity to perform asset retirement activities. This statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The new guidance is effective for the Medical Center's year ending June 30, 2019. The Medical Center has not elected to implement this statement early; however, management is still evaluating the impact, if any, of this statement in the year of adoption.

In June 2017, the GASB issued Statement No. 87, *Leases*, which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible asset representing the lessee's right to use the leased asset, thereby enhancing the relevance and consistency of information about governments' leasing activities. The new guidance is effective for the Medical Center's year ending June 30, 2021, although earlier application is encouraged. The Medical Center has not elected to implement this statement early; however, management is still evaluating the impact, if any, of this statement in the year of adoption.

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

b. Summary of Significant Accounting Policies (continued)

Upcoming accounting standard pronouncements (continued) – In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*, to improve the information that is disclosed in governmental entity financial statements related to debt, including direct borrowing and direct placements. It also clarifies which liabilities government entities should include when disclosing information related to debt. The statement defines debt and requires additional essential information related to debt to be disclosed in the notes to financial statements, including unused lines of credit, assets pledged as collateral for the debt, and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This statement also requires that existing and additional information be provided for direct borrowings and direct placement of debt separately from other debt. The new guidance is effective for the Medical Center's year ending June 30, 2019, although earlier application is encouraged. The Medical Center has not elected to implement this statement early; however, management is still evaluating the impact, if any, of this statement in the year of adoption.

Reclassifications – Certain reclassifications of the 2017 amounts have been made in the financial statements in order to conform to the 2018 presentation. These reclassifications had no effect on the previously reported change in net position.

Subsequent events – Subsequent events have been reviewed through October 8, 2018, 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, 2018, the Medical Center had deposits with a bank balance of $11,083,174, of which $2,096,016 was uninsured and uncollateralized, and therefore subject to custodial credit risk. 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.

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.

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:

	2018					
		Investment Maturities (in Years)				
	Fair Value	Less Than One	One to Five	Six to Ten	More than Ten	Investment Ratings
Repurchase agreement	**$ 3,493,225**	$ 3,493,225	$ -	$ -	$ -	Not applicable
New MexiGROW Local Government Investment Pool	**1,079**	1,079	-	-	-	AAAm
Certificates of deposit	**2,915,499**	2,915,499	-	-	-	Not applicable
Total investments	**$ 6,409,803**	**$ 6,409,803**	**$ -**	**$ -**	**$ -**	

	2017					
		Investment Maturities (in Years)				
	Fair Value	Less Than One	One to Five	Six to Ten	More than Ten	Investment Ratings
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**	**$ -**	**$ -**	**$ -**	

The repurchase agreement was collateralized at 102 percent at June 30, 2018 and 2017, 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.

2. Deposits and Investments (continued):

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.

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:

	2018	2017
Carrying value		
Deposits	**$ 4,396,072**	$ 1,958,213
Investments and New MexiGROW Local Government Investment Pool	**6,409,803**	8,660,737
	$ 10,805,875	$ 10,618,950
Included in the following statements of net position captions		
Cash and cash equivalents	**$ 7,890,376**	$ 2,774,517
Certificates of deposit	**2,915,499**	7,844,433
	$ 10,805,875	$ 10,618,950

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.

3. Patient Accounts Receivable (continued):

The Medical Center's allowance for uncollectible accounts for self-pay patients has increased from prior years, primarily due to changes in classification of patient coinsurance and how deductibles are considered in the allowance estimate for uncollectible accounts. The allowance related to patient coinsurance and deductibles was previously included with Medicare, Medicaid, and other third party payors. The aggregate net patient accounts receivable is the same under either classification methodology. 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.

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

	2018	2017
Receivable from patients and their insurance carriers	**$ 12,678,583**	$ 10,422,249
Receivable from Medicare	**3,225,599**	1,871,865
Receivable from Medicaid	**1,803,090**	1,542,060
Total patient accounts receivable	**17,707,272**	13,836,174
Less allowance for uncollectible accounts	**8,887,781**	5,368,765
Net patient accounts receivable	**$ 8,819,491**	$ 8,467,409

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

4. Capital Assets (continued):

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

	2018				
	Beginning Balance	**Additions**	**Retirements**	**Transfers**	**Ending Balance**
Capital assets not being depreciated					
Construction in progress	$ 285,028	$ 1,151,404	$ -	$ (1,170,224)	**$ 266,208**
Land	806,200	-	-	-	**806,200**
Total capital assets not being depreciated	1,091,228	1,151,404	-	(1,170,224)	**1,072,408**
Capital assets being depreciated					
Land improvements	577,465	-	-	-	**577,465**
Buildings	32,250,049	-	-	117,677	**32,367,726**
Equipment	36,963,508	1,818,587	(188,154)	1,052,547	**39,646,488**
Total capital assets being depreciated	69,791,022	1,818,587	(188,154)	1,170,224	**72,591,679**
Less accumulated depreciation for					
Land improvements	336,584	51,676	-	-	**388,260**
Buildings	16,694,010	868,499	-	-	**17,562,509**
Equipment	18,308,775	3,346,635	(188,154)	-	**21,467,256**
Total accumulated depreciation	35,339,369	4,266,810	(188,154)	-	**39,418,025**
Total capital assets being depreciated, net	34,451,653	(2,448,223)	-	1,170,224	**33,173,654**
Capital assets, net of accumulated depreciation	**$ 35,542,881**	**$ (1,296,819)**	**$ -**	**$ -**	**$ 34,246,062**

4. Capital Assets (continued):

	2017				
	Beginning Balance	**Additions**	**Retirements**	**Transfers**	**Ending Balance**
Capital assets not being depreciated					
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**
Capital assets being depreciated					
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**
Less accumulated depreciation for					
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**

5. Commitments Under Operating Leases:

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

6. Noncurrent Liabilities:

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

	2018				
	Beginning Balance	**Additions**	**Decreases**	**Ending Balance**	**Amounts Due Within One Year**
Compensated absences	$ 1,951,592	$ 2,263,233	$ (2,686,927)	$ 1,527,898	$ 1,527,898
Total noncurrent liabilities	**$ 1,951,592**	**$ 2,263,233**	**$ (2,686,927)**	**$ 1,527,898**	**$ 1,527,898**

	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**

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 who 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 2018 or 2017. 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:

	2018	2017
Patient service revenue (net of contractual adjustments and discounts):		
Medicare	**$ 21,456,571**	$ 20,444,653
Medicaid/Centennial Care	**9,709,429**	8,836,867
Other third-party payors	**26,634,406**	33,383,282
Patients	**5,353,726**	3,905,187
	63,154,132	66,569,989
Less:		
Charity care	**-**	19,554
Provision for bad debts	**7,910,584**	6,273,755
Net patient service revenue	**$ 55,243,548**	$ 60,276,680

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.

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 $588,000 in 2018, 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 year ended June 30, 2017, was approximately $7,000. The Medical Center did not receive any gifts or grants to subsidize charity care services during 2018 and 2017. The Safety Net Care Pool 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 $2,820,000 and $2,162,000 in 2018 and 2017, respectively, due to differences between original estimates and final settlements or revised estimates.

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 percent 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 percent of the employee's contribution up to a maximum of 5 percent of the employee's annual salary. Employees may contribute a maximum of 20 percent 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 $615,000 and $720,000 for the years ended June 30, 2018 and 2017, respectively. Employee contributions to the plan were approximately $926,000 and $901,000 for 2018 and 2017, 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.

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:

	2018	**2017**
Medicare	**36 %**	37 %
Medicaid/Centennial Care	**20**	24
Patients	**24**	24
Commercial and other	**20**	15
	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 PROPORATIONATE 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, 2017	June 30, 2016	June 30, 2015	June 30, 2014
	2018	**2017**	**2016**	**2015**
Grant County's proportion of the net pension liability (asset)	0.5815%	0.5836%	0.5906%	0.6172%
Grant County's proportionate share of the net pension liability (asset)	$7,990,302	$9,323,964	$6,021,679	$4,814,822
Grant County's covered-employee payroll	$5,106,563	$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	156.47%	191.53%	123.69%	98.55%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	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 PROPORATIONATE 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, 2017	June 30, 2016	June 30, 2015	June 30, 2014
	2018	**2017**	**2016**	**2015**
Grant County's proportion of the net pension liability (asset)	0.7888%	0.8245%	0.8367%	0.8419%
Grant County's proportionate share of the net pension liability (asset)	$4,382,301	$6,083,406	$4,023,323	$2,744,502
Grant County's covered-employee payroll	$1,625,784	$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	269.55%	343.79%	227.37%	165.04%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	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 - MUNICIPIAL GENERAL

Last 10 Fiscal Years*

	2018	2017	2016	2015
Contractually required contribution	$471,539	$487,677	$452,790	$466,687
Contributions in relation to the contractually required contribution	$471,539	$487,677	$452,790	$466,687
Contribution deficiency (excess)	$0	$0	$0	$0
Grant County's covered-employee payroll	$4,937,584	$5,106,563	$4,868,247	$4,885,490
Contributions as a percentage of covered-employee payroll	9.55%	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*

	2018	2017	2016	2015
Contractually required contribution	$290,106	$307,273	$334,439	$311,126
Contributions in relation to the contractually required contribution	$290,106	$307,273	$334,439	$311,126
Contribution deficiency (excess)	$0	$0	$0	$0
Grant County's covered-employee payroll	$1,534,955	$1,625,784	$1,769,519	$1,662,941
Contributions as a percentage of covered-employee payroll	18.90%	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

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

FOR THE YEAR ENDED JUNE 30, 2018

	2018
Employer's proportion of the net OPEB liability	0.16626%
Employer's proportionate share of the net OPEB liability	$7,534,360
Employer covered-employee payroll	$6,470,084
Employer's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	116.45%
Plan fiduciary net position as a percentage of the total OPEB liability	11.34%

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

GRANT COUNTY

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2018

	2018
Contractually required contribution	$137,155
Contributions in relation to the contractually required contribution	$137,155
Contribution deficiency (excess)	$0
Employer's covered-employee payroll	$6,470,084
Contributions as a percentage of covered-employee payroll	2.12%

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

Public Employee Retirement Association Plan (PERA)

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described m Note 1 of the PERA FY16 audit available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2017.pdf.

Changes of assumptions.
The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2017 report is available at http://www.pera.state.nm.us/pdf/lnvestments/RetirementFundValuationReports/6-30-2017%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.

Other Post-Employment Benefits (OPEB)

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

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

SUPPLEMENTARY INFORMATION

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.

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, 2018

	Agency on Aging	Airport	CDBG Zoning	Corre Caminos	Corrections	County Clerk's Equipment
ASSETS						
Cash and cash equivalents	$9,235	$212,820	$498	$223,327	$418,796	$227,367
Cash held by trustee	0	0	0	0	0	0
Accounts receivable	0	87,138	0	0	0	0
Interfund receivable	0	0	0	11,013	0	0
Taxes receivable	0	0	0	0	123,156	0
Due from other governments	43,595	1,052	0	194,813	23,084	0
Total assets	**$52,830**	**$301,010**	**$498**	**$429,153**	**$565,036**	**$227,367**
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	$0	$22,962	$0	$31,638	$22,898	$0
Salaries payable	0	3,683	0	11,478	32,276	0
Interfund payable	6,727	0	0	0	0	0
Total liabilities	6,727	26,645	0	43,116	55,174	0
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue:						
Grant revenue	0	0	0	107,110	0	0
Property taxes	0	0	0	0	0	0
Total deferred inflows of resources	0	0	0	107,110	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	46,103	274,365	498	278,927	0	0
Maintenance of roads	0	0	0	0	0	227,367
Environment	0	0	0	0	0	0
Recreation	0	0	0	0	0	0
Public safety	0	0	0	0	509,862	0
Health and welfare	0	0	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	46,103	274,365	498	278,927	509,862	227,367
Total liabilities, deferred inflows of resources, and fund balances	**$52,830**	**$301,010**	**$498**	**$429,153**	**$565,036**	**$227,367**

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

GRANT COUNTY

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEETS

June 30, 2018

	Emergency Medical Service	Farm and Range	Fire Administration	Fire Protection	Grant County Health Council
ASSETS					
Cash and cash equivalents	$10,255	$4,426	$143,236	$1,274,630	$45,826
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	76,996	0
Due from other governments	0	0	0	0	0
Total assets	**$10,255**	**$5,145**	**$143,236**	**$1,378,239**	**$45,826**
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	$0	$0	$442	$0	$0
Salaries payable	0	0	0	0	0
Interfund payable	25,522	0	0	0	0
Total liabilities	25,522	0	442	0	0
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue:					
Grant revenue	0	0	0	0	0
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	4,426	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	142,794	1,378,239	0
Health and welfare	0	0	0	0	45,826
Debt service expenditures	0	0	0	0	0
Capital projects	0	0	0	0	0
Unassigned	(15,267)	0	0	0	0
Total fund balance	(15,267)	4,426	142,794	1,378,239	45,826
Total liabilities, deferred inflows of resources, and fund balances	**$10,255**	**$5,145**	**$143,236**	**$1,378,239**	**$45,826**

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

GRANT COUNTY

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEETS

June 30, 2018

	HIDTA	Hospital Indigent	Law Enforcement Protection	Lodgers Tax	Reappraisal	Recreation
ASSETS						
Cash and cash equivalents	$54	$36,871	$8,760	$44,018	$207,640	$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	117,163	0	9,482	0	0
Due from other governments	0	0	0	0	2,016	0
Total assets	**$54**	**$154,034**	**$8,760**	**$53,500**	**$209,656**	**$48**
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	$0	$76,104	$0	$0	$261	$0
Salaries payable	0	0	0	0	9,861	0
Interfund payable	0	0	0	0	0	0
Total liabilities	0	76,104	0	0	10,122	0
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue:						
Grant revenue	0	0	0	0	0	0
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	199,534	0
Maintenance of roads	0	0	0	0	0	0
Environment	0	0	0	0	0	0
Recreation	0	0	0	53,500	0	48
Public safety	54	0	8,760	0	0	0
Health and welfare	0	77,930	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	77,930	8,760	53,500	199,534	48
Total liabilities, deferred inflows of resources, and fund balances	**$54**	**$154,034**	**$8,760**	**$53,500**	**$209,656**	**$48**

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

GRANT COUNTY

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEETS

June 30, 2018

	Regional Dispatch	Rural Fire Departments	Safe Borders	Solid Waste	Totals
ASSETS					
Cash and cash equivalents	$48,547	$1,621,432	$0	$55,242	$4,593,028
Cash held by trustee	0	278,475	0	0	278,475
Accounts receivable, net of allowance of $331,554	0	0	0	76,292	163,430
Interfund receivable	0	68,247	0	0	105,873
Taxes receivable	123,180	0	0	39,588	490,284
Due from other governments	0	0	0	0	264,560
Total assets	**$171,727**	**$1,968,154**	**$0**	**$171,122**	**$5,895,650**
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	$0	$15,202	$0	$54,566	$224,073
Salaries payable	10,892	0	0	0	68,190
Interfund payable	0	0	9,007	0	41,256
Total liabilities	10,892	15,202	9,007	54,566	333,519
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue:					
Grant revenue	0	0	0	0	107,110
Property taxes	0	0	0	0	719
Total deferred inflows of resources	0	0	0	0	107,829
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	803,853
Maintenance of roads	0	0	0	0	227,367
Environment	0	0	0	116,556	116,556
Recreation	0	0	0	0	53,548
Public safety	0	1,674,477	(9,007)	0	3,705,179
Health and welfare	160,835	0	0	0	284,591
Debt service expenditures	0	29,170	0	0	29,170
Capital projects	0	249,305	0	0	249,305
Unassigned	0	0	0	0	(15,267)
Total fund balance	160,835	1,952,952	(9,007)	116,556	5,454,302
Total liabilities, deferred inflows of resources, and fund balances	**$171,727**	**$1,968,154**	**$0**	**$171,122**	**$5,895,650**

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, 2018

	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	743,589	0
Gasoline and motor vehicle	0	0	0	0	0	0
Lodgers	0	0	0	0	0	0
Intergovernmental:						
Federal operating grants	(6,290)	0	0	405,448	0	0
Federal capital grants	0	60,833	0	0	0	0
State operating grants	7,779	0	0	0	0	0
State capital grants	54,222	8,989	0	0	0	0
Charges for services	10,570	926,160	0	321,563	38,884	30,847
Investment income (loss)	0	0	0	0	0	0
Miscellaneous	102	0	0	130	45,336	0
Total revenues	66,383	995,982	0	727,141	827,809	30,847
EXPENDITURES						
Current:						
General government	0	869,893	0	859,324	0	2,114
Public safety	0	0	0	0	2,421,276	0
Public works	0	0	0	0	0	0
Health and welfare	102,902	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	54,222	73,907		0	0	0
Total expenditures	157,124	943,800	0	859,324	2,421,276	2,114
Excess (deficiency) of revenues over expenditures	(90,741)	52,182	0	(132,183)	(1,593,467)	28,733
Other Financing Sources (Uses):						
Transfer in	115,108	267,441	0	721,984	1,862,000	0
Transfer (out)	(39,395)	(1,000)	0	(564,057)	0	0
Loan proceeds	0	0	0	0	0	0
Total other financing sources (uses)	75,713	266,441	0	157,927	1,862,000	0
Net changes in fund balances	(15,028)	318,623	0	25,744	268,533	28,733
Fund balance - beginning of year	61,131	(44,258)	498	253,183	241,329	198,634
Fund balance - end of year	**$46,103**	**$274,365**	**$498**	**$278,927**	**$509,862**	**$227,367**

GRANT COUNTY

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE FISCAL YEAR ENDED June 30, 2018

	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	0	0
Gasoline and motor vehicle	0	0	0	372,361	0
Lodgers	0	0	0	0	0
Intergovernmental:					
Federal operating grants	0	26,186	0	0	0
Federal capital grants	0	0	0	0	0
State operating grants	44,704	0	79,262	0	0
State capital grants	0	0	0	0	0
Charges for services	0	0	0	0	0
Investment income (loss)	0	0	0	226	0
Miscellaneous	0	0	0	9	9,146
Total revenues	44,704	26,186	79,262	372,596	9,146
EXPENDITURES					
Current:					
General government	0	29,000	0	0	0
Public safety	44,483	0	33,098	159,531	0
Public works	0	0	0	0	0
Health and welfare	0	0	0	0	64,650
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	40,000	0	0
Total expenditures	44,483	29,000	73,098	159,531	64,650
Excess (deficiency) of revenues over expenditures	221	(2,814)	6,164	213,065	(55,504)
Other Financing Sources (Uses):					
Transfer in	0	0	0	25,524	0
Transfer (out)	0	0	(5,000)	(25,524)	0
Loan proceeds	0	0	0	0	0
Total other financing sources (uses)	0	0	(5,000)	0	0
Net changes in fund balances	221	(2,814)	1,164	213,065	(55,504)
Fund balance - beginning of year	(15,488)	7,240	141,630	1,165,174	101,330
Fund balance - end of year	**($15,267)**	**$4,426**	**$142,794**	**$1,378,239**	**$45,826**

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, 2018

	HIDTA	Hospital Indigent	Law Enforcement Protection	Lodgers Tax	Reappraisal	Recreation
REVENUES						
Taxes:						
Property	$0	$0	$0	$0	$0	$0
Gross receipts	0	608,186	0	0	0	0
Gasoline and motor vehicle	0	0	0	0	0	0
Lodgers	0	0	0	81,598	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	42,200	0	0	0
State capital grants	0	0	0	0	0	5,789
Charges for services	0	0	0	0	111,402	0
Investment income (loss)	0	0	0	0	0	0
Miscellaneous	0	51	0	0	0	0
Total revenues	0	608,237	42,200	81,598	111,402	5,789
EXPENDITURES						
Current:						
General government	0	0	0	0	100,696	0
Public safety	0	0	0	0	0	0
Public works	0	0	33,996	0	0	0
Health and welfare	0	1,333,209	0	0	0	0
Culture and recreation	0	0	0	75,461	0	5,789
Debt Service						
Principal	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Capital outlay	0	0	0	0	0	0
Total expenditures	0	1,333,209	33,996	75,461	100,696	5,789
Excess (deficiency) of revenues over expenditures	0	(724,972)	8,204	6,137	10,706	0
Other Financing Sources (Uses):						
Transfer in	0	450,808	0	0	0	0
Transfer (out)	0	0	0	0	0	0
Loan proceeds	0	0	0	0	0	0
Total other financing sources (uses)	0	450,808	0	0	0	0
Net changes in fund balances	0	(274,164)	8,204	6,137	10,706	0
Fund balance - beginning of year	54	352,094	556	47,363	188,828	48
Fund balance - end of year	**$54**	**$77,930**	**$8,760**	**$53,500**	**$199,534**	**$48**

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, 2018

	Regional Dispatch	Rural Fire Departments	Safe Borders	Solid Waste	Totals
REVENUES					
Taxes:					
Property	$0	$0	$0	$0	$0
Gross receipts	644,168	0	0	0	1,995,943
Gasoline and motor vehicle	0	0	0	0	372,361
Lodgers	0	0	0	0	81,598
Intergovernmental:					
Federal operating grants	0	0	160,690	0	586,034
Federal capital grants	0	0	0	0	60,833
State operating grants	0	1,450,363	0	0	1,624,308
State capital grants	0	0	0	0	69,000
Charges for services	0	0	0	937,038	2,376,464
Investment income (loss)	0	7,411	0	0	7,637
Miscellaneous	4,629	21,932	0	0	81,335
Total revenues	648,797	1,479,706	160,690	937,038	7,255,513
EXPENDITURES					
Current:					
General government	0	0	0	0	1,861,027
Public safety	730,348	595,086	141,051	0	4,124,873
Public works	0	0	0	1,043,142	1,077,138
Health and welfare	0	0	0	0	1,500,761
Culture and recreation	0	0	0	0	81,250
Debt Service					
Principal	0	196,450	0	0	196,450
Interest	0	32,759	0	0	32,759
Capital outlay	0	354,825	29,458	0	552,412
Total expenditures	730,348	1,179,120	170,509	1,043,142	9,426,670
Excess (deficiency) of revenues over expenditures	(81,551)	300,586	(9,819)	(106,104)	(2,171,157)
Other Financing Sources (Uses):					
Transfer in	8,900	69,334	100,973	284,310	3,906,382
Transfer (out)	0	(790,165)	0	(284,310)	(1,709,451)
Loan proceeds	0	201,512	0	0	201,512
Total other financing sources (uses)	8,900	(519,319)	100,973	0	2,398,443
Net changes in fund balances	(72,651)	(218,733)	91,154	(106,104)	227,286
Fund balance - beginning of year	233,486	2,171,685	(100,161)	222,660	5,227,016
Fund balance - end of year	**$160,835**	**$1,952,952**	**($9,007)**	**$116,556**	**$5,454,302**

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, 2018

	Fort Bayard Fire	Gila/ Cliff Fire	Lower Mimbres Fire	Pinos Altos Fire	Santa Rita Fire
ASSETS					
Cash	$10,494	$123,416	$53,413	$310,432	$62,658
Cash held by trustee	137	172	0	633	27,940
Interfund receivable	0	0	0	38,070	8,318
Total assets	**$10,631**	**$123,588**	**$53,413**	**$349,135**	**$98,916**
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	$582	$53	$32	$165	$199
Interfund payable	0	0	0	0	0
Total liabilities	582	53	32	165	199
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	9,912	123,363	53,381	348,337	70,777
Debt service expenditures	137	172	0	633	191
Capital projects	0	0	0	0	27,749
Unassigned	0	0	0	0	0
Total fund balance	10,049	123,535	53,381	348,970	98,717
Total liabilities, deferred inflows of resources, and fund balances	**$10,631**	**$123,588**	**$53,413**	**$349,135**	**$98,916**

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, 2018

	Sapillo Creek Fire	Tyrone Fire	Upper Mimbres Fire	Whiskey Creek Fire	Totals
ASSETS					
Cash	$162,316	$599,923	$92,305	$206,475	$1,621,432
Cash held by trustee	0	49,274	0	200,319	278,475
Interfund receivable	0	21,859	0	0	68,247
Total assets	**$162,316**	**$671,056**	**$92,305**	**$406,794**	**$1,968,154**
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	$0	$1,019	$112	$13,040	$15,202
Interfund payable	0	0	0	0	0
Total liabilities	0	1,019	112	13,040	15,202
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	162,316	620,763	92,193	193,435	1,674,477
Debt service expenditures	0	28,037	0	0	29,170
Capital projects	0	21,237	0	200,319	249,305
Unassigned	0	0	0	0	0
Total fund balance	162,316	670,037	92,193	393,754	1,952,952
Total liabilities, deferred inflows of resources, and fund balances	**$162,316**	**$671,056**	**$92,305**	**$406,794**	**$1,968,154**

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, 2018

	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	83,433	108,289	105,688	265,596	75,091
Charges for services	0	0	0	0	0
Investment income (loss)	80	100	0	934	4,992
Miscellaneous	0	0	137	0	0
Total revenues	83,513	108,389	105,825	266,530	80,083
EXPENDITURES					
Current:					
Public safety	38,276	23,110	37,875	93,576	28,154
Debt Service					
Principal	18,993	24,000	0	56,955	22,860
Interest	241	0	0	1,597	3,116
Capital outlay	0	0	81,889	78,272	70,688
Total expenditures	57,510	47,110	119,764	230,400	124,818
Excess (deficiency) of revenues over expenditures	26,003	61,279	(13,939)	36,130	(44,735)
Other Financing Sources (Uses):					
Transfer in	0	0	0	38,070	8,317
Transfer (out)	(39,605)	(16,362)	(19,509)	(132,597)	(507,390)
Loan proceeds	0	0	0	0	0
Total other financing sources (uses)	(39,605)	(16,362)	(19,509)	(94,527)	(499,073)
Net changes in fund balances	(13,602)	44,917	(33,448)	(58,397)	(543,808)
Fund balance - beginning of year	23,651	78,618	86,829	407,367	642,525
Fund balance - end of year	**$10,049**	**$123,535**	**$53,381**	**$348,970**	**$98,717**

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, 2018

	Sapillo Creek Fire	Tyrone Fire	Upper Mimbres Fire	Whiskey Creek Fire	Totals
REVENUES					
Federal sources	$0	$0	$0	$0	$0
State sources	70,919	430,244	141,838	169,265	1,450,363
Charges for services	0	0	0	0	0
Investment income (loss)	0	986	0	319	7,411
Miscellaneous	0	5,778	12,500	3,517	21,932
Total revenues	70,919	437,008	154,338	173,101	1,479,706
EXPENDITURES					
Current:					
Public safety	26,989	178,632	70,487	97,987	595,086
Debt Service					
Principal	0	73,642	0	0	196,450
Interest	0	27,805	0	0	32,759
Capital outlay	19,859	88,659	0	15,458	354,825
Total expenditures	46,848	368,738	70,487	113,445	1,179,120
Excess (deficiency) of revenues over expenditures	24,071	68,270	83,851	59,656	300,586
Other Financing Sources (Uses):					
Transfer in	0	22,947	0	0	69,334
Transfer (out)	(9,439)	(36,314)	(12,587)	(16,362)	(790,165)
Loan proceeds	0	0	0	201,512	201,512
Total other financing sources (uses)	(9,439)	(13,367)	(12,587)	185,150	(519,319)
Net changes in fund balances	14,632	54,903	71,264	244,806	(218,733)
Fund balance - beginning of year	147,684	615,134	20,929	148,948	2,171,685
Fund balance - end of year	**$162,316**	**$670,037**	**$92,193**	**$393,754**	**$1,952,952**

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

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.

GRANT COUNTY

NONMAJOR CAPITAL PROJECT FUNDS

COMBINING BALANCE SHEETS

JUNE 30, 2018

	Capital Projects HH	Capital Road	Economic Development	Fort Bayard	Hurley Waste Water
ASSETS					
Cash and cash equivalents	$204,119	$0	$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	**$204,119**	**$0**	**$2,777**	**$53,686**	**$154,680**
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	$265	$15,125	$0	$0	$0
Interfund payable	0	10,606	0	0	16,813
Total liabilities	265	25,731	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	203,854	0	0	53,686	4,667
Unassigned	0	(25,731)	0	0	0
Total fund balance	203,854	(25,731)	2,777	53,686	4,667
Total liabilities, deferred inflows of resources, and fund balance	**$204,119**	**$0**	**$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, 2018

	Loma Verde Assessment	Renovations	Wind Canyon Assessment	Totals
ASSETS				
Cash and cash equivalents	$29,155	$0	$31,229	$475,646
Cash held with trustee	4,278	84	0	4,362
Interfund receivable	0	40,752	0	40,752
Due from other governments	0	145,388	0	145,388
Total assets	**$33,433**	**$186,224**	**$31,229**	**$666,148**
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	$0	$1,302	$0	$16,692
Interfund payable	0	120,511	0	147,930
Total liabilities	0	121,813	0	164,622
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:				
Grant revenue	0	0	0	133,200
Property taxes	0	0	0	0
Total deferred inflows of resources	0	0	0	133,200
Fund Balance:				
Nonspendable				
Inventory	0	0	0	0
Prepaid expenses	0	0	0	0
Spendable				
Restricted for:				
General government	0	0	0	2,777
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	0	0	0	0
Capital projects	33,433	64,411	31,229	391,280
Unassigned	0	0	0	(25,731)
Total fund balance	33,433	64,411	31,229	368,326
Total liabilities, deferred inflows of resources, and fund balance	**$33,433**	**$186,224**	**$31,229**	**$666,148**

GRANT COUNTY

NONMAJOR CAPITAL PROJECT FUND

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	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	432,936	0	0	0
Charges for services	0	0	0	0	0
Investment income (loss)	0	0	0	0	0
Total revenues	0	432,936	0	0	0
EXPENDITURES					
Current:					
General government	0	0	0	0	0
Public safety	0	0	0	0	0
Public works	0	302,155	0	0	0
Health and welfare	0	0	0	0	0
Culture and recreation	0	0	0	0	0
Capital outlay	2,018,722	0	0	0	0
Total expenditures	2,018,722	302,155	0	0	0
Excess (deficiency) of revenues over expenditures	(2,018,722)	130,781	0	0	0
Other Financing Sources (Uses):					
Transfer in	0	961	0	0	0
Transfer (out)	0	0	0	0	0
Loan proceeds	0	0	0	0	0
Total other financing sources (uses)	0	961	0	0	0
Net changes in fund balances	(2,018,722)	131,742	0	0	0
Fund balance - beginning of year, as previously stated	2,222,576	(157,473)	2,777	53,686	4,667
Restatements	0	0	0	0	0
Fund balance - beginning of year, as restated	2,222,576	(157,473)	2,777	53,686	4,667
Fund balance - end of year	**$203,854**	**($25,731)**	**$2,777**	**$53,686**	**$4,667**

GRANT COUNTY

NONMAJOR CAPITAL PROJECT FUND

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Loma Verde Assessment	Renovations	Wind Canyon Assessment	Totals
REVENUES				
Taxes:				
Property	$0	$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	500,000	0	500,000
State operating grants	0	0	0	0
State capital grants	0	573,661	0	1,006,597
Charges for services	20,030	0	15,966	35,996
Investment income (loss)	52	0	0	52
Total revenues	20,082	1,073,661	15,966	1,542,645
EXPENDITURES				
Current:				
General government	0	0	0	0
Public safety	0	0	0	0
Public works	0	0	0	302,155
Health and welfare	0	0	0	0
Culture and recreation	0	0	0	0
Capital outlay	0	1,186,552	28,888	3,234,162
Total expenditures	0	1,186,552	28,888	3,536,317
Excess (deficiency) of revenues over expenditures	20,082	(112,891)	(12,922)	(1,993,672)
Other Financing Sources (Uses):				
Transfer in	0	602,216	0	603,177
Transfer (out)	(12,461)	(86)	0	(12,547)
Loan proceeds	0	0	42,318	42,318
Total other financing sources (uses)	(12,461)	602,130	42,318	632,948
Net changes in fund balances	7,621	489,239	29,396	(1,360,724)
Fund balance - beginning of year, as previously stated	25,812	(424,828)	1,833	1,729,050
Restatements	0	0	0	0
Fund balance - beginning of year, as restated	25,812	(424,828)	1,833	1,729,050
Fund balance - end of year	**$33,433**	**$64,411**	**$31,229**	**$368,326**

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

GRANT COUNTY
DEBT SERVICE FUNDS
JUNE 30, 2018

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.

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, 2018

	Detention Center Revenue Bond	Hold Harmless	N.Hurley Waste Water Reserve
ASSETS			
Cash and cash equivalents	$9,569	$103,834	$50,774
Investments	2,500,000	0	0
Cash held with trustee	0	0	0
Interfund receivable	0	0	0
Taxes receivable	88,825	0	0
Due from other governments	0	0	0
Total assets	**$2,598,394**	**$103,834**	**$50,774**
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	$0	$0	$0
Salaries payable	0	0	0
Interfund payable	0	0	0
Total liabilities	0	0	0
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue:			
Property taxes	75,444	0	0
Total deferred inflows of resources	75,444	0	0
Fund Balance:			
Nonspendable			
Inventory	0	0	0
Prepaid expenses	0	0	0
Spendable			
Restricted for:			
General county operations	0	0	0
Maintenance of roads	0	0	0
Environment	0	0	0
Recreation	0	0	0
Public safety	0	0	0
Healthcare	0	0	0
Debt service expenditures	2,522,950	103,834	50,774
Total fund balance	2,522,950	103,834	50,774
Total liabilities, deferred inflows of resources, and fund balance	**$2,598,394**	**$103,834**	**$50,774**

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

GRANT COUNTY

NONMAJOR DEBT SERVICE FUNDS

COMBINING BALANCE SHEETS

JUNE 30, 2018

	N.Hurley Waste Water System	NMFA Loan Payments	Viva Santa Rita Assessment	Totals
ASSETS				
Cash and cash equivalents	$413	$32,844	$24,014	$221,448
Investments	0	0	0	2,500,000
Cash held with trustee	0	98,057	12,414	110,471
Interfund receivable	1,057	1,427	4,119	6,603
Taxes receivable	0	0	0	88,825
Due from other governments	0	0	0	0
Total assets	**$1,470**	**$132,328**	**$40,547**	**$2,927,347**
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
Total liabilities	0	73,456	0	73,456
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:				
Property taxes	0	0	0	75,444
Total deferred inflows of resources	0	0	0	75,444
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	1,470	58,872	40,547	2,778,447
Total fund balance	1,470	58,872	40,547	2,778,447
Total liabilities, deferred inflows of resources, and fund balance	**$1,470**	**$132,328**	**$40,547**	**$2,927,347**

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, 2018

	Detention Center Revenue Bond	Hold Harmless	N.Hurley Waste Water Reserve
REVENUES			
Taxes:			
Property	$715,240	$0	$0
Gross receipts	0	0	0
Gasoline and motor vehicle	0	0	0
Intergovernmental:			
Federal operating grants	0	0	0
Federal capital grants	0	0	0
State operating grants	0	0	0
State capital grants	0	0	0
Charges for services	245,802	0	0
Investment income (loss)	1,374	0	0
Miscellaneous	55,947	0	0
Total revenues	1,018,363	0	0
EXPENDITURES			
Current:			
General government	759	0	0
Public safety	0	0	0
Public works	0	0	11,691
Health and welfare	0	0	0
Culture and recreation	0	0	0
Debt Service			
Principal	530,000	140,000	0
Interest	85,950	203,716	0
Total expenditures	616,709	343,716	11,691
Excess (deficiency) of revenues over expenditures	401,654	(343,716)	(11,691)
Other Financing Sources (Uses):			
Transfer in	0	343,475	0
Transfer (out)	0	0	0
Total other financing sources (uses)	0	343,475	0
Net changes in fund balances	401,654	(241)	(11,691)
Fund balance - beginning of year, as previously stated	2,121,296	104,075	62,465
Restatements	0	0	0
Fund balance - beginning of year, as restated	2,121,296	104,075	62,465
Fund balance - end of year	**$2,522,950**	**$103,834**	**$50,774**

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, 2018

	N.Hurley Waste Water System	NMFA Loan Payments	Viva Santa Rita Assessment	Totals
REVENUES				
Taxes:				
Property	$0	$0	$0	$715,240
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	520	246,322
Investment income (loss)	0	2,035	150	3,559
Miscellaneous	0	0	0	55,947
Total revenues	0	2,035	670	1,021,068
EXPENDITURES				
Current:				
General government	0	0	0	759
Public safety	0	0	0	0
Public works	0	233,046	0	244,737
Health and welfare	0	0	0	0
Culture and recreation	0	0	0	0
Debt Service				
Principal	5,000	154,945	0	829,945
Interest	8,881	10,440	0	308,987
Total expenditures	13,881	398,431	0	1,384,428
Excess (deficiency) of revenues over expenditures	(13,881)	(396,396)	670	(363,360)
Other Financing Sources (Uses):				
Transfer in	14,156	318,757	5,036	681,424
Transfer (out)	0	(99,895)	(5,496)	(105,391)
Total other financing sources (uses)	14,156	218,862	(460)	576,033
Net changes in fund balances	275	(177,534)	210	212,673
Fund balance - beginning of year, as previously stated	1,195	236,406	40,337	2,565,774
Restatements	0	0	0	0
Fund balance - beginning of year, as restated	1,195	236,406	40,337	2,565,774
Fund balance - end of year	**$1,470**	**$58,872**	**$40,547**	**$2,778,447**

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, 2018

	Special Revenue	Capital Projects	Debt Service	Total
ASSETS				
Cash and cash equivalents	$4,593,028	$475,646	$221,448	$5,290,122
Cash held by trustee	278,475	4,362	110,471	393,308
Investments	0	0	2,500,000	2,500,000
Accounts receivable, net of allowance of $331,554	163,430	0	0	163,430
Interest receivable	0	0	0	0
Interfund receivable	105,873	40,752	6,603	153,228
Notes receivable	0	0	0	0
Taxes receivable	490,284	0	88,825	579,109
Due from other governments	264,560	145,388	0	409,948
Total assets	**$5,895,650**	**$666,148**	**$2,927,347**	**$9,489,145**
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	$224,073	$16,692	$0	$240,765
Salaries payable	68,190	0	0	68,190
Interfund payable	41,256	147,930	73,456	262,642
Total liabilities	333,519	164,622	73,456	571,597
DEFERRED INFLOWS OF RESOURSES				
Unavailable Revenue:				
Grant revenue	107,110	133,200	0	240,310
Property taxes	719	0	75,444	76,163
Total deferred inflows of resources	107,829	133,200	75,444	316,473
Fund Balance:				
Nonspendable				
Inventory	0	0	0	0
Prepaid expenses	0	0	0	0
Spendable				
Restricted for:				
General government	803,853	2,777	0	806,630
Maintenance of roads	227,367	0	0	227,367
Environment	116,556	0	0	116,556
Recreation	53,548	0	0	53,548
Public safety	3,705,179	0	0	3,705,179
Healthcare and welfare	284,591	0	0	284,591
Debt service expenditures	29,170	0	2,778,447	2,807,617
Capital projects	249,305	391,280	0	640,585
Unassigned	(15,267)	(25,731)	0	(40,998)
Total fund balance	5,454,302	368,326	2,778,447	8,601,075
Total liabilities, deferred inflows of resources, and fund balance	**$5,895,650**	**$666,148**	**$2,927,347**	**$9,489,145**

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, 2018

	Special Revenue	Capital Projects	Debt Service	Total
REVENUES				
Taxes:				
Property	$0	$0	$715,240	$715,240
Gross receipts	1,995,943	0	0	1,995,943
Gasoline and motor vehicle	372,361	0	0	372,361
Lodgers	81,598	0	0	81,598
Intergovernmental:				
Federal operating grants	586,034	0	0	586,034
Federal capital grants	60,833	500,000	0	560,833
State operating grants	1,624,308	0	0	1,624,308
State capital grants	69,000	1,006,597	0	1,075,597
Charges for services	2,376,464	35,996	246,322	2,658,782
Investment income (loss)	7,637	52	3,559	11,248
Miscellaneous	81,335	0	55,947	137,282
Total revenues	7,255,513	1,542,645	1,021,068	9,819,226
EXPENDITURES				
Current:				
General government	1,861,027	0	759	1,861,786
Public safety	4,124,873	0	0	4,124,873
Public works	1,077,138	302,155	244,737	1,624,030
Health and welfare	1,500,761	0	0	1,500,761
Culture and recreation	81,250	0	0	81,250
Debt Service:				
Principal	196,450	0	829,945	1,026,395
Interest	32,759	0	308,987	341,746
Capital outlay	552,412	3,234,162	0	3,786,574
Total expenditures	9,426,670	3,536,317	1,384,428	14,347,415
Excess (deficiency) of revenues over expenditures	(2,171,157)	(1,993,672)	(363,360)	(4,528,189)
Other Financing Sources (Uses):				
Transfers in	3,906,382	603,177	681,424	5,190,983
Transfers (out)	(1,709,451)	(12,547)	(105,391)	(1,827,389)
Loan proceeds	201,512	42,318	0	243,830
Total other financing sources (uses)	2,398,443	632,948	576,033	3,607,424
Net changes in fund balances	227,286	(1,360,724)	212,673	(920,765)
Fund balance - beginning of year, as previously stated	5,227,016	1,729,050	2,565,774	9,521,840
Restatements	0	0	0	0
Fund balance - beginning of year, as restated	5,227,016	1,729,050	2,565,774	9,521,840
Fund balance - end of year	**$5,454,302**	**$368,326**	**$2,778,447**	**$8,601,075**

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, 2018

	Balance June 30, 2017	Increase	Decrease	Balance June 30, 2018
ASSETS				
Cash	$156,807	$52,876,807	$52,894,068	$139,546
Property taxes receivable	703,948	687,125	703,948	$687,125
Total assets	**$860,755**	**$53,563,932**	**$53,598,016**	**$826,671**
LIABILITIES				
Deposits held in trust	$156,807	$52,876,807	$52,894,068	$139,546
Due to other taxing units	703,948	687,125	703,948	$687,125
Total liabilities	**$860,755**	**$53,563,932**	**$53,598,016**	**$826,671**

GRANT COUNTY

SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY OF PUBLIC FUNDS

JUNE 30, 2018

	Wells Fargo Bank
Amounts of deposits	$7,132,942
Less: FDIC Insurance - demand deposit	(250,000)
FDIC Insurance - time deposits	(250,000)
Total uninsured public funds	$6,632,942
50% collateralization requirement (Section 6-10-17 NMSA)	$3,316,471
Pledged Securities:	
FNMA FNMS, Cusip No. 3138MRL25, maturing 1/1/2043	5,435,073
FNMA FNMS, Cusip No. 31410LS86, maturing 5/1/2031	2,141,091
Total pledged securities	7,576,164
Pledged securities over (under) requirement	**($4,259,693)**

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

GRANT COUNTY

SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS

JUNE 30, 2018

Financial Institution: Account Name	Type of Account	Bank Balance	Reconciling Items	Book Balance
Wells Fargo Bank				
Operational	Checking	$4,849,350	($320,415)	$4,528,935
Grant County Treasurer	Checking	1	-	1
Construction	Checking	206,936	-	206,936
Dos Griegos	Savings	11,144	-	11,144
Warrants	Checking	-	-	-
North Hurley Water	Checking	-	-	-
P card account	Checking	-	-	-
Detention Center Issuance Cost	Checking	2,065,511	-	2,065,511
Total Wells Fargo Bank		7,132,942	(320,415)	6,812,527
Moreton Capital Markets				
General	Cash	0	0	0
General	Govt Money Mkt	22,488	0	22,488
General	Municipal Bonds	147,174	0	147,174
General	FHLB	0	0	0
General	CD's	6,048,832	0	6,048,832
Total Moreton Capital Markets		6,218,494	0	6,218,494
NM Local Government Investment Pool				
General		80,787	0	80,787
Fire		18,950	0	18,950
Total NM LGIP		99,737	0	99,737
NMFA				
Cash on deposit with paying agent	NMFA	393,308	0	393,308
US BANK				
Ft. Bayard Hospital - Bond Account		2,792,395	0	2,792,395
Ft. Bayard Hospital - D/S Reserve		4,051,381	0	4,051,381
Ft. Bayard Hospital - Surplus Account		209,528	0	209,528
Total US Bank		7,053,304	0	7,053,304
Petty cash on hand		0	1,400	1,400
Total cash and investments		**$20,897,785**	**($319,015)**	**$20,578,770**

GRANT COUNTY

SCHEDULE OF TAX ROLL RECONCILIATION - PROPERTY TAXES RECEIVABLE

JUNE 30, 2018

Property taxes receivable, beginning of year	$1,503,797
Changes to tax roll:	
Net taxes charged to Treasurer for fiscal year	11,630,280
Adjustments:	
Decrease in property tax receivable	0
Total taxes charged to Treasurer for fiscal year	11,630,280
Total receivables before collections	13,134,077
Collections/Distributions/Changes	(11,685,732)
Property taxes receivable, end of year	**$1,448,345**

Property taxes receivable by years:

2008 - 2016	$837,758
2017	610,587
Total taxes receivable	**$1,448,345**

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

GRANT COUNTY

COUNTY TREASURER'S PROPERTY TAX SCHEDULE

JUNE 30, 2018

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									
2008 - 2016	$43,547,913	$288,920	$43,117,413	$377,045	$43,046,729	$361	$19,176	$70,684	$411,324
2017	$5,053,234	$4,791,374	$4,791,374	$4,707,236	$4,629,153	$1,509	$1,509	$162,221	$260,351
Total General Ad valorem	$48,601,147	$5,080,294	$47,908,787	$5,084,281	$47,675,882	$1,870	$20,685	$232,905	$671,675
Debt Service P & I									
2008 - 2016	$7,416,735	$39,363	$7,361,410	$51,090	$7,351,396	$80	$3,526	$10,014	$51,799
2017	$713,193	$675,935	$675,935	$663,721	$652,372	$232	$232	$23,563	$37,026
Total Debt Service	$8,129,928	$715,298	$8,037,345	$714,811	$8,003,768	$312	$3,758	$33,577	$88,825
Total Grant County	**$56,731,075**	**$5,795,592**	**$55,946,132**	**$5,799,092**	**$55,679,650**	**$2,182**	**$24,443**	**$266,482**	**$760,500**
STATE OF NEW MEXICO									
P & I on Bonds									
2008 - 2016	$7,102,614	$46,580	$7,042,167	$60,542	$7,030,443	$78	$3,036	$11,724	$57,411
2017	$852,322	$807,796	$807,796	$793,199	$779,637	$277	$277	$28,159	$44,249
Total P & I on Bonds	$7,954,936	$854,376	$7,849,963	$853,741	$7,810,080	$355	$3,313	$39,883	$101,660
State Special Levies									
2008 - 2016	$505,216	$6,255	$496,148	$9,041	$494,668	$0	$348	$1,480	$8,720
2017	$67,710	$63,898	$63,898	$62,357	$61,010	$0	$0	$2,888	$3,812
Total State Special Levies	$572,926	$70,153	$560,046	$71,398	$555,678	$0	$348	$4,368	* $12,532
Total State of New Mexico	**$8,527,862**	**$924,529**	**$8,410,009**	**$925,139**	**$8,365,758**	**$355**	**$3,661**	**$44,251**	**$114,192**
SCHOOL DISTRICTS									
Silver Consolidated Schools									
General Ad valorem									
2008 - 2016	$1,278,554	$8,515	$1,266,096	$11,227	$1,264,150	$4	$427	$1,946	$12,031
2017	$161,886	$154,336	$154,336	$151,772	$149,559	$50	$50	$4,777	$7,500
Total General Ad valorem	$1,440,440	$162,851	$1,420,432	$162,999	$1,413,709	$54	$477	$6,723	$19,531
Debt Service P & I									
2008 - 2016	$12,486,962	$69,171	$12,388,961	$91,004	$12,372,787	$40	$4,810	$16,174	$93,191
2017	$1,329,477	$1,267,537	$1,267,537	$1,246,084	$1,227,614	$436	$436	$39,923	$61,504
Total Debt Service	$13,816,439	$1,336,708	$13,656,498	$1,337,088	$13,600,401	$476	$5,246	$56,097	$154,695
Capital Improvements									
2008 - 2016	$8,346,786	$51,017	$8,276,743	$67,058	$8,264,815	$27	$2,836	$11,928	$67,207
2017	$973,893	$928,519	$928,519	$912,810	$899,284	$319	$319	$29,235	$45,055
Total Capital Improvements	$9,320,679	$979,536	$9,205,262	$979,868	$9,164,099	$346	$3,155	$41,163	$112,262
House Bill 33									
2008 - 2016	$4,469,091	$39,911	$4,419,036	$52,547	$4,409,787	$13	$1,243	$9,249	$48,812
2017	$778,990	$742,697	$742,697	$730,127	$719,305	$255	$255	$23,392	$36,038
Total House Bill 33	$5,248,081	$782,608	$5,161,733	$782,674	$5,129,092	$268	$1,498	$32,641	$84,850
Total Silver Consolidated Schools	**$29,825,639**	**$3,261,703**	**$29,443,925**	**$3,262,629**	**$29,307,301**	**$1,144**	**$10,376**	**$136,624**	**$371,338**

GRANT COUNTY

COUNTY TREASURER'S PROPERTY TAX SCHEDULE

JUNE 30, 2018

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									
2008 - 2016	$295,538	$2,399	$292,984	$2,997	$292,227	$14	$228	$757	$2,326
2017	$35,089	$32,314	$32,314	$31,551	$30,658	$11	$11	$1,656	$2,764
Total General Ad valorem	$330,627	$34,713	$325,298	$34,548	$322,885	$25	$239	$2,413	$5,090
Debt Service P & I									
2008 - 2016	$5,845,056	$38,785	$5,799,298	$47,558	$5,786,446	$290	$4,868	$12,852	$40,890
2017	$698,510	$642,930	$642,930	$627,620	$609,684	$216	$216	$33,246	$55,364
Total Debt Service	$6,543,566	$681,715	$6,442,228	$675,178	$6,396,130	$506	$5,084	$46,098	$96,254
Capital Improvements									
2008 - 2016	$1,888,797	$14,747	$1,872,792	$18,349	$1,868,122	$87	$1,508	$4,670	$14,497
2017	$212,046	$195,183	$195,183	$190,539	$185,098	$65	$65	$10,085	$16,798
Total Capital Improvements	$2,100,843	$209,930	$2,067,975	$208,888	$2,053,220	$152	$1,573	$14,755	$31,295
Tech Debt									
2008 - 2016	$492,225	$129	$490,100	$125	$489,981	$12	$663	$119	$1,462
2017	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Tech Debt	$492,225	$129	$490,100	$125	$489,981	$12	$663	$119	$1,462
Total Cobre Consolidated Schools	**$9,467,261**	**$926,487**	**$9,325,601**	**$918,739**	**$9,262,216**	**$695**	**$7,559**	**$63,385**	**$134,101**
Aldo Leopold School									
Capital Improvements									
2008 - 2016	$177,059	$2,619	$174,426	$3,449	$173,825	$0	$24	$601	$2,609
2017	$57,818	$55,124	$55,124	$54,191	$53,388	$19	$19	$1,736	$2,675
Total Capital Improvements	$234,877	$57,743	$229,550	$57,640	$227,213	$19	$43	$2,337	$5,284
Total Aldo Leopold School	**$234,877**	**$57,743**	**$229,550**	**$57,640**	**$227,213**	**$19**	**$43**	**$2,337**	**$5,284**
MUNICIPALITIES									
Town of Silver City									
General Ad valorem									
2008 - 2016	$3,667,167	$33,073	$3,646,362	$43,808	$3,639,778	$0	$1,309	$6,584	$19,496
2017	$602,092	$571,674	$571,674	$560,770	$552,369	$31	$31	$19,305	$30,387
Total General Ad valorem	$4,269,259	$604,747	$4,218,036	$604,578	$4,192,147	$31	$1,340	$25,889	$49,883
Debt Service P & I									
2008 - 2016	$445,060	$151	$444,339	$176	$444,303	$0	$273	$36	$448
2017	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Debt Service	$445,060	$151	$444,339	$176	$444,303	$0	$273	$36	$448
Total Town of Silver City	**$4,714,319**	**$604,898**	**$4,662,375**	**$604,754**	**$4,636,450**	**$31**	**$1,613**	**$25,925**	**$50,331**

GRANT COUNTY

COUNTY TREASURER'S PROPERTY TAX SCHEDULE

JUNE 30, 2018

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									
2008 - 2016	$257,312	$2,400	$255,221	$3,191	$254,641	$0	$65	$580	$2,026
2017	$30,108	$27,335	$27,335	$26,590	$25,790	$5	$5	$1,545	$2,768
Total General Ad valorem	$287,420	$29,735	$282,556	$29,781	$280,431	$5	$70	$2,125	$4,794
Total City of Bayard	**$287,420**	**$29,735**	**$282,556**	**$29,781**	**$280,431**	**$5**	**$70**	**$2,125**	**$4,794**
Town of Hurley									
General Ad valorem									
2008 - 2016	$116,546	$1,337	$115,526	$1,755	$115,069	$0	$51	$457	$969
2017	$14,491	$12,964	$12,964	$12,621	$12,152	$2	$2	$812	$1,525
Total General Ad valorem	$131,037	$14,301	$128,490	$14,376	$127,221	$2	$53	$1,269	$2,494
Total Town of Hurley	**$131,037**	**$14,301**	**$128,490**	**$14,376**	**$127,221**	**$2**	**$53**	**$1,269**	**$2,494**
Village of Santa Clara									
General Ad valorem									
2008 - 2016	$102,967	$803	$101,598	$1,061	$101,237	$0	$127	$361	$1,242
2017	$13,808	$12,505	$12,505	$12,237	$11,863	$3	$3	$642	$1,300
Total General Ad valorem	$116,775	$13,308	$114,103	$13,298	$113,100	$3	$130	$1,003	$2,542
Total Village of Santa Clara	**$116,775**	**$13,308**	**$114,103**	**$13,298**	**$113,100**	**$3**	**$130**	**$1,003**	**$2,542**
LOCAL SPECIAL LEVIES									
Gila Watershed									
Timberon Special Levies									
2008 - 2016	$247,365	$2,108	$246,058	$2,703	$245,933	$0	$9	$125	$1,298
2017	$35,613	$34,140	$34,140	$33,780	$33,361	$2	$2	$779	$1,471
Timberon Special Levies	$282,978	$36,248	$280,198	$36,483	$279,294	$2	$11	$904	$2,769
Total Gila Watershed	**$282,978**	**$36,248**	**$280,198**	**$36,483**	**$279,294**	**$2**	**$11**	**$904**	**$2,769**
Grand Totals	**$110,319,243**	**$11,664,544**	**$108,822,939**	**$11,661,931**	**$108,278,634**	**$4,438**	**$47,959**	**$544,305**	**$1,448,345**
Recap By Tax Year									
2008 - 2016	$98,688,963	$648,283	$97,806,678	$844,726	$97,646,337	$1,006	$44,527	$160,341	$837,758
2017	$11,630,280	$11,016,261	$11,016,261	$10,817,205	$10,632,297	$3,432	$3,432	$383,964	$610,587
Total Recap By Tax Year	**$110,319,243**	**$11,664,544**	**$108,822,939**	**$11,661,931**	**$108,278,634**	**$4,438**	**$47,959**	**$544,305**	**$1,448,345**

* Includes county portion of predator control of $719.

GRANT COUNTY

SCHEDULE OF JOINT POWERS AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Participants	Responsible Party for Operations	Descriptions	Beginning and Ending dates	Total Estimated Amount of Project	Contribution 6/30/2016	Audit Responsibility
Silver Schools						
Grant County, Silver Consolidated School District No. 1	Both agencies	Maintain little league field	Indefinite	Unknown	Matching costs	Both agencies
Municipal						
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
Southwest Solid Waste Authority						
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
Southwest Water Planning Group						
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

GRANT COUNTY

SCHEDULE OF LEGISLATIVE GRANTS

JUNE 30, 2018

	Silver Senior Center Renovations A14-1142	Continuum of Care Facility (TU Casa) 16-A2434
Original appropriation	$72,500	$184,140
Funds reverted	(22)	0
Appropriation remaining	$72,478	$184,140
Expended through June 30, 2016	$72,478	$184,140
Encumbrances	0	0
Total commited	$72,478	$184,140
Project expiration date	6/30/2018	6/30/2020

COUNTY OF GRANT

CORRECTIVE ACTION PLAN

Finding 2018-001 Schools and Roads – National Forest Reserve Distribution – Secure Rural Schools Title III Lack of Public Notice – The auditors noted that the County failed to provide public notice 45 day prior to using the Title III funds. The County cannot utilize Title III County funds until after a 45-day public comment period. A proposal that describes the use of the funds must be published and submitted to any advisory committee that may be established.

Corrective Action Plan – The Wildland Fire Manager has noted on his calendar to advertise at the beginning of the fiscal year the proposal for the use of the funds. The Finance Director will notify the Wildland Fire Manager when funds become available.

Office Of The Grant County Commissioners
1400 Highway 180 East, Silver City, NM 88061-7837 • P. O. Box 898, Silver City, NM 88062-0898
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ADDITIONAL FEDERAL INFORMATION

GRANT COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Program Title	Federal CFDA Number or Agency Prefix	Passed through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
U.S. Department of Interior				
Direct:				
Distribution of receipts - Taylor Grazing Act	15.227	N/A	-	$26,186
National Fire Plan - Rural Fire Assistance	15.242	N/A	-	16,097
Total U.S. Department of Interior				$42,283
U.S. Department of Homeland Security				
Passed through NM Dept. of Homeland Security and Emergency Management:				
Homeland Security Grant Program	97.067	EMW-2016-SS-00110-SO1-OPSG-GCSO		$171,989
Emergency Management Performance Grants	97.042	EMT-2016-EP-00005-SO1	-	20,787
Total U.S. Department of Homeland Security				$192,776

GRANT COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Program Title	Federal CFDA Number or Agency Prefix	Passed through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
U.S. Department of Transportation				
Direct:				
Airport Improvement Grants	20.106	N/A	-	$59,006
Passed through NM Dept. of Transportation:				
Public Transportation Formula Grants	20.509	MO1059	-	513,558
Total U.S. Department of Transportation				$572,564
U.S. Department of Agriculture				
Direct:				
Schools and Roads - Grants to States	10.665	N/A	-	$414,610
Coop Law Enforcement	10.664	12-LE-11030600.002		3,847
Total U.S. Department of Agriculture				$418,457
U.S. Department of Housing and Urban Development				
Passed through NM Dept. of Finance & Adm. LGD:				
Community Development Block Grant	14.228	16-C-RS-I-04-G-91	-	$107,672
Total U.S. Department of Housing and Urban Development				$107,672
Total Expenditures of Federal Awards				$1,333,752

N/A - Not Available

GRANT COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018

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, 2018. 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.

KRIEGEL/GRAY/SHAW & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
TRADITIONAL YET PROGRESSIVE SERVICE SINCE 1962

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 of Grant County as of and for the year ended June 30, 2018, 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 19, 2018.

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.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the component unit deficiencies described in the accompanying schedule of findings and questioned costs to be material weakness: 2017-001, 2017-002, 2018-001.

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

A significant deficiency is a deficiency, or a combination o f deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency 2018-002, described in the accompany schedule of findings and questioned costs, to be a significant deficiency.

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the schedule of findings and questioned costs as item 2018-003.

The Medical Center's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 19, 2018

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, 2018. 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 Principals, 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, 2018.

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

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as items 2018-001. Our opinion on each major federal program is not modified with respect to these matters.

Grant County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Grant County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 19, 2018

GRANT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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?	X Yes	___ 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?	X Yes	___ 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
10.665	Schools and Roads

Dollar threshold used to distinguish between Type A and Type B Programs: $750,000

Auditee qualified as low-risk auditee?	X Yes	___ No

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS:

None.

CURRENT STATUS ON PRIOR YEAR FINDINGS:

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

Resolved and not repeated.

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

Resolved and not repeated.

COMPONENT UNIT:

CURRENT YEAR FINDINGS:

2018-001 Written Accounting Policies and Procedures - Material Weakness

Criteria - Accounting policies and procedures should be documented to ensure the Medical Center has consistent internal controls.

Condition - The Medical Center does not currently have written accounting policies and procedures.

Context - This finding appears to be a systemic problem.

Effect - The accounting for key transactions is not consistent. Accounting staff do not have clear guidance to follow in performing their duties. Key internal controls are at risk of not being consistently applied.

Cause - The Medical Center has not documented accounting policies and procedures in writing.

Recommendation - The Medical Center should develop written accounting policies and procedures for reference throughout operations.

Management's Response - The Medical Center accounting policies and procedures will be in place by March 31, 2019. The Medical Center's controller will be responsible for developing the written policies and procedures.

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS (CONTINUED):

2018-002 Charity Care - Significant Deficiency

Criteria - Charity and indigent care should be provided to patients and should be identified in the accounting records to ensure charity and indigent care are being provided to patients appropriately.

Condition - The Medical Center does not have written charity care and indigent care policies and procedures.

Context - This finding appears to be a systemic problem.

Effect - No charity care and indigent information was able to be identified for disclosure on the financial statements. Charity and indigent care may not have been provided to eligible patients.

Cause - The Medical Center has not developed written charity and indigent care policies and procedures to identify eligible patients.

Recommendation - The Medical Center needs to develop charity and indigent care policies. The Medical Center needs to identify eligible patients. The Medical Center needs to then separately account for charity and indigent care.

Management's Response - The Medical Center will develop and institute charity and indigent care policies by December 31, 2018. The Medical Center's chief financial officer will be responsible for implementation.

2018-003 Minimum Pledged Collateral Requirement - Compliance Finding

Criteria - In order to comply with Section 2.2.2.10 P (4)(b) NMAC, pledged collateral for deposits in banks must equal at least one-half of the amount of public money in each account.

Condition - The Medical Center did not meet the collateralization requirement with deposits held at US Bank at year end. The Medical Center was under collateralized by $360,829.

Context - This finding appears to be an isolated problem.

Effect - The Medical Center is not in compliance with Section 2.2.2.10 P (4)(b) NMAC and, as a result, exposes the Medical Center to custodial risk, in which the Medical Center would lose its assets not protected by the FDIC or that were not collateralized.

Cause - There are no policies and procedures regarding reviewing the collateralization requirement of the State of New Mexico. The US Bank account was set up to facilitate deposits collected by an outsourced business office organization.

Recommendation - Management should develop policies to ensure that the Medical Center's deposits are reviewed frequently to ensure that all deposits are properly collateralized in accordance with New Mexico State law.

Management's Response - The Medical Center is putting in place a policy to have all deposit accounts be 100 percent collateralized to avoid the risk of under collateralization. The Medical Center's chief financial officer will be responsible for correcting the collateralization issue as soon as possible.

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT STATUS ON PRIOR 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 – Seven 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 $2,018,205 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 – Processes were not in place to systematically reconcile all balance sheet accounts on a monthly basis.

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

Management's Response – These include prior period adjustments corrected in fiscal year 2018 audit. Capital assets/depreciation schedule was blended method due to the inadequacy of the Meditech fixed asset module. The spreadsheet approach, which is not the recommended method, had to be utilized. The grant program (revenue and expenses) was reviewed at the time of audit and is now accounted for properly. The Controller of Medical Center is responsible for the resolution of this issue. The reconciliation process should be in place by December 31, 2018, which will resolve this issue.

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.

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):

2017-002 Reconciliations – Material Weakness (CONTINUED)

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 – The monthly reconciliation process was initiated in fiscal year 2018. The only reconciliation in place at the beginning of the year was operating cash, which was not correct. The reconciliation process has been revamped to include change in responsibility and deadlines within the month end close time frame. The Controller of the Medical Center is responsible for the application of these reconciliation processes. The issue should be resolved by December 31, 2018.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

2018-001 Lack of Public Notice - Significant Deficiency **Questioned Cost: None**

CFDA # 10.665 Schools and Roads
National forest Reserve Distribution – Secure Rural Schools
Title III
Passed through the NM Department if Finance and Administration

Condition: The County failed to provide public notice 45 days prior to using the Title III funds.

Criteria: A participating county can use Title III County funds only after a 45-day public comment period at the beginning of which the participating county must:

- Publish in any publication of local record a proposal that describes the proposal use of county funds; and
- Submit the proposal to any resource advisory committee established under 16 USC 7125 for the participating county.

Cause: Oversight due to funding not received in the prior year. Typically this funding has been received annually.

Effect: The County may jeopardize future funding.

Recommendation: The county should revisit the grant requirements and schedule proper public notice for all future funding.

Management Response: Since we did not receive any funding last fiscal year, the advertising requirement was overlooked by Management. This has been brought to the attention of the Wildland Fire Manager and has been stressed to the Wildland Fire Manager the importance of following the funding requirements. The Wildland Fire Manager has noted on his calendar to advertise when future funding has been received. The Finance Director will notify the Wildland Fire Manager when funds become available.

**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, 2018

FINDINGS - FINANCIAL STATEMENT AUDIT	CURRENT STATUS
2007-001 Gasoline card purchase Activity Reports not Consistently Approved by Supervisors	Resolved
2017-002 County is not Enforcing Procurement Card Policies/Procedures	Resolved

FINDINGS RELATED TO THE COMPONENT UNIT

2017-001 Auditor-Detected adjustments	Repeated
2017-002 Reconciliations	Repeated

FINDINGS AND QUESTIONED COSTS - Major Federal Award Programs

None.

GRANT COUNTY
EXIT CONFERENCE
JUNE 30, 2018

EXIT CONFERENCE:

The exit conference was held November 7, 2018 and was attended by the following:

Representing Grant County:

Gerald W. Billings, 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
Jesus Cortez, Staff Auditor
Blair Baeza, Staff Auditor

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.