



Luna County

Financial Statements
For the Year Ended June 30, 2019



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INTRODUCTORY SECTION

STATE OF NEW MEXICO

Luna County
Annual Financial Report
June 30, 2019
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STATE OF NEW MEXICO

Luna County
Official Roster
June 30, 2019

**Board of County
Commissioners**

<u>Name</u>	<u>Title</u>
Linda M. Smrkovsky	Chairman
Barbara Reedy	Member
John Sweetser	Member

Elected Officials

Andrea Rodriguez	County Clerk
Gloria Rodriguez	County Treasurer
Michelle Holguin	County Assessor
Kelly Gannaway	County Sheriff

**Administrative
Officials**

Chris Brice	County Manager
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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Mr. Brian S. Colón, Esq.
New Mexico State Auditor
County Commission
Luna County
U.S. Office of Management and Budget
Deming, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the General Fund and major special revenue funds of Luna County (the County), as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the County'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 County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the General Fund and major special revenue funds of Luna County, as of June 30, 2019, and the respective changes in financial position and where applicable, cash flows thereof, 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 Schedules A-1 through B-2 and notes to the Required Supplementary Information on pages 74 through 85 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 inquires 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.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, the combining and individual fund financial statements, the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and Supporting Schedules I through VII required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, the Schedule of Expenditures of Federal Awards, and Supporting Schedules I through VI required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, the Schedule of Expenditures of Federal Awards, and Supporting Schedules I through VI required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and Schedule VII has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2019 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.

A handwritten signature in blue ink that reads "Cordova CPAs LLC". The signature is written in a cursive, flowing style.

Cordova CPAs LLC
Albuquerque, New Mexico
November 25, 2019

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
Luna County
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 19,467,633	\$ 2,517,134	\$ 21,984,767
Investments	10,358,057	-	10,358,057
Receivables:			
Property taxes, net	3,486,933	-	3,486,933
Other taxes receivable	866,627	-	866,627
Due from other governments	1,218,312	812,044	2,030,356
Inventory	187,512	28,491	216,003
Internal balances	11,447	(11,447)	-
<i>Total current assets</i>	35,596,521	3,346,222	38,942,743
Noncurrent assets			
Restricted cash and cash equivalents	5,622,767	-	5,622,767
Capital assets	31,460,345	30,243,985	61,704,330
Less: accumulated depreciation	(15,822,446)	(6,460,716)	(22,283,162)
<i>Total noncurrent assets</i>	21,260,666	23,783,269	45,043,935
<i>Total assets</i>	56,857,187	27,129,491	83,986,678
Deferred outflows of resources			
Deferred outflows- pension	3,250,779	1,428,575	4,679,354
Deferred outflows- OPEB	113,031	51,613	164,644
<i>Total deferred outflows of resources</i>	3,363,810	1,480,188	4,843,998
<i>Total assets and deferred outflows of resources</i>	\$ 60,220,997	\$ 28,609,679	\$ 88,830,676

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

	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 1,697,798	\$ 404,825	\$ 2,102,623
Accrued payroll	340,816	156,049	496,865
Accrued interest	154,205	-	154,205
Current portion of bonds payable	820,987	-	820,987
<i>Total current liabilities</i>	<u>3,013,806</u>	<u>560,874</u>	<u>3,574,680</u>
Noncurrent liabilities			
Accrued compensated absences	531,306	283,042	814,348
Bond premium (net of amortization of \$54,519)	531,762	-	531,762
Bonds payable	19,008,237	-	19,008,237
Net pension liability	11,851,471	5,024,414	16,875,885
Net OPEB liability	5,827,863	2,657,082	8,484,945
<i>Total noncurrent liabilities</i>	<u>37,750,639</u>	<u>7,964,538</u>	<u>45,715,177</u>
<i>Total liabilities</i>	<u>40,764,445</u>	<u>8,525,412</u>	<u>49,289,857</u>
Deferred inflows of resources			
Deferred inflows- pension	830,242	361,295	1,191,537
Deferred inflows- OPEB	1,570,835	720,674	2,291,509
<i>Total deferred inflows of resources</i>	<u>2,401,077</u>	<u>1,081,969</u>	<u>3,483,046</u>
Net position			
Net investment in capital assets	-	23,783,269	23,783,269
Restricted for:			
Debt service	6,472,955	-	6,472,955
Capital projects	7,367,304	-	7,367,304
Special revenue projects	9,623,412	-	9,623,412
Unrestricted	(6,408,196)	(4,780,971)	(11,189,167)
<i>Total net position</i>	<u>17,055,475</u>	<u>19,002,298</u>	<u>36,057,773</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u>\$ 60,220,997</u>	<u>\$ 28,609,679</u>	<u>\$ 88,830,676</u>

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

STATE OF NEW MEXICO
Luna County
Statement of Activities
For the Year Ended June 30, 2019

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General government	\$ 5,736,107	\$ 443,605	\$ 987,087	\$ -
Public safety	6,036,793	70,768	1,489,490	-
Public works	4,151,668	265,162	1,310,501	-
Culture and recreation	342,777	132,422	-	-
Health and welfare	2,868,716	-	2,351,617	-
Interest and other charges	753,885	-	-	-
<i>Total governmental activities</i>	<u>19,889,946</u>	<u>911,957</u>	<u>6,138,695</u>	<u>-</u>
Business-type Activities:				
Detention	7,123,657	7,299,863	-	-
Entertainment Complex	1,690,851	1,514,273	-	-
LCDC Commissary	279,565	329,434	-	-
<i>Total business-type activities</i>	<u>9,094,073</u>	<u>9,143,570</u>	<u>-</u>	<u>-</u>
<i>Total</i>	<u>\$ 28,984,019</u>	<u>\$ 10,055,527</u>	<u>\$ 6,138,695</u>	<u>\$ -</u>

General Revenues and Transfers:

Taxes:

Gross receipts taxes

Property taxes, levied for general purposes

Gasoline and motor vehicle

Other

Investment income

Miscellaneous revenue

Gain/loss on disposal of capital assets

Unrealized gain/(loss) on investments

Contributed capital- transfer of capital assets (Note 6)

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, ending

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

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (4,305,415)	\$ -	\$ (4,305,415)
(4,476,535)	-	(4,476,535)
(2,576,005)	-	(2,576,005)
(210,355)	-	(210,355)
(517,099)	-	(517,099)
(753,885)	-	(753,885)
<u>(12,839,294)</u>	<u>-</u>	<u>(12,839,294)</u>
-	176,206	176,206
-	(176,578)	(176,578)
-	49,869	49,869
<u>-</u>	<u>49,497</u>	<u>49,497</u>
<u>(12,839,294)</u>	<u>49,497</u>	<u>(12,789,797)</u>
4,571,645	-	4,571,645
9,478,933	-	9,478,933
1,091,926	-	1,091,926
3,245	-	3,245
602,790	-	602,790
415,493	-	415,493
144,505	(2,408)	142,097
242,521	-	242,521
(12,811,201)	12,811,201	-
(594,017)	594,017	-
<u>3,145,840</u>	<u>13,402,810</u>	<u>16,548,650</u>
(9,693,454)	13,452,307	3,758,853
<u>26,748,929</u>	<u>5,549,991</u>	<u>32,298,920</u>
<u>\$ 17,055,475</u>	<u>\$ 19,002,298</u>	<u>\$ 36,057,773</u>

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

STATE OF NEW MEXICO

Luna County
Balance Sheet
Governmental Funds
June 30, 2019

	<u>General Fund</u>	<u>Road Fund</u>	<u>County Maintenance</u>
Assets			
Cash and cash equivalents	\$ 10,295,074	\$ 2,132,017	\$ 562,552
Investments	4,489,692	-	5,868,365
Receivables:			
Property taxes, net	1,295,862	2,133,006	-
Other taxes receivable	71,989	128,970	-
Due from other governments	141,988	-	34,105
Inventory	-	187,512	-
Due from other funds	632,263	-	-
	<u> </u>	<u> </u>	<u> </u>
<i>Total assets</i>	<u>\$ 16,926,868</u>	<u>\$ 4,581,505</u>	<u>\$ 6,465,022</u>
Liabilities, deferred inflows of resources, and fund balances			
<i>Liabilities</i>			
Accounts payable	\$ 247,656	\$ 1,029,635	\$ 14,676
Accrued payroll	242,546	43,447	-
Due to other funds	51,682	-	-
	<u> </u>	<u> </u>	<u> </u>
<i>Total liabilities</i>	<u>541,884</u>	<u>1,073,082</u>	<u>14,676</u>
<i>Deferred inflows of resources</i>			
Unavailable revenue - property taxes	<u>1,177,405</u>	<u>2,114,520</u>	<u>-</u>
<i>Total deferred inflows of resources</i>	<u>1,177,405</u>	<u>2,114,520</u>	<u>-</u>
<i>Fund balances</i>			
Nonspendable:			
Inventory	-	187,512	-
Spendable:			
Restricted for:			
General government	-	-	-
Public safety	-	-	-
Public works	-	1,206,391	-
Culture and recreation	-	-	-
Health and welfare	-	-	-
Capital acquisitions and improvements	-	-	6,450,346
Debt service	-	-	-
Minimum fund balance	2,869,545	-	-
Unassigned	12,338,034	-	-
	<u> </u>	<u> </u>	<u> </u>
<i>Total fund balances</i>	<u>15,207,579</u>	<u>1,393,903</u>	<u>6,450,346</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 16,926,868</u>	<u>\$ 4,581,505</u>	<u>\$ 6,465,022</u>

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

LCDC Addition (2015 Bond)	Other Governmental Funds	Total
\$ 290,136	\$ 11,810,621	\$ 25,090,400
-	-	10,358,057
-	58,065	3,486,933
-	665,668	866,627
-	1,042,219	1,218,312
-	-	187,512
-	66,778	699,041
<u>\$ 290,136</u>	<u>\$ 13,643,351</u>	<u>\$ 41,906,882</u>
\$ -	\$ 405,831	\$ 1,697,798
-	54,823	340,816
-	635,912	687,594
-	1,096,566	2,726,208
-	58,065	3,349,990
-	58,065	3,349,990
-	-	187,512
-	1,600,216	1,600,216
-	1,332,365	1,332,365
-	-	1,206,391
-	866,087	866,087
-	1,961,480	1,961,480
290,136	773,962	7,514,444
-	5,954,610	5,954,610
-	-	2,869,545
-	-	12,338,034
<u>290,136</u>	<u>12,488,720</u>	<u>35,830,684</u>
<u>\$ 290,136</u>	<u>\$ 13,643,351</u>	<u>\$ 41,906,882</u>

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

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STATE OF NEW MEXICO

Luna County

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2019

Exhibit B-1

Page 2 of 2

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

Fund balances - total governmental funds	\$	35,830,684
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		15,637,899
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		3,349,990
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and therefore, are not reported in funds:		
Deferred outflows- pension		3,250,779
Deferred outflows- OPEB		113,031
Deferred inflows- pension		(830,242)
Deferred inflows- OPEB		(1,570,835)
Certain liabilities, including bonds payable and related components, net pension and OPEB liabilities, accrued interest, and current and long-term portions of accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued compensated absences		(531,306)
Accrued interest		(154,205)
Bonds payable		(19,829,224)
Bond premium		(531,762)
Net pension liability		(11,851,471)
Net OPEB liability		(5,827,863)
		17,055,475
<i>Net position of governmental activities</i>	\$	17,055,475

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

STATE OF NEW MEXICO
Luna County
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	<u>General Fund</u>	<u>Road Fund</u>	<u>County Maintenance</u>
<i>Revenues</i>			
Taxes:			
Property	\$ 9,049,365	\$ -	\$ -
Gross receipts taxes	488,888	-	-
Gasoline, franchise, and motor vehicle	-	1,091,926	-
Lodgers tax	3,245	-	-
Intergovernmental:			
Federal operating grants	-	-	-
State operating grants	723,414	1,310,501	191,961
Charges for services	288,242	265,162	-
Investment income	491,736	-	111,054
Unrealized gain/(loss) on investments	71,319	-	171,202
Miscellaneous	387,779	-	-
<i>Total revenues</i>	<u>11,503,988</u>	<u>2,667,589</u>	<u>474,217</u>
<i>Expenditures</i>			
Current:			
General government	4,796,219	-	327,077
Public safety	3,351,879	-	-
Public works	723,151	3,138,662	-
Culture and recreation	94,383	-	-
Health and welfare	-	-	-
Capital outlay	28,584	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>8,994,216</u>	<u>3,138,662</u>	<u>327,077</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,509,772</u>	<u>(471,073)</u>	<u>147,140</u>
<i>Other financing sources (uses)</i>			
Transfers in	-	-	-
Transfers (out)	(104,200)	-	-
Proceeds from sale of capital assets	-	120,005	-
<i>Total other financing sources (uses)</i>	<u>(104,200)</u>	<u>120,005</u>	<u>-</u>
<i>Net change in fund balance</i>	2,405,572	(351,068)	147,140
<i>Fund balance - beginning of year</i>	<u>12,802,007</u>	<u>1,744,971</u>	<u>6,303,206</u>
<i>Fund balance - end of year</i>	<u>\$ 15,207,579</u>	<u>\$ 1,393,903</u>	<u>\$ 6,450,346</u>

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

LCDC Addition (2015 Bond)	Other Governmental Funds	Total
\$ -	\$ 172,948	\$ 9,222,313
-	4,082,757	4,571,645
-	-	1,091,926
-	-	3,245
-	1,318,973	1,318,973
-	2,593,846	4,819,722
-	358,553	911,957
-	-	602,790
-	-	242,521
-	27,714	415,493
<u>-</u>	<u>8,554,791</u>	<u>23,200,585</u>
40,856	278,244	5,442,396
-	2,019,866	5,371,745
-	-	3,861,813
-	240,332	334,715
-	2,701,971	2,701,971
605,707	435,458	1,069,749
-	778,244	778,244
-	672,230	672,230
<u>646,563</u>	<u>7,126,345</u>	<u>20,232,863</u>
<u>(646,563)</u>	<u>1,428,446</u>	<u>2,967,722</u>
-	110,183	110,183
-	(600,000)	(704,200)
-	24,500	144,505
<u>-</u>	<u>(465,317)</u>	<u>(449,512)</u>
(646,563)	963,129	2,518,210
<u>936,699</u>	<u>11,525,591</u>	<u>33,312,474</u>
<u>\$ 290,136</u>	<u>\$ 12,488,720</u>	<u>\$ 35,830,684</u>

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

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STATE OF NEW MEXICO

Luna County

Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019

Exhibit B-2

Page 2 of 2

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

Net change in fund balances - total governmental funds	\$	2,518,210
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Governmental funds report capital outlays as expenditures. However, in
the statement of activities, the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense:

Capital outlay additions reported in capital outlay expenditures		1,069,749
Depreciation expense		(840,570)
Contributed capital- transfer of capital assets (Note 6)		(12,811,201)

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenue in the funds:

Change in deferred inflows related to the property taxes receivable		256,620
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Governmental funds report County pension and OPEB contributions as expenditures. However
in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee
contributions is reported as pension and OPEB expense:

County pension contributions subsequent to measurement date		593,772
Pension expense		(1,349,196)
County OPEB contributions subsequent to measurement date		111,677
OPEB expense		21,819

Expenses in the Statement of Activities that do not require current financial
resources are not reported as expenditures in the funds:

Decrease in accrued compensated absences		39,077
Increase in accrued interest		(101,785)

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial
resources to governmental funds, while the repayment of the principal of long-term
debt consumes the current financial resources of governmental funds. Neither
transaction, however, has any effect on net position. Also, governmental funds
report the effect of premiums and similar items when debt is first issued, whereas
these amounts are deferred and amortized in the Statement of Activities:

Principal payments on loans		778,244
Amortization of bond premiums		20,130
		20,130

<i>Change in net position of governmental activities</i>	<i>\$</i>	<i>(9,693,454)</i>
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The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Exhibit C-1

Luna County

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ 8,497,138	\$ 8,497,138	\$ 9,188,215	\$ 691,077
Gross receipts	750,000	750,000	419,735	(330,265)
Lodgers tax	2,800	2,800	3,245	445
Intergovernmental:				
Federal operating grants	445,000	445,000	333,648	(111,352)
State operating grants	176,600	176,600	252,500	75,900
Charges for services	274,600	274,600	266,724	(7,876)
Licenses and fees	23,350	23,350	20,523	(2,827)
Investment income	75,000	75,000	491,734	416,734
Miscellaneous	308,093	308,093	391,874	83,781
<i>Total revenues</i>	<u>10,552,581</u>	<u>10,552,581</u>	<u>11,368,198</u>	<u>815,617</u>
<i>Expenditures</i>				
Current:				
General government	5,637,476	5,708,625	4,728,691	979,934
Public safety	3,664,939	3,792,559	3,322,281	470,278
Public works	1,136,950	1,136,950	719,274	417,676
Culture and recreation	164,358	164,458	94,603	69,855
Health and welfare	-	-	-	-
Capital outlay	56,317	56,317	56,317	-
<i>Total expenditures</i>	<u>10,660,040</u>	<u>10,858,909</u>	<u>8,921,166</u>	<u>1,937,743</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(107,459)</u>	<u>(306,328)</u>	<u>2,447,032</u>	<u>2,753,360</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	107,459	306,328	-	(306,328)
Unrealized gain/loss on investments	-	-	71,319	71,319
Transfers in	-	-	-	-
Transfers (out)	-	-	(104,200)	(104,200)
<i>Total other financing sources (uses)</i>	<u>107,459</u>	<u>306,328</u>	<u>(32,881)</u>	<u>(339,209)</u>
<i>Net change in fund balance</i>	-	-	2,414,151	2,414,151
<i>Fund balance - beginning of year</i>	-	-	12,951,196	12,951,196
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>15,365,347</u>	<u>\$ 15,365,347</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 2,414,151	
Adjustments to revenues for gross receipt taxes, other taxes and federal grants.			64,471	
Adjustments to expenditures for salaries and operating expenses.			(73,050)	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 2,405,572</u>	

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

STATE OF NEW MEXICO

Exhibit C-2

Luna County

Road Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ 861,938	\$ 861,938	\$ -	\$ (861,938)
Gross receipts	1,025,000	1,025,000	1,082,632	57,632
Lodgers tax	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	478,457	1,465,552	1,313,684	(151,868)
Charges for services	-	-	265,162	265,162
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>2,365,395</u>	<u>3,352,490</u>	<u>2,661,478</u>	<u>(691,012)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	2,401,730	3,196,125	2,140,329	1,055,796
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	200,000	-	200,000
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,401,730</u>	<u>3,396,125</u>	<u>2,140,329</u>	<u>1,255,796</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(36,335)</u>	<u>(43,635)</u>	<u>521,149</u>	<u>564,784</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	36,335	43,635	-	(43,635)
Proceeds from sale of capital assets	-	-	120,005	120,005
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>36,335</u>	<u>43,635</u>	<u>120,005</u>	<u>76,370</u>
<i>Net change in fund balance</i>	-	-	641,154	641,154
<i>Fund balance - beginning of year</i>	-	-	1,490,863	1,490,863
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>2,132,017</u>	<u>\$ 2,132,017</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 641,154	
Adjustments to revenues for property and gross receipts taxes.			6,111	
Adjustments to expenditures for salaries and operating expenses.			(998,333)	
<i>Net change in fund balance (GAAP)</i>			<u>\$ (351,068)</u>	

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

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STATE OF NEW MEXICO

Exhibit C-3

Luna County

County Maintenance

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Lodgers tax	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	147,205	206,211	157,856	(48,355)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	100,000	100,000	111,054	11,054
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>247,205</u>	<u>306,211</u>	<u>268,910</u>	<u>(37,301)</u>
<i>Expenditures</i>				
Current:				
General government	2,913	100,100	100,090	10
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	181,788	197,788	178,833	18,955
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>184,701</u>	<u>297,888</u>	<u>278,923</u>	<u>18,965</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>62,504</u>	<u>8,323</u>	<u>(10,013)</u>	<u>(18,336)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(62,504)	(8,323)	-	8,323
Unrealized gain/loss on investments	-	-	171,202	171,202
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(62,504)</u>	<u>(8,323)</u>	<u>171,202</u>	<u>179,525</u>
<i>Net change in fund balance</i>	-	-	161,189	161,189
<i>Fund balance - beginning of year</i>	-	-	6,269,728	6,269,728
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>6,430,917</u>	<u>\$ 6,430,917</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 161,189	
Adjustments to revenues for state grants.			34,105	
Adjustments to expenditures for salaries and operating expenses.			(48,154)	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 147,140</u>	

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

STATE OF NEW MEXICO
Luna County
Statement of Net Position
Proprietary Funds
June 30, 2019

	LCDC Commissary	Detention Center	Entertainment Complex Operations	Total
Assets				
<i>Current assets</i>				
Cash and cash equivalents	\$ 170,318	\$ 1,484,672	\$ 862,144	\$ 2,517,134
Due from other governments	-	812,044	-	812,044
Inventory	-	-	28,491	28,491
<i>Total current assets</i>	<u>170,318</u>	<u>2,296,716</u>	<u>890,635</u>	<u>3,357,669</u>
<i>Noncurrent assets</i>				
Capital assets	-	20,292,175	9,951,810	30,243,985
Less: accumulated depreciation	-	(3,893,907)	(2,566,809)	(6,460,716)
<i>Total noncurrent assets</i>	<u>-</u>	<u>16,398,268</u>	<u>7,385,001</u>	<u>23,783,269</u>
<i>Total assets</i>	<u>170,318</u>	<u>18,694,984</u>	<u>8,275,636</u>	<u>27,140,938</u>
Deferred outflows of resources				
Deferred outflows- pension	-	1,358,454	70,121	1,428,575
Deferred outflows- OPEB	-	50,009	1,604	51,613
<i>Total deferred outflows of resources</i>	<u>-</u>	<u>1,408,463</u>	<u>71,725</u>	<u>1,480,188</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 170,318</u>	<u>\$ 20,103,447</u>	<u>\$ 8,347,361</u>	<u>\$ 28,621,126</u>

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

	LCDC Commissary	Detention Center	Entertainment Complex Operations	Total
Liabilities				
<i>Current liabilities</i>				
Accounts payable	\$ 4,205	\$ 353,529	\$ 47,091	\$ 404,825
Accrued payroll expenses	-	148,648	7,401	156,049
Due to other funds	-	11,447	-	11,447
<i>Total current liabilities</i>	<u>4,205</u>	<u>513,624</u>	<u>54,492</u>	<u>572,321</u>
<i>Noncurrent liabilities</i>				
Accrued compensated absences	-	263,774	19,268	283,042
Net pension liability	-	4,707,084	317,330	5,024,414
Net OPEB liability	-	2,577,267	79,815	2,657,082
<i>Total noncurrent liabilities</i>	<u>-</u>	<u>7,548,125</u>	<u>416,413</u>	<u>7,964,538</u>
<i>Total liabilities</i>	<u>4,205</u>	<u>8,061,749</u>	<u>470,905</u>	<u>8,536,859</u>
Deferred inflows of resources				
Deferred inflows- pension	-	353,614	7,681	361,295
Deferred inflows- OPEB	-	696,008	24,666	720,674
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>1,049,622</u>	<u>32,347</u>	<u>1,081,969</u>
Net position				
Net investment in capital assets	-	16,398,268	7,385,001	23,783,269
Unrestricted	166,113	(5,406,192)	459,108	(4,780,971)
<i>Total net position</i>	<u>166,113</u>	<u>10,992,076</u>	<u>7,844,109</u>	<u>19,002,298</u>
<i>Total liabilities and net position</i>	<u>\$ 170,318</u>	<u>\$ 20,103,447</u>	<u>\$ 8,347,361</u>	<u>\$ 28,621,126</u>

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

STATE OF NEW MEXICO

Exhibit D-2

Luna County

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the Year Ended June 30, 2019

	LCDC Commissary	Detention Center	Entertainment Complex Operations	Total
<i>Operating revenues</i>				
Charges for services	\$ 329,434	\$ 7,299,863	\$ 1,514,273	\$ 9,143,570
<i>Total operating revenues</i>	<u>329,434</u>	<u>7,299,863</u>	<u>1,514,273</u>	<u>9,143,570</u>
<i>Operating expenses</i>				
Depreciation	-	232,186	227,408	459,594
Personnel services	-	4,538,489	517,349	5,055,838
Contractual services	279,565	-	-	279,565
Maintenance and materials	-	-	830,468	830,468
Administrative fees	-	2,352,982	115,626	2,468,608
<i>Total operating expenses</i>	<u>279,565</u>	<u>7,123,657</u>	<u>1,690,851</u>	<u>9,094,073</u>
<i>Operating income (loss)</i>	<u>49,869</u>	<u>176,206</u>	<u>(176,578)</u>	<u>49,497</u>
<i>Non-operating revenues (expenses)</i>				
Miscellaneous income	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Income (loss) before contributions and transfers</i>	<u>49,869</u>	<u>176,206</u>	<u>(176,578)</u>	<u>49,497</u>
Loss on disposal of capital assets	-	-	(2,408)	(2,408)
Contributed capital- transfer of capital assets (Note 6)	-	12,811,201	-	12,811,201
Transfers in	-	600,000	-	600,000
Transfers (out)	-	-	(5,983)	(5,983)
<i>Change in net position</i>	49,869	13,587,407	(184,969)	13,452,307
Net position, beginning	<u>116,244</u>	<u>(2,595,331)</u>	<u>8,029,078</u>	<u>5,549,991</u>
<i>Net position, end of year</i>	<u>\$ 166,113</u>	<u>\$ 10,992,076</u>	<u>\$ 7,844,109</u>	<u>\$ 19,002,298</u>

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

STATE OF NEW MEXICO
Luna County
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

Exhibit D-3

	LCDC Commissary	Detention Center	Entertainment Complex Operations	Total
<i>Cash flows from operating activities:</i>				
Cash received from user charges	\$ 329,434	\$ 6,783,168	\$ 1,514,273	\$ 8,626,875
Cash payments to employees for services	-	(4,246,299)	(494,689)	(4,740,988)
Cash payments to suppliers for goods and services	(313,840)	(2,155,638)	(945,870)	(3,415,348)
<i>Net cash provided by operating activities</i>	<u>15,594</u>	<u>381,231</u>	<u>73,714</u>	<u>470,539</u>
<i>Cash flows from noncapital financing activities:</i>				
Transfers (net)	-	600,000	(5,983)	594,017
<i>Net cash provided (used) by noncapital financing activities</i>	<u>-</u>	<u>600,000</u>	<u>(5,983)</u>	<u>594,017</u>
<i>Cash flows from investing activities:</i>				
Proceeds from sale of capital assets	-	-	12,796	12,796
<i>Net cash provided (used) by investing activities</i>	<u>-</u>	<u>-</u>	<u>12,796</u>	<u>12,796</u>
<i>Cash flows from capital and related financing activities:</i>				
Acquisition of capital assets	-	(9,850)	(121,330)	(131,180)
<i>Net cash provided (used) by capital and related financing activities</i>	<u>-</u>	<u>(9,850)</u>	<u>(121,330)</u>	<u>(131,180)</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	15,594	971,381	(40,803)	946,172
<i>Cash and cash equivalents -beginning of year</i>	<u>154,724</u>	<u>513,291</u>	<u>902,947</u>	<u>1,570,962</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 170,318</u>	<u>\$ 1,484,672</u>	<u>\$ 862,144</u>	<u>\$ 2,517,134</u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>				
Operating income (loss)	\$ 49,869	\$ 176,206	\$ (176,578)	\$ 49,497
<i>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</i>				
Depreciation	-	232,186	227,408	459,594
Net pension and OPEB expense	-	268,165	15,932	284,097
<i>Changes in assets and liabilities:</i>				
Receivables	-	(516,695)	-	(516,695)
Accounts payable	(34,275)	197,344	224	163,293
Accrued payroll expenses	-	12,646	3,129	15,775
Accrued compensated absences	-	11,379	3,599	14,978
<i>Net cash provided (used) by operating activities</i>	<u>\$ 15,594</u>	<u>\$ 381,231</u>	<u>\$ 73,714</u>	<u>\$ 470,539</u>

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

STATE OF NEW MEXICO
Luna County
Statement of Fiduciary Net Position
Custodial Funds
June 30, 2019

Exhibit E-1

Assets

Cash and cash equivalents- inmate trust	\$ 130,236
Cash and cash equivalents- property tax	245,551
Receivables:	
Taxes for other governments	<u>1,297,795</u>
<i>Total assets</i>	<u><u>\$ 1,673,582</u></u>

Liabilities

Other Liabilities- inmate trust	\$ 130,236
Due to local governments	<u>1,543,346</u>
<i>Total liabilities</i>	<u><u>\$ 1,673,582</u></u>

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

STATE OF NEW MEXICO
 Luna County
 Statement of Changes in Fiduciary Net Position
 Custodial Funds
 For the year ended June 30, 2019

Exhibit E-2

<i>Additions:</i>	
Miscellaneous	\$ 416,622
Property taxes collections for other governments	<u>22,014,190</u>
<i>Total additions</i>	<u>22,430,812</u>
 <i>Deductions:</i>	
Distributions to inmates	366,500
Payments of property tax to other governments	<u>21,929,998</u>
<i>Total deductions</i>	<u>22,296,498</u>
Change in custodial funds due to others	134,314
Beginning - custodial funds due to others	<u>1,539,268</u>
Ending - custodial funds due to others	<u><u>\$ 1,673,582</u></u>

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

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 1. Summary of Significant Accounting Policies

The County of Luna (the “County”), New Mexico was founded in 1901 and operates under the Commission-Manager system. There are three elected commissioners serving four-year terms. In addition, the following County Officials are elected for four-year terms: assessor, clerk, sheriff, treasurer, and probate judge. The County provides traditional services such as public safety, culture and recreation, public works, roads, tax collection, and licensing and regulation of businesses.

Luna County is a body politic and corporate under the name and form of government selected by its qualified electors. The County may:

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico.
6. Protect generally the property of its County and its inhabitants; and
7. Preserve peace and order within the County

The summary of significant accounting policies of the County is presented to assist in the understanding of the County’s financial statements. The financial statements and notes are the representation of County’s management, who is responsible for their integrity and objectivity. The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard 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 GAAP for governmental units. The more significant of the County’s accounting policies are described below.

During the year ended June 30, 2019, the County adopted GASB Statements No. 83, *Certain Asset Retirement Obligations*, No. 84, *Fiduciary Activities*, No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* as required by GAAP. None of these pronouncements have a significant impact on these financial statements.

A. Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

In evaluating how to define the County, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the County has no component units, and is not a component unit of another governmental agency.

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 1. Summary of Significant Accounting Policies (continued)

B. 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 all of the nonfiduciary activities of the primary government. 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 Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

In the government-wide Statement of Net Position, the governmental activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The County's net position is reported in three parts – net investments in capital assets; restricted net position; and unrestricted net position.

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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

C. 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 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 of time, reimbursement and contingencies imposed by the provider are met.

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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. 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. 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. 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. All other revenue items are considered to be measurable and available only when cash is received by the County.

Program revenues included in the Statement of Activities are derived 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 for services, which include revenues collected for fees and use of County facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources 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.

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. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Proprietary funds distinguish operating revenues and expense from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue for the County's enterprise funds is charges for services for the County's utilities. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses

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.

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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, which includes funds that were not required to be presented as major but were at the discretion of management:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the County except for items included in other funds.

The *Road Fund* is used to account for the distribution of gasoline taxes, and motor vehicles registration fees to the County and the expenditure for construction, reconstruction, resurfacing, or other improvement or maintenance of public roads as authorized by NMSA 1978 Section 7-24A-5.

The *County Maintenance fund* is used for monies to maintain Luna County buildings.

The *LCDC Addition (2015 Bond)* fund is to account for 2015 bond proceeds to be used for capital improvements to the Luna County Detention Center. The authority to create this fund is by County ordinance.

The County reports its proprietary funds as major funds. Proprietary funds include:

The *Detention Center Fund* accounts for the operation and maintenance of the Detention Facility for the County.

The *Entertainment Complex Operations Fund* to account for the operating activity of the Complex.

The *Commissary Fund* accounts for the operations of the detention centers commissary activities.

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, and to account for monies collected from inmates at the detention center.

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 and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Equity

A “Pooled Cash” concept is used in maintaining the cash in the accounting records. Under this method, all cash is pooled and each fund has equity in the pooled amount. All amounts included in pool cash are considered to be cash equivalents for the purposes of the statement of cash flows. Negative cash balances in certain funds have been reclassified as due to other funds at year end.

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. 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.

Receivables and Payables: Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds or internal balances” (i.e., the current portion of interfund loans) or “advances to/from other funds or internal balances” (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.” If one fund has overdrawn its share of an internal investment pool, an inter-fund liability to the fund that loaned the amount is reported.

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 when levied. Property taxes attach as an unsubordinated enforceable lien on property as of January 1 of the assessment year. Current year taxes are levied on November 1, unless a formal extension of time is obtained from the Property Tax Division of the New Mexico Department of Finance and Administration. Taxes are due in total on November 10, or optionally in two equal installments on November 10 and April 10 of the next tax year. Although due on November 10 and April 10, the taxes are not delinquent until December 10 and May 10, respectively. In the event the original levy date is formally extended, the respective due dates and delinquency dates are correspondingly extended.

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 10 and April 10. Property taxes uncollected after November 10 and April 10 are considered delinquent and the County may assess penalties and interest. The taxes attached as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent.

STATE OF NEW MEXICO
 Luna County
 Notes to the Financial Statements
 June 30, 2019

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Equity (continued)

Inventory: The County’s method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed. Inventory is valued at cost.

Restricted Assets: Restricted assets consist of those funds’ expendable for operating purposes, but restricted by donors or other outside agencies as to the specific purpose for which they may be expended. Restricted cash in the amount of \$5,622,767 at June 30, 2019 is reported in the statement of net position.

Capital Assets: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activity’s 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. Luna 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).

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest expense capitalized by the County during fiscal year 2019. No interest was included as part of the cost of capital assets under construction.

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

<u>Assets</u>	<u>Years</u>
Buildings improvements	20-40
Leasehold improvements	20-40
Infrastructure	20-40
Equipment and furnishings	5-10

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2019, along with applicable PERA, FICA, RHC and Medicare accruals.

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Equity (continued)

Unearned Revenues: There are two types of unearned revenue. Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for unearned revenue. The other type of unearned revenue is “unavailable revenue.” Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. It must also be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for unearned revenue.

Deferred Outflows/Inflow of Resources: 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 recognized consumption of net position that applies to 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, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows are reported in the governmental funds regarding property taxes. These amounts are deferred and recognized as an inflow of resources in that period that the amounts become available. The County has several items that qualify for reporting in this category related to the pension and OPEB plans which are discussed at Notes 10 and 11.

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 (P.E.R.A) and additions to/deductions from P.E.R.A’s fiduciary net position have been determined on the same basis as they are reported by P.E.R.A, 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.

Postemployment Benefits Other Than Pensions (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA’s fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences: Paid time off is the component of accrued compensated absences. The County accumulates paid time off per employee, per year, and per years of service. Currently, employees with one or more but less than five years of service accumulate 15 days of paid time off per year. Employees with more than five years but less than fifteen years of service accumulate 20 days of paid time off per year. In addition, employees with an excess of fifteen years of service accumulate 25 days of paid time off per year. There is no separate accumulation of sick leave. An employee may accumulate no more than 45 days (360 hours) of paid time off.

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Equity (continued)

Long-term Obligations: In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method if the difference is minimal. Bonds payable are reported net of the applicable bond premium or discount. For fund financial reporting, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued.

Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Fund Balance Classification Policies and Procedures: In the governmental fund financial statements, fund balance is reported in five classifications:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form, for example, inventories, prepaid amounts, long term amount of loans and note receivable; or (b) legally or contractually required to be maintained intact, for example, debt service reserves. The County has nonspendable fund balance of \$187,512 at June 30, 2019.

Restricted – This classification includes amounts that are restricted to a specific purpose. Fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors (such as debt covenants) grantors, contributors, or laws or regulations of other governments; (b) enabling legislation, as the term is used authorizes the County to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. The County has \$23,305,138 in restricted fund balances at June 30, 2019.

Committed – This classification includes amounts that can only be used for specific purposes to constraints imposed by formal action of the highest level of Authority, the County Council. Those committed amounts cannot be used for any other purpose unless the Council removes or changes the specific use by taking the same type of action (for example, resolution or ordinance) it employed to previously commit those amounts. The County does not have any committed fund balance at year end June 30, 2019.

Assigned – This classification includes amounts that are constrained by the County's *intent* to be used for specific purposes, but are neither restricted nor committed and should be reported as assigned fund balance. The County Council has delegated the authority to assign amounts to be used for specific purposes to the Budget and Procurement Director. The County does not have assigned fund balances at June 30, 2019.

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Equity (continued)

Minimum Fund Balance Policy: The County's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the County holds cash reserves of 3/12th of the fiscal year 2020 budgeted expenditures of the General Fund. From this, the County has presented restricted fund balance on the governmental funds balance sheet in the amount of \$2,869,545 for minimum fund balance for the year ended June 30, 2019.

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

- a. Net Investment in Capital Assets: Net investment in capital assets consist of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Position: Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "special revenue, and capital projects" are described on pages 40 and 88-89.
- c. Unrestricted Net Position: All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Interfund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

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.

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 2. Stewardship, Compliance, and Accountability

Budgetary Information

Preliminary annual budgets of the County are prepared prior to June 1 and must be approved by resolution of the Board of County Commissioners, and submitted to the Local Government Division of the State Department of Finance and Administration for approval. The budget is formally approved prior to July 31. Any amendments must also be approved by the Board of 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 at the fund level.

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

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

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and Proprietary Funds. The County is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

The budgetary information presented in these financial statements has been properly amended by County Councilors in accordance with the above procedures. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures Operating income (loss)	
	Original Budget	Final Budget
	<u> </u>	<u> </u>
Budgeted Funds:		
General Fund	\$ (107,459)	\$ (306,328)
Road Fund	\$ (36,335)	\$ (43,635)
County Maintenance	\$ 62,504	\$ 8,323

The accompanying Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual and Statements of Revenues, Expenses and Changes in Net Position – 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, 2019 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.

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

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, 2019. There are no specific state laws governing the ability to spend net appreciation and investment income.

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 on 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.

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 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). Section 6-10-17, New Mexico Statutes Annotated, 1978 Compilation requires that all depositories provide collateral equal to at least one-half of the amount of public monies on deposit that are uninsured by FDIC limits. All depositories, had collateral exceeding the amount required by law. As of June 30, 2019, \$6,079,046 of the County's bank balance of \$6,579,046 was exposed to custodial credit risk. Although the \$6,079,046 was uninsured, the total uninsured amount was collateralized by collateral held by the pledging bank's trust department, not in the County's name. There were no deposits uninsured and uncollateralized at June 30, 2019.

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 3. Deposits and Investments (continued)

	<u>First New Mexico Bank</u>	<u>Wells Fargo Bank</u>	<u>Total</u>
Amount of deposits	\$ 5,971,972	\$ 607,074	\$ 6,579,046
FDIC Coverage	(250,000)	(250,000)	(500,000)
Total uninsured public funds	<u>5,721,972</u>	<u>357,074</u>	<u>6,079,046</u>
Collateralized by securities held by pledging institution or by its trust department or agent in other than the County's name	<u>5,721,972</u>	<u>357,074</u>	<u>6,079,046</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50% of uninsured funds)	\$ 2,860,986	\$ 178,537	\$ 3,039,523
Pledged Collateral	<u>6,431,014</u>	<u>392,699</u>	<u>6,823,713</u>
Over (Under) collateralized	<u>\$ 3,570,028</u>	<u>\$ 214,162</u>	<u>\$ 3,784,190</u>

The collateral pledged is listed on Schedule II of this report. The types of collateral are limited to direct obligations of the United States Government and all bonds issued by any agency, County, or political subdivision of the State of New Mexico.

Investments

The County has investments held in U.S. Treasury Money Market Mutual Funds, as well as U.S. Fixed Income Securities as of June 30, 2019. Also, the County has investments which are managed by NMFA, on deposit with the State Treasurer's office, in NMFA's name for the benefit of the County.

As of June 30, 2019, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>	<u>Rating**</u>
Money Market Accounts	NA	\$ 21,956,878	NA
U.S. Government Securities	NA	10,358,057	Aaa
		<u>\$ 32,314,935</u>	

**Based of Standard & Poor's rating

The County has presented money market accounts of \$21,956,878 as cash and cash equivalents in the Statement of Net Position. As of June 30, 2019, the County also had \$10,358,057 in U.S. Governmental Securities classified as investments.

Interest Rate Risk – Investments. The County does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

STATE OF NEW MEXICO
 Luna County
 Notes to the Financial Statements
 June 30, 2019

NOTE 3. Deposits and Investments (continued)

Concentration of Credit Risk – Investments. For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the County. All investments listed above, are above the 5% threshold. Since the County only purchases investments with the highest credit rating, the concentration is not viewed to be an additional risk by the County. The County’s policy related to concentration of credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

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

Fair Value Measurement

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the County has the ability to access.

- Level 2 Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets.
 - Quoted prices for identical or similar assets or liabilities in inactive markets.
 - Inputs other than quoted prices that are observable for the asset or liability.
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the County believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level within the fair value hierarchy, the County’s assets at fair value as of June 30, 2019:

Total	Level 1	Level 2	Level 3
\$ 32,314,935	\$ 32,314,935	\$ -	\$ -

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 3. Deposits and Investments (continued)

Reconciliation to the Statement of Net Position

Cash and cash equivalents per Exhibit A-1	\$ 21,984,767
Restricted cash and cash equivalents per Exhibit A-1	5,622,767
Cash - Statement of Fiduciary Assets and Liabilities per Exhibit E-1	375,787
Investments per Exhibit A-1	<u>10,358,057</u>
 Total cash, investments, and cash equivalents	 <u>38,341,378</u>
 Add: outstanding items	 552,978
Less: Money Market Accounts	(21,956,878)
Less: U.S. Government Securities	(10,358,057)
Less: petty cash	<u>(375)</u>
 Bank balance of deposits	 <u>\$ 6,579,046</u>
 Total bank balance of deposits	 <u>\$ 6,579,046</u>

NOTE 4. Receivables

Governmental receivables as of June 30, 2019 are comprised of the following:

	General	Road Fund	County Maintenance	Other Governmental Funds	Total
Taxes receivable:					
Property taxes, net	\$ 1,295,862	\$ 2,133,006	\$ -	\$ 58,065	\$ 3,486,933
Gross receipts taxes	69,153	-	-	665,668	734,821
MVD taxes	2,836	68,156	-	-	70,992
Oil and gas taxes	-	60,814	-	-	60,814
Total taxes receivable	<u>1,367,851</u>	<u>2,261,976</u>	<u>-</u>	<u>723,733</u>	<u>4,353,560</u>
Due from other governments:					
Federal grants	\$ -	\$ -	\$ -	\$ 837,954	\$ 837,954
State grants	141,988	-	34,105	204,265	380,358
Total	<u>141,988</u>	<u>-</u>	<u>34,105</u>	<u>1,042,219</u>	<u>1,218,312</u>
Accounts receivable	<u>\$ 1,509,839</u>	<u>\$ 2,261,976</u>	<u>\$ 34,105</u>	<u>\$ 1,765,952</u>	<u>\$ 5,571,872</u>

As part of the net property taxes receivable at year end, the County includes a 1% allowance totaling \$48,331 in fiscal year 2019.

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 4. Receivables (continued)

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$3,349,990 that were not collected within the period of availability have been reclassified as unearned revenue in the governmental fund financial statements as of June 30, 2019.

Business-type activity receivables as of June 30, 2019 are comprised of the following:

	Detention Center
Due from other governments:	
Gross receipts taxes	\$ 34,098
Federal grants	17,516
State grants	760,430
Accounts receivable	\$ 812,044

NOTE 5. Interfund Receivables, Payables, and Transfers

The County records temporary interfund receivables and payables to cover cash deficits related to accounts payable. All interfund balances are to be repaid within one year.

Due from other funds	Due to other funds	Amount
Domestic Violence Shelter	Law Enforcement Protection Fund	\$ 8,730
General Fund	Law Enforcement Protection Fund	620,816
DWI Grants	General Fund	51,682
Law Enforcement Protection Fund	Domestic Violence Shelter	6,366
General Fund	Detention Center	11,447
Total		\$ 699,041

Net operating transfers, made to supplement other funding sources, and capital asset transfers were as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 104,200
Judicial Bond	-	600,000
Mimbres Valley Learning Center	5,983	-
Community Services	52,000	-
Domestic Violence Shelter	35,000	-
KLCB Aluminum	17,200	-
Detention Center	600,000	-
Entertainment Complex Operations	-	5,983
	\$ 710,183	\$ 710,183

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Notes to the Financial Statements
June 30, 2019

NOTE 6. Capital Assets

The following is a summary of capital assets and changes occurring during the year ended June 30, 2019. Land and construction in progress are not subject to depreciation.

Governmental Activities:

	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance June 30, 2019</u>
Capital assets not being depreciated:					
Land	\$ 1,664,279	\$ -	\$ -	\$ -	\$ 1,664,279
Construction in progress	12,359,827	592,971	-	(12,720,354)	232,444
Total not being depreciated	<u>14,024,106</u>	<u>592,971</u>	<u>-</u>	<u>(12,720,354)</u>	<u>1,896,723</u>
Capital assets being depreciated:					
Buildings and improvements	17,880,248	-	-	-	17,880,248
Equipment and furnishings	11,570,604	476,778	(999,115)	(90,847)	10,957,420
Infrastructure	725,954	-	-	-	725,954
Total being depreciated	<u>30,176,806</u>	<u>476,778</u>	<u>(999,115)</u>	<u>(90,847)</u>	<u>29,563,622</u>
 Total capital assets	 <u>44,200,912</u>	 <u>1,069,749</u>	 <u>(999,115)</u>	 <u>(12,811,201)</u>	 <u>31,460,345</u>
Accumulated depreciation:					
Buildings and improvements	5,343,078	437,561	-	-	5,780,639
Equipment and furnishings	10,632,008	403,009	(999,115)	-	10,035,902
Infrastructure	5,905	-	-	-	5,905
Total accumulated depreciation	<u>15,980,991</u>	<u>840,570</u>	<u>(999,115)</u>	<u>-</u>	<u>15,822,446</u>
 Capital assets, net	 <u>\$ 28,219,921</u>	 <u>\$ 229,179</u>	 <u>\$ -</u>	 <u>\$ (12,811,201)</u>	 <u>\$ 15,637,899</u>

Depreciation expense for the year ended June 30, 2019 was charged to the functions of the governmental activities as follows:

General	\$ 183,994
Public Safety	341,259
Public works	176,865
Health and Welfare	138,137
Culture and Recreation	315
Total	<u>\$ 840,570</u>

At year end June 30, 2019, Luna County transferred purchased assets in the governmental activities in the amount of \$12,811,201 to the business-type activities in the form of contributed capital. These assets were related to the detention center construction/remodel project.

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 6. Capital Assets (continued)

Business-type Activities:

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2019</u>
Capital assets not being depreciated:					
Land	\$ 719,714	\$ 50,722	\$ -	\$ -	\$ 770,436
Total not being depreciated	<u>719,714</u>	<u>50,722</u>	<u>-</u>	<u>-</u>	<u>770,436</u>
Capital assets being depreciated:					
Buildings and improvements	15,175,003	46,379	(12,644)	12,720,354	27,929,092
Leasehold improvements	33,252	-	(33,252)	-	-
Equipment and furnishings	1,424,881	34,079	(5,350)	90,847	1,544,457
Total being depreciated	<u>16,633,136</u>	<u>80,458</u>	<u>(51,246)</u>	<u>12,811,201</u>	<u>29,473,549</u>
Total capital assets	<u>17,352,850</u>	<u>131,180</u>	<u>(51,246)</u>	<u>12,811,201</u>	<u>30,243,985</u>
Accumulated depreciation:					
Buildings and improvements	4,892,136	367,319	(12,644)	-	5,246,811
Leasehold improvements	20,456	-	(20,456)	-	-
Equipment and furnishings	1,124,572	92,275	(2,942)	-	1,213,905
Total accumulated depreciation	<u>6,037,164</u>	<u>459,594</u>	<u>(36,042)</u>	<u>-</u>	<u>6,460,716</u>
Capital assets, net	<u>\$ 11,315,686</u>	<u>\$ (328,414)</u>	<u>\$ (15,204)</u>	<u>\$ 12,811,201</u>	<u>\$ 23,783,269</u>

Depreciation expense for the year ended June 30, 2019 was charged to the proprietary funds as follows:

Detention Center	\$ 232,186
Entertainment Complex	227,408
Total	<u>\$ 459,594</u>

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 7. Long-term Debt

During the year ended June 30, 2019, the following changes occurred in the liabilities reported in the government-wide statement of net position:

Governmental Activities:	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Due Within One Year
GRT Revenue Bonds, Series 2016	\$ 11,505,000	\$ -	\$ 160,000	\$ 11,345,000	\$ 165,000
GRT Refunding Revenue Bonds, Series 2017	3,245,000	-	155,000	3,090,000	180,000
Entertainment Complex 2015	5,030,000	-	370,000	4,660,000	380,000
GRT Improvement Bonds 2015A	827,468	-	93,244	734,224	95,987
Compensated Absences	570,383	478,402	517,479	531,306	-
Total long-term debt	\$ 21,177,851	\$ 478,402	\$ 1,295,723	\$ 20,360,530	\$ 820,987

During the year ended June 30, 2019, the following changes occurred in the liabilities reported in the business-type activities:

Business-type Activities:	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Due Within One Year
Compensated Absences	\$ 268,064	\$ 266,810	\$ 251,832	\$ 283,042	\$ -
Total long-term debt	\$ 268,064	\$ 266,810	\$ 251,832	\$ 283,042	\$ -

Bonds

Bond – Entertainment Complex 2015

On February 4, 2015, the County issued \$6,185,000 in capital outlay gross receipts tax refunding revenue bonds with an interest rate of 3.05%. The County issued the bonds to advance refund \$5,930,000 of outstanding Entertainment Complex 2007 B series gross receipts tax revenue bonds with interest rates ranging from 5.10% to 6.00%. The County used the net proceeds along with an additional \$650,000 of County money to purchase U.S. government securities.

Interest and principal are payable semi-annually on January 1 and July 1 of each year beginning July 1, 2015. The final maturity of the bond is July 1, 2029.

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 7. Long-term Debt (continued)

Bond – Gross Receipts Tax Improvement Revenue Bonds 2015A

On March 12, 2015, the County entered into a \$1,000,000 bond agreement for capital improvements at the Luna County Detention Center. The gross receipts tax improvement revenue bonds bear interest 2.90% and are to be repaid with gross receipts tax improvement revenue. Interest is payable semi-annually on December 1 and June 1 and commenced on December 1, 2015. Principal payments are due annually on December 1 and commenced on December 1, 2016.

GRT Revenue Bonds, Series 2016

On October 14, 2016, the County entered into a \$11,665,000 bond agreement for capital expansions at the Luna County Detention Center. The gross receipts tax improvement revenue bonds bear interest of 2.0%-5.0% and are to be repaid with gross receipts tax improvement revenue. Interest is payable semi-annually on December 1 and June 1 and commenced on December 1, 2016. Principal payments are due annually on December 1 and commenced on December 1, 2017.

GRT Refunding Revenue Bonds, Series 2017

On March 29, 2017, the County entered into a \$3,245,000 bond agreement for the Judicial complex. The gross receipts tax improvement revenue bonds bear interest 3.12% and are to be repaid with gross receipts tax improvement revenue. Interest is payable semi-annually on January 1 and July 1 and will commence on January 1, 2018. Principal payments are due annually on July 1 and will commence on July 1, 2018.

The annual requirements to amortize the governmental activity bonds as of June 30, 2019, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2020	\$ 820,987	\$ 648,008	\$ 1,468,995
2021	848,812	621,948	1,470,760
2022	876,720	594,067	1,470,787
2023	909,713	564,260	1,473,973
2024	937,794	532,552	1,470,346
2025-2029	5,215,198	2,132,335	7,347,533
2030-2034	3,440,000	1,269,810	4,709,810
2035-2039	2,535,000	831,375	3,366,375
2040-2044	2,945,000	421,125	3,366,125
2045-2046	1,300,000	39,300	1,339,300
	<u>\$ 19,829,224</u>	<u>\$ 7,654,780</u>	<u>\$ 27,484,004</u>

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 June 30, 2019, compensated absences for governmental activities decreased \$39,077 from the prior year accrual. For business-type activities compensated absences increased by \$14,978.

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 8. Risk Management

The County is subject to risk of loss through areas of general liability, worker's compensation, and natural disaster. To minimize the risk of loss for general liability, the County has insurance coverage through a private common carrier. The coverage includes commercial general liability, property, inland marine, crime, errors and omissions and automobile. The coverage limitation varies for each type of coverage purchased.

The assumption of risk transfers upon payment of premiums within the policy limits. To minimize the risk of loss for workers' compensation, the County participates in the New Mexico County Insurance Association (a risk pool of counties within the State of New Mexico). The pool is self-insured for workers' compensation claims up to \$300,000. Above that amount, the pool maintains an Excess Employers' Reinsurance Policy.

NOTE 9. 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. There were no funds with deficit fund balance at year end June 30, 2019.
- B. Excess of expenditures over appropriations. There were no funds expenditures were in excess of the budgeted appropriations for the year ended June 30, 2019.
- C. Designated cash appropriations in excess of available balances. There were no funds with designated cash appropriation in excess of available balances for the year ended June 30, 2019.

NOTE 10. Pension Plan – Public Employee Retirement Association of NM

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

Benefits Provided – Benefits are generally available at age 65 with five or Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members.

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 10. Pension Plan – Public Employee Retirement Association of NM (continued)

Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

TIER II

The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%.

All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

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

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 10. Pension Plan – Public Employee Retirement Association of NM (continued)

PERA Contribution Rates and Pension Factors in effect during FY18						
Coverage Plan	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per year of Service		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
STATE PLAN						
State Plan 3	7.42%	8.92%	16.99%	3.0%	2.5%	90%
MUNICIPAL PLANS 1 - 4						
Municipal Plan 1 (plan open to new employers)	7.0%	8.5%	7.4%	2.0%	2.0%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.55%	2.5%	2.0%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.55%	3.0%	2.5%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.05%	3.0%	2.5%	90%
MUNICIPAL POLICE PLANS 1 - 5						
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
MUNICIPAL FIRE PLANS 1 - 5						
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.9%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
MUNICIPAL DETENTION OFFICER PLAN 1						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.						
State Police and Adult Correctional Officer Plan 1	7.6%	9.1%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 10. Pension Plan – Public Employee Retirement Association of NM (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions –

For PERA Fund Municipal General Division, at June 30, 2019, Luna County reported a liability of \$12,933,531 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2018. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2018

The County’s proportion of the net pension liability was based on a projection of the County’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the County’s proportion was 0.8112%, which was a increase of 0.0325% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, Luna County recognized PERA Fund Municipal General Division pension expense of \$1,664,137. At June 30, 2019, Luna County reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Changes of assumptions	\$ 1,172,607	\$ 74,363
Changes in proportion	357,404	5,935
Difference between expected and actual experience	373,806	339,567
Net difference between projected and actual earnings on pension plan investments	959,216	-
County's contributions subsequent to the measurement date	<u>645,484</u>	<u>-</u>
Total	<u>\$ 3,508,517</u>	<u>\$ 419,865</u>

\$645,484 reported as deferred outflows of resources related to pensions resulting from the County’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 1,521,910
2021	646,377
2022	225,759
2023	49,122
Thereafter	-
Total	<u>\$ 2,443,168</u>

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 10. Pension Plan – Public Employee Retirement Association of NM (continued)

For PERA Fund Municipal Police Division, at June 30, 2019, Luna County reported a liability of \$3,942,354 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2018. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2018.

The County’s proportion of the net pension liability was based on a projection of the County’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, Luna County’s proportion was 0.5778 percent, which was a decrease of 0.0539% percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, Luna County recognized PERA Fund Municipal Police Division pension expense of \$290,053. At June 30, 2019, Luna County reported PERA Fund Municipal Police Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Changes of assumptions	\$ 449,828	\$ 24,101
Changes in proportion	45,946	356,781
Difference between expected and actual experience	192,999	390,790
Net difference between projected and actual earnings on pension plan investments	271,290	-
County's contributions subsequent to the measurement date	<u>210,774</u>	<u>-</u>
Total	<u>\$ 1,170,837</u>	<u>\$ 771,672</u>

\$210,774 reported as deferred outflows of resources related to pensions resulting from Luna County’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 213,609
2021	(55,227)
2022	16,581
2023	13,428
Thereafter	-
Total	<u>\$ 188,391</u>

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 10. Pension Plan – Public Employee Retirement Association of NM (continued)

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

PERA FUND

PERA	
Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Amortization period	Solved for based on statutory rates
Asset valuation method	
Actuarial Assumptions:	
Investment rate of return	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll Growth	3.00%
Projected salary increases	3.25% to 13.50% annual rate
Includes inflation at	2.50%
	2.75% all other years
Mortality Assumption	The morality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward oneyear. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
Experience Study Dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 30, 2018 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2018. These assumptions were adopted by the Board use in the June 30, 2017 actuarial valuation.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	43.50%	7.48%
Risk Reduction & Mitigation	21.50%	2.37%
Credit Oriented Fixed Income	15.00%	5.47%
Real Assets to include Real Estate Equity	<u>20.00%</u>	6.48%
Total	100.00%	

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 10. Pension Plan – Public Employee Retirement Association of NM (continued)

Discount rate. A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2018. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

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

Sensitivity of The County’s proportionate share of the net pension liability to changes in the discount rate. The following presents The County’s proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what The County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

PERA Fund Municipal General Division

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability	\$ 19,929,704	\$ 12,933,531	\$ 7,150,074

PERA Fund Municipal Police Division

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability	\$ 6,061,723	\$ 3,942,354	\$ 2,214,566

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

Payables to the pension plan. At June 30, 2019, the County had payables to the plan in the amount of \$0.

STATE OF NEW MEXICO
 Luna County
 Notes to the Financial Statements
 June 30, 2019

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan

General Information about the OPEB

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

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

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

Employees covered by benefit terms – At June 30, 2018, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	51,205
Inactive and eligible for deferred benefit	11,471
Current active members	<u>93,349</u>
	<u>156,025</u>
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	17,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	<u>48,756</u>
	<u>93,349</u>

Contributions – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the County were \$247,199 for the year ended June 30, 2019.

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)

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

At June 30, 2019, the County reported a liability of \$8,484,945 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018. At June 30, 2018, the County's proportion was 0.19513 percent.

For the year ended June 30, 2019, the County recognized OPEB expense of \$(32,285). At June 30, 2019 the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Primary

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 502,363
Net difference between expected and actual investments on OPEB plan investments	-	105,889
Change of assumptions	-	1,584,102
Change in proportion	-	99,155
County's contributions subsequent to the measurement date	164,644	-
Total	\$ 164,644	\$ 2,291,509

Deferred outflows of resources totaling \$164,644 represent County contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:

2020	\$	(578,037)
2021		(578,037)
2022		(578,037)
2023		(451,175)
2024		(106,223)
Thereafter		-
Total	\$	(2,291,509)

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)

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

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.50% to 12.50%, based on years of service, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2000 Combined Healthy Mortality

Rate of Return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class.

These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

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

Asset Class	Target Allocation	Long-Term Rate of Return
U.S. core fixed income	20%	2.1%
U.S. equity - large cap	20%	7.1%
Non U.S. - emerging markets	15%	10.2%
Non U.S. - developed equities	12%	7.8%
Private equity	10%	11.8%
Credit and structured finance	10%	5.3%
Real estate	5%	4.9%
Absolute return	5%	4.1%
U.S. equity - small/mid cap	3%	7.1%

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)

Discount Rate. The discount rate used to measure the Fund’s total OPEB liability is 4.08% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2029. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (3.87%) was applied. Thus, 4.08% is the blended discount rate.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the County, as well as what the County’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08 percent) or 1-percentage-point higher (5.08 percent) than the current discount rate:

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
County's proportionate share of the net OPEB liability	\$ 10,268,781	\$ 8,484,945	\$ 7,078,884

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

	Trend Rate Sensitivity Analysis		
	1% Decrease	Rate	1% Increase
County's proportionate share of the net OPEB liability	\$ 7,172,753	\$ 8,484,945	\$ 9,513,732

OPEB plan fiduciary net position. Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2018.

Payable Changes in the Net OPEB Liability. At June 30, 2019, the County had outstanding amount of contributions to the OPEB plan in the amount of \$8,244 reported at fiscal year 2019.

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 12. 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.

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 13. Subsequent Events

The date to which events occurring after June 30, 2019, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 25, 2019 which is the date on which the financial statements were issued.

NOTE 14. Concentrations

The County depends on financial resources flowing from, or associated with, both 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.

NOTE 15. Restricted Net Position

The government-wide statement of net position reports \$23,463,671 of restricted net position, all of which is restricted by enabling legislation. For descriptions of the related enabling legislation for special revenue and capital projects funds see pages 40 and 88-89.

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 16. Tax Abatements

In accordance with GASB Statement No. 77, the County provides the following disclosures regarding foregone tax revenue due to various agreements.

Agency Number	5016
Agency Name	Luna County
Agency Type	LPB - County
Tax Abatement Agreement Name	Taxable Industrial Revenue Bonds (Macho Springs Wind Project) Series 2010.
Recipient(s) of tax abatement	Macho Springs I Bondholder LLC
Parent company(ies) of recipient(s) of tax abatement	NA
Tax abatement program (name and brief description)	Industrial Revenue Bonds
Specific Tax(es) Being Abated	Property Tax
Legal authority under which tax abatement agreement was entered into	§7-36-3 NMSA 1978
Criteria that make a recipient eligible to receive a tax abatement	Installation and Operation of Wind Energy Project within Luna County.
How are the tax abatement recipient's taxes reduced? (For example: through a reduction of assessed value)	Exempt from Property Tax
How is the amount of the tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc.	Specific Dollar Amount
Are there provisions for recapturing abated taxes? (Yes or No)	Yes
If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture.	If project ceases or bonds are redeemed prior to 30-year maturity the Company shall pay an amount equal to present value of the difference between remaining scheduled payments in lieu of taxes and property taxes expected at maturity per bond documents.
List each specific commitment made by the recipient of the abatement.	Installation and Operation of Wind Energy Project within Luna County approximately 24 miles NE of Deming, NM
Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement.	Property Tax - \$92,550.00
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency or another agency in association with the foregone tax revenue, list the authority for and describe the payment, including the agency that is supposed to receive the payment	Payments in lieu of property tax during project life.
For any Payments in Lieu of Taxes (PILOTs) or similar payments <u>receivable by your agency</u> in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	\$92,550.00
For any Payments in Lieu of Taxes (PILOTs) or similar payments <u>receivable by a different agency</u> in association with the foregone tax revenue, list the name of the agency and the amount of payments received in the current fiscal year	Deming Public Schools - \$57,450.00
List each specific commitment made by your agency or any other government, other than the tax abatement.	None
Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such agency.	No
If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.	None

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 16. Tax Abatements (continued)

In accordance with GASB Statement No. 77, the County provides the following disclosures regarding foregone tax revenue due to various agreements.

Agency Number	5016
Agency Name	Luna County
Agency Type	LPB - County
Tax Abatement Agreement Name	Taxable Industrial Revenue Bonds (Macho Springs Solar Project) Series 2012.
Recipient(s) of tax abatement	Macho Springs Solar LLC
Parent company(ies) of recipient(s) of tax abatement	NA
Tax abatement program (name and brief description)	Industrial Revenue Bonds
Specific Tax(es) Being Abated	Compensating Tax
Legal authority under which tax abatement agreement was entered into	Industrial Revenue Bond Act §4-59-1 to §4-59-16 NMSA 1978
Criteria that make a recipient eligible to receive a tax abatement	Installation and Operation of Solar Development Project within Luna County.
How are the tax abatement recipient's taxes reduced? (For example: through a reduction of assessed value)	In lieu of compensating tax
How is the amount of the tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc.	Specific Dollar Amount
Are there provisions for recapturing abated taxes? (Yes or No)	Yes
If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture.	If project ceases or bonds are redeemed prior to 30-year maturity the Company shall pay an amount equal to present value of the difference between remaining scheduled payments in lieu of taxes and compensating taxes at maturity per bond documents.
List each specific commitment made by the recipient of the abatement.	Installation and Operation of Solar Development Project within Luna County approximately 24 miles NE of Deming, NM
Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement.	Compensating Tax - \$175,000.00
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency or another agency in association with the foregone tax revenue, list the authority for and describe the payment, including the agency that is supposed to receive the payment	Payments in lieu of compensating tax during project life.
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	\$175,000.00
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by a different agency in association with the foregone tax revenue, list the name of the agency and the amount of payments received in the current fiscal year	Deming Public Schools - \$175,000.00
List each specific commitment made by your agency or any other government, other than the tax abatement.	None
Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such agency.	No
If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.	None

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 16. Tax Abatements (continued)

In accordance with GASB Statement No. 77, the County provides the following disclosures regarding foregone tax revenue due to various agreements.

Agency Number	5016
Agency Name	Luna County
Agency Type	LPB - County
Tax Abatement Agreement Name	Taxable Industrial Revenue Bonds (TPE Alta Luna, LLC Project) Series 2015.
Recipient(s) of tax abatement	TPE Alta Luna LLC
Parent company(ies) of recipient(s) of tax abatement	NA
Tax abatement program (name and brief description)	Industrial Revenue Bonds
Specific Tax(es) Being Abated	Ad valorem taxes on personal property
Legal authority under which tax abatement agreement was entered into	Industrial Revenue Bond Act §4-59-1 to §4-59-16 NMSA 1978
Criteria that make a recipient eligible to receive a tax abatement	Installation and Operation of Solar Development Project within Luna County.
How are the tax abatement recipient's taxes reduced? (For example: through a reduction of assessed value)	Ad valorem taxes on personal property
How is the amount of the tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc.	Specific Dollar Amount
Are there provisions for recapturing abated taxes? (Yes or No)	Yes
If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture.	Exercise legal action for any unpaid amount due/terminate agreement.
List each specific commitment made by the recipient of the abatement.	Installation and Operation of Solar Development Project within Luna County approximately 24 miles NE of Deming, NM
Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement.	Ad Valorem Taxes - \$21,972.23
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency or another agency in association with the foregone tax revenue, list the authority for and describe the payment, including the agency that is supposed to receive the payment	Payments in lieu of advolem taxes on personal property of the project.
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	\$21,972.23
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by a different agency in association with the foregone tax revenue, list the name of the agency and the amount of payments received in the current fiscal year	Deming Public Schools - \$14,047.82
List each specific commitment made by your agency or any other government, other than the tax abatement.	None
Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such agency.	No
If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.	None

STATE OF NEW MEXICO
Luna County
Notes to the Financial Statements
June 30, 2019

NOTE 17. Subsequent Accounting Pronouncements

In June 2017, GASB Statement No. 87 *Leases*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after December 15, 2019. The County is still evaluating the significance of the impact from this pronouncement on its financial statements.

In June 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The standard will be implemented during the fiscal year ended June 30, 2021. The County is still evaluating how this pronouncement will affect the financial statements.

In August 2019, GASB Statement No. 90, *Majority Equity Interest-an amendment of GASB Statements No. 14 and No. 61*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after December 15, 2020. The County does not expect this pronouncement to have a material effect on the financial statements.

In May 2019, GASB Statement No. 91, *Conduit Debt Obligations*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The County does not expect this pronouncement to have a material effect on the financial statements

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REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
 Luna County
 Schedule of the County's Proportionate Share of the Net Pension Liability
 of PERA Fund Municipal General Division
 Public Employees Retirement Association (PERA) Plan
 Last 10 Fiscal Years*

	2019 Measurement Date (As of and for the year ended June 30, 2018)	2018 Measurement Date (As of and for the year ended June 30, 2017)
Luna County's proportion of the net pension liability	0.8112%	0.7787%
Luna County's proportionate share of the net pension liability	\$ 12,933,531	\$ 10,699,997
Luna County's covered payroll	\$ 6,843,959	\$ 6,805,057
Luna County's proportionate share of the net pension liability as a percentage of its covered payroll	188.98%	157.24%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%

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

See independent auditors' report.
 See notes to required supplementary information.

2017	2016	2015
Measurement Date (As of and for the year ended June 30, 2016)	Measurement Date (As of and for the year ended June 30, 2015)	Measurement Date (As of and for the year ended June 30, 2014)
0.7791%	0.7584%	0.7647%
\$ 12,447,396	\$ 7,732,545	\$ 5,965,481
\$ 6,678,352	\$ 6,287,461	\$ 6,211,087
186.38%	122.98%	96.05%
69.18%	76.99%	81.29%

See independent auditors' report.
See notes to required supplementary information.

STATE OF NEW MEXICO
 Luna County
 Schedule of the County's Proportionate Share of the Net Pension Liability
 of PERA Fund Municipal Police Division
 Public Employees Retirement Association (PERA) Plan
 Last 10 Fiscal Years*

	2019	2018
	Measurement	Measurement
	Date (As of	Date (As of
	and for the	and for the
	year ended	year ended
	June 30,	June 30,
	2018)	2017)
	<hr/>	<hr/>
Luna County's proportion of the net pension liability	0.5778%	0.6317%
Luna County's proportionate share of the net pension liability	\$ 3,942,354	\$ 3,509,508
Luna County's covered payroll	\$ 1,216,408	\$ 1,302,505
Luna County's proportionate share of the net pension liability as a percentage of its covered payroll	324.10%	269.44%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%

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

See independent auditors' report.
 See notes to required supplementary information.

2017	2016	2015
Measurement Date (As of and for the year ended June 30, 2016)	Measurement Date (As of and for the year ended June 30, 2015)	Measurement Date (As of and for the year ended June 30, 2014)
0.7341%	0.6413%	0.6831%
\$ 5,003,224	\$ 3,083,730	\$ 2,226,832
\$ 1,349,622	\$ 1,258,949	\$ 1,317,273
370.71%	244.94%	169.05%
69.18%	76.99%	81.29%

See independent auditors' report.
See notes to required supplementary information.

STATE OF NEW MEXICO
 Luna County
 Schedule of the County's Contributions
 Public Employees Retirement Association (PERA) Plan
 PERA Fund Municipal General Division
 Last 10 Fiscal Years*

	As of and for the year ended June 30, 2019	As of and for the year ended June 30, 2018
Contractually required contribution	\$ 645,483	\$ 653,920
Contributions in relation to the contractually required contribution	<u>(645,483)</u>	<u>(653,920)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Luna County's covered payroll	\$ 6,758,985	\$ 6,843,959
Contributions as a percentage of covered payroll	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, Luna County will present information for those years for which information is available.

See independent auditors' report.
 See notes to required supplementary information.

As of and for the year ended <u>June 30, 2017</u>	As of and for the year ended <u>June 30, 2016</u>	As of and for the year ended <u>June 30, 2015</u>
\$ 649,883	\$ 637,783	\$ 607,351
<u>(649,883)</u>	<u>(637,783)</u>	<u>(607,351)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,805,057	\$ 6,678,352	\$ 6,287,461
9.55%	9.55%	9.66%

See independent auditors' report.
See notes to required supplementary information.

STATE OF NEW MEXICO
 Luna County
 Schedule of the County's Contributions
 Public Employees Retirement Association (PERA) Plan
 PERA Fund Municipal Police Division
 Last 10 Fiscal Years*

	As of and for the year ended June 30, 2019	As of and for the year ended June 30, 2018
Contractually required contribution	\$ 210,774	\$ 229,943
Contributions in relation to the contractually required contribution	<u>(210,774)</u>	<u>(229,943)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Luna County's covered payroll	\$ 1,115,027	\$ 1,216,408
Contributions as a percentage of covered payroll	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, Luna County will present information for those years for which information is available.

See independent auditors' report.
 See notes to required supplementary information.

As of and for the year ended <u>June 30, 2017</u>	As of and for the year ended <u>June 30, 2016</u>	As of and for the year ended <u>June 30, 2015</u>
\$ 246,174	\$ 255,079	\$ 239,409
<u>(246,174)</u>	<u>(255,079)</u>	<u>(239,409)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,302,505	\$ 1,349,622	\$ 1,258,949
18.90%	18.90%	19.02%

See independent auditors' report.
See notes to required supplementary information.

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STATE OF NEW MEXICO
Luna County
Notes to Required Supplementary Information
June 30, 2019

PERA

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 2018 report is available at <http://www.nmpera.org/>

See independent auditors' report.
See notes to required supplementary information.

STATE OF NEW MEXICO

Schedule B-1

Luna County
 Schedule of Proportionate Share of the Net OPEB Liability
 Retiree Health Care OPEB Plan
 Last 10 Fiscal Years*

	2019	2018
	Measurement	Measurement
	Date (As of and	Date (As of and
	for the Year	for the Year
	Ended June 30,	Ended June 30,
	2018)	2017)
	<hr/>	<hr/>
Luna County's proportion of the net OPEB liability (asset)	0.19513%	0.19729%
Luna County's proportionate share of the net OPEB liability (asset)	\$ 8,484,945	\$ 8,940,538
Luna County's covered payroll	8,031,782	8,144,489
Luna County's proportionate share of the net OPEB liability as a percentage of its covered payroll	106%	110%
Plan fiduciary net position as a percentage of the total OPEB liability	13.14%	11.34%

* Governmental Accounting Standards Board Statement No. 75 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Luna County is not available prior to fiscal year 2018, the year the statement's requirements became effective.

See independent auditors' report.
 See notes to required supplementary information.

STATE OF NEW MEXICO
 Luna County
 Schedule of Contributions
 Retiree Health Care OPEB Plan
 Last 10 Fiscal Years*

Schedule B-2

	As of and for the Year Ended June 30, 2019	As of and for the Year Ended June 30, 2018
Contractually required contribution	\$ 164,644	\$ 166,760
Contributions in relation to the contractually required contribution	164,644	166,760
Contribution deficiency (excess)	\$ -	\$ -
Luna County's covered payroll	7,944,289	8,031,782
Contribution as a percentage of covered payroll	2.072%	2.076%

* Governmental Accounting Standards Board Statement No. 75 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Luna County is not available prior to fiscal year 2018, the year the statement's requirements became effective.

Notes to Required Supplementary Information

RHC Plan

Changes of Benefit Terms

Recent changes in benefits are described in the financial statement note disclosure covering the Other Post-Employment Benefits (OPEB) – Retiree Health Trust.

Changes of Assumptions

Changes in actuarial assumptions are described in the financial statement note disclosure covering the Other Post-Employment Benefits (OPEB) – Retiree Health Trust.

Additional financial information supporting the preparation of the Schedule of Employer Allocations and the Schedule of OPEB Amounts by Employer, including the disclosure of the net OPEB liability and the unmodified audit opinion on the financial statements, is located in the New Mexico Retiree Health Care Authority financial statements for the fiscal year ended June 30, 2018. Additional financial information is available at www.nmrhca.state.nm.us or by contacting New Mexico Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

See independent auditors' report.
 See notes to required supplementary information.

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SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
Luna County
Nonmajor Fund Descriptions
June 30, 2019

Special Revenue Funds

Ambulance County – To account for support of the County’s financial share of the ambulance system. Financing is provided by allotments from the State of New Mexico Fire Marshal’s Office and by EMS grants. The authority to create this fund was given by Section 7-27-4.11, NMSA 1978.

Assessor’s Non-rendition – To account for non-rendition fees collected and set aside by the County Commission to be expended for the Assessor’s Office capital needs. The authority to create this fund is by County ordinance.

CASA Program – To account for the funds received through the Administrative Office of the Courts to provide for Court Appointed Special Advocates. The authority to create this fund is by County ordinance.

Community Health and Social Services – To account for the funds received to aid the lower income residents in Luna County.

Community Services – To account for the funds received to aid the lower income residents in Luna County.

Domestic Violence Shelter – Domestic Violence Shelter. Separated so that the Healing House could become self-sustaining. The authority to create this fund is by County ordinance.

DWI Compliance Monitoring – To account for fees to monitor DWI offenders. The authority to create this fund is by County ordinance.

DWI Grants – To account for various funds provided to promote awareness and prevention of DWI. The authority was given by Section 11-6A-3, BNSA 1978.

DWI Screening Fees – To account for fees collected from DWI offenders. The authority to create this fund is by County ordinance.

DWI Treatment Fees – To account for fees DWI offenders who receive treatment. The authority to create this fund is by County ordinance.

Farm and Range Fund – To account for the operations and maintenance of County roads and predatory animal control. Financing is provided by the County’s share of grazing fees. Such fees provide for payment of all current operating costs and may be used only for that purpose. The authority was provided by the Taylor Grazing Act. (6-11-6 NMSA 1978).

Fire Protection Fund – To account for the 1/4% gross receipts tax for fire protection services to Luna County residents by financing the operational expenses and capital outlay costs of independent fire districts. The authority was given by Section 7-20E-15, NMSA 1978.

Indigent Hospital Claims – To account for the support of indigent hospital patients who are residents of Luna County. Financing is provided by the imposition of a one-fourth of one-percent sales tax in compliance with the county Sales Tax Act. The authority to create this fund was given by 27-5-7, NMSA 1978.

KLCB Aluminum – To account for funds that are collected from the sale of donated aluminum cans. These funds are to be used for the Keep Luna County Beautiful project. The authority to create this fund is by County ordinance.

Law Enforcement Protection 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 1978.

STATE OF NEW MEXICO
Luna County
Nonmajor Fund Descriptions
June 30, 2019

Special Revenue Funds (continued)

Mimbres Valley Learning Center – To account for the revenues and expenditures for maintaining and improving the learning center. The fund was established by County ordinance.

Recreation – To account for the monies specifically set aside by County ordinance for maintenance and creation of recreation facilities. There have been no transactions in this fund for several years. The fund was established by County ordinance. The authority was given by 5-4-3, NMSA 1978.

Reappraisal Program – To account for proceeds from property taxes and the one-percent administrative fees assessed by county treasurers to revenue recipients. The authority was given by 72-2-21.1, NMSA 1978.

Recording Fees – To account for the proceeds collected by the county clerk's office for recording fees. The authority to create this fund is by County ordinance.

Solid Waste Grant – To account for grant funds that are to be used to close the landfill formerly operated by the County. Financing is provided by a grant from the New Mexico Environment Department under the New Mexico Rural Infrastructure Act. Section 78-1-1, NMSA 1978.

Treasurer's Mobile Home Sales – To account for fees collected to recover costs incurred in preparing for the sale of delinquent personal property. The authority to create this fund was given by County ordinance.

Volunteer Fire Departments – To account for funds received from state fire distribution for tanker fire truck debt service to New Mexico Finance Authority. The authority was given by Section 59A-53-7, NMSA 1978.

Capital Projects Funds

Local Infrastructure Capital Improvements – To account for funds set aside by the County Commission to make capital improvements to local infrastructure.

Debt Service Funds

GRT Revenue Bond Series 2015A fund – To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs specifically for the building of an addition to the Luna County Detention Center. The fund's source of revenue is bond proceeds and subsequently gross receipts tax revenue for the payment of bond principal and interest. The authority to create this fund is by County ordinance.

Entertainment Complex Bond – To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs specifically for the building of the entertainment complex. The fund's source of revenue is bond proceeds. The authority to create this fund is by County ordinance.

Judicial Bond – To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs specifically for the building of the Sixth Judicial District Court. The fund's source of revenue is bond proceeds. The authority to create this fund is by County ordinance.

STATE OF NEW MEXICO
 Luna County
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2019

Statement A-1

	Special Revenue	Capital Projects	Debt Service	Total
<i>Assets</i>				
Cash and cash equivalents	\$ 5,472,537	\$ 773,962	\$ 5,564,122	\$ 11,810,621
Receivables:				
Property taxes	58,065	-	-	58,065
Other taxes receivable	275,180	-	390,488	665,668
Due from other governments	1,042,219	-	-	1,042,219
Due from other funds	66,778	-	-	66,778
<i>Total assets</i>	\$ 6,914,779	\$ 773,962	\$ 5,954,610	\$ 13,643,351
 <i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 405,831	\$ -	\$ -	\$ 405,831
Accrued payroll	54,823	-	-	54,823
Due to other funds	635,912	-	-	635,912
<i>Total liabilities</i>	1,096,566	-	-	1,096,566
 <i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	58,065	-	-	58,065
<i>Total deferred inflows of resources</i>	58,065	-	-	58,065
 <i>Fund balances</i>				
<i>Spendable:</i>				
<i>Restricted for:</i>				
General government	1,600,216	-	-	1,600,216
Public safety	1,332,365	-	-	1,332,365
Culture and recreation	866,087	-	-	866,087
Health and welfare	1,961,480	-	-	1,961,480
Capital acquisitions and improvements	-	773,962	-	773,962
Debt service	-	-	5,954,610	5,954,610
<i>Total fund balances</i>	5,760,148	773,962	5,954,610	12,488,720
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ 6,914,779	\$ 773,962	\$ 5,954,610	\$ 13,643,351

See independent auditors' report.

STATE OF NEW MEXICO

Statement A-2

Luna County

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2019

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
<i>Revenues</i>				
Taxes:				
Property	\$ 172,948	\$ -	\$ -	\$ 172,948
Gross receipts taxes	1,534,451	-	2,548,306	4,082,757
Intergovernmental revenue:				
Federal operating grants	1,318,973	-	-	1,318,973
State operating grants	2,593,846	-	-	2,593,846
Charges for services	300,533	58,020	-	358,553
Miscellaneous	27,714	-	-	27,714
<i>Total revenues</i>	<u>5,948,465</u>	<u>58,020</u>	<u>2,548,306</u>	<u>8,554,791</u>
<i>Expenditures</i>				
Current:				
General government	278,244	-	-	278,244
Public safety	2,019,866	-	-	2,019,866
Culture and recreation	240,332	-	-	240,332
Health and welfare	2,701,971	-	-	2,701,971
Capital outlay	224,090	211,368	-	435,458
Debt Service:				
Principal	-	-	778,244	778,244
Interest	-	-	672,230	672,230
<i>Total expenditures</i>	<u>5,464,503</u>	<u>211,368</u>	<u>1,450,474</u>	<u>7,126,345</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>483,962</u>	<u>(153,348)</u>	<u>1,097,832</u>	<u>1,428,446</u>
<i>Other financing sources (uses)</i>				
Proceeds from sale of capital assets	24,500	-	-	24,500
Transfers in	110,183	-	-	110,183
Transfers (out)	-	-	(600,000)	(600,000)
<i>Total other financing sources (uses)</i>	<u>134,683</u>	<u>-</u>	<u>(600,000)</u>	<u>(465,317)</u>
<i>Net change in fund balances</i>	618,645	(153,348)	497,832	963,129
<i>Fund balances - beginning of year</i>	<u>5,141,503</u>	<u>927,310</u>	<u>5,456,778</u>	<u>11,525,591</u>
<i>Fund balances - end of year</i>	<u>\$ 5,760,148</u>	<u>\$ 773,962</u>	<u>\$ 5,954,610</u>	<u>\$ 12,488,720</u>

See independent auditors' report.

STATE OF NEW MEXICO
Luna County
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019

	<u>Ambulance County</u>	<u>Assessor's Non- rendition</u>	<u>CASA Program</u>	<u>Community Health and Social Services</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 555,093	\$ 213,900	\$ 27,609	\$ 142,634
Receivables:				
Property taxes	-	20,077	-	-
Other taxes receivable	65,078	-	-	-
Due from other governments	-	-	29,594	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 620,171</u>	<u>\$ 233,977</u>	<u>\$ 57,203</u>	<u>\$ 142,634</u>
<i>Liabilities</i>				
Accounts payable	\$ 84,583	\$ -	\$ 1,442	\$ 17,392
Accrued payroll	-	-	4,915	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>84,583</u>	<u>-</u>	<u>6,357</u>	<u>17,392</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	-	20,077	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>20,077</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Spendable				
Restricted for:				
General government	-	213,900	-	-
Public safety	535,588	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	50,846	125,242
<i>Total fund balances</i>	<u>535,588</u>	<u>213,900</u>	<u>50,846</u>	<u>125,242</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 620,171</u>	<u>\$ 233,977</u>	<u>\$ 57,203</u>	<u>\$ 142,634</u>

See independent auditors' report

<u>Community Services</u>	<u>Domestic Violence Shelter</u>	<u>DWI Compliance Monitoring</u>	<u>DWI Grants</u>	<u>DWI Screening Fees</u>	<u>DWI Treatment Fees</u>
\$ 386,745	\$ 224,872	\$ 21,201	\$ 64,317	\$ 24,389	\$ 5,596
-	-	-	-	-	-
-	-	-	-	-	-
126,934	16,483	-	17,348	-	-
-	8,730	-	51,682	-	-
<u>\$ 513,679</u>	<u>\$ 250,085</u>	<u>\$ 21,201</u>	<u>\$ 133,347</u>	<u>\$ 24,389</u>	<u>\$ 5,596</u>
\$ 19,128	\$ 6,011	\$ -	\$ 2,739	\$ -	\$ -
24,594	6,549	1,595	6,460	-	-
-	6,366	-	-	-	-
<u>43,722</u>	<u>18,926</u>	<u>1,595</u>	<u>9,199</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	19,606	124,148	24,389	-
-	-	-	-	-	-
469,957	231,159	-	-	-	5,596
<u>469,957</u>	<u>231,159</u>	<u>19,606</u>	<u>124,148</u>	<u>24,389</u>	<u>5,596</u>
<u>\$ 513,679</u>	<u>\$ 250,085</u>	<u>\$ 21,201</u>	<u>\$ 133,347</u>	<u>\$ 24,389</u>	<u>\$ 5,596</u>

See independent auditors' report

STATE OF NEW MEXICO
Luna County
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019

	<u>Farm and Range Fund</u>	<u>Fire Protection Fund</u>	<u>Indigent Hospital Claims</u>	<u>KLCB Aluminum</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 29,372	\$ 293,017	\$ 1,054,897	\$ 58,645
Receivables:				
Property taxes	2,079	-	-	-
Other taxes receivable	-	24,599	143,592	-
Due from other governments	18,808	-	-	11,581
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 50,259</u>	<u>\$ 317,616</u>	<u>\$ 1,198,489</u>	<u>\$ 70,226</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 23,750	\$ 119,809	\$ 1,913
Accrued payroll expenses	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>23,750</u>	<u>119,809</u>	<u>1,913</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	2,079	-	-	-
<i>Total deferred inflows of resources</i>	<u>2,079</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Spendable				
Restricted for:				
General government	48,180	-	-	68,313
Public safety	-	293,866	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	1,078,680	-
<i>Total fund balances</i>	<u>48,180</u>	<u>293,866</u>	<u>1,078,680</u>	<u>68,313</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 50,259</u>	<u>\$ 317,616</u>	<u>\$ 1,198,489</u>	<u>\$ 70,226</u>

See independent auditors' report

Law Enforcement Protection Fund	Mimbres Valley Learning Center	Recreation	Reappraisal Program	Recording Fees	Solid Waste Grant
\$ -	\$ 848,508	\$ 143	\$ 664,613	\$ 163,435	\$ -
-	-	-	35,909	-	-
12,274	29,637	-	-	-	-
821,471	-	-	-	-	-
6,366	-	-	-	-	-
<u>\$ 840,111</u>	<u>\$ 878,145</u>	<u>\$ 143</u>	<u>\$ 700,522</u>	<u>\$ 163,435</u>	<u>\$ -</u>
\$ 106,424	\$ 12,201	\$ -	\$ 1,291	\$ -	\$ -
5,446	-	-	2,596	-	-
629,546	-	-	-	-	-
<u>741,416</u>	<u>12,201</u>	<u>-</u>	<u>3,887</u>	<u>-</u>	<u>-</u>
-	-	-	35,909	-	-
-	-	-	35,909	-	-
-	-	-	660,726	163,435	-
98,695	-	-	-	-	-
-	865,944	143	-	-	-
-	-	-	-	-	-
<u>98,695</u>	<u>865,944</u>	<u>143</u>	<u>660,726</u>	<u>163,435</u>	<u>-</u>
<u>\$ 840,111</u>	<u>\$ 878,145</u>	<u>\$ 143</u>	<u>\$ 700,522</u>	<u>\$ 163,435</u>	<u>\$ -</u>

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STATE OF NEW MEXICO
Luna County
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019

Statement B-1
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	Treasurer's Mobile Home Sales	Volunteer Fire Departments	Total Nonmajor Governmental Funds
<i>Assets</i>			
Cash and cash equivalents	\$ 451,011	\$ 242,540	\$ 5,472,537
Receivables:			
Property taxes	-	-	58,065
Other taxes receivable	-	-	275,180
Due from other governments	-	-	1,042,219
Due from other funds	-	-	66,778
	<u>\$ 451,011</u>	<u>\$ 242,540</u>	<u>\$ 6,914,779</u>
<i>Total assets</i>			
	<u>\$ 451,011</u>	<u>\$ 242,540</u>	<u>\$ 6,914,779</u>
<i>Liabilities</i>			
Accounts payable	\$ 2,681	\$ 6,467	\$ 405,831
Accrued payroll expenses	2,668	-	54,823
Due to other funds	-	-	635,912
	<u>5,349</u>	<u>6,467</u>	<u>1,096,566</u>
<i>Total liabilities</i>			
	<u>5,349</u>	<u>6,467</u>	<u>1,096,566</u>
<i>Deferred inflows of resources</i>			
Unavailable revenue - property taxes	-	-	58,065
	<u>-</u>	<u>-</u>	<u>58,065</u>
<i>Total deferred inflows of resources</i>			
	<u>-</u>	<u>-</u>	<u>58,065</u>
<i>Fund balances</i>			
<i>Spendable</i>			
<i>Restricted for:</i>			
General government	445,662	-	1,600,216
Public safety	-	236,073	1,332,365
Culture and recreation	-	-	866,087
Health and welfare	-	-	1,961,480
	<u>445,662</u>	<u>236,073</u>	<u>5,760,148</u>
<i>Total fund balances</i>			
	<u>445,662</u>	<u>236,073</u>	<u>5,760,148</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>			
	<u>\$ 451,011</u>	<u>\$ 242,540</u>	<u>\$ 6,914,779</u>

See independent auditors' report

STATE OF NEW MEXICO
Luna County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2019

	<u>Ambulance County</u>	<u>Assessor's Non- rendition</u>	<u>CASA Program</u>	<u>Community Health and Social Services</u>
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ 33,766	\$ -	\$ -
Gross receipts taxes	427,552	-	-	-
Intergovernmental:				
Federal operating grants	-	-	167,792	-
State operating grants	-	-	-	250,600
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>427,552</u>	<u>33,766</u>	<u>167,792</u>	<u>250,600</u>
<i>Expenditures</i>				
Current:				
General government	-	3,624	-	-
Public safety	345,000	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	141,185	125,358
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>345,000</u>	<u>3,624</u>	<u>141,185</u>	<u>125,358</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>82,552</u>	<u>30,142</u>	<u>26,607</u>	<u>125,242</u>
<i>Other financing sources (uses)</i>				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	82,552	30,142	26,607	125,242
<i>Fund balances - beginning of year</i>	<u>453,036</u>	<u>183,758</u>	<u>24,239</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 535,588</u>	<u>\$ 213,900</u>	<u>\$ 50,846</u>	<u>\$ 125,242</u>

See independent auditors' report

Community Services	Domestic Violence Shelter	DWI Compliance Monitoring	DWI Grants	DWI Screening Fees	DWI Treatment Fees
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	13,000	-	-	-	-
1,406,874	276,768	-	192,664	-	-
-	-	24,278	-	4,950	3,780
-	-	-	23,816	-	-
<u>1,406,874</u>	<u>289,768</u>	<u>24,278</u>	<u>216,480</u>	<u>4,950</u>	<u>3,780</u>
-	-	-	-	-	-
-	-	24,622	206,825	1,584	-
-	-	-	-	-	-
1,452,241	254,686	-	-	-	4,350
-	-	27,691	-	-	-
<u>1,452,241</u>	<u>254,686</u>	<u>52,313</u>	<u>206,825</u>	<u>1,584</u>	<u>4,350</u>
<u>(45,367)</u>	<u>35,082</u>	<u>(28,035)</u>	<u>9,655</u>	<u>3,366</u>	<u>(570)</u>
-	-	-	-	-	-
52,000	35,000	-	-	-	-
<u>52,000</u>	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6,633	70,082	(28,035)	9,655	3,366	(570)
<u>463,324</u>	<u>161,077</u>	<u>47,641</u>	<u>114,493</u>	<u>21,023</u>	<u>6,166</u>
<u>\$ 469,957</u>	<u>\$ 231,159</u>	<u>\$ 19,606</u>	<u>\$ 124,148</u>	<u>\$ 24,389</u>	<u>\$ 5,596</u>

See independent auditors' report

STATE OF NEW MEXICO
Luna County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2019

	Farm and Range Fund	Fire Protection Fund	Indigent Hospital Claims	KLCB Aluminum
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	167,553	665,404	-
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	33,551	-	236,583	38,161
Charges for services	-	-	-	237
Miscellaneous	-	-	-	-
Total revenues	33,551	167,553	901,987	38,398
<i>Expenditures</i>				
Current:				
General government	44,000	-	-	53,981
Public safety	-	95,000	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	724,151	-
Capital outlay	-	-	-	-
Total expenditures	44,000	95,000	724,151	53,981
<i>Excess (deficiency) of revenues over expenditures</i>	(10,449)	72,553	177,836	(15,583)
<i>Other financing sources (uses)</i>				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	17,200
Total other financing sources (uses)	-	-	-	17,200
<i>Net change in fund balances</i>	(10,449)	72,553	177,836	1,617
<i>Fund balances - beginning of year</i>	58,629	221,313	900,844	66,696
<i>Fund balances - end of year</i>	\$ 48,180	\$ 293,866	\$ 1,078,680	\$ 68,313

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Law Enforcement Protection Fund	Mimbres Valley Learning Center	Recreation	Reappraisal Program	Recording Fees	Solid Waste Grant
\$ -	\$ -	\$ -	\$ 139,182	\$ -	\$ -
83,726	190,216	-	-	-	-
1,138,181	-	-	-	-	-
30,067	-	-	-	-	-
37,760	132,422	-	-	28,516	-
1,928	-	-	-	-	-
<u>1,291,662</u>	<u>322,638</u>	<u>-</u>	<u>139,182</u>	<u>28,516</u>	<u>-</u>
-	-	-	136,051	7,767	-
1,248,053	-	-	-	-	-
-	240,332	-	-	-	-
-	-	-	-	-	-
160,338	-	-	-	-	-
<u>1,408,391</u>	<u>240,332</u>	<u>-</u>	<u>136,051</u>	<u>7,767</u>	<u>-</u>
(116,729)	82,306	-	3,131	20,749	-
24,500	-	-	-	-	-
-	5,983	-	-	-	-
<u>24,500</u>	<u>5,983</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(92,229)	88,289	-	3,131	20,749	-
190,924	777,655	143	657,595	142,686	-
<u>\$ 98,695</u>	<u>\$ 865,944</u>	<u>\$ 143</u>	<u>\$ 660,726</u>	<u>\$ 163,435</u>	<u>\$ -</u>

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STATE OF NEW MEXICO

Luna County

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2019

	Treasurer's Mobile Home Sales	Volunteer Fire Departments	Total Nonmajor Governmental Funds
<i>Revenues</i>			
Taxes:			
Property	\$ -	\$ -	\$ 172,948
Gross receipts taxes	-	-	1,534,451
Intergovernmental:			
Federal operating grants	-	-	1,318,973
State operating grants	-	128,578	2,593,846
Charges for services	68,590	-	300,533
Miscellaneous	1,970	-	27,714
<i>Total revenues</i>	<u>70,560</u>	<u>128,578</u>	<u>5,948,465</u>
<i>Expenditures</i>			
Current:			
General government	32,821	-	278,244
Public safety	-	98,782	2,019,866
Culture and recreation	-	-	240,332
Health and welfare	-	-	2,701,971
Capital outlay	27,691	8,370	224,090
<i>Total expenditures</i>	<u>60,512</u>	<u>107,152</u>	<u>5,464,503</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>10,048</u>	<u>21,426</u>	<u>483,962</u>
<i>Other financing sources (uses)</i>			
Proceeds from sale of capital assets	-	-	24,500
Transfers in	-	-	110,183
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>134,683</u>
<i>Net change in fund balances</i>	10,048	21,426	618,645
<i>Fund balances - beginning of year</i>	<u>435,614</u>	<u>214,647</u>	<u>5,141,503</u>
<i>Fund balances - end of year</i>	<u>\$ 445,662</u>	<u>\$ 236,073</u>	<u>\$ 5,760,148</u>

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STATE OF NEW MEXICO
 Luna County
 Combining Balance Sheet
 Nonmajor Capital Project Funds
 June 30, 2019

Statement C-1

	<u>Local Infrastructure Capital Improvements</u>
<i>Assets</i>	
Cash and cash equivalents	\$ 773,962
<i>Total assets</i>	<u>\$ 773,962</u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>	
<i>Liabilities</i>	
Accounts payable	\$ -
<i>Total liabilities</i>	<u>-</u>
 <i>Fund balances</i>	
Spendable:	
Restricted for:	
Capital acquisitions and improvements	773,962
<i>Total fund balances</i>	<u>773,962</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 773,962</u>

See independent auditors' report.

STATE OF NEW MEXICO

Statement C-2

Luna County

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Capital Project Funds

For the Year Ended June 30, 2019

	Local Infrastructure Capital Improvements
<i>Revenues</i>	
Gross receipts taxes	\$ -
Intergovernmental revenue:	
Federal operating grants	-
Federal capital grants	-
State operating grants	-
State capital grants	-
Charges for services	58,020
Investment income	-
Miscellaneous	-
<i>Total revenues</i>	<u>58,020</u>
<i>Expenditures</i>	
Current:	
General government	-
Public works	-
Culture and recreation	-
Health and welfare	-
Capital outlay	211,368
Debt Service:	
Principal	-
Interest	-
<i>Total expenditures</i>	<u>211,368</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(153,348)</u>
<i>Net change in fund balances</i>	(153,348)
<i>Fund balances - beginning</i>	<u>927,310</u>
<i>Fund balances - end of year</i>	<u><u>\$ 773,962</u></u>

See independent auditors' report.

STATE OF NEW MEXICO
 Luna County
 Combining Balance Sheet
 Nonmajor Debt Service Funds
 June 30, 2019

Statement D-1

	GRT Revenue Bond Series 2015A	Entertainment Complex Bond	Judicial Bond	Total
<i>Assets</i>				
Cash and cash equivalents	\$ 1,168,947	\$ 1,788,204	\$ 2,606,971	\$ 5,564,122
Receivables:				
Other taxes receivable	65,528	131,060	193,900	390,488
<i>Total assets</i>	<u>\$ 1,234,475</u>	<u>\$ 1,919,264</u>	<u>\$ 2,800,871</u>	<u>\$ 5,954,610</u>
<i>Liabilities and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Restricted for:				
Debt service	1,234,475	1,919,264	2,800,871	5,954,610
<i>Total fund balances</i>	<u>1,234,475</u>	<u>1,919,264</u>	<u>2,800,871</u>	<u>5,954,610</u>
<i>Total liabilities, and fund balances</i>	<u>\$ 1,234,475</u>	<u>\$ 1,919,264</u>	<u>\$ 2,800,871</u>	<u>\$ 5,954,610</u>

See independent auditors' report.

STATE OF NEW MEXICO

Statement D-2

Luna County

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Debt Service Funds

For the Year Ended June 30, 2019

	GRT Revenue Bond Series 2015A	Entertainment Complex Bond	Judicial Bond	Total
<i>Revenues</i>				
Gross receipts taxes	\$ 428,823	\$ 857,668	\$ 1,261,815	\$ 2,548,306
Intergovernmental revenue:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>428,823</u>	<u>857,668</u>	<u>1,261,815</u>	<u>2,548,306</u>
<i>Expenditures</i>				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	155,000	370,000	253,244	778,244
Interest	98,826	150,609	422,795	672,230
<i>Total expenditures</i>	<u>253,826</u>	<u>520,609</u>	<u>676,039</u>	<u>1,450,474</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>174,997</u>	<u>337,059</u>	<u>585,776</u>	<u>1,097,832</u>
<i>Other financing sources (uses)</i>				
Transfers (out)	-	-	(600,000)	(600,000)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(600,000)</u>	<u>(600,000)</u>
<i>Net change in fund balances</i>	174,997	337,059	(14,224)	497,832
<i>Fund balances - beginning</i>	<u>1,059,478</u>	<u>1,582,205</u>	<u>2,815,095</u>	<u>5,456,778</u>
<i>Fund balances - end of year</i>	<u>\$ 1,234,475</u>	<u>\$ 1,919,264</u>	<u>\$ 2,800,871</u>	<u>\$ 5,954,610</u>

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Luna County
Schedule of Deposit and Investment Accounts
June 30, 2019

Schedule I

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
First New Mexico Bank-cash accounts					
Treasurer Hold Statement	Checking	\$ 1,807,552	\$ 15,636	\$ 576,589	\$ 1,246,599
Treasurer Hold Statement MMI	Checking	4,007,029	-	-	4,007,029
CDBG	Checking	100	-	-	100
Detention Center	Checking	2,078	-	-	2,078
Detention Center	Checking	147,728	-	20,995	126,733
Starmax ATM	Checking	4,580	-	-	4,580
Starmax	Checking	1,480	28,970	-	30,450
Flex	Checking	1,425	-	-	1,425
<i>Total First New Mexico Bank</i>		<u>5,971,972</u>	<u>44,606</u>	<u>597,584</u>	<u>5,418,994</u>
Wells Fargo Bank					
General Fund - Payroll	Checking	607,074	-	-	607,074
<i>Total Wells Fargo Bank</i>		<u>607,074</u>	<u>-</u>	<u>-</u>	<u>607,074</u>
Moreton Capital Markets					
Money Market Funds	Money Market	1,867,257	-	-	1,867,257
Money Market Funds	Money Market	19,970,930	-	-	19,970,930
Money Market Funds	Money Market	118,691	-	-	118,691
<i>Total Moreton Capital Markets</i>		<u>21,956,878</u>	<u>-</u>	<u>-</u>	<u>21,956,878</u>
<i>Bank balance of deposits</i>		<u>\$ 28,535,924</u>	<u>\$ 44,606</u>	<u>\$ 597,584</u>	<u>\$27,982,946</u>
Moreton Capital Markets					
U.S. Governmental Securities	Investment	\$ 4,489,692	\$ -	\$ -	\$ 4,489,692
U.S. Governmental Securities	Investment	5,549,338	-	-	5,549,338
U.S. Governmental Securities	Investment	319,027	-	-	319,027
<i>Total Moreton Capital Markets investments</i>		<u>10,358,057</u>	<u>-</u>	<u>-</u>	<u>10,358,057</u>
<i>Total investments</i>		<u>10,358,056</u>	<u>-</u>	<u>-</u>	<u>10,358,057</u>
<i>Total</i>		<u>\$ 38,893,980</u>	<u>\$ 44,606</u>	<u>\$ 597,584</u>	<u>38,341,003</u>
Add: petty cash					<u>375</u>
<i>Total deposits and investments</i>					<u>\$ 38,341,378</u>
Deposits and investments per financial statements:					
Cash and cash equivalents - Exhibit A-1					\$21,984,767
Investments - Exhibit A-1					10,358,057
Restricted cash and cash equivalents - Exhibit A-1					5,622,767
Fiduciary funds cash - Exhibit E-1					<u>375,787</u>
<i>Total cash, cash equivalents, and investments</i>					<u>\$38,341,378</u>

See independent auditors' report.

STATE OF NEW MEXICO
Luna County
Schedule of Collateral Pledged by Depository
For Public Funds
June 30, 2019

Schedule II

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value at June 30, 2019</u>
First New Mexico Bank				
	ALAM	8/1/2029	011446GC9	\$ 501,475
	FHLB	12/8/2023	3130A3VC5	534,902
	ALAM	8/1/2021	011450CR2	440,977
	QUES	9/1/2024	748352CX7	306,858
	FFCB	10/25/2024	3133EGZW8	990,666
	FFCB	11/16/2026	3133EGG90	988,791
	FFCB	11/27/2024	3133EHX24	1,000,054
	FFCB	2/3/2025	3133EHTD5	600,021
	POJO	8/1/2019	73085PBD0	360,767
	SOCO	8/1/2019	83368PCA2	205,273
	SOUT	8/1/2022	843789EJ3	501,230
<i>Total First New Mexico Bank</i>				<u>\$ 6,431,014</u>
The location of the safekeeper of the above securities is First New Mexico Bank, 300 S Gold, Deming, New Mexico 88030				
Wells Fargo Bank				
	FNMA 3.500%	11/1/2041	3138EHB50	110,702
	FNMA 2.500%	9/1/2031	3138WH2U5	281,997
<i>Total Wells Fargo Bank</i>				<u>\$ 392,699</u>
The location of the safekeeper of the above securities is BNY Mellon at 101 Barclay Street, 4th Floor East, New York, NY 10286				
<i>Total Pledged Collateral</i>				<u><u>\$ 6,823,713</u></u>

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STATE OF NEW MEXICO
Luna County
Schedule of Changes in Fiduciary Assets and Liabilities
Custodial Funds
For the Year Ended June 30, 2019

Schedule III

Taxes:	Balance			Balance
Assets:	June 30, 2018	Additions	Deletions	June 30, 2019
Cash and cash equivalents	\$ 237,596	\$ 7,454,268	\$ 7,446,313	\$ 245,551
Property taxes receivables	1,221,558	14,559,922	14,483,685	1,297,795
Total Assets	\$ 1,459,154	\$ 22,014,190	\$ 21,929,998	\$ 1,543,346
Liabilities:				
Due to other taxing entities	1,459,154	22,014,190	21,929,998	1,543,346
Total Liabilities	\$ 1,459,154	\$ 22,014,190	\$ 21,929,998	\$ 1,543,346
Inmate Accounts:				
Assets:				
Cash and cash equivalents	\$ 80,114	\$ 416,622	\$ 366,500	\$ 130,236
Total Assets	\$ 80,114	\$ 416,622	\$ 366,500	\$ 130,236
Liabilities:				
Due to others	80,114	416,622	366,500	130,236
Total Liabilities	\$ 80,114	\$ 416,622	\$ 366,500	\$ 130,236
Total Assets and Liabilities:	Balance			Balance
Assets:	June 30, 2018	Additions	Deletions	June 30, 2019
Cash and cash equivalents	\$ 308,590	\$ 7,870,890	\$ 7,812,813	\$ 375,787
Property taxes receivables	1,231,292	14,559,922	14,483,685	1,297,795
Total Assets	\$ 1,539,268	\$ 22,430,812	\$ 22,296,498	\$ 1,673,582
Liabilities:				
Due to others	1,539,268	22,430,812	22,296,498	1,673,582
Total Liabilities	\$ 1,539,268	\$ 22,430,812	\$ 22,296,498	\$ 1,673,582

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STATE OF NEW MEXICO
 Luna County
 Schedule of Legislative Grants
 For the Year Ended June 30, 2019

<i>Project</i>	<i>Agency</i>	<i>Grant #</i>	<i>Effective Date</i>	<i>Reversion Date</i>	<i>Original Amount</i>
Regional Law Enforcement Complex	DFA	16-A2456	3/31/2017	06/30/20	\$150,000
LCDC Improvements	DFA	15-0804	1/1/2016	06/30/19	\$250,000
2015 Colonias Rockhound	NMFA	CI-3174	5/14/2015	06/30/18	\$424,386

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<i>Project</i>	<i>Arts in Public Places</i>	<i>Net Amount</i>	<i>Expenditures to Date</i>	<i>Remaining</i>
LC Annex Renovation	\$ -	\$150,000	\$31,955	\$118,045
LCDC Improvements	\$ -	\$250,000	\$151,899	\$98,101
Rockhound Road- Flood & Drain Control	\$ -	\$424,386	\$423,220	\$1,166

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STATE OF NEW MEXICO
Luna County
Schedule of Tax Roll Reconciliation- Property Tax Receivable
June 30, 2019

Schedule V

Property taxes receivable June 30, 2018	\$ 4,498,759
Changes to Tax Roll:	
Net taxes charged to Treasurer for fiscal year	15,058,244
Adjustments:	
Uncollectable property taxes	(50,032)
Charge off of taxes receivable	<u>(162,321)</u>
Total receivables prior to collections	14,845,891
Collections for fiscal year ended June 30, 2019	<u>14,559,922</u>
Property taxes receivable June 30, 2019	<u><u>\$ 4,784,728</u></u>
Per Treasurer's report:	
Property taxes receivable by year:	
2009	\$ 186,968
2010	220,035
2011	253,207
2012	288,368
2013	333,445
2014	375,580
2015	440,815
2016	545,093
2017	777,684
2018	<u>1,411,864</u>
Total property taxes receivable	<u><u>\$ 4,833,059</u></u>
Less 1% allowance:	<u>48,331</u>
Total net property tax receivable	<u><u>\$ 4,784,728</u></u>

See independent auditors' report.

STATE OF NEW MEXICO
 Luna County
 County Treasurer's Property Tax Schedule
 June 30, 2019

	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed To-Date	Distributed in Current Year	County Receivable at Year End
NM DEBT SERV						
2018	822,947	759,621	759,621	746,636	746,636	63,326
2017	811,407	31,789	781,949	779,850	40,565	29,458
2016	792,275	13,174	775,169	773,561	13,015	17,106
2015	770,691	3,817	758,763	758,582	5,381	11,929
2014	754,476	1,275	744,905	744,767	1,765	9,571
2013	733,329	515	725,190	725,082	882	8,139
2012	706,381	415	699,565	699,475	727	6,816
2011	693,346	224	687,488	687,441	526	5,858
2010	747,777	241	742,192	742,121	478	5,584
2009	549,465	140	545,945	545,909	312	3,520
Tax Total	7,382,093	811,209	7,220,787	7,203,424	810,286	161,306
CO OPERATION						
2018	6,644,438	6,138,453	6,138,453	6,138,453	6,138,453	505,985
2017	6,491,127	244,165	6,258,393	6,258,393	244,165	232,734
2016	6,426,680	102,500	6,286,444	6,286,444	102,500	140,236
2015	6,248,016	29,435	6,148,654	6,148,654	29,435	99,361
2014	5,982,123	9,532	5,903,964	5,903,964	9,532	78,159
2013	5,854,365	3,836	5,786,675	5,786,675	3,836	67,690
2012	5,639,884	3,034	5,582,364	5,582,364	3,034	57,519
2011	5,465,997	1,621	5,416,486	5,416,486	1,621	49,511
2010	5,277,845	1,548	5,235,618	5,235,618	1,548	42,228
2009	5,125,190	1,209	5,089,662	5,089,662	1,209	35,529
Tax Total	59,155,664	6,535,333	57,846,712	57,846,712	6,535,333	1,308,952
MUN OPERATION						
2018	1,619,280	1,518,359	1,518,359	1,486,668	1,486,668	100,921
2017	1,200,426	49,841	1,166,408	1,163,505	64,950	34,018
2016	1,193,078	22,223	1,179,878	1,176,774	20,962	13,200
2015	1,231,217	6,451	1,224,874	1,224,481	8,350	6,342
2014	1,246,348	1,608	1,242,816	1,242,597	2,066	3,532
2013	1,201,550	527	1,198,611	1,198,539	758	2,939
2012	787,485	245	786,426	786,401	393	1,058
2011	739,208	87	738,417	738,391	238	791
2010	717,584	119	717,019	716,959	190	565
2009	578,053	119	577,811	577,789	228	242
Tax Total	10,514,229	1,599,580	10,350,620	10,312,103	1,584,803	163,608

SCH LEVY	Property Taxes Levied	Collected		Collected To-Date	Distributed To-Date	Distributed in Current Year	County Receivable at Year End
		in Current Year					
2018	300,720	277,598	277,598	272,864	272,864	23,122	
2017	293,658	11,424	283,020	282,265	14,574	10,638	
2016	290,771	4,831	284,492	283,902	4,772	6,280	
2015	282,837	1,399	278,456	278,390	1,973	4,381	
2014	271,133	462	267,710	267,660	637	3,424	
2013	265,573	186	262,624	262,585	319	2,949	
2012	255,936	148	253,443	253,411	263	2,492	
2011	248,024	78	245,891	245,874	189	2,134	
2010	239,498	76	237,683	237,661	153	1,815	
2009	232,550	58	231,028	231,014	132	1,522	
Tax Total	2,680,701	296,260	2,621,945	2,615,625	295,875	58,755	
SCH DEBT SERV							
2018	3,475,584	3,208,136	3,208,136	3,153,295	3,153,295	267,449	
2017	3,425,063	134,187	3,300,717	3,291,857	171,229	124,345	
2016	3,286,090	54,642	3,215,140	3,208,472	53,981	70,950	
2015	3,532,556	17,494	3,477,879	3,477,052	24,665	54,677	
2014	3,213,067	5,430	3,172,309	3,171,721	7,517	40,758	
2013	1,821,353	1,278	1,801,138	1,800,870	2,190	20,215	
2012	1,743,013	1,023	1,726,195	1,725,971	1,795	16,818	
2011	1,733,300	560	1,718,654	1,718,536	1,315	14,646	
2010	2,376,151	764	2,358,407	2,358,181	1,518	17,744	
2009	2,090,731	533	2,077,338	2,077,202	1,185	13,393	
Tax Total	26,696,907	3,424,046	26,055,913	25,983,158	3,418,690	640,994	
SCH CAPT IMPRV							
2018	1,204,454	1,111,828	1,111,828	1,092,856	1,092,856	92,626	
2017	1,176,199	45,783	1,133,584	1,130,558	58,409	42,616	
2016	1,164,330	19,354	1,139,189	1,136,827	19,120	25,141	
2015	1,133,318	5,612	1,115,777	1,115,511	7,913	17,542	
2014	1,098,470	1,869	1,084,586	1,084,384	2,578	13,884	
2013	1,078,359	756	1,066,390	1,066,232	1,297	11,969	
2012	1,038,740	610	1,028,718	1,028,584	1,070	10,023	
2011	1,012,525	326	1,003,937	1,003,868	769	8,588	
2010	977,435	314	970,136	970,043	624	7,299	
2009	955,545	243	949,423	949,361	542	6,121	
Tax Total	10,839,376	1,186,696	10,603,567	10,578,225	1,185,177	235,808	
SCH EDUC TECH							
2013	1,365,744	958	1,350,585	1,350,385	1,642	15,158	
2012	1,153,003	677	1,141,878	1,141,730	1,187	11,125	
2011	1,121,936	362	1,112,456	1,112,379	851	9,480	
2010	354,803	114	352,154	352,120	227	2,649	
2009	575,710	147	572,022	571,985	326	3,688	
Tax Total	4,571,195	2,258	4,529,095	4,528,598	4,234	42,101	

STATE OF NEW MEXICO
Luna County
County Treasurer's Property Tax Schedule
June 30, 2019

	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed To-Date	Distributed in Current Year	County Receivable at Year End
CATTLE ELK						
2018	29,761	26,609	26,609	26,609	26,609	3,152
2017	39,582	1,094	36,991	36,991	1,481	2,591
2016	43,871	656	41,956	41,956	659	1,915
2015	37,194	170	37,040	37,040	170	154
2014	28,995	-	28,995	28,995	-	-
2013	30,580	-	30,580	30,580	-	-
2012	28,591	-	28,591	28,591	-	-
2011	24,429	-	24,429	24,429	-	-
2010	19,528	-	19,528	19,528	-	-
2009	22,604	-	22,604	22,604	-	-
Tax Total	305,133	28,529	297,321	297,320	28,918	7,812
SHEEP LEVY						
2018	12	12	12	12	12	-
2017	13	-	12	12	5	1
2016	17	-	16	16	-	1
2015	16	-	16	16	-	-
2014	27	-	27	27	-	-
2013	30	-	30	30	-	-
2012	28	-	28	28	-	-
2011	23	-	23	23	-	-
2010	6	-	6	6	-	-
2009	8	-	8	8	-	-
Tax Total	180	12	177	177	18	3
GOATS LEVY						
2018	25	18	18	18	18	8
2017	27	3	21	21	4	6
2016	35	2	33	33	3	3
2015	20	-	18	18	-	2
2014	20	-	19	19	-	1
2013	18	-	18	18	-	1
2012	14	-	13	13	-	-
2011	15	-	15	15	-	-
2010	8	-	8	8	-	-
2009	4	-	4	4	-	-
Tax Total	187	24	167	167	25	20
EQUINE LEVY						
2018	1,172	959	959	854	854	213
2017	993	94	897	895	118	96
2016	872	17	825	825	23	47
2015	903	2	869	869	2	35
2014	864	2	842	842	2	22
2013	853	-	839	839	2	14
2012	903	-	889	889	2	14
2011	931	-	918	918	2	13
2010	730	-	724	724	2	6
2009	1,683	-	1,675	1,675	13	8
Tax Total	9,905	1,075	9,437	9,331	1,020	468

	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed To-Date	Distributed in Current Year	County Receivable at Year End
DAIRY CTL LEVY						
2018	28,322	28,322	28,322	28,322	28,322	-
2017	29,581	-	29,581	29,581	-	-
2016	32,137	-	32,137	32,137	-	-
2015	29,732	-	29,732	29,732	-	-
2014	23,497	-	23,497	23,497	-	-
2013	26,021	-	26,021	26,021	-	-
2012	26,384	-	26,384	26,384	-	-
2011	22,122	-	22,122	22,122	-	-
2010	21,754	-	21,754	21,754	-	-
2009	13,249	-	13,249	13,249	-	-
Tax Total	252,799	28,322	252,799	252,799	28,322	-
SWINE LEVY						
2018	1	1	1	1	1	-
2017	1	-	1	1	-	-
2016	1	-	1	1	-	-
2015	2	-	2	2	-	-
2014	1	-	1	1	-	-
2013	1	-	1	1	-	-
2012	1	-	1	1	-	-
Tax Total	9	1	9	9	1	-
BISON CAMELIDS						
2017	1	-	1	1	-	-
2016	2	-	2	2	-	-
2015	3	-	3	3	-	-
2014	6	-	6	6	-	-
2013	3	-	3	3	-	-
2012	1	-	1	1	-	-
2011	59	-	59	59	-	-
2010	56	-	56	56	-	-
Tax Total	131	-	131	131	-	-
ROAD LEVY						
2018	861,946	523,163	523,163	507,245	507,245	338,783
2017	862,005	36,763	569,287	567,377	49,006	292,719
2016	861,948	12,439	598,793	597,399	12,892	263,154
2015	860,259	4,943	619,138	618,721	5,789	241,121
2014	860,296	2,849	639,200	638,946	2,984	221,096
2013	860,327	1,729	660,163	659,934	1,708	200,164
2012	860,355	1,273	681,672	681,457	1,231	178,683
2011	860,394	865	701,462	701,277	788	158,932
2010	860,895	549	721,442	721,299	486	139,453
2009	860,912	422	740,465	740,381	418	120,447
Tax Total	8,609,338	584,994	6,454,785	6,434,035	582,548	2,154,552

STATE OF NEW MEXICO
 Luna County
 County Treasurer's Property Tax Schedule
 June 30, 2019

	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed To-Date	Distributed in Current Year	County Receivable at Year End
PRED CONTROL						
2018	15,285	14,305	14,305	14,282	14,282	979
2017	18,020	257	17,380	17,380	361	639
2016	18,428	141	18,022	18,022	145	406
2015	15,172	37	15,123	15,123	37	48
2014	12,881	2	12,872	12,872	2	9
2013	14,172	-	14,166	14,166	1	6
2012	15,449	-	15,443	15,443	1	6
2011	18,446	-	18,441	18,441	1	5
2010	16,343	-	16,341	16,341	1	2
2009	12,523	-	12,522	12,522	3	1
Tax Total	156,715	14,743	154,615	154,591	14,834	2,100
NON-RENDITION						
2018	37,669	27,871	27,871	27,208	27,208	9,798
2017	37,405	2,693	34,262	34,074	3,067	3,144
2016	34,086	1,478	31,845	31,776	1,562	2,241
2015	43,939	708	42,172	42,118	757	1,767
2014	37,081	353	36,011	35,964	327	1,070
2013	32,389	197	31,535	31,481	143	854
2012	26,844	171	26,263	26,206	115	581
2011	26,198	85	25,786	25,760	61	413
2010	27,066	119	26,780	26,752	94	286
2009	15,950	80	15,824	15,800	56	125
Tax Total	318,628	33,753	298,347	297,139	33,390	20,280
ADMINISTRATIVE						
2018	13,215	7,741	7,741	7,407	7,407	5,475
2017	13,194	727	8,514	8,457	978	4,680
2016	13,552	247	9,138	9,113	256	4,414
2015	11,552	67	8,097	8,087	66	3,456
2014	14,164	50	10,110	10,099	43	4,054
2013	12,317	27	8,970	8,963	24	3,348
2012	13,145	23	9,912	9,907	21	3,233
2011	13,014	14	10,178	10,175	13	2,836
2010	12,341	10	9,937	9,934	8	2,404
2009	13,623	9	11,250	11,247	7	2,373
Tax Total	130,118	8,916	93,846	93,389	8,824	36,272
CABALLO SWCD						
2018	3,412	3,385	3,385	3,385	3,385	27
2017	3,661	419	3,661	3,661	448	-
2016	3,661	365	3,661	3,661	365	-
2015	3,661	-	3,661	3,661	-	-
2014	3,661	-	3,661	3,661	-	-
2013	3,661	-	3,661	3,661	-	-
2012	3,661	-	3,661	3,661	-	-
Tax Total	25,379	4,169	25,352	25,351	4,198	27

	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed To-Date	Distributed in Current Year	County Receivable at Year End
2018	15,058,244	13,646,380	13,646,380	13,506,114	13,506,114	1,411,864
2017	14,402,364	559,239	13,624,680	13,604,880	649,359	777,684
2016	14,161,833	232,072	13,616,740	13,600,919	230,255	545,093
2015	14,201,086	70,135	13,760,272	13,758,061	84,538	440,815
2014	13,547,110	23,433	13,171,530	13,170,021	27,454	375,580
2013	13,300,645	10,009	12,967,200	12,966,064	12,802	333,445
2012	12,299,818	7,619	12,011,449	12,010,519	9,839	288,368
2011	11,979,969	4,222	11,726,762	11,726,193	6,376	253,207
2010	11,649,818	3,853	11,429,783	11,429,104	5,328	220,035
2009	11,047,798	2,959	10,860,830	10,860,411	4,431	186,968
Grand Total	131,648,685	14,559,921	126,815,626	126,632,286	14,536,496	4,833,059
					Less 1% allowance:	48,331
					Total net property tax receivable	<u>\$ 4,784,728</u>

STATE OF NEW MEXICO
 Luna County
 Schedule of Joint Powers Agreements
 For the Year Ended June 30, 2019

Schedule VII

<i>Participants</i>	<i>Responsible Party for Operations</i>	<i>Descriptions</i>	<i>Beginning and Ending Dates</i>	<i>Total Estimated Amount of Project</i>	<i>Contribution 6/30/2019</i>	<i>Audit Responsibility</i>	<i>Revenues and Expenditures Reported on:</i>
Village of Columbus	Luna County	Multi Service Agreement	Fiscal Year 2019	None	\$30,000	Luna County	Rev: Luna County Exp: Village of Columbus
Village of Columbus	Luna County	Multi Service Agreement	Fiscal Year 2019	None	\$64,000	Luna County	Exp: Luna County Rev: Village of Columbus
City of Deming	Luna County	Multi Service Agreement	Fiscal Year 2019	None	\$993,500	Luna County	Rev: Luna County Exp: City of Deming
City of Deming	Luna County	Multi Service Agreement	Fiscal Year 2019	None	\$415,000	Luna County	Rev: Luna County Exp: City of Deming

See independent auditors' report.

COMPLIANCE SECTION

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITORS' REPORT

Mr. Brian S. Colón, Esq.
New Mexico State Auditor
County Commission
Luna County
U.S. Office of Management and Budget
Deming, 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 business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the General Fund and major special revenue funds of Luna County (the County), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise County's basic financial statements, and have issued our report thereon dated November 25, 2019.

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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as items 2019-001, 2019-002, 2019-003, and 2019-004.

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*.

Luna County's Responses to Findings

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

Purpose of this Report

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

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Cordova CPAs LLC
Albuquerque, New Mexico
November 25, 2019

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FEDERAL FINANCIAL ASSISTANCE

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITORS' REPORT

Mr. Brian S. Colón, Esq.
New Mexico State Auditor
County Commission
Luna County
U.S. Office of Management and Budget
Deming, New Mexico

Report on Compliance for Each Major Federal Program

We have audited Luna County's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2019. The County's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

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

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

Basis for Qualified Opinion on Operation Stone Garden

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding CFDA No. 97.067 Operation Stone Garden as described in findings FA 2019-005, 2019-006, and 2019-007 for Cash Management, Reporting, and subrecipient monitoring. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Qualified Opinion on Operation Stone Garden

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Operation Stone Garden for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal controls over compliance described in the accompanying schedule of findings and questioned costs as items 2019-005, 2019-006, and 2019-007 to be material weaknesses.

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

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

A handwritten signature in blue ink that reads "Cordova CPAs LLC". The letter "C" is significantly larger and more stylized than the rest of the text.

Cordova CPAs LLC
Albuquerque, NM
November 25, 2019

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STATE OF NEW MEXICO
Luna County
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor or Pass-Through Grantor / Program Title	Federal CFDA Number	Federal Expenditures	Funds Provided to Subrecipients	Noncash Assistance
U.S. Department of Housing and Urban Development				
<i>Passed through New Mexico Mortgage Finance Authority</i>				
Emergency Homeless Assistance	14.231	\$ 25,667	\$ -	\$ -
<i>Total U.S. Department of Housing and Urban Development</i>		<u>25,667</u>	<u>-</u>	<u>-</u>
U.S. Department of Interior				
<i>Passed through BLM- NM</i>				
Integrated Weed Management	15.230	40,000	-	-
<i>Passed through NM Association of Counties</i>				
Illegal Dumping	15.225	4,081	-	-
<i>Total U.S. Department of Interior</i>		<u>44,081</u>	<u>-</u>	<u>-</u>
U.S. Department of Justice				
<i>Direct</i>				
VOCA	16.575	73,304	-	-
<i>Total U.S. Department of Justice</i>		<u>73,304</u>	<u>-</u>	<u>-</u>
U.S. Department of Homeland Security				
<i>Passed through NM Department of Homeland Security and Emergency Management</i>				
Emergency Food and Shelter Program	97.024	3,275	-	-
Emergency Management Performance Grant Program	97.042	32,672	-	-
Operation Stone Garden	97.067 *	755,246	370,382	-
<i>Total Department of Homeland Security</i>		<u>791,193</u>	<u>370,382</u>	<u>-</u>
U.S. Department of Transportation				
<i>Passed through NM Department of Transportation</i>				
ENDWI	20.608	3,724	-	-
STEP	20.616	13,394	-	-
ODWI- DOT Alcohol Counter Measures	20.608	5,049	-	-
<i>Total U.S. Department of Transportation</i>		<u>22,167</u>	<u>-</u>	<u>-</u>
Executive Office of the President				
HIDTA	95.001	435,368	-	-
<i>Total Executive Office of the President</i>		<u>435,368</u>	<u>-</u>	<u>-</u>
<i>Total Federal Financial Assistance</i>		<u>\$ 1,391,780</u>	<u>\$ 370,382</u>	<u>\$ -</u>

* Denotes Major Federal Financial Assistance Program

See independent auditors' report.
See accompanying notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards**1 Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Luna County and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2 Loans

The County did not expend federal awards related to loans or loan guarantees during the year.

3 10% de minimus Indirect Cost Rate

The County did not elect to use the allowed 10% indirect cost rate.

4 Federally Funded Insurance

The County has no federally funded insurance.

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STATE OF NEW MEXICO
 Luna County
 Schedule of Findings and Questioned Costs
 June 30, 2019

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements noted? | None noted |

Federal Awards:

- | 1. Internal control over major programs: | | | | | |
|--|------------------------|-----------------|--------|------------------------|--|
| a. Material weaknesses identified? | Yes | | | | |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted | | | | |
| 2. Type of auditors' report issued on compliance for major programs | Qualified | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | Yes | | | | |
| 3. Identification of major programs: | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">CFDA
Number</th> <th style="text-align: center; border-bottom: 1px solid black;">Federal Program</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">97.067</td> <td style="text-align: center;">Operation Stone Garden</td> </tr> </tbody> </table> | CFDA
Number | Federal Program | 97.067 | Operation Stone Garden | |
| CFDA
Number | Federal Program | | | | |
| 97.067 | Operation Stone Garden | | | | |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 | | | | |
| a. Auditee qualified as low-risk auditee? | No | | | | |

SECTION II – FINANCIAL STATEMENT FINDINGS

2019-001 — Control Environment (Significant Deficiency) (Repeated/ Modified finding FS 2018-001)

Condition: During our audit, we noted internal control weaknesses and deficiencies as follows:

- From procedures over the IT function of the County, we noted that the Budget and Procurement Director has complete access of the accounting system, and the County does not have mitigating controls to ensure proper monitoring. The County has made progress in removing daily operational access from prior year, however, is working on removing the superuser role from the Director.
- From procedures performed, we noted there is no proper internal control structure by either the finance department or treasurer’s office related to the detention center commissary accounting transactions. There is no proper review of bank reconciliations. There has been no progress from PY, the treasurer’s office is working to mitigate these issues in fiscal year 2020.
- There is no documented review of the master vendor listing on a timely basis performed by the County. The County made some progress in the current year, however, is working toward a complete review in fiscal year 2020.
- From the review of the P-Card reconciliation process performed monthly by the County, there are multiple policy or procurement violations noted by the users each month. The County made progress in the current year, however, is working on a more robust action toward violators in fiscal year 2020.

Criteria: The Committee of Sponsoring Organizations (COSO) COSO Internal Control – Integrated Framework (2013), consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication and monitoring, which includes the implementation of internal controls with financial close functions to produce accurate and timely financial information in accordance with generally accepted accounting principles.

Effect: The County is susceptible to errors or fraud not being timely detected and corrected due to the weaknesses in the internal control structure of the County.

Cause: The County has not performed a proper risk assessment of internal controls through the County to ensure financial reporting and asset safekeeping are proper for the County environment.

Auditors’ Recommendations: We recommend the following:

- The County should perform a complete risk assessment of the internal control process throughout the County to ensure proper segregation of duties throughout finance department.
- The County should determine which department (Finance/Treasurer’s) that will be responsible to properly review all detention center commissary bank accounts and reconciliations.
- The County should ensure proper review and purging of unnecessary vendors. This review should be formal and documented in a timely manner.
- The County review existing employee consequences as it relates to P-card violations, and determine if the County should strengthen consequences to employees when P-card violations are noted.

Agency’s Response: Luna County’s human capital is such that complete segregation of duties is not entirely possible, however Management will continue to work with putting check systems into place to minimize any risk of improper transactions and to strengthen controls so that errors may be discovered timely. The individual responsible for mitigating this, is the HR Specialist, and the timeline is fiscal year 2020.

2019-001 — Control Environment (Significant Deficiency) (Repeated/ Modified finding FS 2018-001) (continued)

Luna County Management will begin the procurement process to contract with a third-party entity to perform a proper risk assessment of our internal controls and policies. The individual responsible for mitigating this, is the Budget and Procurement Director, and the timeline is fiscal year 2020.

Bank reconciliations will be reviewed and verified for accuracy by the Treasurers Department monthly. The individual responsible for mitigating this, is the County Treasurer, and the timeline is fiscal year 2020.

The master vendor list will be reviewed by Accounts Payable and Budget and Procurement Director to determine any vendors which have not been used in more than five (5) years to have status changed to Inactive. The Payroll Specialist will perform the change from Active to Inactive status on the identified vendors. The individual responsible for mitigating this, is the Budget and Procurement Director, and the timeline is fiscal year 2020.

Luna County will also develop a stronger policy regarding P-Card violations and the consequences related thereto. A policy will be drafted by end of fiscal year. Luna County will continue to train and counsel employees on the proper procedures in using a County issued Purchase Card. The individual responsible for mitigating this, is the Budget and Procurement Director, and the timeline is fiscal year 2020.

2019-002 — Road Fund Consumable Inventory (Significant Deficiency)

Condition: During inquiry and gathering of client prepared documents to support audited financial numbers it was noted that the County was not able to provide evidence of the consumable road fund inventory on hand as of year-end.

Criteria: Sections 6-5-1 through 6-5-6 NMSA, 1978 require internal accounting controls designed to prevent accounting errors and violations of state and federal laws and rules related to financial matters.

Effect: Without proper inventory controls, the County cannot verify what inventory they have on hand or is available for use and may be misappropriated without the knowledge of management. Also, the inventory balance at year end may be misstated as the balance cannot be supported by the sufficient evidence.

Cause: The County had an oversight and did not print out and complete a proper report at year end.

Auditors' Recommendations: We recommend the County ensures policies and procedures designed to prevent or detect possible misstatements in its inventory at year end.

Agency's Response: Luna County had several personnel issues that prevented the continuity of maintaining the inventory system. Luna County is working on restoring the system and anticipates that it will be back up, running and accurate by fiscal year end. The Luna County Road Department is responsible for the maintenance and accuracy of the consumables within their department and will be assigning two people to oversee the project to ensure that the project is not neglected. The personnel assigned to the project will be Administrative Assistant. Quarterly review will be performed by the Road Department Director.

2019-003 — Deficiencies in IT General Computer Controls and IT Environment – (Significant Deficiency)

Condition: During our audit, we noted that there were various deficiencies within the IT General Computer Control and overall environments. The following were noted:

- The County does not have formal processes to incorporate risks that are identified during the risk assessment process of the IT environment.
- The County does not have proper access controls to ensure only authorized personnel can access the Detention Center server rooms.
- The County has not implemented appropriate environmental temperature controls and/or backups to the County's central server rooms to ensure.
- There are no current and updated IT polices in place at the County. 2009 was the last year that an update to the IT policies was performed.
- The County has not performed a timely cleanup of modifying or closing user accounts of the financial system.
- The County does not have a proper formal processes and procedures in place to ensure user access rights, are removed or suspended in a timely manner.
- The County does not have proper formal polices and procedures to ensure all employees have a uniquely identifiable user ID and password.
- The County does not have a proper training process to ensure new and current employees are properly trained as it relates to the General Computer and IT environment.

Criteria: According to NMAC 1.12, provides guidance on an Enterprise Security Policy for the protection of information technology (IT) assets and resources including data and information. The policy establishes that protection must be provided for IT assets, resources, and data/information from unauthorized access, use, disclosure, disruption, modification, or destruction to provide integrity, confidentiality, availability, accountability, and assurance, and establishes that controls must be maintained over information systems, resources, and data/information sufficient to contain risk of loss or misuse of information. In addition, the Committee of Sponsoring Organizations (COSO) COSO Internal Control – Integrated Framework (2013), consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication and monitoring, which includes the implementation of good internal controls over IT general computer controls within the organization.

Effect: These deficiencies can result in weaknesses in internal controls, that could result in loss of data, damage of hardware, system manipulation, fraud or errors not being detected or corrected, security failures, or other IT related issues.

Cause: The County has not properly responded to the IT risk assessments that have been performed.

Auditors' Recommendations: The reperform the risk assessment of the IT General Computer Controls and IT environment and develop appropriate and timely responses to reduce and mitigate the risks identified in such risk assessment.

Agency Response: Luna County in FY 2020 has reviewed the current access listing from our software provider, Triadic. Any employees/users which are no longer associated with Luna County have been deleted. Luna County will perform a semi-annual review of users to ensure that employees which are no longer associated with Luna County have all accesses terminated.

2019-003 — Deficiencies in IT General Computer Controls and IT Environment – (Significant Deficiency) (continued)

Luna County will begin the procurement process to award a contract with a third-party vendor to perform a full risk assessment. Upon completion Luna County Management will review the recommendations for implementation and policy updates.

Luna County also anticipates putting bio-metric locks on doors to server rooms with authorizing only priority individuals' access to the server rooms.

The individual responsible for mitigating this, is the IT Director, and the timeline is fiscal year 2020.

2019-004 — Lack of Support of Review of Budget Monitoring (Significant Deficiency)

Condition: There was no evidence provided to us that indicated that the County was reviewing the final budget for the Stonegarden program during fiscal year 2019.

Criteria: The County has a policy in place for the Stonegarden program that states that there is a final budget reviewed and approved by the Sheriff and two Captains that outlines the expenditures that would be submitted to the federal oversight.

Cause: The County had a lot of turnover in both the position responsible for Stonegarden as well as in top management who oversaw this grant and so the support of the review of the final budgets was not filed or the review and approval was never completed.

Effect: The County could not provide evidence that they were following their policy for reviewing budgets for the Stonegarden program.

Auditor's Recommendations: Established policies should be adhered to review the final budgets by required personnel before they are to be submitted to the federal oversight.

Agency's Response: Luna County had a large turnover in personnel available to assist in the completion of the administrative procedures for the Operation Stonegarden grant including oversight and review of sub-recipient reporting and invoicing. We currently have one employee in place that is learning the grant and will be responsible for reviewing and verifying all budgetary compliance and preparing the proper documentation to verify that final budget has been reviewed and approved by the Sheriff and two Captains outlining the expenditures to be used for Operation Stonegarden initiatives. Luna County will be monitoring and documenting the budget and expenditures on a regular basis. The individual responsible for mitigating this, is the Budget and Procurement Director, and the timeline is fiscal year 2020.

SECTION III - FEDERAL AWARD FINDINGS

2019-005 — Requests for Reimbursement not Completed (Material Weakness)

Federal program information:

Funding agency:	U.S. Department Homeland Security
Title:	Operation Stonegarden
CFDA number:	97.067
Compliance Requirement	Cash Management
Award Period:	July 1, 2018 to June 30, 2019

Condition: The County did not make any requests for reimbursement throughout the year under audit to manage the cash balances of the fund and program.

Criteria: Good cash management policies should be put in place where the County requests for reimbursement are placed promptly after the month has ended to ensure that the County's cash balances for the program are not overdrawn.

Questioned Costs: None.

Cause: The County's contractor that was hired to do the requests for reimbursements stopped working for the County at the end of the previous fiscal year and the process of requesting was not put in place to continue the process. The County eventually hired someone to take over these duties later in the fiscal year but it took time for the employee to get properly trained to understand what was needed for this process, this employee also left shortly after getting hired and did not complete any requests for reimbursement.

Effect: The County is having to use reserves to pay for Operation Stonegarden's operations.

Auditor's Recommendations: We recommend that the County implement a process to ensure that the requests are being completed and reviewed on a timely basis to confirm that the program will be reimbursed promptly after spending the money to ensure proper cash management.

Agency's Response: Luna County had a large turnover in personnel available to assist in the completion of the administrative procedures for the Operation Stonegarden grant. We currently have one employee in place that is learning the grant and will be responsible for catching up all requests for reimbursement and maintain a monthly request for reimbursement system. Reimbursement requests will be reconciled to the General Ledger ensuring the accuracy of expenditures equals the request for reimbursement. Luna County anticipates by the end of FY 2020 all requests for reimbursement will be brought current and will continue to move forward on a timely basis.

STATE OF NEW MEXICO
Luna County
Schedule of Findings and Questioned Costs
June 30, 2019

2019-006 — SF-425 Reports not Completed (Material Weakness)

Federal program information:

Funding agency:	U.S. Department Homeland Security
Title:	Operation Stonegarden
CFDA number:	97.067
Compliance Requirement	Reporting
Award Period:	July 1, 2018 to June 30, 2019

Condition: SF-425 reports for fiscal year June 30, 2019 were not being completed or submitted throughout the fiscal year.

Criteria: SF-425 reports should be submitted within the required time period after the end of the reporting period.

Questioned Costs: Not Applicable

Cause: The County's contractor that was hired to do the reporting stopped working for the County at the end of the previous fiscal year and the process of filling out and submitting the reports was not put in place to continue the process. The County eventually hired someone to take over these duties later in the fiscal year but it took time for the employee to get properly trained to understand what was needed for this process, this employee also left shortly after getting hired and did not submit any reports.

Effect: SF-425 reports for the Stonegarden program were not submitted by the required due dates.

Auditor's Recommendations: Established policies should be adhered to which require financial reports to be submitted within the required time period and have a supervisor responsible to oversee this function to ensure it gets completed

Agency's Response: Luna County had a large turnover in personnel available to assist in the completion of the administrative procedures for the Operation Stonegarden grant. We currently have one employee in place that is learning the grant and will be responsible for submitting all late reporting and maintain a monthly/quarterly/annual reporting system to ensure timely submission of required reporting. Luna County anticipates by the end of FY 2020 all reports will be brought current and will continue to prepare and submit reports on a timely basis.

2019-007 — Lack of Support of Subrecipient Monitoring (Material Weakness)

Federal program information:

Funding agency:	U.S. Department Homeland Security
Title:	Operation Stonegarden
CFDA number:	97.067
Compliance Requirement	Subrecipient Monitoring
Award Period:	July 1, 2018 to June 30, 2019

Condition: The County could not provide support showing that they were reviewing and approving required reports by their subrecipient during fiscal year 2019.

Criteria: According to 2 CFR part 200 subpart F, pass-through entities (County) are responsible for establishing requirements, as needed to ensure subrecipient accountability for the use of their funds.

Questioned Costs: Not Applicable

Cause: The County had a lot of turnover in both the position responsible for this grant as well as in top management who oversaw for Stonegarden and so either the retainage of supporting documentation was not filed or the review and approval was never completed.

Effect: The County is not in compliance with subrecipient monitoring.

Auditor's Recommendations: Ensure that the County is keeping up with monitoring subrecipients by having a designated employee and a supervisor over that employee to ensure compliance with subrecipient monitoring.

Agency's Response: Luna County had a large turnover in personnel available to assist in the completion of the administrative procedures for the Operation Stonegarden grant including oversight and review of sub-recipient reporting and invoicing. We currently have one employee in place that is learning the grant and will be responsible for reviewing and verifying all sub-recipient requests for reimbursement for compliance and accuracy when preparing authorization for payment to sub-recipients. Luna County will be monitoring sub-recipients on a regular basis. The individual responsible for mitigating this, is the Budget and Procurement Director, and the timeline is fiscal year 2020.

STATE OF NEW MEXICO
Luna County
Schedule of Findings and Questioned Costs
June 30, 2019

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Section IV – Section 12-6-5 NMSA 1978 Findings

None noted

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2018-001 Control Environment (Significant Deficiency) (Repeated/ Modified finding FS 2019-001)

STATE OF NEW MEXICO
County of Luna

Barbara L. Reedy
Commissioner, District 1

Linda M. Smrkovsky, Chair
Commissioner, District 2



John S. Sweetser
Commissioner, District 3

Chris A. Brice
County Manager

700 South Silver Avenue • Post Office Box 551 • Deming, New Mexico 88031
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Luna County
Audit Findings Corrective Action Plan
November 25, 2019

For the fiscal year ended June 30, 2019 the County had seven audit findings. A summary of the finding along with the corrective action plan to prevent the audit findings in the future is detailed below.

- 1. 2019-001 — Control Environment (Significant Deficiency) (Repeated/ Modified finding FS 2018-001)** – Luna County Management will review internal controls and draft a policy and procedures putting check systems into place to minimize any risk of improper transactions and to strengthen controls so that errors may be discovered timely. Updated policy draft should be completed by fiscal year end.

Luna County Management will begin the procurement process to contract with a third-party entity to perform a proper risk assessment of our internal controls and policies. Anticipate completing risk assessment by end of fiscal year.

LCDC Commissary bank reconciliations will be performed by LCDC employee and will be reviewed and verified by signature for accuracy by the Treasurers Department monthly.

The master vendor list will be reviewed by Accounts Payable Clerk, and Budget and Procurement Director, to determine any vendors which have not been used in more than five (5) years to have status changed to Inactive. The Payroll Specialist, will perform the change from Active to Inactive status on the identified vendors. Full vendor list should be culled by end of fiscal year.

Luna County will develop a stronger policy regarding P-Card violations and the consequences related thereto. A policy will be drafted for implementation by end of fiscal year by Management. Luna County will continue to train and counsel employees on the proper procedures in using a County issued Purchase Card.

2. 2019-002 – Road Fund Consumable Inventory (Significant Deficiency) - Luna County is currently working on restoring the system and anticipates that it will be back up, running and accurate by fiscal year end. The Luna County Road Department is responsible for the maintenance and accuracy of the consumables within their department and will be assigning two people to oversee the project to ensure that the project is not neglected. The personnel assigned to the project will be Administrative Assistant, and Lead Mechanic. Quarterly review will be performed by the Road Department Director.

3. 2019-003 — Deficiencies in IT General Computer Controls and IT Environment – (Significant Deficiency) During FY 2020 Luna County has reviewed the current access listing from our software provider, Triadic. Any employees/users which are no longer associated with Luna County have been deleted. Luna County will perform a semi-annual review of users to ensure that employees which are no longer associated with Luna County have all accesses terminated.

Luna County will also begin the procurement process to award a contract with a third-party vendor to perform a full risk assessment. Upon completion Luna County Management will review the recommendations for implementation and policy updates.

Luna County also anticipates putting bio-metric locks on doors to server rooms with authorizing only priority individuals access to the server rooms. This should be completed by fiscal year end.

4. 2019-005 – Requests for Reimbursement no Completed (Material Weakness) - Luna County had a large turnover in personnel available to assist in the completion of the administrative procedures for the Operation Stonegarden grant. We currently have one employee that is tasked with learning the grant and will be responsible for catching up all requests for reimbursement and maintain a monthly request for reimbursement system. Our oldest reimbursement requests will be reconciled to the General Ledger ensuring the accuracy of expenditures equals the request for reimbursement and should be submitted no later than December 31, 2019. Luna County anticipates by the end of FY 2020 all requests for reimbursement will be brought current and will continue to move forward on a timely basis.

5. 2019-006 — SF-425 Reports not Completed (Material Weakness) - Luna County had a large turnover in personnel available to assist in the completion of the administrative procedures for the Operation Stonegarden grant. We currently have one employee, in place that is tasked with learning the grant and will be responsible for submitting all late reporting and maintain a monthly/quarterly/annual reporting system to ensure timely submission of required reporting. Luna County anticipates by the end of FY 2020 all reports will be brought current and will continue to prepare and submit reports on a timely basis. Luna County's latest reports are anticipated to be submitted by December 31, 2019.

6. 2019-007 — Lack of Support of Subrecipient Monitoring (Material Weakness) -

Luna County had a large turnover in personnel available to assist in the completion of the administrative procedures for the Operation Stonegarden grant including oversight and review of sub-recipient reporting and invoicing. We currently have one employee, in place that is tasked with learning the grant and will be responsible for reviewing and verifying all sub-recipient requests for reimbursement for compliance and accuracy when preparing authorization for payment to sub-recipients. Upon verification the accuracy will be documented by signature of appropriate staff or the Luna County Sheriff for authorization to pay. Appropriate staff will begin monitoring sub-recipients on a timely basis.

7. 2019-004 — Lack of Support of Review of Budget Monitoring (Material Weakness)

- Luna County had a large turnover in personnel available to assist in the completion of the administrative procedures for the Operation Stonegarden grant including oversight and review of sub-recipient reporting and invoicing. We currently have one employee, in place that is tasked with learning the grant and will be responsible for reviewing and verifying all budgetary compliance and preparing the proper documentation to verify that final budget has been reviewed and approved by the Sheriff and two Captains outlining the expenditures to be used for Operation Stonegarden initiatives. Beginning in December 2019 a complete review of the final budget with the Luna County Sheriff, both Captains and appropriate staff will sign off on the budget as reviewed so that budgetary requirements are being met and are clear within our accounting system. Appropriate staff be monitoring and documenting the budget and expenditures on a timely basis.

STATE OF NEW MEXICO

Luna County
Other Disclosures
June 30, 2019

Exit Conference

An exit conference was held on November 21, 2019. In attendance were the following:

Representing Luna County:

Linda Smrkovsky, Commissioner
Gloria Rodriguez, Treasurer
Dora Madrid, Deputy Treasurer
Chris Brice, County Manager
Yossie Nieblas, Assistant to the County Manager
Kelly Gannaway, Luna County Sheriff
Michael Brown, Captian
Joanne Hethcox, Budget & Procurement Director

Representing Cordova CPAs LLC:

Robert Gonzales, CPA, Principal

Auditor Prepared Financial Statements

Cordova CPAs LLC prepared the GAAP-basis financial statements and footnotes of Luna County from the original books and records provided to them by the management of Luna County. The responsibility for the financial statements remains with the County.