



# HINKLE + LANDERS

Certified Public Accountants + Business Consultants

## **MCKINLEY COUNTY**

### **INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2018**



**STATE OF NEW MEXICO  
MCKINLEY COUNTY  
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FOR THE YEAR ENDED JUNE 30, 2018**

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**STATE OF NEW MEXICO  
MCKINLEY COUNTY  
OFFICIAL ROSTER  
AS OF JUNE 30, 2018**

**County Officials**

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<b>Name</b>	<b>Title</b>
Genevieve Jackson	County Commissioner - Chair
Carol Bowman-Muskett	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**

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<b>Name</b>	<b>Title</b>
Anthony Dimas Jr.	County Manager
Brian J. 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, 2018, and the related notes to the financial statements which collectively comprise the County's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **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, 2018, 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.

**Emphasis of Matter**

As discussed in Note 17 to the financial statements, the 2018 financial statements have been restated due to misstatements and the implementation of GASB 75. 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, Net Pension Liabilities, OPEB, and Net OPEB 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 on the financial statements, that collectively comprise the County's basic financial statements. The combining and individual fund financial statements, the schedule of changes in assets and liabilities – agency funds, and the other schedules listed as supplementary information and 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 combining and individual fund financial statements, the schedule of changes in assets and liabilities – agency funds, and the other schedules listed as supplementary information and 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 information is 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 20, 2018 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, professional style.

Hinkle + Landers, P.C.  
Albuquerque, NM  
November 20, 2018



**STATE OF NEW MEXICO  
MCKINLEY COUNTY  
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018. 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 \$103,794,401 (net position). Of this amount, (\$5,882,609) (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 \$4,265,591. The increase is primarily due to a decrease in overall expenses of \$4,335,189 and an increase in gross receipts and property taxes collected.
- At the end of the current fiscal year, fund balance for the general fund was \$20,440,590, or 190 percent of total general fund expenditures.
- Deferred outflows of resources of \$4,866,640, deferred inflows of resources of \$5,266,399 and a net pension liability of \$17,420,137 and a net OPEB liability of \$11,577,518 are reported in the Statement of Net Position at June 30, 2018. These items are the result of the implementation of GASB 68, GASB 82, and 75 relating to the County's proportionate share of the State's Public Employees Retirement Association and Retiree Health Care.

**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

**STATE OF NEW MEXICO**  
**MCKINLEY COUNTY**  
**MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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 47 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 and RMCH Rental Income 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.

**STATE OF NEW MEXICO  
MCKINLEY COUNTY  
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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 \$103,794,401 and \$113,236,196 at the close of the fiscal years ended June 30, 2018 and 2017, respectively. The County also had revenues that exceeded expenditures during the year in the amount of \$4,265,591 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, \$45,541,190, 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, (\$5,882,609), 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, 2018.

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**STATE OF NEW MEXICO  
MCKINLEY COUNTY  
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Governmental Activities</b>	
	<u>2018</u>	<u>2017</u>
<b>Assets:</b>		
Current and other assets	\$ 68,989,046	64,611,991
Capital assets	<u>76,200,189</u>	<u>72,823,984</u>
Total assets	<u>145,189,235</u>	<u>137,435,975</u>
Deferred outflows of resources	<u>4,866,640</u>	<u>8,627,555</u>
Total assets and deferred outflows of resources	<u>\$ 150,055,875</u>	<u>146,063,530</u>
<b>Liabilities:</b>		
Current liabilities	\$ 2,335,778	2,771,073
Non-Current liabilities	<u>38,659,297</u>	<u>29,296,767</u>
Total liabilities	<u>40,995,075</u>	<u>32,067,840</u>
Deferred inflows of resources	<u>5,266,399</u>	<u>759,494</u>
<b>Net Position:</b>		
Net investment in capital assets	64,135,820	65,445,107
Restricted for:		
Debt service	1,228,008	989,774
Capital projects	10,791,866	8,934,448
Other purposes - special revenue	33,521,316	34,813,943
Unrestricted	<u>(5,882,609)</u>	<u>3,052,924</u>
Total net position	<u>103,794,401</u>	<u>113,236,196</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 150,055,875</u>	<u>146,063,530</u>

**Changes in Net Position**

The County's total revenues of \$40,048,011 and program expenses of \$35,782,420 resulted in a change in net position of \$4,265,591 before restatements or special items. The County incurred a decrease in program revenues and an overall increase in 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, 2018**

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, 2018 and June 30, 2017.

	<b>Governmental Activities</b>	
	<u>2018</u>	<u>2017</u>
<b>Revenues</b>		
<u>Program Revenues</u>		
Changes for Services	\$ 5,682,789	5,632,977
Operating Grants and Contributions	5,374,100	6,566,943
Capital Grants and Contributions	217,958	138,959
 <u>General Revenue</u>		
Taxes, Penalties and interest	29,010,266	28,793,386
Investment Income	(137,404)	(95,138)
Other Revenue	249,133	109,586
Gain/(loss) on disposition of capital assets	(348,831)	(27,580)
<b>Total Revenue</b>	<u>40,048,011</u>	<u>41,119,133</u>
 <b>Expenses</b>		
General Governmental	10,676,354	11,757,483
Public Safety	16,395,628	19,327,435
Public Works	4,180,658	4,210,256
Health and Welfare	4,234,182	3,805,943
Bond Interest	295,598	1,016,492
<b>Total Expenses</b>	<u>35,782,420</u>	<u>40,117,609</u>
 Change in Net Assets	 4,265,591	 1,001,524
 Net Position-Beginning of year	 113,236,196	 111,670,002
Restatements of net position	(13,707,386)	564,670
Net Position-Beginning of year, restated	<u>99,528,810</u>	<u>112,234,672</u>
Net Position-End of year	<u>\$ 103,794,401</u>	<u>113,236,196</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 \$66,468,285, a increase of \$6,149,940 in comparison with the prior year. Approximately 6 percent of this total amount, \$4,259,710, constitutes unassigned fund balance, which is available for spending at the government's discretion, and 96 percent of this total amount, \$62,208,575 is restricted or committed for budgeted items in the major and non-major special revenue funds.

**STATE OF NEW MEXICO  
MCKINLEY COUNTY  
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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 \$4,259,710, restricted or committed for the minimum fund balance was \$16,180,880 while total fund balance was \$20,440,590. As a measure of the general 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 39 percent of total general fund expenditures, while total fund balance represents 190 percent of that same amount. Fund balance of McKinley County's general fund increased by \$2,943,645 during the current fiscal year. The increase is due to an increase in the collection of gross receipts taxes in addition and a decrease in overall expenses.

The RMCH Rental Income Fund has a total fund balance of \$5,494,436. 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.

**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 (\$644,565). The decrease was mainly due to the County taking a proactive approach in utilizing zero-based budgeting, to only budget what is needed in expenses due to State funding reductions. Actual expenditures in the general fund were lower than final budgeted expenditures by \$1,918,696.

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, 2018. Detail budget performance is reported in the budgetary comparison statements for the general fund and each special revenue major fund.

	Final Budget	Actual on Cash (Budgetary) Basis	Favorable (Unfavorable) Variance
General Fund	\$ 12,525,022	10,606,326	1,918,696
RMCH Rental Income Fund	\$ 1,000,000	78,544	921,456

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.

**STATE OF NEW MEXICO  
MCKINLEY COUNTY  
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Capital Asset and Debt Administration**

**Capital Assets**

McKinley County's investment in capital assets for its governmental activities as of June 30, 2018, amounts to \$73,923,697 (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, 2018 and June 30, 2017.

	<b>Governmental Activities</b>	
	<u>2018</u>	<u>2017</u>
Land	\$ 3,940,442	3,843,261
Construction in progress	3,477,831	768,961
Land improvements	4,078,023	4,076,509
Buildings and improvements	70,993,260	70,666,687
Machinery & Equipment	7,634,924	8,121,310
Vehicles	29,112,675	27,435,045
Infrastructure	<u>27,460,201</u>	<u>27,766,389</u>
Total capital assets	146,697,356	142,678,162
Less accumulated depreciation	<u>(72,773,659)</u>	<u>(70,308,404)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 73,923,697</u>	<u>72,369,758</u>

The County recognized \$4,188,526 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, 2018. 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, 2018, McKinley County had total gross receipt revenue bonds outstanding of \$9,620,000, which is secured by pledged gross receipts tax revenues. McKinley County also has post-closure debt of \$495,000 which is restricted cash in the EGRT fund.

	<b>Governmental Activities</b>	
	<u>2018</u>	<u>2017</u>
GRT Revenue bonds	\$ 9,620,000	6,750,000
Compensated absences	812,344	810,375
Landfill liability	495,000	550,000
Net pension liability	17,420,137	22,078,975
Net OPEB liability	<u>11,577,518</u>	-
Total Outstanding Debt	<u>\$ 39,924,999</u>	<u>30,189,350</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  
MCKINLEY COUNTY  
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2018**

**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 2019 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund increased to \$4,259,710. 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, 2018**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 6,765,061
Investments	56,573,317
Receivables	5,325,668
Note receivable	325,000
Total current assets	68,989,046
Non-current assets:	
Restricted cash and cash equivalents	301,492
Note receivable	1,975,000
Land and construction in progress	7,418,273
Other capital assets, net of accumulated depreciation	66,505,424
Total non-current assets	76,200,189
Total assets	145,189,235
Deferred outflows of resources	
Pension deferral	4,671,523
OPEB deferral	195,117
Total deferred outflows of resources	4,866,640
Total assets and deferred outflows of resources	\$ 150,055,875
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 625,424
Accrued payroll liabilities	276,775
Accrued interest payable	25,864
Bonds and notes payable	845,000
Compensated absences	507,715
Landfill closure liability	55,000
Total current liabilities	2,335,778
Long-term liabilities:	
Compensated absences - long-term portion	304,629
Bonds and notes payable - long-term portion	8,775,000
Landfill closure liability - long-term portion	440,000
Bond underwriter premium, net of accumulated amortization	142,013
Net pension liability	17,420,137
Net OPEB liability	11,577,518
Total long-term liabilities	38,659,297
Total liabilities	40,995,075
Deferred inflows of resources	
Pension deferral	2,631,382
OPEB deferral	2,635,017
Total deferred outflows of resources	5,266,399
<b>NET POSITION</b>	
Net investment in capital assets	64,135,820
Restricted for:	
Debt service	1,228,008
Capital projects	10,791,866
Other purposes - special revenue	33,521,316
Unrestricted	(5,882,609)
Total net position	103,794,401
Total liabilities, deferred inflows of resources, and net position	\$ 150,055,875

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, 2018**

<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>	
<b>Primary government</b>					
<b>Governmental Activities:</b>					
General government	\$ 10,676,354	747,951	671,273	-	(9,257,130)
Public safety	16,395,628	3,434,838	3,144,511	-	(9,816,279)
Public works	4,180,658	-	1,427,621	217,958	(2,535,079)
Health and welfare	4,234,182	1,500,000	130,695	-	(2,603,487)
Debt service interest	295,598	-	-	-	(295,598)
Total governmental activities	<u>\$ 35,782,420</u>	<u>5,682,789</u>	<u>5,374,100</u>	<u>217,958</u>	<u>(24,507,573)</u>

General Revenues:

Taxes	
Property taxes	\$ 9,187,217
Gas tax	1,075,477
Gross receipts	17,441,343
Payment in lieu of taxes	1,094,772
Franchise tax	11,457
Liquor tax	200,000
Miscellaneous	249,133
Investment earnings	(137,404)
Gain/(loss) on disposition of capital assets	(348,831)
Total general revenues	<u>28,773,164</u>
Change in net position	4,265,591
Net position, beginning	113,236,196
Restatements	(13,707,386)
Net position, beginning restated	<u>99,528,810</u>
Net position, ending	<u>\$ 103,794,401</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, 2018**

	<b>101</b>	<b>Special Revenue Fund</b>		
	<b>General</b>	<b>232</b>	<b>Nonmajor</b>	<b>Total</b>
	<b>Fund</b>	<b>RMCH</b>	<b>Governmental</b>	<b>Governmental</b>
		<b>Rental</b>	<b>Funds</b>	<b>Funds</b>
		<b>Income</b>		
<b>ASSETS</b>				
Cash and cash equivalents	\$ 553,050	19,699	6,493,804	7,066,553
Investments	19,311,562	5,476,757	31,784,998	56,573,317
Receivables	2,305,736	-	3,019,932	5,325,668
Note receivable	-	2,300,000	-	2,300,000
Due from other funds	79,619	-	12,338	91,957
Total assets	<u>\$ 22,249,967</u>	<u>7,796,456</u>	<u>41,311,072</u>	<u>71,357,495</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 83,904	2,020	539,500	625,424
Accrued payroll liabilities	142,854	-	133,921	276,775
Due to other funds	-	-	91,957	91,957
Total liabilities	<u>226,758</u>	<u>2,020</u>	<u>765,378</u>	<u>994,156</u>
Deferred inflows of resources				
Property taxes	90,276	-	-	90,276
Derived tax revenue	1,491,943	-	-	1,491,943
Charges for services	400	2,300,000	12,435	2,312,835
Total deferred inflows of resources	<u>1,582,619</u>	<u>2,300,000</u>	<u>12,435</u>	<u>3,895,054</u>
<b>FUND BALANCES</b>				
Nonspendable	-	2,300,000	-	2,300,000
Restricted	4,187,222	3,194,436	26,139,658	33,521,316
Committed	11,993,658	-	14,393,601	26,387,259
Assigned	-	-	-	-
Unassigned	4,259,710	-	-	4,259,710
Total fund balance	<u>20,440,590</u>	<u>5,494,436</u>	<u>40,533,259</u>	<u>66,468,285</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,249,967</u>	<u>7,796,456</u>	<u>41,311,072</u>	<u>71,357,495</u>

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, 2018**

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

Total fund balance - total governmental funds	\$	66,468,285
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		73,923,697
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		(304,629)
Bonds and notes payable		(8,775,000)
Landfill closure liability		(440,000)
Bond underwriter premium, net of accumulated amortization		(142,013)
Net pension related deferrals and liability		(15,379,996)
Net OPEB related deferrals and liability		(14,017,418)
Other current liabilities (bonds payable) are not available to pay for current period expenditures and therefore are deferred in the funds:		
Accrued interest payable		(25,864)
Bonds and notes payable		(845,000)
Compensated absences		(507,715)
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		90,276
Derived tax revenue		1,491,943
Charges for services		2,312,835
		2,312,835
Net position of governmental activities	\$	103,794,401

**STATE OF NEW MEXICO  
MCKINLEY COUNTY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Special Revenue Fund</u>			<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>232 RMCH Rental Income</b>	<b>Nonmajor Governmental Funds</b>	
<b>REVENUES</b>				
Taxes	\$			
Property taxes	9,205,558	-	251,197	9,456,755
Gas tax	399,732	-	675,745	1,075,477
Gross receipts	3,230,062	-	13,945,581	17,175,643
Payment in lieu of taxes	1,094,772	-	-	1,094,772
Franchise tax	11,457	-	-	11,457
Liquor tax	-	-	200,000	200,000
Intergovernmental				
State operating grants	-	-	4,897,992	4,897,992
State capital grants	-	-	40,000	40,000
Federal operating grants	-	-	640,996	640,996
Charges for services	379,824	700,000	3,455,060	4,534,884
Investment earnings	(138,049)	-	645	(137,404)
Rents and royalties	345,896	-	-	345,896
Other revenue	201,752	-	39,185	240,937
Total revenues	<u>14,731,004</u>	<u>700,000</u>	<u>24,146,401</u>	<u>39,577,405</u>
<b>EXPENDITURES</b>				
Current				
General government	6,422,251	-	2,172,018	8,594,269
Public safety	3,896,447	-	10,111,470	14,007,917
Public works	-	-	3,551,187	3,551,187
Health and welfare	315,505	-	3,747,769	4,063,274
Debt Service				
Principal payments	-	-	700,000	700,000
Interest payments	-	-	302,374	302,374
Capital Outlay				
Capital outlay	114,683	80,564	5,583,197	5,778,444
Total expenditures	<u>10,748,886</u>	<u>80,564</u>	<u>26,168,015</u>	<u>36,997,465</u>
Excess (deficiency) of revenues over expenditures	3,982,118	619,436	(2,021,614)	2,579,940
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from issuance of long-term capital-related debt	-	-	3,570,000	3,570,000
Transfers in	-	-	6,097,009	6,097,009
Transfers out	(1,038,473)	-	(5,058,536)	(6,097,009)
Total other financing sources (uses)	<u>(1,038,473)</u>	<u>-</u>	<u>4,608,473</u>	<u>3,570,000</u>
Net change in fund balance	2,943,645	619,436	2,586,859	6,149,940
Fund balances-beginning of year	17,496,945	4,875,000	37,904,375	60,276,320
Restatements	-	-	42,025	42,025
Fund balances-beginning of year, as restated	<u>17,496,945</u>	<u>4,875,000</u>	<u>37,946,400</u>	<u>60,318,345</u>
Fund balances-end of the year	<u>\$ 20,440,590</u>	<u>5,494,436</u>	<u>40,533,259</u>	<u>66,468,285</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, 2018**

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

Net change in fund balance - total governmental funds	\$	6,149,940
<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		6,091,295
<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>		
		(348,831)
<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>		
		(4,188,525)
<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 premiums		11,890
Decrease/(increase) in accrued interest		(5,114)
Issuance of long-term debt		(3,570,000)
Principal payments on long-term debt payable		700,000
<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		(1,969)
Current year landfill post closure expenses		55,000
Pension expense		(1,169,082)
OPEB expense		(265,171)
<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		(269,538)
Change in deferred inflows related to derived tax revenue		265,699
Change in deferred inflows related to charges for services		810,000
Rounding		(3)
Change in net position of governmental activities	\$	<u><u>4,265,591</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, 2018**

	<b>Original Approved Budget</b>	<b>Final Approved Budget</b>	<b>Actual</b>	<b>Variances Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Taxes	\$ 12,485,837	12,468,837	12,760,746	291,909
Payment-in-lieu-of-taxes	900,000	900,000	1,094,772	194,772
Charges for services	367,979	369,879	394,342	24,463
Investment earnings	500,700	475,000	(138,049)	(613,049)
Rents and royalties	1,819,289	319,289	319,289	-
Other revenue	<u>46,431</u>	<u>46,431</u>	<u>125,346</u>	<u>78,915</u>
Total revenues	<u>16,120,236</u>	<u>14,579,436</u>	<u>14,556,446</u>	<u>(22,990)</u>
<b>EXPENDITURES</b>				
Current:				
General government	7,303,154	7,498,501	6,336,327	1,162,174
Public safety	4,486,656	4,643,851	3,837,389	806,462
Health and welfare	1,323,527	323,527	315,503	8,024
Capital Outlay	<u>56,250</u>	<u>59,143</u>	<u>117,107</u>	<u>(57,964)</u>
Total expenditures	<u>13,169,587</u>	<u>12,525,022</u>	<u>10,606,326</u>	<u>1,918,696</u>
Excess (deficiency) of revenues over (under) expenditures	2,950,649	2,054,414	3,950,120	1,895,706
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>(1,038,473)</u>	<u>(1,038,473)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,038,473)</u>	<u>(1,038,473)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	2,950,649	2,054,414	<u>2,911,647</u>	<u>857,233</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Total	\$ <u>2,950,649</u>	<u>2,054,414</u>		
<b>RECONCILIATION FROM BUDGET/ACTUAL TO GAAP</b>				
Change in fund balance (Budget Basis)			\$ 2,911,647	
To adjust applicable revenue accruals and deferrals			174,559	
To adjust applicable expenditure accruals			<u>(142,561)</u>	
Change in fund balance (GAAP basis)			<u>\$ 2,943,645</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, 2018**

	<u>Original Approved Budget</u>	<u>Final Approved Budget</u>	<u>Actual</u>	<u>Variances Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Charges for services	\$ -	1,500,000	825,000	(675,000)
Total revenues	<u>-</u>	<u>1,500,000</u>	<u>825,000</u>	<u>(675,000)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	-	200,000	-	200,000
Culture and recreation	-	-	-	-
Capital outlay	<u>-</u>	<u>800,000</u>	<u>78,544</u>	<u>721,456</u>
Total expenditures	<u>-</u>	<u>1,000,000</u>	<u>78,544</u>	<u>921,456</u>
Excess (deficiency) of revenues over (under) expenditures	-	500,000	746,456	246,456
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	500,000	<u>746,456</u>	<u>246,456</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Total	<u>\$ -</u>	<u>500,000</u>		
<b>RECONCILIATION FROM BUDGET/ACTUAL TO GAAP</b>				
Change in fund balance (Budget Basis)			\$ 746,456	
To adjust applicable revenue accruals and deferrals			(125,000)	
To adjust applicable expenditure accruals			<u>(2,020)</u>	
Change in fund balance (GAAP basis)			<u>\$ 619,436</u>	

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, 2018**

		<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$	1,390,761
Property taxes receivable		<u>1,250,865</u>
Total Assets	\$	<u><u>2,641,626</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$	67,878
Due to other taxing units		1,504,508
Deposits held in trust		<u>1,069,240</u>
Total Liabilities	\$	<u><u>2,641,626</u></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, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

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 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.

**STATE OF NEW MEXICO**  
**MCKINLEY COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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.

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

*Governmental funds*

*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

**STATE OF NEW MEXICO**  
**MCKINLEY COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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.

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 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.

**STATE OF NEW MEXICO  
MCKINLEY COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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. 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.

**E. 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 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.

**F. 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.

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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.

**G. 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.

**H. 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.

The County reported no inventory or prepaid expenses as of June 30, 2018.

**I. 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.

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

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

**J. Unearned Revenue**

The County reports unearned revenue on its financial statements. When resources are received in advance of charges for services being earned are in advance of any eligibility requirement other than a time requirement being met for government-mandated or voluntary nonexchange transactions (i.e. for intergovernmental revenues), a liability is reported for the unearned revenue.

**K. 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 2018 on the fund financials.

The County has the following deferred outflows of resources during fiscal year 2018 on the government wide financials:

<b>Deferred Outflows of Resources - GW</b>	
Pension deferrals	\$ 4,671,523
OPEB deferrals	195,117
Total deferred outflows of resources	\$ 4,866,640

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 2018 on the fund financials:

<b>Deferred Inflows of Resources - Fund Financials</b>	
Property tax revenue	\$ 90,276
Derived tax revenue	1,491,943
Charges for services	2,312,835
Total deferred inflows of resources	\$ 3,895,054

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The County has the following deferred inflows of resources during fiscal year 2018 on the government wide financials:

<b>Deferred Inflows of Resources - GW</b>		
Pension deferrals	\$	2,631,382
OPEB deferrals		2,635,017
Total deferred inflows of resources	\$	5,266,399

**L. 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 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:

<b>Years of Employment</b>	<b>Accrual Rate (per 80hr pay period)</b>
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.

**M. 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.



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**N. 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.”

**O. Fund Balance Reporting and Governmental Fund Type**

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.

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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. The New Mexico Department of Finance and Administration (DFA) requires that 3/12 of the 2018 budgeted expenditures in the General Fund be restricted as subsequent-year expenditures to provide adequate cash reserves. Additionally, the DFA imposes a County Road Fund Reserve requirement for the County of 1/12 of the 2018 total Road Fund budgeted 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.

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.

**P. 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, 2018 is presented. Reconciliations between the Non-

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GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

**Q. Income Taxes**

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

**R. 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 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.

**S. 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.

**T. Postemployment Benefits Other than Pensions (OPEB)**

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

**U. 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 20, 2018, 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, 2018.

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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, Investments and Pledged Collateral, as listed in the table of contents, for a list of cash and investments by financial institution.

The following is a summary of the County's cash and investments as of June 30, 2018:

<u>Cash and investments</u>	<u>Amount</u>
Cash and cash equivalents	
Cash on hand	\$ 977
Cash	8,223,535
Money markets	232,802
Subtotal cash and cash equivalents	<u>8,457,314</u>
Investments	
State Treasurer's Investment Pool	8,833
Certificates of deposit - maturities > 90 days	10,439,033
US Agency Securities	46,125,451
Subtotal investments	<u>56,573,317</u>
Total cash and investments	<u>\$ 65,030,631</u>
<u>Fund Type</u>	<u>Amount</u>
Cash and equivalents	
Governmental funds - unrestricted	\$ 6,765,061
Governmental funds - restricted	301,492
Fiduciary funds	1,390,761
Subtotal cash and cash equivalents	<u>8,457,314</u>
Investments	
Governmental funds	<u>56,573,317</u>
Subtotal investments	<u>56,573,317</u>
Total cash and investments	<u>\$ 65,030,631</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 Cash, Investments and Pledged Collateral is presented in this report, as stated in the table of contents.

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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, 2018 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	\$ 7,838,295	7,838,295	Aaa	< 7 years
Federal Home Loan Mortgage Corp - MTN	1,964,430	1,964,430	Aaa	< 4 years
Federal Home Loan Bank	22,223,796	22,223,796	Aaa	< 13 years
Federal Farm CR Bank	8,176,870	8,176,870	Aaa	< 8 years
Federal National Mortgage Assn Note	5,922,060	5,922,060	Aaa	< 3 years
Certificate of Deposits	10,439,033	10,439,033	***	< 6 years
State of NM Local Government Investment Pool (LGIP)	8,833	8,833	**	< 1 year
	<u>\$ 56,573,317</u>	<u>56,573,317</u>		

\*Based on Moody's rating

\*\*LGIP, collateralized by State

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

*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, 2018, 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.	\$ 16,936,529
Uninsured and uncollateralized	-
Total uninsured deposits	<u>\$ 16,936,529</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.

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*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 rated 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.

State Treasurer Local Governmental Investment Pool

As of June 30, 2018, the County has the following invested in the State Treasurer Local Government Investment Pool:

<b>Financial Institution</b>	<b>Cost Basis</b>	<b>Market</b>	<b>Credit Risk- Risk Rating</b>	
State of NM Local Government Investment Pool (LGIP)	\$ 8,833	8,833	AAAm	[50] day WAM (R); [100] day WAM (F)

The State Treasurer is authorized to invest the LGIP, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10 I through 6-10-10 P and Sections 6-10-10.1A and E, NMSA 1978. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary. The LGIP is not SEC registered. This pool is subject to the standards set forth in the State Treasurer’s Local Government Investment Policy document incorporated in and made a part of the State Treasurer’s Investment Policy document. The Independent Auditors’ Report, together with the Financial Statements, the accompanying Notes to the Financial Statements and the Independent Auditors’ Report on Compliance and Internal Controls are available from the State Investment Council, 2055 South Pacheco Street, Suite 100, Santa Fe, New Mexico 87505, upon written request.

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.

*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 foreign currency risk as the potential that changes in the exchange rates may adversely affect the fair value of an investment or deposit. The LGIP does not have any foreign currency risk as all investments are denominated in US dollars.

*Interest Rate Risk* – GASB Statement No. 40 defines interest rate risk is the risk that changes in interest

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rates will adversely affect the fair value of the County investments.

According to the Statement an acceptable method for reporting interest rate risk is weighted average of maturity (WAM). The State Treasurer's Office uses this method for reporting purposes for the LGIP. The WAM of the LGIP is identified on the monthly LGIP investment report found on the State Treasurer's Office website at [www.nmsto.gov](http://www.nmsto.gov).

**NOTE 3—FAIR VALUES MEASUREMENT (GASB 72)**

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 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.

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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, 2018:

<u>Description</u>	<u>Level 2</u>
US Agency Securities	\$ <u><u>46,125,451</u></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:

	<b>101</b>	<b>232</b>	<b>Nonmajor</b>	<b>Total</b>
	<b>General</b>	<b>RMCH</b>	<b>Funds</b>	<b>Receivables</b>
	<b>Fund</b>	<b>Rental Income</b>	<b>Funds</b>	<b>Receivables</b>
Accounts	\$ 49,232	-	68,555	117,787
Grants	-	-	798,741	798,741
Note receivable	-	2,300,000	-	2,300,000
Taxes:				
Property	407,437	-	-	407,437
GRT	1,813,779	-	1,954,552	3,768,331
Other	35,288	-	198,084	233,372
Subtotal	<u>2,305,736</u>	<u>2,300,000</u>	<u>3,019,932</u>	<u>7,625,668</u>
Less: Allowance for uncollectibles	-	-	-	-
Net Receivables	<u>\$ 2,305,736</u>	<u>2,300,000</u>	<u>3,019,932</u>	<u>7,625,668</u>

Note Receivable

On January 15, 2018, the County and Rehoboth McKinley Christian Health Care Services entered into an agreement for repayment of past-due lease payments to the County. The agreement calls for quarterly payments ranging from \$75,000 to \$175,000 over a period of 6 years with 0.00% interest.

During the year ended June 30, 2018, the following changes occurred in the note receivable:

	<b>Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance</b>	<b>Amount due</b>
	<b>June 30, 2017</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2018</b>	<b>within one</b>
	<b>June 30, 2017</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2018</b>	<b>year</b>
RMCH Note Receivable	\$ -	2,500,000	(200,000)	2,300,000	325,000



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Future payment requirements on the governmental activities note receivable are as follows:

<b>Fiscal Year</b>		
<b>Ending June 30,</b>	<b>Amount</b>	
2019	\$	325,000
2020		425,000
2021		525,000
2022		625,000
2023		400,000
Total	\$	<u>2,300,000</u>

**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 10<sup>th</sup> and April 10<sup>th</sup>. Penalty and interest will be accrued after the delinquency due dates of December 10<sup>th</sup> and May 10<sup>th</sup>. 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 2018, the County charged the following mil rates:

<b>Tax District</b>	<b>Residential</b>	<b>Non- residential</b>	<b>Oil &amp; Gas Production</b>	<b>Equipment</b>
20 (Gallup-In)	0.034163	0.041755		
20 (Gallup-Out)	0.026884	0.032779	0.032779	0.032779
20 (Zuni)	0.018782	0.024460		

The County’s share of the property taxes equal approximately 29.23% 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, 2018 was as follows:

<b>Fund #</b>	<b>Transfers In</b>	<b>Fund #</b>	<b>Transfers Out</b>	<b>Amount</b>
201	Corrections	101	General Fund	\$ 800,000
204	Road	300	Capital Outlay GRT	700,000
206	EMS & Fire Dept.	214	Emergency Communication & Medical	859,996
207	E911 Metro Dispatch	214	Emergency Communication & Medical	1,893,540
208	Farm & Range	101	General Fund	3,000
219	Senior Citizens Center	101	General Fund	126,000
236	Emergency Management	295	Rural Public Safety	1,600,000
240	JSACC Center	101	General Fund	13,473
290	CDBG Planning Fund	304	CDBG Gamericco Water System Phase III	5,000
406	Judicial Complex Debt Service	405	Law Enforcement JDC Bonds	96,000
	<b>Total Transfers</b>			<b>\$ 6,097,009</b>

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, 2018 are as follows:

<b>Major Funds</b>	<b>Fund #</b>	<b>Due From</b>	<b>Due To</b>
General Fund	101	\$ 79,619	-
Indigent Health Care Fund	220	-	12,338
Sheriff's Grants	227	-	79,619
Adult Detention Fund	231	12,338	-
<b>Total</b>		<b>\$ 91,957</b>	<b>91,957</b>

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**NOTE 7 – CAPITAL ASSETS**

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

<b>GOVERNMENTAL ACTIVITIES</b>	<b>Balance June 30, 2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Balance June 30, 2018</b>
<b>Non-depreciable capital assets:</b>					
Land	\$ 3,843,261	127,214	(30,033)	-	3,940,442
Construction in progress	768,961	2,882,291	-	(173,421)	3,477,831
Total non-depreciable capital assets	<u>4,612,222</u>	<u>3,009,505</u>	<u>(30,033)</u>	<u>(173,421)</u>	<u>7,418,273</u>
<b>Capital assets being depreciated:</b>					
Land improvements	4,076,509	18,871	(17,357)	-	4,078,023
Buildings and improvements	70,666,687	310,548	(28,450)	44,475	70,993,260
Machinery & Equipment	8,121,310	672,866	(1,288,198)	128,946	7,634,924
Vehicles	27,435,045	2,079,505	(401,875)	-	29,112,675
Infrastructure	27,766,389	-	(306,188)	-	27,460,201
Total capital assets being depreciated	<u>138,065,940</u>	<u>3,081,790</u>	<u>(2,042,068)</u>	<u>173,421</u>	<u>139,279,083</u>
<b>Less accumulated depreciation for:</b>					
Land improvements	(3,446,659)	(974)	17,010	-	(3,430,623)
Buildings and improvements	(21,525,739)	(1,634,000)	20,665	-	(23,139,074)
Machinery & Equipment	(5,216,806)	(491,173)	1,139,186	-	(4,568,793)
Vehicles	(18,174,533)	(1,408,984)	290,561	-	(19,292,956)
Infrastructure	(21,944,667)	(653,394)	255,848	-	(22,342,213)
Total accumulated depreciation	<u>(70,308,404)</u>	<u>(4,188,525)</u>	<u>1,723,270</u>	<u>-</u>	<u>(72,773,659)</u>
Total capital assets being depreciated	<u>67,757,536</u>	<u>(1,106,735)</u>	<u>(318,798)</u>	<u>173,421</u>	<u>66,505,424</u>
Total capital assets, net of depreciation	<u>\$ 72,369,758</u>	<u>1,902,770</u>	<u>(348,831)</u>	<u>-</u>	<u>73,923,697</u>

Depreciation expense for the year ended June 30, 2018 was charged to the following functions and funds:

<b>Governmental activities:</b>	
General government	\$ 1,711,475
Public safety	1,710,032
Public works	767,018
Health and welfare	-
Culture and recreation	-
Total governmental activities	<u>\$ 4,188,525</u>

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**NOTE 8 – LONG-TERM DEBT**

During the year ended June 30, 2018, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	<b>Balance</b>				<b>Balance</b>	<b>Amount due</b>
	<b>June 30, 2017</b>	<b>Increases</b>	<b>Decreases</b>	<b>Restatement</b>	<b>June 30, 2018</b>	<b>within one</b>
						<b>year</b>
GRT Revenue bonds	\$ 6,750,000	3,570,000	(700,000)	-	9,620,000	845,000
Compensated absences	810,375	628,303	(626,334)	-	812,344	507,715
Landfill liability	550,000	-	(55,000)	-	495,000	55,000
Net pension liability	22,078,975	42,814	(4,701,652)	-	17,420,137	-
Net OPEB liability	-	219,353	(2,394,082)	13,752,247	11,577,518	-
Total long-term debt	<u>\$ 30,189,350</u>	<u>4,460,470</u>	<u>(8,477,068)</u>	<u>13,752,247</u>	<u>39,924,999</u>	<u>1,407,715</u>

Net pension liability is discussed further in Note 11. Net OPEB liability is discussed further in Note 13.

**GRT Revenue Bonds**

The County has the following GRT revenue bonds to service:

<b>Description</b>	<b>Issue Date</b>	<b>Maturity Due</b>	<b>Original Issue</b>	<b>Outstanding</b>	<b>Rates</b>
GRT Improvement Revenue Bond, Series 2010	11/10/2010	6/30/2030	\$ 6,445,000	4,465,000	2.00% to 5.00%
GRT Private Placement Bond, Series 2014	12/19/2014	6/1/2026	2,470,000	1,800,000	2.70%
GRT Improvement Revenue Bond, Series 2017	10/10/2017	6/1/2027	3,570,000	3,355,000	2.33%
			<u>\$ 12,485,000</u>	<u>9,620,000</u>	

**Gross Receipts Tax Improvement Revenue Bond, Series 2010**

The McKinley County New Mexico Gross Receipts Tax Improvement Revenue Bond Series 2010 was issued on November 10, 2010 by McKinley County for 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. Pledged revenues for the fiscal year ended June 30, 2018 totaled \$480,000.

**Gross Receipts Tax Revenue Private Placement Bond, Series 2014**

The McKinley County New Mexico Gross Receipts Tax Revenue Private Placement Bond Series 2014 was issued on December 19, 2014 by McKinley County for the purpose of acquiring, constructing, and

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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. Pledged revenues for the fiscal year ended June 30, 2018 totaled \$254,000.

**Gross Receipts Tax Revenue Improvement Bond, Series 2017**

The McKinley County New Mexico Gross Receipts Tax Improvement Bond, Series 2017 was issued on October 10, 2017 by McKinley County for the following purpose to construct, purchase, furnish, equip, rehabilitate, make additions to or make improvements to the County’s Communications Systems.

Interest is payable semiannually on June 1 and December 1 commencing June 1, 2018, with principal payable on June 1 of the years set forth in the official bond debt schedule.

*Pledged Revenues* – Pledge of County’s capital outlay gross receipts tax (.025%) pursuant to County Ordinance No. 08-02-084, adopted by the Board on September 11, 2001, and sections 7-20E-1 through 7-20R-8 and section 7-20E-21, NMSA 1978, as amended. Pledged revenues for the fiscal year ended June 30, 2018 totaled \$268,374.

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

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 845,000	310,372	1,155,372
2020	860,000	287,915	1,147,915
2021	890,000	262,006	1,152,006
2022	915,000	238,330	1,153,330
2023	940,000	210,685	1,150,685
2024-2028	4,260,000	579,700	4,839,700
2029-2033	910,000	55,000	965,000
2034-2038	-	-	-
Total	<u>\$ 9,620,000</u>	<u>1,944,008</u>	<u>11,564,008</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, 2018. 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

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post-closure care. The County is in compliance with these requirements, and at June 30, 2018, the County has set aside \$495,000 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:

<b>Fiscal Year</b>		<b>Amount</b>
<b>Ending June 30,</b>		
2019	\$	40,996
2020		9,683
2021		8,404
2022		3,627
2023		-
Total	\$	<u>62,710</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 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:

<b>Categories</b>	<b>County With Pick-Up</b>	<b>Employee</b>	<b>Total</b>
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%

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
County contributions	\$ 1,023,689	1,145,717	1,129,618
County contributions picked up on behalf of employee	859,046	1,016,461	966,604
Employee contributions	<u>524,887</u>	<u>591,027</u>	<u>579,900</u>
Total contributions	<u>\$ 2,407,622</u>	<u>2,753,205</u>	<u>2,676,122</u>

**NOTE 11 – PENSION PLAN AND POST EMPLOYMENT BENEFITS**

**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 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

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increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05%. 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 2018.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions;** At June 30, 2018, the County reported a liability of \$- for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2017. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2017. The County’s proportion of the net pension liability was based on a projection of the County long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the County’s proportion was 0.9028%, which was a decrease of 0.0426% from its proportion measured as of June 30, 2016.

**For PERA Fund Division; Municipal General Division,** at June 30, 2018, the County reported a liability of \$13,066,170 for its proportionate share of the net pension liability. At June 30, 2017, the County’s proportion was 0.9509%, which was a decrease of .0495% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the County recognized PERA Fund Division; Municipal General Division pension expense of \$1,597,974.

At June 30, 2018, 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:

<b><u>Municipal General Division</u></b>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 513,412	669,211
Changes of assumptions	602,545	135,021
Net difference between projected and actual earnings on pension plan investments	1,072,000	-
Change in proportion and differences between the County contributions and proportionate share of contributions	370,045	710,350
Contributions subsequent to the measurement date	750,570	-
Total	<u>\$ 3,308,572</u>	<u>1,514,582</u>

\$750,570 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.



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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
2019	\$ 387,509
2020	933,807
2021	35,390
2022	(313,286)
2023	-
Thereafter	-

**For PERA Fund Division; Municipal Police Division**, at June 30, 2018, the County reported a liability of \$4,353,967 for its proportionate share of the net pension liability. At June 30, 2017, the County's proportion was 0.7837%, which was a decrease of 0.0425% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the County recognized PERA Fund Division; Municipal Police Division pension expense of \$551,983.

At June 30, 2018, 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:

<b>Municipal Police Division</b>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 264,439	813,496
Changes of assumptions	259,046	101,244
Net difference between projected and actual earnings on pension plan investments	350,652	-
Change in proportion and differences between the County contributions and proportionate share of contributions	215,695	202,060
Contributions subsequent to the measurement date	273,119	-
Total	\$ 1,362,951	1,116,800

\$273,119 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
2019	\$ (16)
2020	246,943
2021	(171,368)
2022	(102,527)
2023	-
Thereafter	-

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**Actuarial assumptions** – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

<b>Actuarial valuation date</b>	June 30, 2016
<b>Actuarial cost method</b>	Entry Age Normal
<b>Amortization method</b>	Level Percent of Pay
<b>Amortization period</b>	Solved for based on statutory rates
<b>Asset valuation method</b>	4 Year smoothed Market Value
<b>Actuarial assumptions</b>	
Investment rate of return	7.51% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	2.75% for first 9 years, then 3.25% annual rate
Projected salary increases	2.75% to 14.00% annual rate
Includes inflation at	Includes inflation at 2.25% for the first 9 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, 2016 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2017. These assumptions were adopted by the Board use in the June 30, 2016 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:

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

**Discount rate** – A single discount rate of 7.51% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.51%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members.

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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 7.51 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 (6.51 percent) or 1-percentage-point higher (8.51 percent) than the current rate:

<b>PERA Fund Division -</b>	<b>1% Decrease (6.51%)</b>	<b>Current Discount Rate (7.51%)</b>	<b>1% Increase (8.51%)</b>
Municipal General Division	\$ 20,479,004	13,066,170	6,901,368
Municipal Police Division	\$ 6,943,370	4,353,967	2,228,979

***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**

**A—Plan Description**

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

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

	<b>2018</b>	<b>2017</b>	<b>2016</b>
County contributions	\$ <u>195,117</u>	<u>211,975</u>	<u>219,161</u>

**NOTE 13 – OPEB**

**General Information about the Pension Plan**

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

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

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

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

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

**Contributions** – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund. Contributions to the Fund from the County were \$195,117 for the year ended June 30, 2018.

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

At June 30, 2018, the County reported a liability of \$11,577,518 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2017, the County's proportion was 0.25548%.

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For the year ended June 30, 2018, the County recognized OPEB expense of \$460,285. At June 30, 2018 the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	444,284
Changes of assumptions	-	2,024,182
Net difference between actual and projected earnings on OPEB plan investments	-	166,551
Contributions subsequent to the measurement date	195,117	-
Total	<u>\$ 195,117</u>	<u>2,635,017</u>

Deferred outflows of resources totaling \$195,117 represent County contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30:	Amount
2019	\$ (560,223)
2020	(560,223)
2021	(560,223)
2022	(560,223)
2023	(394,125)
Thereafter	-

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

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

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

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deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

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

<u>Asset Class</u>	<u>Long-Term Rate of Return</u>
U.S. core fixed income	4.10%
U.S. equity - large cap	9.10%
Non U.S. Emerging markets	12.20%
Non U.S. - developed equities	9.80%
Private Equity	13.80%
Credit and Structured finance	7.30%
Real Estate	6.90%
Absolute Return	6.10%
U.S. equity - small/mid cap	9.10%

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

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

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(2.81%)</u>	<u>(3.81%)</u>	<u>(4.81%)</u>
\$	14,043,349	11,577,518	9,642,852

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
\$	9,847,477	11,577,518	12,926,523

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

**Payable Changes in the Net OPEB Liability.** At June 30, 2018, the County reported a payable of \$3,646 for outstanding contributions due to NMRHCA for the year ended June 30, 2018.

**NOTE 14 – 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, 2018:

<b>Project Name</b>	<b>Amount</b>			<b>Estimated Date of Completion</b>
	<b>Total Cost</b>	<b>Expended as of June 30, 2018</b>	<b>Percent Complete</b>	
Community Services Bldg.-Aztec	851,431	812,198	95%	1/1/2019
Timberlake VFD Remodel	200,000	34,606	17%	6/30/2019
Pueblo Pintado VFD Bldg	1,100,000	73,713	7%	6/30/2019
Communications Project	3,500,000	2,299,829	66%	6/30/2019
Ramah Senior Center	300,000	13,194	4%	6/30/2019
ADC Control Panel	220,000	-	0%	6/30/2019
ADC Sally Port Renovation	200,000	-	0%	6/30/2019
Total Commitments	<u>\$ 6,371,431</u>	<u>3,233,540</u>		

**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 15 – 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.

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**NOTE 16 – DEFICIT FUND BALANCE**

There were no funds with deficit fund balances at June 30, 2018.

**NOTE 17 – RESTATEMENTS**

Restatements were made as follows:

<u>Fund Description</u>	<u>Fund</u>	<u>Purpose/Reason</u>	<u>Amount</u>
<u>Governmental Activities Fund Financial Statements</u>			
Road Fund	204	To record receivable from prior year	\$ 68,612
Emergency Management	236	To remove incorrect receivable	<u>(26,587)</u>
		Total Governmental Activities	<u>\$ 42,025</u>
<u>Government-Wide Additional Restatement</u>			
		To record beginning Net OPEB liability due to GASB 75 implementation	\$ (13,752,247)
		To reclass prior year unrecorded deferred inflows	<u>2,836</u>
		Total Additional Government-Wide	<u>\$ (13,749,411)</u>
		Total Restatements	<u>\$ (13,707,386)</u>



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NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

**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).

**Road Fund (204)** – To account 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.

**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).

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NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

**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.

**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.

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NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

**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.

**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.

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NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

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

**CDBG White Cliffs Water System (308)** – To account for CDBG funds related to a water project to replace a tower and streamline the water meters in the White Cliffs community.

**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.

**Communications Upgrade (318)** – To account for the revenue bond project to upgrade cell towers, construct new cell towers, and microwave all cell towers together for better overall McKinley County Public Safety response times and communications.

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NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

**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.

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NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
AS OF JUNE 30, 2018**

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Debt Service Funds</b>	<b>Total Non-major Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,974,002	451,794	1,068,008	6,493,804
Investments	21,975,081	9,809,917	-	31,784,998
Receivables	2,311,981	547,951	160,000	3,019,932
Due from other funds	12,338	-	-	12,338
Total assets	<u>\$ 29,273,402</u>	<u>10,809,662</u>	<u>1,228,008</u>	<u>41,311,072</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 521,704	17,796	-	539,500
Accrued payroll liabilities	133,921	-	-	133,921
Due to other funds	91,957	-	-	91,957
Total Liabilities	<u>747,582</u>	<u>17,796</u>	<u>-</u>	<u>765,378</u>
Deferred inflows of resources				
Charges for services	<u>12,435</u>	-	-	<u>12,435</u>
Total deferred inflows of resources	12,435	-	-	12,435
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	24,911,650	-	1,228,008	26,139,658
Committed	3,601,735	10,791,866	-	14,393,601
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>28,513,385</u>	<u>10,791,866</u>	<u>1,228,008</u>	<u>40,533,259</u>
Total liabilities deferred inflows of resources, and fund balances	<u>\$ 29,273,402</u>	<u>10,809,662</u>	<u>1,228,008</u>	<u>41,311,072</u>

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COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Debt Service Funds</b>	<b>Total Non-major Funds</b>
<b>REVENUES</b>				
Taxes				
Property taxes	\$ 251,197	-	-	251,197
Gas tax	675,745	-	-	675,745
Gross receipts	10,427,232	2,758,349	760,000	13,945,581
Liquor tax	200,000	-	-	200,000
Intergovernmental				
State operating grants	4,419,510	93,874	384,608	4,897,992
State capital grants	-	40,000	-	40,000
Federal operating grants	640,996	-	-	640,996
Charges for services	3,455,060	-	-	3,455,060
Investment earnings	645	-	-	645
Other revenue	39,185	-	-	39,185
Total revenues	<u>20,109,570</u>	<u>2,892,223</u>	<u>1,144,608</u>	<u>24,146,401</u>
<b>EXPENDITURES</b>				
Current				
General government	1,154,563	1,017,455	-	2,172,018
Public safety	10,041,764	69,706	-	10,111,470
Public works	3,272,298	278,889	-	3,551,187
Health and welfare	3,747,769	-	-	3,747,769
Debt Service				
Principal payments	-	-	700,000	700,000
Interest payments	-	-	302,374	302,374
Capital Outlay				
Capital Outlay	3,049,442	2,533,755	-	5,583,197
Total Expenditures	<u>21,265,836</u>	<u>3,899,805</u>	<u>1,002,374</u>	<u>26,168,015</u>
Excess (deficiency) of revenues over expenditures	(1,156,266)	(1,007,582)	142,234	(2,021,614)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from issuance of long-term capital-related debt	-	3,570,000	-	3,570,000
Transfers in	6,001,009	-	96,000	6,097,009
Transfers out	(4,353,536)	(705,000)	-	(5,058,536)
Total other financing sources (uses)	<u>1,647,473</u>	<u>2,865,000</u>	<u>96,000</u>	<u>4,608,473</u>
Net change in fund balance	491,207	1,857,418	238,234	2,586,859
Fund balances-beginning of year	27,980,153	8,934,448	989,774	37,904,375
Restatements	42,025	-	-	42,025
Fund balances-beginning of year, as restated	<u>28,022,178</u>	<u>8,934,448</u>	<u>989,774</u>	<u>37,946,400</u>
Fund balances-end of the year	<u>\$ 28,513,385</u>	<u>10,791,866</u>	<u>1,228,008</u>	<u>40,533,259</u>

See Independent Auditor's Report.  
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, 2018**

	<b>201</b>	<b>202</b>	<b>203</b>	<b>204</b>	<b>205</b>	<b>206</b>
	<b>Corrections</b>	<b>Environmental</b>	<b>Property</b>	<b>Road</b>	<b>Hazardous</b>	<b>EMS</b>
	<b>Fund</b>	<b>Gross Receipts</b>	<b>Valuation</b>	<b>Road</b>	<b>Material Support</b>	<b>Fund</b>
	<b>Fund</b>	<b>Tax</b>	<b>Valuation</b>	<b>Road</b>	<b>Services</b>	<b>Fund</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 16,427	120,662	259,807	180,119	33,441	139,752
Investments	1,805,588	2,986,330	244,803	2,822,160	-	483,780
Receivables	75,159	19,536	-	546,945	-	35,556
Total assets	<u>\$ 1,897,174</u>	<u>3,126,528</u>	<u>504,610</u>	<u>3,549,224</u>	<u>33,441</u>	<u>659,088</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 454	-	318	69,848	-	29,321
Accrued payroll liabilities	-	-	2,433	27,744	-	10,399
Other liabilities	-	-	-	-	-	-
Total liabilities	<u>454</u>	<u>-</u>	<u>2,751</u>	<u>97,592</u>	<u>-</u>	<u>39,720</u>
Deferred inflows of resources						
Charges for services	<u>2,836</u>	-	-	-	-	-
Total deferred inflows of resources	<u>2,836</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	3,126,528	501,859	3,451,632	-	619,368
Committed	1,893,884	-	-	-	33,441	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>1,893,884</u>	<u>3,126,528</u>	<u>501,859</u>	<u>3,451,632</u>	<u>33,441</u>	<u>619,368</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,897,174</u>	<u>3,126,528</u>	<u>504,610</u>	<u>3,549,224</u>	<u>33,441</u>	<u>659,088</u>



**STATE OF NEW MEXICO  
MCKINLEY COUNTY  
NON-MAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEETS  
AS OF JUNE 30, 2018**

	<b>207 E911 Metro Dispatch</b>	<b>208 Farm &amp; Range Fund</b>	<b>209 Fire Protection Districts</b>	<b>210 Highway Beautification Grant</b>	<b>211 Law Enforcement Protection</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 347,182	15,861	301,492	26,899	-
Investments	967,367	-	2,723,800	-	-
Receivables	14,140	-	65,080	2,199	-
Total assets	<u>\$ 1,328,689</u>	<u>15,861</u>	<u>3,090,372</u>	<u>29,098</u>	<u>-</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 8,792	-	24,304	-	-
Accrued payroll liabilities	27,352	-	-	-	-
Total liabilities	<u>36,144</u>	<u>-</u>	<u>24,304</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources					
Charges for services	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	1,292,545	15,861	3,066,068	29,098	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>1,292,545</u>	<u>15,861</u>	<u>3,066,068</u>	<u>29,098</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,328,689</u>	<u>15,861</u>	<u>3,090,372</u>	<u>29,098</u>	<u>-</u>

**STATE OF NEW MEXICO  
MCKINLEY COUNTY  
NON-MAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEETS  
AS OF JUNE 30, 2018**

	<b>212 Liquor Excise Tax</b>	<b>214 Emergency Communication &amp; Medical</b>	<b>218 Inter- governmental Grants</b>	<b>219 Senior Citizens Centers</b>	<b>220 Indigent Health Care Fund</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 388,166	145,908	114,728	35,623	214,449
Investments	978,725	733,875	244,700	-	478,991
Receivables	139,731	482,194	34,826	-	242,137
Total assets	<u>\$ 1,506,622</u>	<u>1,361,977</u>	<u>394,254</u>	<u>35,623</u>	<u>935,577</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	710	24,701	1,121	16,514
Accrued payroll liabilities	-	-	-	-	669
Due to other funds	-	-	-	-	12,338
Total liabilities	<u>-</u>	<u>710</u>	<u>24,701</u>	<u>1,121</u>	<u>29,521</u>
Deferred inflows of resources					
Charges for services	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	1,506,622	1,361,267	-	-	906,056
Committed	-	-	369,553	34,502	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>1,506,622</u>	<u>1,361,267</u>	<u>369,553</u>	<u>34,502</u>	<u>906,056</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,506,622</u>	<u>1,361,977</u>	<u>394,254</u>	<u>35,623</u>	<u>935,577</u>

**STATE OF NEW MEXICO  
MCKINLEY COUNTY  
NON-MAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEETS  
AS OF JUNE 30, 2018**

	<b>222 Fire Excise Tax</b>	<b>223 Local DWI Program</b>	<b>224 Public Defender's Building</b>	<b>225 Clerk Recording &amp; Filing</b>	<b>226 Magistrate Court Fund</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 63,382	785,696	135,714	93,464	29,226
Investments	2,446,084	-	-	-	493,395
Receivables	146,345	19,050	-	-	-
Total assets	<u>\$ 2,655,811</u>	<u>804,746</u>	<u>135,714</u>	<u>93,464</u>	<u>522,621</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 2,790	4,432	1,406	-	5,475
Accrued payroll liabilities	-	3,399	-	-	-
Total liabilities	<u>2,790</u>	<u>7,831</u>	<u>1,406</u>	<u>-</u>	<u>5,475</u>
Deferred inflows of resources					
Charges for services	7,991	-	-	-	-
Total deferred inflows of resources	<u>7,991</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	2,645,030	796,915	134,308	93,464	-
Committed	-	-	-	-	517,146
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>2,645,030</u>	<u>796,915</u>	<u>134,308</u>	<u>93,464</u>	<u>517,146</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,655,811</u>	<u>804,746</u>	<u>135,714</u>	<u>93,464</u>	<u>522,621</u>

**STATE OF NEW MEXICO  
MCKINLEY COUNTY  
NON-MAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEETS  
AS OF JUNE 30, 2018**

	<b>227 Sheriff's Grants Fund</b>	<b>228 Narcotic Drug Control &amp; K9 Drug Unit</b>	<b>229 Federal Office of Justice LEG</b>	<b>230 Law Enforcement Grant</b>	<b>231 Adult Detention Center</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 502,295	58,223	55,034	49,452	31,161
Investments	370,283	172,799	123,428	-	750,000
Receivables	108,276	-	-	-	187,936
Due from other funds	-	-	-	-	12,338
Total assets	<u>\$ 980,854</u>	<u>231,022</u>	<u>178,462</u>	<u>49,452</u>	<u>981,435</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 13,358	-	-	-	40,982
Accrued payroll liabilities	-	-	-	-	49,044
Due to other funds	79,619	-	-	-	-
Total liabilities	<u>92,977</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,026</u>
Deferred inflows of resources					
Charges for services	-	-	-	-	1,608
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,608</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	887,877	-	178,462	-	889,801
Committed	-	231,022	-	49,452	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>887,877</u>	<u>231,022</u>	<u>178,462</u>	<u>49,452</u>	<u>889,801</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 980,854</u>	<u>231,022</u>	<u>178,462</u>	<u>49,452</u>	<u>981,435</u>

**STATE OF NEW MEXICO  
MCKINLEY COUNTY  
NON-MAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEETS  
AS OF JUNE 30, 2018**

	<b>234 Misdemeanor Compliance Fund</b>	<b>236 Emergency Management Fund</b>	<b>238 Forest Reserve Fund</b>	<b>240 JSACC Center</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 38,940	86,815	48,411	167,011
Investments	440,000	1,953,962	200,000	250,000
Receivables	1,560	23,740	-	29,020
Total assets	<u>\$ 480,500</u>	<u>2,064,517</u>	<u>248,411</u>	<u>446,031</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 1,952	151,306	1,095	991
Accrued payroll liabilities	5,813	3,786	-	3,282
Total liabilities	<u>7,765</u>	<u>155,092</u>	<u>1,095</u>	<u>4,273</u>
Deferred inflows of resources				
Charges for services	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	-	1,909,425	247,316	441,758
Committed	472,735	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>472,735</u>	<u>1,909,425</u>	<u>247,316</u>	<u>441,758</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 480,500</u>	<u>2,064,517</u>	<u>248,411</u>	<u>446,031</u>

**STATE OF NEW MEXICO  
MCKINLEY COUNTY  
NON-MAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEETS  
AS OF JUNE 30, 2018**

	<b>290 CDBG Planning Fund</b>	<b>295 Rural Public Safety</b>	<b>Total Special Revenue Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 46,050	442,612	4,974,002
Investments	-	305,011	21,975,081
Receivables	18,000	120,551	2,311,981
Due from other funds	-	-	<u>12,338</u>
Total assets	<u>\$ 64,050</u>	<u>868,174</u>	<u>29,273,402</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 10,000	111,834	521,704
Accrued payroll liabilities	-	-	133,921
Due to other funds	-	-	<u>91,957</u>
Total liabilities	<u>10,000</u>	<u>111,834</u>	<u>747,582</u>
Deferred inflows of resources			
Charges for services	-	-	<u>12,435</u>
Total deferred inflows of resources	-	-	12,435
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	54,050	756,340	24,911,650
Committed	-	-	3,601,735
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	<u>54,050</u>	<u>756,340</u>	<u>28,513,385</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 64,050</u>	<u>868,174</u>	<u>29,273,402</u>

**STATE OF NEW MEXICO  
MCKINLEY COUNTY  
NON-MAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEETS  
AS OF JUNE 30, 2018**

	<b>300 Capital Outlay GRT</b>	<b>301 Federal Grants</b>	<b>304 CDBG Gamerao Water System Phase III</b>	<b>307 McKinley County Drainage</b>	<b>308 CDBG White Cliffs Water System</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 36,170	-	19,380	-	6,905
Investments	5,836,500	-	480,620	-	-
Receivables	402,194	-	-	-	-
Total assets	<u>\$ 6,274,864</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>6,905</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources					
Charges for services	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	6,274,864	-	500,000	-	6,905
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>6,274,864</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>6,905</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,274,864</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>6,905</u>

**STATE OF NEW MEXICO  
MCKINLEY COUNTY  
NON-MAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEETS  
AS OF JUNE 30, 2018**

	<b>311 Infrastructure Gross Receipts</b>	<b>315 State Projects</b>	<b>318 Commun- ications Upgrade</b>	<b>Total Capital Projects Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 309,747	50,000	29,592	451,794
Investments	1,937,610	-	1,555,187	9,809,917
Receivables	145,757	-	-	547,951
Total assets	<u>\$ 2,393,114</u>	<u>50,000</u>	<u>1,584,779</u>	<u>10,809,662</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 17,796	-	-	17,796
Total liabilities	<u>17,796</u>	<u>-</u>	<u>-</u>	<u>17,796</u>
Deferred inflows of resources				
Charges for services	-	-	-	-
Total deferred inflows of resources	-	-	-	-
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	2,375,318	50,000	1,584,779	10,791,866
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>2,375,318</u>	<u>50,000</u>	<u>1,584,779</u>	<u>10,791,866</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,393,114</u>	<u>50,000</u>	<u>1,584,779</u>	<u>10,809,662</u>



**STATE OF NEW MEXICO  
MCKINLEY COUNTY  
NON-MAJOR DEBT SERVICE FUNDS  
COMBINING BALANCE SHEETS  
AS OF JUNE 30, 2018**

	<b>406 Judicial Complex Debt Service</b>	<b>407 Energy Efficiency Bond</b>	<b>408 Countywide Communications Bond</b>	<b>Total Debt Service Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 534,052	442,330	91,626	1,068,008
Receivables	20,000	60,000	80,000	160,000
Total assets	<u>\$ 554,052</u>	<u>502,330</u>	<u>171,626</u>	<u>1,228,008</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources				
Charges for services	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	554,052	502,330	171,626	1,228,008
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>554,052</u>	<u>502,330</u>	<u>171,626</u>	<u>1,228,008</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 554,052</u>	<u>502,330</u>	<u>171,626</u>	<u>1,228,008</u>

**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, 2018**

	<b>201</b>	<b>202</b>	<b>203</b>	<b>204</b>	<b>205</b>	<b>206</b>
	<b>Corrections</b>	<b>Environmental</b>	<b>Property</b>	<b>Road</b>	<b>Hazardous</b>	<b>EMS</b>
	<b>Fund</b>	<b>Gross Receipts</b>	<b>Valuation</b>		<b>Material Support</b>	<b>Fund</b>
		<b>Tax</b>			<b>Services</b>	
<b>REVENUES</b>						
Taxes						
Property taxes	\$ -	-	251,197	-	-	-
Gas tax	-	-	-	675,745	-	-
Gross receipts	298,744	451,067	-	585,325	-	-
Intergovernmental						
State operating grants	-	-	-	1,386,126	-	147,318
Federal operating grants	-	-	-	150,310	-	-
Charges for services	122,240	-	-	-	-	236,929
Other revenue	-	-	-	(3,568)	-	300
Total revenues	<u>420,984</u>	<u>451,067</u>	<u>251,197</u>	<u>2,793,938</u>	<u>-</u>	<u>384,547</u>
<b>EXPENDITURES</b>						
Current						
General government	-	255,765	178,673	-	-	-
Public safety	802,680	-	-	-	-	912,634
Public works	-	-	-	3,270,099	-	-
Capital Outlay						
Capital outlay	-	-	-	9,021	-	74,729
Total expenditures	<u>802,680</u>	<u>255,765</u>	<u>178,673</u>	<u>3,279,120</u>	<u>-</u>	<u>987,363</u>
Excess (deficiency) of revenues over expenditures	(381,696)	195,302	72,524	(485,182)	-	(602,816)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	800,000	-	-	700,000	-	859,996
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>800,000</u>	<u>-</u>	<u>-</u>	<u>700,000</u>	<u>-</u>	<u>859,996</u>
Net change in fund balance	418,304	195,302	72,524	214,818	-	257,180
Fund balances-beginning of year	1,475,580	2,931,226	429,335	3,168,202	33,441	362,188
Restatements	-	-	-	68,612	-	-
Fund balances-beginning of year, as restated	<u>1,475,580</u>	<u>2,931,226</u>	<u>429,335</u>	<u>3,236,814</u>	<u>33,441</u>	<u>362,188</u>
Fund balances-end of the year	<u>\$ 1,893,884</u>	<u>3,126,528</u>	<u>501,859</u>	<u>3,451,632</u>	<u>33,441</u>	<u>619,368</u>

**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, 2018**

	<b>207 E911 Metro Dispatch</b>	<b>208 Farm &amp; Range Fund</b>	<b>209 Fire Protection Districts</b>	<b>210 Highway Beautification Grant</b>	<b>211 Law Enforcement Protection</b>
<b>REVENUES</b>					
Intergovernmental					
State operating grants	\$ 16,380	-	1,600,794	2,199	50,400
Federal operating grants	-	17,924	-	-	-
Charges for services	2,007	-	-	-	-
Other revenue	14	-	4,461	-	-
Total revenues	<u>18,401</u>	<u>17,924</u>	<u>1,605,255</u>	<u>2,199</u>	<u>50,400</u>
<b>EXPENDITURES</b>					
Current					
Public safety	1,741,027	-	698,094	-	37,850
Public works	-	-	-	2,199	-
Health and welfare	-	22,000	-	-	-
Capital Outlay					
Capital outlay	-	-	455,536	-	12,550
Total expenditures	<u>1,741,027</u>	<u>22,000</u>	<u>1,153,630</u>	<u>2,199</u>	<u>50,400</u>
Excess (deficiency) of revenues over expenditures	(1,722,626)	(4,076)	451,625	-	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,893,540	3,000	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>1,893,540</u>	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	170,914	(1,076)	451,625	-	-
Fund balances-beginning of year	1,121,631	16,937	2,614,443	29,098	-
Restatements	-	-	-	-	-
Fund balances-beginning of year, as restated	<u>1,121,631</u>	<u>16,937</u>	<u>2,614,443</u>	<u>29,098</u>	<u>-</u>
Fund balances-end of the year	<u>\$ 1,292,545</u>	<u>15,861</u>	<u>3,066,068</u>	<u>29,098</u>	<u>-</u>

**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, 2018**

	<b>212 Liquor Excise Tax</b>	<b>214 Emergency Communication &amp; Medical</b>	<b>218 Inter- governmental Grants</b>	<b>219 Senior Citizens Centers</b>	<b>220 Indigent Health Care Fund</b>
<b>REVENUES</b>					
Taxes					
Gross receipts	\$ 1,413,054	2,824,442	-	-	2,118,801
Intergovernmental					
State operating grants	-	-	112,771	-	-
Investment earnings	-	-	-	-	631
Other revenue	-	7,850	-	67	1,036
Total revenues	<u>1,413,054</u>	<u>2,832,292</u>	<u>112,771</u>	<u>67</u>	<u>2,120,468</u>
<b>EXPENDITURES</b>					
Current					
Public safety	-	282,824	-	-	-
Health and welfare	1,600,000	-	114,600	113,954	1,897,215
Capital Outlay					
Capital outlay	-	900,890	44,821	-	-
Total expenditures	<u>1,600,000</u>	<u>1,183,714</u>	<u>159,421</u>	<u>113,954</u>	<u>1,897,215</u>
Excess (deficiency) of revenues over expenditures	(186,946)	1,648,578	(46,650)	(113,887)	223,253
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	126,000	-
Transfers out	-	(2,753,536)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(2,753,536)</u>	<u>-</u>	<u>126,000</u>	<u>-</u>
Net change in fund balance	(186,946)	(1,104,958)	(46,650)	12,113	223,253
Fund balances-beginning of year	1,693,568	2,466,225	416,203	22,389	682,803
Restatements	-	-	-	-	-
Fund balances-beginning of year, as restated	<u>1,693,568</u>	<u>2,466,225</u>	<u>416,203</u>	<u>22,389</u>	<u>682,803</u>
Fund balances-end of the year	<u>\$ 1,506,622</u>	<u>1,361,267</u>	<u>369,553</u>	<u>34,502</u>	<u>906,056</u>

**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, 2018**

	<b>222 Fire Excise Tax</b>	<b>223 Local DWI Program</b>	<b>224 Public Defender's Building</b>	<b>225 Clerk Recording &amp; Filing</b>	<b>226 Magistrate Court Fund</b>
<b>REVENUES</b>					
Taxes					
Gross receipts	\$ 916,500	-	-	-	-
Intergovernmental					
State operating grants	-	643,198	-	-	191,648
Charges for services	-	127,292	39,657	21,830	-
Total revenues	<u>916,500</u>	<u>770,490</u>	<u>39,657</u>	<u>21,830</u>	<u>191,648</u>
<b>EXPENDITURES</b>					
Current					
General government	505,746	-	-	-	131,633
Public safety	-	631,292	27,771	-	-
Capital Outlay					
Capital outlay	999,804	-	-	-	-
Total expenditures	<u>1,505,550</u>	<u>631,292</u>	<u>27,771</u>	<u>-</u>	<u>131,633</u>
Excess (deficiency) of revenues over expenditures	(589,050)	139,198	11,886	21,830	60,015
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(589,050)	139,198	11,886	21,830	60,015
Fund balances-beginning of year	3,234,080	657,717	122,422	71,634	457,131
Restatements	-	-	-	-	-
Fund balances-beginning of year, as restated	<u>3,234,080</u>	<u>657,717</u>	<u>122,422</u>	<u>71,634</u>	<u>457,131</u>
Fund balances-end of the year	<u>\$ 2,645,030</u>	<u>796,915</u>	<u>134,308</u>	<u>93,464</u>	<u>517,146</u>

**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, 2018**

	<b>227 Sheriff's Grants Fund</b>	<b>228 Narcotic Drug Control &amp; K9 Drug Unit</b>	<b>229 Federal Office of Justice LEG</b>	<b>230 Law Enforcement Grant</b>	<b>231 Adult Detention Center</b>
<b>REVENUES</b>					
Taxes					
Gross receipts	\$ -	-	-	-	1,113,154
Liquor tax	-	-	-	-	200,000
Intergovernmental					
State operating grants	52,156	-	-	-	-
Federal operating grants	247,980	-	3,424	-	-
Charges for services	-	-	-	-	2,408,918
Other revenue	-	-	-	3,224	8,476
Total revenues	<u>300,136</u>	<u>-</u>	<u>3,424</u>	<u>3,224</u>	<u>3,730,548</u>
<b>EXPENDITURES</b>					
Current					
Public safety	<u>309,765</u>	<u>35,630</u>	<u>3,423</u>	<u>691</u>	<u>3,566,272</u>
Total expenditures	<u>309,765</u>	<u>35,630</u>	<u>3,423</u>	<u>691</u>	<u>3,566,272</u>
Excess (deficiency) of revenues over expenditures	(9,629)	(35,630)	1	2,533	164,276
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(9,629)	(35,630)	1	2,533	164,276
Fund balances-beginning of year	897,506	266,652	178,461	46,919	725,525
Restatements	-	-	-	-	-
Fund balances-beginning of year, as restated	<u>897,506</u>	<u>266,652</u>	<u>178,461</u>	<u>46,919</u>	<u>725,525</u>
Fund balances-end of the year	<u>\$ 887,877</u>	<u>231,022</u>	<u>178,462</u>	<u>49,452</u>	<u>889,801</u>

**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, 2018**

	<b>234 Misdemeanor Compliance Fund</b>	<b>236 Emergency Management Fund</b>	<b>238 Forest Reserve Fund</b>	<b>240 JSACC Center</b>
<b>REVENUES</b>				
Intergovernmental				
State operating grants	\$ -	-	-	216,520
Federal operating grants	-	81,168	37,017	85,173
Charges for services	496,187	-	-	-
Total revenues	<u>496,187</u>	<u>81,168</u>	<u>37,017</u>	<u>301,693</u>
<b>EXPENDITURES</b>				
Current				
General government	-	-	62,746	-
Public safety	313,326	259,864	-	213,447
Capital Outlay				
Capital outlay	-	149,404	-	-
Total expenditures	<u>313,326</u>	<u>409,268</u>	<u>62,746</u>	<u>213,447</u>
Excess (deficiency) of revenues over expenditures	182,861	(328,100)	(25,729)	88,246
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,600,000	-	13,473
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>1,600,000</u>	<u>-</u>	<u>13,473</u>
Net change in fund balance	182,861	1,271,900	(25,729)	101,719
Fund balances-beginning of year	289,874	664,112	273,045	340,039
Restatements	-	(26,587)	-	-
Fund balances-beginning of year, as restated	<u>289,874</u>	<u>637,525</u>	<u>273,045</u>	<u>340,039</u>
Fund balances-end of the year	<u>\$ 472,735</u>	<u>1,909,425</u>	<u>247,316</u>	<u>441,758</u>

**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, 2018**

	<b>290 CDBG Planning Fund</b>	<b>295 Rural Public Safety</b>	<b>Total Special Revenue Funds</b>
<b>REVENUES</b>			
Taxes			
Property taxes	\$ -	-	251,197
Gas tax	-	-	675,745
Gross receipts	-	706,145	10,427,232
Liquor tax	-	-	200,000
Intergovernmental			
State operating grants	-	-	4,419,510
Federal operating grants	18,000	-	640,996
Charges for services	-	-	3,455,060
Investment earnings	14	-	645
Other revenue	-	17,325	39,185
Total revenues	<u>18,014</u>	<u>723,470</u>	<u>20,109,570</u>
<b>EXPENDITURES</b>			
Current			
General government	20,000	-	1,154,563
Public safety	-	205,174	10,041,764
Public works	-	-	3,272,298
Health and welfare	-	-	3,747,769
Capital Outlay			
Capital outlay	-	402,687	3,049,442
Total expenditures	<u>20,000</u>	<u>607,861</u>	<u>21,265,836</u>
Excess (deficiency) of revenues over expenditures	(1,986)	115,609	(1,156,266)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	5,000	-	6,001,009
Transfers out	-	(1,600,000)	(4,353,536)
Total other financing sources (uses)	<u>5,000</u>	<u>(1,600,000)</u>	<u>1,647,473</u>
Net change in fund balance	3,014	(1,484,391)	491,207
Fund balances-beginning of year	51,036	2,240,731	27,980,153
Restatements	-	-	42,025
Fund balances-beginning of year, as restated	<u>51,036</u>	<u>2,240,731</u>	<u>28,022,178</u>
Fund balances-end of the year	<u>\$ 54,050</u>	<u>756,340</u>	<u>28,513,385</u>



**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, 2018**

	<b>300 Capital Outlay GRT</b>	<b>301 Federal Grants</b>	<b>304 CDBG Gamarco Water System Phase III</b>	<b>307 CP McKinley County Drainage</b>	<b>308 CDBG White Cliffs Water System</b>
<b>REVENUES</b>					
Taxes					
Gross receipts	\$ 2,414,665	-	-	-	-
Intergovernmental					
State capital grants	-	-	-	-	40,000
Total revenues	<u>2,414,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
<b>EXPENDITURES</b>					
Current					
General government	1,017,455	-	-	-	-
Public works	-	-	-	-	33,095
Capital Outlay					
Capital outlay	485,938	-	-	-	-
Total expenditures	<u>1,503,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,095</u>
Excess (deficiency) of revenues over expenditures	911,272	-	-	-	6,905
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	(700,000)	-	(5,000)	-	-
Total other financing sources (uses)	<u>(700,000)</u>	<u>-</u>	<u>(5,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	211,272	-	(5,000)	-	6,905
Fund balances-beginning of year	6,063,592	-	505,000	-	-
Restatements	-	-	-	-	-
Fund balances-beginning of year, as restated	<u>6,063,592</u>	<u>-</u>	<u>505,000</u>	<u>-</u>	<u>-</u>
Fund balances-end of the year	<u>\$ 6,274,864</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>6,905</u>

**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, 2018**

	<b>311 Infrastructure Gross Receipts</b>	<b>315 State Projects</b>	<b>318 Commun- ications Upgrade</b>	<b>Total Capital Projects Funds</b>
<b>REVENUES</b>				
Taxes				
Gross receipts	\$ 343,684	-	-	2,758,349
Intergovernmental				
State operating grants	93,874	-	-	93,874
State capital grants	-	-	-	40,000
Total revenues	<u>437,558</u>	<u>-</u>	<u>-</u>	<u>2,892,223</u>
<b>EXPENDITURES</b>				
Current				
General government	-	-	-	1,017,455
Public safety	-	-	69,706	69,706
Public works	245,794	-	-	278,889
Capital Outlay				
Capital outlay	132,302	-	1,915,515	2,533,755
Total expenditures	<u>378,096</u>	<u>-</u>	<u>1,985,221</u>	<u>3,899,805</u>
Excess (deficiency) of revenues over expenditures	59,462	-	(1,985,221)	(1,007,582)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from issuance of long-term capital-related debt	-	-	3,570,000	3,570,000
Transfers in	-	-	-	-
Transfers out	-	-	-	(705,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,570,000</u>	<u>2,865,000</u>
Net change in fund balance	59,462	-	1,584,779	1,857,418
Fund balances-beginning of year	2,315,856	50,000	-	8,934,448
Restatements	-	-	-	-
Fund balances-beginning of year, as restated	<u>2,315,856</u>	<u>50,000</u>	<u>-</u>	<u>8,934,448</u>
Fund balances-end of the year	<u>\$ 2,375,318</u>	<u>50,000</u>	<u>1,584,779</u>	<u>10,791,866</u>

**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, 2018**

	<b>406 Judicial Complex Debt Service</b>	<b>407 Energy Efficiency Bond</b>	<b>408 Countywide Communications Bond</b>	<b>Total Debt Service Funds</b>
<b>REVENUES</b>				
Taxes				
Gross receipts	\$ 20,000	360,000	380,000	760,000
Intergovernmental:				
State operating grants	384,608	-	-	384,608
Total revenues	<u>404,608</u>	<u>360,000</u>	<u>380,000</u>	<u>1,144,608</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal payments	285,000	200,000	215,000	700,000
Interest payments	195,000	54,000	53,374	302,374
Total expenditures	<u>480,000</u>	<u>254,000</u>	<u>268,374</u>	<u>1,002,374</u>
Excess (deficiency) of revenues over expenditures	(75,392)	106,000	111,626	142,234
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	96,000	-	-	96,000
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>96,000</u>	<u>-</u>	<u>-</u>	<u>96,000</u>
Net change in fund balance	20,608	106,000	111,626	238,234
Fund balances-beginning of year	533,444	396,330	60,000	989,774
Restatements	-	-	-	-
Fund balances-beginning of year, as restated	<u>533,444</u>	<u>396,330</u>	<u>60,000</u>	<u>989,774</u>
Fund balances-end of the year	<u>\$ 554,052</u>	<u>502,330</u>	<u>171,626</u>	<u>1,228,008</u>

**STATE OF NEW MEXICO  
MCKINLEY COUNTY  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Balance June 30, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2018</b>
<b>Assets</b>				
Cash and investments	\$ 797,986	21,505,965	(20,913,190)	1,390,761
Property taxes receivable	1,540,004	20,898,704	(21,187,843)	1,250,865
Total assets	<u>\$ 2,337,990</u>	<u>42,404,669</u>	<u>(42,101,033)</u>	<u>2,641,626</u>
<b>Liabilities</b>				
Accounts payable	\$ 8,323	67,878	(8,323)	67,878
Due to other taxing units	1,822,829	20,830,826	(21,149,147)	1,504,508
Deposits held in trust	506,838	21,505,965	(20,943,563)	1,069,240
	<u>\$ 2,337,990</u>	<u>42,404,669</u>	<u>(42,101,033)</u>	<u>2,641,626</u>

**STATE OF NEW MEXICO  
MCKINLEY COUNTY  
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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	Measurement Date as of			
	<u>June 30, 2017</u>	<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	0.9509%	1.0004%	1.0546%	0.9374%
Municipal Police	0.7837%	0.8262%	0.7361%	0.7612%
	<u>0.9028%</u>	<u>0.9454%</u>	<u>0.9525%</u>	<u>0.8855%</u>
The County's proportionate share of the net pension liability (asset) (\$)				
Municipal General	\$ 13,066,170	15,983,026	10,752,561	7,312,726
Municipal Police	4,353,967	6,095,949	3,539,581	2,481,429
	<u>\$ 17,420,137</u>	<u>22,078,975</u>	<u>14,292,142</u>	<u>9,794,155</u>
The County's covered payroll				
Municipal General	\$ 8,679,064	8,568,074	8,740,824	7,609,080
Municipal Police	1,676,539	1,644,254	1,444,170	1,465,888
	<u>\$ 10,355,603</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	150.55%	186.54%	123.02%	96.11%
Municipal Police	259.70%	370.74%	245.09%	169.28%
Plan fiduciary net position as a percentage of the total pension liability				
Municipal General	73.74%	69.18%	76.99%	81.29%
Municipal Police	73.74%	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.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutory required contribution				
Municipal General	\$ 750,570	828,851	818,854	829,998
Municipal Police	273,119	316,866	310,764	272,726
	<u>\$ 1,023,689</u>	<u>1,145,717</u>	<u>1,129,618</u>	<u>1,102,724</u>
Contributions in relation to the statutorily required contribution				
Municipal General	\$ 750,570	828,851	818,854	829,998
Municipal Police	273,119	316,866	310,764	272,726
	<u>\$ 1,023,689</u>	<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>	<u>-</u>

\*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, 2018**

**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 2017 report is available at <http://www.nmpera.org/>

**STATE OF NEW MEXICO  
MCKINLEY COUNTY  
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF MCKINLEY COUNTY'S PROPORTIONATE SHARE  
OF THE NET OPEB LIABILITY  
LAST 10 FISCAL YEARS\***

		<u><b>2018</b></u>
		<u>Measurement Date as of</u>
		<u>June 30, 2017</u>
The County's proportion of the net OPEB liability (asset) (%)		0.25548%
The County's proportionate share of the net OPEB liability (asset) (\$)	\$	11,577,518
The County's covered-employee payroll	\$	10,642,396
The County's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll		108.79%
Plan fiduciary net position as a percentage of the total OPEB liability		11.34%

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

**STATE OF NEW MEXICO  
MCKINLEY COUNTY  
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF MCKINLEY COUNTY'S CONTRIBUTIONS OPEB PLAN  
LAST 10 FISCAL YEARS\***

		<b>2018</b>
Contractually required contribution	\$	811,269
Contributions in relation to the statutorily required contribution		407,167
Contribution deficiency (excess)	\$	404,102
County's covered-employee payroll	\$	10,642,396
Contributions as a percentage of covered-employee payroll		3.83%

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



STATE OF NEW MEXICO  
MCKINLEY COUNTY  
SCHEDULE OF CASH, INVESTMENTS, AND PLEDGED COLLATERAL  
BY BANK AND ACCOUNT  
AS OF JUNE 30, 2018

Account Name	Account Type	Pinnacle Bank	Wells Fargo Bank, Inc.	US Bank	National Financial Services, LLC	PiperJaffray	Shearson Financial Services, LLC	Vining Sparks	Washington Federal Bank	First Financial Credit Union	NM Local Government Investment Pool	Petty Cash	Reconciling Items	Book Balance	
Cash and cash equivalents															
Operational	Checking*	\$ 7,993,850	-	-	-	-	-	-	-	-	-	-	(4,729,393)	3,264,457	
AP Warrant Account	Checking*	(1,284,444)	-	-	-	-	-	-	-	-	-	-	1,284,444	-	
Payroll Warrant Account	Checking*	18,045	-	-	-	-	-	-	-	-	-	-	(18,045)	-	
CDBG	Checking*	527,955	-	-	-	-	-	-	-	-	-	-	-	527,955	
Seizure	Checking*	49,675	-	-	-	-	-	-	-	-	-	-	-	49,675	
Savings	Savings*	-	4,381,448	-	-	-	-	-	-	-	-	-	-	4,381,448	
Money Market	Money Market*	-	-	-	203,326	29,476	-	-	-	-	-	-	-	232,802	
Certificate of Deposits	CD	5,000,000	-	-	1,938,013	968,490	-	1,433,312	1,000,000	99,218	-	-	-	10,439,033	
Federal Home Loan Mortgage	US Agency Securities	-	-	-	-	2,925,900	1,974,960	2,937,435	-	-	-	-	-	7,838,295	
Federal Home Loan Mortgage Corp - MTN	US Agency Securities	-	-	973,590	990,840	-	-	-	-	-	-	-	-	1,964,430	
Federal Home Loan Bank	US Agency Securities	-	-	942,270	14,190,975	5,812,250	1,278,301	-	-	-	-	-	-	22,223,796	
Federal Farm CR Bank	US Agency Securities	-	-	-	8,176,870	-	-	-	-	-	-	-	-	8,176,870	
Federal National Mortgage Assn Note	US Agency Securities	-	-	-	4,935,900	986,160	-	-	-	-	-	-	-	5,922,060	
NM Local Government Investment Pool (LGIP)	Investment Pool	-	-	-	-	-	-	-	-	-	8,833	-	-	8,833	
Petty cash	Petty Cash	-	-	-	-	-	-	-	-	-	-	977	-	977	
Subtotal cash and investments		12,305,081	4,381,448	1,915,860	30,232,598	10,896,126	3,282,737	4,370,747	1,000,000	99,218	8,833	977	(3,462,994)	65,030,631	
Total amount of deposit in bank															
FDIC coverage		12,305,081	4,381,448	-	1,938,013	1,171,816	29,476	1,433,312	1,000,000	99,218	-	-	-	-	
Total uninsured public funds		(250,000)	(250,000)	-	(1,938,013)	(1,171,816)	(29,476)	(1,433,312)	(250,000)	(99,218)	-	-	-	-	
		12,055,081	4,131,448	-	-	-	-	-	750,000	-	-	-	-	-	
50% Collateral Requirement (Section 6-10-17 NMSA 1978)															
102% Collateral Requirement (Section 6-10-10(H) NMSA 1978)		-	-	-	-	-	-	-	-	-	-	-	-	-	
		12,296,183	4,214,077	-	-	-	-	-	765,000	-	-	-	-	-	
		12,296,183	4,214,077	-	-	-	-	-	765,000	-	-	-	-	-	
Pledged security at:															
Name	CUSIP	Coupon or Rate	Maturity Date												
FHLB Bonds	313383HB4	1.8700%	6/12/2020	\$	4,929,300	-	-	-	-	-	-	-	-	-	
FNMA 238817 ARM	3137ORG27	5.6500%	11/1/2024		50,685	-	-	-	-	-	-	-	-	-	
FNMA 257504	31371PAD2	5.0000%	12/1/2018		10,832	-	-	-	-	-	-	-	-	-	
FNMA MA2220	31418BPEO	3.0000%	3/1/2030		892,560	-	-	-	-	-	-	-	-	-	
FNMA MA2293	31418BRP3	3.5000%	6/1/2035		1,289,058	-	-	-	-	-	-	-	-	-	
FNMA MA2260	31418BQN9	3.5000%	5/1/2035		924,785	-	-	-	-	-	-	-	-	-	
FHLMC G11533	313283KV21	5.0000%	3/1/2019		29,454	-	-	-	-	-	-	-	-	-	
FNMA 10 137	31398SRD7	2.0000%	12/25/2025		1,317,312	-	-	-	-	-	-	-	-	-	
FNMA 14 H8	3136AKQLO	2.3400%	6/25/2024		4,276,265	-	-	-	-	-	-	-	-	-	
FHLMC 3564 LA	31398JEB5	4.0000%	8/15/2019		57,522	-	-	-	-	-	-	-	-	-	
FHLMC 3758 CH	3137A3CE7	1.5000%	9/15/2018		14,761	-	-	-	-	-	-	-	-	-	
FHLMC 3884 DJ	3137ABVT5	2.5000%	2/15/2025		461,503	-	-	-	-	-	-	-	-	-	
FHLMC 3989 KQ	3137AKYHO	2.0000%	5/15/2040		1,867,230	-	-	-	-	-	-	-	-	-	
FHHS K028 A1	3137B2HH5	2.1800%	11/25/2022		2,480,140	-	-	-	-	-	-	-	-	-	
FHHS K020 A1	3137ASR97	1.5700%	1/25/2022		1,715,284	-	-	-	-	-	-	-	-	-	
FMAC FGPC	3128PVMK1	3.0000%	9/1/2026		-	2,108	-	-	-	-	-	-	-	-	
FNMA FNMS	3138MPXR1	3.0000%	12/1/2042		-	4,628,004	-	-	-	-	-	-	-	-	
FNMA FNMS	3138WK4P7	3.5000%	6/1/2047		-	7,190	-	-	-	-	-	-	-	-	
FNMA PL#BC2636	3140EW4W2	3.0000%	11/1/2046		-	-	-	-	1,026,965	-	-	-	-	-	
Total collateral					20,316,692	4,637,303	-	-	1,026,965	-	-	-	-	-	
Amount over/(under) collateralized					\$ 8,020,509	423,226	-	-	261,965	-	-	-	-	-	
Amount over/(under) collateralized & insured					\$ 8,270,509	673,226	-	1,938,013	1,171,816	29,476	1,433,312	511,965	99,218	-	
Total book balance					\$ 8,842,087	4,381,448	1,915,860	30,232,598	10,896,126	3,282,737	4,370,747	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, 2018

	<u>Special Revenue Fund</u>			
	<u>General</u>	<u>232 RMCH Rental Income</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>Fund</u>	<u>Income</u>	<u>Funds</u>	<u>Funds</u>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Prepaid expenses and inventories	\$ -	-	-	-
Note receivable	-	2,300,000	-	2,300,000
Subtotal nonspendable	-	2,300,000	-	2,300,000
<b>Restricted for:</b>				
General county operations	-	-	6,668,247	6,668,247
Maintenance of roads	-	-	3,207,470	3,207,470
Fire departments	-	-	756,340	756,340
Adult detention center	1,500,000	-	889,801	2,389,801
Farm & Range	-	-	15,861	15,861
Public safety	-	-	12,194,615	12,194,615
Healthcare	-	3,194,436	906,056	4,100,492
Debt service expenditures	-	-	1,228,008	1,228,008
Reserve requirement - minimum fund balance	2,687,222	-	273,260	2,960,482
Subtotal restricted	4,187,222	3,194,436	26,139,658	33,521,316
<b>Committed to:</b>				
PILT	1,094,772	-	-	1,094,772
Corrections facility	-	-	1,893,884	1,893,884
County operations	10,748,886	-	886,699	11,635,585
Public safety	-	-	786,650	786,650
Series 2008 Bond	-	-	-	-
Capital projects expenditures	-	-	10,791,866	10,791,866
Senior center	150,000	-	34,502	184,502
Subtotal committed	11,993,658	-	14,393,601	26,387,259
<b>Assigned to:</b>				
Other purposes	-	-	-	-
Subtotal assigned	-	-	-	-
<b>Unassigned:</b>				
Total fund balances	\$ 4,259,710	-	-	4,259,710
	\$ 20,440,590	5,494,436	40,533,259	66,468,285

**STATE OF NEW MEXICO  
MCKINLEY COUNTY  
SCHEDULE OF RECONCILIATION OF  
PROPERTY TAX RECEIVABLE  
FOR THE YEAR ENDED JUNE 30, 2018**

**Reconciliation of Property Taxes Receivable**

Taxes receivable, beginning of year	\$ 2,051,010
Changes to Tax roll:	
Net taxes charged to treasurer for fiscal year	29,652,953
Adjustments:	
Increases/(Decreases) in taxes receivables	<u>(1,926)</u>
Total receivables prior to collections	31,702,037
Collections for fiscal year ended June, 30, 2017	<u>(30,043,737)</u>
Taxes receivable, end of year	<u>\$ 1,658,300</u>
Property Taxes Receivable by Years:	
2008	\$ 8,670
2009	46,818
2010	19,767
2011	21,288
2012	16,514
2013	34,644
2014	56,637
2015	107,409
2016	351,801
2017	<u>994,752</u>
Taxes receivable, end of year	<u>\$ 1,658,300</u>

STATE OF NEW MEXICO  
MCKINLEY COUNTY  
COUNTY TREASURER'S PROPERTY TAX SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year-End	County Receivable at Year-End
<b>001 STATE DEBT SERVICE</b>								
2008 \$	303,741	4	303,696	303,696	-	31	-	14
2009	295,627	3	295,498	295,498	-	114	-	15
2010	1,125,856	78	1,124,892	1,124,904	-	191	(12)	773
2011	1,038,231	120	1,037,387	1,037,379	-	101	8	743
2012	1,043,386	278	1,042,662	1,042,645	-	94	17	630
2013	1,130,085	2,545	1,128,702	1,128,419	-	70	284	1,313
2014	1,135,736	5,282	1,133,425	1,132,645	-	44	780	2,267
2015	1,148,386	12,649	1,144,029	1,139,530	-	48	4,499	4,309
2016	1,169,194	33,239	1,154,933	1,149,956	14	18	4,978	14,243
2017	1,179,545	1,139,270	1,139,270	1,102,729	-	-	36,541	40,275
<b>TOTAL STATE DEBT SERVICE</b>	<b>9,569,787</b>	<b>1,193,468</b>	<b>9,504,494</b>	<b>9,457,401</b>	<b>14</b>	<b>711</b>	<b>47,095</b>	<b>64,582</b>
<b>002 COUNTY OPERATIONAL - RES</b>								
2008	1,303,172	16	1,302,976	1,302,976	-	135	-	61
2009	1,396,901	13	1,396,295	1,396,295	-	539	-	67
2010	1,413,091	92	1,412,597	1,412,639	-	366	(42)	128
2011	1,450,930	313	1,450,253	1,450,253	-	362	-	315
2012	1,511,956	935	1,511,044	1,511,038	-	397	5	515
2013	1,550,396	4,589	1,547,916	1,547,062	-	302	853	2,178
2014	1,573,398	14,386	1,568,928	1,566,802	-	173	2,126	4,297
2015	1,605,881	33,054	1,592,846	1,583,469	-	198	9,377	12,837
2016	1,612,350	75,565	1,567,720	1,557,961	60	78	9,759	44,552
2017	1,655,943	1,538,843	1,538,843	1,483,451	-	-	55,392	117,100
<b>TOTAL COUNTY OPERATIONAL - RES</b>	<b>15,074,018</b>	<b>1,667,806</b>	<b>14,889,418</b>	<b>14,811,946</b>	<b>60</b>	<b>2,550</b>	<b>77,470</b>	<b>182,050</b>
<b>003 COUNTY DEBT SERVICE</b>								
2008	197,553	2	197,524	197,524	-	20	-	9
2009	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-
<b>TOTAL COUNTY DEBT SERVICE</b>	<b>197,553</b>	<b>2</b>	<b>197,524</b>	<b>197,524</b>	<b>-</b>	<b>20</b>	<b>-</b>	<b>9</b>
<b>004 GALLUP MUNICIPAL OPERATIONAL - RES</b>								
2008	949,682	15	949,646	949,646	-	3	-	33
2009	1,019,193	12	1,018,952	1,018,952	-	207	-	34
2010	1,030,371	88	1,030,170	1,030,210	-	165	(40)	36
2011	1,057,498	297	1,057,225	1,057,225	-	171	-	102
2012	1,102,929	697	1,102,453	1,102,449	-	239	5	237
2013	1,129,441	3,175	1,128,455	1,127,974	-	217	481	769
2014	1,147,380	7,832	1,144,847	1,143,478	-	164	1,368	2,369
2015	1,169,625	19,082	1,160,934	1,155,806	-	181	5,128	8,510
2016	1,174,427	45,283	1,145,520	1,140,339	58	74	5,181	28,833
2017	1,207,423	1,132,598	1,132,598	1,107,830	-	-	24,768	74,825
<b>TOTAL GALLUP MUNICIPAL OPERATIONAL - RES</b>	<b>10,987,969</b>	<b>1,209,079</b>	<b>10,870,800</b>	<b>10,833,909</b>	<b>58</b>	<b>1,421</b>	<b>36,891</b>	<b>115,748</b>
<b>005 GALLUP MUNICIPAL DEBT SERVICE</b>								
2008	416,001	7	415,985	415,985	-	1	-	15
2009	440,625	5	440,521	440,521	-	89	-	15
2010	441,162	37	441,076	441,093	-	71	(17)	15
2011	284,819	80	284,746	284,746	-	46	-	27
2012	348,432	220	348,282	348,280	-	76	2	74
2013	303,528	853	303,264	303,134	-	58	129	206
2014	227,920	1,556	227,416	227,145	-	33	272	471
2015	303,108	4,945	300,855	299,527	-	47	1,329	2,206
2016	304,087	11,725	296,603	295,261	15	19	1,342	7,465
2017	268,947	252,280	252,280	246,763	-	-	5,517	16,667
<b>TOTAL GALLUP MUNICIPAL DEBT SERVICE</b>	<b>3,338,629</b>	<b>271,708</b>	<b>3,311,028</b>	<b>3,302,455</b>	<b>15</b>	<b>440</b>	<b>8,574</b>	<b>27,161</b>

STATE OF NEW MEXICO  
MCKINLEY COUNTY  
COUNTY TREASURER'S PROPERTY TAX SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year-End	County Receivable at Year-End
<b>006 SCHOOL DISTRICT OPERATIONAL - RES</b>								
2008	59,772	1	59,763	59,763	-	6	-	3
2009	64,005	1	63,978	63,978	-	25	-	2
2010	64,769	4	64,746	64,748	-	17	(2)	6
2011	66,449	14	66,418	66,418	-	17	-	14
2012	69,262	43	69,220	69,220	-	18	-	24
2013	70,913	210	70,800	70,761	-	14	39	99
2014	72,059	659	71,855	71,757	-	8	97	196
2015	73,462	1,512	72,866	72,437	-	9	429	587
2016	73,856	3,462	71,815	71,368	3	4	447	2,037
2017	75,928	70,558	70,558	68,018	-	-	2,540	5,370
<b>TOTAL SCHOOL DISTRICT OPERATIONAL</b>	<b>690,475</b>	<b>76,464</b>	<b>682,019</b>	<b>678,468</b>	<b>3</b>	<b>118</b>	<b>3,550</b>	<b>8,338</b>
<b>007 SCHOOL DISTRICT DEBT SERVICE</b>								
2008	2,029,074	25	2,028,768	2,028,768	-	210	-	96
2009	2,147,653	19	2,146,722	2,146,722	-	828	-	103
2010	2,168,206	141	2,167,448	2,167,513	-	560	(65)	198
2011	2,194,386	473	2,193,361	2,193,361	-	547	-	478
2012	2,207,127	1,365	2,205,796	2,205,788	-	579	7	752
2013	2,204,666	6,526	2,201,138	2,199,925	-	429	1,214	3,099
2014	2,223,428	20,330	2,217,111	2,214,107	-	244	3,005	6,073
2015	2,214,509	45,585	2,196,533	2,183,602	-	273	12,932	17,703
2016	2,225,312	104,298	2,163,810	2,150,339	83	107	13,470	61,395
2017	2,231,948	2,074,113	2,074,113	1,999,452	-	-	74,660	157,835
<b>TOTAL SCHOOL DISTRICT DEBT SERVICE</b>	<b>21,846,309</b>	<b>2,252,875</b>	<b>21,594,800</b>	<b>21,489,577</b>	<b>83</b>	<b>3,777</b>	<b>105,223</b>	<b>247,732</b>
<b>008 SCHOOL DIST CAP IMPROVEMENT - RES</b>								
2008	485,948	6	485,874	485,874	-	50	-	24
2009	514,100	5	513,877	513,877	-	198	-	25
2010	518,152	34	517,971	517,986	-	134	(16)	47
2011	525,287	113	525,042	525,042	-	131	-	114
2012	528,717	327	528,398	528,396	-	139	2	180
2013	529,204	1,567	528,358	528,066	-	103	291	743
2014	533,772	4,881	532,256	531,534	-	59	721	1,457
2015	532,334	10,958	528,013	524,904	-	66	3,109	4,255
2016	530,799	24,878	516,129	512,916	20	26	3,213	14,644
2017	531,010	493,459	493,459	475,696	-	-	17,763	37,551
<b>TOTAL SCHOOL DIST CAP IMPROVEMENT</b>	<b>5,229,323</b>	<b>536,228</b>	<b>5,169,377</b>	<b>5,144,291</b>	<b>20</b>	<b>906</b>	<b>25,083</b>	<b>59,040</b>
<b>009 GALLUP BRANCH COLLEGE - RES</b>								
2008	485,986	6	485,913	485,913	-	50	-	23
2009	514,133	5	513,910	513,910	-	198	-	25
2010	518,185	34	518,004	518,019	-	134	(16)	47
2011	525,319	113	525,073	525,073	-	131	-	115
2012	528,748	327	528,429	528,428	-	139	2	180
2013	529,236	1,567	528,389	528,098	-	103	291	744
2014	533,807	4,881	532,291	531,570	-	59	721	1,457
2015	532,366	10,958	528,044	524,936	-	66	3,109	4,256
2016	534,417	25,046	519,624	516,390	20	26	3,235	14,767
2017	530,599	498,653	498,653	480,704	-	-	17,949	37,946
<b>TOTAL GALLUP BRANCH COLLEGE - RES</b>	<b>5,238,796</b>	<b>541,590</b>	<b>5,178,330</b>	<b>5,153,041</b>	<b>20</b>	<b>906</b>	<b>25,291</b>	<b>59,560</b>
<b>010 GALLUP BRANCH DEBT SERVICE</b>								
2008	485,986	6	485,913	485,913	-	50	-	23
2009	642,667	6	642,388	642,388	-	248	-	31
2010	647,731	42	647,505	647,524	-	168	(19)	58
2011	656,648	142	656,342	656,342	-	164	-	142
2012	880,366	544	879,835	879,832	-	231	3	300
2013	881,178	2,608	879,768	879,283	-	172	485	1,238
2014	733,985	6,711	731,900	730,908	-	81	992	2,004
2015	732,003	15,067	726,061	721,787	-	90	4,274	5,852
2016	735,927	34,490	715,557	711,102	28	35	4,454	20,335
2017	737,823	685,648	685,648	660,967	-	-	24,680	52,175
<b>TOTAL GALLUP BRANCH DEBT SERVICE</b>	<b>7,134,314</b>	<b>745,264</b>	<b>7,050,917</b>	<b>7,016,046</b>	<b>28</b>	<b>1,239</b>	<b>34,869</b>	<b>82,158</b>

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<b>011 REHOBOTH CHRISTIAN HOSPITAL - RES</b>								
2008	485,986	6	485,913	485,913	-	50	-	23
2009	514,133	5	513,910	513,910	-	198	-	25
2010	518,185	34	518,004	518,019	-	134	(16)	47
2011	525,319	113	525,073	525,073	-	131	-	115
2012	528,748	327	528,429	528,428	-	139	2	180
2013	793,854	2,350	792,584	792,147	-	155	437	1,115
2014	800,711	7,321	798,437	797,355	-	88	1,082	2,186
2015	798,549	16,437	792,066	787,404	-	98	4,663	6,385
2016	801,759	37,575	779,567	774,714	30	39	4,853	22,153
2017	804,898	747,979	747,979	721,055	-	-	26,924	56,919
<b>TOTAL REHOBOTH CHRISTIAN HOSPIT.</b>	<b>6,572,142</b>	<b>812,147</b>	<b>6,481,962</b>	<b>6,444,018</b>	<b>30</b>	<b>1,032</b>	<b>37,945</b>	<b>89,148</b>
<b>012 UNM-GALLUP SPECIAL VOCATIONAL-RES</b>								
2008	242,993	3	242,956	242,956	-	25	-	12
2009	257,067	2	256,955	256,955	-	99	-	13
2010	259,093	17	259,002	259,010	-	67	(8)	24
2011	262,659	57	262,537	262,537	-	65	-	57
2012	264,374	164	264,215	264,214	-	69	1	90
2013	264,618	783	264,195	264,049	-	52	146	371
2014	266,904	2,440	266,146	265,785	-	29	361	729
2015	266,183	5,479	264,022	262,468	-	33	1,554	2,128
2016	267,342	12,529	259,942	258,324	10	13	1,618	7,387
2017	268,299	249,326	249,326	240,352	-	-	8,975	18,973
<b>TOTAL UNM-GALLUP SPECIAL VOCATIC</b>	<b>2,619,532</b>	<b>270,800</b>	<b>2,589,296</b>	<b>2,576,650</b>	<b>10</b>	<b>452</b>	<b>12,647</b>	<b>29,784</b>
<b>013 ZUNI SCHOOL DISTRICT OPERATION - RES</b>								
2008	10	-	10	10	-	-	-	-
2009	8	-	8	8	-	-	-	-
2010	8	-	8	8	-	-	-	-
2011	8	-	8	8	-	-	-	-
2012	8	-	8	8	-	-	-	-
2013	8	-	8	8	-	-	-	-
2014	8	-	8	8	-	-	-	-
2015	8	-	8	8	-	-	-	-
2016	8	-	2	2	-	-	-	6
2017	2	2	2	2	-	-	-	-
<b>TOTAL ZUNI SCHOOL DISTRICT OPERA</b>	<b>76</b>	<b>2</b>	<b>70</b>	<b>70</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>
<b>014 ZUNI SCHOOL DISTRICT DEBT SERV - RES</b>								
2008	53	-	53	53	-	-	-	-
2009	83	-	83	83	-	-	-	-
2010	96	-	96	96	-	-	-	-
2011	56	-	56	56	-	-	-	-
2012	72	-	72	72	-	-	-	-
2013	73	-	73	73	-	-	-	-
2014	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-
<b>TOTAL ZUNI SCHOOL DISTRICT DEBT S</b>	<b>433</b>	<b>-</b>	<b>433</b>	<b>433</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>015 ZUNI SCHOOL DIST CAP IMPROV - RES</b>								
2008	39	-	39	39	-	-	-	-
2009	33	-	33	33	-	-	-	-
2010	33	-	33	33	-	-	-	-
2011	32	-	32	32	-	-	-	-
2012	32	-	32	32	-	-	-	-
2013	31	-	31	31	-	-	-	-
2014	32	-	32	32	-	-	-	-
2015	32	-	31	31	-	-	-	1
2016	32	-	8	8	-	-	-	24
2017	8	8	8	8	-	-	-	-
<b>TOTAL ZUNI SCHOOL DIST CAP IMPROV</b>	<b>304</b>	<b>8</b>	<b>279</b>	<b>279</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25</b>

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<b>019 ZUNI SCHOOL DIST EDUC. TECH-RES</b>								
2008	172	-	172	172	-	-	-	-
2009	149	-	149	149	-	-	-	-
2010	151	-	151	151	-	-	-	-
2011	382	-	382	382	-	-	-	-
2012	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-
<b>TOTAL ZUNI SCHOOL DIST EDUC. TECH</b>	<b>854</b>	<b>-</b>	<b>854</b>	<b>854</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>022 COUNTY OPERATIONAL-NON RES</b>								
2008	5,287,456	20	5,284,716	5,284,716	-	109	-	2,631
2009	5,735,465	117	5,721,678	5,721,674	-	189	4	13,598
2010	5,649,618	407	5,643,229	5,643,229	-	685	-	5,704
2011	5,920,559	374	5,914,666	5,914,594	-	101	72	5,792
2012	5,958,437	488	5,954,017	5,953,880	-	-	137	4,420
2013	6,710,975	12,894	6,703,944	6,703,199	-	-	745	7,031
2014	6,733,123	17,106	6,721,974	6,719,452	-	36	2,522	11,113
2015	6,851,889	45,286	6,839,534	6,818,752	-	27	20,782	12,328
2016	7,016,285	141,002	6,979,805	6,955,629	-	-	24,176	36,480
2017	7,098,305	6,972,208	6,972,208	6,760,171	-	-	212,037	126,097
<b>TOTAL COUNTY OPERATIONAL-NON RE</b>	<b>62,962,112</b>	<b>7,189,902</b>	<b>62,735,771</b>	<b>62,475,296</b>	<b>-</b>	<b>1,147</b>	<b>260,475</b>	<b>225,194</b>
<b>024 GALLUP MUNICIPAL OPERATIONAL-NON RES</b>								
2008	1,180,868	11	1,180,045	1,180,045	-	64	-	759
2009	1,168,720	1	1,160,884	1,160,881	-	64	3	7,772
2010	1,164,160	65	1,161,185	1,161,185	-	383	-	2,592
2011	1,149,189	44	1,146,503	1,146,456	-	64	47	2,622
2012	1,138,718	95	1,137,221	1,137,182	-	-	39	1,497
2013	1,120,542	7,442	1,117,535	1,117,108	-	-	427	3,007
2014	1,133,987	8,647	1,130,651	1,129,910	-	-	741	3,336
2015	1,086,170	12,696	1,081,472	1,079,387	-	1	2,085	4,697
2016	1,109,541	51,140	1,095,529	1,093,180	-	-	2,349	14,012
2017	1,090,376	1,053,538	1,053,538	1,030,232	-	-	23,306	36,838
<b>TOTAL GALLUP MUNICIPAL OPERATIO</b>	<b>11,342,271</b>	<b>1,133,679</b>	<b>11,264,563</b>	<b>11,235,566</b>	<b>-</b>	<b>576</b>	<b>28,997</b>	<b>77,132</b>
<b>026 SCHOOL DISTRICT OPERATIONAL-NON RES</b>								
2008	221,746	1	221,660	221,660	-	5	-	81
2009	240,709	5	240,157	240,157	-	8	-	544
2010	237,099	17	236,858	236,858	-	29	-	212
2011	248,620	16	248,399	248,396	-	4	3	217
2012	250,204	21	250,045	250,039	-	-	6	159
2013	282,063	544	281,790	281,758	-	-	31	273
2014	282,959	722	282,512	282,406	-	2	106	445
2015	288,001	1,910	287,498	286,621	-	1	877	502
2016	294,843	5,947	293,323	292,302	-	-	1,020	1,520
2017	298,296	292,985	292,985	284,039	-	-	8,947	5,311
<b>TOTAL SCHOOL DISTRICT OPERATIO</b>	<b>2,644,540</b>	<b>302,168</b>	<b>2,635,227</b>	<b>2,624,236</b>	<b>-</b>	<b>49</b>	<b>10,990</b>	<b>9,264</b>
<b>028 SCHOOL DIST CAP IMPROVEMENTS NON-RES</b>								
2008	886,985	3	886,641	886,641	-	18	-	326
2009	962,837	20	960,628	960,628	-	32	1	2,177
2010	948,394	69	947,434	947,434	-	116	-	844
2011	994,480	63	993,595	993,583	-	17	12	868
2012	1,000,815	82	1,000,178	1,000,155	-	-	23	637
2013	1,128,252	2,176	1,127,159	1,127,034	-	-	126	1,093
2014	1,131,836	2,886	1,130,049	1,129,623	-	6	426	1,781
2015	1,152,005	7,642	1,149,993	1,146,485	-	5	3,508	2,007
2016	1,169,703	23,592	1,163,669	1,159,622	-	-	4,047	6,034
2017	1,180,774	1,159,753	1,159,753	1,124,338	-	-	35,415	21,021
<b>TOTAL SCHOOL DIST CAP IMPROVEMEN</b>	<b>10,556,081</b>	<b>1,196,286</b>	<b>10,519,099</b>	<b>10,475,543</b>	<b>-</b>	<b>194</b>	<b>43,558</b>	<b>36,788</b>

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<b>029 GALLUP BRANCH COLLEGE - NON RES</b>								
2008	892,398	3	891,935	891,935	-	18	-	445
2009	968,011	20	965,684	965,683	-	32	1	2,295
2010	953,522	69	952,444	952,444	-	116	-	962
2011	999,250	63	998,256	998,244	-	17	12	977
2012	1,005,643	82	1,004,897	1,004,874	-	-	23	746
2013	1,132,654	2,176	1,131,467	1,131,342	-	-	126	1,187
2014	1,136,392	2,887	1,134,510	1,134,085	-	6	426	1,876
2015	1,156,437	7,643	1,154,352	1,150,844	-	5	3,508	2,080
2016	1,184,183	23,798	1,178,026	1,173,946	-	-	4,080	6,157
2017	1,198,026	1,176,744	1,176,744	1,140,957	-	-	35,787	21,282
<b>TOTAL GALLUP BRANCH COLLEGE - NO</b>	<b>10,626,516</b>	<b>1,213,485</b>	<b>10,588,315</b>	<b>10,544,354</b>	<b>-</b>	<b>194</b>	<b>43,963</b>	<b>38,007</b>
<b>031 REHOBOTH CHRISTIAN HOSPITAL-NON RES</b>								
2008	892,398	3	891,935	891,935	-	18	-	445
2009	968,011	20	965,684	965,683	-	32	1	2,295
2010	953,522	69	952,444	952,444	-	116	-	962
2011	999,250	63	998,256	998,244	-	17	12	977
2012	1,005,643	82	1,004,897	1,004,874	-	-	23	746
2013	1,698,981	3,264	1,697,201	1,697,012	-	-	189	1,780
2014	1,704,588	4,331	1,701,766	1,701,127	-	9	639	2,813
2015	1,734,655	11,465	1,731,528	1,726,266	-	7	5,261	3,120
2016	1,776,275	35,697	1,767,039	1,760,919	-	-	6,120	9,236
2017	1,797,039	1,765,116	1,765,116	1,711,436	-	-	53,680	31,923
<b>TOTAL REHOBOTH CHRISTIAN HOSPIT.</b>	<b>13,530,362</b>	<b>1,820,110</b>	<b>13,475,866</b>	<b>13,409,940</b>	<b>-</b>	<b>199</b>	<b>65,925</b>	<b>54,297</b>
<b>032 UNM GALLUP SPECIAL VOCATIONAL NON RES</b>								
2008	446,199	2	445,968	445,968	-	9	-	222
2009	484,005	10	482,842	482,842	-	16	-	1,147
2010	476,761	34	476,222	476,222	-	58	-	481
2011	499,625	32	499,128	499,122	-	8	6	489
2012	502,822	41	502,449	502,437	-	-	12	373
2013	566,327	1,088	565,734	565,671	-	-	63	593
2014	568,196	1,444	567,255	567,042	-	3	213	938
2015	578,218	3,822	577,176	575,422	-	2	1,754	1,040
2016	592,092	11,899	589,013	586,973	-	-	2,040	3,079
2017	599,013	588,372	588,372	570,479	-	-	17,893	10,641
<b>TOTAL UNM GALLUP SPECIAL VOCATIO</b>	<b>5,313,258</b>	<b>606,744</b>	<b>5,294,159</b>	<b>5,272,178</b>	<b>-</b>	<b>96</b>	<b>21,981</b>	<b>19,003</b>
<b>038 MIDDLE COLLEGE HIGH - RES</b>								
2008	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-
2016	3,318	156	3,226	3,206	-	-	20	92
2017	4,015	4,288	4,288	4,134	-	-	154	327
<b>TOTAL MIDDLE COLLEGE HIGH - RES</b>	<b>7,933</b>	<b>4,444</b>	<b>7,514</b>	<b>7,340</b>	<b>-</b>	<b>-</b>	<b>174</b>	<b>419</b>
<b>048 DZIL DIT LOOI DEAP - RES</b>								
2008	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-
2016	1,070	50	1,041	1,034	-	-	6	29
2017	966	898	898	865	-	-	32	68
<b>TOTAL DZIL DIT LOOI DEAP - RES</b>	<b>2,036</b>	<b>948</b>	<b>1,939</b>	<b>1,899</b>	<b>-</b>	<b>-</b>	<b>38</b>	<b>97</b>



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<b>061 RIO SAN JOSE FLOOD CONTROL - RES</b>								
2008	2,121	-	2,121	2,121	-	-	-	-
2009	2,258	-	2,258	2,258	-	-	-	-
2010	2,156	-	2,156	2,156	-	-	-	-
2011	2,117	-	2,117	2,117	-	-	-	-
2012	2,225	5	2,225	2,225	-	-	-	-
2013	2,247	36	2,230	2,214	-	-	16	17
2014	2,237	122	2,220	2,203	-	-	17	17
2015	2,242	150	2,191	2,164	-	-	28	51
2016	2,290	302	2,182	2,149	-	-	32	108
2017	2,198	1,878	1,878	1,704	-	-	114	320
<b>TOTAL RIO SAN JOSE FLOOD CONTROL</b>	<b>22,091</b>	<b>2,493</b>	<b>21,578</b>	<b>21,371</b>	<b>-</b>	<b>-</b>	<b>207</b>	<b>513</b>
<b>062 RIO SAN JOSE FLOOD CONTROL-NON RES</b>								
2008	26,842	-	26,838	26,838	-	-	-	4
2009	23,078	-	23,073	23,073	-	-	-	5
2010	20,840	-	20,836	20,836	-	-	-	4
2011	21,817	-	21,812	21,812	-	-	-	5
2012	19,716	-	19,712	19,712	-	-	-	4
2013	26,362	13	26,356	26,356	-	-	-	6
2014	26,532	38	26,521	26,511	-	-	9	11
2015	34,512	70	34,466	34,436	-	1	30	45
2016	34,976	212	34,856	34,822	-	-	34	120
2017	39,315	39,001	39,001	38,771	-	-	231	314
<b>TOTAL RIO SAN JOSE FLOOD CONTROL-</b>	<b>273,990</b>	<b>39,334</b>	<b>273,471</b>	<b>273,167</b>	<b>-</b>	<b>1</b>	<b>304</b>	<b>518</b>
<b>101 STATE DEBT SERVICE</b>								
2008	557,748	2	557,459	557,459	-	11	-	278
2009	556,606	11	555,268	555,268	-	18	-	1,320
2010	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-
<b>TOTAL STATE DEBT SERVICE</b>	<b>1,114,354</b>	<b>13</b>	<b>1,112,727</b>	<b>1,112,727</b>	<b>-</b>	<b>29</b>	<b>-</b>	<b>1,598</b>
<b>103 COUNTY DEBT SERVICE</b>								
2008	362,760	1	362,572	362,572	-	7	-	181
2009	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-
<b>TOTAL COUNTY DEBT SERVICE</b>	<b>362,760</b>	<b>1</b>	<b>362,572</b>	<b>362,572</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>181</b>
<b>105 GALLUP MUNICIPAL DEBT SERVICE</b>								
2008	342,683	3	342,444	342,444	-	19	-	220
2009	339,158	-	336,884	336,883	-	19	1	2,255
2010	337,835	19	336,971	336,971	-	111	-	753
2011	212,412	8	211,916	211,907	-	12	9	484
2012	255,579	21	255,243	255,234	-	-	9	336
2013	220,007	1,461	219,417	219,333	-	-	84	590
2014	164,984	1,258	164,499	164,391	-	-	108	485
2015	211,129	2,468	210,216	209,810	-	-	405	913
2016	215,672	9,940	212,948	212,491	-	-	457	2,724
2017	188,998	182,613	182,613	178,574	-	-	4,040	6,385
<b>TOTAL GALLUP MUNICIPAL DEBT SERV</b>	<b>2,488,457</b>	<b>197,791</b>	<b>2,473,151</b>	<b>2,468,038</b>	<b>-</b>	<b>161</b>	<b>5,113</b>	<b>15,145</b>

STATE OF NEW MEXICO  
MCKINLEY COUNTY  
COUNTY TREASURER'S PROPERTY TAX SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year-End	County Receivable at Year-End
<b>107 SCHOOL DISTRICT DEBT SERVICE</b>								
2008	3,703,605	14	3,702,167	3,702,167	-	76	-	1,362
2009	4,022,252	83	4,013,025	4,013,022	-	133	3	9,094
2010	3,968,555	287	3,964,537	3,964,536	-	484	-	3,534
2011	4,154,441	264	4,150,742	4,150,691	-	71	51	3,628
2012	4,177,902	344	4,175,243	4,175,146	-	-	97	2,659
2013	4,700,299	9,066	4,695,746	4,695,223	-	-	524	4,553
2014	4,714,665	12,023	4,707,218	4,705,445	-	25	1,773	7,422
2015	4,792,340	31,790	4,783,970	4,769,379	-	19	14,591	8,351
2016	4,903,836	98,908	4,878,540	4,861,575	-	-	16,966	25,296
2017	4,963,046	4,874,689	4,874,689	4,725,833	-	-	148,856	88,357
<b>TOTAL SCHOOL DISTRICT DEBT SERVICE</b>	<b>44,100,941</b>	<b>5,027,468</b>	<b>43,945,877</b>	<b>43,763,017</b>	<b>-</b>	<b>808</b>	<b>182,861</b>	<b>154,256</b>
<b>110 GALLUP BRANCH DEBT SERVICE</b>								
2008	892,398	3	891,935	891,935	-	18	-	445
2009	1,210,014	25	1,207,105	1,207,104	-	40	1	2,869
2010	1,191,903	86	1,190,555	1,190,555	-	145	-	1,203
2011	1,249,063	79	1,247,820	1,247,805	-	21	15	1,222
2012	1,674,396	137	1,673,154	1,673,116	-	-	39	1,242
2013	1,885,869	3,623	1,883,893	1,883,684	-	-	209	1,976
2014	1,562,539	3,970	1,559,952	1,559,366	-	8	585	2,579
2015	1,590,101	10,509	1,587,234	1,582,411	-	6	4,823	2,861
2016	1,628,252	32,722	1,619,786	1,614,176	-	-	5,610	8,466
2017	1,647,286	1,618,023	1,618,023	1,568,816	-	-	49,207	29,263
<b>TOTAL GALLUP BRANCH DEBT SERVICE</b>	<b>14,531,821</b>	<b>1,669,177</b>	<b>14,479,457</b>	<b>14,418,968</b>	<b>-</b>	<b>238</b>	<b>60,489</b>	<b>52,126</b>
<b>113 ZUNI SCHOOL DISTRICT OPER NON-RES</b>								
2008	1,353	-	1,324	1,324	-	-	-	29
2009	1,293	-	1,264	1,264	-	-	-	29
2010	1,282	-	1,252	1,252	-	-	-	30
2011	1,193	-	1,165	1,165	-	-	-	28
2012	1,207	-	1,180	1,180	-	-	-	27
2013	1,100	-	1,077	1,077	-	-	-	23
2014	1,134	-	1,111	1,111	-	-	-	23
2015	1,108	-	1,090	1,090	-	-	-	18
2016	1,202	3	1,184	1,184	-	-	-	18
2017	1,211	1,201	1,201	1,201	-	-	-	10
<b>TOTAL ZUNI SCHOOL DISTRICT OPER N</b>	<b>12,083</b>	<b>1,204</b>	<b>11,848</b>	<b>11,848</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>235</b>
<b>114 ZUNI SCHOOL DISTRICT DEBT SERV NON-RES</b>								
2008	7,445	-	7,283	7,283	-	-	-	162
2009	12,878	-	12,584	12,584	-	-	-	294
2010	14,827	-	14,486	14,486	-	-	-	341
2011	8,384	-	8,192	8,192	-	-	-	192
2012	10,944	-	10,696	10,696	-	-	-	248
2013	10,226	-	10,007	10,007	-	-	-	219
2014	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-
<b>TOTAL ZUNI SCHOOL DISTRICT DEBT S</b>	<b>64,704</b>	<b>-</b>	<b>63,248</b>	<b>63,248</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,456</b>
<b>115 ZUNI SCHOOL DIST CAP IMPROV-NON RES</b>								
2008	5,413	-	5,295	5,295	-	-	-	118
2009	5,174	-	5,056	5,056	-	-	-	118
2010	5,128	-	5,010	5,010	-	-	-	118
2011	4,770	-	4,661	4,661	-	-	-	109
2012	4,829	-	4,719	4,719	-	-	-	110
2013	4,402	-	4,308	4,308	-	-	-	94
2014	4,540	1	4,446	4,446	-	-	-	94
2015	4,432	1	4,359	4,359	-	-	-	73
2016	4,809	10	4,736	4,736	-	-	-	73
2017	4,843	4,803	4,803	4,803	-	-	-	40
<b>TOTAL ZUNI SCHOOL DIST CAP IMPROV</b>	<b>48,340</b>	<b>4,815</b>	<b>47,393</b>	<b>47,393</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>947</b>

STATE OF NEW MEXICO  
MCKINLEY COUNTY  
COUNTY TREASURER'S PROPERTY TAX SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year-End	County Receivable at Year-End
<b>119 ZUNI SCHOOL DIST EDUC TECH NON-RES</b>								
2008	24,000	-	23,476	23,476	-	-	-	524
2009	23,166	-	22,638	22,638	-	-	-	528
2010	23,257	-	22,723	22,723	-	-	-	534
2011	57,540	-	56,224	56,224	-	-	-	1,316
2012	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-
<b>TOTAL ZUNI SCHOOL DIST EDUC TECH</b>	<b>127,963</b>	<b>-</b>	<b>125,061</b>	<b>125,061</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,902</b>
<b>138 MIDDLE COLLEGE HIGH - NON RES</b>								
2008	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-
2016	7,312	147	7,274	7,249	-	-	25	38
2017	10,261	10,079	10,079	9,771	-	-	308	182
<b>TOTAL MIDDLE COLLEGE HIGH - NON RES</b>	<b>17,573</b>	<b>10,226</b>	<b>17,353</b>	<b>17,020</b>	<b>-</b>	<b>-</b>	<b>333</b>	<b>220</b>
<b>148 DZIL DIT LOOI DEAP - NON RES</b>								
2008	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-
2016	2,359	48	2,347	2,338	-	-	8	12
2017	2,148	2,109	2,109	2,045	-	-	64	39
<b>TOTAL DZIL DIT LOOI DEAP - NON RES</b>	<b>4,507</b>	<b>2,157</b>	<b>4,456</b>	<b>4,383</b>	<b>-</b>	<b>-</b>	<b>72</b>	<b>51</b>
<b>STATE OF NEW MEXICO</b>								
<b>951 CATTLE INDEMNITY</b>								
2008	12,479	-	12,373	12,373	-	-	-	106
2009	13,328	-	13,218	13,218	-	-	-	110
2010	13,495	-	13,400	13,400	-	-	-	95
2011	15,328	-	15,211	15,211	-	-	-	117
2012	17,980	-	17,838	17,838	-	-	-	142
2013	21,190	-	20,884	20,884	-	-	-	306
2014	21,379	179	21,189	21,010	-	-	179	190
2015	25,009	7,868	24,733	16,887	-	-	7,846	276
2016	27,391	8,591	26,980	18,633	1	1	8,347	410
2017	26,982	26,388	26,388	17,833	-	-	8,555	594
<b>TOTAL CATTLE INDEMNITY</b>	<b>194,561</b>	<b>43,026</b>	<b>192,214</b>	<b>167,287</b>	<b>1</b>	<b>1</b>	<b>24,927</b>	<b>2,346</b>
<b>952 STATE OF NEW MEXICO - SHEEP</b>								
2008	145	-	145	145	-	-	-	-
2009	94	-	94	94	-	-	-	-
2010	94	-	94	94	-	-	-	-
2011	155	-	155	155	-	-	-	-
2012	180	-	180	180	-	-	-	-
2013	169	-	169	169	-	-	-	-
2014	111	1	111	111	-	-	1	-
2015	147	11	146	135	-	-	11	1
2016	168	12	166	154	-	-	12	2
2017	69	67	67	55	-	-	12	2
<b>TOTAL SHEEP</b>	<b>1,332</b>	<b>91</b>	<b>1,327</b>	<b>1,292</b>	<b>-</b>	<b>-</b>	<b>36</b>	<b>5</b>

STATE OF NEW MEXICO  
MCKINLEY COUNTY  
COUNTY TREASURER'S PROPERTY TAX SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018

Agency		Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year-End	County Receivable at Year-End
<b>953 GOATS</b>									
	2008	59	-	59	59	-	-	-	-
	2009	16	-	16	16	-	-	-	-
	2010	20	-	20	20	-	-	-	-
	2011	25	-	25	25	-	-	-	-
	2012	84	-	84	84	-	-	-	-
	2013	99	-	99	99	-	-	-	-
	2014	97	-	97	97	-	-	-	-
	2015	84	-	83	83	-	-	-	1
	2016	103	-	102	102	-	-	-	1
	2017	121	121	121	121	-	-	-	-
<b>TOTAL GOATS</b>		<b>708</b>	<b>121</b>	<b>706</b>	<b>706</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>
<b>954 HORSES, MULES, AND ASSES</b>									
	2008	-	-	-	-	-	-	-	-
	2009	377	-	363	363	-	-	-	14
	2010	401	-	391	391	-	-	-	10
	2011	443	-	433	433	-	-	-	10
	2012	467	-	458	458	-	-	-	9
	2013	353	-	333	333	-	-	-	20
	2014	354	-	346	346	-	-	-	8
	2015	384	-	365	365	-	-	-	19
	2016	407	15	354	349	-	-	6	53
	2017	688	584	584	572	-	-	12	104
<b>TOTAL HORSES, MULES, AND ASSES</b>		<b>3,874</b>	<b>599</b>	<b>3,627</b>	<b>3,610</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>247</b>
<b>955 HOGS</b>									
	2008	2	-	2	2	-	-	-	-
	2009	-	-	-	-	-	-	-	-
	2010	-	-	-	-	-	-	-	-
	2011	-	-	-	-	-	-	-	-
	2012	1	-	1	1	-	-	-	-
	2013	-	-	-	-	-	-	-	-
	2014	1	-	1	1	-	-	-	-
	2015	1	-	1	1	-	-	-	-
	2016	1	1	1	1	-	-	-	-
	2017	-	-	-	-	-	-	-	-
<b>TOTAL HOGS</b>		<b>6</b>	<b>1</b>	<b>6</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>956 DAIRY</b>									
	2008	-	-	-	-	-	-	-	-
	2009	-	-	-	-	-	-	-	-
	2010	8	-	-	-	-	-	-	8
	2011	12	-	2	2	-	-	-	10
	2012	3	-	3	3	-	-	-	-
	2013	-	-	-	-	-	-	-	-
	2014	2	-	2	2	-	-	-	-
	2015	2	-	2	2	-	-	-	-
	2016	2	-	2	2	-	-	-	-
	2017	3	-	3	3	-	-	-	-
<b>TOTAL DAIRY</b>		<b>32</b>	<b>-</b>	<b>14</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18</b>
<b>958 ALPACA &amp; LLAMAS</b>									
	2008	-	-	-	-	-	-	-	-
	2009	-	-	-	-	-	-	-	-
	2010	3	-	3	3	-	-	-	-
	2011	3	-	3	3	-	-	-	-
	2012	5	-	5	5	-	-	-	-
	2013	6	-	6	6	-	-	-	-
	2014	8	-	8	8	-	-	-	-
	2015	13	-	13	13	-	-	-	-
	2016	6	3	5	5	-	-	1	1
	2017	5	5	5	5	-	-	-	-
<b>TOTAL ALPACA &amp; LLAMAS</b>		<b>49</b>	<b>8</b>	<b>48</b>	<b>48</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>

STATE OF NEW MEXICO  
MCKINLEY COUNTY  
COUNTY TREASURER'S PROPERTY TAX SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018

Agency		Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year-End	County Receivable at Year-End
<b>959 RATITES</b>	<b>2008</b>	-	-	-	-	-	-	-	-
	<b>2009</b>	-	-	-	-	-	-	-	-
	<b>2010</b>	-	-	-	-	-	-	-	-
	<b>2011</b>	-	-	-	-	-	-	-	-
	<b>2012</b>	-	-	-	-	-	-	-	-
	<b>2013</b>	-	-	-	-	-	-	-	-
	<b>2014</b>	-	-	-	-	-	-	-	-
	<b>2015</b>	-	-	-	-	-	-	-	-
	<b>2016</b>	-	-	-	-	-	-	-	-
	<b>2017</b>	-	-	-	-	-	-	-	-
<b>TOTAL RATITES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>980 DCLPEN</b>	<b>2008</b>	42	-	42	42	-	-	-	-
	<b>2009</b>	-	-	-	-	-	-	-	-
	<b>2010</b>	-	-	-	-	-	-	-	-
	<b>2011</b>	-	-	-	-	-	-	-	-
	<b>2012</b>	-	-	-	-	-	-	-	-
	<b>2013</b>	-	-	-	-	-	-	-	-
	<b>2014</b>	-	-	-	-	-	-	-	-
	<b>2015</b>	-	-	-	-	-	-	-	-
	<b>2016</b>	-	-	-	-	-	-	-	-
	<b>2017</b>	-	-	-	-	-	-	-	-
<b>TOTAL DCLPEN</b>		<b>42</b>	<b>-</b>	<b>42</b>	<b>42</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>990 TREASURER ADMIN FEE</b>	<b>2008</b>	357	-	357	357	-	-	-	-
	<b>2009</b>	-	-	-	-	-	-	-	-
	<b>2010</b>	-	-	-	-	-	-	-	-
	<b>2011</b>	-	-	-	-	-	-	-	-
	<b>2012</b>	-	-	-	-	-	-	-	-
	<b>2013</b>	-	-	-	-	-	-	-	-
	<b>2014</b>	-	-	-	-	-	-	-	-
	<b>2015</b>	-	-	-	-	-	-	-	-
	<b>2016</b>	-	-	-	-	-	-	-	-
	<b>2017</b>	-	-	-	-	-	-	-	-
<b>TOTAL TREASURER ADMIN FEE</b>		<b>357</b>	<b>-</b>	<b>357</b>	<b>357</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL STATE OF NEW MEXICO</b>		<b>200,958</b>	<b>43,846</b>	<b>198,344</b>	<b>173,363</b>	<b>1</b>	<b>1</b>	<b>24,981</b>	<b>2,619</b>
<b>TOTALS BY YEAR</b>	<b>2008</b>	23,193,668	165	23,183,990	23,183,990	-	1,008	-	8,670
	<b>2009</b>	24,543,830	387	24,493,684	24,493,669	-	3,328	15	46,818
	<b>2010</b>	24,667,968	1,723	24,643,952	24,644,204	-	4,249	(252)	19,767
	<b>2011</b>	25,126,699	2,841	25,103,213	25,102,965	-	2,198	248	21,288
	<b>2012</b>	26,041,956	6,627	26,023,321	26,022,868	-	2,121	453	16,514
	<b>2013</b>	28,899,355	70,559	28,863,036	28,855,847	-	1,675	7,189	34,644
	<b>2014</b>	28,438,804	131,892	28,381,090	28,361,820	-	1,077	19,270	56,637
	<b>2015</b>	28,885,321	319,058	28,776,731	28,660,821	-	1,181	115,910	107,409
	<b>2016</b>	29,405,605	852,285	29,053,365	28,925,460	341	439	127,906	351,801
	<b>2017</b>	29,652,955	28,658,200	28,658,203	27,763,845	-	-	894,357	994,752
<b>GRAND TOTALS</b>		<b>\$ 268,856,161</b>	<b>30,043,737</b>	<b>267,180,585</b>	<b>266,015,489</b>	<b>341</b>	<b>17,276</b>	<b>1,165,096</b>	<b>1,658,300</b>

**STATE OF NEW MEXICO  
MCKINLEY COUNTY  
SCHEDULE OF JOINT POWERS AGREEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>#</b>	<b>Name of Organization</b>	<b>County Agreement #</b>	<b>Beginning Date</b>	<b>Ending Date</b>	<b>Scope of Work</b>	<b>Contract Amount</b>	<b>Current Year Paid</b>	<b>Audit Responsibility</b>
<b>1</b>	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

**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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 20, 2018.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free 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 responses as item 2018-001.

**The County's Response to the Findings**

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

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 20, 2018



**STATE OF NEW MEXICO  
MCKINLEY COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Reference #</u>	<u>Finding</u>	<u>Status of Prior Year Findings</u>	<u>Type of Finding</u>
<b>Prior Year Findings</b>			
2017-001	CONTROLS OVER REIMBURSED MILEAGE RATE	RESOLVED	C, G
<b>Current Year Findings</b>			
2018-001	DISPOSITION OF PROPERTY NOTIFICATION LETTERS	CURRENT	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. Finding that Does Not Rise to the Level of a Significant Deficiency (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 Non-compliance related to Federal Awards
- G. Non-compliance with State Audit Rule, NM State Statutes, NMAC, or other entity compliance
- H. Instance of Material Non-compliance

**2018-001– DISPOSITION OF PROPERTY NOTIFICATION LETTERS**

**Type of Finding: G**

**Statement of Condition**

During testing of dispositions of capital assets, it was determined that the County was not consistently sending written notification of the disposals to the State Auditor at least 30 days prior to disposition.

**Criteria**

*2.2.2.10.U Disposition of Property* - Sections 13-6-1 and 13-6-2 NMSA 1978 govern the disposition of tangible personal property owned by state agencies, local public bodies, school districts, and state educational institutions. At least 30 days prior to any disposition of property included on the agency inventory list described at Subsection W of Section 2.2.2.10 NMAC, written notification of the official finding and proposed disposition duly sworn and subscribed under oath by each member of the authority approving the action shall be sent to the state auditor.

**Cause**

Individual departments are in charge of disposing of County property and were not consistently sending copies of the disposal letters to the Finance Department or the State Auditor.

**Effect**

The County is not in compliance with state statute.

**Recommendation**

We recommend that at least 30 days prior to the County disposing of property they notify, in writing, the state auditor. Since individual departments are in charge of disposing of property, we recommend that the departments first notify the Finance Department in order to determine if the property is on the County's capital asset inventory list. The Departments will also provide the Finance Department with copies of the disposal notification letters, to ensure their centralized location.

**STATE OF NEW MEXICO  
MCKINLEY COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2018**

**View of Responsible Officials and Corrective Action Plan**

Management confirms the finding in the fact that, the 2 vehicles that were wrecked and given to the NMC Multi-line pool in exchange for the self-insured pool payment, were not properly placed on the disposition letter that Procurement presents to the Board of Commissioners and sends to the Office of the State Auditor.

Finding resolved timeline: This finding has been resolved effectively immediately.

Designation of employee position responsible for meeting this deadline: Effectively immediately, Andrew Rodriguez in our Risk Management department will notify both Hugo Cano, Procurement Buyer and Angie Livingston, Finance Analyst by filling out the Asset Disposition form and hand-delivering a copy with a date-stamp on the back of the form. In addition, once the notification letter is approved by the Board of Commissioners, Hugo Cano, Procurement Buyer will give a copy to Angie Livingston, Finance Analyst.

**STATE OF NEW MEXICO  
MCKINLEY COUNTY  
EXIT CONFERENCE  
FOR THE YEAR ENDED JUNE 30, 2018**

**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 20, 2018 at the County's offices in Gallup, New Mexico. In attendance were the following:

Representing McKinley County

Genevieve Jackson

Carol Bowman-Muskett

William E. Lee

Ernest Becenti Jr.

Wilfred Noble

Anthony Dimas Jr.

Brian J. Money

Sara A. Keeler

Douglas W. Decker

Ronald Caviggia

Hugo Cano

Commission Chairperson

Commissioner

Commissioner

County Treasurer

Chief Deputy Treasurer

County Manager

Deputy County Manager

Finance Director

County Attorney

Procurement Manager

Procurement Buyer

Representing Hinkle + Landers, PC:

Farley Vener, CPA, CFE, CGMA

Katelyn Constantin

President & Managing Shareholder

Senior Audit Manager