

**STATE OF NEW MEXICO
GUADALUPE COUNTY**

**ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED JUNE 30, 2017

**STATE OF NEW MEXICO
 GUADALUPE COUNTY
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2017**

TABLE OF CONTENTS

	<u>Page No.</u>
INTRODUCTORY SECTION:	
Official Roster	iv
FINANCIAL SECTION	
Independent Auditors' Report	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 9
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	12
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position.....	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	15
Statement of Revenues and Expenditures – Budget (Non-GAAP Budgetary Basis) and Actual (Non-GAAP Budgetary Basis):	
General Fund.....	16
County Road Fund.....	17
Capital Projects.....	18
Statement of Fiduciary Assets and Liabilities – Agency Funds	19
NOTES TO FINANCIAL STATEMENTS	20 - 52

**STATE OF NEW MEXICO
 GUADALUPE COUNTY
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2017**

TABLE OF CONTENTS (continued)

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the County’s Proportionate Share of the Net Pension Liability of PERA – Fund - Division Municipal General.....	54
Schedule of the County’s Proportionate Share of the Net Pension Liability of PERA – Fund - Division Municipal Police.....	55
Schedule of the County’s Proportionate Share of the Net Pension Liability of PERA – Fund - Division Municipal General.....	56
Schedule of the County’s Proportionate Share of the Net Pension Liability of PERA – Fund Division Municipal Police.....	57
Notes to Required Supplementary Information.....	58

SUPPLEMENTAL INFORMATION

Nonmajor Governmental Funds – (Descriptions).....	60 - 62
Combining Balance Sheet – Nonmajor Governmental Funds	63 - 66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	67 – 70
Fiduciary Fund (Description)	71
Schedule of Changes in Assets and Liabilities – Agency Funds.....	72
Schedule of Cash and Temporary Investments	73
Schedule of Pledged Collateral.....	74

OTHER SUPPLEMENTARY INFORMATION

Tax Roll Reconciliation – Changes in Property Taxes Receivable	76
Property Tax Schedule.....	77 - 81

**STATE OF NEW MEXICO
GUADALUPE COUNTY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017**

TABLE OF CONTENTS (continued)

COMPLIANCE SECTION

Internal Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matter Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>	82 - 83
Schedule of Findings and Responses.....	84
Exit Conference.....	85

**STATE OF NEW MEXICO
GUADALUPE COUNTY
OFFICIAL ROSTER
AS OF JUNE 30, 2017**

COUNTY COMMISSION

Albert E. Campos, Jr. Chairman
Ernest S. Tapia Vice-Chairman
James Eloy Moncayo Vice Chairman

ELECTED OFFICIALS

Roberta Chavez County Assessor
Patrick Martinez County Clerk
Michael Lucero County Sheriff
L. Diana Urban County Treasurer
Adam J. Gallegos Probate Judge

ADMINISTRATIVE OFFICIALS

George Dodge, Jr. County Manager
Rose Fernandez Finance Director
Susan A. Bailey Chief Deputy Treasurer
Jesus L. Lopez County Attorney



Independent Auditors' Report

Honorable Timothy Keller
New Mexico State Auditor
Santa Fe, New Mexico
and

Honorable Members of the Board of County Commissioners
Guadalupe County
Santa Rosa, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major governmental funds of Guadalupe County, New Mexico (the "County"), as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County's nonmajor governmental and fiduciary funds as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2017, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Guadalupe County Hospital, which represents 100 percent of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Guadalupe County Hospital, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2017, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major governmental funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and fiduciary fund of the County as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-9, Schedule of the County's Proportionate Share of the Net Pension Liability on page 54-55, and Schedules of County Contributions on pages 56-57, and the notest to the required supplementary information on page 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The other schedules required by Section 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 other schedules required by Section 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 22, 2017 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Kubiak Melton & Associates, LLC

Kubiak Melton & Associates, LLC
Auditors – Business Consultants - CPAs

Albuquerque, New Mexico
November 22, 2017

**STATE OF NEW MEXICO
GUADALUPE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

This discussion and analysis presents the highlights of financial activities and financial position for Guadalupe County. The analysis focuses on significant financial issues, major financial activities, resulting changes in financial position, budget changes and variances from the budget, and identifies individual fund issues or concerns. It is designed to focus on the current year's activities and should be read in conjunction with the County's financial statements.

Financial Highlights

- *Net Income* - In 2017 the County experienced an increase in net position (net income) of \$550,736.
- *Net Position* - The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of FY 2017 by \$19,423,267.
- *Revenues* - Revenues were \$7,311,594. Operating grants and contributions were \$2,869,454.
- *Expenditures* – Total expenditures were \$6,760,858 on a government-wide basis.
- *Intergovernmental Transfers* - The County supports several of its special revenue funds with transfers from the general fund. The funds transfers during the year were consistent with prior years and established practice. Total transfers in and transfers out were the same, \$1,181,549.

Overall Financial Condition of Guadalupe County - During the year the County improved its financial position with positive net income. Cash and cash equivalents were \$4,595,400 and restricted cash was \$125,670.

Overview of the Financial Statements

The County's basic financial statements have three components: government-wide financial statements, fund financial statements, and the notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements. Guadalupe County has four major funds: General Fund, Road Fund, Capital Projects Fund, and the Debt Service Fund. The Nonmajor Governmental Funds are comprised of 15 special revenue funds and one debt service fund. Fund descriptions are found on pages 61 and 62 of this report. Additionally, Guadalupe County has one fiduciary fund for collection and disbursement of property taxes and one component unit (Guadalupe County Hospital).

The government-wide financial statements are designed to provide readers with a broad overview of County finances as a whole in a manner similar to a private sector business. The statement of net assets presents information on all the County's assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets, over time, are an indicator of whether the financial position of the County is improving or declining.

The statement of activities presents information showing how the County's assets changed during the past fiscal year. All changes in net assets are reported when the underlying event or transaction occurs, regardless of the timing of related cash flows. Thus, revenues and expenses

**STATE OF NEW MEXICO
GUADALUPE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

are reported in this statement for some items that will result in cash flows in a future fiscal period such as uncollected property taxes and earned but unused, vacation leave.

Financial Statements

The County's government-wide statement of net position and statement of activities are presented in the following tables:

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	\$ 4,469,730	\$ 3,945,123
Restricted Cash	125,670	-
Receivables	465,144	362,164
Prepaid Insurance	48,795	72,345
Investments	-	-
Capital Assets, Net	<u>18,296,719</u>	<u>18,859,832</u>
TOTAL ASSETS	23,406,058	23,239,464
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - Pension Related	<u>1,142,376</u>	<u>209,980</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 24,548,434</u>	<u>\$ 23,449,444</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Current Liabilities	\$ 385,107	\$ 289,854
Long-Term Liabilities	<u>4,592,238</u>	<u>3,858,577</u>
TOTAL LIABILITIES	4,977,345	4,148,431
 DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - Pension Related	<u>147,822</u>	<u>87,842</u>
Total LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>5,125,167</u>	<u>4,236,273</u>
 NET POSITION		
Net Investment in Capital Assets	16,826,439	17,539,392
Restricted Net Position	3,301,285	2,386,755
Unrestricted Net Position	<u>(704,457)</u>	<u>(712,976)</u>
TOTAL NET POSITION	<u>19,423,267</u>	<u>19,213,171</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 24,548,434</u>	 <u>\$ 23,449,444</u>

**STATE OF NEW MEXICO
GUADALUPE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

	2017	2016
PROGRAM REVENUES		
Charges for Services	\$ 1,191,400	\$ 904,618
Grants and Contributions	2,869,454	2,311,877
TOTAL PROGRAM REVENUES	4,060,854	3,216,495
GENERAL REVENUES		
Taxes	2,908,963	2,421,082
Investments	-	21,020
Other	341,777	452,695
TOTAL GENERAL REVENUES	3,250,740	2,894,797
TOTAL REVENUES	7,311,594	6,111,292
EXPENDITURES		
General Government	2,122,361	1,529,399
Public Safety	1,465,433	1,895,466
Public Works	2,228,870	616,017
Health and Welfare	801,604	1,359,339
Culture and Recreation	85,500	31,282
Interest and Asset Disposal	-	25,051
Debt Service Principal and Interest	57,090	-
TOTAL EXPENDITURES	6,760,858	5,456,554
INCREASE IN NET POSITION	550,736	654,738
OTHER FINANCING SOURCES (USES)		
Transfers In	-	-
Transfers Out	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-
CHANGE IN NET POSITION	550,736	654,738
NET POSITION, BEGINNING OF YEAR	19,213,171	18,558,433
Restatement	(340,640)	-
Net Position, as Restated	18,872,531	-
NET POSITION, END OF YEAR	\$ 19,423,267	\$ 19,213,171

Analysis of Variations From the Actual and Final Amended Budget for the General Fund

Significant *revenue variances* in actual results vs. budget - Actual general fund revenues are \$75,469 more than budgeted revenues. In every General Fund revenue category the actual revenues exceeded the budgeted revenues.

Significant *expenditure variances* in actual results vs. budget - Actual general fund expenditures were \$1,264,140 less than budgeted expenditures. All categories of actual expenditures were below the budgeted amounts.

**STATE OF NEW MEXICO
GUADALUPE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

The following table summarizes the general fund results versus the final budget. Please note that this table is based on the traditional governmental funds accounting and therefore it has some differences from the government-wide statement of revenue, expenditures, and changes in fund balance.

	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES			
Taxes	\$ 1,604,750	\$ 1,688,889	\$ 84,139
Intergovernmental	889,894	774,635	(115,259)
Other	184,516	291,105	106,589
TOTAL REVENUES	2,679,160	2,754,629	75,469
EXPENDITURES			
Current			
General Government	1,983,491	1,508,145	475,346
Public Safety	530,359	501,402	28,957
Public Works	335,098	151,710	183,388
Capital Outlay	629,545	53,096	576,449
Debt Service:			
Principal	-	-	-
Interest	-	-	-
TOTAL EXPENDITURES	3,478,493	2,214,353	1,264,140
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(799,333)	540,276	(1,188,671)
OTHER FINANCING SOURCES (USES)			
Operating Transfers (net)	(168,118)	(166,966)	1,152
Proceeds of Debt	-	-	-
Designated Cash	-	-	-
Other	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(168,118)	(166,966)	1,152
Net Increase (Decrease)	\$ (967,451)	\$ 373,310	\$ 373,310

**STATE OF NEW MEXICO
GUADALUPE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$ 1,586,280	\$ 1,655,263	\$ 68,983
Intergovernmental	674,165	745,029	70,864
Other	<u>260,151</u>	<u>368,573</u>	<u>108,422</u>
TOTAL REVENUES	2,520,596	2,768,865	248,269
EXPENDITURES			
Current			
General Government	1,742,240	1,413,887	328,353
Public Safety	522,386	497,130	25,256
Public Works	647,620	169,496	478,124
Capital Outlay	308,030	98,662	209,368
Debt Service:			
Principal	-	-	-
Interest	-	-	-
TOTAL EXPENDITURES	<u>3,220,276</u>	<u>2,179,175</u>	<u>1,041,101</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(699,680)	589,690	1,289,370
OTHER FINANCING SOURCES (USES)			
Operating Transfers (net)	(272,744)	(503,376)	(230,632)
Proceeds of Debt	-	-	-
Designated Cash	643,566	-	(643,566)
GAAP Adjustments	<u>-</u>	<u>(12,170)</u>	<u>(12,170)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>370,822</u>	<u>(515,546)</u>	<u>(886,368)</u>
Net Increase (Decrease)	<u>\$ (328,858)</u>	<u>\$ 74,144</u>	<u>\$ 74,144</u>

Component Unit

The County has one component unit, which is the Guadalupe County Hospital. This is a 10-bed acute care facility that provides emergency and limited inpatient and outpatient services. It is more fully described in Note 19 to the financial statements.

Significant Capital Asset and Long-Term Debt Activity

Significant Capital Asset Additions - Capital asset additions for FY 2017 were \$870,206. There were no capital assets retired.

**STATE OF NEW MEXICO
GUADALUPE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Long-Term Debt Activity - Note 7 to the financial statements describes all of the County's long-term debt including terms and maturities. There was a small decrease to Long-Term Debt.

Request for Information

This financial report is designed to provide a general overview of Guadalupe County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the County Manager, Guadalupe County, 130 South 4th Street, Santa Rosa, New Mexico, 88435.

**STATE OF NEW MEXICO
GUADALUPE COUNTY
STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

	Governmental Activities	Component Unit
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 4,469,730	\$ 1,359,130
Investments	-	6,889,247
Receivables, Net	465,144	10,397
Hospital Receivables	-	1,305,810
Supplies Inventory and Other Assets	-	391,294
Prepaid Expenses	48,795	83,455
Total Current Assets	4,983,669	10,039,333
Noncurrent assets:		
Restricted Cash	125,670	598,000
Capital Assets	47,238,797	15,179,066
Less: Accumulated Depreciation	(28,942,078)	(3,849,844)
Capital Assets, Net	18,296,719	11,329,222
Total Noncurrent assets	18,422,389	11,927,222
TOTAL ASSETS	23,406,058	21,966,555
Deferred Outflows of Resources:		
Deferred Outflows - Pension Related	1,142,376	-
Total Deferred Outflows of Resources	1,142,376	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 24,548,434	\$ 21,966,555
LIABILITIES AND NET POSITION		
Current Liabilities:		
Accounts Payable	\$ 75,058	\$ 299,228
Accrued Liabilities	83,767	92,176
Estimated Third -Party Settlements	-	254,318
Accrued Compensated Absences	21,052	81,123
Current Portion of Long-term Debt	205,230	121,567
Total Current Liabilities	385,107	848,412
Noncurrent Liabilities:		
Net Pension Liability	3,264,032	-
Non-Current Portion of Compensated Absences Payable	63,156	-
Long-term Debt Due After One Year	1,265,050	706,186
Total Noncurrent Liabilities	4,592,238	706,186
TOTAL LIABILITIES	4,977,345	1,554,598
Deferred Inflows of Resources:		
Deferred Inflows - Pension Related	147,822	-
Total Deferred Inflows of Resources	147,822	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	5,125,167	1,554,598
NET POSITION		
Net Investment in Capital Assets	16,826,439	10,488,486
Restricted	3,301,285	598,000
Unrestricted	(704,457)	9,325,471
Total Net Position	19,423,267	20,411,957
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 24,548,434	\$ 21,966,555

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
GUADALUPE COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Functions and Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Unit
PRIMARY GOVERNMENT						
General Government	\$ 2,122,361	\$ 352,474	\$ 662,866	\$ 17,656	\$ (1,089,365)	\$ -
Public Safety	1,465,433	121,792	464,889	-	(878,752)	-
Public Works	2,228,870	383,095	1,258,538	345,349	(241,888)	-
Culture and Recreation	85,500	12,412	-	-	(73,088)	-
Health and Welfare	801,604	321,627	120,156	-	(359,821)	-
Interest on Long-term Debt	57,090	-	-	-	(57,090)	(33,362)
Total Primary Government	6,760,858	1,191,400	2,506,449	363,005	(2,700,004)	(33,362)
Component Unit:						
Guadalupe County Hospital	10,141,733	8,607,779	1,324,948	-	-	(209,006)
Total Component Unit	10,141,733	8,607,779	1,324,948	-	-	(209,006)
General Revenues:						
Taxes:						
Property Taxes					1,719,070	-
Gross Receipts Tax					348,841	-
Motor Vehicle and Fuel Taxes					501,867	-
Mill Levy					-	632,183
Other Taxes					339,185	-
Miscellaneous Revenue					338,161	73,940
Interest and Investments					3,616	24,876
Subtotal, General Revenues					3,250,740	730,999
Change in Net Position					550,736	488,631
Beginning Net Position					19,213,171	19,923,326
Restatement					(340,640)	-
Net Position, as Restated					18,872,531	-
Ending Net Position					\$ 19,423,267	\$ 20,411,957

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
GUADALUPE COUNTY
BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2017**

	<u>General Fund</u>	<u>County Road Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
ASSETS					
Cash and Cash Equivalents	\$ 2,389,003	\$ 266,270	\$ 1,051,507	\$ 762,950	\$ 4,469,730
Restricted Cash	-	-	-	125,670	125,670
Receivables:					
Property Taxes	162,632	-	-	-	162,632
Intergovernmental	21,322	55,209	121,851	88,321	286,703
Other Receivables, Net	-	-	-	15,809	15,809
Prepaid Expenses	25,189	7,630	-	15,976	48,795
TOTAL ASSETS	<u>\$ 2,598,146</u>	<u>\$ 329,109</u>	<u>\$ 1,173,358</u>	<u>\$ 1,008,726</u>	<u>\$ 5,109,339</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ 15,472	\$ 597	\$ -	\$ 58,989	\$ 75,058
Accrued Liabilities	56,863	16,721	-	10,183	83,767
Unearned Revenue	-	-	-	-	-
TOTAL LIABILITIES	72,335	17,318	-	69,172	158,825
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	121,825	-	-	-	121,825
TOTAL DEFERRED INFLOWS OF RESOURCES	121,825	-	-	-	121,825
FUND BALANCES					
Nonspendable Fund Balance	25,189	-	-	-	25,189
Spendable Fund Balance -	-	-	-	-	-
Restricted For:					
Subsequent Year Expenditures	869,623	86,434	-	-	956,057
Special Revenue Funds	-	225,357	-	818,648	1,044,005
Debt Service Funds	-	-	-	127,865	127,865
Capital Projects Funds	-	-	1,173,358	-	1,173,358
Unassigned	1,509,174	-	-	(6,959)	1,502,215
TOTAL FUND BALANCES	2,403,986	311,791	1,173,358	939,554	4,828,689
TOTAL LIABILITIES FUND BALANCES AND DEFERRED INFLOWS OF RESOURCES	<u>\$ 2,598,146</u>	<u>\$ 329,109</u>	<u>\$ 1,173,358</u>	<u>\$ 1,008,726</u>	<u>\$ 5,109,339</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
GUADALUPE COUNTY
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

Total Fund Balance - Governmental Funds \$ 4,828,689

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds

Capital Assets	47,238,797	
Accumulated Depreciation	<u>(28,942,078)</u>	
Capital Assets, Net		18,296,719

Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds:

Deferred Outflows Related to GASB 68		1,142,376
Deferred Inflows Related to GASB 68		<u>(147,822)</u>

Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities

121,825

Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of:

Debt: Long-term and Current Portion	(1,470,280)	
Net Pension Liability	(3,264,032)	
Compensated Absences Payable	<u>(84,208)</u>	
		<u>(4,818,520)</u>

Net Position of Governmental Activities **\$ 19,423,267**

**STATE OF NEW MEXICO
GUADALUPE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund	County Road Fund	Capital Projects	Nonmajor Governmental Funds	Total
REVENUES:					
Property Taxes	\$ 1,715,254	\$ -	\$ -	\$ -	\$ 1,715,254
Gross Receipts Taxes	-	-	153,221	195,620	348,841
Gas and Motor Vehicle Taxes	14,442	487,425	-	-	501,867
Federal Operating Grants	-	-	499,000	36,817	535,817
Federal Capital Grants	-	-	-	17,656	17,656
State Operating Grants	558,724	10,069	749,469	652,370	1,970,632
State Capital Grants	-	345,349	-	-	345,349
Payments in Lieu of Taxes	160,224	-	-	136,568	296,792
Charges for Services	272,108	-	383,095	536,197	1,191,400
Investment Income	3,616	-	-	-	3,616
Special Assessments	-	-	42,393	-	42,393
Special Assessments - Interest	-	-	-	-	-
Miscellaneous Revenue	36,703	-	-	301,458	338,161
Proceeds from Sale of Equipment	-	-	-	-	-
TOTAL REVENUES	<u>2,761,071</u>	<u>842,843</u>	<u>1,827,178</u>	<u>1,876,686</u>	<u>7,307,778</u>
EXPENDITURES					
Current					
General Government	1,541,036	-	-	210,141	1,751,177
Public Safety	507,580	-	-	827,263	1,334,843
Public Works	168,815	529,076	479,814	-	1,177,705
Culture and Recreation	-	-	-	85,500	85,500
Health and Welfare	-	-	-	688,775	688,775
Capital Outlay	44,068	20,294	723,960	81,884	870,206
Debt Service Principal	-	-	107,550	91,640	199,190
Debt Service Interest	-	-	6,799	50,291	57,090
TOTAL EXPENDITURES	<u>2,261,499</u>	<u>549,370</u>	<u>1,318,123</u>	<u>2,035,494</u>	<u>6,164,486</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	499,572	293,473	509,055	(158,808)	1,143,292
OTHER FINANCING SOURCES (USES)					
Transfers In	209,802	-	408,355	563,392	1,181,549
Transfers Out	(376,768)	(181,000)	(345,152)	(278,629)	(1,181,549)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(166,966)</u>	<u>(181,000)</u>	<u>63,203</u>	<u>284,763</u>	<u>-</u>
CHANGE IN FUND BALANCE	332,606	112,473	572,258	125,955	1,143,292
FUND BALANCE, BEGINNING	<u>2,071,380</u>	<u>199,318</u>	<u>601,100</u>	<u>813,599</u>	<u>3,685,397</u>
FUND BALANCE, ENDING	<u>\$ 2,403,986</u>	<u>\$ 311,791</u>	<u>\$ 1,173,358</u>	<u>\$ 939,554</u>	<u>\$ 4,828,689</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
GUADALUPE COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Net Changes in Fund Balance - Governmental Funds \$ 1,143,292

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, the governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeded capital outlays in the period:

Capital Outlay	870,206	
Depreciation Expense	<u>(1,433,319)</u>	
Excess (Deficiency) of Capital Outlay over Depreciation Expense		(563,113)

Change in deferred inflows related to property tax receivable		3,816
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The statement of activities reflects accruals related to GASB 68 implementation:

Pension Expense		(217,983)
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In the Statement of Activities, certain operating expenses including compensated absences and long term debt payments are measured by the amounts incurred during the year. In the fund financial statements, however, expenditures are measured by the amount of financial resources used (essentially the amounts actually paid):

Debt Service Principal		199,190
(Increase) Decrease in compensated absences payable for the year		<u>(14,466)</u>

Change in Net Position of Governmental Activities \$ 550,736

**STATE OF NEW MEXICO
GUADALUPE COUNTY
STATEMENT OF REVENUES AND EXPENSES, BUDGET (NON-GAAP BUDGETARY
BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) – GENERAL FUND - 101
FOR THE YEAR ENDED JUNE 30, 2017**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Property Taxes	\$ 1,591,750	\$ 1,591,750	\$ 1,674,447	\$ 82,697
Gross Receipts Taxes	-	-	-	-
Gas and Motor Vehicle Taxes	13,000	13,000	14,442	1,442
Federal Operating Grants	-	-	-	-
Federal Capital Grants	-	-	-	-
State Operating Grants	754,000	789,894	614,411	(175,483)
State Capital Grants	-	-	-	-
Payments in Lieu of Taxes	100,000	100,000	160,224	60,224
Charges for Services	149,104	158,521	250,786	92,265
Investment Income	4,000	4,000	3,616	(384)
Special Assessments	-	-	-	-
Special Assessments - Interest	-	-	-	-
Miscellaneous Revenue	21,000	21,995	36,703	14,708
Proceeds from Sale of Equipment	-	-	-	-
TOTAL REVENUES	<u>2,632,854</u>	<u>2,679,160</u>	<u>2,754,629</u>	<u>75,469</u>
EXPENDITURES				
Current				
General Government	1,982,747	1,983,491	1,508,145	475,346
Public Safety	500,984	530,359	501,402	28,957
Public Works	335,098	335,098	151,710	183,388
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	629,673	629,545	53,096	576,449
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	<u>3,448,502</u>	<u>3,478,493</u>	<u>2,214,353</u>	<u>1,264,140</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(815,648)	(799,333)	540,276	(1,188,671)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	209,802	209,802
Transfers Out	(168,118)	(168,118)	(376,768)	(208,650)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(168,118)</u>	<u>(168,118)</u>	<u>(166,966)</u>	<u>1,152</u>
INCREASE (DECREASE)	<u>(983,766)</u>	<u>(967,451)</u>	<u>\$ 373,310</u>	<u>\$ (1,187,519)</u>
PRIOR YEAR CASH BALANCE BUDGETED	<u>\$ 983,766</u>	<u>\$ 967,451</u>		

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements:

Revenues, Actual on a Budget Basis	\$ 2,964,431
Revenues, Actual on Modified Accrual Basis	2,970,873
Changes in Assets	<u>\$ (6,442)</u>
Expenditures, Actual on a Budget Basis	\$ 2,591,121
Expenditures, Actual on Modified Accrual Basis	2,638,267
Changes in Liabilities	<u>\$ (47,146)</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
GUADALUPE COUNTY
STATEMENT OF REVENUES AND EXPENSES, BUDGET (NON-GAAP BUDGETARY
BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
COUNTY ROAD FUND - 204
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-	-
Gas and Motor Vehicle Taxes	373,000	373,000	432,216	59,216
Federal Operating Grants	-	-	-	-
Federal Capital Grants	-	-	-	-
State Operating Grants	-	10,069	10,069	-
State Capital Grants	327,715	345,349	345,349	-
Payments in Lieu of Taxes	-	-	-	-
Charges for Services	-	-	-	-
Investment Income	-	-	-	-
Special Assessments	-	-	-	-
Special Assessments - Interest	-	-	-	-
Miscellaneous Revenue	23,000	23,000	-	(23,000)
Proceeds from Sale of Equipment	-	-	-	-
TOTAL REVENUES	<u>723,715</u>	<u>751,418</u>	<u>787,634</u>	<u>36,216</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	902,505	938,158	860,927	77,231
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	112,000	99,050	36,773	62,277
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	<u>1,014,505</u>	<u>1,037,208</u>	<u>897,700</u>	<u>139,508</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(290,790)	(285,790)	(110,066)	(103,292)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(181,000)	(181,000)	(181,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(181,000)</u>	<u>(181,000)</u>	<u>(181,000)</u>	<u>-</u>
INCREASE (DECREASE)	<u>(471,790)</u>	<u>(466,790)</u>	<u>\$ (291,066)</u>	<u>\$ (103,292)</u>
PRIOR YEAR CASH BALANCE BUDGETED	<u>\$ 471,790</u>	<u>\$ 466,790</u>		

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements:

Revenues, Actual on a Budget Basis	\$ 787,634
Revenues, Actual on Modified Accrual Basis	842,843
Intergovernmental receivables	<u>\$ (55,209)</u>
Expenditures, Actual on a Budget Basis	\$ 1,078,700
Expenditures, Actual on Modified Accrual Basis	730,370
Changes in Liabilities	<u>\$ 348,330</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
GUADALUPE COUNTY
STATEMENT OF REVENUES AND EXPENSES, BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) – CAPITAL PROJECTS - 300
FOR THE YEAR ENDED JUNE 30, 2017**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	100,000	100,000	131,899	31,899
Gas and Motor Vehicle Taxes	-	-	-	-
Federal Operating Grants	499,000	499,000	499,000	-
Federal Capital Grants	-	-	-	-
State Operating Grants	535,000	855,000	760,029	(94,971)
State Capital Grants	-	-	-	-
Payments in Lieu of Taxes	-	-	-	-
Charges for Services	260,000	260,000	329,785	69,785
Investment Income	-	-	-	-
Special Assessments	22,000	22,000	37,819	15,819
Special Assessments - Interest	-	-	-	-
Miscellaneous Revenue	-	-	-	-
Proceeds from Sale of Equipment	-	-	-	-
TOTAL REVENUES	<u>1,416,000</u>	<u>1,736,000</u>	<u>1,758,532</u>	<u>22,532</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	1,003,339	1,023,219	528,455	494,764
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	860,425	1,229,459	722,086	507,373
Debt Service Principal	115,000	115,000	114,349	651
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	<u>1,978,764</u>	<u>2,367,678</u>	<u>1,364,890</u>	<u>1,002,788</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(562,764)	(631,678)	393,642	(980,256)
OTHER FINANCING SOURCES (USES)				
Transfers In	77,600	77,600	408,355	330,755
Transfers Out	(102,916)	(102,916)	(345,152)	(242,236)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(25,316)</u>	<u>(25,316)</u>	<u>63,203</u>	<u>88,519</u>
INCREASE (DECREASE)	<u>(588,080)</u>	<u>(656,994)</u>	<u>\$ 456,845</u>	<u>\$ (891,737)</u>
PRIOR YEAR CASH BALANCE BUDGETED	<u>\$ 588,080</u>	<u>\$ 656,994</u>		

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements:

Revenues, Actual on a Budget Basis	\$ 2,166,887
Revenues, Actual on Modified Accrual Basis	2,235,533
Changes in Assets	<u>\$ (68,646)</u>
Expenditures, Actual on a Budget Basis	\$ 1,710,042
Expenditures, Actual on Modified Accrual Basis	1,663,275
Changes in Liabilities	<u>\$ 46,767</u>

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
GUADALUPE COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS - 511
AS OF JUNE 30, 2017

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 504,158
Property Taxes Receivable	302,869
TOTAL ASSETS	\$ 807,027
 LIABILITIES	
Deposits Held for Others	\$ 504,158
Due to Other Taxing Units	302,869
TOTAL LIABILITIES	\$ 807,027

See Independent Auditors' Report and Notes to Financial Statements

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Guadalupe County is a political sub-division of the State of New Mexico established and regulated by the constitution of the State of New Mexico. The County operates under a commission-manager form of government and provides the following services as authorized by public law: public safety (sheriff, fire, emergency medical, etc.), roads, health and social services, recreation, sanitation, planning and zoning, property assessment, tax collection and general administrative services.

The financial statements of Guadalupe County (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes US GAAP for governmental units. The more significant of the County's accounting policies are described below.

In June 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. In June 2011, the GASB approved Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*. Statement No. 37 clarifies and modifies Statement No. 34 and should be implemented simultaneously with Statement No. 34. Statement No. 38 modifies, establishes and rescinds certain financial statement disclosure requirements.

The County implemented the provisions of GASB No.'s 34, 37 and 38 effective July 1, 2002.

Financial Reporting Entity

GASB Statement No. 61 established criteria for determining the government reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the County is considered a *primary government*, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 61, fiscally independent means that the County may, without the approval or consent of another government entity, determine or modify its own budget, levy its own taxes or set rates or change, and issue bonded debt. The County also has one *component unit*, as defined by GASB Statement No. 61. The component unit which the County is financially accountable for is the Guadalupe County Hospital ("Hospital"). The County Commission is responsible for approving all of the Hospital's governing board members.

Separate financial statements for the Hospital may be obtained by contacting Guadalupe County Hospital, 117 Camino de Vida, Santa Rosa, NM 88435. There are no other primary governments for which the County Commissioners are financially accountable. There are no other primary governments with which the County has a significant relationship.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the primary government, not including fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The County had no business-type activities.

See Independent Auditors' Report

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and fund financial statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Ad valorem taxes (property taxes), and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The *agency funds* are custodial in nature (assets and liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the County holds for others in an agency capacity.

See Independent Auditors' Report

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus, basis of accounting, and financial statement presentation (continued)

Governmental funds are used to account for the County's general governmental activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt. Governmental funds include:

The *General Fund* is the primary operating fund of the County, and accounts for all financial resources, except those required to be accounted for in other funds.

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Capital Projects Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The *Debt Service Funds* account for the payment of principal and interest related to the County's debt.

Under the requirements of GASB Statement No. 34, the County is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund), which includes funds that were not required to be presented as major but were classified as such at the discretion of management:

The *Road Special Revenue Fund* accounts for the activities of the County's roads and highways, which provides service to the residents of the County. Authorized by sections 6-623, 7-1-6.19, 67-3-82.2, and Chapter 113, Laws of 1992, NMSA. To account for funds used to maintain County roads, including but not limited to administration, operation, maintenance, and capital outlay. Revenues are provided by motor vehicle fees, gas taxes, State appropriations, and State severance tax bonds.

The *Capital Projects Fund* accounts for the construction activities related to the County's construction projects.

Additionally, the government reports the following fund types:

The *fiduciary funds* are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The County's fiduciary funds are used to account for the collection and payment of property taxes and special fees to other governmental agencies.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes, because elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

See Independent Auditors' Report

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus, basis of accounting, and financial statement presentation (continued)

Program revenues included in the Statement of activities derive directly from the program itself or from parties outside the County's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the County's general revenues. Program revenues are categorized as (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, (b) program-specific operating grants, which includes revenues received from federal and state sources to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and other items not properly included among program revenues.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

The County reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The County does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated on the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Also, in addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County reports deferred inflows in the governmental funds regarding property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Equity

Deposits and Investments: The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the County are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

See Independent Auditors' Report

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Equity (continued)

Receivables and Payables: Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting funds and reduces its related cost as a reimbursement.

All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

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

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

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after May 10th are considered delinquent. The taxes attach as an enforceable lien on property as of January 1st.

Inventory: The County's method of accounting for inventory is the consumption method. Under the consumption approach, the government reports inventories they purchased as an asset and defers the recognition of the expenditure until the period in which the inventories actually are consumed. Inventory is valued at cost and consists of supplies and materials. The cost of purchased supplies and materials is recorded as an expenditure at the time individual inventory items are consumed.

Prepaid Items: Prepaid expenses include insurance payments to vendors and reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government wide financial statements and the governmental fund financial statements.

Capital Assets: Capital assets, which are property, plant, equipment, and infrastructure assets, (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (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. Lincoln County was a phase II government for purposes of implementing GASB 34. Therefore, the County was required to report its major general infrastructure assets retroactively to June 30, 1980. The County has made the required restatement for infrastructure assets retroactive to June 30, 1980, in order to properly implement GASB 34. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5).

See Independent Auditors' Report

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Equity (continued)

Capital Assets (continued):

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction. The County has an intangible asset for internally generated software and has determined that this software has an indefinite useful life and is not subject to amortization.

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

<u>Assets</u>	<u>Years</u>
Infrastructure	30-50
Building	30-50
Building Improvements	4-20
Vehicles	4-12
Computer Equipment	3-10
Furniture and Equipment	3-10

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2017, along with applicable PERA, FICA, and Medicare payable.

Deferred Outflows of Resources: In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The County has three types of items that qualifies for reporting in this category: Accordingly, the *deferred outflows of resources – pension related* reported for the year ended June 30, 2017 were \$1,142,376. This amount is reported in the Statement of Net Position. These amounts are deferred and recognized as outflows of resources in subsequent periods.

Deferred Inflows of Resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflow of resources. The County has two items, which arise under the modified accrual basis of accounting, that qualify for reporting in this category. Accordingly, the items, unavailable revenue – property taxes and unavailable revenue – special assessment, are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The County has recorded \$121,825 related to property taxes considered “unavailable.” In addition, the County has three types of deferred inflows which arise due to the implementation of GASB 68 and the related net pension liability.

See Independent Auditors' Report

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Equity (continued)

Deferred Inflows of Resources (continued): Accordingly, these items, net difference between projected and actual investment earnings, change in assumptions, and differences between expected and actual experience, are reported on the Statement of Net Position. Net difference between expected and actual investment earnings are amortized into pension expense over a five-year period. Changes in assumptions are amortized into pension expense over the average remaining service life of the employee participants. Differences between expected and actual experience are amortized into pension expense over the five-year period. The County has recorded \$147,822 related to all *deferred inflows of resources – pension related*.

Unearned Revenue: The County recognizes grant revenue at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are show as unearned revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be “available” under the current financial resources measurement focus are reported as unavailable revenues in the governmental fund financial statements. Guadalupe County had \$0 of unearned revenues related to Special Revenue Funds as of June 30, 2017.

Compensated Absences: The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated annual leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expecting to become eligible in the future to receive such payments upon termination are included.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

Long-term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. For bonds issued after GASB 34 was implemented, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method or on a straight line basis if the difference is inconsequential. For fund financial reporting, bond premiums, discounts as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Equity (continued)

Fund Balance: In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Some governments may not have policies or procedures that are comparable to those policies that underlie the classifications and therefore would not report amounts in all possible fund balance classifications.

In the governmental financial statements, fund balance is classified and is displayed in five components:

Nonspendable: Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted: Consists of amounts that are restricted to specific purposes as a result of (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: Consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of actions (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Assigned: Consists of amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned: Represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Restricted and Committed Fund Balance: At June 30, 2017, the County has presented restricted fund balance on the governmental funds balance sheet in the amount of \$3,301,285 for various County operations as restricted by enabling legislation. The details of these fund balance items are located on the governmental funds balance sheet as detailed on page 12.

Net Position: The financial statements net position is reported in three categories: net investment in capital assets, restricted, and unrestricted:

Net investment in capital assets – This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any related debt attributable to the acquisition, construction, or improvement of those assets.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Equity (continued)

Net Position (continued):

Restricted Net Position – Net position is reported as restricted when constraints placed on net position use are either (1) externally imposed by creditors, grantors, contributions or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for “special revenue, debt service, and capital projects” are described on pages 22 and 60-62.

Unrestricted Net Position – Net position that do not meet the definition of “restricted” and “Net Investment in Capital Assets.”

Fund Balance for Subsequent Years Expenditures. According to New Mexico State Statute and the New Mexico Department of Finance and Administration (DFA), Guadalupe County is required to reserve 3/12ths of the General Fund’s budgeted expenditures (\$869,623) for subsequent year expenditures to maintain an adequate cash flow until the next significant property tax collection. The DFA also requires that 1/12th of the Road Fund budgeted expenditures be reserved (\$86,434). The County has incorporated this reserve requirement within its financial policies approved by the County Commission. These balances are reported as assigned to subsequent years expenditures in the General Fund. The County is in compliance with these DFA requirements.

Accrued Employee Benefits: County employees may accumulate limited amounts of annual leave, personal leave and comp time which are payable to the employee upon termination or retirement. For governmental funds, expenditures are recognized during the period in which vacation costs become payable from available, expendable resources. A liability for amounts earned but not payable from available expendable resources is recorded in the statement of net position.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the County are management’s estimate of depreciation on assets over their estimated useful lives, the current portion of accrued compensated absences, uncollectible amounts of receivables, pension liability, and related deferred inflows and outflows of resources.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA’s fiduciary net position have been determined on the same basis as they are reported by PERA, 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.

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

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets of the County are prepared prior to June 1 and must be approved by resolution of the County Commissioners, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the County Commissioners and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total at the fund level.

These budgets are prepared on the Non-GAAP cash budgetary basis. Budgetary basis expenditures exclude encumbrances. The budget secures appropriation of funds for only one year. Carryover funds must be reappropriated in the budget of the subsequent fiscal year. In accordance with the terms of the various grant agreements within the Special Revenue Funds, revenues received in excess of expenditures carry over to subsequent years, unless such excess revenues are requested to be returned to the grantor.

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

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

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2017 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

NOTE 3: DEPOSITS AND INVESTMENTS

State statutes authorize the investment of County funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the County properly followed State investment requirements as of June 30, 2017.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the County. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

See Independent Auditors' Report

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

NOTE 3: DEPOSITS AND INVESTMENTS (CONTINUED)

Excess funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

All of the County's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the Standard Maximum Deposit Insurance Amount of \$250,000.

Custodial Credit Risk – Deposits

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk, other than following state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2017, \$4,446,119 of the County's bank balance of \$5,196,119 was exposed to custodial credit risk. Although the \$4,446,119 was uninsured, it was collateralized by collateral held by the pledging bank's trust department, not in the County's name. None of the County's deposits were uninsured and uncollateralized at June 30, 2017.

A list of deposits at June 30, 2017 is as follows:

	Wells Fargo	FNB of New Mexico	Total
Total Amount of Deposits	\$ 3,226,953	\$ 1,969,166	\$ 5,196,119
Less: FDIC Coverage	<u>(500,000)</u>	<u>(250,000)</u>	<u>(750,000)</u>
Total Uninsured Public Funds	\$ 2,726,953	\$ 1,719,166	\$ 4,446,119
Collateral requirement (50% of uninsured public funds)	1,363,477	859,583	2,223,060
Pledged Securities	<u>1,510,889</u>	<u>899,705</u>	<u>2,410,594</u>
Total (Over) Under Collateralized	<u>\$ (147,412)</u>	<u>\$ (40,122)</u>	<u>\$ (187,534)</u>

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 per respective institution.

The County utilizes pooled accounts for their funds. The General, Special Revenue, Capital Projects, and Agency Funds are all in multiple accounts.

As of June 30, 2017, the County's investment in the State Treasurer Local Government Investment Pool – Reserve Contingency Fund was unrated.

The County also has \$125,670 in NMFA reserve cash that is included as restricted cash in the Statement of Net Position.

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

NOTE 3: DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

Credit Risk

The New MexiGROW Local Government Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10(I) through 6-10-10(P) and Sections 6-10-10.1(A) and (E), NMSA 1978. The LGIP's investments are monitored by the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10.1(F), 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 amounts were invested. Participation in the LGIP is voluntary.

As of June 30, 2017, the County had the following investments and maturities:

<u>Type</u>	<u>Rating</u>	<u>Fair Market Value</u>	<u>Weighted Average Maturity</u>
New MexiGROW LGIP	AAAm	\$ 123	58 Days
LGIP Reserve Contingency Fund	Unrated	-	Non-Performing Asset
NMFA Treasury Fund	Unrated	125,670	< 1 year
Certificates of Deposit	Unrated	2,104,903	< 1 year

Interest rate risk. GASB Statement No. 40 defines interest rate risk as the risk that interest variations may adversely affect the fair value of an investment. According to the Statement, an acceptable method of reporting interest rate risk is weighted average maturity ("WAM"). The State Treasurer's Office uses this method for reporting purposes for the Local Government Investment Pool (LGIP). The WAM of the LGIP is identified on the monthly LGIP investment report found on the State Treasurer's Office website at www.nmsto.gov. As of June 30, 2017, the LGIP had a credit risk rating of AAAM and a WAM(R) of 58 days and a WAM(F) of 106 days.

Concentration of credit risk – Investments. The County places no limit on the amount the County may invest in any one issuer. The County is invested only in Wells Fargo Certificates of Deposit, Community 1st Bank of Las Vegas Certificates of Deposit, First National Bank of New Mexico Certificates of Deposit, U.S. Treasury Fund (NMFA Trust Account), and the State Treasurer's New MexiGROW LGIP.

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

NOTE 4: RECEIVABLES

Receivables as of June 30, 2017 are as follows:

Receivables:	Property Taxes	Inter - governmental	Other	Total
General	\$ 162,632	\$ 21,322	\$ -	\$ 183,954
Road	-	55,209	-	55,209
Capital Projects	-	121,851	-	121,851
Nonmajor Governmental Funds	-	88,321	63,087	151,408
Total Receivables	\$ 162,632	\$ 286,703	\$ 63,087	\$ 512,422
Less:				
Allowance for Uncollectible Accts.	-	-	(47,278)	(47,278)
Receivables, Net	\$ 162,632	\$ 286,703	\$ 15,809	\$ 465,144

Receivables include amounts due from other governments, property taxes, and solid waste billings. All receivables are current and therefore due within one year. Receivables are reported net of an allowance or uncollectible accounts. Allowances are reported when accounts are proven to be uncollectible. Under "other receivables - allowances for uncollectible accounts netted with accounts receivable were \$15,809 for the year ended June 30, 2017.

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$121,825 that were not collected within the period of availability have been reclassified as deferred inflow of resources in the governmental fund financial statements.

NOTE 5: TRANSFERS

Net operating transfers made to close out funds, to supplement other funding sources, and to repay previous transfers were as follows:

Governmental Funds	Transfers In	Transfers Out
General Fund	\$ 209,802	\$ 376,768
Road	-	181,000
Capital Projects	408,355	345,152
Debt Service	119,926	395
Corrections	175,773	-
Farm and Range	22,865	-
Law Enforcement	-	20,134
Recreation	45,282	-
Intergovernmental Grants	3,955	3,955
Senior Citizens Center	90,000	-
DWI Grant	16,288	15,401
Special Other Grant	26,967	238,744
Environmental GRT	62,336	-
Hazard Mitigation	-	-
Totals	\$ 1,181,549	\$ 1,181,549

See Independent Auditors' Report

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

NOTE 6: CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2017, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land and Construction in Progress are not subject to depreciation.

	<u>Balance June 30, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2017</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 323,711	\$ -	\$ -	\$ 323,711
Construction in Progress	201,050	13,171	-	214,221
Total Capital Assets not being depreciated	<u>524,761</u>	<u>13,171</u>	<u>-</u>	<u>537,932</u>
Capital assets being depreciated:				
Buildings	7,517,692	650,409	-	8,168,101
Machinery and Equipment	6,536,892	135,315	-	6,672,207
Furniture and Fixtures	626,889	47,470	-	674,359
Infrastructure	31,162,357	23,841	-	31,186,198
Total Capital Assets being depreciated	<u>45,843,830</u>	<u>857,035</u>	<u>-</u>	<u>46,700,865</u>
Less: Accumulated Depreciation for:				
Buildings	3,742,624	215,218	-	3,957,842
Machinery and Equipment	5,042,266	359,688	-	5,401,954
Furniture and Fixtures	372,358	83,488	-	455,846
Infrastructure	18,351,511	774,925	-	19,126,436
Total Accumulated Depreciation	<u>27,508,759</u>	<u>1,433,319</u>	<u>-</u>	<u>28,942,078</u>
Total Capital Assets being Depreciated, Net	<u>18,335,071</u>	<u>(576,284)</u>	<u>-</u>	<u>17,758,787</u>
Capital Assets, Net	<u>\$ 18,859,832</u>	<u>\$ (563,113)</u>	<u>\$ -</u>	<u>\$ 18,296,719</u>

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

<u>Function</u>	<u>Amount</u>
General Government	\$ 138,735
Public Safety	130,590
Public Works	1,051,165
Health and Welfare	112,829
Total	<u>\$ 1,433,319</u>

See Independent Auditors' Report

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

NOTE 7: LONG-TERM DEBT

During the year ended June 30, 2017, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Beginning Balance	Additions	Retirements	Adjustments	Ending Balance	Amount Due Within One Year
Notes Payable	\$ 1,320,440	\$ -	\$ (199,190)	\$ 349,030	\$ 1,470,280	\$ 205,230
Compensated Absences	69,742	63,105	(48,639)	-	84,208	21,052
Total	\$ 1,390,182	\$ 63,105	\$ (247,829)	\$ 349,030	\$ 1,554,488	\$ 226,282

	Balance June 30, 2017
Notes Payable	\$ 1,470,280
Less: Current Maturities	(205,230)
Total Non-Current Liabilities	\$ 1,265,050

Interest expense paid on long-term debt totaled \$57,090 for the year ended June 30, 2017 as indicated on the Statement of Activities.

The annual requirement to amortize the bond and notes payable as of June 30, 2017, including interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 205,230	\$ 44,619	\$ 249,849
2019	162,685	39,184	201,869
2020	98,813	36,022	134,835
2021	85,889	33,394	119,283
2022	88,283	30,635	118,918
2023-2027	393,058	110,505	503,563
2028-2032	74,000	68,835	142,835
2033-2037	86,000	55,538	141,538
2038-2042	102,000	40,012	142,012
2043-2047	120,000	21,686	141,686
2048-2052	54,322	2,768	57,090
Total	\$ 1,470,280	\$ 483,198	\$ 1,953,478

Notes Payable: The County maintains multiple loans through the New Mexico Finance Authority (NMFA). These loans are for multiple purposes including police units, and historical courthouse restorations. Loan payments are payable from the debt service fund.

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

NOTE 7: LONG-TERM DEBT (CONTINUED)

Loan principal and interest payments are made on a monthly basis to the NMFA as is required per the loan's debt schedules. Interest rates on the loans vary from 0.100% to 3.106% and loan payments are scheduled through 2027.

The County has a loan from United States of America. This loan was for the construction/renovation of the Dental Facility. Loan payments are payable from the related fund associated with the loan (general).

Loan principal and interest payments are made on an annual basis as is required per the debt schedules. Interest rate on the loan is 3.375% and loan payments are scheduled through 2049.

Compensated Absences: Employees of the County are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year ended June 30, 2017, compensated absences increased \$14,466 over the prior year accrual. See *Note 1* for more details.

NOTE 8: OPERATING LEASES

The County leases equipment under operating leases expiring during the next five years. Although renewal and purchase options are available on these leases, the County considers these to be operating leases as they contain a non-appropriation termination clause.

At June 30, 2017, future minimum lease payments applicable to the operating leases are as follows:

<u>Year Ending</u>	<u>Amount</u>
2018	\$ 80,338
2019	80,338
2020	80,338
2021	34,674
2022	<u>14,607</u>
Total	<u>\$ 290,295</u>

NOTE 9: RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft, or damage to, and destruction of assets; errors and omissions; injuries and natural disasters. Guadalupe County is a member and is insured through the New Mexico County Insurance Authority. The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The Authority acts as the common carrier for the State of New Mexico counties. The County pays an annual premium to the Authority based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. The County is not liable for more than the premiums paid.

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

NOTE 10: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

- A. Deficit fund balance of individual funds. The following fund reflected a deficit fund balance as of June 30, 2017:

Nonmajor Funds

- Enhanced 911 Special Revenue Fund – (\$6,959)

The County incurred more expenditures than revenue received in these funds in the current year. The County anticipates this fund balance will not be in a deficit state in subsequent years.

- B. Excess of expenditures over appropriations. There were not any funds with expenditures in excess of the budgeted appropriations.
- C. Designated cash appropriations in excess of available balances. There were not any funds that exceeded approved budgetary authority for the year ended June 30, 2017.

NOTE 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan description: The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C- 1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29- 4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

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

Benefits provided: For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2016 available at http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016-CAFR_12.22.2016_FINAL-with-corrections.pdf.

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

NOTE 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Contributions: The contribution requirements of defined benefit plan members and the County are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY16 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY15 annual audit report at <https://www.saonm.org/media/audits/366-B PERA Schedules of Employer Allocations and Pension Amounts FY16.pdf>. The PERA coverage options that apply to County are Municipal Plan 2 and Municipal Police Plan 5. Statutorily required contributions to the pension plan from the County were \$171,011 and employer paid member benefits that were “picked up” by the employer were \$0 for the year ended June 30, 2017.

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

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

NOTE 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

For PERA Fund Division Municipal Plan 2, at June 30, 2017, the County reported a liability of \$2,442,827 for its proportionate share of the net pension liability. At June 30, 2016, the County's proportion was 0.01529% percent, which decreased 0.0094% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized PERA Fund Division Municipal Plan 2 pension expense of \$145,175. At June 30, 2017, the County reported PERA Fund Division Municipal Plan 2 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	\$ 122,054	\$ 23,841
Changes of assumptions	143,243	406
Net difference between projected and actual earnings on pension plan investments	449,476	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	-	86,289
The County's contributions subsequent to the measurement date	126,212	-
Total	\$ 840,985	\$ 110,536

\$126,212 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension Expense as follows:

<u>Year Ended</u>	<u>Amount</u>
2018	\$ 121,142
2019	121,142
2020	250,387
2021	111,566
2022	-
Thereafter	-
Total	\$ 604,237

See Independent Auditors' Report

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

NOTE 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

For PERA Fund Division Municipal Police Plan 5, at June 30, 2017, the County reported a liability of \$821,205 for its proportionate share of the net pension liability. At June 30, 2017, the County's proportion was 0.1113%, which increased 0.0034% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the County recognized PERA Fund Division Municipal Police Plan 5 pension expense of \$72,808. At June 30, 2017, the County reported PERA Fund Division Municipal Police Plan 5 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	\$ 60,289	\$ -
Changes of assumptions	54,392	14,810
Net difference between projected and actual earnings on pension plan investments	129,878	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	12,034	22,476
The County's contributions subsequent to the measurement date	44,798	-
Total	\$ 301,391	\$ 37,286

\$44,798 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Amount</u>
2017	\$ 48,657
2018	48,657
2019	88,413
2020	33,580
2021	-
Thereafter	-
Total	\$ 219,307

See Independent Auditors' Report

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

NOTE 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

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

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, Open
Asset valuation period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.48% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	2.75% for the first 10 years, then 3.25% annual rate
Projected salary increases	2.75% to 14.00% annual rate
Includes inflation at	2.25% annual rate first 10 years, 2.75% all other years
Mortality assumption	RP-2000 Mortality tables (combined table for healthy post-retirements, 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 20, 2015 (economic)

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:

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

See Independent Auditors' Report

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

NOTE 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Discount rate: The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate: The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the County's net pension liability in each PERA Fund Division that the County participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

<u>PERA Fund Division Municipal Government</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
The County's proportionate share of the net pension liability	\$ 3,642,038	\$ 2,442,827	\$ 1,448,141

<u>PERA Fund Division Municipal Police</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
The County's proportionate share of the net pension liability	\$ 1,208,196	\$ 821,205	\$ 504,691

Payables to the pension plan: The County had no accrual for PERA benefits at June 30, 2017 for the pay period beginning June 19, 2017, and ending July 1, 2017.

NOTE 12: POST EMPLOYMENT BENEFITS—STATE RETIREE HEALTH CARE PLANS

The County has not elected to participate in the New Mexico Retiree Health Care Plan and there are no required contributions for fiscal year ending June 30, 2017.

NOTE 13: CONTINGENT LIABILITIES

The County is party to various claims and lawsuits arising in the normal course of business. The County is insured through the New Mexico County Insurance Authority. In the opinion of management, the outcome of these matters will not have a material effect on the financial position of the County.

NOTE 14: TAX ABATEMENTS

The County has evaluated GASB 77 with regard to tax abatements and has determined that the County is not a party to any agreements that abate taxes.

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

NOTE 15: CONCENTRATIONS

The County depends on financial resources flowing from, or associated with, property taxes, gross receipts taxes, the Federal Government and the State of New Mexico. Because of this dependency, the County is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State Appropriations; changes in gross receipts tax rates, collections, tourism, and Property values.

NOTE 16: FEDERAL AND STATE GRANTS

In the normal course of operations, the County receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

NOTE 17: RESTATEMENT

The government-wide financial statements have been restated by \$340,640 as a result of some notes payable balances not being included prior year's financial statements.

NOTE 18: SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2017, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 22, 2017 which is the date on which the financial statements were available to be issued.

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

NOTE 19: GUADALUPE COUNTY HOSPITAL

HOSPITAL NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

Guadalupe County Hospital (the Hospital) is a 10-bed county-owned acute care hospital located in Santa Rosa, New Mexico. The Hospital provides inpatient, outpatient, and emergency medical care services for residents of Guadalupe County (the County), as well as operates an onsite retail pharmacy.

The Board of County Commissioners of the County affirms the Hospital Board of Directors, and the Hospital may not issue debt without the County's approval. For this reason, the Hospital is considered to be a component unit of Guadalupe County, New Mexico. As organized, the Hospital is exempt from federal and state income taxes. There are no component units of the Hospital.

The Hospital has a management agreement with New Mexicare, Inc. (New Mexicare), a nonprofit health care management company, to supervise and direct the Hospital's daily operations. According to the agreement, the Hospital is to maintain a \$500,000 cash reserve in the event of hospital default. The management agreement in effect through December 31, 2017, stipulates that the Hospital pays New Mexicare a flat monthly fee of \$12,000 for management and pays the County \$8,000 per month for administrative services.

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 the 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 results could differ from those estimates.

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

Cash and cash equivalents – Cash and cash equivalents include business checking accounts maintained with local financial institutions, cash on hand, and investments in highly liquid debt instruments with an original maturity of three months or less. Deposits that are held by the County are not included in the Hospital's cash and cash equivalents.

Investments – Investments are recorded at fair value. Fair value is determined using quoted market prices.

Inventories – Inventories consist of medical, pharmaceutical, and laboratory supplies and are stated at cost using the first-in, first-out method.

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.

See Independent Auditors' Report

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

NOTE 19: GUADALUPE COUNTY HOSPITAL (CONTINUED)

b. Summary of Significant Accounting Policies (continued)

Cash and cash equivalents restricted by USDA loan agreement – The Hospital's revenue bonds with the United States Department of Agriculture require the Hospital to establish a reserve account, and each year set aside into that account an amount at least equal to one-tenth of one yearly payment. Written approval must be obtained from Rural Development, Community Programs to utilize any of the reserve.

Compensated absences – The liability for compensated absences consist of unpaid, accumulated annual personal leave balances. The liability has been calculated using the vesting method, whereby leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Employees can accumulate as many hours as they wish throughout the year and upon termination they will be paid out all vacation hours earned to date regardless of balance, until calendar year-end when any excess over 120 hours is forfeited.

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

Net position – Net position of the Hospital is classified in 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 Hospital, 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*.

Operating revenues and expenses – The Hospital'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 health care services – the Hospital's principal activity. Nonexchange revenues, including taxes and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Grants and contributions – From time to time, the Hospital receives grants from the state of New Mexico and others, 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 that are restricted to specific capital acquisitions are reported after nonoperating revenues and expenses. Grants that are for specific projects or purposes related to the Hospital'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.

See Independent Auditors' Report

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

NOTE 19: GUADALUPE COUNTY HOSPITAL (CONTINUED)

b. Summary of Significant Accounting Policies (continued)

Budgets and budgetary accounting – Prior to the beginning of each fiscal year, an accrual basis budget for the Hospital is prepared by the Hospital's management and is presented to the Board of Directors and the County Commissioners for approval. Expenditures cannot legally exceed the total fund budget. Any budget amendments are approved by the Board of Directors and County Commissioners. Budgeted amounts may be transferred between

Budgets and budgetary accounting – departments within a fund; however, any revisions that alter the total expenditures of a fund must be approved by the County Commissioners.

Change in accounting policies – Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurements and Application*, is effective for years beginning after June 15, 2015 (fiscal year ended June 30, 2016, for the Hospital). The statement establishes new requirements on how fair value should be measured, which assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. The adoption of this statement has no impact on change in net position.

Reclassifications – Certain amounts have been reclassified in the 2015 financial statements in order to be consistent with the 2016 financial statements. These reclassifications had no effect on the previously reported change in net position.

Subsequent events – The Hospital has evaluated subsequent events through September 22, 2017, the date on which the financial statements were available to be issued.

HOSPITAL NOTE 2: DEPOSITS AND INVESTMENTS

Custodial credit risk is the risk that in the event of a bank failure, the Hospital's deposits may not be returned to it.

The Hospital's deposits are covered by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each financial institution. In accordance with Section 6-10-17, NMSA, 1978 Compilation, the Hospital is required to collateralize an amount equal to one-half of the public money in excess of \$250,000 at each financial institution.

Of the Hospital's total deposits of \$8,939,315 at June 30, 2017, none of the Hospital's bank balance was uninsured or undercollateralized.

Fair value – The Hospital 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 Hospital's certificates of deposit are valued using quoted market prices (Level 2 input).

See Independent Auditors' Report

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

NOTE 19: GUADALUPE COUNTY HOSPITAL (CONTINUED)

HOSPITAL NOTE 2: DEPOSITS AND INVESTMENTS

The Hospital's investments are as follows:

<u>Location</u>	<u>Type</u>	<u>Fair Value</u>	<u>Less Than One</u>	<u>One to Five</u>	<u>Six to Ten</u>	<u>More Than Ten</u>
Held at County	CD	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -
Wells Fargo	Money Market	115,621	115,621			
Wells Fargo	CD	6,773,676	752,664	6,020,962	-	-
Total Investments		<u>\$ 7,389,297</u>	<u>\$ 1,368,285</u>	<u>\$ 6,020,962</u>	<u>\$ -</u>	<u>\$ -</u>

Certificates of deposit held at County – The management agreement between the Hospital and New Mexicare requires the County to maintain a reserve in the amount of \$500,000 for Hospital operations.

HOSPITAL NOTE 3: PATIENT ACCOUNTS RECEIVABLE

Patient accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectability of accounts receivable, the Hospital 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 Hospital 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 Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

The Hospital's allowance for uncollectible accounts for self-pay patients has not changed significantly from prior years. The Hospital 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 Hospital consisted of these amounts:

<u>Type</u>	<u>2017</u>
Receivables from Patients and Insurance Carriers	\$ 1,157,928
Receivables from Medicare	438,444
Receivables from Medicaid	166,651
Total Patient Accounts Receivable	1,763,023
Less: Allowance for Uncollectible Accounts	(537,837)
Net Patient Accounts Receivable	<u>\$ 1,225,186</u>

See Independent Auditors' Report

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

NOTE 19: GUADALUPE COUNTY HOSPITAL (CONTINUED)

HOSPITAL NOTE 4: CAPITAL ASSETS

In accordance with Section 12-6-10 NMSA 1987, the Hospital capitalizes assets whose costs exceed \$5,000 and with an estimated useful life of at least one year. Capital assets 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 10 years
- Buildings and improvements 40 years
- Equipment 3 to 20 years

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

	<u>Balance June</u> <u>30, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June</u> <u>30, 2017</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 187,363	\$ -	\$ -	\$ 187,363
Construction in Progress	-	-	-	-
Total Capital Assets not being depreciated	<u>187,363</u>	<u>-</u>	<u>-</u>	<u>187,363</u>
Capital assets being depreciated:				
Land Improvements	242,648	-	-	242,648
Buidlings and Improvements	12,375,001	45,885	-	12,420,886
Equipment	2,218,879	109,290	-	2,328,169
Total Capital Assets being depreciated	<u>14,836,528</u>	<u>155,175</u>	<u>-</u>	<u>14,991,703</u>
Less: Accumulated Depreciation for:				
Land Improvements	104,667	23,349	-	128,016
Buidlings and Improvements	1,552,947	314,562	-	1,867,509
Equipment	1,751,951	102,368	-	1,854,319
Total Accumulated Depreciation	<u>3,409,565</u>	<u>440,279</u>	<u>-</u>	<u>3,849,844</u>
Total Capital Assets being Depreciated, Net	<u>11,426,963</u>	<u>(285,104)</u>	<u>-</u>	<u>11,141,859</u>
Capital Assets, Net	<u>\$ 11,614,326</u>	<u>\$ (285,104)</u>	<u>\$ -</u>	<u>\$ 11,329,222</u>

See Independent Auditors' Report

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

NOTE 19: GUADALUPE COUNTY HOSPITAL (CONTINUED)

HOSPITAL NOTE 5: NONCURRENT LIABILITIES

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

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due Within One Year
Revenue Bonds Payable	\$ 943,919	\$ -	\$ 116,166	\$ 827,753	\$ 121,567
Compensated Absences	76,847	92,837	88,561	81,123	81,123
Total	<u>\$ 1,020,766</u>	<u>\$ 92,837</u>	<u>\$ 204,727</u>	<u>\$ 908,876</u>	<u>\$ 202,690</u>

	Balance June 30, 2017
Bonds Payable	\$ 827,753
Less: Current Maturities	(121,567)
Total Non-Current Liabilities	<u>\$ 706,186</u>

Long-term Debt – The terms and due dates of the Hospital's long-term debt at June 30, 2017 are as follows:

Guadalupe County, New Mexico Hospital Improvement Revenue Bonds, dated December 28, 2011, in the original amount of \$3,550,000, for the purpose of improvements and expansion of the Hospital's facilities. Payments of \$157,463, including 4.375% interest, are payable annually on December 28. The bonds were purchased by the United States Department of Agriculture under the provisions of the Consolidated Farm and Rural Development Act. The bonds are secured by Hospital net revenues and payments of bond principal are also secured by an insurance policy issued by a commercial insurer.

Annual principal and interest payments over the terms of long-term debt are as follows:

Year Ending June 30,	Principal	Interest	Total Payments
2018	\$ 121,567	\$ 36,949	\$ 158,516
2019	126,994	31,523	158,517
2020	132,662	25,854	158,516
2021	138,584	19,932	158,516
2022	144,770	13,746	158,516
2023	163,176	7,284	170,460
Total	<u>\$ 827,753</u>	<u>\$ 135,288</u>	<u>\$ 963,041</u>

HOSPITAL NOTE 6: NET PATIENT SERVICE REVENUE

The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Hospital 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 Hospital's uninsured patients will be unable or unwilling to pay for the services provided. The Hospital's provision for bad debts and writeoffs have not changed significantly from the prior year.

See Independent Auditors' Report

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

NOTE 19: GUADALUPE COUNTY HOSPITAL (CONTINUED)

HOSPITAL NOTE 6: NET PATIENT SERVICE REVENUE (CONTINUED)

The Hospital has not changed its charity care or uninsured discount policies during fiscal year 2016. Thus, the Hospital records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows:

	June 30, 2017
Patient Service Revenue (net of contractual adjustments and discounts):	
Medicare	\$ 3,339,000
Medicaid / Centennial Care	1,045,250
Other Third-Party Payers	2,974,536
Patients	646,102
	8,004,888
Less:	
Charity Care	(79,863)
Provision for Bad Debts	(735,550)
Net Patient Service Revenue	\$ 7,189,475

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors 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 Hospital is reimbursed for some items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare administrative contractor.
- *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 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.

The Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital 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 approximately \$254,000 in 2017, due to differences between original estimates and final settlements or revised estimates.

See Independent Auditors' Report

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

NOTE 19: GUADALUPE COUNTY HOSPITAL (CONTINUED)

HOSPITAL NOTE 6: NET PATIENT SERVICE REVENUE (CONTINUED)

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

HOSPITAL NOTE 7: SAFETY NET CARE POOL

The Hospital receives funding for uncompensated care costs through the State of New Mexico's safety net care pool program. The Hospital receives interim quarterly payments subject to settlement based on actual uncompensated care costs. The Hospital 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 decreased by approximately \$35,000 in 2017, respectively, due to differences between original estimates and final settlements or revised estimates.

HOSPITAL NOTE 8: MILL LEVY TAX

A New Mexico law adopted in 1980 and amended in 1981, allows counties to provide expanded tax support to qualified hospitals. The Hospital received mill levy proceeds from the County approximating \$632,000 in 2017. Mill levies were used in accordance with the provisions of the 1980 Hospital Funding Act, as amended.

HOSPITAL NOTE 9: RETIREMENT PLAN

The Hospital has a deferred compensation plan created in accordance with Internal Revenue Code §457. The name of the plan is Guadalupe County Hospital 457(b) Governmental Deferred Compensation Plan (the Compensation Plan). The Compensation Plan is available to all employees and permits them to defer a portion of their salary until withdrawn in future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Employee contributions to the Compensation Plan totaled approximately \$89,000 for the year ended June 30, 2017.

The Hospital provides a 401(a) profit-sharing pension plan for all employees with at least 90 days of service. The name of the plan is Guadalupe County Hospital 401(a) Plan (the Plan). The Hospital makes a contribution match of up to 3% of the employee's base wage. Employer contributions to the Plan are discretionary and are fully vested once the employee is eligible to participate in the Plan. The Hospital funds all retirement contributions and employees are not allowed to contribute to the Plan. Employer contributions to the Plan totaled approximately \$41,000 for the year ended June 30, 2017.

The plans are administered by the Hospital. The Hospital has the authority to amend the plans.

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

NOTE 19: GUADALUPE COUNTY HOSPITAL (CONTINUED)

HOSPITAL NOTE 10: RISK MANAGEMENT AND CONTINGENCIES

Medical malpractice claims – The Hospital has professional liability insurance coverage with Lexington Insurance Company. 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 Hospital purchases insurance to cover prior acts. The current professional liability insurance provides \$3,000,000 per claim of primary coverage with an annual aggregate limit of \$3,000,000. The policy has a \$5,000 deductible per claim.

Risk Management – The Hospital 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 health care 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 health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Hospital 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 known or cannot be asserted at this time.

HOSPITAL NOTE 11: CONCENTRATION OF RISK

Patient accounts receivable – The Hospital 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 Guadalupe County.

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

	2017
Patient Service Revenue (net of contractual adjustments and discounts):	
Medicare	21%
Medicaid / Centennial Care	25%
Patients	13%
Commercial and Other	<u>41%</u>
Total	<u>100%</u>

See Independent Auditors' Report

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

NOTE 19: GUADALUPE COUNTY HOSPITAL (CONTINUED)

HOSPITAL NOTE 11: CONCENTRATION OF RISK (CONTINUED)

Physicians – The Hospital is dependent on local physicians practicing 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 changes in their utilization patterns may have an adverse effect on hospital operations.

See Independent Auditors' Report

REQUIRED SUPPLEMENTARY INFORMATION

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

<u>MUNICIPAL GENERAL FUND</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability	0.1529%	0.1623%	0.1644%
County's proportionate share of the net pension liability	\$ 2,442,827	\$ 1,654,789	\$ 1,282,496
County's covered-employee payroll	\$ 1,321,600	\$ 1,309,267	\$ 1,278,932
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	184.84%	126.39%	100.28%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	76.99%	81.29%

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

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

<u>MUNICIPAL POLICE FUND</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability	0.1113%	0.1079%	0.1169%
County's proportionate share of the net pension liability	\$ 821,205	\$ 381,081	\$ 518,844
County's covered-employee payroll	\$ 237,026	\$ 221,386	\$ 220,307
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	346.46%	172.13%	235.51%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	76.99%	81.29%

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

**STATE OF NEW MEXICO
 GUADALUPE COUNTY
 SCHEDULE OF THE COUNTY'S
 CONTRIBUTIONS TO PERA PLAN DIVISION MUNICIPAL GENERAL
 Public Employees Retirement Association (PERA) Plan
 Last 10 Fiscal Years***

<u>MUNICIPAL GENERAL FUND</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 126,213	\$ 125,035	\$ 122,138
Contributions in relation to the contractually required contribution	<u>126,212</u>	<u>125,035</u>	<u>122,138</u>
Contribution deficiency (excess)	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 1,321,600	\$ 1,309,267	\$ 1,278,932
Contributions as a percentage of covered-employee payroll	9.55%	9.55%	9.55%

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

See Independent Auditors' Report

**STATE OF NEW MEXICO
 GUADALUPE COUNTY
 SCHEDULE OF THE COUNTY'S
 CONTRIBUTIONS TO PERA PLAN DIVISION MUNICIPAL POLICE
 Public Employees Retirement Association (PERA) Plan
 Last 10 Fiscal Years***

<u>MUNICIPAL POLICE FUND</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 44,798	\$ 41,842	\$ 41,638
Contributions in relation to the contractually required contribution	<u>44,798</u>	<u>41,842</u>	<u>41,638</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 237,026	\$ 221,386	\$ 220,307
Contributions as a percentage of covered-employee payroll	18.90%	18.90%	18.90%

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

See Independent Auditors' Report

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

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

Assumptions. The Public Employ Retirement Association of New Mexico Annual Actuarial Valuations as of June 2016 report is available at <http://www.nmpera.org/>.

SUPPLEMENTAL INFORMATION

**STATE OF NEW MEXICO
GUADALUPE COUNTY
NONMAJOR FUND DESCRIPTIONS
FOR THE YEAR ENDED JUNE 30, 2017**

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Correction Fee Fund – To account for funds that are used to defray expense of housing prisoners. Authorized by section 33-3-25, NMSA as amended by Chapter 27, Laws of 1985. Revenue source is from costs assessed in traffic offences committed within the County.

Environmental Gross Receipts Tax Fund – Authorized by section 7-20E-17, NMSA to account for a County environmental services gross receipts tax. The County is required to dedicate the entire revenue produced by the tax for the acquisition, construction, operation and maintenance of solid waste facilities, water facilities, sewer systems, and related facilities.

County Property Valuation Fund – To account for funds used to provide valuation services to the County and other local entities. This fund was created by authority of state statute (see Section 7-38- 38.1, NMSA 1978 Compilation).

Emergency Medical Service (EMS) Fund – To account for revenues and expenditures for Emergency Medical Services in Guadalupe County. These funds were created by the authority of state statute (see Section 59A-53-5, NMSA 1978 Compilation).

E-911 Enhanced Fund – A grant from the State of New Mexico Department of Finance and Administration for the upkeep and maintenance of the communications equipment at the County's 911 dispatch center.

Farm and Range Fund – Authorized by the Federal Taylor Grazing Act. Expenditures are restricted to soil conservation, rodent control, and related activities.

Anton Chico Fire Fund – Authorized by section 59a-53-3, NMSA. To account for the provision of fire and ambulance protection to residents of the Anton Chico area. Financing provided by the allotments from the State. Reported under the *Fire Fund*.

Puerto De Luna Fire Fund – Authorized by section 59a-53-3, NMSA. To account for the provision of fire and ambulance protection to the residents of Arch area. Financing is provided by allotments from the State. Reported under the *Fire Fund*.

Newkirk County Fire Fund – Authorized by section 59a-53-3, NMSA. To account for the provision of fire and ambulance protection to the residents of County. Financing is provided by allotments from the State. Reported under the *Fire Fund*.

Senior Center Fund – Grant from New Mexico Long Term Agency on Aging is to be used for renovations at the La Loma Senior Center.

Law Enforcement Fund – To account for revenues and expenditures for maintaining and improving the County's law enforcement department in order to enhance its efficiency and effectiveness. Funding is from the State appropriation authorized by Section 29-13-3f, NMSA.

Recreation Fund – Authorized by section 7-1-6.11, NMSA. To account for the provision of recreation to juvenile groups within the County. Revenues are provided by the County's allocation of State cigarette tax.

See Independent Auditors' Report

**STATE OF NEW MEXICO
GUADALUPE COUNTY
NONMAJOR FUND DESCRIPTIONS
FOR THE YEAR ENDED JUNE 30, 2017**

Special Revenue Funds (continued)

Intergovernmental Grants - New Mexico Aging Fund – To account for funding received by the County from the North Central New Mexico Economic Development District (NCNMEDD) Non-Metro Area Agency on Aging (Non-Metro AAA), to promote the development of a comprehensive and coordinated service delivery system to meet the needs of older individuals (age 60 and older), in accordance with the Older Americans Act of 1965 (OAA), as amended, as provided by the State of New Mexico Aging and Long Term Services Department.

Senior Citizens Fund – To provide services to senior citizens in Guadalupe County.

Indigent Fund – To account for revenues received from state shared gross receipts taxes for hospital service for indigent citizens of the County. The fund was created by authority of state statute (see Section 7-2OE-9, NMSA 1978 Compilation).

DWI Grant – To account for grant funds from the Department of Finance and Administration to provide quality substance abuse treatment, community education, outreach and primary prevention services to citizens of Guadalupe County. This fund was created by authority of state statute (See Section 31-12-7 of NMSA). Reported under the *DWI Program*.

DWI Distribution Fund – Authorized by NMSA 1978 sections 11-6A-1-6. To account for monies from the State to conduct DWI checkpoints across the State in an effort to reduce the number of people who are driving while under the influence of alcohol.

DWI Screening Fund – Referrals come from Magistrate and Municipal courts and also from the Juvenile Probation office. DWI offenders are normally screened after conviction. We screen at the courthouse and at the sheriff's office. The County charges \$100.00 for the screening fee. These fees are dependent on annual DWI convictions which have been decreasing in Guadalupe County. Costs attributed to screening include court attendance, telephone, internet, copy machine lease, supplies. Reported under the *DWI Program*.

DWI Donation Fund – Funding is a donation that comes from Juvenile Probation Office from minors in possession fines in lieu of jail time.

Recording and Filing Program Fund – To account for monies collected by the County Clerk's office for each instrument recorded and when the instrument is photocopied, in addition to any other fees authorized by law, the County Clerk may charge an equipment recording fee. The equipment recording fee revenues are expected to be expended only to rent, purchase, lease or lease-purchase equipment associated with recording, filing, maintaining or reproducing documents in the County Clerk's office and for staff training on office procedures and equipment. Authorized by NMSA 14-8-12.2. 68

Rural Primary Health Care Act Fund – To account for state funds relating to the improvement of health care services in the County. The authority to create this fund was given by New Mexico Statute, Chapter 113. Reported under the *Special Other Grant*.

Emergency Management Fund – A federally funded grant from the Office of Emergency Management used to employ an emergency manager plus fringe benefits. Reported under the *Special Other Grant*.

**STATE OF NEW MEXICO
GUADALUPE COUNTY
NONMAJOR FUND DESCRIPTIONS
FOR THE YEAR ENDED JUNE 30, 2017**

Special Revenue Funds (continued)

Homeland Security Fund – State grant issued by New Mexico Department of Homeland Security and Emergency Management. The monies are used for communications, emergency alert system and repeater sites, bay stations and backup batteries for repeaters. LETPP is also part of the grant and is used for Law Enforcement training. Reported under the *Special Other Grant*.

Debt Service Fund

Debt Service Fund – To account for the payment of principal and interest related to the County's debt.

**STATE OF NEW MEXICO
GUADALUPE COUNTY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Special Revenue				
	Corrections Fund	Environmental GRT	County Property Valuation	EMS	Enhanced 911
ASSETS					
Cash and Cash Equivalents	\$ 64,609	\$ 129,170	\$ 100,533	\$ 6,332	\$ -
Restricted Cash	-	-	-	-	-
Receivables:					
Property Taxes	-	-	-	-	-
Intergovernmental Receivable	38,174	4,574	-	-	-
Other Receivables, Net	-	15,809	-	-	-
Inventory	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-
TOTAL ASSETS	\$ 102,783	\$ 149,553	\$ 100,533	\$ 6,332	\$ -
 LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ 32,207	\$ 6,178	\$ 64	\$ 11	\$ 6,959
Accrued Liabilities	-	1,852	-	-	-
Unearned Revenue	-	-	-	-	-
Unavailable Revenue	-	-	-	-	-
TOTAL LIABILITIES	32,207	8,030	64	11	6,959
 FUND BALANCES					
Nonspendable Fund Balance	-	-	-	-	-
Spendable Fund Balance -	-	-	-	-	-
Restricted For:					
Subsequent Year Expenditures	-	-	-	-	-
Special Revenue Funds	70,576	141,523	100,469	6,321	-
Debt Service Funds	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Unassigned	-	-	-	-	(6,959)
TOTAL FUND BALANCES	70,576	141,523	100,469	6,321	(6,959)
TOTAL LIABILITIES AND FUND BALANCES	\$ 102,783	\$ 149,553	\$ 100,533	\$ 6,332	\$ -

**STATE OF NEW MEXICO
GUADALUPE COUNTY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS - continued
FOR THE YEAR ENDED JUNE 30, 2017**

	Special Revenue				
	Farm and Range	Fire Protection	Law Enforcement Protection	Recreation	Inter- Government Grants
ASSETS					
Cash and Cash Equivalents	\$ 4,182	\$ 184,352	\$ 3,349	\$ -	\$ -
Restricted Cash	-	-	-	-	-
Receivables:					
Property Taxes	-	-	-	-	-
Intergovernmental Receivable	-	-	-	-	8,800
Other Receivables, Net	-	-	-	-	-
Inventory	-	-	-	-	-
Prepaid Expenses	-	15,166	-	-	-
TOTAL ASSETS	<u>\$ 4,182</u>	<u>\$ 199,518</u>	<u>\$ 3,349</u>	<u>\$ -</u>	<u>\$ 8,800</u>
 LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ -	\$ 739	\$ -	\$ -	\$ 8,800
Accrued Liabilities	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
Unavailable Revenue	-	-	-	-	-
TOTAL LIABILITIES	-	739	-	-	8,800
 FUND BALANCES					
Nonspendable Fund Balance	-	-	-	-	-
Spendable Fund Balance -	-	-	-	-	-
Restricted For:					
Subsequent Year Expenditures	-	-	-	-	-
Special Revenue Funds	4,182	198,779	3,349	-	-
Debt Service Funds	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>4,182</u>	<u>198,779</u>	<u>3,349</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,182</u>	<u>\$ 199,518</u>	<u>\$ 3,349</u>	<u>\$ -</u>	<u>\$ 8,800</u>

**STATE OF NEW MEXICO
GUADALUPE COUNTY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS - continued
FOR THE YEAR ENDED JUNE 30, 2017**

	Special Revenue				
	Senior Citizen	Indigent	DWI Program	Recording Filing	Special Other Grant
ASSETS					
Cash and Cash Equivalents	\$ 1,859	\$ 144,715	\$ 14,181	\$ 26,528	\$ 80,945
Restricted Cash	-	-	-	-	-
Receivables:					
Property Taxes	-	-	-	-	-
Intergovernmental Receivable	8,215	21,322	7,236	-	-
Other Receivables, Net	-	-	-	-	-
Inventory	-	-	-	-	-
Prepaid Expenses	810	-	-	-	-
TOTAL ASSETS	<u>\$ 10,884</u>	<u>\$ 166,037</u>	<u>\$ 21,417</u>	<u>\$ 26,528</u>	<u>\$ 80,945</u>
 LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ 1,229	\$ 2,494	\$ 308	\$ -	\$ -
Accrued Liabilities	4,463	-	3,868	-	-
Unearned Revenue	-	-	-	-	-
Unavailable Revenue	-	-	-	-	-
TOTAL LIABILITIES	<u>5,692</u>	<u>2,494</u>	<u>4,176</u>	<u>-</u>	<u>-</u>
 FUND BALANCES					
Nonspendable Fund Balance	-	-	-	-	-
Spendable Fund Balance -	-	-	-	-	-
Restricted For:					
Subsequent Year Expenditures	-	-	-	-	-
Special Revenue Funds	5,192	163,543	17,241	26,528	80,945
Debt Service Funds	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>5,192</u>	<u>163,543</u>	<u>17,241</u>	<u>26,528</u>	<u>80,945</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,884</u>	<u>\$ 166,037</u>	<u>\$ 21,417</u>	<u>\$ 26,528</u>	<u>\$ 80,945</u>

**STATE OF NEW MEXICO
GUADALUPE COUNTY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS -
continued
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Debt Service</u>	<u>Total</u>
	<u>Debt</u>	<u>Nonmajor</u>
	<u>Service</u>	<u>Governmental Funds</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,195	\$ 762,950
Restricted Cash	125,670	125,670
Receivables:		-
Property Taxes	-	-
Intergovernmental Receivable	-	88,321
Other Receivables, Net	-	15,809
Inventory	-	-
Prepaid Expenses	-	15,976
TOTAL ASSETS	\$ 127,865	\$ 1,008,726
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ -	\$ 58,989
Accrued Liabilities	-	10,183
Unearned Revenue	-	-
Unavailable Revenue	-	-
TOTAL LIABILITIES	-	69,172
 FUND BALANCES		
Nonspendable Fund Balance	-	-
Spendable Fund Balance -	-	-
Restricted For:		
Subsequent Year Expenditures	-	-
Special Revenue Funds	-	818,648
Debt Service Funds	127,865	127,865
Capital Projects Funds	-	-
Unassigned	-	(6,959)
TOTAL FUND BALANCES	127,865	939,554
TOTAL LIABILITIES AND FUND BALANCES	\$ 127,865	\$ 1,008,726

See Independent Auditors' Report

**STATE OF NEW MEXICO
GUADALUPE COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Special Revenue				
	Corrections Fund	Environmental GRT	County Property Valuation	EMS	Enhanced 911
REVENUE					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	153,227	42,393	-	-	-
Gas and Motor Vehicle Taxes	-	-	-	-	-
Federal Operating Grants	-	-	-	-	-
Federal Capital Grants	-	-	-	-	-
State Operating Grants	-	-	-	5,000	87,912
State Capital Grants	-	-	-	-	-
Payments in Lieu of Taxes	-	-	-	-	-
Charges for Services	119,955	168,406	46,092	-	-
Investment Income	-	-	-	-	-
Special Assessments	-	-	-	-	-
Special Assessments - Interest	-	-	-	-	-
Miscellaneous Revenue	8,868	-	-	-	29,792
Proceeds from Sale of Equipment	-	-	-	-	-
TOTAL REVENUE	<u>282,050</u>	<u>210,799</u>	<u>46,092</u>	<u>5,000</u>	<u>117,704</u>
EXPENDITURES					
Current					
General Government	-	-	32,272	-	-
Public Safety	428,094	-	-	4,046	154,455
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Health and Welfare	-	296,994	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service Principal	-	-	-	-	-
Debt Service Interest	-	-	-	-	-
TOTAL EXPENDITURES	<u>428,094</u>	<u>296,994</u>	<u>32,272</u>	<u>4,046</u>	<u>154,455</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(146,044)	(86,195)	13,820	954	(36,751)
OTHER FINANCING SOURCES (USES)					
Transfers In	175,773	62,336	-	-	-
Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>175,773</u>	<u>62,336</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE	29,729	(23,859)	13,820	954	(36,751)
FUND BALANCE, BEGINNING	<u>40,847</u>	<u>165,382</u>	<u>86,649</u>	<u>5,367</u>	<u>29,792</u>
FUND BALANCE, ENDING	<u>\$ 70,576</u>	<u>\$ 141,523</u>	<u>\$ 100,469</u>	<u>\$ 6,321</u>	<u>\$ (6,959)</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
GUADALUPE COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (continued)
FOR THE YEAR ENDED JUNE 30, 2017**

	Special Revenue				
	Farm and Range	Fire Protection	Law Enforcement Protection	Recreation	Inter- Government Grants
REVENUE					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-	-	-
Gas and Motor Vehicle Taxes	-	-	-	-	-
Federal Operating Grants	-	-	-	-	-
Federal Capital Grants	-	-	-	-	-
State Operating Grants	-	159,586	119,012	-	104,142
State Capital Grants	-	-	-	-	-
Payments in Lieu of Taxes	-	-	-	-	-
Charges for Services	12,182	1,800	-	-	-
Investment Income	-	-	-	-	-
Special Assessments	-	-	-	-	-
Special Assessments - Interest	-	-	-	-	-
Miscellaneous Revenue	-	-	-	-	22,422
Proceeds from Sale of Equipment	-	-	-	-	-
TOTAL REVENUE	<u>12,182</u>	<u>161,386</u>	<u>119,012</u>	<u>-</u>	<u>126,564</u>
EXPENDITURES					
Current					
General Government	-	-	-	-	126,564
Public Safety	-	96,473	31,301	-	-
Public Works	-	-	-	-	-
Culture and Recreation	35,500	-	-	50,000	-
Health and Welfare	-	-	-	-	-
Capital Outlay	-	-	64,228	-	-
Debt Service Principal	-	-	-	-	-
Debt Service Interest	-	-	-	-	-
TOTAL EXPENDITURES	<u>35,500</u>	<u>96,473</u>	<u>95,529</u>	<u>50,000</u>	<u>126,564</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(23,318)	64,913	23,483	(50,000)	-
OTHER REVENUES (EXPENDITURES)					
Transfers In	22,865	-	-	45,282	3,955
Transfers Out	-	-	(20,134)	-	(3,955)
TOTAL OTHER FINANCING SOURCES (USES)	<u>22,865</u>	<u>-</u>	<u>(20,134)</u>	<u>45,282</u>	<u>-</u>
CHANGE IN FUND BALANCE	(453)	64,913	3,349	(4,718)	-
FUND BALANCE, BEGINNING	<u>4,635</u>	<u>133,866</u>	<u>-</u>	<u>4,718</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 4,182</u>	<u>\$ 198,779</u>	<u>\$ 3,349</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
GUADALUPE COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (continued)
FOR THE YEAR ENDED JUNE 30, 2017**

	Special Revenue				
	Senior Citizen	Indigent	DWI Program	Recording Filing	Special Other Grant
REVENUE					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-	-	-
Gas and Motor Vehicle Taxes	-	-	-	-	-
Federal Operating Grants	36,817	-	-	-	-
Federal Capital Grants	-	-	-	-	17,656
State Operating Grants	83,339	-	93,379	-	-
State Capital Grants	-	-	-	-	-
Payments in Lieu of Taxes	-	-	-	-	136,568
Charges for Services	230	153,221	37	7,691	4,983
Investment Income	-	-	-	-	-
Special Assessments	-	-	-	-	-
Special Assessments - Interest	-	-	-	-	-
Miscellaneous Revenue	26,289	46,577	15,065	94	26,681
Proceeds from Sale of Equipment	-	-	-	-	-
TOTAL REVENUE	<u>146,675</u>	<u>199,798</u>	<u>108,481</u>	<u>7,785</u>	<u>185,888</u>
EXPENDITURES					
Current					
General Government	-	-	-	5,956	45,349
Public Safety	-	-	112,894	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Health and Welfare	244,248	147,533	-	-	-
Capital Outlay	-	-	-	-	17,656
Debt Service Principal	-	-	-	-	-
Debt Service Interest	-	-	-	-	-
TOTAL EXPENDITURES	<u>244,248</u>	<u>147,533</u>	<u>112,894</u>	<u>5,956</u>	<u>63,005</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(97,573)	52,265	(4,413)	1,829	122,883
OTHER FINANCING SOURCES (USES)					
Transfers In	90,000	-	16,288	-	26,967
Transfers Out	-	-	(15,401)	-	(238,744)
TOTAL OTHER FINANCING SOURCES (USES)	<u>90,000</u>	<u>-</u>	<u>887</u>	<u>-</u>	<u>(211,777)</u>
CHANGE IN FUND BALANCE	(7,573)	52,265	(3,526)	1,829	(88,894)
FUND BALANCE, BEGINNING	<u>12,765</u>	<u>111,278</u>	<u>20,767</u>	<u>24,699</u>	<u>169,839</u>
FUND BALANCE, ENDING	<u>\$ 5,192</u>	<u>\$ 163,543</u>	<u>\$ 17,241</u>	<u>\$ 26,528</u>	<u>\$ 80,945</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
GUADALUPE COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (continued)
FOR THE YEAR ENDED JUNE 30, 2017**

	Debt Service Debt Service	Total Nonmajor Governmental Funds
REVENUE		
Property Taxes	\$ -	\$ -
Gross Receipts Taxes	-	195,620
Gas and Motor Vehicle Taxes	-	-
Federal Operating Grants	-	36,817
Federal Capital Grants	-	17,656
State Operating Grants	-	652,370
State Capital Grants	-	-
Payments in Lieu of Taxes	-	136,568
Charges for Services	21,600	536,197
Investment Income	-	-
Special Assessments	-	-
Special Assessments - Interest	-	-
Miscellaneous Revenue	125,670	301,458
Proceeds from Sale of Equipment	-	-
TOTAL REVENUE	147,270	1,876,686
EXPENDITURES		
Current		
General Government	-	210,141
Public Safety	-	827,263
Public Works	-	-
Culture and Recreation	-	85,500
Health and Welfare	-	688,775
Capital Outlay	-	81,884
Debt Service Principal	91,640	91,640
Debt Service Interest	50,291	50,291
TOTAL EXPENDITURES	141,931	2,035,494
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,339	(158,808)
OTHER FINANCING SOURCES (USES)		
Transfers In	119,926	563,392
Transfers Out	(395)	(278,629)
TOTAL OTHER FINANCING SOURCES (USES)	119,531	284,763
CHANGE IN FUND BALANCE	124,870	125,955
FUND BALANCE, BEGINNING	2,995	813,599
FUND BALANCE, ENDING	\$ 127,865	\$ 939,554

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**STATE OF NEW MEXICO
GUADALUPE COUNTY
FIDUCIARY FUNDS - DESCRIPTIONS
FOR THE YEAR ENDED JUNE 30, 2017**

Fiduciary Fund

Agency funds - To account for the collection and payment of property taxes and special fees to other governmental agencies. Agency funds are purely custodial and do not involve measurement of results of operations.

See Independent Auditors' Report

**STATE OF NEW MEXICO
GUADALUPE COUNTY
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Assets				
Cash and Cash Equivalents	\$ 502,947	\$ 1,211	\$ -	\$ 504,158
Property Taxes Receivable	<u>289,602</u>	<u>2,575,044</u>	<u>2,561,777</u>	<u>302,869</u>
Total Assets	<u>\$ 792,549</u>	<u>\$ 2,576,255</u>	<u>\$ 2,561,777</u>	<u>\$ 807,027</u>
Liabilities				
Deposits Held for Others	\$ 502,947	\$ 1,211	\$ -	\$ 504,158
Due to Other Taxing Units	<u>289,602</u>	<u>2,575,044</u>	<u>2,561,777</u>	<u>302,869</u>
Total Liabilities	<u>\$ 792,549</u>	<u>\$ 2,576,255</u>	<u>\$ 2,561,777</u>	<u>\$ 807,027</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
GUADALUPE COUNTY
SCHEDULE OF CASH AND TEMPORARY INVESTMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Bank Account Type / Name</u>	<u>Wells Fargo Bank</u>	<u>First National Bank</u>	<u>NMFA Bank</u>	<u>NM State Treasurer</u>	<u>Total</u>
Checking - Operational Accounts	\$ 3,009,454	\$ -	\$ -	\$ -	\$ 3,009,454
Checking - USDA / Dental Building	17,499	-	-	-	17,499
Trust - Courthouse Reserve	-	-	49,410	-	49,410
Trust - Guadalupe County PG Reserve	-	-	76,260	-	76,260
CDGB Veterans Building	-	63,828	-	-	63,828
Campos Memorial/Veterans	-	435	-	-	435
Certificates of Deposit	200,000	1,904,903	-	-	2,104,903
State Treasurer Investments	-	-	-	123	123
Total On Deposit	<u>3,226,953</u>	<u>1,969,166</u>	<u>125,670</u>	<u>123</u>	<u>5,321,912</u>
Reconciling Items:					
Deposits in Transit	1,011	-	-	-	1,011
Outstanding Checks	(223,810)	-	-	-	(223,810)
Reconciled Balance June 30, 2017	<u>\$ 3,004,154</u>	<u>\$ 1,969,166</u>	<u>\$ 125,670</u>	<u>\$ 123</u>	<u>5,099,113</u>
Petty Cash					445
Less: Agency Funds					(504,158)
Less: Restricted Cash					(125,670)
Total Unrestricted Cash and Cash Equivalents					<u>\$ 4,469,730</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
GUADALUPE COUNTY
SCHEDULE OF PLEDGED COLLATERAL
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>CUSIP #</u>	<u>Maturity</u>	<u>Fair / Par Market Value at June 30, 2017</u>
Wells Fargo	FMAC FGPC		7/1/2050	\$ 46,808
Wells Fargo	FNMA FNMS		10/1/2042	1,464,080
Total				<u>1,510,889</u>
First National Bank of NM	FHLMC Pool #J201127	311306XD83	8/1/2027	492,476
First National Bank of NM	Roy NM Muni Sch Dist	780040BD2	10/1/2017	15,105
First National Bank of NM	Roy NM Muni Sch Dist	780040BE0	10/1/2018	15,477
First National Bank of NM	Roy NM Muni Sch Dist	780040BF7	10/1/2019	10,546
First National Bank of NM	Logan NM Sch Dist	541066BE5	4/15/2021	127,979
First National Bank of NM	SBA Pool #522272	83165AW91	1/25/2029	238,122
Total				<u>\$ 899,705</u>

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OTHER SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
GUADALUPE COUNTY
TAX ROLL RECONCILIATION – CHANGES IN PROPERTY TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2017**

Property Taxes Receivable, Beginning of Year	\$	443,523
Changes to Tax Roll:		
Net Taxes Charged to Treasurer for Fiscal Year		4,257,367
Adjustments:		
Decreases in taxes receivable		86,035
Charge off of taxes receivable		<u>(33,443)</u>
Total Receivables Prior to Collections		4,753,482
Collections for the Fiscal Year Ended June 30, 2017		<u>(4,287,981)</u>
Property Taxes Receivable, End of Year	\$	<u><u>465,501</u></u>

Property Taxes Receivable by years:		
2007 - 2010	\$	50,603
2011		9,236
2012		11,952
2013		18,788
2014		49,547
2015		107,684
2016		<u>217,691</u>
Total Property Taxes Receivable	\$	<u><u>465,501</u></u>

Property taxes receivable reported in the financial statements as follows:		
Statement of Net Position	\$	162,632
Statement of Fiduciary Assets and Liabilities		<u>302,869</u>
Total Property Taxes Receivable	\$	<u><u>465,501</u></u>

**STATE OF NEW MEXICO
GUADALUPE COUNTY
PROPERTY TAX SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017**

Agency	Year	Property Taxes Levied	Collected in Current		Distributed in Current		County Receivable at Year End
			Year	Collected to Date	Year	Distributed to Date	
Guadalupe County	2016	\$ 1,682,323	\$ 1,603,120	\$ 1,603,120	\$ 1,603,120	\$ 1,603,120	\$ 76,719
Guadalupe County	2015	1,596,990	39,909	1,520,386	39,909	1,520,386	38,120
Guadalupe County	2014	1,469,012	16,140	1,436,828	16,140	1,436,828	17,140
Guadalupe County	2013	1,361,240	8,001	1,347,904	8,001	1,347,904	6,638
Guadalupe County	2012	1,279,286	1,649	1,273,347	1,649	1,273,347	4,311
Guadalupe County	2011	1,247,912	912	1,243,835	912	1,243,835	3,151
Guadalupe County	2010	1,189,600	709	1,183,875	709	1,183,875	5,003
Guadalupe County	2009	1,175,715	872	1,169,875	872	1,169,875	4,964
Guadalupe County	2008	1,063,552	747	1,058,702	747	1,058,702	4,660
Guadalupe County	2007	1,048,597	11,068	1,046,506	11,068	1,046,506	1,927
Total		13,114,227	1,683,128	12,884,378	1,683,128	12,884,378	162,633
Administrative Fees	2016	354	313	313	313	313	41
Administrative Fees	2015	339	21	262	21	262	16
Administrative Fees	2014	341	10	287	10	287	7
Administrative Fees	2013	349	8	293	8	293	7
Administrative Fees	2012	324	-	265	-	265	6
Administrative Fees	2011	291	-	263	-	263	6
Administrative Fees	2010	272	-	284	-	284	9
Administrative Fees	2009	271	-	317	-	317	6
Administrative Fees	2008	300	-	334	-	334	6
Administrative Fees	2007	288	-	324	-	324	3
Total		3,129	352	2,942	352	2,942	107
Omitted Assessments Fees	2016	72,270	65,865	65,017	65,865	65,017	3,847
Omitted Assessments Fees	2015	63,663	1,740	-	1,740	-	1,321
Omitted Assessments Fees	2014	49,125	280	193	280	193	895
Omitted Assessments Fees	2013	45,443	144	332	144	332	483
Omitted Assessments Fees	2012	43,274	22	896	22	896	314
Omitted Assessments Fees	2011	42,751	2	939	2	939	119
Omitted Assessments Fees	2010	34,360	-	25	-	25	89
Omitted Assessments Fees	2009	39,485	-	2,214	-	2,214	187
Omitted Assessments Fees	2008	36,222	70	669	70	669	40
Omitted Assessments Fees	2007	45,874	1,651	369	1,651	369	23
Total		\$ 472,467	\$ 69,774	\$ 70,654	\$ 69,774	\$ 70,654	\$ 7,318

See Independent Auditors' Report

**STATE OF NEW MEXICO
GUADALUPE COUNTY
PROPERTY TAX SCHEDULE (continued)
FOR THE YEAR ENDED JUNE 30, 2017**

Agency	Year	Property Taxes Levied	Collected in Current		Distributed in Current		County Receivable at Year End
			Year	Collected to Date	Year	Distributed to Date	
Guadalupe County Hospital	2016	\$ 635,583	\$ 603,157	\$ 119,156	\$ 603,157	\$ 119,156	\$ 31,502
Guadalupe County Hospital	2015	603,791	16,253	573,767	16,253	573,767	15,277
Guadalupe County Hospital	2014	558,105	6,622	544,832	6,622	544,832	7,051
Guadalupe County Hospital	2013	519,921	3,350	514,106	3,350	514,106	2,937
Guadalupe County Hospital	2012	491,677	730	488,996	730	488,996	1,965
Guadalupe County Hospital	2011	480,203	405	478,321	405	478,321	1,471
Guadalupe County Hospital	2010	458,054	308	455,659	308	455,659	2,082
Guadalupe County Hospital	2009	455,492	396	453,017	396	453,017	2,075
Guadalupe County Hospital	2008	412,479	286	410,439	286	410,439	1,955
Guadalupe County Hospital	2007	410,429	3,989	409,372	3,989	409,372	979
Total		5,025,734	635,496	4,447,665	635,496	4,447,665	67,294
New Mexico State Treasurer	2016	203,392	193,015	193,015	193,015	193,015	10,081
New Mexico State Treasurer	2015	193,232	5,202	244,075	5,202	244,075	4,889
New Mexico State Treasurer	2014	178,588	2,119	222,106	2,119	222,106	2,256
New Mexico State Treasurer	2013	166,376	1,072	209,444	1,072	209,444	940
New Mexico State Treasurer	2012	157,359	234	198,544	234	198,544	629
New Mexico State Treasurer	2011	154,935	132	196,010	132	196,010	482
New Mexico State Treasurer	2010	164,906	111	198,288	111	198,288	750
New Mexico State Treasurer	2009	123,240	107	159,655	107	159,655	562
New Mexico State Treasurer	2008	121,323	84	156,236	84	156,236	575
New Mexico State Treasurer	2007	117,986	1,146	163,163	1,146	163,163	281
Total		1,581,337	203,222	1,940,536	203,222	1,940,536	21,445
Municipalities	2016	291,092	266,358	266,358	266,358	266,358	25,303
Municipalities	2015	286,258	13,596	258,882	13,596	258,882	13,790
Municipalities	2014	280,836	5,765	269,623	5,765	269,623	5,706
Municipalities	2013	275,446	2,618	271,227	2,618	271,227	1,594
Municipalities	2012	266,666	509	265,309	509	265,309	840
Municipalities	2011	261,278	206	260,459	206	260,459	606
Municipalities	2010	253,195	181	251,436	181	251,436	1,571
Municipalities	2009	255,549	190	253,805	190	253,805	1,554
Municipalities	2008	238,522	118	236,985	118	236,985	1,531
Municipalities	2007	230,359	4,545	209,924	4,545	209,924	434
Total		\$ 2,639,201	\$ 294,086	\$ 2,544,008	\$ 294,086	\$ 2,544,008	\$ 52,929

See Independent Auditors' Report

**STATE OF NEW MEXICO
GUADALUPE COUNTY
PROPERTY TAX SCHEDULE (continued)
FOR THE YEAR ENDED JUNE 30, 2017**

Agency	Year	Property Taxes Levied	Collected in Current		Distributed in Current		County Receivable at Year End
			Year	Collected to Date	Year	Distributed to Date	
School Districts	2016	\$ 1,020,825	\$ 969,071	\$ 969,071	\$ 969,071	\$ 969,071	\$ 50,276
School Districts	2015	976,353	26,264	926,209	26,264	926,209	24,711
School Districts	2014	946,591	11,321	1,633,922	11,321	1,633,922	12,054
School Districts	2013	807,840	5,145	798,953	5,145	798,953	4,476
School Districts	2012	714,447	1,034	710,688	1,034	710,688	2,742
School Districts	2011	844,266	709	840,986	709	840,986	2,563
School Districts	2010	976,225	664	970,933	664	970,933	4,619
School Districts	2009	1,025,741	913	1,019,905	913	1,019,905	4,920
School Districts	2008	684,737	464	681,445	464	681,445	3,153
School Districts	2007	923,626	10,000	921,104	10,000	921,104	2,329
Total		\$ 8,920,651	\$ 1,025,585	\$ 9,473,216	\$ 1,025,585	\$ 9,473,216	\$ 111,843

See Independent Auditors' Report

**STATE OF NEW MEXICO
GUADALUPE COUNTY
PROPERTY TAX SCHEDULE (continued)
FOR THE YEAR ENDED JUNE 30, 2017**

Agency	Year	Property Taxes Levied	Collected in Current		Distributed in Current		County Receivable at Year End
			Year	Collected to Date	Year	Distributed to Date	
Luna Community College	2016	\$ 289,560	\$ 272,112	\$ 272,112	\$ 272,112	\$ 272,112	\$ 17,655
Luna Community College	2015	279,076	9,021	261,347	9,021	261,347	8,769
Luna Community College	2014	266,638	3,655	259,259	3,655	259,259	3,903
Luna Community College	2013	256,120	1,919	252,918	1,919	252,918	1,616
Luna Community College	2012	246,788	388	245,298	388	245,298	1,110
Luna Community College	2011	246,290	224	245,258	224	245,258	808
Luna Community College	2010	234,898	162	233,466	162	233,466	1,270
Luna Community College	2009	233,872	211	232,381	211	232,381	1,279
Luna Community College	2008	208,920	190	207,686	190	207,686	1,185
Luna Community College	2007	205,578	2,764	205,049	2,764	205,049	485
Total		2,467,740	290,646	2,414,774	290,646	2,414,774	38,080
Watermaster	2016	4,741	3,706	3,706	3,706	3,706	1,035
Watermaster	2015	4,917	605	3,866	605	3,866	446
Watermaster	2014	7,737	353	7,016	353	7,016	368
Watermaster	2013	11,836	-	11,836	-	11,836	-
Watermaster	2012	7,447	-	7,447	-	7,447	-
Watermaster	2011	3,818	-	3,817	-	3,817	-
Watermaster	2010	4,350	-	4,350	-	4,350	-
Watermaster	2009	2,374	-	2,375	-	2,375	-
Watermaster	2008	2,768	-	2,767	-	2,767	-
Watermaster	2007	3,761	-	3,761	-	3,761	-
Total		53,749	4,664	50,941	4,664	50,941	1,849
Guadalupe Soil and Water	2016	57,227	55,995	55,995	55,995	55,995	1,232
Guadalupe Soil and Water	2015	54,150	571	53,234	571	53,234	345
Guadalupe Soil and Water	2014	46,038	141	45,730	141	45,730	167
Guadalupe Soil and Water	2013	43,635	105	43,432	105	43,432	97
Guadalupe Soil and Water	2012	34,467	12	34,418	12	34,418	36
Guadalupe Soil and Water	2011	33,170	10	33,127	10	33,127	31
Guadalupe Soil and Water	2010	31,014	8	30,974	8	30,974	31
Guadalupe Soil and Water	2009	27,601	9	27,568	9	27,568	24
Guadalupe Soil and Water	2008	23,851	5	23,829	5	23,829	20
Guadalupe Soil and Water	2007	24,405	4	24,381	4	24,381	20
Total		\$ 375,558	\$ 56,860	\$ 372,688	\$ 56,860	\$ 372,688	\$ 2,003

See Independent Auditors' Report

**STATE OF NEW MEXICO
GUADALUPE COUNTY
PROPERTY TAX SCHEDULE (continued)
FOR THE YEAR ENDED JUNE 30, 2017**

Year	Property Taxes Levied	Collected in Current Year	Collected to Date	Distributed in Current Year	Distributed to Date	County Receivable at Year End
2016	\$ 4,257,367	\$ 4,032,712	\$ 3,547,863	\$ 4,032,712	\$ 3,547,863	\$ 217,691
2015	4,058,769	113,182	3,842,028	113,182	3,842,028	107,684
2014	3,803,011	46,406	4,419,796	46,406	4,419,796	49,547
2013	3,488,206	22,362	3,450,445	22,362	3,450,445	18,788
2012	3,241,735	4,578	3,225,208	4,578	3,225,208	11,953
2011	3,314,914	2,600	3,303,015	2,600	3,303,015	9,237
2010	3,346,874	2,143	3,329,290	2,143	3,329,290	15,424
2009	3,339,340	2,698	3,321,112	2,698	3,321,112	15,571
2008	2,792,674	1,964	2,779,092	1,964	2,779,092	13,125
2007	3,010,903	35,167	2,983,953	35,167	2,983,953	6,481
	<u>\$ 34,653,793</u>	<u>\$ 4,263,813</u>	<u>\$ 34,201,802</u>	<u>\$ 4,263,813</u>	<u>\$ 34,201,802</u>	<u>\$ 465,501</u>

See Independent Auditors' Report



INDEPENDENT AUDITORS' 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

Honorable Timothy Keller
New Mexico State Auditor
Santa Fe, New Mexico
and

Honorable Members of the Board of County Commissioners
Guadalupe County
Santa Rosa, 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, the discretely presented component unit, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major governmental funds, of Guadalupe County, New Mexico (the "County") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and the combining and individual funds of the County, presented as supplementary information, and have issued our report thereon dated November 22, 2017. Our report includes a reference to other auditors who audited the financial statements of Guadalupe County Hospital, as described in our report on Guadalupe County, New Mexico's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Kubiak Melton & Associates, LLC

Kubiak Melton & Associates, LLC
Auditors – Business Consultants - CPAs

Albuquerque, New Mexico
November 22, 2017

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

Section I – Financial Statement Findings

There were no findings for the year ended June 30, 2017.

Section II – Status of Prior Year Findings

2016-001 – Controls over Cash Disbursements – Significant Deficiency - Resolved

Section III – Guadalupe Hospital - Status of Prior Year Findings

There were no findings for the year ended June 30, 2017.

Section IV – Guadalupe Hospital - Status of Prior Year Findings

There were no prior year findings.

**STATE OF NEW MEXICO
GUADALUPE COUNTY
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2017**

An exit conference was held on November 22, 2017 to discuss the results of the audit. Attending were the following:

Representing the County:

James E. Moncayo, Commissioner
George Dodge, County Manager
Diana Urban, County Treasurer
Rose Fernandez, Finance Director
Monica B. Abeyta, Project Manager
Kenneth Flores, Assistant Project Manager

Representing the Independent Auditors:

Daniel O. Trujillo, CPA, CFE, CGFM, CGMA

Note: The financial statements in this report were prepared substantially by the Independent Audit firm of Kubiak Melton & Associates, LLC, with the assistance of County management.