



HINKLE + LANDERS

Certified Public Accountants + Business Consultants

MCKINLEY COUNTY

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

For the Year Ended June 30, 2017

**STATE OF NEW MEXICO
MCKINLEY COUNTY
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For the Year Ended June 30, 2017**

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MCKINLEY COUNTY
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STATE OF NEW MEXICO
MCKINLEY COUNTY
Official Roster
As of June 30, 2017

County Officials

| Name | Title |
|-----------------------|-----------------------------|
| Carol Bowman-Muskett | County Commissioner - Chair |
| Genevieve Jackson | County Commissioner |
| William E. Lee | County Commissioner |
| Ernest C. Becenti Jr. | County Treasurer |
| Harriett K. Becenti | County Clerk |
| Kathleen Arviso | County Assessor |
| Ron Silversmith | County Sheriff |
| Charley Long Sr. | County Probate Judge |

Administrative Officials

| Name | Title |
|-------------------|-----------------------|
| Anthony Dimas Jr. | County Manager |
| Brian Money | Deputy County Manager |
| Douglas W. Decker | County Attorney |
| Dezirie Gomez | County HR Director |
| Sara A. Keeler | Finance Director |

INDEPENDENT AUDITOR'S REPORT

Mr. Wayne A. Johnson, State Auditor and
The Board of County Commissioners
McKinley County
Gallup, New Mexico

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Emphasis of Matter

As discussed in Note 16 to the financial statements, the 2017 financial statements have been restated due to misstatements. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, and the Schedules related to PERA and Net Pension Liabilities, listed as "*Required Supplementary Information*" in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the County's financial statements, the combining and individual fund financial statements and the schedule of changes in assets and liabilities - agency funds. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other schedules listed as "other supplementary information" in the table of contents, required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and other schedules listed as "other supplementary information" in the table of contents, 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 additional schedules and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2017 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Hinkle & Landers, P.C." in a cursive script.

Hinkle + Landers, P.C.
Albuquerque, NM
November 21, 2017

STATE OF NEW MEXICO
MCKINLEY COUNTY
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017

As management of McKinley County (the County), we offer readers of McKinley County financial statements this narrative overview and analysis of the financial activities of McKinley County for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the financial statements of McKinley County and additional information provided.

Financial Highlights

- The assets and deferred outflows of McKinley County exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$113,236,196 (net position). Of this amount, \$3,052,924 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors.
- Change in net position from operations for the year end was \$1,001,524. The increase is primarily due to an increase in gross receipts and property taxes collected.
- At the end of the current fiscal year, fund balance for the general fund was \$17,496,945, or 159 percent of total general fund expenditures.
- Deferred outflows of resources of \$8,627,555 related to employer contributions subsequent to the measurement date, deferred inflows of resources of \$759,494, and a net pension liability of \$22,078,975 related to a pension plan are reported in the Statement of Net Position at June 30, 2017. These items are the result of the implementation of GASB 68 and GASB 71 relating to the County's proportionate share of the Public Employees Retirement Association, a multiple employer cost sharing defined benefit pension plan.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to McKinley County's basic financial statements. McKinley County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of McKinley County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of McKinley County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the assets and deferred outflows less liabilities and deferred inflows reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of McKinley County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of McKinley County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other

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FOR THE YEAR ENDED JUNE 30, 2017**

functions that are intended to recover all or a significant portion of their costs. The governmental activities of McKinley County include general government, public safety, public works, culture and recreation, and health and welfare.

The government-wide financial statements are found in this report, as noted in the Table of Contents.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. McKinley County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of McKinley County can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

McKinley County maintains 46 individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General fund, Road fund, RMCH Rental Income fund, and LE/JDC Debt Service fund all of which are major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

McKinley County adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement has been provided for the general fund and all the special revenue funds to demonstrate compliance with this budget. In addition, the individual financial statements of the non-major governmental funds include budgetary comparison data.

The basic governmental fund financial statements are found in this report, as noted in the Table of Contents.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support McKinley County's own programs.

McKinley County fiduciary funds account for the collection of property taxes and special fees and their remittance to other governmental agencies, and accounts for the Telecommunication program fees collected on behalf of the provider.

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MCKINLEY COUNTY
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

The Statement of Fiduciary Assets and Liabilities - Agency Funds is found in this report, as noted in the Table of Contents.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found in this report, as noted in the Table of Contents.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information to the financial statements. Combining and individual fund statements and schedules are found in this report, as noted in the Table of Contents.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of McKinley County assets and deferred outflows exceeded liabilities and deferred inflows by \$113,236,196 and \$111,670,002 at the close of the fiscal years ended June 30, 2017 and 2016, respectively. The County also had revenues that exceeded expenditures during the year in the amount of \$1,001,524 which increased net position as a result of operations, before considering restatements.

A large portion of the County's net position reflects its net investment in capital assets (e.g., land, buildings, other improvements, infrastructure and furniture and equipment) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion, \$44,738,165, of McKinley County's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$3,052,924, may be used to meet the government's ongoing obligations to citizens and creditors.

McKinley County is able to report positive balances in all three categories (Net investment in capital assets, net of related debt, Restricted, and Unrestricted) of net position, for the government as a whole as of June 30, 2017.

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**STATE OF NEW MEXICO
MCKINLEY COUNTY
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

| | Governmental Activities | |
|--|--------------------------------|--------------------|
| | <u>2017</u> | <u>2016</u> |
| Assets: | | |
| Current and other assets | \$ 64,611,991 | 68,923,236 |
| Capital assets | <u>72,823,984</u> | <u>73,776,060</u> |
| Total assets | <u>137,435,975</u> | <u>142,699,296</u> |
| Deferred outflows of resources | <u>8,627,555</u> | <u>2,075,092</u> |
| Total assets and deferred outflows of resources | <u>\$ 146,063,530</u> | <u>144,774,388</u> |
| Liabilities: | | |
| Current liabilities | \$ 2,771,073 | 2,877,352 |
| Non-Current liabilities | <u>29,296,767</u> | <u>29,731,919</u> |
| Total liabilities | <u>32,067,840</u> | <u>32,609,271</u> |
| Deferred inflows of resources | <u>759,494</u> | <u>495,115</u> |
| Net Position: | | |
| Net investment in capital assets | 65,445,107 | 58,421,399 |
| Restricted for: | | |
| Debt service | 989,774 | 1,483,048 |
| Capital projects | 8,934,448 | 9,240,403 |
| Other purposes - special revenue | 34,813,943 | 31,660,392 |
| Unrestricted | <u>3,052,924</u> | <u>10,864,760</u> |
| Total net position | <u>113,236,196</u> | <u>111,670,002</u> |
| Total liabilities, deferred inflows of resources, and net position | <u>\$ 146,063,530</u> | <u>144,774,388</u> |

Changes in Net Position

The County's total revenues of \$41,119,133 and program expenses of \$40,117,609 resulted in a change in net position of \$1,001,524 before restatements or special items. The County incurred a decrease in program revenues and in overall expenditures over the prior year. The County also maintained favorable budget to actual expenditure variances. While comparing balances from current year to the prior year, the accounts may vary due to the prior year auditor grouping accounts differently than the County grouped them in current year.

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**STATE OF NEW MEXICO
MCKINLEY COUNTY
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

This section contains a condensed comparison of revenues and expenditures and explanations for significant differences. The table shows the summarized revenues and expenditures for the years ended June 30, 2017 and June 30, 2016.

| | <u>Governmental Activities</u> | |
|--|--------------------------------|--------------------|
| | <u>2017</u> | <u>2016</u> |
| Revenues | | |
| <u>Program Revenues</u> | | |
| Changes for Services | \$ 5,632,977 | 7,715,902 |
| Operating Grants and Contributions | 6,566,943 | 5,600,737 |
| Capital Grants and Contributions | 138,959 | 130,112 |
| <u>General Revenue</u> | | |
| Taxes, Penalties and interest | 28,793,386 | 29,968,658 |
| Investment Income | (95,138) | 538,416 |
| Other Revenue | 109,586 | 625,241 |
| Gain/(loss) on disposition of capital assets | (27,580) | - |
| Total Revenue | <u>41,119,133</u> | <u>44,579,066</u> |
| Expenses | | |
| General Governmental | 11,757,483 | 10,788,089 |
| Public Safety | 19,327,435 | 20,203,939 |
| Public Works | 4,210,256 | 5,460,371 |
| Health and Welfare | 3,805,943 | 4,007,703 |
| Bond Interest | 1,016,492 | 679,429 |
| Total Expenses | <u>40,117,609</u> | <u>41,139,531</u> |
| Change in Net Assets | 1,001,524 | 3,439,535 |
| Net Position-Beginning of year | 111,670,002 | 108,230,467 |
| Restatements of net position | 564,670 | - |
| Net Position-Beginning of year, restated | <u>112,234,672</u> | <u>108,230,467</u> |
| Net Position-End of year | <u>\$ 113,236,196</u> | <u>111,670,002</u> |

Financial Analysis of the Government's Funds

As noted earlier, McKinley County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of McKinley County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing McKinley County's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year McKinley County's governmental funds reported combined ending fund balances of \$60,276,320, a decrease of \$4,851,769 in comparison with the prior year. Approximately 2 percent of this total amount, \$1,176,879, constitutes unassigned fund balance, which is available for spending at the government's discretion, and 98 percent of this total amount, \$59,099,441 is restricted or committed for budgeted items in the major and non-major special revenue funds.

The general fund is the chief operating fund of McKinley County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,176,879, restricted or committed for the minimum fund balance was \$16,320,066 while total fund balance was \$17,496,945. As a measure of the general

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MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 11 percent of total general fund expenditures, while total fund balance represents 159 percent of that same amount. Fund balance of McKinley County's general fund decreased by \$5,892,429 during the current fiscal year. The decrease is due to a restatement, the increase in the collection of gross receipts taxes, and paying off of the LE/JDC Debt Service Bond with general fund monies in the amount of \$8,771,837.

The Road Fund has total fund balance of \$3,168,202. At the end of the current fiscal year, unassigned fund balance of the Road Fund was \$0. The net increase in fund balance during the current year in the Road fund was \$224,211. This increase is due to receiving state funds for reimbursements on road projects.

The RMCH Rental Income Fund has a total fund balance of \$4,875,000. At the end of the current fiscal year, unassigned fund balance of the RMCH Rental Income Fund was \$0. The RMCH Rental Income Fund is a new fund that was set up to account for rental income for the County owned building that RMCH operates. McKinley County uses this rental income to help supplement our Safety Net Care pool payments to the NM Health Department in addition to indigent health care costs of the County to include health care costs for incarcerated individuals.

The LE/JDC Debt Service Fund has total fund balance of \$0. At the end of the current fiscal year, unassigned fund balance of the LE/JDC Debt Service Fund was \$0. The net decrease in fund balance during the current year is due to paying off the revenue bond and transferring the remaining cash to another debt service fund.

Budgetary Highlights

County budgets reflect the same pattern as seen in the revenue and expenditures of the County. The State of New Mexico budget process is defined under state law and regulation. To enhance the process of developing a budget at the county level, McKinley County utilizes goals and objectives defined by the County Commissioners, community input meetings, long term plans and input from various staff groups to develop the County budget. County priorities are well defined through this process.

GASB 34 does not require a statement presenting the overall result of the budget for each year; however, the general fund and all major special revenue funds are required to be reported as separate statements.

The total variation in budgeted expenditures from the original and final budgets in the general fund was (\$382,793). The decrease was mainly due to the County taking a proactive approach in reducing operating budgeted expenses by 4% due to State funding reductions. Actual expenditures in the general fund were lower than final budgeted expenditures by \$1,641,347.

The following table examines the summary budget performance of the general fund and major special revenue funds expenses, for the fiscal year ending June 30, 2017. Detail budget performance is reported in the budgetary comparison statements for the general fund and each special revenue major fund.

| | | Actual on Cash (Budgetary) Basis | Favorable (Unfavorable) Variance |
|-------------------------|---------------|-------------------------------------|--|
| General Fund | \$ 12,569,568 | 10,928,221 | 1,641,347 |
| Road Fund | \$ 4,707,687 | 2,830,690 | 1,876,997 |
| RMCH Rental Income Fund | \$ - | - | - |

**STATE OF NEW MEXICO
MCKINLEY COUNTY
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

The County amends its budget during the year in response to unexpected changes in its operating environment. The original and final budgets are reported and can be examined in the budgetary comparison statements, as noted in the Table of Contents.

Capital Asset and Debt Administration

Capital Assets

McKinley County's investment in capital assets for its governmental activities as of June 30, 2017, amounts to \$72,369,758 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, equipment, infrastructure, and other improvements. The table below shows the summarized capital assets of McKinley County as of June 30, 2017 and June 30, 2016.

| | Governmental Activities | |
|--|--------------------------------|---------------------|
| | <u>2017</u> | <u>2016</u> |
| Land | \$ 3,843,261 | 3,788,082 |
| Construction in progress | 768,961 | 248,850 |
| Land improvements | 4,076,509 | 4,076,499 |
| Buildings and improvements | 70,666,687 | 70,365,149 |
| Machinery & Equipment | 8,121,310 | 7,654,185 |
| Vehicles | 27,435,045 | 25,755,790 |
| Infrastructure | 27,766,389 | 27,766,389 |
| Total capital assets | <u>142,678,162</u> | <u>139,654,944</u> |
| Less accumulated depreciation | <u>(70,308,404)</u> | <u>(65,878,884)</u> |
| Total capital assets, net of accumulated depreciation | <u>\$ 72,369,758</u> | <u>73,776,060</u> |

The County recognized \$4,232,834 in depreciation expense during the year. Additional information on McKinley County's capital assets can be found in this report in the notes to the financial statements, as noted in the Table of Contents.

The County had several commitments to construction companies at June 30, 2017. Additional information on McKinley County's commitments can be found in this report in the notes to the financial statements, as noted in the Table of Contents.

Long-term debt

At June 30, 2017, McKinley County had total gross receipt revenue bonds outstanding of \$6,750,000, which is secured by pledged gross receipts tax revenues. McKinley County also has post-closure debt of \$550,000, which is restricted cash in the EGRT fund.

| | Governmental Activities | |
|------------------------|--------------------------------|-------------------|
| | <u>2017</u> | <u>2016</u> |
| GRT Revenue bonds | \$ 6,750,000 | 15,250,000 |
| Compensated absences | 810,375 | 764,517 |
| Landfill liability | 550,000 | 605,000 |
| Net pension liability | 22,078,975 | 14,292,142 |
| Total Outstanding Debt | <u>\$ 30,189,350</u> | <u>30,911,659</u> |

Additional information on McKinley County's long-term debt can be found in this report in the notes to the financial statements, as noted in the Table of Contents.

**STATE OF NEW MEXICO
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MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

Economic Factor and Next Year's Budgets and Rates

- Inflationary trends in the region compare favorably to national indices.

This factor was considered in preparing McKinley County's budget for the 2018 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund increased to \$1,176,879. It is intended that the use of this available fund balance will avoid the need to raise taxes or charges during the 2018 fiscal year.

Request for Information

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

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

| | Governmental Activities |
|--|------------------------------------|
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 13,183,660 |
| Investments | 44,591,050 |
| Receivables | 6,837,281 |
| Total current assets | 64,611,991 |
| Non-current assets: | |
| Restricted cash and cash equivalents | 454,226 |
| Land and construction in progress | 4,612,222 |
| Other capital assets, net of accumulated depreciation | 67,757,536 |
| Total non-current assets | 72,823,984 |
| Total assets | 137,435,975 |
| Deferred outflows of resources | |
| Pension deferral | 8,627,555 |
| Total deferred outflows of resources | 8,627,555 |
| Total assets and deferred outflows of resources | \$ 146,063,530 |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | \$ 1,439,225 |
| Accrued payroll liabilities | 264,614 |
| Accrued interest payable | 20,750 |
| Bonds and notes payable | 485,000 |
| Compensated absences | 506,484 |
| Landfill closure liability | 55,000 |
| Total current liabilities | 2,771,073 |
| Long-term liabilities: | |
| Compensated absences - long-term portion | 303,891 |
| Bonds and notes payable - long-term portion | 6,265,000 |
| Landfill closure liability - long-term portion | 495,000 |
| Bond underwriter premium, net of accumulated amortization | 153,901 |
| Net pension liability | 22,078,975 |
| Total long-term liabilities | 29,296,767 |
| Total liabilities | 32,067,840 |
| Deferred inflows of resources | |
| Pension deferral | 759,494 |
| Total deferred outflows of resources | 759,494 |
| NET POSITION | |
| Net investment in capital assets | 65,445,107 |
| Restricted for: | |
| Debt service | 989,774 |
| Capital projects | 8,934,448 |
| Other purposes - special revenue | 34,813,943 |
| Unrestricted | 3,052,924 |
| Total net position | 113,236,196 |
| Total liabilities, deferred inflows of resources, and net position | \$ 146,063,530 |

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

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

| <u>Functions/Program</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue and Changes in Net Position</u> |
|---------------------------------|----------------------|---------------------------------|---|---|--|
| | | <u>Charges for services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | |
| Primary government | | | | | |
| Governmental Activities: | | | | | |
| General government | \$ 11,757,483 | 793,904 | 1,426,668 | - | (9,536,911) |
| Public safety | 19,327,435 | 3,339,073 | 3,858,480 | - | (12,129,882) |
| Public works | 4,210,256 | - | 1,262,263 | 138,959 | (2,809,034) |
| Health and welfare | 3,805,943 | 1,500,000 | 19,532 | - | (2,286,411) |
| Debt service interest | 1,016,492 | - | - | - | (1,016,492) |
| Total governmental activities | <u>\$ 40,117,609</u> | <u>5,632,977</u> | <u>6,566,943</u> | <u>138,959</u> | <u>(27,778,730)</u> |
| General Revenues: | | | | | |
| Taxes | | | | | |
| | | | | \$ | 9,175,668 |
| | | | | | 983,666 |
| | | | | | 17,594,323 |
| | | | | | 927,920 |
| | | | | | 11,809 |
| | | | | | 100,000 |
| | | | | | 109,586 |
| | | | | | (95,138) |
| | | | | | (27,580) |
| | | | | | <u>28,780,254</u> |
| | | | | | 1,001,524 |
| | | | | | 111,670,002 |
| | | | | | 564,670 |
| | | | | | <u>112,234,672</u> |
| | | | | \$ | <u>113,236,196</u> |

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

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

| | 101 | Special Revenue Fund | | Debt Service | Nonmajor Governmental Funds | Total Governmental Funds |
|--|-----------------|----------------------|--------------------------|---------------------------------|-----------------------------------|--------------------------------|
| | | 204 | 232 | 405 | | |
| | General Fund | Road | RMCH Rental Income | Law Enforcement JDC Bonds | | |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 3,333,867 | 1,483,448 | 205,614 | - | 8,614,957 | 13,637,886 |
| Investments | 13,691,890 | 1,948,740 | 4,544,386 | - | 24,406,034 | 44,591,050 |
| Receivables | 2,214,235 | 226,017 | 1,625,000 | - | 2,772,029 | 6,837,281 |
| Due from other funds | 63,838 | - | - | - | 18,505 | 82,343 |
| Total assets | \$ 19,303,830 | 3,658,205 | 6,375,000 | - | 35,811,525 | 65,148,560 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 84,199 | 459,672 | - | - | 895,354 | 1,439,225 |
| Accrued payroll liabilities | 136,628 | 30,331 | - | - | 97,655 | 264,614 |
| Due to other funds | - | - | - | - | 82,343 | 82,343 |
| Total liabilities | 220,827 | 490,003 | - | - | 1,075,352 | 1,786,182 |
| Deferred inflows of resources | | | | | | |
| Property taxes | 359,814 | - | - | - | - | 359,814 |
| Derived tax revenue | 1,226,244 | - | - | - | - | 1,226,244 |
| Charges for services | - | - | 1,500,000 | - | - | 1,500,000 |
| Total deferred inflows of resources | 1,586,058 | - | 1,500,000 | - | - | 3,086,058 |
| FUND BALANCES | | | | | | |
| Nonspendable | - | - | - | - | - | - |
| Restricted | 4,248,429 | 2,896,978 | 4,875,000 | - | 22,793,536 | 34,813,943 |
| Committed | 12,071,637 | 271,224 | - | - | 11,942,637 | 24,285,498 |
| Assigned | - | - | - | - | - | - |
| Unassigned | 1,176,879 | - | - | - | - | 1,176,879 |
| Total fund balance | 17,496,945 | 3,168,202 | 4,875,000 | - | 34,736,173 | 60,276,320 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 19,303,830 | 3,658,205 | 6,375,000 | - | 35,811,525 | 65,148,560 |

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

**STATE OF NEW MEXICO
MCKINLEY COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
TO STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

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

| | | |
|--|----|---------------------------|
| Total fund balance - total governmental funds | \$ | 60,276,320 |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. | | 72,369,758 |
| Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet: | | |
| Compensated absences | | (303,891) |
| Bonds and notes payable | | (6,265,000) |
| Landfill closure liability | | (495,000) |
| Bond underwriter premium, net of accumulated amortization | | (153,901) |
| Net pension related deferrals and liability | | (14,210,914) |
| Other current liabilities (bonds payable) are not available to pay for current period expenditures and therefore are deferred in the funds: | | |
| Accrued interest payable | | (20,750) |
| Bonds and notes payable | | (485,000) |
| Compensated absences | | (506,484) |
| Landfill closure liability | | (55,000) |
| Revenues not collected within sixty days after year end are considered "available" revenues and are considered to be "unavailable" revenues in the fund financial statements, but are considered revenue in the Statement of Activities: | | |
| Property taxes | | 359,814 |
| Derived tax revenue | | 1,226,244 |
| Charges for services | | 1,500,000 |
| Net position of governmental activities | \$ | <u><u>113,236,196</u></u> |

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

| | <u>Special Revenue Fund</u> | | | <u>Debt Service</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|-----------------------------|---------------------|---|--|--|---|
| | <u>General Fund</u> | <u>204 Road</u> | <u>232 RMCH Rental Income</u> | <u>405 Law Enforcement JDC Bonds</u> | | |
| REVENUES | | | | | | |
| Taxes | \$ | | | | | |
| Property taxes | 8,904,431 | - | - | - | 258,900 | 9,163,331 |
| Gas tax | 381,351 | 602,315 | - | - | - | 983,666 |
| Gross receipts | 2,389,996 | 598,753 | - | - | 13,379,330 | 16,368,079 |
| Payment in lieu of taxes | 927,920 | - | - | - | - | 927,920 |
| Franchise tax | 11,809 | - | - | - | - | 11,809 |
| Liquor tax | - | - | - | - | 100,000 | 100,000 |
| Intergovernmental | | | | | | |
| State operating grants | - | 1,235,063 | - | - | 4,226,802 | 5,461,865 |
| Federal operating grants | - | 13,129 | - | - | 1,694,487 | 1,707,616 |
| Charges for services | 479,052 | - | 1,125,000 | - | 3,645,061 | 5,249,113 |
| Investment earnings | (96,277) | - | - | - | 1,138 | (95,139) |
| Rents and royalties | 292,682 | - | - | - | - | 292,682 |
| Other revenue | 77,779 | 591 | - | - | 32,951 | 111,321 |
| Total revenues | <u>13,368,743</u> | <u>2,449,851</u> | <u>1,125,000</u> | <u>-</u> | <u>23,338,669</u> | <u>40,282,263</u> |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General government | 6,400,196 | - | - | 7,349 | 3,045,453 | 9,452,998 |
| Public safety | 4,202,609 | - | - | - | 12,410,384 | 16,612,993 |
| Public works | - | 3,192,456 | - | - | 360,186 | 3,552,642 |
| Health and welfare | 317,243 | - | - | - | 3,425,640 | 3,742,883 |
| Debt Service | | | | | | |
| Principal payments | - | - | - | 8,030,000 | 470,000 | 8,500,000 |
| Interest payments | - | - | - | 734,488 | 265,265 | 999,753 |
| Capital Outlay | | | | | | |
| Capital outlay | 73,669 | 62,237 | - | - | 3,360,822 | 3,496,728 |
| Total expenditures | <u>10,993,717</u> | <u>3,254,693</u> | <u>-</u> | <u>8,771,837</u> | <u>23,337,750</u> | <u>46,357,997</u> |
| Excess (deficiency) of revenues over expenditures | 2,375,026 | (804,842) | 1,125,000 | (8,771,837) | 919 | (6,075,734) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | 1,217,841 | 3,750,000 | 8,025,000 | 9,367,655 | 22,360,496 |
| Transfers out | (9,491,420) | (188,788) | - | (30,727) | (12,649,561) | (22,360,496) |
| Total other financing sources (uses) | <u>(9,491,420)</u> | <u>1,029,053</u> | <u>3,750,000</u> | <u>7,994,273</u> | <u>(3,281,906)</u> | <u>-</u> |
| Net change in fund balance | (7,116,394) | 224,211 | 4,875,000 | (777,564) | (3,280,987) | (6,075,734) |
| Fund balances-beginning of year | 23,389,374 | 2,943,991 | - | 777,564 | 38,017,160 | 65,128,089 |
| Restatements | 1,223,965 | - | - | - | - | 1,223,965 |
| Fund balances-beginning of year, as restated | <u>24,613,339</u> | <u>2,943,991</u> | <u>-</u> | <u>777,564</u> | <u>38,017,160</u> | <u>66,352,054</u> |
| Fund balances-end of the year | <u>\$ 17,496,945</u> | <u>3,168,202</u> | <u>4,875,000</u> | <u>-</u> | <u>34,736,173</u> | <u>60,276,320</u> |

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

**STATE OF NEW MEXICO
MCKINLEY COUNTY
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, 2017**

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

| | | |
|---|----|-------------------------|
| Net change in fund balance - total governmental funds | \$ | (6,075,734) |
| <p>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 as depreciation expense.</p> | | |
| Capital expenditures recorded in capital outlay | | 3,513,407 |
| <p>In the Statement of Activities, a loss is recorded for assets that are removed from service that are not fully depreciated. Thus, the change in net position differs from the change in fund balance by the amount of loss recorded for deleted capital assets.</p> | | |
| | | (27,580) |
| <p>Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore depreciation expense is not reported as expenditure in governmental funds.</p> | | |
| | | (4,232,833) |
| <p>The issuance of long-term debt (e.g. bonds, notes, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.</p> | | |
| Amortization of bond discounts | | (61,130) |
| Amortization of bond premiums | | 11,890 |
| Decrease/(increase) in accrued interest | | 32,501 |
| Principal payments on long-term debt payable | | 8,500,000 |
| <p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p> | | |
| Change in compensated absences | | (45,858) |
| Current year landfill post closure expenses | | 55,000 |
| Pension expense | | (1,498,749) |
| <p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:</p> | | |
| Change in deferred inflows related to property taxes receivable | | 12,337 |
| Change in deferred inflows related to derived tax revenue | | 1,226,244 |
| Change in deferred inflows related to charges for services | | 375,000 |
| Change in deferred inflows related to grants receivable | | (782,970) |
| Rounding | | (1) |
| Change in net position of governmental activities | \$ | <u><u>1,001,524</u></u> |

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

| | <u>Original Approved Budget</u> | <u>Final Approved Budget</u> | <u>Actual</u> | <u>Variances Favorable (Unfavorable)</u> |
|--|---|--------------------------------------|-----------------------|--|
| REVENUES | | | | |
| Taxes | \$ 12,394,498 | 12,794,498 | 13,406,195 | 611,697 |
| Payment-in-lieu-of-taxes | 950,000 | 950,000 | 927,920 | (22,080) |
| Intergovernmental revenue and grants | 5,000 | 5,000 | - | (5,000) |
| Charges for services | 355,485 | 355,485 | 372,263 | 16,778 |
| Investment earnings | 500,000 | 500,000 | (46,277) | (546,277) |
| Rents and royalties | - | 319,289 | 292,682 | (26,607) |
| Other revenue | 103,740 | 103,740 | 80,899 | (22,841) |
| Total revenues | <u>14,308,723</u> | <u>15,028,012</u> | <u>15,033,682</u> | <u>5,670</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 7,482,722 | 7,334,845 | 6,369,104 | 965,741 |
| Public safety | 5,016,912 | 4,829,415 | 4,170,534 | 658,881 |
| Health and welfare | 337,727 | 327,270 | 317,338 | 9,932 |
| Capital Outlay | 115,000 | 78,038 | 71,245 | 6,793 |
| Total expenditures | <u>12,952,361</u> | <u>12,569,568</u> | <u>10,928,221</u> | <u>1,641,347</u> |
| Excess (deficiency) of revenues over (under) expenditures | 1,356,362 | 2,458,444 | 4,105,461 | 1,647,017 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (8,941,420) | (9,491,420) | (9,491,420) | - |
| Total other financing sources (uses) | <u>(8,941,420)</u> | <u>(9,491,420)</u> | <u>(9,491,420)</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures and other financing sources (uses) | (7,585,058) | (7,032,976) | <u>(5,385,959)</u> | <u>1,647,017</u> |
| Budgeted cash carryover | <u>7,585,058</u> | <u>7,032,976</u> | | |
| Total | \$ <u>-</u> | <u>-</u> | | |
| RECONCILIATION FROM BUDGET/ACTUAL TO GAAP | | | | |
| Change in fund balance (Budget Basis) | | | \$ (5,385,959) | |
| To adjust applicable revenue accruals and deferrals | | | (1,664,941) | |
| To adjust applicable expenditure accruals | | | <u>(65,494)</u> | |
| Change in fund balance (GAAP basis) | | | <u>\$ (7,116,394)</u> | |

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

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

| | <u>Original Approved Budget</u> | <u>Final Approved Budget</u> | <u>Actual</u> | <u>Variances Favorable (Unfavorable)</u> |
|--|---|--------------------------------------|-------------------|--|
| REVENUES | | | | |
| Taxes | \$ 1,245,000 | 1,245,000 | 1,233,760 | (11,240) |
| Intergovernmental revenue and grants | 1,693,654 | 1,212,300 | 1,348,851 | 136,551 |
| Other revenue | - | - | 1,029 | 1,029 |
| Total revenues | <u>2,938,654</u> | <u>2,457,300</u> | <u>2,583,640</u> | <u>126,340</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public works | 3,927,297 | 4,648,848 | 2,796,285 | 1,852,563 |
| Capital Outlay | <u>334,377</u> | <u>58,839</u> | <u>34,405</u> | <u>24,434</u> |
| Total expenditures | <u>4,261,674</u> | <u>4,707,687</u> | <u>2,830,690</u> | <u>1,876,997</u> |
| Excess (deficiency) of revenues over (under) expenditures | (1,323,020) | (2,250,387) | (247,050) | 2,003,337 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 979,841 | 1,217,841 | 1,217,841 | - |
| Transfers out | <u>(188,787)</u> | <u>(188,787)</u> | <u>(188,787)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>791,054</u> | <u>1,029,054</u> | <u>1,029,054</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures and other financing sources (uses) | (531,966) | (1,221,333) | <u>782,004</u> | <u>2,003,337</u> |
| Budgeted cash carryover | <u>531,966</u> | <u>1,221,333</u> | | |
| Total | \$ <u><u>-</u></u> | <u><u>-</u></u> | | |
| RECONCILIATION FROM BUDGET/ACTUAL TO GAAP | | | | |
| Change in fund balance (Budget Basis) | | | \$ 782,004 | |
| To adjust applicable revenue accruals and deferrals | | | (133,789) | |
| To adjust applicable expenditure accruals | | | <u>(424,004)</u> | |
| Change in fund balance (GAAP basis) | | | <u>\$ 224,211</u> | |

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

**STATE OF NEW MEXICO
MCKINLEY COUNTY
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
RMCH RENTAL INCOME FUND (232) - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2017**

| | Original Approved Budget | Final Approved Budget | Actual | Variances Favorable (Unfavorable) |
|--|---|--------------------------------------|---------------|--|
| REVENUES | | | | |
| Charges for services | \$ - | 1,375,000 | 1,250,000 | (125,000) |
| Total revenues | - | 1,375,000 | 1,250,000 | (125,000) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Health and welfare | - | - | - | - |
| Total expenditures | - | - | - | - |
| Excess (deficiency) of revenues over (under) expenditures | - | 1,375,000 | 1,250,000 | (125,000) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 3,500,000 | 3,500,000 | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | 3,500,000 | 3,500,000 | - |
| Excess (deficiency) of revenues over expenditures and other financing sources (uses) | - | 4,875,000 | 4,750,000 | (125,000) |
| Budgeted cash carryover | - | - | | |
| Total | \$ - | 4,875,000 | | |
| RECONCILIATION FROM BUDGET/ACTUAL TO GAAP | | | | |
| Change in fund balance (Budget Basis) | | | \$ 4,750,000 | |
| To adjust applicable revenue accruals and deferrals | | | 125,000 | |
| To adjust applicable expenditure accruals | | | - | |
| Change in fund balance (GAAP basis) | | | \$ 4,875,000 | |

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

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

| | | <u>Agency Funds</u> |
|---------------------------|----|-------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ | 797,986 |
| Property taxes receivable | | 1,540,004 |
| Total Assets | \$ | <u>2,337,990</u> |
| LIABILITIES | | |
| Accounts payable | \$ | 8,323 |
| Due to other taxing units | | 1,822,829 |
| Deposits held in trust | | 506,838 |
| Total Liabilities | \$ | <u>2,337,990</u> |

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Description and Reporting Entity

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

The 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 and degree that are not inconsistent with the laws of New Mexico;
6. Protect generally the property of its county and its inhabitants;
7. Preserve peace and order within the county; and
8. Establish rates for services provided by the County utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

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 Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

The County's most significant accounting policies are described below.

A. Reporting Entity

In evaluating how to define the County, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB No. 14, as amended by GASB No. 39, and 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

**STATE OF NEW MEXICO
MCKINLEY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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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, there were no component units identified as needing to be disclosed or presented as part of the reporting entity.

B. Basis of Presentation

Government-Wide Statements – The Statement of Net Position and the Statement of Activities display information about the government (the County). These statements include the financial activities of the overall government, except for fiduciary activities.

The statements also distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The County does not have any business-type activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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 other charges between the government's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements – The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The County reports the *General Fund (101)* as a major governmental fund. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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In addition, the County reports the following other major funds:

Governmental funds

Road Fund (204) (Special Revenue Fund) accounts for the distribution of gasoline taxes and motor vehicle 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.

RMCH Rental Income Fund (232) (Special Revenue Fund) accounts for rental income for the County owned building that the Rehoboth McKinley Christian Hospital operates. McKinley County uses this rental income to help supplement our Safety Net Care pool payments to the NM Health Department in addition to indigent health care costs of the County to include health care costs for incarcerated individuals. Although this money is not restricted by state statute, the Board of Commissioners have committed this fund for the specific supplemental use of Safety Net Care pool payments and indigent costs of the County.

Law Enforcement JDC Bond (405) (Debt Service Fund) accounts for funding from sources used for the Law Enforcement JDC Building.

The County also reports the following fund types:

- *Fiduciary Funds (Agency Fund)* 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. The agency fund is used to account for collection and disbursement of inmate funds for the McKinley County Detention Center. In addition, the agency fund will track and account for items held for the fire departments located within McKinley County.

C. Measurement Focus and Basis of Accounting

Government-Wide, and Fiduciary Fund Financial Statements – The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenues in the year for which they are billed net of estimated refunds and uncollectible amounts.

Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, derived tax revenues, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all

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revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenue from derived taxes (sales taxes, gas taxes, and motor vehicle taxes) is recognized when the underlying transaction takes place (when the retail sale is generated). 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 government. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance

Cash Equivalents

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

Investments

The County's investments are regulated by state law as well as by guidelines and rules promulgated by the State Investment Council and the State Treasurer. All investments are generally highly liquid in nature and are integrated with cash on the financial statements with appropriate disclosure. Investments are stated at fair value, which is determined using selected bases. Certificates of deposit are reported at carrying amount, which reasonably estimates fair value. Investments in a U.S. Treasury Fund and repurchase agreements are valued at the last

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reported sales price at current exchange rates. Additional cash, investment information, and fair values are presented in Note 2.

The County also participates in the State Treasurer Local Government Investment Pool. State law and regulations regulate this pool. Investment in the pool is reported at carrying amount, which reasonably estimates fair value.

Receivables and Payables

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses.

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

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

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 are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the County may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent.

Certain Special Revenue Funds are administered on a reimbursement method of funding; other funds are operated on a cash advance method of funding. The funds incurred the cost and submitted the necessary request for reimbursement or advance, respectively.

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.

Inventories and Prepaid Items

Inventories in governmental funds consist of expendable supplies held for consumption, and are valued at cost using a first-in, first-out (FIFO) method. Expendable supplies are accounted for using the consumption method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

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The County reported no inventory or prepaid expenses as of June 30, 2017.

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 activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. Information technology equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation.

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. The County did not include interest expense as part of the cost of capital assets under construction during the current fiscal year. Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

| <u>Asset Type</u> | <u>Years</u> |
|-------------------------------|--------------|
| Infrastructure | 20-30 |
| Land Improvements | 20 |
| Buildings and Improvements | 20-40 |
| Vehicles and Rolling Stock | 5-10 |
| Machinery, Equipment, & Other | 3-20 |

Unearned/Deferred Revenue

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 deferred inflow for deferred revenue. The other type of deferred 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, and all other eligibility requirements have been met, then the assets must be offset by a corresponding deferred inflow for deferred revenue.

The taxes receivable are an aggregate of uncollected amounts assessed for the current fiscal year, as well as delinquent balances carried forward from the nine preceding fiscal years. Except for taxes received in advance or under protest, tax revenue received is distributed within thirty days to other local governmental units and county funds. While some of the delinquent outstanding

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balances will eventually be eliminated through corrections, litigation, and other property tax administrative procedures, the majority of the balances will ultimately be realized through delinquent payment or tax sales. The aggregate amount of this ultimate realization is generally difficult to ascertain at any point in time. Thus, taxes not collected within sixty days' official year end are carried in the liability section of the balance sheet as deferred inflows of resources on the fund basis financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or the balance sheet for governmental funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position/fund balance that applies to a future period and so will not be recognized as an expense or expenditure until then. The County had no deferred outflows of resources during fiscal year 2017 on the fund financials.

The County has the following deferred outflows of resources during fiscal year 2017 on the government wide financials:

| <u>Deferred Outflows of Resources - GW</u> | |
|---|--------------|
| Pension deferrals | \$ 8,627,555 |
| Total deferred outflows of resources | \$ 8,627,555 |

In addition to liabilities, the statement of net position and/or the balance sheet for the governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position/fund balance that applied to a future period and so will not be recognized until then. The County has the following deferred inflows of resources during fiscal year 2017 on the fund financials:

| <u>Deferred Inflows of Resources - Fund Financials</u> | |
|---|--------------|
| Property tax revenue | \$ 359,814 |
| Derived tax revenue | 1,226,244 |
| Charges for services | 1,500,000 |
| Total deferred inflows of resources | \$ 3,086,058 |

The County has the following deferred inflows of resources during fiscal year 2017 on the government wide financials:

| <u>Deferred Inflows of Resources - GW</u> | |
|--|------------|
| Pension deferrals | \$ 759,494 |
| Total deferred inflows of resources | \$ 759,494 |

Compensated Absences

Qualified employees are entitled to earn annual leave according to a graduated leave schedule of thirteen to twenty days per year, depending on length of service. Employees may accumulate up to 240 hours (thirty days) of annual leave and carry that leave forward from calendar year to

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calendar year. Upon termination, employees will be paid for up to 240 hours (thirty days) of accrued annual leave.

The following table details the annual leave accrual rates:

| <u>Years of Employment</u> | <u>Accrual Rate (per 80hr pay period)</u> |
|--------------------------------|---|
| Less than 3 years | 4hrs |
| 3 to 5 years | 5hrs |
| More than 5 years | 6hrs |

Qualified employees are entitled to earn sick leave at a rate of thirteen days per year; four hours a pay period. Sick leave can be carried over from year to year for an unlimited number of hours. Upon termination, retiring employees who have been with the County at least 25 years, will be paid for up to 520 hours of accrued sick leave. Employees who are not retiring per the County's retirement policy are not entitled to any compensation of sick leave.

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

Long-term Obligations

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

Net Position

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

- *Net investment in capital assets* – Net position invested in 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.
- *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.
- *Unrestricted Net Position* – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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GASB Statement 54

Beginning with fiscal year 2011, the County implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable* – Amounts not in a spendable form, such as prepaid expenses, inventories, or long-term portion of receivables or property held for resale, if the use of the proceeds from the collection/sale of property held for resale is not otherwise constrained. Nonspendable amounts also include amounts legally or contractually required to remain intact, such as the principal of a permanent fund.
- *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.
- *Committed* – the County's highest level of decision-making authority is the County Commission. The formal action that is required to be taken to establish a fund balance commitment is the County Commission.
- *Assigned* – the County Commission or an official or body to which the County Commission delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- *Unassigned* – Balances available for any purpose. Positive amounts are reported only in the general fund.

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 the General Fund expenditures and a cash reserve of 1/12th the Road Special Revenue Fund expenditures.

The *General Fund* restricts \$1.5 million each fiscal year of fund balance for the Adult Detention Center. Additionally, PILT revenues received are committed and the balance of current year expenses for County Operations. Finally, \$150,000 is committed each year to the Senior Centers.

See the Schedule of Fund Balances, as listed in the table of contents, for additional information about fund balances.

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When an expense is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expense is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless County Commission or the finance department has provided otherwise in its commitment or assignment actions.

E. Budgets and Budgetary Accounting

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

These budgets are prepared on the Non-GAAP cash basis of accounting, excluding encumbrances and appropriation of funds are secured for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The budgetary 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 Funds, and Capital Projects 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 County's legal level of control is at the fund level.

The accompanying Statements of Revenue, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual, for the general fund and major special revenue funds, present comparisons of the legally adopted budget with actual data on a budgetary basis.

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

F. Income Taxes

As a local government entity, the County is not subject to federal or state income taxes.

G. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates affecting the

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County's financial statements include management's estimate of the useful lives of capital assets, accrued compensated absences, net pension liability and related deferred inflow and outflow of resources, and the landfill closure and post-closure care costs.

H. Evaluation of Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. The County recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The County's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued. The organization has evaluated subsequent events through November 21, 2017, which is the date the financial statements were available to be issued.

NOTE 2 – CASH 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 pools, money market accounts, and United States Government obligations. All invested funds of the County properly followed State investment requirements as of June 30, 2017.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case, shall the rate of interest be less than 100% 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 that are issued by the State or by the United States government, or by their departments or agencies, and that are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

The County's accounts are located at an insured depository institution. All noninterest-bearing transaction accounts will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for all deposit accounts out of state and up to \$250,000 for all time and saving accounts, plus up to \$250,000 for all demand deposit accounts held at a single institution in state.

See the Schedule of Cash and Investments, as listed in the table of contents, for a list of cash and investments by financial institution.

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The following is a summary of the County's cash and investments as of June 30, 2017:

| <u>Cash and investments</u> | <u>Amount</u> |
|--|----------------------|
| Cash and cash equivalents | |
| Cash on hand | \$ 977 |
| Cash | 14,349,763 |
| Money markets and FHLM/FHLB cash | 85,132 |
| Subtotal cash and cash equivalents | <u>14,435,872</u> |
| Investments | |
| State Treasurer's Investment Pool | 8,833 |
| Certificates of deposit - maturities > 90 days | 6,106,323 |
| US Agency Securities | 38,475,894 |
| Subtotal investments | <u>44,591,050</u> |
| Total cash and investments | <u>\$ 59,026,922</u> |

| <u>Fund Type</u> | <u>Amount</u> |
|------------------------------------|----------------------|
| Cash and equivalents | |
| Governmental funds - unrestricted | \$ 13,183,660 |
| Governmental funds - restricted | 454,226 |
| Fiduciary funds | 797,986 |
| Subtotal cash and cash equivalents | <u>14,435,872</u> |
| Investments | |
| Governmental funds | 44,591,050 |
| Subtotal investments | <u>44,591,050</u> |
| Total cash and investments | <u>\$ 59,026,922</u> |

State regulations require that uninsured demand deposits and deposit-type investments such as certificates of deposit be collateralized by the depository thrift or banking institution. At present, state statutes require that a minimum of fifty percent of uninsured balances on deposit with anyone institution must be collateralized, with higher requirements up to 100% for financially troubled institutions. Investments in repurchase agreements must be collateralized at 102% of the contract. In addition, some bond covenants require debt service reserve amounts to be collateralized at 105%. The County's Schedule of Collateral is presented in this report, as stated in the table of contents.

The types of collateral allowed 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.

A summary of the County's investments as of June 30, 2017 is as follows:

| <u>Investment Type</u> | <u>Cost Basis</u> | <u>Market Value</u> | <u>Rating*</u> | <u>Weighted Average Maturity (Years)</u> |
|---|----------------------|---------------------|----------------|--|
| Federal Home Loan Mortgage | \$ 6,958,260 | 6,958,260 | Aaa | > 5 years |
| Federal Home Loan Mortgage - MTN | 1,983,320 | 1,983,320 | Aaa | > 11 years |
| Federal Home Loan Bank | 21,230,964 | 21,230,964 | Aaa | > 11 years |
| Federal Farm CR Bank | 8,303,350 | 8,303,350 | Aaa | > 9 years |
| Certificate of Deposits | 6,106,323 | 6,106,323 | *** | > 5 years |
| State of NM Local Government Investment Pool (LGIP) | 8,833 | 8,833 | ** | >1 Year |
| | <u>\$ 44,591,050</u> | <u>44,591,050</u> | | |

*Based on Moody's rating

**LGIP, collateralized by State

***Certificate of Deposit, FDIC insured and/or collateralized

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Custodial Credit Risk Deposits - Custodial credit risk is the risk that in the event of a bank failure, the County funds may not be returned. The County does not have a deposit policy for custodial 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).

As of June 30, 2017, the County's bank and investment balances of \$22,472,006 were exposed to custodial credit risk as follows:

| | |
|--|----------------------|
| Uninsured, collateralized with securities held by pledging financial institution's trust department or agent in the County's name. | \$ 20,530,551 |
| Uninsured and uncollateralized | - |
| Total uninsured deposits | \$ <u>20,530,551</u> |

Custodial Credit Risk Investments - Custodial Credit Risk is the risk that, in the event of failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investments are not exposed to custodial credit risk. All, are fully collateralized and the collateral is held in the County's name.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer, of more than 5%. The County's investments are diversified to avoid including concentration of credit risk. With the exception of authorized pools, no more than 50% of the total investment portfolio is in one single security type or financial institution.

Credit Risk - The County's investments shall be in accordance with State Law 6-10-10 and 6-10-10.1 NMSA 1978, including but not limited to the following: Treasury Bills, Notes, Bonds, Strips, and US Government securities which are backed by the full faith and credit of the U.S. Government. Negotiable securities of the State of New Mexico or any county, municipality, or school district with the advice and consent of the Board of Finance per 6-10-44 NMSA 1978, 6-10-10 NMSA 1978, 6-10-10 NMSA 1978.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the County investments. The County's investment policy follows New Mexico State Statute Section 6-10-36E (NMSA, 1978 Comp) requiring the interest rate on time deposits shall not be less than the rate fixed 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.

Foreign Currency Risk - Deposits and Investments - The County is not exposed to the risk that exchange rates will adversely affect the fair value of an investment as none of the investments pools or certificates of deposit are dominated in a foreign currency.

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State Treasurer Local Governmental Investment Pool

As of June 30, 2017, the County has the following invested in the State Treasurer Local Government Investment Pool:

| <u>Financial Institution</u> | <u>Cost Basis</u> | <u>Market</u> | <u>Credit Risk- Risk Rating</u> | |
|---|-------------------|---------------|-------------------------------------|--|
| State of NM Local Government Investment Pool (LGIP) | \$ 8,833 | 8,833 | AAAm | [58] day WAM (R); [106] day WAM (F) |

New Mexico State Statutes authorize the creation of the short-term investment fund in the New Mexico State Treasury. The Statutes authorize the State Treasurer to pool monies received from local public bodies for investment purposes with public monies under control. The purpose of the local short-term fund is to provide a voluntary investment alternative for local political subdivisions to realize the maximum return consistent with safe and prudent management. The local short-term investment fund, along with other public monies in the State Treasurer's investment account, is invested in repurchase agreements secured at 102% by U.S. Government Securities. The State Treasurer has the responsibility to pledge collaterals at 102% of investment balances for the County. All investing is performed in accordance with State Statutes and the County's investment policy. Per review of GASB Statement No. 72, the State Treasurer Local Government Investment Pool is exempt from GASB 72, and should continue to be measured and disclosed in accordance with existing literature.

The investments are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer Local Government Investment Pool is not SEC registered. Section 67-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government, or by its departments or agencies and are either direct obligations of the United States, or are backed by the full faith and credit of the United States government, or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the local government investment pool is voluntary.

The LGIP's portfolio's weighted average maturity (WAM) is a key determinant of the tolerance of a fund's investment to rising interest rates. In general, the longer the WAM, the more susceptible the fund is to rising interest rates.

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The County has no investment policy that would further limit its investment choices. As of June 30, 2017, the County's investment in the New MexiGROW Local Government Investment Pool (LGIP) was rated AAAm by Standard & Poor's. The independent auditor's report, together with the financial statements, the accompanying notes to the financial statements, and the independent auditor's report on compliance and internal controls are available from New Mexico State Treasurer, 2019 Galisteo Street, Bldg K, Santa Fe, New Mexico 87504, upon written request.

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Credit Risk LGIP – With respect to credit risk, the LGIP, is rated AAAM by Standard & Poor’s. Therefore, the LGIP reports AAAM for credit risk. Public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.

Concentration of Risk – GASB Statement No. 40 defines concentration of credit risk as investments of more than 5% in any one issuer. External investment pools, such as LGIP, are excluded from the requirement of disclosing concentration of credit risk. Therefore, the LGIP is exempt from this disclosure.

Foreign Currency Risk – GASB Statement No. 40 defines interest rate risk that interest rate variation may adversely affect the fair value of an investment. The County is not exposed to the risk that exchange rates will adversely affect the fair value of an investment as none of the investments pools or certificates of deposit are dominated in a foreign currency.

NOTE 3—FAIR VALUES MEASUREMENT (GASB 72)

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement Number 72, Fair Value Measurement and Application. This statement changes the definition of fair value and adds new disclosure requirements. GASB 72 is effective for periods beginning after June 15, 2015 (i.e., financial statements for June 30, 2016, and beyond).

The County holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the County’s mission, the County determines that the disclosures related to these investments only need to be disaggregated by major type. The County chooses a table format for the fair value disclosures.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- **Market approach:** this uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- **Cost approach:** this technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- **Income approach:** this approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Valuation techniques should be applied consistently, though a change may be appropriate in certain circumstances. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

GASB 72 establishes a hierarchy of inputs to the valuation techniques listed above

The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy’s three levels are as follows:

Level 1

Inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a

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government can access at the measurement date. (Examples: equity securities traded on an open market, actively traded mutual funds, and US treasuries)

Level 2

Are significant other observable inputs

- a) Quoted prices for similar assets or liabilities in active markets.
- b) Quoted prices for identical or similar assets or liabilities in markets that are not active.
- c) Inputs other than quoted prices that are observable for the asset or liability, such as:
 - 1. Interest rates and yield curves observable at commonly quoted intervals,
 - 2. Implied volatilities, and
 - 3. Credit spreads.
- b) Market-corroborated inputs.

(Examples: a bond valued using market corroborated inputs such as yield curves, a bond valued using matrix pricing, and an interest rate swap valued using the LIBOR swap rate observed at commonly quoted intervals for the full term of the swap)

Level 3

Are significant unobservable inputs for an asset or liability (Examples: Commercial real estate valued using a forecast of cash flows based on a university's own data and an interest rate swap valued using data that is neither directly observable nor corroborated by observable market data)

The County has the following recurring fair value measurements as of June 30, 2017:

| <u>Description</u> | <u>Level 2</u> |
|----------------------|----------------------|
| US Agency Securities | \$ <u>38,475,894</u> |

NOTE 4 – RECEIVABLES

Receivables at year-end of the County's major individual funds and nonmajor in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

Governmental Activities

| | 101 | 204 | 232 | 405 | | |
|------------------------------------|---------------------|----------------|----------------------|------------------------|------------------|--------------------|
| | General | | RMCH | Law Enforcement | Nonmajor | Total |
| | Fund | Road | Rental Income | JDC Bonds | Funds | Receivables |
| Accounts | \$ 40,014 | - | 1,625,000 | - | 333,019 | 1,998,033 |
| Grants | - | 67,770 | - | - | 570,235 | 638,005 |
| Taxes: | | | | | | |
| Property | 511,006 | - | - | - | - | 511,006 |
| GRT | 1,629,565 | 101,048 | - | - | 1,868,775 | 3,599,388 |
| Other | 33,650 | 57,199 | - | - | - | 90,849 |
| Subtotal | <u>2,214,235</u> | <u>226,017</u> | <u>1,625,000</u> | <u>-</u> | <u>2,772,029</u> | <u>6,837,281</u> |
| Less: Allowance for uncollectibles | - | - | - | - | - | - |
| Net Receivables | <u>\$ 2,214,235</u> | <u>226,017</u> | <u>1,625,000</u> | <u>-</u> | <u>2,772,029</u> | <u>6,837,281</u> |

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NOTE 5 – PROPERTY TAXES

Property taxes attach as an unsubordinated enforceable lien on property as of January 1 of the assessment year. Current year taxes are levied within five days of the rate setting order received from New Mexico Department of Finance and Administration (7-38-32 thru 7-38-36). Tax bills are mailed by November 1, unless the McKinley County Assessor obtains a formal extension of time from the New Mexico Property Tax Division. Taxpayers have the option to pay in two equal installments due by the close of business November 10th and April 10th. Penalty and interest will be accrued after the delinquency due dates of December 10th and May 10th. In the event of a formal extension, the respective dates are correspondingly extended.

The County bills and collects its own taxes, as well as taxes for the State of New Mexico, city governments, Water Systems, Flood Districts and other entities. In tax year 2017, the County charged the following mil rates:

| <u>Tax District</u> | <u>Residential</u> | <u>Non- residential</u> | <u>Oil & Gas Production</u> | <u>Equipment</u> |
|---------------------|--------------------|-----------------------------|-------------------------------------|------------------|
| 20 (Gallup-In) | 0.033949 | 0.041913 | | |
| 20 (Gallup-Out) | 0.026719 | 0.032776 | 0.032776 | 0.032776 |
| 20 (Zuni) | 0.018627 | 0.024460 | | |

The County’s share of the property taxes equal approximately 29.45% of the total and is used for general governmental services and retirement of long term debt. The statutory maximum rate for servicing long-term debt with property tax revenue is unlimited, although the total amount of outstanding debt at any one time is restricted by other factors.

The County is required to report all real property delinquencies in excess of three years to the New Mexico Property Tax Division. The State, in turn administers all subsequent collection actions and proceedings.

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NOTE 6 – INTERFUND BALANCES AND TRANSFERS

The County recorded interfund transfers to reflect activity occurring between funds. Transfers and payments within the County are substantially for the purpose of subsidizing operating functions and funding various projects within the County. All transfers made during the year were considered routine and were consistent with the general characteristics of the County’s transfer policy.

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

| Fund # | Transfers In | Fund # | Transfers Out | Amount |
|---------------|---------------------------------------|---------------|-----------------------------------|----------------------|
| 201 | Corrections | 101 | General Fund | \$ 1,300,000 |
| 204 | Road | 300 | Capital Outlay GRT | 1,217,841 |
| 206 | EMS & Fire Dept. | 214 | Emergency Communication & Medical | 835,000 |
| 207 | E911 Metro Dispatch | 214 | Emergency Communication & Medical | 1,918,733 |
| 208 | Farm & Range | 101 | General Fund | 8,300 |
| 214 | Emergency Communication & Medical | 207 | E911 Metro Dispatch | 730 |
| 219 | Senior Citizens Center | 101 | General Fund | 120,000 |
| 228 | Narcotic Drug Control & K-9 Unit | 295 | Rural Public Safety | 63,200 |
| 232 | RMCH Rental Income | 220 | Indigent Health Care Fund | 3,750,000 |
| 236 | Emergency Management | 295 | Rural Public Safety | 1,315,453 |
| 240 | JSACC Center | 101 | General Fund | 38,120 |
| 295 | Rural Public Safety | 236 | Emergency Communication & Medical | 1,209,535 |
| 300 | Capital Outlay GRT | 204 | Road | 188,788 |
| 300 | Capital Outlay GRT | 301 | Federal Grants | 476,107 |
| 300 | Capital Outlay GRT | 307 | McKinley County Drainage | 600 |
| 300 | Capital Outlay GRT | 315 | State Projects | 1,540,108 |
| 300 | Capital Outlay GRT | 316 | Judicial Complex Construction | 303,589 |
| 300 | Capital Outlay GRT | 317 | Energy Efficiency Project | 12,276 |
| 304 | CDBG Gameraico Water System Phase III | 300 | Capital Outlay GRT | 6,389 |
| 405 | Law Enforcement JDC Bonds | 101 | General Fund | 8,025,000 |
| 406 | Judicial Complex Debt Service | 405 | Law Enforcement JDC Bonds | 30,727 |
| | Total Transfers | | | \$ 22,360,496 |

The County recorded interfund receivables/payables to reflect temporary loans between funds. The purpose of the loans was to cover cash shortages until grant reimbursements or other funding measures could be obtained. All interfund receivables/payables are expected to be repaid within one year.

Interfund balances as of June 30, 2017 are as follows:

| Major Funds | Fund # | Due From | Due To |
|---------------------------|---------------|------------------|---------------|
| General Fund | 101 | \$ 63,838 | - |
| Indigent Health Care Fund | 220 | - | 18,505 |
| Sheriff's Grants | 227 | - | 63,838 |
| Adult Detention Fund | 231 | 18,505 | - |
| Total | | \$ 82,343 | 82,343 |

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NOTE 7 – CAPITAL ASSETS

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

| GOVERNMENTAL ACTIVITIES | Balance June 30, 2016 | Additions | Deletions | Transfers | Restatements | Balance June 30, 2017 |
|---|----------------------------------|--------------------|------------------|------------------|---------------------|----------------------------------|
| Non-depreciable capital assets: | | | | | | |
| Land | \$ 3,788,082 | 55,179 | - | - | - | 3,843,261 |
| Construction in progress | 248,850 | 578,802 | - | (58,691) | - | 768,961 |
| Total non-depreciable capital assets | <u>4,036,932</u> | <u>633,981</u> | <u>-</u> | <u>(58,691)</u> | <u>-</u> | <u>4,612,222</u> |
| Capital assets being depreciated: | | | | | | |
| Land improvements | 4,076,499 | - | - | - | 10 | 4,076,509 |
| Buildings and improvements | 70,365,149 | 242,847 | - | 58,691 | - | 70,666,687 |
| Machinery & Equipment | 7,654,185 | 436,928 | - | - | 30,197 | 8,121,310 |
| Vehicles | 25,755,790 | 2,199,651 | (145,567) | - | (374,829) | 27,435,045 |
| Infrastructure | 27,766,389 | - | - | - | - | 27,766,389 |
| Total capital assets being depreciated | <u>135,618,012</u> | <u>2,879,426</u> | <u>(145,567)</u> | <u>58,691</u> | <u>(344,622)</u> | <u>138,065,940</u> |
| Less accumulated depreciation for: | | | | | | |
| Land improvements | (3,440,103) | (6,556) | - | - | - | (3,446,659) |
| Buildings and improvements | (19,895,935) | (1,624,203) | - | - | (5,601) | (21,525,739) |
| Machinery & Equipment | (4,752,791) | (461,615) | - | - | (2,400) | (5,216,806) |
| Vehicles | (16,555,169) | (1,430,679) | 117,987 | - | (306,672) | (18,174,533) |
| Infrastructure | (21,234,886) | (709,781) | - | - | - | (21,944,667) |
| Total accumulated depreciation | <u>(65,878,884)</u> | <u>(4,232,834)</u> | <u>117,987</u> | <u>-</u> | <u>(314,673)</u> | <u>(70,308,404)</u> |
| Total capital assets being depreciated | <u>69,739,128</u> | <u>(1,353,408)</u> | <u>(27,580)</u> | <u>58,691</u> | <u>(659,295)</u> | <u>67,757,536</u> |
| Total capital assets, net of depreciation | <u>\$ 73,776,060</u> | <u>(719,427)</u> | <u>(27,580)</u> | <u>-</u> | <u>(659,295)</u> | <u>72,369,758</u> |

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

| | |
|---------------------------------|---------------------|
| Governmental activities: | |
| General government | \$ 1,762,630 |
| Public safety | 1,658,533 |
| Public works | 811,670 |
| Total governmental activities | <u>\$ 4,232,833</u> |

NOTE 8 – LONG-TERM DEBT

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

| | Balance June 30, 2016 | Increases | Decreases | Balance June 30, 2017 | Amount due within one year |
|-----------------------|----------------------------------|------------------|--------------------|----------------------------------|---|
| GRT Revenue bonds | \$ 15,250,000 | - | (8,500,000) | 6,750,000 | 485,000 |
| Compensated absences | 764,517 | 615,083 | (569,225) | 810,375 | 506,484 |
| Landfill liability | 605,000 | - | (55,000) | 550,000 | 55,000 |
| Net pension liability | 14,292,142 | 7,786,833 | - | 22,078,975 | - |
| Total long-term debt | <u>\$ 30,911,659</u> | <u>8,401,916</u> | <u>(9,124,225)</u> | <u>30,189,350</u> | <u>1,046,484</u> |

Net pension liability is discussed further in Note 11.

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GRT Revenue Bonds

The County has the following GRT revenue bonds to service:

| <u>Description</u> | <u>Issue Date</u> | <u>Maturity Due</u> | <u>Original Issue</u> | <u>Outstanding</u> | <u>Rates</u> |
|--|-------------------|---------------------|-----------------------|--------------------|----------------|
| GRT Improvement Revenue Bond Series 2010 | 11/10/2010 | 6/30/2030 | \$ 6,445,000 | 4,750,000 | 2.00% to 5.00% |
| GRT Private Placement Bond Series 2014 | 12/19/2014 | 6/1/2026 | 2,470,000 | 2,000,000 | 2.70% |
| | | | <u>\$ 19,265,000</u> | <u>6,750,000</u> | |

Gross Receipts Tax Improvement Revenue Bond Series 2010

The McKinley County New Mexico Gross Receipts Tax Improvement Revenue Bonds Series 2010 were issued on November 10, 2010 by McKinley County for the following the purpose of acquiring, constructing, equipping and improving the judicial building for use by the County.

Interest is payable semiannually on June 1 and December 1 commencing June 1, 2011, with principal payable on June 1 of the years set forth in the official bond debt schedule.

Pledged Revenues – Pledge of First One-Eighth Increment of County Gross Receipts Tax pursuant to County Ordinance No. 08-83-011, adopted by the Board on August 12, 1983, as amended by Ordinance No. 07-88-032, adopted by the Board on August 12, 1988, and supplemented by Resolution No. SEP-88-172, adopted by the Board on September 23, 1988 and Sections 7-20E-9 NMSA.

Gross Receipts Tax Revenue Private Placement Bond Series 2014

The McKinley County New Mexico Gross Receipts Tax Revenue Private Placement Bonds Series 2014 were issued on December 19, 2014 by McKinley County for the following the purpose of acquiring, constructing, and servicing certain energy and water cost savings equipment to achieve energy and water cost reductions.

Interest is payable semiannually on June 1 and December 1 commencing June 1, 2015, with principal payable on June 1 of the years set forth in the official bond debt schedule.

Pledged Revenues – Pledge of First One-Eighth Increment of County Gross Receipts Tax pursuant to County Ordinance No. 08-83-011, adopted by the Board on August 12, 1983, as amended by Ordinance No. 07-88-032, adopted by the Board on August 12, 1988, and supplemented by Resolution No. SEP-88-172, adopted by the Board on September 23, 1988 and Sections 7-20E-9 NMSA.

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Future payment requirements on the governmental activities GRT bonds are as follows:

| | | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|----|------------------|------------------|------------------|
| 2018 | \$ | 485,000 | 249,000 | 734,000 |
| 2019 | | 505,000 | 232,200 | 737,200 |
| 2020 | | 515,000 | 217,665 | 732,665 |
| 2021 | | 535,000 | 199,795 | 734,795 |
| 2022 | | 550,000 | 184,390 | 734,390 |
| 2023-2027 | | 2,820,000 | 598,150 | 3,418,150 |
| 2028-2032 | | 1,340,000 | 108,600 | 1,448,600 |
| 2033-2037 | | - | - | - |
| Total | \$ | <u>6,750,000</u> | <u>1,789,800</u> | <u>8,539,800</u> |

Landfill Closure and Post-Closure Care Costs

State and federal laws and regulations require that the County place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The County had landfill sites at Smith Lake and Gamerco, which were closed by June 30, 1997.

The estimated total current cost of the landfill closure and post-closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor and maintain the landfill were acquired as of June 30, 2017. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations. The County is required by state and federal laws and regulations to make annual contributions to finance closure and post-closure care. The County is in compliance with these requirements, and at June 30, 2017, the County has set aside \$550,000 for these purposes.

NOTE 9 – OPERATING LEASES

The County has entered into a number of operating leases, which contain cancellation provisions and are subject to annual appropriations. The rent expenditures for these leases were primarily from the General Fund. Future minimum lease payments are:

| <u>Fiscal Year</u> <u>Ending June 30,</u> | | <u>Amount</u> |
|--|----|---------------|
| 2018 | \$ | 31,364 |
| 2019 | | 26,650 |
| 2020 | | 1,067 |
| 2021 | | - |
| 2022 | | - |
| Total | \$ | <u>59,081</u> |

NOTE 10 – PERA PENSION PLAN

Plan Description – Substantially all of the McKinley County’s full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial

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statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at <http://www.pera.state.nm.us>.

Funding Policy – Plan members are required to contribute the following percentages of their gross salary: 10.65% for general members, 17.80% for union and non-union law enforcement, and 17.70% for fire/EMS members. of their gross salary. The County is required contribute the following percentages of their gross salary: 9.55% for general members, 18.90% for Union and Non-union law enforcement, and 21.65% for fire/EMS members. of their gross salary. The contribution requirements of plan members and the County are established in State statute under Chapter 10, Article 11, NMSA 1978. Additionally, the County has elected to pick-up a portion of the employee's contribution.

The following table details the actual contributions rates:

| Categories | County With Pick-Up | Employee | Total |
|---------------------------|------------------------------------|-----------------|--------------|
| Regular Member < \$20,000 | 19.41% | 3.29% | 22.70% |
| Regular Member > \$20,000 | 20.54% | 3.66% | 24.20% |
| Sheriff - Union | 20.90% | 15.80% | 36.70% |
| Sheriff - Non-union | 18.90% | 17.80% | 36.70% |

The County's contributions to PERA for the following fiscal years is identified below:

| | 2017 | 2016 | 2015 |
|--|---------------------|------------------|------------------|
| County contributions | \$ 1,145,717 | 1,129,618 | 1,102,724 |
| County contributions picked up on behalf of employee | 1,016,461 | 966,604 | 963,370 |
| Employee contributions | 591,027 | 579,900 | 573,796 |
| Total contributions | <u>\$ 2,753,205</u> | <u>2,676,122</u> | <u>2,639,890</u> |

NOTE 11 – PENSION PLAN AND POST EMPLOYMENT BENEFITS

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

Plan description – *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

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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 more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

TIER II – The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

Contributions – See PERA's publicly available financial report and comprehensive annual financial report obtained at <http://saonm.org/> using the Audit Report Search function for agency 366, for the employer and employee contribution rates in effect for fiscal year, 2017.

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

Municipal General Division, at June 30, 2017, the County reported a liability of \$15,983,026 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2016 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2016. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2016. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, the County's proportion was 1.0004%, which was a decrease of 0.0542% from its proportion measured as of June 30, 2015.

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

For the year ended June 30, 2017, the County recognized PERA Fund Division; Municipal General Division pension expense of \$1,709,729. At June 30, 2017, the County reported PERA Fund Division; Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

| Municipal General Division | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 798,578 | 155,985 |
| Changes of assumptions | 937,217 | 2,658 |
| Net difference between projected and actual earnings on pension plan investments | 2,940,846 | - |
| Change in proportion and differences between the County contributions and proportionate share of contributions | 670,896 | 428,233 |
| The County contributions subsequent to the measurement date | 828,851 | - |
| Total | <u>\$ 6,176,388</u> | <u>586,876</u> |

\$828,851 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30: | Amount |
|------------------------|----------------|
| 2018 | \$ (1,147,409) |
| 2019 | (1,147,409) |
| 2020 | (1,734,203) |
| 2021 | (731,640) |
| 2022 | - |
| Thereafter | - |

Municipal Police Division, at June 30, 2017, the County reported a liability of \$6,095,949 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2016 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2016. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2016. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, the County's proportion was 0.8262%, which was an increase of 0.0901% from its proportion measured as of June 30, 2015.

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

For the year ended June 30, 2017, the County recognized PERA Fund Division; Municipal Police Division pension expense of \$933,864. At June 30, 2017, the County reported PERA Fund Division; Municipal Police Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

| <u>Municipal Police Division</u> | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 447,531 | - |
| Changes of assumptions | 403,762 | 109,939 |
| Net difference between projected and actual earnings on pension plan investments | 964,109 | - |
| Change in proportion and differences between the County contributions and proportionate share of contributions | 318,899 | 62,679 |
| The County contributions subsequent to the measurement date | 316,866 | - |
| Total | <u>\$ 2,451,167</u> | <u>172,618</u> |

\$316,866 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30: | Amount |
|------------------------|--------------|
| 2018 | \$ (482,187) |
| 2019 | (482,187) |
| 2020 | (741,364) |
| 2021 | (255,945) |
| 2022 | - |
| Thereafter | - |

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

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

| | |
|---------------------------------|--|
| Actuarial valuation date | June 30, 2015 |
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level Percent of Pay, Open |
| Amortization period | Solved for based on statutory rates |
| Asset valuation method | Fair Value |
| Actuarial assumptions | |
| Investment rate of return | 7.48% annual rate, net of investment expense |
| Projected benefit payment | 100 years |
| Payroll growth | 2.75% for first 10 years, then 3.25 annual rate |
| Projected salary increases | 2.75% to 14.00% annual rate |
| Includes inflation at | Includes inflation at 2.25% for the first 10 years and 2.75% thereafter |
| Mortality assumption | RP-2000 Mortality Tables (Combined table for healthy post-retirement, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA. |
| Experience study dates | July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 30, 2015 (economic) |

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>All Funds - Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|--------------------------------|--------------------------|---|
| Global Equity | 43.5% | 7.39% |
| Risk Reduction & Mitigation | 21.5% | 1.79% |
| Credit Oriented Fixed Income | 15.0% | 5.77% |
| Real Assets | 20.0% | 7.35% |
| Total | <u>100.0%</u> | |

Discount rate – A single discount rate of 7.48% was used to measure the total pension liability as of June 30, 2016. This rate was an increase from the fiscal year 2016 rate of 7.45%. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.48%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan's fiduciary net position and future contributions were projected to be available to finance all projected

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

future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

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

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate – The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.48 percent, as well as what the employer name's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.48 percent) or 1-percentage-point higher (8.48 percent) than the current rate:

| PERA Fund Division - | 1% Decrease (6.48%) | Current Discount Rate (7.48%) | 1% Increase (8.48%) |
|-----------------------------|--------------------------------|--|--------------------------------|
| Municipal General Division | \$ 23,829,270 | 15,983,026 | 9,474,956 |
| Municipal Police Division | \$ 8,968,654 | 6,095,949 | 3,746,412 |

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued PERA financial reports, available at <http://www.nmpera.org/>.

NOTE 12 – POST EMPLOYMENT BENEFITS – STATE RETIREE HEALTHCARE PLAN

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

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

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report, and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate

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

schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary.

For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The McKinley County's contributions to the RHCA for the years ended June 30, 2017, 2016, and 2015, were \$211,975, \$219,161 and \$216,949, respectively, which equal the required contributions for each year.

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

NOTE 13 – COMMITMENTS, CONTINGENCIES, AND RISK MANAGEMENT

Commitments

The County has several projects under construction. Below is a summary list of the projects as of June 30, 2017:

| Project Name | Total Cost | Amount | | Estimated Date of Completion |
|--------------------------------|---------------------|-------------------------------------|-------------------------|-------------------------------------|
| | | Expended as of June 30, 2017 | Percent Complete | |
| COG Ramp | \$ 18,490 | 16,065 | 87 % | 9/30/2017 |
| Courthouse Elevator | 24,962 | 12,432 | 50% | 11/30/2017 |
| Fire Software install/training | 124,998 | 89,200 | 71% | 11/30/2017 |
| Mt. Powell | 389,100 | 1,425 | 0% | 12/31/2017 |
| Community Services Bldg.-Aztec | 851,431 | 615,027 | 72% | 1/1/2018 |
| ADC Control Panel | 220,000 | - | 0% | 6/30/2018 |
| Timberlake VFD Remodel | 200,000 | 34,606 | 17% | 12/31/2018 |
| Pueblo Pintado VFD Bldg | 1,100,000 | 37,125 | 3% | 12/31/2018 |
| Ramah Senior Center | 300,000 | - | 0% | 12/31/2018 |
| ADC Sally Port Renovation | 200,000 | - | 0% | 12/31/2018 |
| Communications Project | 3,500,000 | - | 0% | 6/30/2019 |
| Total Commitments | \$ 6,928,981 | 805,880 | | |

Contingencies

The County receives significant financial assistance from federal and state grants and entitlements. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The County believes that any liabilities resulting from disallowed amounts will not have a material effect on the County's financial statements.

Risk Management

The County is a party in various lawsuits. The County is insured through the New Mexico Association of Counties Insurance Authority. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the County.

NOTE 14 – RISK MANAGEMENT

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

NOTE 15 – DEFICIT FUND BALANCE

There were no funds with deficit fund balances at June 30, 2017.

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

NOTE 16 – RESTATEMENTS

Restatements were made as follows:

| Fund Description | Fund | Purpose/Reason | Amount |
|--|-------------|--|---------------|
| Governmental Activities Fund Financial Statements | | | |
| General Fund | 101 | Prior period adjustment to record GRT Equalization in proper period. | \$ 1,223,965 |
| | | Total Governmental Activities | \$ 1,223,965 |
| Government-Wide Additional Restatement | | | |
| | | Prior period adjustment to adjust capital assets and accumulated depreciation to actual. | \$ (659,295) |
| | | Total Additional Government-Wide | \$ (659,295) |
| | | Total Restatements | \$ 564,670 |

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

NON-MAJOR SPECIAL REVENUE FUNDS

The special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Non-major special revenue funds consist of the following:

Corrections Special Revenue Fund (201) – To account for correction fees authorized by state statute (Section 66-8-116.3(a), NMSA, 1978 Compilation). Such revenues are used to supplement general funds for the care of prisoners.

Environmental Gross Receipts Taxes (202) – To account for a gross receipts tax imposed to fund environmental activities, mainly sanitary landfill closure and disposal of solid waste. Authority is local ordinance authorized by NMSA 1978 7-20E-17.

Property Valuation (203) – To account for funds used to provide valuation services to the County and other local entities. This fund was created by authority of state statute (see Section 7-38-38.1, NMSA 1978 Compilation).

Hazardous Material Support Services (205) – To account for funds transferred from the Fire Excise fund utilized for special equipment, uniforms, and protective clothing required for hazardous materials handling and disposal. The fund was set up administratively by the County Board.

EMS (206) – To account for grants from the State of New Mexico Health and Environmental Department to be utilized for capital outlay for fire personnel as paramedics. Funding is authorized by Section 24-10a-6, NMSA 1978 Compilation.

E911 Metro Dispatch (207) – To account for funds received from the State Funds for E-911 enhancement received from DFA and GRT. The funds are utilized for operational costs and capital outlay. (County Ordinance SEPT-02-089.)

Farm & Range (208) – To account for soul conservation and predator control activities within the County. Funding is provided by the Taylor Grazing Act. Expenditures may be made only for the purposes specified in the grant. Funding authorized by Section 6-11-6, NMSA 1978 Compilation.

Fire Protection District (209) – To account for revenues and expenditures of fire protection funds for the communities of Broadview, Pleasant Hill, and Field. Funding is provided by allotments from the New Mexico State Fire Marshall's Office. The Funds were created under the authority of state statute (see Section 59A-93-5-8 and 5-A-53-5, NMSA 1978 Compilation).

Highway Beautification Grant (210) – To account for revenues and expenditures for the New Mexico Clean and Beautiful Project. The fund was created by authority of state statute (see Section 67-15-1 through 67-16-4 of NMSA).

Law Enforcement Protection (211) – 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.

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

Liquor Excise Tax (212) – A locally assessed 6% tax on retail liquor sales within McKinley County, which was adopted through Ordinance 09-92-048, for the purpose of funding alcohol treatment programs. Local ordinance authorized by Section 7-24-10, NMSA 1978 Compilation.

Emergency Communication & Medical (214) – To account for gross receipts tax set aside for emergency communications 911 Metro Dispatch and emergency medical services (County Ordinance SEPT-02-089).

Intergovernmental Grants (218) – To account for several of the County's severance tax bonds that the County is a fiscal agent for. This fund was set up administratively by the commission.

Senior Citizens Center (219) – To account for the operations of the County's portion of two Senior Citizen Centers. The sales of ceramics, fees, and dues, as well as Federal and State funding relating to the Senior Citizen program, are accounted for in this fund. The operations are funded by McKinley County general funds. The fund was set up administratively by the Board.

Indigent Healthcare Special Revenue Fund (220) – To account for revenues received from state shared gross receipts taxes for hospital service for indigent citizens of the County. The fund was created by the authority of state statute (see Section 7-20E-9, NMSA, 1978 Compilation and McKinley County Ordinance No. 07-88-032.9).

Fire Excise Tax (222) – To account for funds received pursuant to the County's fire protection excise tax ordinance 07-93-053 as authorized by Sections 7-20E-15, NMSA 1978. Funds are used to supplement the County's fire districts and cannot be used to pay salaries, compensation, or remuneration to any employee of the State, County, or independent fire district.

Local DWI Program (223) – To account for various Federal, State, and Local funds received by the County to implement the County's DWI plans as authorized pursuant to state statute (see Section 43-3-15, NMSA 1978 Compilation).

Public Defender's Building (224) – To account for revenues and expenditures related to the rental operations of the public defender's office building. See Section 4-38-13.

Clerk Recording & Filing (225) – To account for revenues and expenditures for control of equipment. The fees collected are restricted in that they may only be used for the purchase of equipment associated with the recordings, filing, maintaining, or reproducing of documents in the Office of the County Clerk. This fund was created by the authority of state statute (see Section 14-8-2.2, NMSA 1978 Compilation).

Magistrate Court (226) – To account for funds received pursuant to a joint powers agreement with the State Administrative Office of Courts for Maintenance and Operation of the Magistrate Court Building. The fund was set up administratively by the Board.

Sheriff's Grants (227) – Various law enforcement oriented grants utilized by the Sheriff's Department to fund personnel and equipment. Fund was created administratively for funds restricted by grant agreements.

Narcotic Drug Control & K-9 Drug Unit (228) – To account for various law enforcement agencies from forfeitures of seized drugs to supplement other funding uses involving drug interdiction and K-9 unit. Fund was created administratively by the Board.

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

Federal Office of Justice – Law Enforcement Grant (229) – To account for federal grants awarded from the Office of Justice Program, the Federal Vest Program, and others, if awarded. Fund was created administratively for funds restricted by grant agreements.

Law Enforcement Seizures (230) – To account for monetary seizures made by the McKinley County Sheriff's Department while cases are pending litigation and disposition. Fund was created administratively by the Board.

Adult Detention Center Fund (231) – To account for fiscal operation and reporting of the Gallup McKinley Detention Center. The administration is handled by the local Jail Authority Board. The fund was created by authority of state statute (see Section 7-2OE-9, NMSA, 1978 Compilation and McKinley County Ordinance No. MAY-04-094).

Misdemeanor Compliance (234) – To account for monies kept as reserves to provide assistance to the Gallup District, Magistrate, and Municipal Courts as an alternative to incarceration of prisoners at the McKinley County Adult Detention Center. Fund was created administratively for funds restricted by grant agreements.

Emergency Management (236) – To account for monies kept as reserves for emergency management. Fund was created administratively by the Board.

Forest Reserve (238) – To account for expenditures related to Title II monies received by the County (see McKinley County Ordinance OCT-12-54).

JSAAC Center (240) – To account for the expenditures related to the Juvenile Alcohol/Substance Abuse facility. Fund was created administratively for funds restricted by JPA agreement.

CDBG Planning (290) – To account for the CDBG and local funds to do major repairs and improvements for the Thoreau Water Project. Fund was created administratively for funds restricted by DFA.

Rural Public Safety (295) – To account for gross receipts taxes (1/16%) collected for the public safety expenditures for the citizens of McKinley County. Authorized by Ordinance AUG-98-075.

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

NON-MAJOR CAPITAL PROJECTS FUNDS

The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Non-major capital projects funds consist of the following:

Capital Projects (300) – To account for the expenditures related to the construction of capital projects.

Federal Grants (301) – To account for the expenditures related to the construction of capital projects funded partly or fully by federal grants.

CDBG Gamarco Water System Phase III (304) – To account for the CDBG funds related to the Gamarco Water System Phase III operations.

McKinley County Drainage (307) – To account for monies received for the purpose of master drainage plan and study regarding drainage problems throughout the County.

Infrastructure Gross Receipts (311) – To account for monies received through infrastructure gross receipts tax for the purpose of monitoring County infrastructure and road equipment, July 2009.

State Projects (315) – To account for funding from state sources used for various projects.

Judicial Complex Construction (316) – To account for construction of the Judicial Complex.

Energy Efficiency Project (317) – To account for monies received to conduct an energy efficiency study to determine where items can be replaced throughout the County with more energy efficient items.

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

NON-MAJOR DEBT SERVICE FUNDS

The debt service funds are used to account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

Non-major debt service funds consist of the following:

Judicial Complex (406) – To account for monies designated for the retirement of debt associated with the construction of the Judicial Complex.

Energy Efficiency Bond (407) – To account for the payment of long-term debt principal, interest, and related costs of energy efficiency bond related to the energy efficiency project.

Countywide Communications Bond (408) – To account for the payment of long term debt principal, interest and related costs of the 2017 GRT improvement revenue bond related to the countywide communications improvement project.

**STATE OF NEW MEXICO
MCKINLEY COUNTY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2017**

| | <u>Special Revenue Funds</u> | <u>Capital Projects Funds</u> | <u>Debt Service Funds</u> | <u>Total Non-major Funds</u> |
|---|--------------------------------------|---------------------------------------|-----------------------------------|--------------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 6,970,726 | 774,457 | 869,774 | 8,614,957 |
| Investments | 16,482,194 | 7,923,840 | - | 24,406,034 |
| Receivables | 2,226,886 | 425,143 | 120,000 | 2,772,029 |
| Due from other funds | 18,505 | - | - | 18,505 |
| Total assets | <u>\$ 25,698,311</u> | <u>9,123,440</u> | <u>989,774</u> | <u>35,811,525</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 706,362 | 188,992 | - | 895,354 |
| Accrued payroll liabilities | 97,655 | - | - | 97,655 |
| Due to other funds | 82,343 | - | - | 82,343 |
| Total Liabilities | <u>886,360</u> | <u>188,992</u> | <u>-</u> | <u>1,075,352</u> |
| FUND BALANCES | | | | |
| Nonspendable | - | - | - | - |
| Restricted | 21,803,762 | - | 989,774 | 22,793,536 |
| Committed | 3,008,189 | 8,934,448 | - | 11,942,637 |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total fund balances | <u>24,811,951</u> | <u>8,934,448</u> | <u>989,774</u> | <u>34,736,173</u> |
| Total liabilities deferred inflows of resources, and fund balances | <u>\$ 25,698,311</u> | <u>9,123,440</u> | <u>989,774</u> | <u>35,811,525</u> |

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

**STATE OF NEW MEXICO
MCKINLEY COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

| | <u>Special Revenue Funds</u> | <u>Capital Projects Funds</u> | <u>Debt Service Funds</u> | <u>Total Non-major Funds</u> |
|---|--------------------------------------|---------------------------------------|-----------------------------------|--------------------------------------|
| REVENUES | | | | |
| Taxes | | | | |
| Property taxes | \$ 258,900 | - | - | 258,900 |
| Gross receipts | 10,149,006 | 2,810,324 | 420,000 | 13,379,330 |
| Liquor tax | 100,000 | - | - | 100,000 |
| Intergovernmental | | | | |
| State operating grants | 3,438,676 | 403,518 | 384,608 | 4,226,802 |
| Federal operating grants | 1,238,143 | 456,344 | - | 1,694,487 |
| Charges for services | 3,645,061 | - | - | 3,645,061 |
| Investment earnings | 1,138 | - | - | 1,138 |
| Other revenue | 32,951 | - | - | 32,951 |
| Total revenues | <u>18,863,875</u> | <u>3,670,186</u> | <u>804,608</u> | <u>23,338,669</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 1,133,598 | 1,911,855 | - | 3,045,453 |
| Public safety | 12,410,384 | - | - | 12,410,384 |
| Public works | 290,871 | 69,315 | - | 360,186 |
| Health and welfare | 3,425,640 | - | - | 3,425,640 |
| Debt Service | | | | |
| Principal payments | - | - | 470,000 | 470,000 |
| Interest payments | - | - | 265,265 | 265,265 |
| Capital Outlay | | | | |
| Capital Outlay | 2,041,216 | 1,319,606 | - | 3,360,822 |
| Total Expenditures | <u>19,301,709</u> | <u>3,300,776</u> | <u>735,265</u> | <u>23,337,750</u> |
| Excess (deficiency) of revenues over expenditures | (437,834) | 369,410 | 69,343 | 919 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 6,809,071 | 2,527,857 | 30,727 | 9,367,655 |
| Transfers out | (9,092,651) | (3,556,910) | - | (12,649,561) |
| Total other financing sources (uses) | <u>(2,283,580)</u> | <u>(1,029,053)</u> | <u>30,727</u> | <u>(3,281,906)</u> |
| Net change in fund balance | (2,721,414) | (659,643) | 100,070 | (3,280,987) |
| Fund balances-beginning of year | 27,533,365 | 9,594,091 | 889,704 | 38,017,160 |
| Restatements | - | - | - | - |
| Fund balances-beginning of year, as restated | <u>27,533,365</u> | <u>9,594,091</u> | <u>889,704</u> | <u>38,017,160</u> |
| Fund balances-end of the year | <u>\$ 24,811,951</u> | <u>8,934,448</u> | <u>989,774</u> | <u>34,736,173</u> |

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

**STATE OF NEW MEXICO
MCKINLEY COUNTY
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
AS OF JUNE 30, 2017**

| | 201 | 202 | 203 | 205 | 206 |
|--|---------------------|-----------------------|------------------|-------------------------|----------------|
| | Corrections | Environmental | Property | Hazardous | EMS |
| | Fund | Gross Receipts | Valuation | Material Support | Fund |
| | | Tax | | Services | |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,379,210 | 722,111 | 468,953 | 2,191 | 463,710 |
| Investments | - | 2,216,650 | - | 31,250 | - |
| Receivables | 107,663 | - | - | - | 5,933 |
| Total assets | <u>\$ 1,486,873</u> | <u>2,938,761</u> | <u>468,953</u> | <u>33,441</u> | <u>469,643</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 2,400 | 7,535 | 37,417 | - | 99,461 |
| Accrued payroll liabilities | 8,893 | - | 2,201 | - | 7,994 |
| Total liabilities | <u>11,293</u> | <u>7,535</u> | <u>39,618</u> | <u>-</u> | <u>107,455</u> |
| FUND BALANCES | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | - | 2,931,226 | 429,335 | - | 362,188 |
| Committed | 1,475,580 | - | - | 33,441 | - |
| Assigned | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Total fund balances | <u>1,475,580</u> | <u>2,931,226</u> | <u>429,335</u> | <u>33,441</u> | <u>362,188</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 1,486,873</u> | <u>2,938,761</u> | <u>468,953</u> | <u>33,441</u> | <u>469,643</u> |

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

**STATE OF NEW MEXICO
MCKINLEY COUNTY
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
AS OF JUNE 30, 2017**

| | 207 E911 Metro Dispatch | 208 Farm & Range Fund | 209 Fire Protection Districts | 210 Highway Beautification Grant | 211 Law Enforcement Protection |
|--|--|--|--|---|---|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,143,862 | 16,937 | 454,226 | 5,026 | - |
| Investments | - | - | 2,251,603 | 24,072 | - |
| Receivables | 5,650 | - | - | - | - |
| Total assets | <u>\$ 1,149,512</u> | <u>16,937</u> | <u>2,705,829</u> | <u>29,098</u> | <u>-</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 3,693 | - | 91,386 | - | - |
| Accrued payroll liabilities | 24,188 | - | - | - | - |
| Total liabilities | <u>27,881</u> | <u>-</u> | <u>91,386</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | 1,121,631 | 16,937 | 2,614,443 | 29,098 | - |
| Committed | - | - | - | - | - |
| Assigned | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Total fund balances | <u>1,121,631</u> | <u>16,937</u> | <u>2,614,443</u> | <u>29,098</u> | <u>-</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 1,149,512</u> | <u>16,937</u> | <u>2,705,829</u> | <u>29,098</u> | <u>-</u> |

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

**STATE OF NEW MEXICO
MCKINLEY COUNTY
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
AS OF JUNE 30, 2017**

| | 212 Liquor Excise Tax | 214 Emergency Communication & Medical | 218 Inter- governmental Grants | 219 Senior Citizens Centers | 220 Indigent Health Care Fund |
|--|--|--|---|--|--|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 132,674 | 86,704 | 59,549 | 23,029 | 389,163 |
| Investments | 1,489,185 | 1,957,530 | 287,789 | - | 99,218 |
| Receivables | 71,709 | 483,931 | 68,865 | - | 241,992 |
| Total assets | <u>\$ 1,693,568</u> | <u>2,528,165</u> | <u>416,203</u> | <u>23,029</u> | <u>730,373</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ - | 61,940 | - | 640 | 29,065 |
| Due to other funds | - | - | - | - | 18,505 |
| Total liabilities | <u>-</u> | <u>61,940</u> | <u>-</u> | <u>640</u> | <u>47,570</u> |
| FUND BALANCES | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | 1,693,568 | 2,466,225 | - | - | 682,803 |
| Committed | - | - | 416,203 | 22,389 | - |
| Assigned | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Total fund balances | <u>1,693,568</u> | <u>2,466,225</u> | <u>416,203</u> | <u>22,389</u> | <u>682,803</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 1,693,568</u> | <u>2,528,165</u> | <u>416,203</u> | <u>23,029</u> | <u>730,373</u> |

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

**STATE OF NEW MEXICO
MCKINLEY COUNTY
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
AS OF JUNE 30, 2017**

| | 222 Fire Excise Tax | 223 Local DWI Program | 224 Public Defender's Building | 225 Clerk Recording & Filing | 226 Magistrate Court Fund |
|--|--|--|---|---|--|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 183,574 | 560,982 | 8,080 | 71,634 | 29,110 |
| Investments | 2,952,870 | - | 115,273 | - | 430,295 |
| Receivables | 163,074 | 160,104 | - | - | - |
| Total assets | <u>\$ 3,299,518</u> | <u>721,086</u> | <u>123,353</u> | <u>71,634</u> | <u>459,405</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 65,438 | 59,569 | 931 | - | 2,274 |
| Accrued payroll liabilities | - | 3,800 | - | - | - |
| Total liabilities | <u>65,438</u> | <u>63,369</u> | <u>931</u> | <u>-</u> | <u>2,274</u> |
| FUND BALANCES | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | 3,234,080 | 657,717 | 122,422 | 71,634 | - |
| Committed | - | - | - | - | 457,131 |
| Assigned | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Total fund balances | <u>3,234,080</u> | <u>657,717</u> | <u>122,422</u> | <u>71,634</u> | <u>457,131</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 3,299,518</u> | <u>721,086</u> | <u>123,353</u> | <u>71,634</u> | <u>459,405</u> |

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

**STATE OF NEW MEXICO
MCKINLEY COUNTY
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
AS OF JUNE 30, 2017**

| | 227 Sheriff's Grants Fund | 228 Narcotic Drug Control & K9 Drug Unit | 229 Federal Office of Justice LEG | 230 Law Enforcement Grant | 231 Adult Detention Center |
|--|--|---|--|--|---|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 206,468 | 17,467 | 28,167 | 3,073 | 37,094 |
| Investments | 689,305 | 249,185 | 136,126 | 43,846 | 294,338 |
| Receivables | 134,878 | - | 14,168 | - | 457,492 |
| Due from other funds | - | - | - | - | 18,505 |
| Total assets | <u>\$ 1,030,651</u> | <u>266,652</u> | <u>178,461</u> | <u>46,919</u> | <u>807,429</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 69,307 | - | - | - | 46,937 |
| Accrued payroll liabilities | - | - | - | - | 34,967 |
| Due to other funds | 63,838 | - | - | - | - |
| Total liabilities | <u>133,145</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>81,904</u> |
| FUND BALANCES | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | 897,506 | - | 178,461 | - | 725,525 |
| Committed | - | 266,652 | - | 46,919 | - |
| Assigned | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Total fund balances | <u>897,506</u> | <u>266,652</u> | <u>178,461</u> | <u>46,919</u> | <u>725,525</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 1,030,651</u> | <u>266,652</u> | <u>178,461</u> | <u>46,919</u> | <u>807,429</u> |

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

**STATE OF NEW MEXICO
MCKINLEY COUNTY
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
AS OF JUNE 30, 2017**

| | 234 Misdemeanor Compliance Fund | 236 Emergency Management Fund | 238 Forest Reserve Fund | 240 JSACC Center |
|--|--|--|--|---------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 24,099 | 95,389 | 25,217 | 58,642 |
| Investments | 272,088 | 425,230 | 251,603 | 268,012 |
| Receivables | 2,800 | 158,131 | 11,417 | 18,083 |
| Total assets | <u>\$ 298,987</u> | <u>678,750</u> | <u>288,237</u> | <u>344,737</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 4,087 | 7,237 | 15,192 | 1,513 |
| Accrued payroll liabilities | 5,026 | 7,401 | - | 3,185 |
| Total liabilities | <u>9,113</u> | <u>14,638</u> | <u>15,192</u> | <u>4,698</u> |
| FUND BALANCES | | | | |
| Nonspendable | - | - | - | - |
| Restricted | - | 664,112 | 273,045 | 340,039 |
| Committed | 289,874 | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total fund balances | <u>289,874</u> | <u>664,112</u> | <u>273,045</u> | <u>340,039</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 298,987</u> | <u>678,750</u> | <u>288,237</u> | <u>344,737</u> |

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

**STATE OF NEW MEXICO
MCKINLEY COUNTY
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
AS OF JUNE 30, 2017**

| | 290 CDBG Planning Fund | 295 Rural Public Safety | Total Special Revenue Funds |
|--|---|--|--|
| ASSETS | | | |
| Cash and cash equivalents | \$ 8,750 | 265,635 | 6,970,726 |
| Investments | 42,286 | 1,954,440 | 16,482,194 |
| Receivables | - | 120,996 | 2,226,886 |
| Due from other funds | - | - | 18,505 |
| Total assets | <u>\$ 51,036</u> | <u>2,341,071</u> | <u>25,698,311</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts payable | \$ - | 100,340 | 706,362 |
| Accrued payroll liabilities | - | - | 97,655 |
| Due to other funds | - | - | 82,343 |
| Total liabilities | <u>-</u> | <u>100,340</u> | <u>886,360</u> |
| FUND BALANCES | | | |
| Nonspendable | - | - | - |
| Restricted | 51,036 | 2,240,731 | 21,803,762 |
| Committed | - | - | 3,008,189 |
| Assigned | - | - | - |
| Unassigned | - | - | - |
| Total fund balances | <u>51,036</u> | <u>2,240,731</u> | <u>24,811,951</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 51,036</u> | <u>2,341,071</u> | <u>25,698,311</u> |

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

**STATE OF NEW MEXICO
MCKINLEY COUNTY
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEETS
AS OF JUNE 30, 2017**

| | 300 Capital Outlay GRT | 301 Federal Grants | 304 CDBG Gamerco Water System Phase III | 307 McKinley County Drainage | 311 Infrastructure Gross Receipts |
|--|---|-----------------------------------|--|---|--|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 522,375 | - | 44,963 | - | 202,667 |
| Investments | 5,344,669 | - | 460,037 | - | 2,073,586 |
| Receivables | 363,991 | - | - | - | 61,152 |
| Total assets | <u>\$ 6,231,035</u> | <u>-</u> | <u>505,000</u> | <u>-</u> | <u>2,337,405</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 167,443 | - | - | - | 21,549 |
| Total liabilities | <u>167,443</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>21,549</u> |
| FUND BALANCES | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | - | - | - | - | - |
| Committed | 6,063,592 | - | 505,000 | - | 2,315,856 |
| Assigned | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Total fund balances | <u>6,063,592</u> | <u>-</u> | <u>505,000</u> | <u>-</u> | <u>2,315,856</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 6,231,035</u> | <u>-</u> | <u>505,000</u> | <u>-</u> | <u>2,337,405</u> |

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

**STATE OF NEW MEXICO
MCKINLEY COUNTY
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEETS
AS OF JUNE 30, 2017**

| | 315 State Projects | 316 Judicial Complex Construction | 317 Energy Efficiency Project | Total Capital Projects Funds |
|--|-----------------------------------|--|--|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 4,452 | - | - | 774,457 |
| Investments | 45,548 | - | - | 7,923,840 |
| Receivables | - | - | - | 425,143 |
| Total assets | <u>\$ 50,000</u> | <u>-</u> | <u>-</u> | <u>9,123,440</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | - | - | - | 188,992 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>188,992</u> |
| FUND BALANCES | | | | |
| Nonspendable | - | - | - | - |
| Restricted | - | - | - | - |
| Committed | 50,000 | - | - | 8,934,448 |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total fund balances | <u>50,000</u> | <u>-</u> | <u>-</u> | <u>8,934,448</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 50,000</u> | <u>-</u> | <u>-</u> | <u>9,123,440</u> |

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

**STATE OF NEW MEXICO
MCKINLEY COUNTY
NON-MAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEETS
AS OF JUNE 30, 2017**

| | 406 Judicial Complex Debt Service | 407 Energy Efficiency Bond | 408 Countywide Communications Bond | Total Debt Service Funds |
|--|--|---|---|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 533,444 | 336,330 | - | 869,774 |
| Receivables | - | 60,000 | 60,000 | 120,000 |
| Total assets | <u>\$ 533,444</u> | <u>396,330</u> | <u>60,000</u> | <u>989,774</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ - | - | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Nonspendable | - | - | - | - |
| Restricted | 533,444 | 396,330 | 60,000 | 989,774 |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total fund balances | <u>533,444</u> | <u>396,330</u> | <u>60,000</u> | <u>989,774</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 533,444</u> | <u>396,330</u> | <u>60,000</u> | <u>989,774</u> |

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

**STATE OF NEW MEXICO
MCKINLEY COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

| | 201 | 202 | 203 | 205 | 206 |
|---|-----------------------------|---|-------------------------------|--|---------------------|
| | Corrections Fund | Environmental Gross Receipts Tax | Property Valuation | Hazardous Material Support Services | EMS Fund |
| REVENUES | | | | | |
| Taxes | | | | | |
| Property taxes | \$ - | - | 258,900 | - | - |
| Gross receipts | 430,094 | 502,152 | - | - | - |
| Intergovernmental | | | | | |
| State operating grants | - | - | - | - | 135,082 |
| Charges for services | 632,262 | - | - | - | 60,430 |
| Other revenue | 796 | - | 11,551 | - | - |
| Total revenues | <u>1,063,152</u> | <u>502,152</u> | <u>270,451</u> | <u>-</u> | <u>195,512</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | - | - | 214,493 | - | - |
| Public safety | 1,890,913 | - | - | 634 | 855,064 |
| Public works | - | 290,871 | - | - | - |
| Capital Outlay | | | | | |
| Capital outlay | - | - | - | - | 60,840 |
| Total expenditures | <u>1,890,913</u> | <u>290,871</u> | <u>214,493</u> | <u>634</u> | <u>915,904</u> |
| Excess (deficiency) of revenues over expenditures | (827,761) | 211,281 | 55,958 | (634) | (720,392) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 1,300,000 | - | - | - | 835,000 |
| Transfers out | - | - | - | - | - |
| Total other financing sources (uses) | <u>1,300,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>835,000</u> |
| Net change in fund balance | 472,239 | 211,281 | 55,958 | (634) | 114,608 |
| Fund balances-beginning of year | 1,003,341 | 2,719,945 | 373,377 | 34,075 | 247,580 |
| Restatements | - | - | - | - | - |
| Fund balances-beginning of year, as restated | <u>1,003,341</u> | <u>2,719,945</u> | <u>373,377</u> | <u>34,075</u> | <u>247,580</u> |
| Fund balances-end of the year | <u>\$ 1,475,580</u> | <u>2,931,226</u> | <u>429,335</u> | <u>33,441</u> | <u>362,188</u> |

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

**STATE OF NEW MEXICO
MCKINLEY COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

| | 207 E911 Metro Dispatch | 208 Farm & Range Fund | 209 Fire Protection Districts | 210 Highway Beautification Grant | 211 Law Enforcement Protection |
|---|--|--|--|---|---|
| REVENUES | | | | | |
| Intergovernmental | | | | | |
| State operating grants | \$ 17,510 | - | 1,465,567 | - | 52,200 |
| Federal operating grants | - | 19,532 | - | - | - |
| Charges for services | 2,460 | - | - | - | - |
| Other revenue | 173 | - | 5 | - | - |
| Total revenues | <u>20,143</u> | <u>19,532</u> | <u>1,465,572</u> | <u>-</u> | <u>52,200</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | - | - | - | - | - |
| Public safety | 1,808,205 | - | 706,160 | - | 51,705 |
| Health and welfare | - | 21,500 | - | - | - |
| Capital Outlay | | | | | |
| Capital outlay | - | - | 401,589 | - | - |
| Total expenditures | <u>1,808,205</u> | <u>21,500</u> | <u>1,107,749</u> | <u>-</u> | <u>51,705</u> |
| Excess (deficiency) of revenues over expenditures | (1,788,062) | (1,968) | 357,823 | - | 495 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 1,918,733 | 8,300 | - | - | - |
| Transfers out | (730) | - | - | - | - |
| Total other financing sources (uses) | <u>1,918,003</u> | <u>8,300</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | 129,941 | 6,332 | 357,823 | - | 495 |
| Fund balances-beginning of year | 991,690 | 10,605 | 2,256,620 | 29,098 | (495) |
| Restatements | - | - | - | - | - |
| Fund balances-beginning of year, as restated | <u>991,690</u> | <u>10,605</u> | <u>2,256,620</u> | <u>29,098</u> | <u>(495)</u> |
| Fund balances-end of the year | <u>\$ 1,121,631</u> | <u>16,937</u> | <u>2,614,443</u> | <u>29,098</u> | <u>-</u> |

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

**STATE OF NEW MEXICO
MCKINLEY COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

| | 212 Liquor Excise Tax | 214 Emergency Communication & Medical | 218 Inter- governmental Grants | 219 Senior Citizens Centers | 220 Indigent Health Care Fund |
|---|--|--|---|--|--|
| REVENUES | | | | | |
| Taxes | | | | | |
| Gross receipts | \$ 1,512,786 | 2,867,733 | - | - | 2,149,637 |
| Intergovernmental | | | | | |
| State operating grants | - | - | 265,433 | - | - |
| Investment earnings | - | - | - | - | 1,091 |
| Other revenue | - | 7,580 | - | - | - |
| Total revenues | <u>1,512,786</u> | <u>2,875,313</u> | <u>265,433</u> | <u>-</u> | <u>2,150,728</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Public safety | - | 430,163 | - | - | - |
| Health and welfare | 1,200,000 | - | 82,617 | 105,082 | 2,016,441 |
| Capital Outlay | | | | | |
| Capital outlay | - | 569,752 | 184,532 | - | - |
| Total expenditures | <u>1,200,000</u> | <u>999,915</u> | <u>267,149</u> | <u>105,082</u> | <u>2,016,441</u> |
| Excess (deficiency) of revenues over expenditures | 312,786 | 1,875,398 | (1,716) | (105,082) | 134,287 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | 730 | - | 120,000 | - |
| Transfers out | - | (2,753,733) | - | - | (3,750,000) |
| Total other financing sources (uses) | <u>-</u> | <u>(2,753,003)</u> | <u>-</u> | <u>120,000</u> | <u>(3,750,000)</u> |
| Net change in fund balance | 312,786 | (877,605) | (1,716) | 14,918 | (3,615,713) |
| Fund balances-beginning of year | 1,380,782 | 3,343,830 | 417,919 | 7,471 | 4,298,516 |
| Restatements | - | - | - | - | - |
| Fund balances-beginning of year, as restated | <u>1,380,782</u> | <u>3,343,830</u> | <u>417,919</u> | <u>7,471</u> | <u>4,298,516</u> |
| Fund balances-end of the year | <u>\$ 1,693,568</u> | <u>2,466,225</u> | <u>416,203</u> | <u>22,389</u> | <u>682,803</u> |

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

**STATE OF NEW MEXICO
MCKINLEY COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

| | 222 Fire Excise Tax | 223 Local DWI Program | 224 Public Defender's Building | 225 Clerk Recording & Filing | 226 Magistrate Court Fund |
|---|--|--|---|---|--|
| REVENUES | | | | | |
| Taxes | | | | | |
| Gross receipts | \$ 966,052 | - | - | - | - |
| Intergovernmental | | | | | |
| State operating grants | - | 771,982 | - | - | 187,890 |
| Charges for services | - | 120,989 | 38,880 | 22,171 | - |
| Total revenues | <u>966,052</u> | <u>892,971</u> | <u>38,880</u> | <u>22,171</u> | <u>187,890</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | 644,277 | - | - | 7,726 | 142,488 |
| Public safety | - | 750,376 | 34,511 | - | - |
| Capital Outlay | | | | | |
| Capital outlay | 363,662 | - | - | 22,062 | - |
| Total expenditures | <u>1,007,939</u> | <u>750,376</u> | <u>34,511</u> | <u>29,788</u> | <u>142,488</u> |
| Excess (deficiency) of revenues over expenditures | (41,887) | 142,595 | 4,369 | (7,617) | 45,402 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers out | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | (41,887) | 142,595 | 4,369 | (7,617) | 45,402 |
| Fund balances-beginning of year | 3,275,967 | 515,122 | 118,053 | 79,251 | 411,729 |
| Restatements | - | - | - | - | - |
| Fund balances-beginning of year, as restated | <u>3,275,967</u> | <u>515,122</u> | <u>118,053</u> | <u>79,251</u> | <u>411,729</u> |
| Fund balances-end of the year | <u>\$ 3,234,080</u> | <u>657,717</u> | <u>122,422</u> | <u>71,634</u> | <u>457,131</u> |

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

**STATE OF NEW MEXICO
MCKINLEY COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

| | 227 Sheriff's Grants Fund | 228 Narcotic Drug Control & K9 Drug Unit | 229 Federal Office of Justice LEG | 230 Law Enforcement Grant | 231 Adult Detention Center |
|---|--|---|--|--|---|
| REVENUES | | | | | |
| Taxes | | | | | |
| Gross receipts | \$ - | - | - | - | 1,003,554 |
| Liquor tax | - | - | - | - | 100,000 |
| Intergovernmental | | | | | |
| State operating grants | 205,746 | - | - | - | - |
| Federal operating grants | 592,779 | - | 20,306 | - | - |
| Charges for services | - | - | - | - | 2,355,279 |
| Other revenue | - | - | 4,001 | - | 5,318 |
| Total revenues | <u>798,525</u> | <u>-</u> | <u>24,307</u> | <u>-</u> | <u>3,464,151</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Public safety | 507,160 | 17,747 | 11,012 | - | 3,394,150 |
| Capital Outlay | | | | | |
| Capital outlay | - | - | 8,400 | - | 6,159 |
| Total expenditures | <u>507,160</u> | <u>17,747</u> | <u>19,412</u> | <u>-</u> | <u>3,400,309</u> |
| Excess (deficiency) of revenues over expenditures | 291,365 | (17,747) | 4,895 | - | 63,842 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | 63,200 | - | - | - |
| Transfers out | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>63,200</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | 291,365 | 45,453 | 4,895 | - | 63,842 |
| Fund balances-beginning of year | 606,141 | 221,199 | 173,566 | 46,919 | 661,683 |
| Restatements | - | - | - | - | - |
| Fund balances-beginning of year, as restated | <u>606,141</u> | <u>221,199</u> | <u>173,566</u> | <u>46,919</u> | <u>661,683</u> |
| Fund balances-end of the year | <u>\$ 897,506</u> | <u>266,652</u> | <u>178,461</u> | <u>46,919</u> | <u>725,525</u> |

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

**STATE OF NEW MEXICO
MCKINLEY COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

| | 234 Misdemeanor Compliance Fund | 236 Emergency Management Fund | 238 Forest Reserve Fund | 240 JSACC Center |
|---|--|--|--|---------------------------------|
| REVENUES | | | | |
| Intergovernmental | | | | |
| State operating grants | \$ - | 86,854 | - | 250,412 |
| Federal operating grants | - | 441,195 | 54,835 | 109,496 |
| Charges for services | 412,590 | - | - | - |
| Other revenue | - | 1,389 | - | 38 |
| Total revenues | <u>412,590</u> | <u>529,438</u> | <u>54,835</u> | <u>359,946</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | - | - | 108,138 | 16,476 |
| Public safety | 342,331 | 727,550 | - | 392,620 |
| Total expenditures | <u>342,331</u> | <u>727,550</u> | <u>108,138</u> | <u>409,096</u> |
| Excess (deficiency) of revenues over expenditures | 70,259 | (198,112) | (53,303) | (49,150) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 1,315,453 | - | 38,120 |
| Transfers out | - | (1,209,535) | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>105,918</u> | <u>-</u> | <u>38,120</u> |
| Net change in fund balance | 70,259 | (92,194) | (53,303) | (11,030) |
| Fund balances-beginning of year | 219,615 | 756,306 | 326,348 | 351,069 |
| Restatements | - | - | - | - |
| Fund balances-beginning of year, as restated | <u>219,615</u> | <u>756,306</u> | <u>326,348</u> | <u>351,069</u> |
| Fund balances-end of the year | <u>\$ 289,874</u> | <u>664,112</u> | <u>273,045</u> | <u>340,039</u> |

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

**STATE OF NEW MEXICO
MCKINLEY COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

| | 290 CDBG Planning Fund | 295 Rural Public Safety | Total Special Revenue Funds |
|---|---|--|--|
| REVENUES | | | |
| Taxes | | | |
| Property taxes | \$ - | - | 258,900 |
| Gross receipts | - | 716,998 | 10,149,006 |
| Liquor tax | - | - | 100,000 |
| Intergovernmental | | | |
| State operating grants | - | - | 3,438,676 |
| Federal operating grants | - | - | 1,238,143 |
| Charges for services | - | - | 3,645,061 |
| Investment earnings | 47 | - | 1,138 |
| Other revenue | - | 2,100 | 32,951 |
| Total revenues | <u>47</u> | <u>719,098</u> | <u>18,863,875</u> |
| EXPENDITURES | | | |
| Current | | | |
| General government | - | - | 1,133,598 |
| Public safety | - | 490,083 | 12,410,384 |
| Public works | - | - | 290,871 |
| Health and welfare | - | - | 3,425,640 |
| Capital Outlay | | | |
| Capital outlay | - | 424,220 | 2,041,216 |
| Total expenditures | <u>-</u> | <u>914,303</u> | <u>19,301,709</u> |
| Excess (deficiency) of revenues over expenditures | 47 | (195,205) | (437,834) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | 1,209,535 | 6,809,071 |
| Transfers out | - | (1,378,653) | (9,092,651) |
| Total other financing sources (uses) | <u>-</u> | <u>(169,118)</u> | <u>(2,283,580)</u> |
| Net change in fund balance | 47 | (364,323) | (2,721,414) |
| Fund balances-beginning of year | 50,989 | 2,605,054 | 27,533,365 |
| Restatements | - | - | - |
| Fund balances-beginning of year, as restated | <u>50,989</u> | <u>2,605,054</u> | <u>27,533,365</u> |
| Fund balances-end of the year | <u>\$ 51,036</u> | <u>2,240,731</u> | <u>24,811,951</u> |

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

**STATE OF NEW MEXICO
MCKINLEY COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

| | 300 Capital Outlay GRT | 301 Federal Grants | 304 CDBG Gamercro Water System Phase III | 307 CP McKinley County Drainage | 311 Infrastructure Gross Receipts |
|---|---|-----------------------------------|---|--|--|
| REVENUES | | | | | |
| Taxes | | | | | |
| Gross receipts | \$ 2,448,059 | - | - | - | 362,265 |
| Intergovernmental | | | | | |
| State operating grants | - | - | - | - | 331,126 |
| Federal operating grants | - | - | 456,344 | - | - |
| Total revenues | <u>2,448,059</u> | <u>-</u> | <u>456,344</u> | <u>-</u> | <u>693,391</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | 1,001,680 | - | 603,041 | - | - |
| Public works | - | - | - | - | 66,255 |
| Capital Outlay | | | | | |
| Capital outlay | 616,166 | - | - | - | 628,821 |
| Total expenditures | <u>1,617,846</u> | <u>-</u> | <u>603,041</u> | <u>-</u> | <u>695,076</u> |
| Excess (deficiency) of revenues over expenditures | 830,213 | - | (146,697) | - | (1,685) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 2,521,468 | - | 6,389 | - | - |
| Transfers out | (1,224,230) | (476,107) | - | (600) | - |
| Total other financing sources (uses) | <u>1,297,238</u> | <u>(476,107)</u> | <u>6,389</u> | <u>(600)</u> | <u>-</u> |
| Net change in fund balance | 2,127,451 | (476,107) | (140,308) | (600) | (1,685) |
| Fund balances-beginning of year | 3,936,141 | 476,107 | 645,308 | 600 | 2,317,541 |
| Restatements | - | - | - | - | - |
| Fund balances-beginning of year, as restated | <u>3,936,141</u> | <u>476,107</u> | <u>645,308</u> | <u>600</u> | <u>2,317,541</u> |
| Fund balances-end of the year | <u>\$ 6,063,592</u> | <u>-</u> | <u>505,000</u> | <u>-</u> | <u>2,315,856</u> |

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

**STATE OF NEW MEXICO
MCKINLEY COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

| | 315 | 316 | 317 | Total |
|---|--------------------|---------------------|-------------------|--------------------|
| | State | Judicial | Energy | Capital |
| | Projects | Complex | Efficiency | Projects |
| | Funds | Construction | Project | Funds |
| REVENUES | | | | |
| Taxes | | | | |
| Gross receipts | \$ - | - | - | 2,810,324 |
| Intergovernmental | | | | |
| State operating grants | 72,392 | - | - | 403,518 |
| Federal operating grants | - | - | - | 456,344 |
| Total revenues | <u>72,392</u> | <u>-</u> | <u>-</u> | <u>3,670,186</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 307,134 | - | - | 1,911,855 |
| Public works | - | - | 3,060 | 69,315 |
| Capital Outlay | | | | |
| Capital outlay | - | - | 74,619 | 1,319,606 |
| Total expenditures | <u>307,134</u> | <u>-</u> | <u>77,679</u> | <u>3,300,776</u> |
| Excess (deficiency) of revenues over expenditures | (234,742) | - | (77,679) | 369,410 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | 2,527,857 |
| Transfers out | (1,540,108) | (303,589) | (12,276) | (3,556,910) |
| Total other financing sources (uses) | <u>(1,540,108)</u> | <u>(303,589)</u> | <u>(12,276)</u> | <u>(1,029,053)</u> |
| Net change in fund balance | (1,774,850) | (303,589) | (89,955) | (659,643) |
| Fund balances-beginning of year | 1,824,850 | 303,589 | 89,955 | 9,594,091 |
| Restatements | - | - | - | - |
| Fund balances-beginning of year, as restated | <u>1,824,850</u> | <u>303,589</u> | <u>89,955</u> | <u>9,594,091</u> |
| Fund balances-end of the year | <u>\$ 50,000</u> | <u>-</u> | <u>-</u> | <u>8,934,448</u> |

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

**STATE OF NEW MEXICO
MCKINLEY COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

| | 406 Judicial Complex Debt Service | 407 Energy Efficiency Bond | 408 Countywide Communications Bond | Total Debt Service Funds |
|---|--|---|---|---|
| REVENUES | | | | |
| Taxes | | | | |
| Gross receipts | \$ - | 360,000 | 60,000 | 420,000 |
| Intergovernmental: | | | | |
| State operating grants | 384,608 | - | - | 384,608 |
| Total revenues | <u>384,608</u> | <u>360,000</u> | <u>60,000</u> | <u>804,608</u> |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| Principal payments | 275,000 | 195,000 | - | 470,000 |
| Interest payments | 206,000 | 59,265 | - | 265,265 |
| Total expenditures | <u>481,000</u> | <u>254,265</u> | <u>-</u> | <u>735,265</u> |
| Excess (deficiency) of revenues over expenditures | (96,392) | 105,735 | 60,000 | 69,343 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 30,727 | - | - | 30,727 |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>30,727</u> | <u>-</u> | <u>-</u> | <u>30,727</u> |
| Net change in fund balance | (65,665) | 105,735 | 60,000 | 100,070 |
| Fund balances-beginning of year | 599,109 | 290,595 | - | 889,704 |
| Restatements | - | - | - | - |
| Fund balances-beginning of year, as restated | <u>599,109</u> | <u>290,595</u> | <u>-</u> | <u>889,704</u> |
| Fund balances-end of the year | <u>\$ 533,444</u> | <u>396,330</u> | <u>60,000</u> | <u>989,774</u> |

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

MCKINLEY COUNTY
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2017

| | <u>Balance June 30, 2016</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance June 30, 2017</u> |
|---------------------------|--------------------------------------|-------------------|---------------------|--------------------------------------|
| Assets | | | | |
| Cash and investments | \$ 952,193 | 21,859,578 | (22,013,785) | 797,986 |
| Property taxes receivable | 2,320,475 | 20,991,532 | (21,772,003) | 1,540,004 |
| Total assets | <u>\$ 3,272,668</u> | <u>42,851,110</u> | <u>(43,785,788)</u> | <u>2,337,990</u> |
| Liabilities | | | | |
| Accounts payable | \$ - | 8,323 | - | 8,323 |
| Due to other taxing units | 2,646,399 | 20,983,209 | (21,806,779) | 1,822,829 |
| Deposits held in trust | 626,269 | 21,859,578 | (21,979,009) | 506,838 |
| | <u>\$ 3,272,668</u> | <u>42,851,110</u> | <u>(43,785,788)</u> | <u>2,337,990</u> |

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

**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF MCKINLEY COUNTY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
LAST 10 FISCAL YEARS***

| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|------------------------|----------------------|----------------------|
| | Measurement Date as of | | |
| | <u>June 30, 2016</u> | <u>June 30, 2015</u> | <u>June 30, 2014</u> |
| The County's proportion of the net pension liability (asset) (%) | | | |
| Municipal General | 1.0004% | 1.0546% | 0.9374% |
| Municipal Police | <u>0.8262%</u> | <u>0.7361%</u> | <u>0.7612%</u> |
| | 0.7353% | 0.7087% | 0.6429% |
| The County's proportionate share of the net pension liability (asset) (\$) | | | |
| Municipal General | \$ 15,983,026 | 10,752,561 | 7,312,726 |
| Municipal Police | <u>6,095,949</u> | <u>3,539,581</u> | <u>2,481,429</u> |
| | <u>\$ 22,078,975</u> | <u>14,292,142</u> | <u>9,794,155</u> |
| The County's covered payroll | | | |
| Municipal General | \$ 8,568,074 | 8,740,824 | 7,609,080 |
| Municipal Police | <u>1,644,254</u> | <u>1,444,170</u> | <u>1,465,888</u> |
| | <u>\$ 10,212,328</u> | <u>10,184,994</u> | <u>9,074,968</u> |
| The County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | | | |
| Municipal General | 186.54% | 123.02% | 96.11% |
| Municipal Police | 370.74% | 245.09% | 169.28% |
| Plan fiduciary net position as a percentage of the total pension liability | | | |
| Municipal General | 69.18% | 76.99% | 81.29% |
| Municipal Police | 69.18% | 76.99% | 81.29% |

*Governmental Accounting Standards Board Statement 68 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 the County is not available prior to fiscal year 2015, the year the statement's requirements became effective.

**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF MCKINLEY COUNTY'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
LAST 10 FISCAL YEARS***

| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|----------------------|-------------------|-------------------|
| Contractually required contribution | | | |
| Municipal General | \$ 828,851 | 818,854 | 829,998 |
| Municipal Police | 316,866 | 310,764 | 272,726 |
| | <u>\$ 1,145,717</u> | <u>1,129,618</u> | <u>1,102,724</u> |
| Contributions in relation to the contractually required contribution | | | |
| Municipal General | \$ 828,851 | 818,854 | 829,998 |
| Municipal Police | 316,866 | 310,764 | 272,726 |
| | <u>\$ 1,145,717</u> | <u>1,129,618</u> | <u>1,102,724</u> |
| Contribution deficiency (excess) | | | |
| Municipal General | \$ - | - | - |
| Municipal Police | - | - | - |
| | <u>\$ -</u> | <u>-</u> | <u>-</u> |
| The County's covered payroll | | | |
| Municipal General | \$ 8,679,064 | 8,568,074 | 8,740,824 |
| Municipal Police | 1,676,539 | 1,644,254 | 1,444,170 |
| | <u>\$ 10,355,603</u> | <u>10,212,328</u> | <u>10,184,994</u> |
| Contributions as a percentage of covered payroll | | | |
| Municipal General | 9.55% | 9.56% | 9.50% |
| Municipal Police | 18.90% | 18.90% | 18.88% |

*Governmental Accounting Standards Board Statement 68 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 the County is not available prior to fiscal year 2015, the year the statement's requirements became effective.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2017**

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

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

STATE OF NEW MEXICO
MCKINLEY COUNTY
Schedule of Cash, Investments, and Pledged Collateral
By Bank and Account
As of June 30, 2017

| Account Name | Account Type | Pinnacle Bank | Wells Fargo Bank, Inc. | US Bank | National Financial Services, LLC | PiperJaffray | Shearson Financial Services, LLC | Washington Federal Bank | First Financial Credit Union | NM Local Government Investment Pool | Petty Cash | Reconciling Items | Book Balance |
|---|----------------------|----------------|------------------------|-----------|----------------------------------|--------------|----------------------------------|-------------------------|------------------------------|-------------------------------------|------------|-------------------|--------------|
| Cash and cash equivalents | | | | | | | | | | | | | |
| Operational | Checking* | \$ 10,303,564 | - | - | - | - | - | - | - | - | - | (1,930,788) | 8,372,776 |
| CDBG | Checking* | 556,036 | - | - | - | - | - | - | - | - | - | - | 556,036 |
| Seizure | Checking* | 47,142 | - | - | - | - | - | - | - | - | - | - | 47,142 |
| Savings | Savings* | - | 5,373,809 | - | - | - | - | - | - | - | - | - | 5,373,809 |
| Money Market | Money Market* | - | - | - | - | 68,117 | 15 | - | - | - | - | - | 68,132 |
| Certificate of Deposits | CD | 4,000,000 | - | - | 1,007,105 | - | - | 1,000,000 | 99,218 | - | - | - | 6,106,323 |
| Federal Home Loan Mortgage | US Agency Securities | - | - | - | - | 3,976,820 | 2,981,440 | - | - | - | - | - | 6,958,260 |
| Federal Home Loan Mortgage - MTN | US Agency Securities | - | - | 985,460 | 997,860 | - | - | - | - | - | - | - | 1,983,320 |
| Federal Home Loan Bank | US Agency Securities | - | - | 967,980 | 17,335,384 | 2,927,600 | - | - | - | - | - | - | 21,230,964 |
| Federal Farm CR Bank | US Agency Securities | - | - | - | 8,303,350 | - | - | - | - | - | - | - | 8,303,350 |
| Federal Home Loan Mortgage - Cash | Cash* | - | - | - | - | 9,500 | - | - | - | - | - | - | 9,500 |
| Federal Home Loan Bank - Cash | Cash* | - | - | - | 7,500 | - | - | - | - | - | - | - | 7,500 |
| NM Local Government Investment Pool (LGIP) | Investment Pool | - | - | - | - | - | - | - | - | 8,833 | - | - | 8,833 |
| Petty cash | Petty Cash | - | - | - | - | - | - | - | - | - | 977 | - | 977 |
| Subtotal cash and investments | | 14,906,742 | 5,373,809 | 1,953,440 | 27,651,199 | 6,982,037 | 2,981,455 | 1,000,000 | 99,218 | 8,833 | 977 | (1,930,788) | 59,026,922 |
| Total amount of deposit in bank | | 14,906,742 | 5,373,809 | - | 1,014,605 | 77,617 | 15 | 1,000,000 | 99,218 | - | - | - | - |
| FDIC coverage | | (250,000) | (250,000) | - | (1,014,605) | (77,617) | (15) | (250,000) | (99,218) | - | - | - | - |
| Total uninsured public funds | | 14,656,742 | 5,123,809 | - | - | - | - | 750,000 | - | - | - | - | - |
| 50% Collateral Requirement (Section 6-10-17 NMSA 1978) | | - | - | - | - | - | - | - | - | - | - | - | - |
| 102% Collateral Requirement (Section 6-10-10(H) NMSA 1978) | | 14,949,877 | 5,226,285 | - | - | - | - | 765,000 | - | - | - | - | - |
| Pledged security at: | | 14,949,877 | 5,226,285 | - | - | - | - | 765,000 | - | - | - | - | - |
| Name | CUSIP | Coupon or Rate | Maturity Date | | | | | | | | | | |
| FHLB Bonds | 313383HB4 | 1.8700% | 6/12/2020 | \$ | 5,033,050 | - | - | - | - | - | - | - | - |
| FNMA 238817 ARM | 3137ORG27 | 5.6500% | 11/1/2024 | | 60,575 | - | - | - | - | - | - | - | - |
| FNMA 257504 | 3137IPAD2 | 5.0000% | 12/1/2018 | | 58,565 | - | - | - | - | - | - | - | - |
| FHLMC G11533 | 313283KV21 | 5.0000% | 3/1/2019 | | 107,899 | - | - | - | - | - | - | - | - |
| FNMA 10 137 | 31398SRD7 | 2.0000% | 12/25/2025 | | 1,990,820 | - | - | - | - | - | - | - | - |
| FNMA 14 H8 | 31368KQLO | 2.3400% | 6/25/2024 | | 5,074,144 | - | - | - | - | - | - | - | - |
| FHLMC 3564 LA | 31398JEB5 | 4.0000% | 8/15/2019 | | 140,441 | - | - | - | - | - | - | - | - |
| FHLMC 3758 CH | 3137A3CE7 | 1.5500% | 9/15/2018 | | 286,444 | - | - | - | - | - | - | - | - |
| FHLMC 33884 DJ | 3137ABVT5 | 2.5000% | 2/15/2025 | | 757,543 | - | - | - | - | - | - | - | - |
| FHLMC 3989 KQ | 313AKYHO | 2.0000% | 5/15/2040 | | 2,315,716 | - | - | - | - | - | - | - | - |
| FHHS K028 A1 | 3137B2HH5 | 2.1800% | 11/25/2022 | | 3,117,536 | - | - | - | - | - | - | - | - |
| FHHS K020 A1 | 3137ASR97 | 1.5700% | 1/25/2022 | | 2,173,519 | - | - | - | - | - | - | - | - |
| FNMA FNMS | 3138AV6U4 | 3.0000% | 12/1/2026 | | - | 3,369 | - | - | - | - | - | - | - |
| FNMA FNMS | 3140EU5W5 | 2.5000% | 4/1/2031 | | - | 5,478,398 | - | - | - | - | - | - | - |
| FNMA PL#BC2636 | 3140EW4W2 | 3.0000% | 11/1/2046 | | - | - | - | 1,522,415 | - | - | - | - | - |
| Total collateral | | 21,116,252 | 5,481,767 | - | - | - | - | 1,522,415 | - | - | - | - | - |
| Amount over/(under) collateralized | | \$ 6,166,375 | 255,482 | - | - | - | - | 757,415 | - | - | - | - | - |
| Amount over/(under) collateralized & insured | | \$ 6,416,375 | 505,482 | - | 1,014,605 | 77,617 | 15 | 1,007,415 | 99,218 | - | - | - | - |
| Total book balance | | \$ 12,975,954 | 5,373,809 | 1,953,440 | 27,651,199 | 6,982,037 | 2,981,455 | 1,000,000 | 99,218 | 8,833 | 977 | - | - |

*denotes interest bearing account

STATE OF NEW MEXICO
MCKINLEY COUNTY
SCHEDULE OF FUND BALANCES
AS OF JUNE 30, 2017

| | General Fund | Special Revenue Fund | | Debt Service | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------|----------------------|------------------------|-------------------------------|-----------------------------|--------------------------|
| | | 204 Road | 232 RMCH Rental Income | 405 Law Enforcement JDC Bonds | | |
| Fund Balances: | | | | | | |
| Nonspendable: | | | | | | |
| Prepaid expenses and inventories | \$ - | - | - | - | - | - |
| Subtotal nonspendable | - | - | - | - | - | - |
| Restricted for: | | | | | | |
| General county operations | - | - | - | - | 6,990,356 | 6,990,356 |
| Maintenance of roads | - | 2,896,978 | - | - | 29,098 | 2,926,076 |
| Fire departments | - | - | - | - | 2,240,731 | 2,240,731 |
| Adult detention center | 1,500,000 | - | - | - | 725,525 | 2,225,525 |
| Farm & Range | - | - | - | - | 16,937 | 16,937 |
| Public safety | - | - | - | - | 11,118,312 | 11,118,312 |
| Healthcare | - | - | 4,875,000 | - | 682,803 | 5,557,803 |
| Debt service expenditures | - | - | - | - | 989,774 | 989,774 |
| Reserve requirement - minimum fund balance | 2,748,429 | - | - | - | - | 2,748,429 |
| Subtotal restricted | 4,248,429 | 2,896,978 | 4,875,000 | - | 22,793,536 | 34,813,943 |
| Committed to: | | | | | | |
| PILT | 927,920 | - | - | - | - | 927,920 |
| Corrections facility | - | - | - | - | 1,475,580 | 1,475,580 |
| County operations | 10,993,717 | - | - | - | 873,334 | 11,867,051 |
| Public safety | - | - | - | - | 636,886 | 636,886 |
| Capital projects expenditures | - | - | - | - | 8,934,448 | 8,934,448 |
| Senior center | 150,000 | - | - | - | 22,389 | 172,389 |
| Minimum fund balance | - | 271,224 | - | - | - | 271,224 |
| Subtotal committed | 12,071,637 | 271,224 | - | - | 11,942,637 | 24,285,498 |
| Assigned to: | | | | | | |
| Other purposes | - | - | - | - | - | - |
| Subtotal assigned | - | - | - | - | - | - |
| Unassigned: | | | | | | |
| | 1,176,879 | - | - | - | - | 1,176,879 |
| Total fund balances | \$ 17,496,945 | 3,168,202 | 4,875,000 | - | 34,736,173 | 60,276,320 |

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

Reconciliation of Property Taxes Receivable

| | |
|--|---------------------|
| Taxes receivable, beginning of year | \$ 3,319,746 |
| Changes to Tax roll: | |
| Net taxes charged to treasurer for fiscal year | 29,398,804 |
| Adjustments: | |
| Increases/(Decreases) in taxes receivables | 344,176 |
| Charge off of taxes receivables | |
| Total receivables prior to collections | <u>33,062,726</u> |
| Collections for fiscal year ended June, 30, 2017 | <u>(31,011,716)</u> |
| Taxes receivable, end of year | <u>\$ 2,051,010</u> |
| Property Taxes Receivable by Years: | |
| 2007 | \$ 6,756 |
| 2008 | 8,835 |
| 2009 | 47,205 |
| 2010 | 21,490 |
| 2011 | 24,129 |
| 2012 | 23,372 |
| 2013 | 105,695 |
| 2014 | 189,009 |
| 2015 | 426,893 |
| 2016 | <u>1,197,626</u> |
| Taxes receivable, end of year | <u>\$ 2,051,010</u> |

STATE OF NEW MEXICO
MCKINLEY COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

| Agency | | Property Taxes Levied | Collected in Current Year | Collected To-Date | Distributed in Current Year | Distributed To-Date | Undistributed at Year-End | County Receivable at Year-End |
|---|------|-----------------------------|---------------------------------|----------------------|-----------------------------------|------------------------|------------------------------|-------------------------------------|
| 001 STATE DEBT SERVICE | | | | | | | | |
| STATE DEBT SERVICE | 2007 | \$ 288,873 | - | 288,863 | - | 288,863 | - | 10 |
| STATE DEBT SERVICE | 2008 | 303,741 | 6 | 303,723 | 6 | 303,723 | - | 18 |
| STATE DEBT SERVICE | 2009 | 295,627 | 99 | 295,610 | 99 | 295,610 | - | 17 |
| STATE DEBT SERVICE | 2010 | 1,125,856 | 304 | 1,125,005 | 307 | 1,125,001 | 4 | 851 |
| STATE DEBT SERVICE | 2011 | 1,038,231 | 300 | 1,037,368 | 304 | 1,037,368 | - | 864 |
| STATE DEBT SERVICE | 2012 | 1,043,396 | 1,026 | 1,042,478 | 1,033 | 1,042,473 | 5 | 918 |
| STATE DEBT SERVICE | 2013 | 1,130,107 | 2,601 | 1,126,227 | 4,584 | 1,126,153 | 74 | 3,880 |
| STATE DEBT SERVICE | 2014 | 1,135,758 | 8,903 | 1,128,187 | 7,899 | 1,126,041 | 2,146 | 7,571 |
| STATE DEBT SERVICE | 2015 | 1,148,405 | 102,247 | 1,131,428 | 113,403 | 1,130,409 | 1,019 | 16,977 |
| STATE DEBT SERVICE | 2016 | 1,168,911 | 1,121,694 | 1,121,698 | 1,114,716 | 1,114,715 | 6,983 | 47,214 |
| TOTAL STATE DEBT SERVICE | | 8,678,907 | 1,237,179 | 8,600,588 | 1,242,351 | 8,590,356 | 10,231 | 78,319 |
| 002 COUNTY OPERATIONAL - RES | | | | | | | | |
| COUNTY OPERATIONAL - RES | 2007 | 1,232,384 | - | 1,232,342 | - | 1,232,342 | - | 42 |
| COUNTY OPERATIONAL - RES | 2008 | 1,303,172 | 25 | 1,303,094 | 25 | 1,303,094 | - | 78 |
| COUNTY OPERATIONAL - RES | 2009 | 1,396,901 | 467 | 1,396,821 | 467 | 1,396,821 | - | 80 |
| COUNTY OPERATIONAL - RES | 2010 | 1,413,091 | 749 | 1,412,870 | 773 | 1,412,870 | - | 221 |
| COUNTY OPERATIONAL - RES | 2011 | 1,450,930 | 871 | 1,450,301 | 883 | 1,450,301 | - | 628 |
| COUNTY OPERATIONAL - RES | 2012 | 1,511,995 | 3,001 | 1,510,505 | 3,013 | 1,510,486 | 20 | 1,490 |
| COUNTY OPERATIONAL - RES | 2013 | 1,550,492 | 7,966 | 1,543,629 | 13,737 | 1,543,312 | 316 | 6,864 |
| COUNTY OPERATIONAL - RES | 2014 | 1,573,494 | 27,199 | 1,554,716 | 24,822 | 1,548,413 | 6,303 | 18,779 |
| COUNTY OPERATIONAL - RES | 2015 | 1,605,968 | 58,725 | 1,559,989 | 88,326 | 1,556,125 | 3,864 | 45,979 |
| COUNTY OPERATIONAL - RES | 2016 | 1,612,396 | 1,492,155 | 1,492,172 | 1,471,848 | 1,471,841 | 20,331 | 120,223 |
| TOTAL COUNTY OPERATIONAL - RES | | 14,650,823 | 1,591,158 | 14,456,439 | 1,603,895 | 14,425,605 | 30,834 | 194,384 |
| 003 COUNTY DEBT SERVICE | | | | | | | | |
| COUNTY DEBT SERVICE | 2007 | 250,546 | - | 250,537 | - | 250,537 | - | 9 |
| COUNTY DEBT SERVICE | 2008 | 197,553 | 4 | 197,542 | 4 | 197,542 | - | 12 |
| COUNTY DEBT SERVICE | 2009 | - | - | - | - | - | - | - |
| COUNTY DEBT SERVICE | 2010 | - | - | - | - | - | - | - |
| COUNTY DEBT SERVICE | 2011 | - | - | - | - | - | - | - |
| COUNTY DEBT SERVICE | 2012 | - | - | - | - | - | - | - |
| COUNTY DEBT SERVICE | 2013 | - | - | - | - | - | - | - |
| COUNTY DEBT SERVICE | 2014 | - | - | - | - | - | - | - |
| COUNTY DEBT SERVICE | 2015 | - | - | - | - | - | - | - |
| COUNTY DEBT SERVICE | 2016 | - | - | - | - | - | - | - |
| TOTAL COUNTY DEBT SERVICE | | 448,099 | 4 | 448,079 | 4 | 448,079 | - | 20 |
| 004 GALLUP MUNICIPAL OPERATIONAL - RES | | | | | | | | |
| GALLUP MUNICIPAL OPERATIONAL - RES | 2007 | 897,390 | - | 897,375 | - | 897,375 | - | 15 |
| GALLUP MUNICIPAL OPERATIONAL - RES | 2008 | 949,682 | - | 949,634 | - | 949,634 | - | 48 |
| GALLUP MUNICIPAL OPERATIONAL - RES | 2009 | 1,019,193 | 144 | 1,019,147 | 144 | 1,019,147 | - | 46 |
| GALLUP MUNICIPAL OPERATIONAL - RES | 2010 | 1,030,371 | 340 | 1,030,248 | 348 | 1,030,248 | - | 123 |
| GALLUP MUNICIPAL OPERATIONAL - RES | 2011 | 1,057,498 | 375 | 1,057,099 | 375 | 1,057,099 | - | 399 |
| GALLUP MUNICIPAL OPERATIONAL - RES | 2012 | 1,102,966 | 1,610 | 1,101,996 | 1,605 | 1,101,987 | 8 | 971 |
| GALLUP MUNICIPAL OPERATIONAL - RES | 2013 | 1,129,478 | 3,735 | 1,125,497 | 7,038 | 1,125,424 | 73 | 3,981 |
| GALLUP MUNICIPAL OPERATIONAL - RES | 2014 | 1,147,417 | 14,732 | 1,137,179 | 13,039 | 1,133,172 | 4,007 | 10,239 |
| GALLUP MUNICIPAL OPERATIONAL - RES | 2015 | 1,169,657 | 34,595 | 1,142,032 | 55,245 | 1,139,705 | 2,328 | 27,625 |
| GALLUP MUNICIPAL OPERATIONAL - RES | 2016 | 1,174,471 | 1,100,237 | 1,100,254 | 1,088,861 | 1,088,878 | 11,376 | 74,217 |
| TOTAL GALLUP MUNICIPAL OPERATIONAL - RES | | 10,678,123 | 1,155,768 | 10,560,460 | 1,166,654 | 10,542,668 | 17,792 | 117,663 |
| 005 GALLUP MUNICIPAL DEBT SERVICE | | | | | | | | |
| GALLUP MUNICIPAL DEBT SERVICE | 2007 | 404,806 | - | 404,799 | - | 404,799 | - | 7 |
| GALLUP MUNICIPAL DEBT SERVICE | 2008 | 416,001 | - | 415,980 | - | 415,980 | - | 21 |
| GALLUP MUNICIPAL DEBT SERVICE | 2009 | 440,625 | 62 | 440,605 | 62 | 440,605 | - | 20 |
| GALLUP MUNICIPAL DEBT SERVICE | 2010 | 441,162 | 145 | 441,109 | 149 | 441,109 | - | 53 |
| GALLUP MUNICIPAL DEBT SERVICE | 2011 | 284,819 | 101 | 284,712 | 101 | 284,712 | - | 108 |
| GALLUP MUNICIPAL DEBT SERVICE | 2012 | 348,444 | 509 | 348,137 | 507 | 348,135 | 3 | 307 |
| GALLUP MUNICIPAL DEBT SERVICE | 2013 | 303,538 | 1,004 | 302,469 | 1,891 | 302,449 | 20 | 1,070 |
| GALLUP MUNICIPAL DEBT SERVICE | 2014 | 227,927 | 2,926 | 225,893 | 2,590 | 225,097 | 796 | 2,034 |
| GALLUP MUNICIPAL DEBT SERVICE | 2015 | 303,116 | 8,965 | 295,957 | 14,317 | 295,354 | 603 | 7,159 |
| GALLUP MUNICIPAL DEBT SERVICE | 2016 | 304,099 | 284,878 | 284,882 | 281,932 | 281,937 | 2,945 | 19,217 |
| TOTAL GALLUP MUNICIPAL DEBT SERVICE | | 3,474,537 | 298,591 | 3,444,543 | 301,549 | 3,440,176 | 4,367 | 29,994 |

STATE OF NEW MEXICO
MCKINLEY COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

| Agency | | Property Taxes Levied | Collected in Current Year | Collected To-Date | Distributed in Current Year | Distributed To-Date | Undistributed at Year-End | County Receivable at Year-End |
|--|------|-----------------------|---------------------------|-------------------|-----------------------------|---------------------|---------------------------|-------------------------------|
| 006 SCHOOL DISTRICT OPERATIONAL - RES | | | | | | | | |
| SCHOOL DISTRICT OPERATIONAL - RES | 2007 | 56,540 | - | 56,538 | - | 56,538 | - | 2 |
| SCHOOL DISTRICT OPERATIONAL - RES | 2008 | 59,772 | 1 | 59,768 | 1 | 59,768 | - | 4 |
| SCHOOL DISTRICT OPERATIONAL - RES | 2009 | 64,005 | 21 | 64,002 | 21 | 64,002 | - | 4 |
| SCHOOL DISTRICT OPERATIONAL - RES | 2010 | 64,769 | 34 | 64,759 | 35 | 64,759 | - | 10 |
| SCHOOL DISTRICT OPERATIONAL - RES | 2011 | 66,449 | 40 | 66,420 | 40 | 66,420 | - | 29 |
| SCHOOL DISTRICT OPERATIONAL - RES | 2012 | 69,264 | 137 | 69,195 | 138 | 69,195 | 1 | 68 |
| SCHOOL DISTRICT OPERATIONAL - RES | 2013 | 70,918 | 364 | 70,604 | 628 | 70,589 | 14 | 314 |
| SCHOOL DISTRICT OPERATIONAL - RES | 2014 | 72,064 | 1,246 | 71,204 | 1,137 | 70,915 | 289 | 860 |
| SCHOOL DISTRICT OPERATIONAL - RES | 2015 | 73,466 | 2,687 | 71,363 | 4,038 | 71,186 | 177 | 2,103 |
| SCHOOL DISTRICT OPERATIONAL - RES | 2016 | 73,858 | 68,353 | 68,354 | 67,423 | 67,423 | 931 | 5,504 |
| TOTAL SCHOOL DISTRICT OPERATIONAL - RES | | 671,104 | 72,884 | 662,206 | 73,462 | 660,794 | 1,412 | 8,898 |
| 007 SCHOOL DISTRICT DEBT SERVICE | | | | | | | | |
| SCHOOL DISTRICT DEBT SERVICE | 2007 | 1,919,276 | - | 1,919,211 | - | 1,919,211 | - | 65 |
| SCHOOL DISTRICT DEBT SERVICE | 2008 | 2,029,074 | 39 | 2,028,953 | 39 | 2,028,953 | - | 121 |
| SCHOOL DISTRICT DEBT SERVICE | 2009 | 2,147,653 | 719 | 2,147,531 | 719 | 2,147,531 | - | 123 |
| SCHOOL DISTRICT DEBT SERVICE | 2010 | 2,168,206 | 1,149 | 2,167,867 | 1,186 | 2,167,867 | - | 339 |
| SCHOOL DISTRICT DEBT SERVICE | 2011 | 2,194,386 | 1,318 | 2,193,435 | 1,335 | 2,193,435 | - | 950 |
| SCHOOL DISTRICT DEBT SERVICE | 2012 | 2,207,185 | 4,381 | 2,205,010 | 4,399 | 2,204,981 | 29 | 2,175 |
| SCHOOL DISTRICT DEBT SERVICE | 2013 | 2,204,802 | 11,328 | 2,195,041 | 19,536 | 2,194,592 | 450 | 9,761 |
| SCHOOL DISTRICT DEBT SERVICE | 2014 | 2,223,564 | 38,438 | 2,197,026 | 35,079 | 2,188,119 | 8,907 | 26,539 |
| SCHOOL DISTRICT DEBT SERVICE | 2015 | 2,214,629 | 80,986 | 2,151,222 | 121,712 | 2,145,893 | 5,329 | 63,407 |
| SCHOOL DISTRICT DEBT SERVICE | 2016 | 2,225,375 | 2,059,512 | 2,059,535 | 2,031,482 | 2,031,473 | 28,063 | 165,840 |
| TOTAL SCHOOL DISTRICT DEBT SERVICE | | 21,534,151 | 2,197,869 | 21,264,831 | 2,215,487 | 21,222,054 | 42,777 | 269,320 |
| 008 SCHOOL DIST CAP IMPROVEMENT - RES | | | | | | | | |
| SCHOOL DIST CAP IMPROVEMENT - RES | 2007 | 468,641 | - | 468,625 | - | 468,625 | - | 16 |
| SCHOOL DIST CAP IMPROVEMENT - RES | 2008 | 485,948 | 9 | 485,919 | 9 | 485,919 | - | 29 |
| SCHOOL DIST CAP IMPROVEMENT - RES | 2009 | 514,100 | 172 | 514,071 | 172 | 514,071 | - | 29 |
| SCHOOL DIST CAP IMPROVEMENT - RES | 2010 | 518,152 | 275 | 518,071 | 283 | 518,071 | - | 81 |
| SCHOOL DIST CAP IMPROVEMENT - RES | 2011 | 525,287 | 315 | 525,059 | 320 | 525,059 | - | 228 |
| SCHOOL DIST CAP IMPROVEMENT - RES | 2012 | 528,730 | 1,049 | 528,209 | 1,054 | 528,203 | 7 | 521 |
| SCHOOL DIST CAP IMPROVEMENT - RES | 2013 | 529,237 | 2,719 | 526,894 | 4,689 | 526,786 | 108 | 2,343 |
| SCHOOL DIST CAP IMPROVEMENT - RES | 2014 | 533,805 | 9,228 | 527,434 | 8,421 | 525,296 | 2,138 | 6,371 |
| SCHOOL DIST CAP IMPROVEMENT - RES | 2015 | 532,363 | 19,468 | 517,121 | 29,258 | 515,840 | 1,281 | 15,242 |
| SCHOOL DIST CAP IMPROVEMENT - RES | 2016 | 530,815 | 491,251 | 491,257 | 484,566 | 484,563 | 6,694 | 39,558 |
| TOTAL SCHOOL DIST CAP IMPROVEMENT - RES | | 5,167,077 | 524,487 | 5,102,660 | 528,772 | 5,092,432 | 10,228 | 64,418 |
| 009 GALLUP BRANCH COLLEGE - RES | | | | | | | | |
| GALLUP BRANCH COLLEGE - RES | 2007 | 468,680 | - | 468,664 | - | 468,664 | - | 16 |
| GALLUP BRANCH COLLEGE - RES | 2008 | 485,986 | 9 | 485,957 | 9 | 485,957 | - | 29 |
| GALLUP BRANCH COLLEGE - RES | 2009 | 514,133 | 172 | 514,104 | 172 | 514,104 | - | 29 |
| GALLUP BRANCH COLLEGE - RES | 2010 | 518,185 | 275 | 518,104 | 283 | 518,104 | - | 81 |
| GALLUP BRANCH COLLEGE - RES | 2011 | 525,319 | 315 | 525,091 | 320 | 525,091 | - | 228 |
| GALLUP BRANCH COLLEGE - RES | 2012 | 528,762 | 1,049 | 528,241 | 1,054 | 528,234 | 7 | 521 |
| GALLUP BRANCH COLLEGE - RES | 2013 | 529,269 | 2,719 | 526,926 | 4,689 | 526,818 | 108 | 2,343 |
| GALLUP BRANCH COLLEGE - RES | 2014 | 533,840 | 9,228 | 527,469 | 8,421 | 525,331 | 2,138 | 6,371 |
| GALLUP BRANCH COLLEGE - RES | 2015 | 532,395 | 19,468 | 517,152 | 29,281 | 515,871 | 1,281 | 15,242 |
| GALLUP BRANCH COLLEGE - RES | 2016 | 534,432 | 494,578 | 494,584 | 487,847 | 487,845 | 6,739 | 39,848 |
| TOTAL GALLUP BRANCH COLLEGE - RES | | 5,171,001 | 527,814 | 5,106,292 | 532,077 | 5,096,019 | 10,273 | 64,709 |
| 010 GALLUP BRANCH DEBT SERVICE | | | | | | | | |
| GALLUP BRANCH DEBT SERVICE | 2007 | 473,175 | - | 473,159 | - | 473,159 | - | 16 |
| GALLUP BRANCH DEBT SERVICE | 2008 | 485,986 | 9 | 485,957 | 9 | 485,957 | - | 29 |
| GALLUP BRANCH DEBT SERVICE | 2009 | 642,667 | 215 | 642,630 | 215 | 642,630 | - | 37 |
| GALLUP BRANCH DEBT SERVICE | 2010 | 647,731 | 343 | 647,630 | 354 | 647,630 | - | 101 |
| GALLUP BRANCH DEBT SERVICE | 2011 | 656,648 | 394 | 656,364 | 400 | 656,364 | - | 284 |
| GALLUP BRANCH DEBT SERVICE | 2012 | 880,389 | 1,747 | 879,521 | 1,754 | 879,510 | 11 | 867 |
| GALLUP BRANCH DEBT SERVICE | 2013 | 881,232 | 4,527 | 877,331 | 7,808 | 877,151 | 180 | 3,901 |
| GALLUP BRANCH DEBT SERVICE | 2014 | 734,030 | 12,688 | 725,270 | 11,579 | 722,330 | 2,940 | 8,760 |
| GALLUP BRANCH DEBT SERVICE | 2015 | 732,042 | 26,768 | 711,084 | 40,261 | 709,323 | 1,761 | 20,958 |
| GALLUP BRANCH DEBT SERVICE | 2016 | 735,948 | 681,067 | 681,075 | 671,798 | 671,795 | 9,280 | 54,874 |
| TOTAL GALLUP BRANCH DEBT SERVICE | | 6,869,850 | 727,760 | 6,780,021 | 734,179 | 6,765,849 | 14,173 | 89,828 |

STATE OF NEW MEXICO
MCKINLEY COUNTY
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FOR THE YEAR ENDED JUNE 30, 2017

| Agency | | Property Taxes Levied | Collected in Current Year | Collected To-Date | Distributed in Current Year | Distributed To-Date | Undistributed at Year-End | County Receivable at Year-End |
|---|------|-----------------------------|---------------------------------|----------------------|-----------------------------------|------------------------|------------------------------|-------------------------------------|
| 011 REHOBOTH CHRISTIAN HOSPITAL - RES | | | | | | | | |
| REHOBOTH CHRISTIAN HOSPITAL - RES | 2007 | 468,680 | - | 468,664 | - | 468,664 | - | 16 |
| REHOBOTH CHRISTIAN HOSPITAL - RES | 2008 | 485,986 | 9 | 485,957 | 9 | 485,957 | - | 29 |
| REHOBOTH CHRISTIAN HOSPITAL - RES | 2009 | 514,133 | 172 | 514,104 | 172 | 514,104 | - | 29 |
| REHOBOTH CHRISTIAN HOSPITAL - RES | 2010 | 518,185 | 275 | 518,104 | 283 | 518,104 | - | 81 |
| REHOBOTH CHRISTIAN HOSPITAL - RES | 2011 | 525,319 | 315 | 525,091 | 320 | 525,091 | - | 228 |
| REHOBOTH CHRISTIAN HOSPITAL - RES | 2012 | 528,762 | 1,049 | 528,241 | 1,054 | 528,234 | 7 | 521 |
| REHOBOTH CHRISTIAN HOSPITAL - RES | 2013 | 793,903 | 4,079 | 790,388 | 7,034 | 790,227 | 162 | 3,515 |
| REHOBOTH CHRISTIAN HOSPITAL - RES | 2014 | 800,760 | 13,842 | 791,204 | 12,632 | 787,996 | 3,207 | 9,557 |
| REHOBOTH CHRISTIAN HOSPITAL - RES | 2015 | 798,592 | 29,202 | 775,728 | 43,921 | 773,807 | 1,922 | 22,864 |
| REHOBOTH CHRISTIAN HOSPITAL - RES | 2016 | 801,782 | 741,991 | 742,000 | 731,893 | 731,890 | 10,110 | 59,782 |
| TOTAL REHOBOTH CHRISTIAN HOSPITAL - RES | | 6,236,102 | 790,934 | 6,139,481 | 797,319 | 6,124,074 | 15,408 | 96,621 |
| 012 UNM-GALLUP SPECIAL VOCATIONAL-RES | | | | | | | | |
| UNM-GALLUP SPECIAL VOCATIONAL-RES | 2007 | 234,458 | - | 234,450 | - | 234,450 | - | 8 |
| UNM-GALLUP SPECIAL VOCATIONAL-RES | 2008 | 242,993 | 5 | 242,979 | 5 | 242,979 | - | 15 |
| UNM-GALLUP SPECIAL VOCATIONAL-RES | 2009 | 257,067 | 86 | 257,052 | 86 | 257,052 | - | 15 |
| UNM-GALLUP SPECIAL VOCATIONAL-RES | 2010 | 259,093 | 137 | 259,052 | 142 | 259,052 | - | 40 |
| UNM-GALLUP SPECIAL VOCATIONAL-RES | 2011 | 262,659 | 158 | 262,546 | 160 | 262,546 | - | 114 |
| UNM-GALLUP SPECIAL VOCATIONAL-RES | 2012 | 264,381 | 525 | 264,121 | 527 | 264,117 | 3 | 260 |
| UNM-GALLUP SPECIAL VOCATIONAL-RES | 2013 | 264,634 | 1,360 | 263,463 | 2,345 | 263,409 | 54 | 1,172 |
| UNM-GALLUP SPECIAL VOCATIONAL-RES | 2014 | 266,920 | 4,614 | 263,735 | 4,211 | 262,665 | 1,069 | 3,186 |
| UNM-GALLUP SPECIAL VOCATIONAL-RES | 2015 | 266,197 | 9,734 | 258,576 | 14,640 | 257,936 | 641 | 7,621 |
| UNM-GALLUP SPECIAL VOCATIONAL-RES | 2016 | 267,350 | 247,413 | 247,416 | 244,046 | 244,045 | 3,371 | 19,934 |
| TOTAL UNM-GALLUP SPECIAL VOCATIONAL-RES | | 2,585,752 | 264,031 | 2,553,388 | 266,161 | 2,548,250 | 5,138 | 32,364 |
| 013 ZUNI SCHOOL DISTRICT OPERATION - RES | | | | | | | | |
| ZUNI SCHOOL DISTRICT OPERATION - RES | 2007 | 10 | - | 10 | - | 10 | - | - |
| ZUNI SCHOOL DISTRICT OPERATION - RES | 2008 | 10 | - | 10 | - | 10 | - | - |
| ZUNI SCHOOL DISTRICT OPERATION - RES | 2009 | 8 | - | 8 | - | 8 | - | - |
| ZUNI SCHOOL DISTRICT OPERATION - RES | 2010 | 8 | - | 8 | - | 8 | - | - |
| ZUNI SCHOOL DISTRICT OPERATION - RES | 2011 | 8 | - | 8 | - | 8 | - | - |
| ZUNI SCHOOL DISTRICT OPERATION - RES | 2012 | 8 | - | 8 | - | 8 | - | - |
| ZUNI SCHOOL DISTRICT OPERATION - RES | 2013 | 8 | - | 8 | - | 8 | - | - |
| ZUNI SCHOOL DISTRICT OPERATION - RES | 2014 | 8 | - | 8 | - | 8 | - | - |
| ZUNI SCHOOL DISTRICT OPERATION - RES | 2015 | 8 | - | 8 | 6 | 8 | - | 0 |
| ZUNI SCHOOL DISTRICT OPERATION - RES | 2016 | 8 | 2 | 2 | 2 | 2 | - | 6 |
| TOTAL ZUNI SCHOOL DISTRICT OPERATION - RES | | 84 | 2 | 78 | 8 | 78 | - | 6 |
| 014 ZUNI SCHOOL DISTRICT DEBT SERV - RES | | | | | | | | |
| ZUNI SCHOOL DISTRICT DEBT SERV - RES | 2007 | 59 | - | 59 | - | 59 | - | - |
| ZUNI SCHOOL DISTRICT DEBT SERV - RES | 2008 | 53 | - | 53 | - | 53 | - | - |
| ZUNI SCHOOL DISTRICT DEBT SERV - RES | 2009 | 83 | - | 83 | - | 83 | - | - |
| ZUNI SCHOOL DISTRICT DEBT SERV - RES | 2010 | 96 | - | 96 | - | 96 | - | - |
| ZUNI SCHOOL DISTRICT DEBT SERV - RES | 2011 | 56 | - | 56 | - | 56 | - | - |
| ZUNI SCHOOL DISTRICT DEBT SERV - RES | 2012 | 72 | - | 72 | - | 72 | - | - |
| ZUNI SCHOOL DISTRICT DEBT SERV - RES | 2013 | 73 | - | 73 | - | 73 | - | - |
| ZUNI SCHOOL DISTRICT DEBT SERV - RES | 2014 | - | - | - | - | - | - | - |
| ZUNI SCHOOL DISTRICT DEBT SERV - RES | 2015 | - | - | - | - | - | - | - |
| ZUNI SCHOOL DISTRICT DEBT SERV - RES | 2016 | - | - | - | - | - | - | - |
| TOTAL ZUNI SCHOOL DISTRICT DEBT SERV - RES | | 492 | - | 492 | - | 492 | - | - |
| 015 ZUNI SCHOOL DIST CAP IMPROV - RES | | | | | | | | |
| ZUNI SCHOOL DIST CAP IMPROV - RES | 2007 | 39 | - | 39 | - | 39 | - | - |
| ZUNI SCHOOL DIST CAP IMPROV - RES | 2008 | 39 | - | 39 | - | 39 | - | - |
| ZUNI SCHOOL DIST CAP IMPROV - RES | 2009 | 33 | - | 33 | - | 33 | - | - |
| ZUNI SCHOOL DIST CAP IMPROV - RES | 2010 | 33 | - | 33 | - | 33 | - | - |
| ZUNI SCHOOL DIST CAP IMPROV - RES | 2011 | 32 | - | 32 | - | 32 | - | - |
| ZUNI SCHOOL DIST CAP IMPROV - RES | 2012 | 32 | - | 32 | - | 32 | - | - |
| ZUNI SCHOOL DIST CAP IMPROV - RES | 2013 | 31 | - | 31 | - | 31 | - | - |
| ZUNI SCHOOL DIST CAP IMPROV - RES | 2014 | 32 | - | 32 | - | 32 | - | - |
| ZUNI SCHOOL DIST CAP IMPROV - RES | 2015 | 32 | - | 31 | 23 | 31 | - | 0 |
| ZUNI SCHOOL DIST CAP IMPROV - RES | 2016 | 32 | 8 | 8 | 8 | 8 | - | 24 |
| TOTAL ZUNI SCHOOL DIST CAP IMPROV - RES | | 334 | 8 | 310 | 31 | 310 | - | 24 |

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|---|------|-----------------------------|---------------------------------|----------------------|-----------------------------------|------------------------|------------------------------|-------------------------------------|
| 061 RIO SAN JOSE FLOOD CONTROL - RES | | | | | | | | |
| RIO SAN JOSE FLOOD CONTROL - RES | 2007 | 2,052 | - | 2,052 | - | 2,052 | - | - |
| RIO SAN JOSE FLOOD CONTROL - RES | 2008 | 2,121 | - | 2,121 | - | 2,121 | - | - |
| RIO SAN JOSE FLOOD CONTROL - RES | 2009 | 2,258 | - | 2,258 | - | 2,258 | - | - |
| RIO SAN JOSE FLOOD CONTROL - RES | 2010 | 2,156 | - | 2,156 | - | 2,156 | - | - |
| RIO SAN JOSE FLOOD CONTROL - RES | 2011 | 2,117 | 2 | 2,117 | 3 | 2,117 | - | - |
| RIO SAN JOSE FLOOD CONTROL - RES | 2012 | 2,225 | 40 | 2,220 | 39 | 2,220 | 1 | 5 |
| RIO SAN JOSE FLOOD CONTROL - RES | 2013 | 2,247 | 37 | 2,194 | 32 | 2,183 | 11 | 53 |
| RIO SAN JOSE FLOOD CONTROL - RES | 2014 | 2,237 | 139 | 2,097 | 82 | 2,038 | 59 | 139 |
| RIO SAN JOSE FLOOD CONTROL - RES | 2015 | 2,242 | 244 | 2,041 | 251 | 2,009 | 33 | 201 |
| RIO SAN JOSE FLOOD CONTROL - RES | 2016 | 2,290 | 1,879 | 1,879 | 1,816 | 1,814 | 65 | 411 |
| TOTAL RIO SAN JOSE FLOOD CONTROL - RES | | 21,946 | 2,342 | 21,137 | 2,222 | 20,969 | 168 | 809 |
| 062 RIO SAN JOSE FLOOD CONTROL-NON RES | | | | | | | | |
| RIO SAN JOSE FLOOD CONTROL-NON RES | 2007 | 26,508 | 0 | 26,508 | 0 | 26,508 | - | - |
| RIO SAN JOSE FLOOD CONTROL-NON RES | 2008 | 26,842 | 0 | 26,838 | 0 | 26,838 | - | 3 |
| RIO SAN JOSE FLOOD CONTROL-NON RES | 2009 | 23,078 | 0 | 23,073 | 0 | 23,073 | - | 5 |
| RIO SAN JOSE FLOOD CONTROL-NON RES | 2010 | 20,840 | 0 | 20,836 | 0 | 20,836 | - | 4 |
| RIO SAN JOSE FLOOD CONTROL-NON RES | 2011 | 21,817 | 2 | 21,812 | 2 | 21,812 | - | 5 |
| RIO SAN JOSE FLOOD CONTROL-NON RES | 2012 | 19,716 | 20 | 19,712 | 20 | 19,712 | - | 4 |
| RIO SAN JOSE FLOOD CONTROL-NON RES | 2013 | 26,362 | 27 | 26,343 | 36 | 26,343 | - | 19 |
| RIO SAN JOSE FLOOD CONTROL-NON RES | 2014 | 26,532 | 69 | 26,483 | 53 | 26,463 | 19 | 49 |
| RIO SAN JOSE FLOOD CONTROL-NON RES | 2015 | 34,512 | 147 | 34,397 | 175 | 34,389 | 8 | 115 |
| RIO SAN JOSE FLOOD CONTROL-NON RES | 2016 | 34,976 | 34,643 | 34,643 | 34,633 | 34,633 | 11 | 332 |
| TOTAL RIO SAN JOSE FLOOD CONTROL-NON RES | | 261,182 | 34,910 | 260,646 | 34,920 | 260,608 | 38 | 536 |
| 101 STATE DEBT SERVICE | | | | | | | | |
| STATE DEBT SERVICE | 2007 | 555,383 | 15 | 555,176 | 16 | 555,176 | - | 206 |
| STATE DEBT SERVICE | 2008 | 557,748 | 16 | 557,469 | 19 | 557,469 | - | 280 |
| STATE DEBT SERVICE | 2009 | 556,606 | 23 | 555,275 | 23 | 555,275 | 1 | 1,331 |
| STATE DEBT SERVICE | 2010 | - | - | - | - | - | - | - |
| STATE DEBT SERVICE | 2011 | - | - | - | - | - | - | - |
| STATE DEBT SERVICE | 2012 | - | - | - | - | - | - | - |
| STATE DEBT SERVICE | 2013 | - | - | - | - | - | - | - |
| STATE DEBT SERVICE | 2014 | - | - | - | - | - | - | - |
| STATE DEBT SERVICE | 2015 | - | - | - | - | - | - | - |
| STATE DEBT SERVICE | 2016 | - | - | - | - | - | - | - |
| TOTAL STATE DEBT SERVICE | | 1,669,738 | 53 | 1,667,921 | 58 | 1,667,920 | 1 | 1,817 |
| 103 COUNTY DEBT SERVICE | | | | | | | | |
| COUNTY DEBT SERVICE | 2007 | 481,696 | 13 | 481,517 | 14 | 481,517 | - | 179 |
| COUNTY DEBT SERVICE | 2008 | 362,760 | 10 | 362,578 | 12 | 362,578 | - | 182 |
| COUNTY DEBT SERVICE | 2009 | - | - | - | - | - | - | - |
| COUNTY DEBT SERVICE | 2010 | - | - | - | - | - | - | - |
| COUNTY DEBT SERVICE | 2011 | - | - | - | - | - | - | - |
| COUNTY DEBT SERVICE | 2012 | - | - | - | - | - | - | - |
| COUNTY DEBT SERVICE | 2013 | - | - | - | - | - | - | - |
| COUNTY DEBT SERVICE | 2014 | - | - | - | - | - | - | - |
| COUNTY DEBT SERVICE | 2015 | - | - | - | - | - | - | - |
| COUNTY DEBT SERVICE | 2016 | - | - | - | - | - | - | - |
| TOTAL COUNTY DEBT SERVICE | | 844,455 | 23 | 844,094 | 26 | 844,094 | - | 361 |
| 105 GALLUP MUNICIPAL DEBT SERVICE | | | | | | | | |
| GALLUP MUNICIPAL DEBT SERVICE | 2007 | 339,080 | 24 | 338,938 | 27 | 338,938 | - | 142 |
| GALLUP MUNICIPAL DEBT SERVICE | 2008 | 342,683 | 25 | 342,460 | 31 | 342,460 | - | 224 |
| GALLUP MUNICIPAL DEBT SERVICE | 2009 | 339,158 | 33 | 336,902 | 34 | 336,901 | 1 | 2,256 |
| GALLUP MUNICIPAL DEBT SERVICE | 2010 | 337,835 | 119 | 337,064 | 115 | 337,058 | 6 | 771 |
| GALLUP MUNICIPAL DEBT SERVICE | 2011 | 212,412 | 67 | 211,919 | 68 | 211,919 | - | 493 |
| GALLUP MUNICIPAL DEBT SERVICE | 2012 | 255,579 | 110 | 255,222 | 115 | 255,222 | - | 357 |
| GALLUP MUNICIPAL DEBT SERVICE | 2013 | 220,007 | 419 | 217,956 | 753 | 217,955 | 1 | 2,052 |
| GALLUP MUNICIPAL DEBT SERVICE | 2014 | 164,984 | 980 | 163,241 | 656 | 162,846 | 395 | 1,743 |
| GALLUP MUNICIPAL DEBT SERVICE | 2015 | 211,129 | 7,324 | 207,748 | 11,083 | 207,694 | 54 | 3,381 |
| GALLUP MUNICIPAL DEBT SERVICE | 2016 | 215,672 | 203,007 | 203,007 | 200,701 | 200,701 | 2,306 | 12,664 |
| TOTAL GALLUP MUNICIPAL DEBT SERVICE | | 2,638,538 | 212,109 | 2,614,456 | 213,582 | 2,611,693 | 2,763 | 24,082 |

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|---|------|-----------------------|---------------------------|-------------------|-----------------------------|---------------------|---------------------------|-------------------------------|
| 119 ZUNI SCHOOL DIST EDUC TECH NON-RES | | | | | | | | |
| ZUNI SCHOOL DIST EDUC TECH NON-RES | 2007 | 36,543 | - | 35,748 | - | 35,748 | - | 795 |
| ZUNI SCHOOL DIST EDUC TECH NON-RES | 2008 | 24,000 | - | 23,476 | - | 23,476 | - | 524 |
| ZUNI SCHOOL DIST EDUC TECH NON-RES | 2009 | 23,166 | - | 22,638 | - | 22,638 | - | 528 |
| ZUNI SCHOOL DIST EDUC TECH NON-RES | 2010 | 23,257 | - | 22,723 | - | 22,723 | - | 535 |
| ZUNI SCHOOL DIST EDUC TECH NON-RES | 2011 | 57,540 | - | 56,224 | - | 56,224 | - | 1,316 |
| ZUNI SCHOOL DIST EDUC TECH NON-RES | 2012 | - | - | - | - | - | - | - |
| ZUNI SCHOOL DIST EDUC TECH NON-RES | 2013 | - | - | - | - | - | - | - |
| ZUNI SCHOOL DIST EDUC TECH NON-RES | 2014 | - | - | - | - | - | - | - |
| ZUNI SCHOOL DIST EDUC TECH NON-RES | 2015 | - | - | - | - | - | - | - |
| ZUNI SCHOOL DIST EDUC TECH NON-RES | 2016 | - | - | - | - | - | - | - |
| TOTAL ZUNI SCHOOL DIST EDUC TECH NON-RES | | 164,506 | - | 160,808 | - | 160,808 | - | 3,698 |
| 138 MIDDLE COLLEGE HIGH - NON RES | | | | | | | | |
| MIDDLE COLLEGE HIGH - NON RES | 2007 | - | - | - | - | - | - | - |
| MIDDLE COLLEGE HIGH - NON RES | 2008 | - | - | - | - | - | - | - |
| MIDDLE COLLEGE HIGH - NON RES | 2009 | - | - | - | - | - | - | - |
| MIDDLE COLLEGE HIGH - NON RES | 2010 | - | - | - | - | - | - | - |
| MIDDLE COLLEGE HIGH - NON RES | 2011 | - | - | - | - | - | - | - |
| MIDDLE COLLEGE HIGH - NON RES | 2012 | - | - | - | - | - | - | - |
| MIDDLE COLLEGE HIGH - NON RES | 2013 | - | - | - | - | - | - | - |
| MIDDLE COLLEGE HIGH - NON RES | 2014 | - | - | - | - | - | - | - |
| MIDDLE COLLEGE HIGH - NON RES | 2015 | - | - | - | - | - | - | - |
| MIDDLE COLLEGE HIGH - NON RES | 2016 | 7,309 | 7,127 | 7,127 | 7,105 | 7,105 | 22 | 183 |
| TOTAL MIDDLE COLLEGE HIGH - NON RES | | 7,309 | 7,127 | 7,127 | 7,105 | 7,105 | 22 | 183 |
| 148 DZIL DIT LOOI DEAP - NON RES | | | | | | | | |
| DZIL DIT LOOI DEAP - NON RES | 2007 | - | - | - | - | - | - | - |
| DZIL DIT LOOI DEAP - NON RES | 2008 | - | - | - | - | - | - | - |
| DZIL DIT LOOI DEAP - NON RES | 2009 | - | - | - | - | - | - | - |
| DZIL DIT LOOI DEAP - NON RES | 2010 | - | - | - | - | - | - | - |
| DZIL DIT LOOI DEAP - NON RES | 2011 | - | - | - | - | - | - | - |
| DZIL DIT LOOI DEAP - NON RES | 2012 | - | - | - | - | - | - | - |
| DZIL DIT LOOI DEAP - NON RES | 2013 | - | - | - | - | - | - | - |
| DZIL DIT LOOI DEAP - NON RES | 2014 | - | - | - | - | - | - | - |
| DZIL DIT LOOI DEAP - NON RES | 2015 | - | - | - | - | - | - | - |
| DZIL DIT LOOI DEAP - NON RES | 2016 | 2,358 | 2,299 | 2,299 | 2,292 | 2,292 | 7 | 59 |
| TOTAL DZIL DIT LOOI DEAP - NON RES | | 2,358 | 2,299 | 2,299 | 2,292 | 2,292 | 7 | 59 |
| STATE OF NEW MEXICO | | | | | | | | |
| 951 CATTLE INDEMNITY | | | | | | | | |
| CATTLE INDEMNITY | 2007 | 18,959 | - | 18,865 | - | 18,865 | - | 95 |
| CATTLE INDEMNITY | 2008 | 12,479 | - | 12,373 | - | 12,373 | - | 106 |
| CATTLE INDEMNITY | 2009 | 13,328 | - | 13,218 | - | 13,218 | - | 110 |
| CATTLE INDEMNITY | 2010 | 13,495 | - | 13,400 | - | 13,400 | - | 95 |
| CATTLE INDEMNITY | 2011 | 15,328 | - | 15,211 | - | 15,211 | - | 116 |
| CATTLE INDEMNITY | 2012 | 17,980 | - | 17,838 | - | 17,838 | - | 141 |
| CATTLE INDEMNITY | 2013 | 21,190 | - | 20,884 | - | 20,884 | - | 306 |
| CATTLE INDEMNITY | 2014 | 21,379 | 41 | 21,010 | 41 | 21,010 | - | 369 |
| CATTLE INDEMNITY | 2015 | 25,009 | 332 | 16,865 | 381 | 16,842 | 23 | 8,144 |
| CATTLE INDEMNITY | 2016 | 27,391 | 18,389 | 18,389 | 18,365 | 18,365 | 25 | 9,002 |
| TOTAL CATTLE INDEMNITY | | 186,538 | 18,762 | 168,053 | 18,787 | 168,006 | 48 | 18,485 |
| 952 STATE OF NEW MEXICO - SHEEP | | | | | | | | |
| SHEEP | 2007 | 145 | - | 145 | - | 145 | - | - |
| SHEEP | 2008 | 145 | - | 145 | - | 145 | - | - |
| SHEEP | 2009 | 94 | - | 94 | - | 94 | - | - |
| SHEEP | 2010 | 94 | - | 94 | - | 94 | - | - |
| SHEEP | 2011 | 155 | - | 155 | - | 155 | - | - |
| SHEEP | 2012 | 180 | - | 180 | - | 180 | - | - |
| SHEEP | 2013 | 169 | - | 169 | - | 169 | - | - |
| SHEEP | 2014 | 111 | 1 | 111 | - | 110 | 1 | 1 |
| SHEEP | 2015 | 147 | 4 | 135 | 3 | 134 | 1 | 11 |
| SHEEP | 2016 | 168 | 154 | 154 | 152 | 152 | 2 | 13 |
| TOTAL SHEEP | | 1,408 | 160 | 1,382 | 155 | 1,378 | 4 | 25 |

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|---------------------------------------|------|-----------------------------|---------------------------------|----------------------|-----------------------------------|------------------------|------------------------------|-------------------------------------|
| 953 GOATS | | | | | | | | |
| GOATS | 2007 | 19 | - | 19 | - | 19 | - | - |
| GOATS | 2008 | 59 | - | 59 | - | 59 | - | - |
| GOATS | 2009 | 16 | - | 16 | - | 16 | - | - |
| GOATS | 2010 | 20 | - | 20 | - | 20 | - | - |
| GOATS | 2011 | 25 | - | 25 | - | 25 | - | - |
| GOATS | 2012 | 84 | - | 84 | - | 84 | - | - |
| GOATS | 2013 | 99 | - | 99 | - | 99 | - | - |
| GOATS | 2014 | 97 | - | 97 | - | 97 | - | - |
| GOATS | 2015 | 84 | 1 | 83 | 1 | 83 | - | 0 |
| GOATS | 2016 | 103 | 102 | 102 | 102 | 102 | - | 0 |
| TOTAL GOATS | | 604 | 103 | 604 | 103 | 604 | - | 0 |
| 954 HORSES, MULES, AND ASSES | | | | | | | | |
| HORSES, MULES, AND ASSES | 2007 | - | - | - | - | - | - | - |
| HORSES, MULES, AND ASSES | 2008 | - | - | - | - | - | - | - |
| HORSES, MULES, AND ASSES | 2009 | 377 | - | 363 | - | 363 | - | 14 |
| HORSES, MULES, AND ASSES | 2010 | 401 | - | 391 | - | 391 | - | 10 |
| HORSES, MULES, AND ASSES | 2011 | 443 | - | 433 | - | 433 | - | 10 |
| HORSES, MULES, AND ASSES | 2012 | 467 | - | 458 | - | 458 | - | 9 |
| HORSES, MULES, AND ASSES | 2013 | 353 | - | 333 | - | 333 | - | 20 |
| HORSES, MULES, AND ASSES | 2014 | 354 | - | 346 | - | 346 | - | 8 |
| HORSES, MULES, AND ASSES | 2015 | 384 | 14 | 365 | 14 | 365 | - | 19 |
| HORSES, MULES, AND ASSES | 2016 | 407 | 339 | 339 | 334 | 334 | 6 | 67 |
| TOTAL HORSES, MULES, AND ASSES | | 3,186 | 353 | 3,028 | 348 | 3,022 | 6 | 157 |
| 955 HOGS | | | | | | | | |
| HOGS | 2007 | 0 | - | 0 | - | 0 | - | - |
| HOGS | 2008 | 2 | - | 2 | - | 2 | - | - |
| HOGS | 2009 | 0 | - | 0 | - | 0 | - | - |
| HOGS | 2010 | 0 | - | 0 | - | 0 | - | - |
| HOGS | 2011 | 0 | - | 0 | - | 0 | - | - |
| HOGS | 2012 | 1 | - | 1 | - | 1 | - | - |
| HOGS | 2013 | - | - | - | - | - | - | - |
| HOGS | 2014 | 0 | - | 0 | - | 0 | - | - |
| HOGS | 2015 | 1 | - | 1 | - | 1 | - | - |
| HOGS | 2016 | 1 | 1 | 1 | 1 | 1 | - | - |
| TOTAL HOGS | | 6 | 1 | 6 | 1 | 6 | - | - |
| 956 DAIRY | | | | | | | | |
| DAIRY | 2007 | 782 | - | 769 | - | 769 | - | 13 |
| DAIRY | 2008 | - | - | - | - | - | - | - |
| DAIRY | 2009 | - | - | - | - | - | - | - |
| DAIRY | 2010 | 8 | - | - | - | - | - | 8 |
| DAIRY | 2011 | 12 | - | 2 | - | 2 | - | 10 |
| DAIRY | 2012 | 3 | - | 3 | - | 3 | - | - |
| DAIRY | 2013 | 2 | - | 2 | - | 2 | - | - |
| DAIRY | 2014 | 2 | - | 2 | - | 2 | - | - |
| DAIRY | 2015 | 2 | - | 2 | - | 2 | - | - |
| DAIRY | 2016 | 3 | 3 | 3 | 3 | 3 | - | - |
| TOTAL DAIRY | | 813 | 3 | 782 | 3 | 782 | - | 31 |
| 958 ALPACA & LLAMAS | | | | | | | | |
| ALPACA & LLAMAS | 2007 | - | - | - | - | - | - | - |
| ALPACA & LLAMAS | 2008 | - | - | - | - | - | - | - |
| ALPACA & LLAMAS | 2009 | - | - | - | - | - | - | - |
| ALPACA & LLAMAS | 2010 | 3 | - | 3 | - | 3 | - | - |
| ALPACA & LLAMAS | 2011 | 3 | - | 3 | - | 3 | - | - |
| ALPACA & LLAMAS | 2012 | 5 | - | 5 | - | 5 | - | - |
| ALPACA & LLAMAS | 2013 | 6 | - | 6 | - | 6 | - | - |
| ALPACA & LLAMAS | 2014 | 8 | - | 8 | - | 8 | - | - |
| ALPACA & LLAMAS | 2015 | 13 | - | 13 | - | 13 | - | - |
| ALPACA & LLAMAS | 2016 | 6 | 2 | 2 | 2 | 2 | - | 4 |
| TOTAL ALPACA & LLAMAS | | 44 | 2 | 40 | 2 | 40 | - | 4 |

STATE OF NEW MEXICO
MCKINLEY COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

| Agency | | Property Taxes Levied | Collected in Current Year | Collected To-Date | Distributed in Current Year | Distributed To-Date | Undistributed at Year-End | County Receivable at Year-End |
|----------------------------------|------|-----------------------|---------------------------|--------------------|-----------------------------|---------------------|---------------------------|-------------------------------|
| 959 RATITES | | | | | | | | |
| RATITES | 2007 | - | - | - | - | - | - | - |
| RATITES | 2008 | - | - | - | - | - | - | - |
| RATITES | 2009 | - | - | - | - | - | - | - |
| RATITES | 2010 | - | - | - | - | - | - | - |
| RATITES | 2011 | 0 | - | 0 | - | 0 | - | - |
| RATITES | 2012 | - | - | - | - | - | - | - |
| RATITES | 2013 | - | - | - | - | - | - | - |
| RATITES | 2014 | - | - | - | - | - | - | - |
| RATITES | 2015 | - | - | - | - | - | - | - |
| RATITES | 2016 | 0 | 0 | 0 | 0 | 0 | - | - |
| TOTAL RATITES | | <u>1</u> | <u>0</u> | <u>1</u> | <u>0</u> | <u>1</u> | <u>-</u> | <u>-</u> |
| 980 DCLPEN | | | | | | | | |
| DCLPEN | 2007 | 351 | - | 351 | - | 351 | - | - |
| DCLPEN | 2008 | 42 | - | 42 | - | 42 | - | - |
| DCLPEN | 2009 | - | - | - | - | - | - | - |
| DCLPEN | 2010 | - | - | - | - | - | - | - |
| DCLPEN | 2011 | - | - | - | - | - | - | - |
| DCLPEN | 2012 | - | - | - | - | - | - | - |
| DCLPEN | 2013 | - | - | - | - | - | - | - |
| DCLPEN | 2014 | - | - | - | - | - | - | - |
| DCLPEN | 2015 | - | - | - | - | - | - | - |
| DCLPEN | 2016 | - | - | - | - | - | - | - |
| TOTAL DCLPEN | | <u>392</u> | <u>-</u> | <u>392</u> | <u>-</u> | <u>392</u> | <u>-</u> | <u>-</u> |
| 990 TREASURER ADMIN FEE | | | | | | | | |
| TREASURER ADMIN FEE | 2007 | 343 | - | 343 | - | 343 | - | - |
| TREASURER ADMIN FEE | 2008 | 357 | - | 357 | - | 357 | - | - |
| TREASURER ADMIN FEE | 2009 | - | - | - | - | - | - | - |
| TREASURER ADMIN FEE | 2010 | - | - | - | - | - | - | - |
| TREASURER ADMIN FEE | 2011 | - | - | - | - | - | - | - |
| TREASURER ADMIN FEE | 2012 | - | - | - | - | - | - | - |
| TREASURER ADMIN FEE | 2013 | - | - | - | - | - | - | - |
| TREASURER ADMIN FEE | 2014 | - | - | - | - | - | - | - |
| TREASURER ADMIN FEE | 2015 | - | - | - | - | - | - | - |
| TREASURER ADMIN FEE | 2016 | - | - | - | - | - | - | - |
| TOTAL TREASURER ADMIN FEE | | <u>700</u> | <u>-</u> | <u>700</u> | <u>-</u> | <u>700</u> | <u>-</u> | <u>-</u> |
| TOTAL STATE OF NEW MEXICO | | <u>193,692</u> | <u>19,385</u> | <u>174,989</u> | <u>19,399</u> | <u>174,931</u> | <u>58</u> | <u>18,703</u> |
| TOTALS BY YEAR | | | | | | | | |
| | 2007 | 22,935,677 | 481 | 22,928,921 | 531 | 22,928,921 | - | 6,756 |
| | 2008 | 23,193,668 | 631 | 23,184,834 | 729 | 23,184,834 | - | 8,835 |
| | 2009 | 24,543,830 | 3,103 | 24,496,624 | 3,109 | 24,496,598 | 26 | 47,205 |
| | 2010 | 24,667,968 | 6,403 | 24,646,478 | 6,445 | 24,646,370 | 108 | 21,490 |
| | 2011 | 25,126,699 | 6,835 | 25,102,570 | 6,916 | 25,102,570 | - | 24,129 |
| | 2012 | 26,042,186 | 23,866 | 26,018,814 | 24,041 | 26,018,713 | 101 | 23,372 |
| | 2013 | 28,899,849 | 62,721 | 28,794,154 | 111,467 | 28,792,560 | 1,594 | 105,695 |
| | 2014 | 28,439,284 | 211,631 | 28,250,275 | 185,262 | 28,197,147 | 53,128 | 189,009 |
| | 2015 | 28,885,747 | 2,494,964 | 28,458,854 | 2,783,304 | 28,434,826 | 24,029 | 426,893 |
| | 2016 | 29,398,804 | 28,201,082 | 28,201,179 | 28,024,745 | 28,024,734 | 176,445 | 1,197,625 |
| GRAND TOTALS | | <u>\$ 262,133,713</u> | <u>31,011,716</u> | <u>260,082,703</u> | <u>31,146,548</u> | <u>259,827,272</u> | <u>255,431</u> | <u>2,051,010</u> |

STATE OF NEW MEXICO
MCKINLEY COUNTY
SCHEDULE OF JOINT POWERS AGREEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

| <u>#</u> | <u>Name of Organization</u> | <u>County Agreement #</u> | <u>Beginning Date</u> | <u>Ending Date</u> | <u>Scope of Work</u> | <u>Contract Amount</u> | <u>Current Year Paid</u> | <u>Audit Responsibility</u> |
|----------|-----------------------------------|---------------------------|-----------------------|--------------------|----------------------------|---|--------------------------|-----------------------------|
| 1 | City of Gallup McKinley County | 16-JUN-3729 | 7/1/2016 | Perpetual | Animal Control Services | \$270,000 City of Gallup \$180,000 McKinley County | \$ 180,000 | Each Participant |

**STATE OF NEW MEXICO
MCKINLEY COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

| <u>Federal Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Project/ Pass-Through Number</u> | <u>Expenditures</u> |
|---|------------------------------------|---|---------------------|
| U.S. Department of Health and Human Services | | | |
| Passed-through New Mexico Children, Youth, and Families Department | | | |
| Partnership for Success II Grant | 93.243 | 0000319087-FY17 | \$ 109,355 |
| Total pass-through | | | <u>109,355</u> |
| Total U.S. Dept of Health and Human Services | | | 109,355 |
| U.S. Dept of Housing and Urban Dev. | | | |
| Passed-through New Mexico Department of Finance and Administration | | | |
| Community Development Block Grants - Gameraco W/S | 14.228 | * 13-C-NR-I-01-G-029 | 456,344 |
| Total pass-through | | | <u>456,344</u> |
| Total U.S. Dept of Housing and Urban Development | | | 456,344 |
| U.S. Dept of Agriculture | | | |
| Direct Funding: | | | |
| 2016 Federal Forest Reserve Title I | 10.665 | * 14-DG-10031600-068 | 159,695 |
| 2012 RAC V - Title II monies | 10.665 | * 12-DG-11030300-017 | 35,679 |
| Total direct funding | | | <u>195,374</u> |
| Total U.S. Dept of Agriculture | | | 195,374 |
| Federal Emergency Management Assistance (FEMA) | | | |
| Passed-through NM Department of Homeland Security and Emergency Management | | | |
| 2016 Emergency Management Performance Grant Program | 97.042 | EMW-2016-EP-00005-S01-MCKINLEY COUNTY | 56,399 |
| 2015 Emergency Preparedness Grant (EMPG)-T&E | 97.042 | EMW-2015-00066-S01-PER DIEM MCKINLEY COUNTY | 69,746 |
| 2015 State Homeland Security Grant Program (SHSGP) | 97.067 | EMW-2015-SS-00110-MCKINLEY COUNTY | 157,371 |
| Total pass-through | | | <u>283,516</u> |
| Total FEMA | | | 283,516 |
| U.S. Dept of Justice | | | |
| Passed-through City of Gallup | | | |
| FY16 Justice Assistance Grant Program (JAG) | 16.738 | 2016-DJ-BX-0901 | 13,884 |
| Total pass-through | | | <u>13,884</u> |
| Total U.S. Dept of Justice | | | 13,884 |
| U.S. Dept of Transportation | | | |
| Passed-through New Mexico Department of Transportation | | | |
| 2015 Recreation Trail Project (RTP) | 20.219 | D14761 | 21,653 |
| FY17 DWI Task Force | 20.608 | 17-AL-64-P02 | 349,940 |
| FY17 End Driving While Impaired (ENDWI) | 20.608 | 17-AL-64-P02 | 12,722 |
| 2015 Hazardous Materials Emergency Preparedness Grant | 20.703 | DOT/HM-HMP-0519-15-01-00-MCKINLEY COUNTY | 29,494 |
| Total pass-through | | | <u>413,809</u> |
| Total U.S. Dept of Transportation | | | 413,809 |
| Total Federal Expenditures | | | \$ 1,472,282 |

* denotes major program

Reconciliation of Schedule of Expenditures of Federal Awards to Governmental Fund Financial Statements

| | |
|--|----------------------|
| Total federal awards expended per the Schedule of Expenditures of Federal Awards | \$ 1,472,282 |
| Total expenditures funded by other sources | 44,885,715 |
| Total expenditures | <u>\$ 46,357,997</u> |

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant expenditure activity for the financial statements of the organization. The schedule is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance.

Note 2 - Non-Cash Federal Assistance

No non-cash federal assistance was received during the year ended June 30, 2017.

Note 3 - Subrecipients

The organization provided the following federal awards to sub-recipients during the year:

| <u>Subrecipient</u> | <u>CFDA Number</u> | <u>Project Number</u> | <u>June 30, 2017</u> |
|---------------------------------------|--------------------|-----------------------|----------------------|
| City of Gallup Police Department | 20.608 | 17-AL-64-P02 | \$ 48,000 |
| Ramah Navajo Police Department | 20.608 | 17-AL-64-P02 | 24,000 |
| Zuni Police Department | 20.608 | 17-AL-64-P02 | 24,000 |
| Navajo Nation Police Department | 20.608 | 17-AL-64-P02 | 24,000 |
| Total funds provided to subrecipients | | | <u>\$ 120,000</u> |

Note 4 - Federal Insurance

The organization is re-deemed an employee of the Federal Government for the purposes of malpractice liability protection under the Federal Tort Claims Act (FTCA) during the budget period, for the period this audit report covers.

Notes 5 - Indirect Cost Rate

The County did not use the 10 percent de minimis indirect cost rate.

**INDEPENDENT AUDITOR'S REPORT INDEPENDENT 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**

Mr. Wayne A. Johnson, State Auditor and
The Board of County Commissioners
McKinley County
Gallup, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds of McKinley County (County) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and the combining and individual funds of the County, presented as supplementary information, and have issued our report thereon dated November 21, 2017.

Internal Control Over Financial Reporting

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

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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2017-001.

The County's Response to the Findings

The County's response to the findings identified in our audit are 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Hinkle + Landers, P.C.
Albuquerque, NM
November 21, 2017

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

Mr. Wayne A. Johnson, State Auditor and
The Board of County Commissioners
McKinley County
Bernalillo, New Mexico

Report on Compliance for Each Major Federal Program

We have audited McKinley County's (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, 2017. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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.

Opinion on Each Major Federal Program

In our opinion, 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 each of its major federal programs for the year ended June 30, 2017.

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 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.

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

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

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



Hinkle + Landers, P.C.
Albuquerque, NM
November 21, 2017

**STATE OF NEW MEXICO
MCKINLEY COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017**

A. SUMMARY OF AUDIT RESULTS

Financial Statements:

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

Federal Awards:

- | | |
|--|-------------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | None |
| b. Significant deficiencies identified not considered to be material weaknesses? | None |
| 2. Type of auditor's report issued on compliance for major programs | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance section 2 CFR section 200.516(a)? | None |
| 4. Identification of major programs: | |

| CFDA Number | Name of Federal Programs | Funding Source |
|------------------------|---|---|
| 14.228 | Community Development Block Grants - Gamerco W/S | U.S. Department of Housing and Urban Development |
| 10.665 | 2016 Federal Forest Reserve Title I & 2012 RAC V - Title II monies | U.S. Department of Agriculture |

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | No |

**STATE OF NEW MEXICO
MCKINLEY COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017**

| <u>Reference #</u> | <u>Finding</u> | <u>Status of Prior Year Findings</u> | <u>Type of Finding</u> |
|------------------------------|--|--|----------------------------|
| Prior Year Findings | | | |
| 2015-001FS | INTERNAL CONTROL FINDING OVER TRAVEL AND PER DIEM | RESOLVED | C, G |
| 2015-002FS | INTERNAL CONTROL FINDING OVER SICK BANK MANAGEMENT | RESOLVED | C, G |
| 2016-001FS | INTERNAL CONTROL FINDING OVER DUAL SIGNATURES | RESOLVED | B |
| 2016-001FA | DEFICIENCY IN INTERNAL CONTROLS OVER SUBRECIPIENT RISK ASSESSMENTS | RESOLVED | A |
| 2016-001NM | INTERNAL CONTROL FINDING OVER P-CARD POLICY | RESOLVED | C, G |
| 2016-002NM | INTERNAL CONTROL FINDING OVER BENEFITS | RESOLVED | C, G |
| Current Year Findings | | | |
| 2017-001 | CONTROLS OVER REIMBURSED MILEAGE RATE | CURRENT | C, G |

* Legend for Type of Findings

- A. Material Weakness in Internal Control Over Financial Reporting
- B. Significant Deficiency in Internal Control Over Financial Reporting
- C. Other Matters Involving Internal Control Over Financial Reporting
- D. Material Weakness in Internal Control Over Compliance of Federal Awards
- E. Significant Deficiency in Internal Control Over Compliance of Federal Awards
- F. Instance of Noncompliance related to Federal Awards
- G. Non-compliance with State Audit Rule, NM State Statutes, NMAC, or other entity compliance

2017-001– CONTROLS OVER REIMBURSED MILEAGE RATE

Type of Finding: C, G

Statement of Condition

The mileage rate being used for reimbursement calculations was the incorrect rate. The rate being reimbursed was from the IRS rate for calendar year 2014.

Criteria

The County follows NMAC 2.42.2.11.B(1); the rates set for mileage for any class of public officials and for employees of state agencies pursuant to Section 10-8-5 (D) NMSA 1978, 80% of the internal revenue service standard mileage rate set January 1 of the previous year for each mile traveled in a privately-owned vehicle.

Cause

The County did not update their request for reimbursement travel form, for the new rate since 2014.

Effect

The County has paid the incorrect rate for the past 3 years.

Recommendation

We recommend that the rate be updated on the reimbursement form every January for the new IRS Rate. Additionally, we recommend that the form then be sent out to all County personnel.

STATE OF NEW MEXICO
MCKINLEY COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Management Response

McKinley County has taken a proactive approach in a manner that when discovered and communicated to management staff, the Finance Director sent out an email to all county employees along with the updated form regarding the new mileage rate. The Finance Analyst signing-off on per diem reimbursement forms and the Finance Analyst paying per diem reimbursement forms are reviewing for the correct rate. In addition, three Finance Analysts and the Finance Director have set a reminder in Microsoft outlook calendar to obtain the updated federal rate (if any) and update the County reimbursement form to show 80% of the federal rate.

Finding resolved timeline: This finding was corrected in August 2017, as soon as management was notified of the improper rate during the auditor's field work.

Designation of employee position responsible for meeting this deadline: Three Finance Analysts and the Finance Director are responsible for checking the rate every January to ensure proper reimbursement to the traveler.

**STATE OF NEW MEXICO
MCKINLEY COUNTY
Exit Conference
For the Year Ended June 30, 2017**

A. PREPARATION OF FINANCIAL STATEMENTS

The accompanying financial statements are the responsibility of the County and are based on information from the County's financial records. Assistance was provided by Hinkle + Landers, PC to the County in preparing the financial statements

B. EXIT CONFERENCE

An exit conference was held in a closed session on November 21, 2017 at the County's offices in Gallup, New Mexico. In attendance were the following:

Representing McKinley County

Anthony Dimas Jr.
Sara A. Keeler
Carol Bowman-Muskett
William E. Lee
Douglas W. Decker
Dezirie Gomez
Ronald Caviggia
Robert Griego

County Manager
Finance Director
Commission Chairperson
Commissioner
County Attorney
Human Resources Director
Procurement Manager
Chief Deputy Treasurer

Representing Hinkle + Landers, PC:

Farley Vener, CPA, CFE, CGMA
Katelyn Constantin

President & Managing Shareholder
Audit Manager