



HINKLE + LANDERS

Certified Public Accountants + Business Consultants

MCKINLEY COUNTY

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

For the Year Ended June 30, 2019

**STATE OF NEW MEXICO
MCKINLEY COUNTY
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FOR THE YEAR ENDED JUNE 30, 2019**

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**STATE OF NEW MEXICO
MCKINLEY COUNTY
OFFICIAL ROSTER
AS OF JUNE 30, 2019**

County Officials

Name	Title
William E. Lee	County Commissioner - Chair
Billy W. Moore	County Commissioner
Tommy L. Nelson	County Commissioner
Ernest C. Becenti Jr.	County Treasurer
Harriett K. Becenti	County Clerk
Kathleen Arviso	County Assessor
Ron Silversmith	County Sheriff
Charley Long Sr.	County Probate Judge

Administrative Officials

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

INDEPENDENT AUDITOR'S REPORT

The Board of County Commissioners
State of New Mexico, McKinley County and
Mr. Brian Colón, State Auditor
State of New Mexico, Office of the State Auditor

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, 2019, and the related notes to the financial statements which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, 2019, 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.

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 financial statements, that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and the schedule of changes in the fiduciary assets and liabilities-agency funds, as listed in the table of contents, as supplementary information, are presented for purposes of additional analysis and are not required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and are not required part of the basic financial statements. The other schedules, as required by 2.2.2 NMAC, as listed as other supplementary information in the table of contents, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statements and schedules, listed as supplementary and other supplementary information in the table of contents, 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, statements and schedules were fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2019 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Hinkle + Landers, P.C.
Albuquerque, NM
November 19, 2019

**STATE OF NEW MEXICO
MCKINLEY COUNTY
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019**

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, 2019. 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 \$116,013,737 (net position). Of this amount, \$3,114,305 (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 \$12,219,336. The increase is primarily due to an increase in state grants related to the Navajo Nation in the Road Fund (204) and an increase in investment income.
- At the end of the current fiscal year, fund balance for the general fund was \$25,070,118, or 226% of total general fund expenditures.
- Deferred outflows of resources of \$5,218,530, deferred inflows of resources of \$6,438,472, net pension liability of \$18,486,962 and net OPEB liability of \$9,982,083 are reported in the Statement of Net Position at June 30, 2019. 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

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MCKINLEY COUNTY
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

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 45 individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General fund, Road fund, 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, 2019**

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 \$116,013,737 and \$103,794,401 at the close of the fiscal years ended June 30, 2019 and 2018, respectively. The County also had revenues that exceeded expenditures during the year in the amount of \$12,219,336 which increased net position as a result of operations.

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, \$46,673,645, of McKinley County's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$3,114,305 may be used to meet the government's ongoing obligations to citizens and creditors.

McKinley County is able to report positive balances in net investment in capital assets, net of related debt, and restricted net position, for the government as a whole as of June 30, 2019.

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**STATE OF NEW MEXICO
MCKINLEY COUNTY
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019**

	Governmental Activities	
	<u>2019</u>	<u>2018</u>
Assets:		
Current and other assets	\$ 79,965,372	68,989,046
Capital assets	<u>76,792,547</u>	<u>76,200,189</u>
Total assets	<u>156,757,919</u>	<u>145,189,235</u>
Deferred outflows of resources	<u>5,218,530</u>	<u>4,866,640</u>
Total assets and deferred outflows of resources	<u>\$ 161,976,449</u>	<u>150,055,875</u>
 Liabilities:		
Current liabilities	\$ 2,279,757	2,335,778
Non-Current liabilities	<u>37,244,483</u>	<u>38,659,297</u>
Total liabilities	<u>39,524,240</u>	<u>40,995,075</u>
Deferred inflows of resources	<u>6,438,472</u>	<u>5,266,399</u>
 Net Position:		
Net investment in capital assets	66,225,787	64,135,820
Restricted for:		
Debt service	1,417,244	1,228,008
Capital projects	9,482,465	10,791,866
Other purposes - special revenue	35,773,936	33,521,316
Unrestricted	<u>3,114,305</u>	<u>(5,882,609)</u>
Total net position	<u>116,013,737</u>	<u>103,794,401</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 161,976,449</u>	<u>150,055,875</u>

Changes in Net Position

The County's total revenues of \$49,396,038 and program expenses of \$37,176,702 resulted in a change in net position of \$12,219,336 before restatements or special items. The County incurred an increase in program revenues and an 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, 2019**

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, 2019 and June 30, 2018.

	Governmental Activities	
	<u>2019</u>	<u>2018</u>
Revenues		
<u>Program Revenues</u>		
Changes for services	\$ 5,602,474	5,682,789
Operating grants and contributions	11,773,678	5,374,100
Capital grants and contributions	867,694	217,958
<u>General Revenue</u>		
Taxes, penalties and interest	29,188,539	29,010,266
Investment income	2,219,701	(137,404)
Other revenue	136,219	249,133
Gain/(loss) on disposition of capital assets	(392,267)	(348,831)
Total Revenue	<u>49,396,038</u>	<u>40,048,011</u>
Expenses		
General governmental	10,635,872	10,676,354
Public safety	17,384,970	16,395,628
Public works	5,238,229	4,180,658
Health and welfare	3,621,020	4,234,182
Bond interest	296,611	295,598
Total Expenses	<u>37,176,702</u>	<u>35,782,420</u>
Change in Net Assets	12,219,336	4,265,591
Net Position-Beginning of year	103,794,401	113,236,196
Restatements of net position	-	(13,707,386)
Net Position-Beginning of year, restated	<u>103,794,401</u>	<u>99,528,810</u>
Net Position-End of year	<u>\$ 116,013,737</u>	<u>103,794,401</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 \$76,519,732, an increase of \$10,051,447 in comparison with the prior year. Approximately 11% of this total amount, \$8,554,863, constitutes unassigned fund balance, which is available for spending at the government's discretion, and 89% of this total amount, \$67,964,869 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, 2019**

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 \$8,554,863, restricted or committed for the minimum fund balance was \$16,515,255 while total fund balance was \$25,070,118. 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 77% of total general fund expenditures, while total fund balance represents 226% of that same amount. Fund balance of McKinley County's general fund increased by \$4,4,629,528 during the current fiscal year. The increase is mostly due to an increase in the investment income.

The Road Fund has a total fund balance of \$8,898,637. At the end of the current fiscal year, unassigned fund balance of the Road Fund was \$0. The Road Fund accounts for the distribution of gasoline taxes and motor vehicle registration fees to the County and the expenditure for construction, reconstruction, resurfacing, or other improvement or maintenance of public roads

The RMCH Rental Income Fund has a total fund balance of \$7,051,747. The RMCH Rental Income Fund 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 and for the repairs and maintenance of the hospital building.

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 \$130,715. The increase was mainly due to an increase in capital outlay and payroll. Actual expenditures in the general fund were lower than final budgeted expenditures by \$1,893,655.

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, 2019. 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	\$ 13,010,713	11,117,058	1,893,655
Road Fund	\$ 4,652,718	4,142,800	509,918
RMCH Rental Income Fund	\$ 877,508	94,709	782,799

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, 2019**

Capital Asset and Debt Administration

Capital Assets

McKinley County's investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$75,154,903 (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, 2019 and June 30, 2018.

	Governmental Activities	
	<u>2019</u>	<u>2018</u>
Land	\$ 3,891,232	3,940,442
Construction in progress	5,967,793	3,477,831
Land improvements	4,078,023	4,078,023
Buildings and improvements	71,230,996	70,993,260
Machinery & Equipment	8,124,922	7,634,924
Vehicles	30,671,749	29,112,675
Infrastructure	27,408,116	27,460,201
Total capital assets	<u>151,372,831</u>	<u>146,697,356</u>
Less accumulated depreciation	<u>(76,217,928)</u>	<u>(72,773,661)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 75,154,903</u>	<u>73,923,695</u>

The County recognized \$4,281,529 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, 2019. 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, 2019, McKinley County had total gross receipt revenue bonds outstanding of \$8,775,000, which is secured by pledged gross receipts tax revenues. McKinley County also has post-closure landfill debt of \$500,000.

	Governmental Activities	
	<u>2019</u>	<u>2018</u>
GRT Revenue bonds	\$ 8,775,000	9,620,000
Compensated absences	760,839	812,344
Landfill liability	500,000	495,000
Net pension liability	18,486,962	17,420,137
Net OPEB liability	<u>9,982,083</u>	<u>11,577,518</u>
Total Outstanding Debt	<u>\$ 38,504,884</u>	<u>39,924,999</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, 2019**

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 2020 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund increased to \$8,554,863. It is intended that the use of this available fund balance will avoid the need to raise taxes or charges during the 2020 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, 2019**

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 12,414,616
Investments	60,825,456
Receivables	6,300,300
Note receivable	425,000
Total current assets	79,965,372
Non-current assets:	
Restricted cash and cash equivalents	212,644
Note receivable	1,425,000
Land and construction in progress	9,859,025
Other capital assets, net of accumulated depreciation	65,295,878
Total non-current assets	76,792,547
Total assets	156,757,919
Deferred outflows of resources	
Pension deferral	5,019,479
OPEB deferral	199,051
Total deferred outflows of resources	5,218,530
Total assets and deferred outflows of resources	\$ 161,976,449
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 569,215
Accrued payroll liabilities	296,025
Accrued interest payable	23,993
Bonds and notes payable	860,000
Compensated absences	475,524
Landfill closure liability	55,000
Total current liabilities	2,279,757
Long-term liabilities:	
Compensated absences - long-term portion	285,315
Bonds and notes payable - long-term portion	7,915,000
Landfill closure liability - long-term portion	445,000
Bond underwriter premium, net of accumulated amortization	130,123
Net pension liability	18,486,962
Net OPEB liability	9,982,083
Total long-term liabilities	37,244,483
Total liabilities	39,524,240
Deferred inflows of resources	
Pension deferral	2,669,426
OPEB deferral	3,769,046
Total deferred outflows of resources	6,438,472
NET POSITION	
Net investment in capital assets	66,225,787
Restricted for:	
Debt service	1,417,244
Capital projects	9,482,465
Other purposes - special revenue	35,773,936
Unrestricted	3,114,305
Total net position	116,013,737
Total liabilities, deferred inflows of resources, and net position	\$ 161,976,449

**STATE OF NEW MEXICO
MCKINLEY COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

<u>Functions/Program</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government					
Governmental Activities:					
General government	\$ 10,635,872	734,473	1,014,899	-	(8,886,500)
Public safety	17,384,970	3,368,001	3,417,412	-	(10,599,557)
Public works	5,238,229	-	7,200,695	867,694	2,830,160
Health and welfare	3,621,020	1,500,000	140,672	-	(1,980,348)
Debt service interest	296,611	-	-	-	(296,611)
Total governmental activities	<u>\$ 37,176,702</u>	<u>5,602,474</u>	<u>11,773,678</u>	<u>867,694</u>	<u>(18,932,856)</u>

General Revenues:

Taxes	
Property taxes	\$ 9,042,397
Gas tax	997,812
Gross receipts	18,153,406
Payment in lieu of taxes	983,855
Franchise tax	11,069
Miscellaneous	136,219
Investment earnings	2,219,701
Gain/(loss) on disposition of capital assets	(392,267)
Total general revenues	<u>31,152,192</u>

Change in net position 12,219,336

Net position, beginning	<u>103,794,401</u>
Net position, ending	<u>\$ 116,013,737</u>

**STATE OF NEW MEXICO
MCKINLEY COUNTY
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2019**

	101	Special Revenue Fund			Total Governmental Funds
		General Fund	204 Road Fund	232 RMCH Rental Income	
ASSETS					
Cash and cash equivalents	\$ 4,786,355	22,152	255,778	7,562,975	12,627,260
Investments	20,063,246	8,623,260	6,795,969	25,342,981	60,825,456
Receivables	2,746,690	334,293	-	3,219,317	6,300,300
Note receivable	-	-	1,850,000	-	1,850,000
Due from other funds	13,640	-	-	34,496	48,136
Total assets	\$ 27,609,931	8,979,705	8,901,747	36,159,769	81,651,152
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 66,084	51,182	-	451,949	569,215
Accrued payroll liabilities	148,740	29,886	-	117,399	296,025
Due to other funds	-	-	-	48,136	48,136
Total liabilities	214,824	81,068	-	617,484	913,376
Deferred inflows of resources					
Property taxes	632,049	-	-	-	632,049
Derived tax revenue	1,692,340	-	-	-	1,692,340
Charges for services	600	-	1,850,000	43,055	1,893,655
Total deferred inflows of resources	2,324,989	-	1,850,000	43,055	4,218,044
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	4,276,280	8,898,637	-	22,599,019	35,773,936
Committed	12,238,975	-	7,051,747	12,900,211	32,190,933
Assigned	-	-	-	-	-
Unassigned	8,554,863	-	-	-	8,554,863
Total fund balance	25,070,118	8,898,637	7,051,747	35,499,230	76,519,732
Total liabilities, deferred inflows of resources, and fund balances	\$ 27,609,931	8,979,705	8,901,747	36,159,769	81,651,152

**STATE OF NEW MEXICO
MCKINLEY COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
TO STATEMENT OF NET POSITION
AS OF JUNE 30, 2019**

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

Total fund balance - total governmental funds	\$	76,519,732
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		75,154,903
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		(285,315)
Bonds and notes payable		(7,915,000)
Landfill closure liability		(445,000)
Bond underwriter premium, net of accumulated amortization		(130,123)
Net pension related deferrals and liability		(16,136,909)
Net OPEB related deferrals and liability		(13,552,078)
Other current liabilities (bonds payable) are not available to pay for current period expenditures and therefore are deferred in the funds:		
Accrued interest payable		(23,993)
Bonds and notes payable		(860,000)
Compensated absences		(475,524)
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		632,049
Derived tax revenue		1,692,340
Charges for services		1,893,655
Net position of governmental activities	\$	<u><u>116,013,737</u></u>

**STATE OF NEW MEXICO
MCKINLEY COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	101	Special Revenue Fund		Nonmajor Governmental Funds	Total Governmental Funds
		204	232		
	General Fund	Road Fund	RMCH Rental Income		
REVENUES					
Taxes	\$				
Property taxes	8,261,443	-	-	239,181	8,500,624
Gas tax	382,532	615,280	-	-	997,812
Gross receipts	3,439,735	605,193	-	13,908,083	17,953,011
Payment in lieu of taxes	983,855	-	-	-	983,855
Franchise tax	11,069	-	-	-	11,069
Intergovernmental					
State operating grants	-	7,055,780	-	3,794,834	10,850,614
State capital grants	-	852,694	-	15,000	867,694
Federal operating grants	-	141,734	-	781,330	923,064
Charges for services	407,795	-	1,950,000	3,360,910	5,718,705
Investment earnings	2,219,701	-	-	-	2,219,701
Rents and royalties	305,726	-	-	-	305,726
Other revenue	46,792	10,299	-	76,348	133,439
Total revenues	<u>16,058,648</u>	<u>9,280,980</u>	<u>1,950,000</u>	<u>22,175,686</u>	<u>49,465,314</u>
EXPENDITURES					
Current					
General government	6,644,211	-	-	2,287,771	8,931,982
Public safety	3,973,695	-	15,842	11,461,004	15,450,541
Public works	-	4,149,795	-	366,029	4,515,824
Health and welfare	418,118	-	-	3,234,475	3,652,593
Debt Service					
Principal payments	-	-	-	845,000	845,000
Interest payments	-	-	-	310,372	310,372
Capital Outlay					
Capital outlay	69,096	34,180	76,847	5,527,432	5,707,555
Total expenditures	<u>11,105,120</u>	<u>4,183,975</u>	<u>92,689</u>	<u>24,032,083</u>	<u>39,413,867</u>
Excess (deficiency) of revenues over expenditures	4,953,528	5,097,005	1,857,311	(1,856,397)	10,051,447
OTHER FINANCING SOURCES (USES)					
Transfers in	-	350,000	-	6,328,764	6,678,764
Transfers out	(324,000)	-	(300,000)	(6,054,764)	(6,678,764)
Total other financing sources (uses)	<u>(324,000)</u>	<u>350,000</u>	<u>(300,000)</u>	<u>274,000</u>	<u>-</u>
Net change in fund balance	4,629,528	5,447,005	1,557,311	(1,582,397)	10,051,447
Fund balances-beginning of year	20,440,590	3,451,632	5,494,436	37,081,627	66,468,285
Fund balances-end of the year	<u>\$ 25,070,118</u>	<u>8,898,637</u>	<u>7,051,747</u>	<u>35,499,230</u>	<u>76,519,732</u>

See Independent Auditor's Report.
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, 2019**

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

Net change in fund balance - total governmental funds	\$	10,051,447
<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		5,905,004
<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>		
		(392,267)
<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>		
		(4,281,529)
<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		1,871
Principal payments on long-term debt payable		845,000
<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		51,505
Current year landfill post closure expenses		(5,000)
Pension expense		(756,913)
OPEB expense		465,340
<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		541,773
Change in deferred inflows related to derived tax revenue		200,397
Change in deferred inflows related to charges for services		(419,180)
<p>Rounding</p>		
Change in net position of governmental activities	\$	(2) 12,219,336

**STATE OF NEW MEXICO
MCKINLEY COUNTY
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND (101)
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Original Approved Budget</u>	<u>Final Approved Budget</u>	<u>Actual</u>	<u>Variations Favorable (Unfavorable)</u>
REVENUES				
Taxes	\$ 11,997,662	12,090,462	12,383,811	293,349
Payment-in-lieu-of-taxes	900,000	950,000	983,855	33,855
Charges for services	349,186	358,886	420,151	61,265
Investment earnings	500,000	500,000	2,219,701	1,719,701
Rents and royalties	319,289	319,289	305,726	(13,563)
Other revenue	67,472	67,472	126,438	58,966
Total revenues	<u>14,133,609</u>	<u>14,286,109</u>	<u>16,439,682</u>	<u>2,153,573</u>
EXPENDITURES				
Current:				
General government	7,504,457	7,593,563	6,654,077	939,486
Public safety	4,956,464	4,978,073	3,976,029	1,002,044
Health and welfare	419,077	419,077	417,856	1,221
Capital Outlay	-	20,000	69,096	(49,096)
Total expenditures	<u>12,879,998</u>	<u>13,010,713</u>	<u>11,117,058</u>	<u>1,893,655</u>
Excess (deficiency) of revenues over (under) expenditures	1,253,611	1,275,396	5,322,624	4,047,228
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(282,000)	(324,000)	(324,000)	-
Total other financing sources (uses)	<u>(282,000)</u>	<u>(324,000)</u>	<u>(324,000)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	971,611	951,396	4,998,624	4,047,228
Budgeted cash carryover	-	-		
Total	<u>\$ 971,611</u>	<u>951,396</u>		

RECONCILIATION FROM BUDGET/ACTUAL TO GAAP

Change in fund balance (Budget Basis)	\$ 4,998,624
To adjust applicable revenue accruals and deferrals	(381,035)
To adjust applicable expenditure accruals	<u>11,939</u>
Change in fund balance (GAAP basis)	<u>\$ 4,629,528</u>

**STATE OF NEW MEXICO
MCKINLEY COUNTY
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ROAD FUND (204) - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	Original Approved Budget	Final Approved Budget	Actual	Variances Favorable (Unfavorable)
REVENUES				
Taxes	\$ 1,239,000	1,239,000	1,214,887	(24,113)
Intergovernmental revenue and grants	982,736	1,803,008	8,210,746	6,407,738
Other revenue	-	-	10,299	10,299
Total revenues	2,221,736	3,042,008	9,435,932	6,393,924
EXPENDITURES				
Current:				
Public works	3,081,219	4,607,718	4,108,620	499,098
Capital Outlay	45,000	45,000	34,180	10,820
Total expenditures	3,126,219	4,652,718	4,142,800	509,918
Excess (deficiency) of revenues over (under) expenditures	(904,483)	(1,610,710)	5,293,132	6,903,842
OTHER FINANCING SOURCES (USES)				
Transfers in	350,000	350,000	350,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	350,000	350,000	350,000	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(554,483)	(1,260,710)	5,643,132	6,903,842
Budgeted cash carryover	554,483	1,260,710		
Total	\$ -	-		

RECONCILIATION FROM BUDGET/ACTUAL TO GAAP

Change in fund balance (Budget Basis)		\$	5,643,132
To adjust applicable revenue accruals and deferrals			(154,952)
To adjust applicable expenditure accruals			(41,175)
Change in fund balance (GAAP basis)		\$	5,447,005

**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, 2019**

	<u>Original Approved Budget</u>	<u>Final Approved Budget</u>	<u>Actual</u>	<u>Variances Favorable (Unfavorable)</u>
REVENUES				
Charges for services	\$ 1,500,000	1,500,000	1,950,000	450,000
Total revenues	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,950,000</u>	<u>450,000</u>
EXPENDITURES				
Current:				
Public safety	200,000	260,000	15,842	244,158
Capital outlay	<u>617,508</u>	<u>617,508</u>	<u>78,867</u>	<u>538,641</u>
Total expenditures	<u>817,508</u>	<u>877,508</u>	<u>94,709</u>	<u>782,799</u>
Excess (deficiency) of revenues over (under) expenditures	682,492	622,492	1,855,291	1,232,799
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>(2,400,000)</u>	<u>(2,400,000)</u>	<u>(300,000)</u>	<u>2,100,000</u>
Total other financing sources (uses)	<u>(2,400,000)</u>	<u>(2,400,000)</u>	<u>(300,000)</u>	<u>2,100,000</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(1,717,508)	(1,777,508)	1,555,291	3,332,799
Budgeted cash carryover	<u>1,717,508</u>	<u>1,777,508</u>		
Total	\$ <u>-</u>	<u>-</u>		

RECONCILIATION FROM BUDGET/ACTUAL TO GAAP

Change in fund balance (Budget Basis)	\$ 1,555,291
To adjust applicable revenue accruals and deferrals	-
To adjust applicable expenditure accruals	<u>2,020</u>
Change in fund balance (GAAP basis)	\$ <u><u>1,557,311</u></u>

**STATE OF NEW MEXICO
MCKINLEY COUNTY
STATEMENT OF FIDUCIARY ASSETS
AND LIABILITIES - AGENCY FUND
FIDUCIARY FUNDS
AS OF JUNE 30, 2019**

		<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$	1,150,586
Property taxes receivable		<u>1,589,857</u>
Total Assets	\$	<u><u>2,740,443</u></u>
LIABILITIES		
Accounts payable	\$	23,936
Due to other taxing units		<u>2,716,507</u>
Total Liabilities	\$	<u><u>2,740,443</u></u>

See Independent Auditor's Report
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, 2019**

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, 2019**

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

Road Fund (204) (Special Revenue Fund) – To account for the distribution of gasoline taxes and motor vehicle registration fees to the County and the expenditure for construction,

STATE OF NEW MEXICO
MCKINLEY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

reconstruction, resurfacing, or other improvement or maintenance of public roads as authorized by NMSA 1978 Section 7-24A-5.

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

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 *Property Tax Fund* is used to account for the collection and payment of property taxes and special fees to other governmental agencies.

The County's *Telecommunication Fund (298)* is used to receive escrow payment from Communications companies to allow them access to cell towers and in turn the County pays for service and upkeep of those cell towers with the escrow payments.

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

**STATE OF NEW MEXICO
MCKINLEY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

requirements have been met and the susceptible to accrual criteria have been met. All other revenue items are considered to be measurable and available only when cash is received by the government. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the County's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the County's general revenues.

Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of County facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

D. Cash and 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.

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

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

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

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

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, 2019.

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.

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Major outlays for capital assets and improvements are capitalized as projects are constructed. The County did not include interest expense as part of the cost of capital assets under construction during the current fiscal year.

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

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

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 2019 on the fund financials.

The County has the following deferred outflows of resources during fiscal year 2019 on the government wide financials:

<u>Deferred Outflows of Resources - GW</u>	
Pension deferrals	\$ 5,019,479
OPEB deferrals	199,051
Total deferred outflows of resources	<u>\$ 5,218,530</u>

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 2019 on the fund financials:

<u>Deferred Inflows of Resources - Fund Financials</u>	
Property tax revenue	\$ 632,049
Derived tax revenue	1,692,340
Charges for services	1,893,655
Total deferred inflows of resources	<u>\$ 4,218,044</u>

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The County has the following deferred inflows of resources during fiscal year 2019 on the government wide financials:

Deferred Inflows of Resources - GW	
Pension deferrals	\$ 2,669,426
OPEB deferrals	3,769,046
Total deferred inflows of resources	<u>\$ 6,438,472</u>

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:

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

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

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

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 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 2019 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 2019 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 and the balance of current year expenses for County Operations are committed. 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, 2019 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. GASB 77 Disclosure

The County has no tax abatement agreements as of June 30, 2019, and therefore no disclosures under GASB 77 are required.

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, 2019.

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.

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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, 2019:

<u>Cash and Investments</u>	<u>Amount</u>
Cash and cash equivalents	
Cash on hand	\$ 977
Cash	13,776,296
Money markets	573
Subtotal cash and cash equivalents	<u>13,777,846</u>
Investments	
State Treasurer's Investment Pool	8,833
Certificates of deposit - maturities > 90 days	14,637,359
US Agency Securities	46,179,264
Subtotal investments	<u>60,825,456</u>
Total cash and investments	<u>\$ 74,603,302</u>

<u>Fund Type</u>	<u>Amount</u>
Cash and equivalents	
Governmental funds - unrestricted	\$ 12,414,616
Governmental funds - restricted	212,644
Fiduciary funds	1,150,586
Subtotal cash and cash equivalents	<u>13,777,846</u>
Investments	
Governmental funds	60,825,456
Subtotal investments	<u>60,825,456</u>
Total cash and investments	<u>\$ 74,603,302</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.

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.

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A summary of the County's investments as of June 30, 2019 is as follows:

<u>Investment Type</u>	<u>Cost Basis</u>	<u>Market Value</u>	<u>Rating*</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value**</u>
Certificate of Deposits	\$ 14,637,359	14,637,359	****	< 6 years	N/A
State of NM Local Government					
Investment Pool (LGIP)	8,833	8,833	***	< 1 year	N/A
Federal Home Loan Mortgage	7,992,751	7,992,751	Aaa	< 7 years	1
Federal Home Loan Mortgage Corp - MTN	2,002,390	2,002,390	Aaa	< 3 years	1
Federal Home Loan Bank	21,741,533	21,741,533	Aaa	< 12 years	1
Federal Farm CR Bank	8,446,370	8,446,370	Aaa	< 8 years	1
Federal National Mortgage Assn Note	5,996,220	5,996,220	Aaa	< 2 years	1
	<u>\$ 60,825,456</u>	<u>60,825,456</u>			

*Based on Moody's rating

**Fair Market Measurements Using: Quoted prices in active markets for identical assets

***LGIP, collateralized by State, see following page

****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, 2019, the County's bank and investment balances of \$30,448,379 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.	\$ 21,161,020
Uninsured and uncollateralized	-
Total uninsured deposits	<u>\$ 21,161,020</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, 2019, the County has the following invested in the State Treasurer Local Government Investment Pool:

Financial Institution	Cost Basis	Market	Credit Risk-Risk Rating	Weighted Average Maturity
State of NM Local Government Investment Pool (LGIP)	\$ 8,833	8,833	AAAm	[35] day WAM (R); [112] 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.

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

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

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3. Credit spreads.
d) 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)

See Note 2 for the County's recurring fair value measurements as of June 30, 2019.

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:

	101 General Fund	204 Road Fund	232 RMCH Rental Income	Nonmajor Funds	Total Receivables
Accounts	\$ 36,931	104,081	-	288,714	429,726
Grants	-	68,612	-	590,225	658,837
Note receivable	-	-	1,850,000	-	1,850,000
Taxes:					
Property	626,078	-	-	-	626,078
GRT	2,049,894	107,518	-	2,046,495	4,203,907
Other	33,787	54,082	-	293,883	381,752
Subtotal	2,746,690	334,293	1,850,000	3,219,317	8,150,300
Less: Allowance for uncollectibles	-	-	-	-	-
Net Receivables	<u>\$ 2,746,690</u>	<u>334,293</u>	<u>1,850,000</u>	<u>3,219,317</u>	<u>8,150,300</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, 2019, the following changes occurred in the note receivable:

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019	Amount due within one year
RMCH Note Receivable	\$ 2,300,000	-	(450,000)	1,850,000	425,000

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

Fiscal Year		
Ending June 30,	Amount	
2020	\$	425,000
2021		525,000
2022		625,000
2023		275,000
2024		-
Total	\$	<u>1,850,000</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 10th and April 10th. Penalty and interest will be accrued after the delinquency due dates of December 10th and May 10th. In the event of a formal extension, the respective dates are correspondingly extended.

The County bills and collects its own taxes, as well as taxes for the State of New Mexico, city governments, Water Systems, Flood Districts and other entities. In tax year 2019, the County charged the following mil rates:

Tax District	Residential	Non- residential	Oil & Gas Production	Equipment
20 (Gallup-In)	0.033165	0.040061		
20 (Gallup-Out)	0.025418	0.030927	0.030927	0.030927
20 (Zuni)	0.017301	0.022610		

The County’s share of property taxes equal approximately 29.30% of total property taxes levied 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, 2019 was as follows:

Fund #	Transfers In	Fund #	Transfers Out	Amount
204	Road	300	Capital Outlay GRT	\$ 350,000
206	EMS & Fire Dept.	214	Emergency Communication & Medical	785,000
207	E911 Metro Dispatch	214	Emergency Communication & Medical	1,922,705
208	Farm & Range	101	General Fund	26,000
218	Community Health Improvemen	101	General Fund	22,000
218	Community Health Improvemen	209	Fire Protection Districts	142,483
219	Senior Citizens Center	101	General Fund	126,000
231	Adult Detention Fund	232	RMCH Rental Income	300,000
236	Emergency Management	295	Rural Public Safety	1,354,576
238	Title II	101	General Fund	150,000
300	Capital Outlay GRT	202	Environment Gross Receipts Tax	1,000,000
300	Capital Outlay GRT	304	CDBG Gamerico Water System Phase III	500,000
	Total Transfers			\$ 6,678,764

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, 2019 are as follows:

Fund #	Due from	Fund #	Due to	Amount
101	General Fund	201	Corrections Fund	\$ 13,640
231	Adult Detention Fund	220	Indigent Health Care Fund	34,496
	Total			\$ 48,136

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NOTE 7 – CAPITAL ASSETS

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

GOVERNMENTAL ACTIVITIES	Balance June 30, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Non-depreciable capital assets:					
Land	\$ 3,940,442	-	(49,210)	-	3,891,232
Construction in progress	3,477,831	2,769,691	-	(279,729)	5,967,793
Total non-depreciable capital assets	<u>7,418,273</u>	<u>2,769,691</u>	<u>(49,210)</u>	<u>(279,729)</u>	<u>9,859,025</u>
Capital assets being depreciated:					
Land improvements	4,078,023	-	-	-	4,078,023
Buildings and improvements	70,993,260	244,006	(285,999)	279,729	71,230,996
Machinery & Equipment	7,634,924	570,295	(80,297)	-	8,124,922
Vehicles	29,112,675	2,321,012	(761,938)	-	30,671,749
Infrastructure	27,460,201	-	(52,085)	-	27,408,116
Total capital assets being depreciated	<u>139,279,083</u>	<u>3,135,313</u>	<u>(1,180,319)</u>	<u>279,729</u>	<u>141,513,806</u>
Less accumulated depreciation for:					
Land improvements	(3,430,623)	-	-	-	(3,430,623)
Buildings and improvements	(23,139,076)	(1,634,529)	31,482	-	(24,742,123)
Machinery & Equipment	(4,568,793)	(503,627)	69,214	-	(5,003,206)
Vehicles	(19,292,956)	(1,537,392)	687,085	-	(20,143,263)
Infrastructure	(22,342,213)	(605,981)	49,481	-	(22,898,713)
Total accumulated depreciation	<u>(72,773,661)</u>	<u>(4,281,529)</u>	<u>837,262</u>	<u>-</u>	<u>(76,217,928)</u>
Total capital assets being depreciated	<u>66,505,422</u>	<u>(1,146,216)</u>	<u>(343,057)</u>	<u>279,729</u>	<u>65,295,878</u>
Total capital assets, net of depreciation	<u>\$ 73,923,695</u>	<u>1,623,475</u>	<u>(392,267)</u>	<u>-</u>	<u>75,154,903</u>

Depreciation expense for the year ended June 30, 2019 was charged to the following functions and funds:

Governmental activities:	
General government	\$ 1,737,955
Public safety	1,806,998
Public works	736,576
Health and welfare	-
Culture and recreation	-
Total governmental activities	<u>\$ 4,281,529</u>

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NOTE 8 – LONG-TERM DEBT

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

	Balance			Balance	Amount due
	June 30, 2018	Increases	Decreases	June 30, 2019	within one
					year
GRT Revenue bonds	\$ 9,620,000	-	(845,000)	8,775,000	860,000
Compensated absences	812,344	663,817	(715,322)	760,839	475,524
Landfill liability	495,000	5,000	-	500,000	55,000
Net pension liability	17,420,137	2,090,514	(1,023,689)	18,486,962	-
Net OPEB liability	11,577,518	-	(1,595,435)	9,982,083	-
Total long-term debt	<u>\$ 39,924,999</u>	<u>2,759,331</u>	<u>(4,179,446)</u>	<u>38,504,884</u>	<u>1,390,524</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:

Description	Issue Date	Maturity Due	Original Issue	Outstanding	Rates
GRT Improvement Revenue Bond, Series 2010	11/10/2010	6/30/2030	\$ 6,445,000	4,165,000	2.00% to 5.00%
GRT Private Placement Bond, Series 2014	12/19/2014	6/1/2026	2,470,000	1,595,000	2.70%
GRT Improvement Revenue Bond, Series 2017	10/10/2017	6/1/2027	3,570,000	3,015,000	2.33%
			<u>\$ 12,485,000</u>	<u>8,775,000</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 – This debt is secured with legally 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, 2019 totaled \$483,600.

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 servicing certain energy and water cost savings equipment to achieve energy and water cost reductions.

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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 – This debt is secured with legally 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, 2019 totaled \$253,600.

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 the 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 – This debt is secured with legally 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, 2019 totaled \$418,172.

The following details the default consequences, termination event consequences, or subjective acceleration clauses specified in the debt agreement for the County's GRT Revenue Bonds.

Upon the happening and continuance of any of the events of default as provided in Section 24 of this Ordinance, then in every case the holder or holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding, including, but not limited to, a trustee or trustees therefor, may proceed against the County, the Board and its agents, officers and employees to protect and enforce the rights of any holder of Bonds under this Ordinance by mandamus or other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained herein or in an award relating to the execution of any power herein granted for the enforcement of any legal or equitable remedy as such holder or holders may deem most effectual to protect and enforce the rights provided above, or to enjoin any act or thing which may be unlawful or in violation of any right of any Bondholder, or to require the Board to act as if it were the trustee of an express trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all holders of the Bonds then outstanding. The failure of any Bondholder so to proceed shall not relieve the County or any of its officers, agents or employees of any liability for failure to perform any duty. Each right or privilege of such holder (or trustee thereof) is in addition and cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any holder shall not be deemed a waiver of any other right or privilege.

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

	Principal	Interest	Total
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	970,000	182,254	1,152,254
2025-2029	3,735,000	433,846	4,168,846
2030-2034	465,000	18,600	483,600
2035-2039	-	-	-
Total	<u>\$ 8,775,000</u>	<u>1,633,636</u>	<u>10,408,636</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 Gamercoco, 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, 2019. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations. The County is required by state and federal laws and regulations to make annual contributions to finance closure and post-closure care. The County is in compliance with these requirements, and at June 30, 2019, the County has set aside \$500,000 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:

Fiscal Year		Amount
Ending June 30,		
2020	\$	17,087
2021		15,808
2022		8,395
2023		2,588
2024		-
Total	\$	<u>43,878</u>

NOTE 10 – PERA PENSION PLAN

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

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

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

The following table details the actual contributions rates:

Categories	County With Pick-Up	Employee	Total
Regular Member < \$20,000	19.41%	3.29%	22.70%
Regular Member > \$20,000	20.54%	3.66%	24.20%
Sheriff - Union	20.90%	15.80%	36.70%
Sheriff - Non-union	18.90%	17.80%	36.70%
Fire	34.92%	4.43%	39.35%

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

	2019	2018	2017
County contributions	\$ 1,078,295	1,023,689	1,145,717
County contributions picked up on behalf of employee	938,309	859,046	1,016,461
Employee contributions	524,887	524,887	591,027
Total contributions	<u>\$ 2,541,491</u>	<u>2,407,622</u>	<u>2,753,205</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.

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

TIER II. The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05%. 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 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions; At June 30, 2019, 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, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2018. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2018. The County's proportion of the net pension liability was based on a projection of the County long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the County's proportion was 0.6338%, which was a decrease of 0.2689% from its proportion measured as of June 30, 2017. The significant change is due to the addition of Municipal Fire Division plan in 2019.

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For PERA Fund Division; Municipal General Division, at June 30, 2019, the County reported a liability of \$13,820,000 for its proportionate share of the net pension liability. At June 30, 2018, the County's proportion was 0.8668%, which was a decrease of .0841% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized PERA Fund Division; Municipal General Division pension expense of \$1,391,806.

At June 30, 2019, 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:

<u>Municipal General Division</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 399,427	362,839
Changes of assumptions	1,252,978	79,460
Net difference between projected and actual earnings on pension plan investments	1,024,961	-
Change in proportion and differences between the County contributions and proportionate share of contributions	69,194	1,200,739
Contributions subsequent to the measurement date	736,407	-
Total	<u>\$ 3,482,967</u>	<u>1,643,038</u>

\$736,407 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

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

Year Ended <u>June 30:</u>	<u>Amount</u>
2020	\$ 994,868
2021	182,630
2022	(122,827)
2023	48,851
2024	-
Thereafter	-

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For PERA Fund Division; Municipal Police Division, at June 30, 2019, the County reported a liability of \$4,666,962 for its proportionate share of the net pension liability. At June 30, 2018, the County's proportion was 0.6840%, which was a decrease of 0.0997% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized PERA Fund Division; Municipal Police Division pension expense of \$390,848.

At June 30, 2019, the County reported PERA Fund Division; Municipal Police Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

<u>Municipal Police Division</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 228,473	462,617
Changes of assumptions	532,507	28,531
Net difference between projected and actual earnings on pension plan investments	321,153	-
Change in proportion and differences between the County contributions and proportionate share of contributions	112,491	535,240
Contributions subsequent to the measurement date	269,624	-
Total	<u>\$ 1,464,248</u>	<u>1,026,388</u>

\$269,624 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30:</u>	<u>Amount</u>
2020	\$ 279,330
2021	(95,925)
2022	(30,563)
2023	15,394
2024	-
Thereafter	-

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For PERA Fund Division; Municipal Fire Division, at June 30, 2019, the County reported a liability of \$0 for its proportionate share of the net pension liability. The County began contributing to the fire fund during fiscal year 2019. At June 30, 2018, the County's proportion was 0.0000%. There was no proportion measured in 2018 or 2019.

For the year ended June 30, 2019, the County recognized PERA Fund Division; Municipal Fire Division pension expense of \$0.

At June 30, 2019, the County reported PERA Fund Division; Municipal Fire Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

<u>Municipal Fire Division</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Change in proportion and differences between the County contributions and proportionate share of contributions	-	-
The County contributions subsequent to the measurement date	72,264	-
Total	<u>\$ 72,264</u>	<u>-</u>

\$72,264 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Amount
2020	\$ -
2021	-
2022	-
2023	-
2024	-
Thereafter	-

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

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

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

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

All Funds - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.5%	7.48%
Risk Reduction & Mitigation	21.5%	2.37%
Credit Oriented Fixed Income	15.0%	5.47%
Real Assets to include Real Estate Equity	20.0%	6.48%
Total	<u>100.0%</u>	

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

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

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

PERA Fund Division	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Municipal General Division	\$ 21,295,695	13,820,000	7,640,143
Municipal Police Division	\$ 7,175,871	4,666,962	2,621,606
Municipal Fire Division	\$ -	-	-

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/>.

Payable Changes in the Net Pension Liability. At June 30, 2019, the County reported a payable of \$41,401 for outstanding contributions due to PERA for the year ended June 30, 2019.

NOTE 12 – POST EMPLOYMENT BENEFITS – STATE RETIREE HEALTHCARE PLAN

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

The following table details the actual contributions rates:

Categories	County	Employee	Total
Regular employees	2.00%	1.00%	3.00%
Enhanced	2.50%	1.25%	3.75%

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

	2019	2018	2017
County contributions	\$ 199,051	195,117	211,975
Employee contributions	99,424	98,023	109,677
Total contributions	\$ 298,475	293,140	321,652

NOTE 13 – OPEB

General Information about the OPEB

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

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

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

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

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

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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 \$199,051 for the year ended June 30, 2019.

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

At June 30, 2019, the County reported a liability of \$9,982,083 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018. At June 30, 2018, the County's proportion was 0.22956%.

For the year ended June 30, 2019, the County recognized OPEB expense of \$-265,357. At June 30, 2019 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	\$ -	591,003
Net difference between actual and projected earnings on OPEB plan investments	-	124,573
Changes of assumptions	-	1,863,611
Change in proportion	-	1,189,859
Contributions subsequent to the measurement date	199,051	-
Total	\$ 199,051	3,769,046

Deferred outflows of resources totaling \$199,051 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, 2020. 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
2020	\$	(907,405)
2021		(907,405)
2022		(907,405)
2023		(758,158)
2024		(288,673)
Total	\$	(3,769,046)

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

Valuation date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions	
Inflation	2.50% for ERB members, 2.25% for PERA members
Projected salary increases	3.25% to 12.50%, based on years of service, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females). PERA members: RP-2000 Combined Healthy Mortality

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

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	2.10%
U.S. equity - large cap	7.10%
Non U.S. Emerging markets	10.20%
Non U.S. - developed equities	7.80%
Private Equity	11.80%
Credit and Structured finance	5.30%
Real Estate	4.90%
Absolute Return	4.10%
U.S. equity - small/mid cap	7.10%

Discount Rate. The discount rate used to measure the Fund's total OPEB liability is 4.08% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's

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fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2029. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 4.08% is the blended discount rate.

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

1% Decrease (3.08%)	Current Discount (4.08%)	1% Increase (5.08%)
\$ 12,080,671	9,982,083	8,327,928

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

1% Decrease	Current Trend Rate	1% Increase
\$ 8,438,360	9,982,083	11,192,397

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

Payable Changes in the Net OPEB Liability. At June 30, 2019, the County reported a payable of \$3,947 for outstanding contributions due to NMRHCA for the year ended June 30, 2019.

NOTE 14 – DEFERRED COMPENSATION PLAN

The County provides one optional deferred compensation 457 plan. The plan was created in accordance with IRC Section 457. The plan is available to any County employee. Nationwide Retirement Solutions, Inc. administers the individual plan. Employee contributions totaled \$54,246 for Nationwide for the year ended June 30, 2019.

NOTE 15 – LABOR UNIONS

The County has one labor union: McKinley County Sheriff's Deputies Association. The first UMWA agreement went into effect on July 1, 2007. Employees covered under this plan are non-probationary laborers as specified in the contract. The current agreement went into effect on March 19, 2019.

Copies of the collective bargaining agreement can be obtained from the McKinley County Human Resources Department, 207 W. Hill Ave., Gallup, NM 87301.

**STATE OF NEW MEXICO
MCKINLEY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 16 – 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, 2019:

Project Name	Amount			
	Total Cost	Expended as of June 30, 2019	Percent Complete	Estimated Date of Completion
Community Services Bldg.-Aztec	\$ 1,003,042	812,198	81%	1/1/2020
Community Services Bldg.-Aztec - Fencing	5,000	-	0%	1/1/2020
Pueblo Pintado VFD Bldg	1,323,309	436,203	33%	6/30/2020
RMCHCS	1,095,000	78,867	7%	6/30/2020
New World Enterprise	293,750	181,748	62%	9/30/2020
New World ERP	183,907	-	0%	3/31/2020
Thoreau Fire Station	1,160,000	-	0%	6/30/2021
New World Fire CAD system	23,625	-	0%	3/31/2020
VFD Network system	60,000	-	0%	3/31/2020
Sheriff's Bldg Structure	350,000	3,524	1%	6/30/2020
Sheriff's Bldg Boilers & Air handler	10,000	-	0%	6/30/2020
Communications Project	3,500,000	2,299,829	66%	12/31/2019
Magistrate Court HVAC	158,288	-	0%	3/30/2020
Compliance Safety Wall	25,000	-	0%	6/30/2020
Ramah Senior Center	300,000	13,194	4%	9/30/2021
ADC Sally Port Demolition	250,000	24,994	10%	6/30/2020
Courthouse Addition Project	6,602,258	315,606	5%	12/31/2020
Total Commitments	\$ 16,343,179	4,166,163		

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 17 – 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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MCKINLEY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 18 – DEFICIT FUND BALANCE

There were no funds with deficit fund balances at June 30, 2019.

**STATE OF NEW MEXICO
MCKINLEY COUNTY
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

NON-MAJOR SPECIAL REVENUE FUNDS

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

Non-major special revenue funds consist of the following:

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

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

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

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

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

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

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

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

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

Law Enforcement Protection (211) – To account for revenues and expenditures for maintaining and improving the County's law enforcement department in order to enhance its efficiency and effectiveness. Funding is from the State appropriation authorized by Section 29-13-3F, NMSA.

**STATE OF NEW MEXICO
MCKINLEY COUNTY
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

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 7-2OE-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 7-2OE-15, NMSA 1978. Funds are used to supplement the County's fire districts and cannot be used to pay salaries, compensation, or remuneration to any employee of the State, County, or independent fire district.

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

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

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

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

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

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

**STATE OF NEW MEXICO
MCKINLEY COUNTY
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

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

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

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

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

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

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

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

**STATE OF NEW MEXICO
MCKINLEY COUNTY
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

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.

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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MCKINLEY COUNTY
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

NON-MAJOR DEBT SERVICE FUNDS

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

Non-major debt service funds consist of the following:

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

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

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

**STATE OF NEW MEXICO
MCKINLEY COUNTY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2019**

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Non-major Funds
ASSETS				
Cash and cash equivalents	\$ 5,437,933	876,631	1,248,411	7,562,975
Investments	17,229,665	8,104,483	8,833	25,342,981
Receivables	2,541,245	518,072	160,000	3,219,317
Due from other funds	34,496	-	-	34,496
Total assets	<u>\$ 25,243,339</u>	<u>9,499,186</u>	<u>1,417,244</u>	<u>36,159,769</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 435,228	16,721	-	451,949
Accrued payroll liabilities	117,399	-	-	117,399
Due to other funds	48,136	-	-	48,136
Total Liabilities	<u>600,763</u>	<u>16,721</u>	<u>-</u>	<u>617,484</u>
Deferred inflows of resources				
Charges for services	<u>43,055</u>	<u>-</u>	<u>-</u>	<u>43,055</u>
Total deferred inflows of resources	43,055	-	-	43,055
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	21,181,775	-	1,417,244	22,599,019
Committed	3,417,746	9,482,465	-	12,900,211
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>24,599,521</u>	<u>9,482,465</u>	<u>1,417,244</u>	<u>35,499,230</u>
Total liabilities deferred inflows of resources, and fund balances	<u>\$ 25,243,339</u>	<u>9,499,186</u>	<u>1,417,244</u>	<u>36,159,769</u>

**STATE OF NEW MEXICO
MCKINLEY COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Non-major Funds
REVENUES				
Taxes				
Property taxes	\$ 239,181	-	-	239,181
Gross receipts	10,156,361	2,791,722	960,000	13,908,083
Intergovernmental				
State operating grants	3,410,226	-	384,608	3,794,834
State capital grants	-	15,000	-	15,000
Federal operating grants	781,330	-	-	781,330
Charges for services	3,360,910	-	-	3,360,910
Other revenue	76,348	-	-	76,348
Total revenues	<u>18,024,356</u>	<u>2,806,722</u>	<u>1,344,608</u>	<u>22,175,686</u>
EXPENDITURES				
Current				
General government	1,213,642	1,074,129	-	2,287,771
Public safety	11,438,373	22,631	-	11,461,004
Public works	3,181	362,848	-	366,029
Health and welfare	3,234,475	-	-	3,234,475
Debt Service				
Principal payments	-	-	845,000	845,000
Interest payments	-	-	310,372	310,372
Capital Outlay				
Capital outlay	3,220,917	2,306,515	-	5,527,432
Total Expenditures	<u>19,110,588</u>	<u>3,766,123</u>	<u>1,155,372</u>	<u>24,032,083</u>
Excess (deficiency) of revenues over expenditures	(1,086,232)	(959,401)	189,236	(1,856,397)
OTHER FINANCING SOURCES (USES)				
Transfers in	4,828,764	1,500,000	-	6,328,764
Transfers out	(4,204,764)	(1,850,000)	-	(6,054,764)
Total other financing sources (uses)	<u>624,000</u>	<u>(350,000)</u>	<u>-</u>	<u>274,000</u>
Net change in fund balance	(462,232)	(1,309,401)	189,236	(1,582,397)
Fund balances-beginning of year	25,061,753	10,791,866	1,228,008	37,081,627
Fund balances-end of the year	<u>\$ 24,599,521</u>	<u>9,482,465</u>	<u>1,417,244</u>	<u>35,499,230</u>

**STATE OF NEW MEXICO
MCKINLEY COUNTY
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
AS OF JUNE 30, 2019**

	201	202	203	205	206
	Corrections	Environmental	Property	Hazardous	EMS
	Fund	Gross Receipts	Valuation	Material Support	Fund
		Tax		Services	
ASSETS					
Cash and cash equivalents	\$ 100	252,366	39,393	14,388	76,232
Investments	1,121,835	2,000,500	497,310	-	624,525
Receivables	75,000	40,014	-	-	53,920
Total assets	<u>\$ 1,196,935</u>	<u>2,292,880</u>	<u>536,703</u>	<u>14,388</u>	<u>754,677</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 319	4,277	340	-	44,234
Accrued payroll liabilities	-	-	2,513	-	11,115
Due to other funds	13,640	-	-	-	-
Total liabilities	<u>13,959</u>	<u>4,277</u>	<u>2,853</u>	<u>-</u>	<u>55,349</u>
Deferred inflows of resources					
Charges for services	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	2,288,603	533,850	-	699,328
Committed	1,182,976	-	-	14,388	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>1,182,976</u>	<u>2,288,603</u>	<u>533,850</u>	<u>14,388</u>	<u>699,328</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,196,935</u>	<u>2,292,880</u>	<u>536,703</u>	<u>14,388</u>	<u>754,677</u>

**STATE OF NEW MEXICO
MCKINLEY COUNTY
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
AS OF JUNE 30, 2019**

	207 E911 Metro Dispatch	208 Farm & Range Fund	209 Fire Protection Districts	210 Highway Beautification Grant	211 Law Enforcement Protection
ASSETS					
Cash and cash equivalents	\$ 237,022	19,361	212,644	26,473	-
Investments	1,134,600	-	2,721,290	-	-
Receivables	9,163	14,799	1	2,625	-
Total assets	<u>\$ 1,380,785</u>	<u>34,160</u>	<u>2,933,935</u>	<u>29,098</u>	<u>-</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 5,419	-	23,276	-	-
Accrued payroll liabilities	27,929	-	-	-	-
Total liabilities	<u>33,348</u>	<u>-</u>	<u>23,276</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>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	1,347,437	34,160	2,910,659	29,098	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>1,347,437</u>	<u>34,160</u>	<u>2,910,659</u>	<u>29,098</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,380,785</u>	<u>34,160</u>	<u>2,933,935</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, 2019**

	212 Liquor Excise Tax	214 Emergency Communication & Medical	218 Inter- governmental Grants	219 Senior Citizens Centers	220 Indigent Health Care Fund
ASSETS					
Cash and cash equivalents	\$ 257,898	121,609	36,103	69,442	333,029
Investments	1,498,230	500,000	624,525	-	624,450
Receivables	293,883	525,050	61,362	-	262,532
Total assets	<u>\$ 2,050,011</u>	<u>1,146,659</u>	<u>721,990</u>	<u>69,442</u>	<u>1,220,011</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 231,078	5,927	-	982	1,828
Accrued payroll liabilities	-	-	1,270	-	669
Due to other funds	-	-	-	-	34,496
Total liabilities	<u>231,078</u>	<u>5,927</u>	<u>1,270</u>	<u>982</u>	<u>36,993</u>
Deferred inflows of resources					
Charges for services	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	1,818,933	1,140,732	-	-	1,183,018
Committed	-	-	720,720	68,460	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>1,818,933</u>	<u>1,140,732</u>	<u>720,720</u>	<u>68,460</u>	<u>1,183,018</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,050,011</u>	<u>1,146,659</u>	<u>721,990</u>	<u>69,442</u>	<u>1,220,011</u>

**STATE OF NEW MEXICO
MCKINLEY COUNTY
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
AS OF JUNE 30, 2019**

	222 Fire Excise Tax	223 Local DWI Program	224 Public Defender's Building	225 Clerk Recording & Filing	226 Magistrate Court Fund
ASSETS					
Cash and cash equivalents	\$ 254,984	54,013	148,786	107,183	110,658
Investments	1,750,655	624,450	-	-	500,000
Receivables	160,061	92,670	-	-	-
Total assets	<u>\$ 2,165,700</u>	<u>771,133</u>	<u>148,786</u>	<u>107,183</u>	<u>610,658</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 3,651	5,010	1,446	-	4,714
Accrued payroll liabilities	-	3,865	-	-	-
Total liabilities	<u>3,651</u>	<u>8,875</u>	<u>1,446</u>	<u>-</u>	<u>4,714</u>
Deferred inflows of resources					
Charges for services	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	2,162,049	762,258	147,340	107,183	-
Committed	-	-	-	-	605,944
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>2,162,049</u>	<u>762,258</u>	<u>147,340</u>	<u>107,183</u>	<u>605,944</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,165,700</u>	<u>771,133</u>	<u>148,786</u>	<u>107,183</u>	<u>610,658</u>

**STATE OF NEW MEXICO
MCKINLEY COUNTY
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
AS OF JUNE 30, 2019**

	227 Sheriff's Grants Fund	228 Narcotic Drug Control & K9 Drug Unit	229 Federal Office of Justice LEG	230 Law Enforcement Grant	231 Adult Detention Center
ASSETS					
Cash and cash equivalents	\$ 359,167	199,464	173,961	49,452	264,113
Investments	500,000	-	-	-	500,000
Receivables	55,714	-	4,789	-	422,293
Due from other funds	-	-	-	-	34,496
Total assets	<u>\$ 914,881</u>	<u>199,464</u>	<u>178,750</u>	<u>49,452</u>	<u>1,220,902</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 11,995	-	-	-	56,979
Accrued payroll liabilities	-	-	-	-	57,573
Total liabilities	<u>11,995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,552</u>
Deferred inflows of resources					
Charges for services	-	-	-	-	43,055
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,055</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	902,886	-	178,750	-	1,063,295
Committed	-	199,464	-	49,452	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>902,886</u>	<u>199,464</u>	<u>178,750</u>	<u>49,452</u>	<u>1,063,295</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 914,881</u>	<u>199,464</u>	<u>178,750</u>	<u>49,452</u>	<u>1,220,902</u>

**STATE OF NEW MEXICO
MCKINLEY COUNTY
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
AS OF JUNE 30, 2019**

	234 Misdemeanor Compliance Fund	236 Emergency Management Fund	238 Forest Reserve Fund	240 JSACC Center
ASSETS				
Cash and cash equivalents	\$ 588,456	573,458	281,012	420,003
Investments	-	1,509,985	-	-
Receivables	-	208,322	55,464	20,188
Total assets	<u>\$ 588,456</u>	<u>2,291,765</u>	<u>336,476</u>	<u>440,191</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 6,455	1,437	10,000	861
Accrued payroll liabilities	5,659	3,601	-	3,205
Total liabilities	<u>12,114</u>	<u>5,038</u>	<u>10,000</u>	<u>4,066</u>
Deferred inflows of resources				
Charges for services	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	2,286,727	326,476	436,125
Committed	576,342	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>576,342</u>	<u>2,286,727</u>	<u>326,476</u>	<u>436,125</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 588,456</u>	<u>2,291,765</u>	<u>336,476</u>	<u>440,191</u>

**STATE OF NEW MEXICO
MCKINLEY COUNTY
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
AS OF JUNE 30, 2019**

	290 CDBG Planning Fund	295 Rural Public Safety	Total Special Revenue Funds
ASSETS			
Cash and cash equivalents	\$ 43,050	114,113	5,437,933
Investments	-	497,310	17,229,665
Receivables	23,000	160,395	2,541,245
Due from other funds	-	-	34,496
Total assets	<u>\$ 66,050</u>	<u>771,818</u>	<u>25,243,339</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 15,000	-	435,228
Accrued payroll liabilities	-	-	117,399
Due to other funds	-	-	48,136
Total liabilities	<u>15,000</u>	<u>-</u>	<u>600,763</u>
Deferred inflows of resources			
Charges for services	-	-	43,055
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>43,055</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	51,050	771,818	21,181,775
Committed	-	-	3,417,746
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	<u>51,050</u>	<u>771,818</u>	<u>24,599,521</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 66,050</u>	<u>771,818</u>	<u>25,243,339</u>

STATE OF NEW MEXICO
MCKINLEY COUNTY
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEETS
AS OF JUNE 30, 2019

	300 Capital Outlay GRT	301 Federal Grants	304 CDBG Gamerao Water System Phase III	307 McKinley County Drainage	308 CDBG White Cliffs Water System
ASSETS					
Cash and cash equivalents	\$ 106,700	-	-	-	502,000
Investments	7,354,483	-	-	-	-
Receivables	445,050	-	-	-	13,000
Total assets	<u>\$ 7,906,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>515,000</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
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>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	7,906,233	-	-	-	515,000
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>7,906,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>515,000</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,906,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>515,000</u>

**STATE OF NEW MEXICO
MCKINLEY COUNTY
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEETS
AS OF JUNE 30, 2019**

	311 Infrastructure Gross Receipts	315 State Projects	318 Communi- cations Upgrade	Total Capital Projects Funds
ASSETS				
Cash and cash equivalents	\$ 86,811	50,000	131,120	876,631
Investments	750,000	-	-	8,104,483
Receivables	60,022	-	-	518,072
Total assets	<u>\$ 896,833</u>	<u>50,000</u>	<u>131,120</u>	<u>9,499,186</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 16,721	-	-	16,721
Total liabilities	<u>16,721</u>	<u>-</u>	<u>-</u>	<u>16,721</u>
Deferred inflows of resources				
Charges for services	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	880,112	50,000	131,120	9,482,465
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>880,112</u>	<u>50,000</u>	<u>131,120</u>	<u>9,482,465</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 896,833</u>	<u>50,000</u>	<u>131,120</u>	<u>9,499,186</u>

**STATE OF NEW MEXICO
MCKINLEY COUNTY
NON-MAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEETS
AS OF JUNE 30, 2019**

	406 Judicial Complex Debt Service	407 Energy Efficiency Bond	408 Countywide Communications Bond	Total Debt Service Funds
ASSETS				
Cash and cash equivalents	\$ 555,060	539,897	153,454	1,248,411
Investments	-	8,833	-	8,833
Receivables	20,000	60,000	80,000	160,000
Total assets	<u>\$ 575,060</u>	<u>608,730</u>	<u>233,454</u>	<u>1,417,244</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	-	-	-
Total liabilities	-	-	-	-
Deferred inflows of resources				
Charges for services	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	575,060	608,730	233,454	1,417,244
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>575,060</u>	<u>608,730</u>	<u>233,454</u>	<u>1,417,244</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 575,060</u>	<u>608,730</u>	<u>233,454</u>	<u>1,417,244</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, 2019**

	201	202	203	205	206
	Corrections	Environmental	Property	Hazardous	EMS
	Fund	Gross Receipts	Valuation	Material Support	Fund
	Fund	Tax	Valuation	Services	Fund
REVENUES					
Taxes					
Property taxes	\$ -	-	239,181	-	-
Gross receipts	77,677	527,593	-	-	-
Intergovernmental					
State operating grants	-	-	-	10,000	122,692
Charges for services	108,191	-	-	-	248,344
Other revenue	-	-	-	-	8,557
Total revenues	<u>185,868</u>	<u>527,593</u>	<u>239,181</u>	<u>10,000</u>	<u>379,593</u>
EXPENDITURES					
Current					
General government	-	365,518	207,190	-	-
Public safety	896,776	-	-	19,908	981,788
Capital Outlay					
Capital outlay	-	-	-	9,145	102,845
Total expenditures	<u>896,776</u>	<u>365,518</u>	<u>207,190</u>	<u>29,053</u>	<u>1,084,633</u>
Excess (deficiency) of revenues over expenditures	(710,908)	162,075	31,991	(19,053)	(705,040)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	785,000
Transfers out	-	(1,000,000)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(1,000,000)</u>	<u>-</u>	<u>-</u>	<u>785,000</u>
Net change in fund balance	(710,908)	(837,925)	31,991	(19,053)	79,960
Fund balances-beginning of year	1,893,884	3,126,528	501,859	33,441	619,368
Fund balances-end of the year	<u>\$ 1,182,976</u>	<u>2,288,603</u>	<u>533,850</u>	<u>14,388</u>	<u>699,328</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, 2019**

	207 E911 Metro Dispatch	208 Farm & Range Fund	209 Fire Protection Districts	210 Highway Beautification Grant	211 Law Enforcement Protection
REVENUES					
Intergovernmental					
State operating grants	\$ 14,164	-	1,602,490	3,181	48,000
Federal operating grants	-	14,799	-	-	-
Charges for services	2,775	-	-	-	-
Other revenue	50	-	201	-	-
Total revenues	<u>16,989</u>	<u>14,799</u>	<u>1,602,691</u>	<u>3,181</u>	<u>48,000</u>
EXPENDITURES					
Current					
Public safety	1,683,797	-	809,168	-	48,000
Public works	-	-	-	3,181	-
Health and welfare	-	22,500	-	-	-
Capital Outlay					
Capital outlay	201,005	-	806,449	-	-
Total expenditures	<u>1,884,802</u>	<u>22,500</u>	<u>1,615,617</u>	<u>3,181</u>	<u>48,000</u>
Excess (deficiency) of revenues over expenditures	(1,867,813)	(7,701)	(12,926)	-	-
OTHER FINANCING SOURCES (USES)					
Transfers in	1,922,705	26,000	-	-	-
Transfers out	-	-	(142,483)	-	-
Total other financing sources (uses)	<u>1,922,705</u>	<u>26,000</u>	<u>(142,483)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	54,892	18,299	(155,409)	-	-
Fund balances-beginning of year	1,292,545	15,861	3,066,068	29,098	-
Fund balances-end of the year	<u>\$ 1,347,437</u>	<u>34,160</u>	<u>2,910,659</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, 2019**

	212 Liquor Excise Tax	214 Emergency Communication & Medical	218 Inter- governmental Grants	219 Senior Citizens Centers	220 Indigent Health Care Fund
REVENUES					
Taxes					
Gross receipts	\$ 1,400,158	2,912,565	-	-	2,173,833
Intergovernmental					
State operating grants	-	-	361,449	-	-
Other revenue	-	288	-	24,350	-
Total revenues	<u>1,400,158</u>	<u>2,912,853</u>	<u>361,449</u>	<u>24,350</u>	<u>2,173,833</u>
EXPENDITURES					
Current					
Public safety	-	425,683	-	-	-
Health and welfare	1,087,847	-	138,865	116,392	1,868,871
Capital Outlay					
Capital outlay	-	-	35,900	-	28,000
Total expenditures	<u>1,087,847</u>	<u>425,683</u>	<u>174,765</u>	<u>116,392</u>	<u>1,896,871</u>
Excess (deficiency) of revenues over expenditures	312,311	2,487,170	186,684	(92,042)	276,962
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	164,483	126,000	-
Transfers out	-	(2,707,705)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(2,707,705)</u>	<u>164,483</u>	<u>126,000</u>	<u>-</u>
Net change in fund balance	312,311	(220,535)	351,167	33,958	276,962
Fund balances-beginning of year	<u>1,506,622</u>	<u>1,361,267</u>	<u>369,553</u>	<u>34,502</u>	<u>906,056</u>
Fund balances-end of the year	<u>\$ 1,818,933</u>	<u>1,140,732</u>	<u>720,720</u>	<u>68,460</u>	<u>1,183,018</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, 2019**

	222 Fire Excise Tax	223 Local DWI Program	224 Public Defender's Building	225 Clerk Recording & Filing	226 Magistrate Court Fund
REVENUES					
Taxes					
Gross receipts	\$ 957,763	-	-	-	-
Intergovernmental					
State operating grants	4,400	867,764	-	-	191,648
Charges for services	-	86,692	40,450	20,751	-
Other revenue	750	-	-	-	-
Total revenues	<u>962,913</u>	<u>954,456</u>	<u>40,450</u>	<u>20,751</u>	<u>191,648</u>
EXPENDITURES					
Current					
General government	258,545	-	-	7,032	102,850
Public safety	-	989,113	27,418	-	-
Capital Outlay					
Capital outlay	<u>1,187,349</u>	-	-	-	-
Total expenditures	<u>1,445,894</u>	<u>989,113</u>	<u>27,418</u>	<u>7,032</u>	<u>102,850</u>
Excess (deficiency) of revenues over expenditures	(482,981)	(34,657)	13,032	13,719	88,798
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(482,981)	(34,657)	13,032	13,719	88,798
Fund balances-beginning of year	<u>2,645,030</u>	<u>796,915</u>	<u>134,308</u>	<u>93,464</u>	<u>517,146</u>
Fund balances-end of the year	<u>\$ 2,162,049</u>	<u>762,258</u>	<u>147,340</u>	<u>107,183</u>	<u>605,944</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, 2019**

	227 Sheriff's Grants Fund	228 Narcotic Drug Control & K9 Drug Unit	229 Federal Office of Justice LEG	230 Law Enforcement Grant	231 Adult Detention Center
REVENUES					
Taxes					
Gross receipts	\$ -	-	-	-	1,378,561
Intergovernmental					
State operating grants	30,340	-	-	-	-
Federal operating grants	222,269	-	4,500	-	-
Charges for services	-	-	288	-	2,388,854
Other revenue	-	-	-	-	12,023
Total revenues	<u>252,609</u>	<u>-</u>	<u>4,788</u>	<u>-</u>	<u>3,779,438</u>
EXPENDITURES					
Current					
Public safety	<u>237,600</u>	<u>31,558</u>	<u>4,500</u>	<u>-</u>	<u>3,905,944</u>
Total expenditures	<u>237,600</u>	<u>31,558</u>	<u>4,500</u>	<u>-</u>	<u>3,905,944</u>
Excess (deficiency) of revenues over expenditures	15,009	(31,558)	288	-	(126,506)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	300,000
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Net change in fund balance	15,009	(31,558)	288	-	173,494
Fund balances-beginning of year	<u>887,877</u>	<u>231,022</u>	<u>178,462</u>	<u>49,452</u>	<u>889,801</u>
Fund balances-end of the year	<u>\$ 902,886</u>	<u>199,464</u>	<u>178,750</u>	<u>49,452</u>	<u>1,063,295</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, 2019**

	234 Misdemeanor Compliance Fund	236 Emergency Management Fund	238 Forest Reserve Fund	240 JSACC Center
REVENUES				
Intergovernmental				
State operating grants	\$ -	-	-	154,098
Federal operating grants	-	241,095	166,667	100,000
Charges for services	464,565	-	-	-
Total revenues	<u>464,565</u>	<u>241,095</u>	<u>166,667</u>	<u>254,098</u>
EXPENDITURES				
Current				
General government	-	-	237,507	-
Public safety	360,958	509,526	-	259,731
Capital Outlay				
Capital outlay	-	708,843	-	-
Total expenditures	<u>360,958</u>	<u>1,218,369</u>	<u>237,507</u>	<u>259,731</u>
Excess (deficiency) of revenues over expenditures	103,607	(977,274)	(70,840)	(5,633)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,354,576	150,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>1,354,576</u>	<u>150,000</u>	<u>-</u>
Net change in fund balance	103,607	377,302	79,160	(5,633)
Fund balances-beginning of year	472,735	1,909,425	247,316	441,758
Fund balances-end of the year	<u>\$ 576,342</u>	<u>2,286,727</u>	<u>326,476</u>	<u>436,125</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, 2019**

	290 CDBG Planning Fund	295 Rural Public Safety	Total Special Revenue Funds
REVENUES			
Taxes			
Property taxes	\$ -	-	239,181
Gross receipts	-	728,211	10,156,361
Intergovernmental			
State operating grants	-	-	3,410,226
Federal operating grants	32,000	-	781,330
Charges for services	-	-	3,360,910
Other revenue	-	30,129	76,348
Total revenues	<u>32,000</u>	<u>758,340</u>	<u>18,024,356</u>
EXPENDITURES			
Current			
General government	35,000	-	1,213,642
Public safety	-	246,905	11,438,373
Public works	-	-	3,181
Health and welfare	-	-	3,234,475
Capital Outlay			
Capital outlay	-	141,381	3,220,917
Total expenditures	<u>35,000</u>	<u>388,286</u>	<u>19,110,588</u>
Excess (deficiency) of revenues over expenditures	(3,000)	370,054	(1,086,232)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	4,828,764
Transfers out	-	(354,576)	(4,204,764)
Total other financing sources (uses)	<u>-</u>	<u>(354,576)</u>	<u>624,000</u>
Net change in fund balance	(3,000)	15,478	(462,232)
Fund balances-beginning of year	<u>54,050</u>	<u>756,340</u>	<u>25,061,753</u>
Fund balances-end of the year	<u>\$ 51,050</u>	<u>771,818</u>	<u>24,599,521</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, 2019**

	300 Capital Outlay GRT	301 Federal Grants	304 CDBG Gamarco Water System Phase III	307 CP McKinley County Drainage	308 CDBG White Cliffs Water System
REVENUES					
Taxes					
Gross receipts	\$ 2,432,565	-	-	-	-
Intergovernmental					
State capital grants	-	-	-	-	15,000
Total revenues	<u>2,432,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
EXPENDITURES					
Current					
General government	1,074,129	-	-	-	-
Public works	-	-	-	-	6,905
Capital Outlay					
Capital outlay	377,067	-	-	-	-
Total expenditures	<u>1,451,196</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,905</u>
Excess (deficiency) of revenues over expenditures	981,369	-	-	-	8,095
OTHER FINANCING SOURCES (USES)					
Transfers in	1,000,000	-	-	-	500,000
Transfers out	(350,000)	-	(500,000)	-	-
Total other financing sources (uses)	<u>650,000</u>	<u>-</u>	<u>(500,000)</u>	<u>-</u>	<u>500,000</u>
Net change in fund balance	1,631,369	-	(500,000)	-	508,095
Fund balances-beginning of year	6,274,864	-	500,000	-	6,905
Fund balances-end of the year	<u>\$ 7,906,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>515,000</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, 2019**

	311 Infrastructure Gross Receipts	315 State Projects	318 Commun- ications Upgrade	Total Capital Projects Funds
REVENUES				
Taxes				
Gross receipts	\$ 359,157	-	-	2,791,722
Intergovernmental				
State operating grants	-	-	-	-
State capital grants	-	-	-	15,000
Total revenues	<u>359,157</u>	<u>-</u>	<u>-</u>	<u>2,806,722</u>
EXPENDITURES				
Current				
General government	-	-	-	1,074,129
Public safety	-	-	22,631	22,631
Public works	355,943	-	-	362,848
Capital Outlay				
Capital outlay	498,420	-	1,431,028	2,306,515
Total expenditures	<u>854,363</u>	<u>-</u>	<u>1,453,659</u>	<u>3,766,123</u>
Excess (deficiency) of revenues over expenditures	(495,206)	-	(1,453,659)	(959,401)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	1,500,000
Transfers out	(1,000,000)	-	-	(1,850,000)
Total other financing sources (uses)	<u>(1,000,000)</u>	<u>-</u>	<u>-</u>	<u>(350,000)</u>
Net change in fund balance	(1,495,206)	-	(1,453,659)	(1,309,401)
Fund balances-beginning of year	2,375,318	50,000	1,584,779	10,791,866
Fund balances-end of the year	<u>\$ 880,112</u>	<u>50,000</u>	<u>131,120</u>	<u>9,482,465</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, 2019**

	406 Judicial Complex Debt Service	407 Energy Efficiency Bond	408 Countywide Communications Bond	Total Debt Service Funds
REVENUES				
Taxes				
Gross receipts	\$ 120,000	360,000	480,000	960,000
Intergovernmental:				
State operating grants	384,608	-	-	384,608
Total revenues	<u>504,608</u>	<u>360,000</u>	<u>480,000</u>	<u>1,344,608</u>
EXPENDITURES				
Debt Service:				
Principal payments	300,000	205,000	340,000	845,000
Interest payments	183,600	48,600	78,172	310,372
Total expenditures	<u>483,600</u>	<u>253,600</u>	<u>418,172</u>	<u>1,155,372</u>
Excess (deficiency) of revenues over expenditures	21,008	106,400	61,828	189,236
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	21,008	106,400	61,828	189,236
Fund balances-beginning of year	554,052	502,330	171,626	1,228,008
Fund balances-end of the year	<u>\$ 575,060</u>	<u>608,730</u>	<u>233,454</u>	<u>1,417,244</u>

**STATE OF NEW MEXICO
MCKINLEY COUNTY
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
PROPERTY TAX FUND				
Assets				
Cash and investments	\$ 1,069,240	19,170,347	(19,381,114)	858,473
Property taxes receivable	1,250,865	193,226,852	(192,887,860)	1,589,857
Total assets	<u>\$ 2,320,105</u>	<u>212,397,199</u>	<u>(212,268,974)</u>	<u>2,448,330</u>
Liabilities				
Funds held for others	\$ 2,320,105	212,397,199	(212,268,974)	2,448,330
Total liabilities	<u>\$ 2,320,105</u>	<u>212,397,199</u>	<u>(212,268,974)</u>	<u>2,448,330</u>
TELECOMMUNICATIONS FUND 298				
Assets				
Cash and investments	\$ 321,521	108,436	(137,844)	292,113
Total assets	<u>\$ 321,521</u>	<u>108,436</u>	<u>(137,844)</u>	<u>292,113</u>
Liabilities				
Accounts payable	\$ 67,878	23,936	(67,878)	23,936
Funds held for others	253,643	84,500	(69,966)	268,177
Total liabilities	<u>\$ 321,521</u>	<u>108,436</u>	<u>(137,844)</u>	<u>292,113</u>
TOTALS - ALL AGENCY FUNDS				
Assets				
Cash and investments	\$ 1,390,761	19,278,783	(19,518,958)	1,150,586
Property taxes receivable	1,250,865	193,226,852	(192,887,860)	1,589,857
Total assets	<u>\$ 2,641,626</u>	<u>212,505,635</u>	<u>(212,406,818)</u>	<u>2,740,443</u>
Liabilities				
Accounts payable	\$ 67,878	23,936	(67,878)	23,936
Funds held for others	2,573,748	212,481,699	(212,338,940)	2,716,507
Total liabilities	<u>\$ 2,641,626</u>	<u>212,505,635</u>	<u>(212,406,818)</u>	<u>2,740,443</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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	Measurement Date as of				
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
The County's proportion of the net pension liability (asset) (%)					
Municipal General	0.8668%	0.9509%	1.0004%	1.0546%	0.9374%
Municipal Police	0.6840%	0.7837%	0.8262%	0.7361%	0.7612%
Municipal Fire	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
	<u>0.6338%</u>	<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	\$ 13,820,000	13,066,170	15,983,026	10,752,561	7,312,726
Municipal Police	4,666,962	4,353,967	6,095,949	3,539,581	2,481,429
Municipal Fire	-	-	-	-	-
	<u>\$ 18,486,962</u>	<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	\$ 7,859,368	8,679,064	8,568,074	8,740,824	7,609,080
Municipal Police	1,445,074	1,676,539	1,644,254	1,444,170	1,465,888
Municipal Fire	-	-	-	-	-
	<u>\$ 9,304,442</u>	<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	175.84%	150.55%	186.54%	123.02%	96.11%
Municipal Police	322.96%	259.70%	370.74%	245.09%	169.28%
Municipal Fire	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability					
Municipal General	71.13%	73.74%	69.18%	76.99%	81.29%
Municipal Police	71.13%	73.74%	69.18%	76.99%	81.29%
Municipal Fire	71.13%	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.

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

**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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutory required contribution					
Municipal General	\$ 736,407	750,570	828,851	818,854	829,998
Municipal Police	269,624	273,119	316,866	310,764	272,726
Municipal Fire	72,264	-	-	-	-
	<u>\$ 1,078,295</u>	<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	\$ 736,407	750,570	828,851	818,854	829,998
Municipal Police	269,624	273,119	316,866	310,764	272,726
Municipal Fire	72,264	-	-	-	-
	<u>\$ 1,078,295</u>	<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	-	-	-	-	-
Municipal Fire	-	-	-	-	-
	<u>\$ -</u>	<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, 2019**

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

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

**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***

	2019		2018	
	Measurement Date as of			
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
The County's proportion of the net OPEB liability (asset) (%)		0.22956%		0.25548%
The County's proportionate share of the net OPEB liability (asset)	\$	9,982,083	\$	11,577,518
The County's covered-employee payroll	\$	9,849,540	\$	10,642,396
The County's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll		101.35%		108.79%
Plan fiduciary net position as a percentage of the total OPEB liability		13.14%		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.

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

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

	2019	2018
Contractually required contribution	\$ 358,726	811,269
Contributions in relation to the statutorily required contribution	354,346	407,167
Contribution deficiency (excess)	\$ 4,380	404,102
County's covered-employee payroll	\$ 9,849,540	10,642,396
Contributions as a percentage of covered-employee payroll	3.60%	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.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2019**

Changes of Benefit Terms: There were no modifications to the benefit provisions as this is the second year of adoption of the OPEB accounting standard.

Changes of Assumptions: The New Mexico Retiree Health Care Authority Annual Actuarial Valuations as of June 2018 report is available by contacting the Authority at 4308 Carlisle Blvd. NE Suite 105, Albuquerque, NM 87107

STATE OF NEW MEXICO
MCKINLEY COUNTY
SCHEDULE OF CASH, INVESTMENTS, AND PLEDGED COLLATERAL
BY BANK AND ACCOUNT
AS OF JUNE 30, 2019

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	Stifel	NM Local Government Investment Pool	Petty Cash	Reconciling Items	Book Balance
Cash and cash equivalents														
Operational	Checking*	\$ 13,024,938	-	-	-	-	-	-	-	-	-	-	(2,364,999)	10,659,939
AP Warrant Account	Checking*	(358,659)	-	-	-	-	-	-	-	-	-	-	358,659	-
Payroll Warrant Account	Checking*	26,836	-	-	-	-	-	-	-	-	-	-	(28,384)	(1,548)
CDBG	Checking*	503,050	-	-	-	-	-	-	-	-	-	-	-	503,050
Seizure	Checking*	49,675	-	-	-	-	-	-	-	-	-	-	-	49,675
Savings	Savings*	429,475	2,135,705	-	-	-	-	-	-	-	-	-	-	2,565,180
Money Market	Money Market*	-	-	-	573	-	-	-	-	-	-	-	-	573
Certificate of Deposits	CD	5,100,000	-	-	5,290,533	1,256,888	-	1,483,760	1,000,000	506,178	-	-	-	14,637,359
Federal Home Loan Mortgage	US Agency Securities	-	-	-	-	2,997,050	2,000,000	2,995,701	-	-	-	-	-	7,992,751
Federal Home Loan Mortgage Corp - MTN	US Agency Securities	-	-	998,840	1,003,550	-	-	-	-	-	-	-	-	2,002,390
Federal Home Loan Bank	US Agency Securities	-	-	983,310	13,481,470	5,963,490	1,313,263	-	-	-	-	-	-	21,741,533
Federal Farm CR Bank	US Agency Securities	-	-	-	8,446,370	-	-	-	-	-	-	-	-	8,446,370
Federal National Mortgage Assn Note	US Agency Securities	-	-	-	4,995,900	1,000,320	-	-	-	-	-	-	-	5,996,220
NM Local Government Investment Pool (LGIP)	Investment Pool	-	-	-	-	-	-	-	-	-	8,833	-	-	8,833
Petty cash	Petty Cash	-	-	-	-	-	-	-	-	-	-	977	-	977
Subtotal cash and investments		<u>18,775,315</u>	<u>2,135,705</u>	<u>1,982,150</u>	<u>33,218,396</u>	<u>11,217,748</u>	<u>3,313,263</u>	<u>4,479,461</u>	<u>1,000,000</u>	<u>506,178</u>	<u>8,833</u>	<u>977</u>	<u>(2,034,724)</u>	<u>74,603,302</u>
Total amount of deposit in bank														
FDIC coverage		(250,000)	(250,000)	-	(5,290,533)	(1,256,888)	-	(1,483,760)	(250,000)	(506,178)	-	-	-	-
Total uninsured public funds		<u>18,525,315</u>	<u>1,885,705</u>	-	-	-	-	-	<u>750,000</u>	-	-	-	-	-
50% Collateral Requirement (Section 6-10-17 NMSA 1978)														
102% Collateral Requirement (Section 6-10-10(H) NMSA 1978)		-	-	-	-	-	-	-	-	-	-	-	-	-
		<u>18,895,821</u>	<u>1,923,419</u>	-	-	-	-	-	<u>765,000</u>	-	-	-	-	-
		<u>18,895,821</u>	<u>1,923,419</u>	-	-	-	-	-	<u>765,000</u>	-	-	-	-	-
Pledged security at:														
Name	CUSIP	Coupon or Rate	Maturity Date											
FHLB Bonds	313383HB4	1.8700%	6/12/2020	\$	4,994,750	-	-	-	-	-	-	-	-	-
FNMA 238817 ARM	3137ORC27	5.6500%	11/1/2024		42,265	-	-	-	-	-	-	-	-	-
FNMA 13 8 MA	3136AB6TS	2.5000%	12/25/2041		8,305,896	-	-	-	-	-	-	-	-	-
FNMA MA2220	31418BP6O	3.0000%	3/1/2030		769,279	-	-	-	-	-	-	-	-	-
FNMA MA2293	31418BRP3	3.5000%	6/1/2035		1,135,515	-	-	-	-	-	-	-	-	-
FNMA MA2260	31418BQN9	3.5000%	5/1/2035		830,023	-	-	-	-	-	-	-	-	-
FNMA 10 137	31398SRD7	2.0000%	6/25/2024		864,300	-	-	-	-	-	-	-	-	-
FNMA 14 H8	3136AKQLO	2.3400%	6/25/2024		3,702,083	-	-	-	-	-	-	-	-	-
FHLMC 3564 LA	31398JEB5	4.0000%	8/15/2019		2,444	-	-	-	-	-	-	-	-	-
FHLMC 3884 DJ	3137ABVT5	2.5000%	2/15/2025		218,072	-	-	-	-	-	-	-	-	-
FHLMC 3980 KQ	3137AKYHO	2.0000%	5/15/2040		1,502,787	-	-	-	-	-	-	-	-	-
FHHS Koz28 A1	3137B2HH5	2.1800%	11/25/2022		1,880,059	-	-	-	-	-	-	-	-	-
FHHS Koz20 A1	3137ASR97	1.5700%	1/25/2022		1,299,563	-	-	-	-	-	-	-	-	-
FNMA FNMS	3138MPXR1	3.0000%	12/1/2042		-	2,095,723	-	-	-	-	-	-	-	-
FNMA FNMS	3138WK4P7	3.5000%	6/1/2047		-	15,874	-	-	-	-	-	-	-	-
FNMA PL#BC2636	3140EW4W2	3.0000%	11/1/2046		-	-	-	-	974,682	-	-	-	-	-
Total collateral		<u>25,547,036</u>	<u>2,111,597</u>	-	-	-	-	-	<u>974,682</u>	-	-	-	-	-
Amount over/(under) collateralized		<u>\$ 6,651,215</u>	<u>188,178</u>	-	-	-	-	-	<u>209,682</u>	-	-	-	-	-
Amount over/(under) collateralized & insured		<u>\$ 6,901,215</u>	<u>438,178</u>	-	<u>5,290,533</u>	<u>1,256,888</u>	-	<u>1,483,760</u>	<u>459,682</u>	<u>506,178</u>	-	-	-	-
Total book balance		<u>\$ 16,740,591</u>	<u>2,135,705</u>	<u>1,982,150</u>	<u>33,218,396</u>	<u>11,217,748</u>	<u>3,313,263</u>	<u>4,479,461</u>	<u>1,000,000</u>	<u>506,178</u>	<u>8,833</u>	<u>977</u>	-	-

*denotes interest bearing account

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
MCKINLEY COUNTY
SCHEDULE OF FUND BALANCES
AS OF JUNE 30, 2019**

	101	Special Revenue Fund		Nonmajor Governmental Funds	Total Governmental Funds
		204	232		
	General Fund	Road Fund	RMCH Rental Income		
Fund Balances:					
Nonspendable:					
Prepaid expenses and inventories	\$ -	-	-	-	-
Subtotal nonspendable	-	-	-	-	-
Restricted for:					
General county operatings	-	-	-	5,469,211	5,469,211
Maintenance of roads	-	8,549,972	-	29,098	8,579,070
Fire departments	-	-	-	771,818	771,818
Adult detention center	1,500,000	-	-	1,063,295	2,563,295
Farm & Range	-	-	-	34,160	34,160
Public safety	-	-	-	12,631,175	12,631,175
Healthcare	-	-	-	1,183,018	1,183,018
Debt service expenditures	-	-	-	1,417,244	1,417,244
Reserve requirement - minimum fund balance	2,776,280	348,665	-	-	3,124,945
Subtotal restricted	4,276,280	8,898,637	-	22,599,019	35,773,936
Committed to:					
PILT	983,855	-	-	-	983,855
Corrections facility	-	-	-	1,182,976	1,182,976
County operations	11,105,120	-	-	1,326,664	12,431,784
Public safety	-	-	-	839,646	839,646
Care pool payments and indigent costs	-	-	7,051,747	-	7,051,747
Capital projects expenditures	-	-	-	9,482,465	9,482,465
Senior center	150,000	-	-	68,460	218,460
Subtotal committed	12,238,975	-	7,051,747	12,900,211	32,190,933
Assigned to:					
Other purposes	-	-	-	-	-
Subtotal assigned	-	-	-	-	-
Unassigned:					
Total fund balances	\$ 8,554,863	-	-	-	8,554,863
	\$ 25,070,118	8,898,637	7,051,747	35,499,230	76,519,732

**STATE OF NEW MEXICO
MCKINLEY COUNTY
SCHEDULE OF RECONCILIATION OF
PROPERTY TAX RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2019**

Reconciliation of Property Taxes Receivable

Taxes receivable, beginning of year	\$ 1,658,302
Changes to Tax roll:	
Net taxes charged to treasurer for fiscal year	27,636,007
Adjustments:	
Increases/(Decreases) in taxes receivables	<u>(798,919)</u>
Total receivables prior to collections	28,495,390
Collections for fiscal year	<u>(26,279,455)</u>
Taxes receivable, end of year	<u><u>\$ 2,215,935</u></u>
Property Taxes Receivable by Years:	
2009	\$ 46,359
2010	19,727
2011	20,501
2012	15,194
2013	29,404
2014	45,210
2015	64,650
2016	164,436
2017	453,902
2018	<u>1,356,552</u>
Taxes receivable, end of year	<u><u>\$ 2,215,935</u></u>

STATE OF NEW MEXICO
MCKINLEY COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year-End	County Receivable at Year-End	
001 STATE DEBT SERVICE										
	2009 \$	295,627	1	295,499	1	295,499	-	114	-	14
	2010	1,125,856	2	1,124,894	(11)	1,124,872	-	191	22	771
	2011	1,038,232	31	1,037,418	12	1,037,377	-	101	40	714
	2012	1,043,386	52	1,042,714	18	1,042,642	-	94	72	578
	2013	1,130,085	206	1,128,908	414	1,128,724	-	70	184	1,107
	2014	1,135,736	454	1,133,879	1,001	1,133,451	-	44	428	1,813
	2015	1,148,386	1,712	1,145,742	5,649	1,144,867	-	48	875	2,596
	2016	1,169,194	7,613	1,162,546	9,502	1,158,876	-	18	3,670	6,631
	2017	1,180,188	22,572	1,161,842	49,025	1,157,421	-	-	4,421	18,346
	2018	357,081	333,790	333,790	327,545	321,669	-	-	12,121	23,291
TOTAL STATE DEBT SERVICE		9,623,771	366,431	9,567,231	393,157	9,545,398	-	680	21,834	55,860
002 COUNTY OPERATIONAL - RES										
	2009	1,396,901	3	1,396,297	3	1,396,297	-	539	-	64
	2010	1,413,091	4	1,412,600	(38)	1,412,600	-	366	-	125
	2011	1,450,930	57	1,450,310	15	1,450,266	-	362	44	258
	2012	1,511,956	64	1,511,108	11	1,510,998	-	397	110	451
	2013	1,550,396	490	1,548,406	1,180	1,547,808	-	302	598	1,688
	2014	1,573,398	1,160	1,570,088	2,855	1,568,604	-	173	1,484	3,137
	2015	1,605,881	5,613	1,598,458	13,240	1,595,411	-	198	3,048	7,225
	2016	1,612,350	25,128	1,592,848	25,434	1,579,939	-	78	12,909	19,424
	2017	1,655,943	67,252	1,606,095	95,221	1,590,120	-	-	15,975	49,848
	2018	1,717,404	1,605,382	1,605,382	1,575,345	1,547,086	-	-	58,296	112,022
TOTAL COUNTY OPERATIONAL - RES		15,488,249	1,705,154	15,291,593	1,713,266	15,199,129	-	2,413	92,464	194,242
003 COUNTY DEBT SERVICE										
	2009	-	-	-	-	-	-	-	-	-
	2010	-	-	-	-	-	-	-	-	-
	2011	-	-	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-	-	-
	2013	-	-	-	-	-	-	-	-	-
	2014	-	-	-	-	-	-	-	-	-
	2015	-	-	-	-	-	-	-	-	-
	2016	-	-	-	-	-	-	-	-	-
	2017	-	-	-	-	-	-	-	-	-
	2018	-	-	-	-	-	-	-	-	-
TOTAL COUNTY DEBT SERVICE		-	-	-	-	-	-	-	-	-
004 GALLUP MUNICIPAL OPERATIONAL - RES										
	2009	1,019,193	3	1,018,955	3	1,018,955	-	207	-	31
	2010	1,030,371	4	1,030,173	(37)	1,030,173	-	165	-	32
	2011	1,057,498	54	1,057,279	14	1,057,239	-	171	40	48
	2012	1,102,929	61	1,102,514	10	1,102,464	-	239	51	175
	2013	1,129,441	237	1,128,692	629	1,128,618	-	217	75	531
	2014	1,147,380	899	1,145,745	1,918	1,145,071	-	164	674	1,470
	2015	1,169,625	4,142	1,165,076	7,866	1,163,485	-	181	1,591	4,368
	2016	1,174,427	17,619	1,163,140	16,363	1,155,441	-	74	7,699	11,213
	2017	1,207,423	43,597	1,176,195	49,314	1,166,352	-	-	9,842	31,228
	2018	1,251,735	1,182,909	1,182,909	1,164,385	1,147,537	-	-	35,372	68,825
TOTAL GALLUP MUNICIPAL OPERATIONAL - RES		11,280,019	1,249,526	11,170,679	1,240,466	11,115,334	-	1,419	55,344	117,922
005 GALLUP MUNICIPAL DEBT SERVICE										
	2009	440,625	1	440,522	1	440,522	-	89	-	14
	2010	441,162	2	441,077	(16)	441,077	-	71	-	14
	2011	284,819	15	284,760	4	284,750	-	46	11	13
	2012	348,432	19	348,301	3	348,285	-	76	16	55
	2013	303,528	64	303,327	169	303,307	-	58	20	143
	2014	227,920	179	227,595	381	227,461	-	33	134	292
	2015	303,108	1,073	301,929	2,038	301,517	-	47	412	1,132
	2016	304,087	4,562	301,165	4,237	299,171	-	19	1,993	2,903
	2017	268,947	9,711	261,991	10,985	259,999	-	-	2,192	6,956
	2018	296,595	280,287	280,287	275,898	271,906	-	-	8,381	16,308
TOTAL GALLUP MUNICIPAL DEBT SERVICE		3,219,223	295,912	3,190,955	293,700	3,177,794	-	439	13,160	27,829

STATE OF NEW MEXICO
MCKINLEY COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year-End	County Receivable at Year-End
006 SCHOOL DISTRICT OPERATIONAL - RES									
2009	64,005	-	63,978	-	63,978	-	25	-	3
2010	64,769	-	64,747	(2)	64,747	-	17	-	6
2011	66,449	3	66,420	1	66,418	-	17	2	12
2012	69,262	3	69,223	-	69,218	-	18	5	21
2013	70,913	22	70,822	54	70,795	-	14	27	77
2014	72,059	53	71,908	131	71,840	-	8	68	144
2015	73,462	257	73,123	606	72,983	-	9	139	330
2016	73,856	1,151	72,966	1,165	72,375	-	4	591	887
2017	75,928	3,084	73,642	4,366	72,909	-	-	732	2,286
2018	78,767	73,629	73,629	72,251	70,955	-	-	2,674	5,138
TOTAL SCHOOL DISTRICT OPERATIONAL - RES	709,470	78,202	700,457	78,572	696,218	-	111	4,239	8,903
007 SCHOOL DISTRICT DEBT SERVICE									
2009	2,147,653	4	2,146,726	4	2,146,726	-	828	-	99
2010	2,168,206	6	2,167,454	(59)	2,167,454	-	560	-	191
2011	2,194,386	86	2,193,448	22	2,193,381	-	547	67	391
2012	2,207,127	94	2,205,890	16	2,205,729	-	579	160	658
2013	2,204,666	697	2,201,836	1,678	2,200,985	-	429	851	2,401
2014	2,223,428	1,639	2,218,751	4,034	2,216,653	-	244	2,098	4,433
2015	2,214,509	7,740	2,204,274	18,259	2,200,071	-	273	4,203	9,962
2016	2,225,312	34,683	2,198,493	35,106	2,180,676	-	107	17,817	26,712
2017	2,231,948	90,647	2,164,759	128,345	2,143,227	-	-	21,532	67,189
2018	2,183,676	2,041,239	2,041,239	2,003,045	1,967,114	-	-	74,124	142,438
TOTAL SCHOOL DISTRICT DEBT SERVICE	22,000,910	2,176,836	21,742,868	2,190,452	21,622,016	-	3,569	120,852	254,473
008 SCHOOL DIST CAP IMPROVEMENT - RES									
2009	514,100	1	513,878	1	513,878	-	198	-	24
2010	518,152	1	517,972	(14)	517,972	-	134	-	46
2011	525,287	21	525,062	5	525,046	-	131	16	94
2012	528,717	22	528,420	4	528,382	-	139	38	158
2013	529,204	167	528,525	403	528,321	-	103	204	576
2014	533,772	394	532,649	969	532,146	-	59	504	1,064
2015	532,334	1,861	529,873	4,389	528,863	-	66	1,010	2,395
2016	530,799	8,273	524,402	8,374	520,152	-	26	4,250	6,372
2017	531,010	21,566	515,025	30,535	509,902	-	-	5,123	15,985
2018	519,125	485,264	485,264	476,184	467,642	-	-	17,622	33,862
TOTAL SCHOOL DIST CAP IMPROVEMENT - RES	5,262,500	517,570	5,201,071	520,849	5,172,304	-	855	28,767	60,574
009 GALLUP BRANCH COLLEGE - RES									
2009	514,133	1	513,911	1	513,911	-	198	-	24
2010	518,185	1	518,005	(14)	518,005	-	134	-	46
2011	525,319	21	525,094	5	525,078	-	131	16	94
2012	528,748	22	528,452	4	528,413	-	139	38	158
2013	529,236	167	528,556	403	528,352	-	103	204	576
2014	533,807	394	532,685	969	532,181	-	59	504	1,064
2015	532,366	1,861	529,905	4,389	528,895	-	66	1,010	2,395
2016	534,417	8,329	527,953	8,430	523,675	-	26	4,279	6,438
2017	536,599	21,793	520,446	30,856	515,269	-	-	5,177	16,153
2018	525,120	490,868	490,868	481,683	473,043	-	-	17,825	34,252
TOTAL GALLUP BRANCH COLLEGE - RES	5,277,930	523,456	5,215,875	526,726	5,186,822	-	855	29,053	61,199
010 GALLUP BRANCH DEBT SERVICE									
2009	642,667	1	642,389	1	642,389	-	248	-	30
2010	647,731	2	647,507	(18)	647,507	-	168	-	57
2011	656,648	26	656,368	7	656,348	-	164	20	117
2012	880,366	37	879,872	6	879,808	-	231	64	262
2013	881,178	279	880,047	671	879,707	-	172	340	960
2014	733,985	541	732,441	1,332	731,749	-	81	692	1,463
2015	732,003	2,558	728,619	6,035	727,230	-	90	1,389	3,293
2016	735,927	11,469	727,026	11,609	721,134	-	35	5,892	8,866
2017	737,823	29,965	715,613	42,427	708,495	-	-	7,118	22,210
2018	236,304	220,890	220,890	216,757	212,869	-	-	8,021	15,413
TOTAL GALLUP BRANCH DEBT SERVICE	6,884,632	265,769	6,830,772	278,828	6,807,236	-	1,188	23,537	52,672

STATE OF NEW MEXICO
MCKINLEY COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year-End	County Receivable at Year-End
011 REHOBOTH CHRISTIAN HOSPITAL - RES									
2009	514,133	1	513,911	1	513,911	-	198	-	24
2010	518,185	1	518,005	(14)	518,005	-	134	-	46
2011	525,319	21	525,094	5	525,078	-	131	16	94
2012	528,748	22	528,452	4	528,413	-	139	38	158
2013	793,854	251	792,835	604	792,528	-	155	306	864
2014	800,711	590	799,027	1,453	798,272	-	88	755	1,596
2015	798,549	2,791	794,857	6,584	793,342	-	98	1,515	3,593
2016	801,759	12,495	792,062	12,647	785,643	-	39	6,419	9,659
2017	804,898	32,689	780,668	46,284	772,903	-	-	7,765	24,230
2018	787,679	736,301	736,301	722,525	709,564	-	-	26,737	51,378
TOTAL REHOBOTH CHRISTIAN HOSPITAL - RES	6,873,836	785,164	6,781,213	790,093	6,737,661	-	982	43,553	91,641
012 UNM-GALLUP SPECIAL VOCATIONAL-RES									
2009	257,067	1	256,956	1	256,956	-	99	-	12
2010	259,093	1	259,003	(7)	259,003	-	67	-	23
2011	262,659	10	262,547	3	262,539	-	65	8	47
2012	264,374	11	264,226	2	264,207	-	69	19	79
2013	264,618	84	264,278	201	264,176	-	52	102	288
2014	266,904	197	266,342	484	266,091	-	29	252	532
2015	266,183	930	264,952	2,195	264,447	-	33	505	1,198
2016	267,342	4,166	264,109	4,217	261,968	-	13	2,140	3,221
2017	268,299	10,896	260,223	15,428	257,634	-	-	2,588	8,077
2018	262,560	245,434	245,434	240,842	236,521	-	-	8,912	17,126
TOTAL UNM-GALLUP SPECIAL VOCATIONAL-RES	2,639,099	261,730	2,608,070	263,365	2,593,542	-	428	14,527	30,601
013 ZUNI SCHOOL DISTRICT OPERATION - RES									
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	-	-	-	-
2018	2	2	2	2	2	-	-	-	-
TOTAL ZUNI SCHOOL DISTRICT OPERATION - RES	68	2	62	2	62	-	-	-	6
014 ZUNI SCHOOL DISTRICT DEBT SERV - RES									
2009	83	-	83	-	83	-	-	-	-
2010	96	-	96	-	96	-	-	-	-
2011	56	-	56	-	56	-	-	-	-
2012	72	-	72	-	72	-	-	-	-
2013	73	-	73	-	73	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
TOTAL ZUNI SCHOOL DISTRICT DEBT SERV - RES	380	-	379	-	379	-	-	-	-
015 ZUNI SCHOOL DIST CAP IMPROV - RES									
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	-	-	-	-
2016	32	-	8	-	8	-	-	-	24
2017	8	-	8	-	8	-	-	-	-
2018	8	8	8	8	8	-	-	-	-
TOTAL ZUNI SCHOOL DIST CAP IMPROV - RES	273	8	249	8	249	-	-	-	24

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019 ZUNI SCHOOL DIST EDUC. TECH-RES									
2009	149	-	149	-	149	-	-	-	-
2010	151	-	151	-	151	-	-	-	-
2011	382	-	382	-	382	-	-	-	-
2012	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
TOTAL ZUNI SCHOOL DIST EDUC. TECH-RES	683	-	682	-	682	-	-	-	-
022 COUNTY OPERATIONAL-NON RES									
2009	5,735,465	127	5,721,805	124	5,721,777	-	189	28	13,470
2010	5,649,618	5	5,643,234	-	5,643,064	-	685	170	5,699
2011	5,920,559	143	5,914,809	72	5,914,552	-	101	258	5,649
2012	5,958,437	322	5,954,339	137	5,953,940	-	-	399	4,098
2013	6,710,975	799	6,704,743	1,219	6,704,350	-	-	393	6,232
2014	6,733,123	1,623	6,723,597	2,982	6,722,849	-	36	748	9,490
2015	6,851,889	3,896	6,843,429	23,219	6,841,791	-	27	1,638	8,432
2016	7,016,285	16,908	6,996,713	32,773	6,990,123	-	-	6,590	19,572
2017	7,103,907	67,553	7,039,762	244,348	7,031,913	-	-	7,848	64,145
2018	6,920,471	6,625,423	6,625,423	6,729,780	6,699,109	-	-	(73,686)	295,048
TOTAL COUNTY OPERATIONAL-NON RES	64,600,728	6,716,799	64,167,854	7,034,654	64,223,467	-	1,038	(55,613)	431,836
024 GALLUP MUNICIPAL OPERATIONAL-NON RES									
2009	1,168,720	4	1,160,888	3	1,160,870	-	64	18	7,768
2010	1,164,160	3	1,161,188	-	1,161,171	-	383	18	2,588
2011	1,149,189	65	1,146,568	47	1,146,537	-	64	31	2,557
2012	1,138,718	56	1,137,277	39	1,137,250	-	-	27	1,441
2013	1,120,542	339	1,117,875	720	1,117,852	-	-	23	2,667
2014	1,133,987	534	1,131,186	1,024	1,131,164	-	-	21	2,802
2015	1,086,170	1,543	1,083,015	3,250	1,082,673	-	1	343	3,154
2016	1,109,541	5,619	1,101,147	4,851	1,098,617	-	-	2,530	8,394
2017	1,091,937	20,588	1,074,126	32,063	1,071,964	-	-	2,162	17,812
2018	1,096,374	1,046,890	1,046,890	1,014,763	1,003,148	-	-	43,743	49,483
TOTAL GALLUP MUNICIPAL OPERATIONAL-NON RES	11,259,338	1,075,643	11,160,161	1,056,759	11,111,245	-	512	48,915	98,665
026 SCHOOL DISTRICT OPERATIONAL-NON RES									
2009	240,709	5	240,162	5	240,161	-	8	1	539
2010	237,099	-	236,859	-	236,851	-	29	7	211
2011	248,620	6	248,405	3	248,394	-	4	11	211
2012	250,204	14	250,058	6	250,041	-	-	17	146
2013	282,063	34	281,824	51	281,807	-	-	17	239
2014	282,959	68	282,581	126	282,549	-	2	32	377
2015	288,001	164	287,663	980	287,593	-	1	69	337
2016	294,843	713	294,036	1,383	293,758	-	-	278	807
2017	298,532	2,850	295,836	10,310	295,504	-	-	331	2,697
2018	290,785	278,346	278,346	282,750	281,456	-	-	(3,109)	12,439
TOTAL SCHOOL DISTRICT OPERATIONAL-NON RES	2,713,816	282,202	2,695,769	295,614	2,698,115	-	44	(2,347)	18,004
028 SCHOOL DIST CAP IMPROVEMENTS NON-RES									
2009	962,837	21	960,650	21	960,645	-	32	5	2,155
2010	948,394	1	947,435	0	947,406	-	116	29	844
2011	994,480	24	993,619	12	993,576	-	17	43	844
2012	1,000,815	54	1,000,232	23	1,000,165	-	-	67	583
2013	1,128,252	135	1,127,294	206	1,127,228	-	-	66	958
2014	1,131,836	274	1,130,323	503	1,130,197	-	6	126	1,508
2015	1,152,005	657	1,150,650	3,919	1,150,374	-	5	276	1,350
2016	1,169,703	2,830	1,166,499	5,486	1,165,396	-	-	1,103	3,203
2017	1,181,710	11,283	1,171,036	40,811	1,169,725	-	-	1,311	10,674
2018	1,149,882	1,100,692	1,100,692	1,118,105	1,112,988	-	-	(12,296)	49,189
TOTAL SCHOOL DIST CAP IMPROVEMENTS NON-RES	10,819,914	1,115,972	10,748,430	1,169,086	10,757,699	-	175	(9,269)	71,309

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029 GALLUP BRANCH COLLEGE - NON RES									
2009	968,011	21	965,706	21	965,701	-	32	5	2,273
2010	953,522	1	952,445	-	952,416	-	116	29	962
2011	999,250	24	998,280	12	998,237	-	17	43	953
2012	1,005,643	54	1,004,952	23	1,004,884	-	-	67	692
2013	1,132,654	135	1,131,602	206	1,131,536	-	-	66	1,052
2014	1,136,392	274	1,134,784	503	1,134,658	-	6	126	1,602
2015	1,156,437	657	1,155,009	3,919	1,154,733	-	5	276	1,423
2016	1,184,183	2,854	1,180,880	5,531	1,179,768	-	-	1,112	3,303
2017	1,198,972	11,401	1,188,145	41,240	1,186,821	-	-	1,325	10,826
2018	1,168,012	1,118,215	1,118,215	1,135,828	1,130,651	-	-	(12,436)	49,797
TOTAL GALLUP BRANCH COLLEGE - NON RES	10,903,077	1,133,637	10,830,018	1,187,283	10,839,404	-	175	(9,386)	72,884
031 REHOBOTH CHRISTIAN HOSPITAL-NON RES									
2009	968,011	21	965,706	21	965,701	-	32	5	2,273
2010	953,522	1	952,445	-	952,416	-	116	29	962
2011	999,250	24	998,280	12	998,237	-	17	43	953
2012	1,005,643	54	1,004,952	23	1,004,884	-	-	67	692
2013	1,698,981	202	1,697,403	309	1,697,304	-	-	100	1,578
2014	1,704,588	411	1,702,176	755	1,701,987	-	9	189	2,402
2015	1,734,655	986	1,732,514	5,878	1,732,099	-	7	415	2,135
2016	1,776,275	4,281	1,771,320	8,297	1,769,651	-	-	1,668	4,955
2017	1,798,457	17,102	1,782,218	61,860	1,780,231	-	-	1,987	16,239
2018	1,752,018	1,677,322	1,677,322	1,703,742	1,695,977	-	-	(18,655)	74,696
TOTAL REHOBOTH CHRISTIAN HOSPITAL-NON RES	14,391,401	1,700,405	14,284,335	1,780,897	14,298,487	-	181	(14,151)	106,885
032 UNM GALLUP SPECIAL VOCATIONAL NON RES									
2009	484,005	11	482,853	11	482,850	-	16	2	1,137
2010	476,761	-	476,222	-	476,208	-	58	14	481
2011	499,625	12	499,140	6	499,118	-	8	22	477
2012	502,822	27	502,476	12	502,442	-	-	34	346
2013	566,327	67	565,801	103	565,768	-	-	33	526
2014	568,196	137	567,392	252	567,329	-	3	63	801
2015	578,218	329	577,505	1,959	577,366	-	2	138	712
2016	592,092	1,427	590,440	2,766	589,884	-	-	556	1,652
2017	599,486	5,701	594,073	20,620	593,410	-	-	662	5,413
2018	584,006	559,107	559,107	567,914	565,326	-	-	(6,218)	24,899
TOTAL UNM GALLUP SPECIAL VOCATIONAL NON RES	5,451,538	566,818	5,415,009	593,642	5,419,702	-	88	(4,693)	36,442
038 MIDDLE COLLEGE HIGH - RES									
2009	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	3,318	52	3,278	52	3,252	-	-	27	40
2017	4,615	187	4,476	265	4,431	-	-	45	139
2018	4,673	4,369	4,369	4,287	4,210	-	-	159	305
TOTAL MIDDLE COLLEGE HIGH - RES	12,606	4,608	12,123	4,605	11,893	-	-	230	484
048 DZIL DIT LOOI DEAP - RES									
2009	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	1,070	17	1,057	17	1,049	-	-	9	13
2017	966	39	937	56	927	-	-	9	29
2018	1,313	1,227	1,227	1,204	1,183	-	-	45	86
TOTAL DZIL DIT LOOI DEAP - RES	3,349	1,283	3,221	1,277	3,159	-	-	62	128

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Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year-End	County Receivable at Year-End
061 RIO SAN JOSE FLOOD CONTROL - RES									
2009	2,258	-	2,258	-	2,258	-	-	-	-
2010	2,156	-	2,156	-	2,156	-	-	-	-
2011	2,117	-	2,117	-	2,117	-	-	-	-
2012	2,225	-	2,225	-	2,225	-	-	-	-
2013	2,247	10	2,240	23	2,233	-	-	7	7
2014	2,237	10	2,230	24	2,224	-	-	7	7
2015	2,242	27	2,218	47	2,194	-	-	24	24
2016	2,290	73	2,255	64	2,199	-	-	56	35
2017	2,198	206	2,084	236	2,015	-	-	69	114
2018	2,289	1,968	1,968	1,914	1,799	-	-	168	322
TOTAL RIO SAN JOSE FLOOD CONTROL - RES	22,260	2,294	21,752	2,309	21,421	-	-	330	508
062 RIO SAN JOSE FLOOD CONTROL-NON RES									
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	-	26,356	-	26,356	-	-	-	6
2014	26,532	1	26,522	9	26,518	-	-	4	10
2015	34,512	18	34,484	45	34,472	-	1	13	26
2016	34,976	48	34,904	50	34,871	-	-	32	72
2017	39,315	168	39,170	296	39,132	-	-	37	145
2018	41,522	41,136	41,136	41,111	41,036	-	-	100	386
TOTAL RIO SAN JOSE FLOOD CONTROL-NON RES	288,669	41,371	288,005	41,511	287,819	-	1	186	663
101 STATE DEBT SERVICE									
2009	556,606	12	555,281	12	555,278	-	18	3	1,307
2010	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	794,248	760,386	760,386	772,363	768,843	-	-	(8,457)	33,862
TOTAL STATE DEBT SERVICE	1,350,854	760,398	1,315,667	772,375	1,324,121	-	18	(8,454)	35,169
103 COUNTY DEBT SERVICE-NON RES									
2009	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
TOTAL COUNTY DEBT SERVICE	-	-	-	-	-	-	-	-	-
105 GALLUP MUNICIPAL DEBT SERVICE-NON RES									
2009	339,158	1	336,885	1	336,880	-	19	5	2,254
2010	337,835	1	336,972	-	336,967	-	111	5	751
2011	212,412	12	211,928	9	211,922	-	12	6	473
2012	255,579	13	255,256	9	255,249	-	-	6	323
2013	220,007	67	219,483	141	219,479	-	-	5	524
2014	164,984	78	164,576	149	164,573	-	-	3	408
2015	211,129	300	210,515	632	210,449	-	-	67	613
2016	215,672	1,092	214,040	943	213,548	-	-	492	1,632
2017	189,269	3,569	186,182	5,558	185,807	-	-	375	3,087
2018	212,682	203,083	203,083	196,851	194,598	-	-	8,486	9,599
TOTAL GALLUP MUNICIPAL DEBT SERVICE	2,358,726	208,215	2,338,921	204,291	2,329,473	-	142	9,448	19,664

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

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Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year-End	County Receivable at Year-End
107 SCHOOL DISTRICT DEBT SERVICE-NON RES									
2009	4,022,252	89	4,013,114	88	4,013,094	-	133	20	9,004
2010	3,968,555	4	3,964,540	-	3,964,420	-	484	120	3,532
2011	4,154,441	101	4,150,843	51	4,150,662	-	71	182	3,527
2012	4,177,902	227	4,175,470	97	4,175,189	-	-	281	2,432
2013	4,700,299	562	4,696,308	857	4,696,032	-	-	276	3,990
2014	4,714,665	1,141	4,708,359	2,097	4,707,834	-	25	526	6,280
2015	4,792,340	2,735	4,786,706	16,302	4,785,556	-	19	1,150	5,615
2016	4,903,836	11,866	4,890,406	22,999	4,885,781	-	-	4,625	13,430
2017	4,966,979	47,424	4,922,113	171,538	4,916,603	-	-	5,510	44,867
2018	4,836,924	4,630,011	4,630,011	4,703,257	4,681,734	-	-	(51,723)	206,913
TOTAL SCHOOL DISTRICT DEBT SERVICE	45,238,192	4,694,160	44,937,870	4,917,286	44,976,903	-	733	(39,033)	299,589
110 GALLUP BRANCH DEBT SERVICE-NON RES									
2009	1,210,014	27	1,207,132	26	1,207,126	-	40	6	2,842
2010	1,191,903	1	1,190,556	-	1,190,520	-	145	36	1,202
2011	1,249,063	30	1,247,850	15	1,247,796	-	21	54	1,192
2012	1,674,396	90	1,673,245	39	1,673,132	-	-	112	1,152
2013	1,885,869	225	1,884,118	343	1,884,007	-	-	111	1,751
2014	1,562,539	377	1,560,328	692	1,560,155	-	8	174	2,202
2015	1,590,101	904	1,588,138	5,388	1,587,757	-	6	380	1,957
2016	1,628,252	3,924	1,623,710	7,605	1,622,180	-	-	1,529	4,542
2017	1,648,586	15,677	1,633,700	56,705	1,631,879	-	-	1,821	14,886
2018	525,605	503,197	503,197	511,123	508,793	-	-	(5,596)	22,409
TOTAL GALLUP BRANCH DEBT SERVICE	14,166,327	524,451	14,111,972	581,936	14,113,345	-	220	(1,373)	54,135
113 ZUNI SCHOOL DISTRICT OPER NON-RES									
2009	1,293	-	1,264	-	1,264	-	-	-	30
2010	1,282	-	1,252	-	1,252	-	-	-	29
2011	1,193	-	1,165	-	1,165	-	-	-	27
2012	1,207	-	1,180	-	1,180	-	-	-	27
2013	1,100	-	1,077	-	1,077	-	-	-	24
2014	1,134	-	1,111	-	1,111	-	-	-	23
2015	1,108	-	1,090	-	1,090	-	-	-	18
2016	1,202	-	1,184	-	1,184	-	-	-	18
2017	1,211	-	1,201	-	1,201	-	-	-	10
2018	1,218	1,207	1,207	1,207	1,207	-	-	-	10
TOTAL ZUNI SCHOOL DISTRICT OPER NON-RES	11,949	1,207	11,731	1,207	11,731	-	-	-	217
114 ZUNI SCHOOL DISTRICT DEBT SERV NON-RES									
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	-	-	-	247
2013	10,226	-	10,007	-	10,007	-	-	-	219
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
TOTAL ZUNI SCHOOL DISTRICT DEBT SERV NON-RES	57,258	-	55,966	-	55,966	-	-	-	1,292
115 ZUNI SCHOOL DIST CAP IMPROV-NON RES									
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	-	-	-	109
2013	4,402	-	4,308	-	4,308	-	-	-	94
2014	4,540	-	4,446	-	4,446	-	-	-	94
2015	4,432	-	4,359	-	4,359	-	-	-	73
2016	4,809	-	4,736	-	4,736	-	-	-	73
2017	4,843	-	4,803	-	4,803	-	-	-	40
2018	4,870	4,830	4,830	4,829	4,829	-	-	1	41
TOTAL ZUNI SCHOOL DIST CAP IMPROV-NON RES	47,797	4,830	46,928	4,829	46,926	-	-	1	869

STATE OF NEW MEXICO
MCKINLEY COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year-End	County Receivable at Year-End
119 ZUNI SCHOOL DIST EDUC TECH NON-RES									
2009	23,166	-	22,638	-	22,638	-	-	-	528
2010	23,257	-	22,723	-	22,723	-	-	-	535
2011	57,540	-	56,224	-	56,224	-	-	-	1,316
2012	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
TOTAL ZUNI SCHOOL DIST EDUC TECH NON-RES	103,963	-	101,584	-	101,584	-	-	-	2,379
138 MIDDLE COLLEGE HIGH - NON RES									
2009	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	7,312	18	7,292	34	7,285	-	-	7	20
2017	10,270	98	10,177	355	10,165	-	-	11	93
2018	10,352	9,909	9,909	10,066	10,020	-	-	(111)	443
TOTAL MIDDLE COLLEGE HIGH - NON RES	27,934	10,025	27,378	10,455	27,470	-	-	(92)	556
148 DZIL DIT LOOI DEAP - NON RES									
2009	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	2,359	6	2,352	11	2,350	-	-	2	6
2017	2,149	21	2,130	74	2,128	-	-	2	19
2018	2,908	2,783	2,783	2,827	2,815	-	-	(31)	124
TOTAL DZIL DIT LOOI DEAP - NON RES	7,416	2,810	7,266	2,913	7,292	-	-	(26)	150
STATE OF NEW MEXICO									
951 CATTLE INDEMNITY									
2009	13,328	91	13,309	91	13,309	-	-	-	19
2010	13,495	-	13,400	-	13,400	-	-	-	95
2011	15,328	-	15,211	-	15,211	-	-	-	116
2012	17,980	-	17,838	-	17,838	-	-	-	141
2013	21,190	-	20,884	-	20,884	-	-	-	306
2014	21,379	-	21,189	179	21,189	-	-	-	190
2015	25,009	-	24,733	7,846	24,733	-	-	-	276
2016	27,391	111	27,091	8,397	27,085	-	1	6	298
2017	26,982	460	26,848	8,695	26,843	-	-	5	134
2018	19,074	12,721	12,721	12,657	12,417	-	-	304	6,353
TOTAL CATTLE INDEMNITY	201,155	13,383	193,226	37,866	192,911	-	1	315	7,928
952 STATE OF NEW MEXICO - SHEEP									
2009	94	-	94	-	94	-	-	-	-
2010	94	-	94	-	94	-	-	-	-
2011	155	-	155	-	155	-	-	-	-
2012	180	-	180	-	180	-	-	-	-
2013	169	-	169	-	169	-	-	-	-
2014	111	-	111	1	111	-	-	-	-
2015	147	-	147	11	147	-	-	-	-
2016	168	1	168	13	168	-	-	-	-
2017	69	-	67	12	67	-	-	-	2
2018	126	112	112	112	112	-	-	-	14
TOTAL SHEEP	1,313	113	1,297	149	1,297	-	-	-	16

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
MCKINLEY COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year-End	County Receivable at Year-End
953 GOATS									
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	-	84	-	84	-	-	-	-
2016	103	-	103	-	103	-	-	-	-
2017	121	-	121	-	121	-	-	-	-
2018	117	116	116	116	114	-	-	1	1
TOTAL GOATS	765	116	763	116	762	-	-	1	1
954 HORSES, MULES, AND ASSES									
2009	377	10	373	10	373	-	-	-	4
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	3	368	3	368	-	-	-	16
2016	407	36	390	21	372	-	-	18	16
2017	688	79	664	68	647	-	-	17	24
2018	475	396	396	386	373	-	-	23	79
TOTAL HORSES, MULES, AND ASSES	4,349	524	4,152	487	4,094	-	-	58	197
955 SWINE									
2009	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-
2012	1	-	1	-	1	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2014	1	-	1	-	1	-	-	-	-
2015	1	-	1	-	1	-	-	-	-
2016	1	-	1	-	1	-	-	-	-
2017	1	1	1	-	-	-	-	1	-
2018	-	-	-	-	-	-	-	-	-
TOTAL HOGS	5	1	4	-	4	-	-	1	-
956 DAIRY									
2009	-	-	-	-	-	-	-	-	-
2010	8	-	-	-	-	-	-	-	8
2011	12	-	2	-	2	-	-	-	10
2012	3	-	3	-	3	-	-	-	-
2013	2	-	2	-	2	-	-	-	-
2014	2	-	2	-	2	-	-	-	-
2015	2	-	2	-	2	-	-	-	-
2016	3	-	3	-	3	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
TOTAL DAIRY	32	-	13	-	13	-	-	-	18
958 ALPACA & LLAMAS									
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	1	6	1	6	-	-	-	-
2017	5	-	5	-	5	-	-	-	-
2018	6	5	5	5	5	-	-	-	2
TOTAL ALPACA & LLAMAS	55	5	53	5	53	-	-	-	2

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
MCKINLEY COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year-End	County Receivable at Year-End
959 RATITES									
2009	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-
2011	1	-	1	-	1	-	-	-	-
2012	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
TOTAL RATITES	1	-	1	-	1	-	-	-	-
TOTAL STATE OF NEW MEXICO	207,673	14,143	199,509	38,623	199,134	-	1	375	8,162
TOTALS BY YEAR									
2009	24,543,830	459	24,494,143	451	24,494,045	-	3,328	98	46,359
2010	24,667,968	40	24,643,993	(229)	24,643,514	-	4,248	479	19,727
2011	25,126,700	788	25,104,001	332	25,103,027	-	2,198	974	20,501
2012	26,041,956	1,321	26,024,642	485	26,022,951	-	2,121	1,691	15,194
2013	28,899,357	5,240	28,868,277	10,583	28,864,269	-	1,675	4,008	29,404
2014	28,438,803	11,426	28,392,516	24,823	28,382,905	-	1,077	9,612	45,210
2015	28,885,322	42,758	28,819,490	144,650	28,799,003	-	1,181	20,487	64,650
2016	29,405,605	187,364	29,240,730	238,379	29,152,429	-	438	88,301	164,436
2017	29,670,281	558,179	29,216,379	1,197,898	29,110,384	-	-	105,995	453,902
2018	27,636,007	26,279,455	26,279,455	26,373,664	26,148,659	-	-	130,796	1,356,552
GRAND TOTALS	\$ 273,315,829	27,087,030	271,083,626	27,991,036	270,721,186	-	16,266	362,441	2,215,935

**STATE OF NEW MEXICO
MCKINLEY COUNTY
SCHEDULE OF JOINT POWERS AGREEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

#	Name of Organization	County Agreement #	Beginning Date	Ending Date	Scope of Work	Contract Amount	Current Year Paid	Audit Responsibility
1	City of Gallup McKinley County	16-JUN-3729	7/1/2016	Perpetual	Animal Control Services	60% City of Gallup 40% McKinley County	\$ 279,592	Each Participant

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
MCKINLEY COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Program Title	Federal CFDA Number	Project/ Pass-Through Number	Expenditures
U.S. Department of Health and Human Services			
Passed-through New Mexico Children, Youth, and Families Department			
Partnership for Success II Grant	93.243	0000319087-FY19	\$ 94,257
Partnership for Success II Grant	93.959	0000319087-FY19	4,000
Total pass-through			<u>98,257</u>
Total U.S. Dept of Health and Human Services			98,257
U.S. Department of Housing and Urban Dev.			
Passed-through New Mexico Department of Finance and Administration			
CDBG Comprehensive Plan	14.228	16-C-NR-I-06-G-103	32,000
Total pass-through			<u>32,000</u>
Total U.S. Dept of Housing and Urban Development			32,000
U.S. Department of Agriculture			
Direct Funding:			
2016 Federal Forest Reserve Title I	10.665	14-DG-10031600-068	149,036
Total direct funding			<u>149,036</u>
Total U.S. Dept of Agriculture			149,036
U.S. Department of Homeland Security			
Passed-through NM Department of Homeland Security and Emergency Management			
Public Assistance Grant Program FEMA 4152	97.036	* FEMA-4152-DR-NM	27,281
Public Assistance Grant Program FEMA 1936	97.036	* FEMA-1936-DR-NM	691,980
2018 Emergency Management Performance Grant Program	97.042	EMW-2016-EP-00005-S01-MCKINLEY COUNTY	55,029
Total pass-through			<u>774,290</u>
Total Dept of Homeland Security			774,290
U.S. Department of Justice			
Passed-through City of Gallup			
FY16 Justice Assistance Grant Program (JAG)	16.738	2016-DJ-BX-0901	4,500
Total pass-through			<u>4,500</u>
Total U.S. Dept of Justice			4,500
U.S. Department of Transportation			
Passed-through New Mexico Department of Transportation			
2018 Recreation Trail Project (RTP)	20.219	D15783	174,945
FY19 DWI Task Force	20.608	19-AL-64-P02 / 18-AL-64-P02	244,160
FY17 End Driving While Impaired (ENDWI)	20.608	19-AL-64-062 / 18-AL-64-062	21,738
Total pass-through			<u>440,843</u>
Total U.S. Dept of Transportation			440,843
Total Federal Expenditures			\$ 1,498,926
* denotes major program			
Reconciliation of Schedule of Expenditures of Federal Awards to Governmental Fund Financial Statements			
Total federal awards expended per the Schedule of Expenditures of Federal Awards			\$ 1,498,926
Federal grant revenues per fund financials			<u>923,064</u>
Difference - due to not all grants are reimbursement based			<u>\$ 575,862</u>
Total federal awards expended per the Schedule of Expenditures of Federal Awards			\$ 1,498,926
Total expenditures funded by other sources			<u>37,914,941</u>
Total expenditures			<u>\$ 39,413,867</u>

**STATE OF NEW MEXICO
MCKINLEY COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

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

Note 2 - Non-Cash Federal Assistance

No non-cash federal assistance was received during the year ended June 30, 2019.

Note 3 - Subrecipients

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

<u>Subrecipient</u>	<u>CFDA Number</u>	<u>Project Number</u>	<u>June 30, 2019</u>
City of Gallup Police Department	20.608	17-AL-64-P02	\$ 1,385
Ramah Navajo Police Department	20.608	17-AL-64-P02	13,002
Zuni Police Department	20.608	17-AL-64-P02	3,056
Navajo Nation Police Department	20.608	17-AL-64-P02	4,261
Total funds provided to subrecipients			<u>\$ 21,704</u>

Note 4 - Federal Insurance

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

Notes 5 - Indirect Cost Rate

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

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

The Board of County Commissioners
State of New Mexico, McKinley County and
Mr. Brian Colón, State Auditor
State of New Mexico, Office of the State Auditor

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, and 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, 2019, 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 19, 2019.

Internal Control Over Financial Reporting

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

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

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

November 19, 2019

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2019-001.

The County's Response to the Finding

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. 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 19, 2019

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

The Board of County Commissioners
State of New Mexico, McKinley County and
Mr. Brian Colón, State Auditor
State of New Mexico, Office of the State Auditor

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of

requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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



Hinkle + Landers, P.C.
Albuquerque, NM
November 19, 2019

**STATE OF NEW MEXICO
MCKINLEY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

SECTION I—SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued **Unmodified**

Internal control over financial reporting:

- a. Material weakness(es) identified? Yes No
- b. Significant deficiency(ies) identified that are not considered to be a material weakness(es)? Yes No
- c. Noncompliance material to the financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- a. Material weakness(es) identified? Yes No
- b. Significant deficiency(ies) identified that are not considered to be a material weakness(es)? Yes No

Type of auditor’s report issued on compliance for major programs **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR section 200.516(a) Yes No

Identification of major programs:

CFDA Number	Name of Federal Programs	Funding Source
97.036	Public Assistance Grant Program FEMA	U.S. Department of Homeland Security and Emergency Management

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

**STATE OF NEW MEXICO
MCKINLEY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

<u>Reference #</u>	<u>Finding</u>	<u>Status of Prior Year Findings</u>	<u>Type of Finding</u>
Prior Year Findings			
2018-001	DISPOSITION OF PROPERTY NOTIFICATION LETTERS	Resolved	G
Current Year Findings			
2019-001	INTERNAL CONTROLS OVER SICK BANK MANAGEMENT	Current	C

* 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
- H. Instance of Material Non-compliance

PRIOR YEAR FINDINGS

None

CURRENT YEAR FINDINGS

2019-001– INTERNAL CONTROLS OVER SICK BANK MANAGEMENT

Type of Finding: C

Statement of Condition

During review and testing of sick bank donations and usage, it was determined there was an error in the excel tracking spreadsheet. The spreadsheet incorrectly had a beginning balance of a prior year added to the ending balance. As a result, the beginning balance was doubled. This caused the County to pay out 289 hours of donated sick leave that exceeded the amount donated.

Criteria

Proper internal controls over accounting records should be maintained and reviewed in a manner to promote accurate recording of County benefits, such as the sick bank.

Cause

There was not adequate review of the sick bank data tracker.

Effect

The County paid employees for sick leave, which was more than what was donated.

Recommendation

We recommend the County update their excel tracker to use excel formulas for carryover for each year. We recommend the County track sick bank donations and usage on a fiscal year basis. Additionally, the reviewer of the sick bank tracker should manually recalculate the beginning balance, activity, and ending balance to ensure the tracker reflects the correct balances.

**STATE OF NEW MEXICO
MCKINLEY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

View of Responsible Officials and Corrective Action Plan

Management confirms the finding in the fact that, there was a calculation error in the tacking spreadsheet.

Finding resolved timeline: This finding has been resolved effective immediately in that there is a formula calculation.

Designation of employee position responsible for meeting this deadline: Effective immediately, the spreadsheet has been formulated by Dezirie Gomez, HR Director. When the spreadsheet is updated, Robin Rangel, HR Benefits Specialist and JoAnna Barreras, Payroll Specialist review the tracker spreadsheet by manually calculating the beginning balance, activity, and ending balance to ensure accurate balances are being reflected.

**STATE OF NEW MEXICO
MCKINLEY COUNTY
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2019**

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 19, 2019 at the County's offices in Gallup, New Mexico. In attendance were the following:

Representing McKinley County

William E. Lee	Commission Chairperson
Billy W. Moore	Commissioner
Tommy L. Nelson	Commissioner
Ernest Becenti Jr.	County Treasurer
Wilfred Noble	Chief Deputy Treasurer
Anthony Dimas Jr.	County Manager
Brian J. Money	Deputy County Manager
Sara A. Saucedo	Finance Director
Douglas W. Decker	County Attorney

Representing Hinkle + Landers, PC:

Farley Vener, CPA, CFE, CGMA	President & Managing Shareholder
Katelyn Constantin	Senior Audit Manager