

STATE OF NEW MEXICO

OTERO COUNTY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

JUNE 30, 2017

OTERO COUNTY

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OTERO COUNTY

OFFICIAL ROSTER
JUNE 30, 2017

BOARD OF COMMISSIONERS

<u>Name</u>	<u>Title</u>
<i>Janet White</i>	<i>Chairperson</i>
<i>Susan Flores</i>	<i>Vice-Chairperson</i>
<i>Lori Bies</i>	<i>Member</i>

ELECTED OFFICIALS

<i>Steve Boyle</i>	<i>County Assessor</i>
<i>Robyn Holmes</i>	<i>County Clerk</i>
<i>Laura Whiteside</i>	<i>County Treasurer</i>
<i>Benny House</i>	<i>County Sheriff</i>
<i>LaTanya Boyce</i>	<i>County Probate Judge</i>

ADMINISTRATIVE OFFICIALS

<i>Pamela Heltner</i>	<i>County Manager</i>
<i>Tim Mills</i>	<i>County Finance Director</i>
<i>Rachel Black</i>	<i>County Deputy Treasurer</i>

INDEPENDENT AUDITORS' REPORT

Mr. Wayne Johnson, State Auditor and
Board of Commissioners
Otero County
Alamogordo, New Mexico

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Mr. Wayne Johnson, State Auditor and
Board of Commissioners
Otero County
Alamogordo, New Mexico
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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Otero County, as of June 30, 2017, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Otero County as of June 30, 2017, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require pension liability schedules on pages 54 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Mr. Wayne Johnson, State Auditor and
Board of Commissioners
Otero County
Alamogordo, New Mexico
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The *other supplementary information schedules required by 2.2.2 NMAC* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the *other supplementary information schedules required by 2.2.2 NMAC* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2017 on our consideration of the Otero 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 Otero County's internal control over financial reporting and compliance.


Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico

November 28, 2017

OTERO COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets			
Cash and cash equivalents	\$16,589,551	\$0	\$16,589,551
Investments	15,158,290	0	15,158,290
Receivables:			
Property taxes	1,011,121	0	1,011,121
Other taxes	1,556,181	0	1,556,181
Other receivables	164,402	8,941,555	9,105,957
Inventory	112,291	0	112,291
Prepaid expenses	548,381	0	548,381
<i>Total current assets</i>	<u>35,140,217</u>	<u>8,941,555</u>	<u>44,081,772</u>
Noncurrent Assets			
Restricted cash and cash equivalents	0	20,437,662	20,437,662
Restricted investments	0	0	0
Bond discounts, net of accumulated amortization of \$3,420 and \$195,194, respectively	40,390	230,787	271,177
Capital assets	158,155,671	77,114,450	235,270,121
Less: accumulated depreciation	(90,693,079)	(19,379,065)	(110,072,144)
<i>Total noncurrent assets</i>	<u>67,502,982</u>	<u>78,403,834</u>	<u>145,906,816</u>
Deferred Outflow of Resources			
Pension	6,237,135	0	6,237,135
<i>Total deferred outflow of resources</i>	<u>6,237,135</u>	<u>0</u>	<u>6,237,135</u>
<i>Total assets and deferred outflow of resources</i>	<u>\$108,880,334</u>	<u>\$87,345,389</u>	<u>\$196,225,723</u>

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
LIABILITIES			
Current Liabilities			
Accounts payable	\$600,199	\$7,400,935	\$8,001,134
Accrued payroll expenses	354,875	0	354,875
Claims payable	10,163	833,477	843,640
Accrued interest	104,839	0	104,839
Internal balances	1,336,412	(1,336,412)	0
Current portion of loans and capital leases payables	583,604	0	583,604
Current portion of bonds payable	885,000	4,475,000	5,360,000
<i>Total current liabilities</i>	3,875,092	11,373,000	15,248,092
Noncurrent Liabilities			
Accrued compensated absences	487,345	0	487,345
Bond premiums, net of accumulated amortization of \$5,575	65,847	0	65,847
Loans and capital leases payable	3,634,502	0	3,634,502
Bonds payable	12,215,000	69,655,000	81,870,000
Net pension liability	18,511,503	0	18,511,503
<i>Total noncurrent liabilities</i>	34,914,197	69,655,000	104,569,197
<i>Total liabilities</i>	38,789,289	81,028,000	119,817,289
Deferred Inflow of Resources			
Pension	465,449	0	465,449
<i>Total deferred inflows of resources</i>	465,449	0	465,449
NET POSITION			
Net investment in capital assets	50,119,029	(16,163,828)	33,955,201
Restricted for:			
Debt service	4,300,805	0	4,300,805
Capital projects	2,624,445	0	2,624,445
Other purposes - special revenue	5,688,879	0	5,688,879
Detention Center	0	15,071,087	15,071,087
Processing Center	0	7,410,130	7,410,130
Unrestricted	6,892,438	0	6,892,438
<i>Total net position</i>	69,625,596	6,317,389	75,942,985
<i>Total liabilities, deferred inflow of resources, and net position</i>	\$108,880,334	\$87,345,389	\$196,225,723

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary Government							
Governmental Activities:							
General government	\$8,111,195	\$2,375,172	\$28,525	\$0	(\$5,707,498)	\$0	(\$5,707,498)
Public safety	17,868,554	251,320	3,847,477	0	(13,769,757)	0	(13,769,757)
Public works	10,532,383	71,321	221,361	0	(10,239,701)	0	(10,239,701)
Health and welfare	3,003,558	64,159	267,654	54,303	(2,617,442)	0	(2,617,442)
Culture and recreation	439,172	0	0	206,770	(232,402)	0	(232,402)
Interest and other debt cost	485,999	0	0	0	(485,999)	0	(485,999)
<i>Total governmental activities</i>	<i>40,440,861</i>	<i>2,761,972</i>	<i>4,365,017</i>	<i>261,073</i>	<i>(33,052,799)</i>	<i>0</i>	<i>(33,052,799)</i>
Business-Type Activities:							
Detention Center	26,680,899	34,010,718	0	0	0	7,329,819	7,329,819
Processing Center	24,157,709	25,722,490	0	0	0	1,564,781	1,564,781
<i>Total business-type activities</i>	<i>50,838,608</i>	<i>59,733,208</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>8,894,600</i>	<i>8,894,600</i>
Total primary government	\$91,279,469	\$62,495,180	\$4,365,017	\$261,073	(\$33,052,799)	\$8,894,600	(\$24,158,199)

General Revenues

Taxes:			
Property	\$10,122,296	\$0	\$10,122,296
Gross receipts	9,685,845	0	9,685,845
Gasoline and motor vehicle	1,190,644	0	1,190,644
Payment in lieu of taxes	3,266,296	0	3,266,296
Rents	1,031,793	0	1,031,793
Franchise fees	143,711	0	143,711
Investment income (loss)	129,390	8,457	137,847
Miscellaneous income	1,370,013	0	1,370,013
Transfers in (out)	0	0	0
<i>Total general revenues</i>	<i>26,939,988</i>	<i>8,457</i>	<i>26,948,445</i>
Change in net position	(6,112,811)	8,903,057	2,790,246
Net position, beginning of year, as previously stated	80,330,267	(2,585,668)	77,744,599
Restatements	(4,591,860)	0	(4,591,860)
Net position, beginning of year, as restated	75,738,407	(2,585,668)	73,152,739
Net position, end of year	\$69,625,596	\$6,317,389	\$75,942,985

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY
GOVERNMENTAL FUNDS
BALANCE SHEETS
JUNE 30, 2017

	General Fund	Hold Harmless Revenue Bond (Acquisition)	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$1,826,227	\$8,872,325	\$5,840,866	\$16,539,418
Investments	6,441,275	1,610,062	7,106,953	15,158,290
Receivables:				
Property taxes	1,010,772	0	349	1,011,121
Other taxes	701,216	0	854,965	1,556,181
Other receivables	161,727	0	2,675	164,402
Inventory	0	0	112,291	112,291
Prepaid expenses	435,240	0	113,141	548,381
Total assets	\$10,576,457	\$10,482,387	\$14,031,240	\$35,090,084
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$338,741	\$8,963	\$218,490	\$566,194
Accrued interest payable	0	0	104,839	104,839
Accrued payroll expenses	286,041	0	68,834	354,875
Due to other funds	1,336,412	0	0	1,336,412
<i>Total liabilities</i>	1,961,194	8,963	392,163	2,362,320
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:				
Property taxes	737,584	0	337	737,921
<i>Total deferred inflows of resources</i>	737,584	0	337	737,921
Fund Balance:				
Nonspendable				
Inventory	0	0	112,291	112,291
Prepaid expenses	435,240	0	21,318	456,558
Spendable				
Restricted for:				
General county operations	0	0	891,002	891,002
Maintenance of roads	0	0	97,863	97,863
Environment	0	0	61,237	61,237
Recreation	0	0	3,222	3,222
Public safety	0	0	4,153,897	4,153,897
Healthcare/health services	0	0	1,372,660	1,372,660
Debt service expenditures	0	0	4,300,805	4,300,805
Capital projects	0	10,473,424	2,624,445	13,097,869
Committed to:				
Minimum fund balance	4,853,729	0	0	4,853,729
Unassigned	2,588,710	0	0	2,588,710
<i>Total fund balance</i>	7,877,679	10,473,424	13,638,740	31,989,843
Total liabilities, deferred inflows of resources, and fund balance	\$10,576,457	\$10,482,387	\$14,031,240	\$35,090,084

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY
RECONCILIATION OF THE FUND BALANCE OF GOVERNMENTAL FUNDS
TO GOVERNMENTAL ACTIVITIES NET POSITION
JUNE 30, 2017

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

FUND BALANCE of Governmental Funds	\$31,989,843
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	67,462,592
Residual balances of the internal service funds are included within the governmental activities and are not reported within the governmental funds.	5,965
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenue and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities.	737,921
Deferred outflow and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds.	
Deferred outflows of resources	6,237,135
Deferred inflows of resources	(465,449)
Certain liabilities, including bonds payable, net pension liability, and current and long-term portions of accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued compensated absences not due and payable	(487,345)
Bond discounts	40,390
Bond premiums	(65,847)
Bonds payable	(13,100,000)
Loans and capital leases payable	(4,218,106)
Net pension liability	(18,511,503)
<i>Net position of governmental activities</i>	\$69,625,596

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Hold Harmless Revenue Bond (Acquisition)	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$9,864,007	\$0	\$253,824	\$10,117,831
Gross receipts	3,447,865	0	6,237,980	9,685,845
Gasoline and motor vehicle	107,886	0	1,082,758	1,190,644
Intergovernmental:				
Federal operating grants	424,288	0	86,991	511,279
State operating grants	325,470	0	3,528,268	3,853,738
State capital grants	0	0	261,073	261,073
Payment in lieu of taxes	3,266,296	0	0	3,266,296
Franchise Fees	143,711	0	0	143,711
Charges for services	659,702	0	203,359	863,061
Sale of property	0	0	980	980
Investment income (loss)	88,476	6,217	34,586	129,279
Miscellaneous	1,997,095	490	446,573	2,444,158
<i>Total revenues</i>	20,324,796	6,707	12,136,392	32,467,895
EXPENDITURES				
Current:				
General government	5,075,686	0	332,711	5,408,397
Public works	790,580	0	3,182,196	3,972,776
Public safety	11,770,315	0	1,992,585	13,762,900
Health and welfare	949,430	0	1,964,369	2,913,799
Culture and recreation	263,660	0	243	263,903
Capital outlay	473,826	1,095,419	3,286,969	4,856,214
Debt Service				0
Lease payments	85,921	0	0	85,921
Principal	0	0	738,999	738,999
Interest	5,500	0	379,975	385,475
<i>Total expenditures</i>	19,414,918	1,095,419	11,878,047	32,388,384
<i>Excess (deficiency) of revenues over expenditures</i>	909,878	(1,088,712)	258,345	79,511
Other Financing Sources (Uses):				
Proceeds from debt	0	8,500,000	1,866,905	10,366,905
Cost of issuance	0	0	(100,524)	(100,524)
Transfers in	6,830,916	714,000	1,999,924	9,544,840
Transfers (out)	(7,351,000)	(63,500)	(2,380,340)	(9,794,840)
<i>Total other financing sources (uses)</i>	(520,084)	9,150,500	1,385,965	10,016,381
<i>Net changes in fund balances</i>	389,794	8,061,788	1,644,310	10,095,892
Fund balance - beginning of year	7,487,885	2,411,636	11,994,430	21,893,951
<i>Fund balance - end of year</i>	\$7,877,679	\$10,473,424	\$13,638,740	\$31,989,843

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

Net change in fund balances - Governmental Funds **\$10,095,892**

Change in net position of internal service funds 38,250

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures (additions net of deletions)	4,757,669
Depreciation expense	(10,258,593)

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

Change in property taxes	4,465
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Governmental funds report County pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:

County pension contributions/pension expense	(1,198,771)
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The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Decrease in accrued compensated absences	(11,893)
Proceeds from issuance of debt	(10,366,905)
Principal payments on bonds and leases payable	824,920
Amortization expense for debt discount	(3,420)
Amortization expense for debt premium	5,575

Change in net position of governmental activities ***(\$6,112,811)***

OTERO COUNTY

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Approved Budget	Final Adjusted Budget	Actual	Favorable (Unfavorable)
REVENUES				
Taxes:				
Property	\$9,550,000	\$9,550,000	\$9,715,862	\$165,862
Gross receipts	3,675,000	3,675,000	3,482,538	(192,462)
Gasoline and motor vehicle	120,000	120,000	112,119	(7,881)
Intergovernmental:				
Federal operating grants	382,369	382,369	424,288	41,919
Federal capital grants	0	0	0	0
State operating grants	350,000	350,000	382,573	32,573
Other	0	0	0	0
Payment in lieu of taxes	3,410,000	3,410,000	3,266,296	(143,704)
Franchise fees	162,250	162,250	184,784	22,534
Charges for services	325,050	325,050	407,937	82,887
Investment income (loss)	100,000	100,000	84,118	(15,882)
Miscellaneous	341,102	2,127,815	2,277,731	149,916
<i>Total revenues</i>	<u>18,415,771</u>	<u>20,202,484</u>	<u>20,338,246</u>	<u>135,762</u>
EXPENDITURES				
Current:				
General government	4,721,179	4,770,258	5,154,551	(384,293)
Public safety	11,575,210	11,788,710	11,606,591	182,119
Public works	932,148	932,148	820,600	111,548
Culture and recreation	317,705	340,755	263,595	77,160
Health and welfare	1,106,265	1,106,265	966,720	139,545
Capital outlay	975,772	1,587,795	438,288	1,149,507
Debt Service:				
Lease payments	92,366	92,366	91,420	946
Principal	0	0	0	0
Interest	0	0	0	0
<i>Total expenditures</i>	<u>19,720,645</u>	<u>20,618,297</u>	<u>19,341,765</u>	<u>1,276,532</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(1,304,874)	(415,813)	996,481	1,412,294
Other Financing Sources (Uses):				
Proceeds from debt	0	0	0	0
Transfers in	9,537,359	10,490,112	6,830,915	(3,659,197)
Transfers (out)	(7,934,000)	(8,944,000)	(7,351,000)	1,593,000
<i>Total other financing sources (uses)</i>	<u>1,603,359</u>	<u>1,546,112</u>	<u>(520,085)</u>	<u>(2,066,197)</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<u>\$298,485</u>	<u>\$1,130,299</u>	<u>\$476,396</u>	<u>(\$653,903)</u>
Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			\$476,396	
Adjustments for revenue accruals			(13,450)	
Adjustments for expenditures accruals			(73,152)	
Net changes in fund balance (GAAP basis)			<u>\$389,794</u>	

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY
PROPRIETARY FUNDS
STATEMENTS OF FUND NET POSITION
JUNE 30, 2017

	Enterprise Funds		Total	Governmental Activities
	Detention Center	Processing Center		Self-Insurance Internal Service Fund
ASSETS				
Current Assets:				
Cash and cash equivalents	\$0	\$0	\$0	\$50,133
Customer receivables	5,385,883	3,555,672	8,941,555	0
Due from general fund	823,150	513,262	1,336,412	0
<i>Total current assets</i>	6,209,033	4,068,934	10,277,967	50,133
Non-Current Assets				
Restricted cash and cash equivalents	13,843,122	6,594,540	20,437,662	0
Bond discounts, net of accumulated amortization of \$9,370 and \$185,824, respectively	32,680	198,107	230,787	0
Capital assets	31,983,032	45,131,418	77,114,450	0
Less: accumulated depreciation	(9,820,930)	(9,558,135)	(19,379,065)	0
<i>Total non-current assets</i>	36,037,904	42,365,930	78,403,834	0
Total assets	\$42,246,937	\$46,434,864	\$88,681,801	\$50,133
LIABILITIES AND FUND NET POSITION				
LIABILITIES				
Current Liabilities:				
Accounts payable	\$4,810,160	\$2,590,775	\$7,400,935	\$34,005
Claims payable	0	0	0	10,163
Accrued interest payable	170,908	662,569	833,477	0
Current portion of bonds payable	1,865,000	2,610,000	4,475,000	0
<i>Total current liabilities</i>	6,846,068	5,863,344	12,709,412	44,168
Noncurrent Liabilities:				
Bonds payable	27,985,000	41,670,000	69,655,000	0
<i>Total noncurrent liabilities</i>	27,985,000	41,670,000	69,655,000	0
<i>Total liabilities</i>	34,831,068	47,533,344	82,364,412	44,168
Fund Net Position:				
Net investment in capital assets	(7,655,218)	(8,508,610)	(16,163,828)	0
Restricted for:				
Detention Center	15,071,087	0	15,071,087	0
Processing Center	0	7,410,130	7,410,130	0
Unrestricted	0	0	0	5,965
<i>Total fund net position</i>	7,415,869	(1,098,480)	6,317,389	5,965
Total liabilities and fund net position	\$42,246,937	\$46,434,864	\$88,681,801	\$50,133

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY
PROPRIETARY FUNDS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Enterprise Funds		Total	Governmental Activities
	Detention Center	Processing Center		Self-Insurance Internal Service Fund
OPERATING REVENUES				
Charges for services	\$34,010,718	\$25,722,490	\$59,733,208	\$0
Insurance premiums	0	0	0	1,898,911
<i>Total operating revenues</i>	<u>34,010,718</u>	<u>25,722,490</u>	<u>59,733,208</u>	<u>1,898,911</u>
OPERATING EXPENDITURES				
Contractual services	24,756,335	20,268,916	45,025,251	2,110,772
Depreciation	791,109	1,113,569	1,904,678	0
Claims and judgements	0	0	0	0
<i>Total operating expenditures</i>	<u>25,547,444</u>	<u>21,382,485</u>	<u>46,929,929</u>	<u>2,110,772</u>
<i>Operating income (loss)</i>	8,463,274	4,340,005	12,803,279	(211,861)
NON-OPERATING REVENUES (EXPENSES)				
Interest expense	(1,060,539)	(2,756,795)	(3,817,334)	0
Amortization expenses	(2,883)	(18,429)	(21,312)	0
Interest income (loss)	8,457	0	8,457	111
<i>Total non-operating revenues (expenses)</i>	<u>(1,054,965)</u>	<u>(2,775,224)</u>	<u>(3,830,189)</u>	<u>111</u>
<i>Net income (loss) before contributions and transfers</i>	7,408,309	1,564,781	8,973,090	(211,750)
Other Financing Sources (Uses):				
Cost of conversion	(70,033)	0	(70,033)	0
Transfers in	0	0	0	250,000
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>(70,033)</u>	<u>0</u>	<u>(70,033)</u>	<u>250,000</u>
<i>Change in fund net position</i>	7,338,276	1,564,781	8,903,057	38,250
Total fund net position, beginning of year	77,593	(2,663,261)	(2,585,668)	(32,285)
<i>Total fund net position, end of year</i>	<u>\$7,415,869</u>	<u>(\$1,098,480)</u>	<u>\$6,317,389</u>	<u>\$5,965</u>

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY
PROPRIETARY FUND TYPES
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Enterprise Funds		Total	Governmental Activities
	Detention Center	Processing Center		Self-Insurance Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$31,576,336	\$24,632,694	\$56,209,030	\$1,898,911
Cash payments to suppliers for goods and services	(29,879,252)	(23,510,098)	(53,389,350)	(2,147,872)
<i>Net cash provided (used) by operating activities</i>	1,697,084	1,122,596	2,819,680	(248,961)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Interfund advances (payments)	(70,033)	0	(70,033)	250,000
<i>Net cash provided (used) by non-capital financing activities</i>	(70,033)	0	(70,033)	250,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Interest paid	(1,333,688)	(2,792,301)	(4,125,989)	0
Principal payments on issuance of long-term debt	(1,865,000)	(2,610,000)	(4,475,000)	0
<i>Net cash provided (used) by capital and related financing activities</i>	(3,198,688)	(5,402,301)	(8,600,989)	0
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of investments	0	0	0	0
Interest on investments	8,457	0	8,457	111
<i>Net cash provided (used) by investing activities</i>	8,457	0	8,457	111
<i>Net increase (decrease) in cash and cash equivalents</i>	(1,563,180)	(4,279,705)	(5,842,885)	1,150
Cash and cash equivalents, beginning of year	15,406,302	10,874,245	26,280,547	48,983
<i>Cash and cash equivalents, end of year</i>	\$13,843,122	\$6,594,540	\$20,437,662	\$50,133
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$8,463,274	\$4,340,005	\$12,803,279	(\$211,861)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	791,109	1,113,569	1,904,678	0
Changes in assets and liabilities				
Receivables	(2,320,691)	(1,018,493)	(3,339,184)	0
Due from general fund	(113,691)	(71,303)	(184,994)	0
Current portion of long-term Debt	65,000	140,000	205,000	(38,058)
Accounts payable	(5,187,917)	3,381,182	(1,806,735)	958
Claims payable	0	0	0	0
<i>Net cash provided (used) by operating activities</i>	\$1,697,084	\$7,884,960	\$9,582,044	(\$248,961)

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
JUNE 30, 2017

	<u>Agency Funds</u>
ASSETS	
Cash	\$438,567
Property taxes receivable	1,813,926
<i>Total assets</i>	<i>\$2,252,493</i>
LIABILITIES	
Deposits held in trust	\$438,567
Due to other taxing units	1,813,926
<i>Total liabilities</i>	<i>\$2,252,493</i>

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Otero County “the County” is a political subdivision of the State of New Mexico established and regulated by the constitution of the State of New Mexico. The County operates under a Board of County Commissioners-manager form of government and provides the following services as authorized by public law: public safety (sheriff, fire, emergency medical, etc.), roads, health and social services, recreation, sanitation, planning and zoning, property assessment, tax collection, general administrative services, and operation of a prison facility and processing center.

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

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

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

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial 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 Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61. Blended component units, though legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

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

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

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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 include revenues received from state and federal sources such as county equalization distributions 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.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of the County's enterprise funds are charges for services for the housing of inmates in the County's Detention and Processing Centers as well as insurance premiums for the County's self-insurance internal service fund. Operating expenses for enterprise funds include the costs of services, administration expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Under the requirements of GASB Statement No. 34, the County is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Hold Harmless Revenue Bond (Acquisition) Fund* is reported as a major governmental fund. This capital projects fund is used to account for revenue bond proceeds and disbursement of bond proceeds.

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

The *Otero County Detention Center Fund* is used to account for the activities of the County's Prison Facility in Chaparral.

The *Otero County Processing Center Fund* is used to account for the activities of the County's immigration processing facility in Chaparral.

The government maintains one individual internal service fund:

The *Self-Insurance Internal Service Fund* was created by the County Commission in order to account for self-insurance activities. Self-insurance activities include collecting employee premiums and employer contributions and paying for healthcare and vision claims incurred.

Additionally, the government reports the following agency fund:

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deposits and Investments

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

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

Investments for the County are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

Receivables and Payables

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting funds and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources in the event they are not received within 60 days of year end.

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

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

Inventory

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

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Expenses

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

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 used and restricted for future debt service payments.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statement. Capital assets are defined by the government as assets with an initial, individual cost more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Otero County was a Phase II government for purposes of implementing GASB Statement No. 34. The County was required to report its major general infrastructure assets retroactively to June 30, 1980. Information Technology Equipment including software is being capitalize 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 date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest capitalized by the County during the fiscal year. No interest was included as part of the cost of capital assets under construction.

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

<u>Assets</u>	<u>Years</u>
Infrastructure	10 - 30
Buildings and building improvements	40 - 45
Office furniture and equipment	5 - 10
Vehicles	5

Accrued Expenses

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

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources

In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time.

Deferred Inflows of Resources

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The County reports unavailable revenue - property taxes, only in the governmental funds balance sheet as deferred inflows of resources. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. In addition, the County reports items presented on the Statement of Net Position which arose due to the implementation of GASB Statement No. 68 and the related net pension liability.

Compensated Absences

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

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. For bonds issued after the County implemented GASB Statement No. 34, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds Payable are reported net of the applicable bond premium or discount. For fund financial reporting, bond premiums and discounts, as well as issuance costs are recognized in the period the bonds are issued. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Classification Policies and Procedures

For committed fund balance, 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.

For assigned fund balance, 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. Under the current authorization system, for 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.

For the classification of fund balances, the County considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the County considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable Fund Balance

At June 30, 2017, the nonspendable fund balance in the governmental funds consists of amounts associated with inventory and prepaid expense contracts.

Restricted and Committed Fund Balance

At June 30, 2017, the County has presented restricted fund balance on the governmental funds balance sheet for various County operations as restricted by enabling legislation or various funding/grantor agencies. The County has also presented committed fund balance on the governmental funds balance sheet to meet minimum fund balance requirements for the General Fund.

Minimum Fund Balance Policy

The County's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the County holds cash reserves of 3/12th the General Fund expenditures.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

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

- a. Net investment in capital assets: Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position: Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position: All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the County’s financial statements include management’s estimate of the expected useful lives of Capital Assets, current portion of accrued compensated absences, and collectability of accounts receivable.

Interfund Transactions

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

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

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

These budgets are prepared on the Non-GAAP budgetary basis. Budgetary basis expenditures exclude encumbrances. The budget secures appropriation of funds 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 properly amended by County Commissioners in accordance with the above procedures.

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

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

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3. DEPOSITS AND INVESTMENTS

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

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

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

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

Cash Deposited with Financial Institutions

The County maintains cash in two financial institutions. The County's deposits are carried at cost.

The County utilizes pooled accounts for their funds. Cash and investments of the General, Special Revenue, Capital Projects, and Agency funds are pooled and held in multiple accounts. Separate accounts exist for sheriff and confiscation related funds.

As of June 30, 2017, the amount of cash reported on the financial statements differs from the amount on deposits with the various institutions because of transactions in transit and outstanding checks. The locations and amounts deposited are as follows:

	Per Institution	Reconciling Items	Per Financial Statements
First National Bank of Alamogordo	\$4,896,334	(\$232,209)	\$4,664,125
First Savings Bank	2,377,491	0	2,377,491
US Bank	20,437,661	0	20,437,661
<i>Total cash deposits</i>	<u>\$27,711,486</u>	<u>(\$232,209)</u>	<u>27,479,277</u>
Cash on hand			3,230
Cash held with Trustee – NMFA			1,459,009
Investments - cash equivalents			8,524,264
			<u>\$37,465,780</u>

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

The amounts reported as cash for the primary government within the financial statement is displayed as:

Cash and cash equivalents	\$16,589,551
Restricted cash and cash equivalents	20,437,662
Agency funds	438,567
<hr/>	
<i>Statement of net position</i>	\$37,465,780
<hr/>	

By operation of federal law, beginning January 1, 2013, funds deposited in a noninterest-bearing transaction account (including an Interest on Lawyer-Trust Account) no longer will receive unlimited deposit insurance coverage by the FDIC. Beginning January 1, 2013, all of the County's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the Standard Maximum Deposit Insurance Amount of \$250,000.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2017, \$13,173,825 of the County's bank balance of \$14,673,825 was exposed to custodial credit risk. Although the \$13,173,825 was uninsured, it was collateralized by collateral held by the pledging bank's trust department, not in the County's name. None of the County's deposits were uninsured and uncollateralized at June 30, 2017.

		First National Bank of Alamogordo	First Savings Bank	Washington Federal Bank	First American Bank	Western Bank	Total
Amount of deposits	\$4,600,000	\$4,896,334	\$3,377,491	\$250,000	\$250,000	\$1,300,000	\$14,673,825
FDIC coverage	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(1,500,000)
<i>Total uninsured public funds</i>	4,350,000	4,646,334	3,127,491	0	0	1,050,000	13,173,825
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	(4,933,326)	(5,266,327)	(6,520,086)	(71,363)	0	(1,329,284)	(18,120,386)
Uninsured and uncollateralized (over)	(\$583,326)	(\$619,993)	(\$3,392,595)	(\$71,363)	\$0	(\$279,284)	(4,946,561)
Pledged securities	\$4,933,326	\$5,266,327	\$6,520,086	\$71,363	\$0	\$1,329,284	\$18,120,386
Collateral requirement (50%)	2,175,000	2,323,167	1,563,745	0	0	525,000	6,586,912
Over (under) collateralized	\$2,758,326	\$2,943,160	\$4,956,341	\$71,363	\$0	\$804,284	\$11,533,474

The types of collateral are limited to direct obligations of the United States Government and all bonds issued by any agency, district, or political subdivision of the State of New Mexico.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

As of June 30, 2017, the County's investments and related maturities were as follows:

Investment Type	Credit Risk Rating	Fair Value	Weighted Average Maturity	Percent of Portfolio
Certificates of Deposit	N/A	\$7,400,000	Less than 1 year	31.2%
US Government Securities	AA+	7,758,290	1 to 10 years	32.8%
Investments - LGIP	AAAm	8,500,520	58 days	35.9%
MMKT Acct - US Securities	N/A	23,745	Less than 1 year	0.1%
<i>Total fair value</i>		23,682,555		
Less cash equivalents – shown as cash		(8,524,265)		
		<u>\$15,158,290</u>		

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the 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 policy related to investments is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). The securities are not subject to custodial credit risk as they are registered and held in the name of Otero County. The fair value of the County's U.S. Government Securities listed above is \$7,782,035 at June 30, 2017.

Interest Rate Risk. The County's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The fair value of the securities exposed to interest rate risk is \$7,758,768. These securities do not have call options. The County's policy related to interest rate risk with investments is to comply with the statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

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

The State Treasurer Local Government Investment Pool is not SEC registered. The State Treasurer, with the advice and consent of the State Board of Finance, is authorized to invest money held in the short-term investment fund in accordance with Sections 6-10-10I through 6-10-10P and Sections 6-10-10.1 A and E, NMSA 1978. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The pool does not have unit shares. Per Section 6-10-10.IF, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts fund were invested.

Investments are valued at fair value based on quoted market prices as of the valuation date.

Participation in the pool is voluntary.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurement

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The County has the following recurring fair value measurement as of June 30, 2017.

<u>Investment Type</u>	<u>Amount</u>	
Certificates of Deposit	\$7,400,000	valued using quoted market prices (Level 1 inputs)
US Government Securities	\$7,758,290	valued using quoted market prices (Level 1 inputs)
Local Government Investment Pool	\$8,500,520	valued using quoted market prices (Level 1 inputs)
MMKT Acct - US Securities	\$23,745	valued using quoted market prices (Level 1 inputs)

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4. RECEIVABLES

Receivables as of June 30, 2017, are as follows:

Governmental Activities:

	General Fund	Other Governmental Funds	Total
Property taxes	\$1,010,772	\$349	\$1,011,121
Other taxes:			
Gross receipts taxes	655,247	693,487	1,348,734
Gasoline and other taxes	45,969	161,478	207,447
Other receivables:			
Charges for services	161,727	2,675	164,402
Intergovernmental-grants:			
State	0	0	0
Federal	0	0	0
Miscellaneous	0	0	0
<i>Total</i>	<i>\$1,873,715</i>	<i>\$857,989</i>	<i>\$2,731,704</i>

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$737,921 that were not collected within the period of availability have been reclassified as deferred inflows of resources in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

Receivables as of June 30, 2017, are as follows:

Business-Type Activities:

	Detention Center Fund	Processing Center Fund	Total
Customer receivables	\$5,385,883	\$3,555,672	\$8,941,555
<i>Total</i>	<i>\$5,385,883</i>	<i>\$3,555,672</i>	<i>\$8,941,555</i>

All of the above receivables are deemed to be fully collectible.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5. INTERFUND TRANSFERS

Net operating transfers, made to close out funds and to supplement other funding sources in the normal course of operations, were as follows:

<u>Interfund Transfers In (Out)</u>	<u>Operating Transfers Out</u>			
	General Fund	Hold Harmless Revenue Bond (Acq)	Other Governmental Funds	Totals
Operating Transfers In:				
General Fund	\$5,242,501	\$63,500	\$1,524,915	\$6,830,916
Hold Harmless Revenue Bond (Acq)	0	0	714,000	\$714,000
Other Governmental Funds	1,858,499	0	141,425	1,999,924
Self Insurance Fund	250,000	0	0	250,000
	<u>\$7,351,000</u>	<u>\$63,500</u>	<u>\$2,380,340</u>	<u>\$9,794,840</u>

<u>Due From (to) Other Funds</u>	<u>Due To:</u>	
	General Fund	Totals
Due From:		
Detention Center	\$823,150	\$823,150
Processing Center	513,262	513,262
	<u>\$1,336,412</u>	<u>\$1,336,412</u>

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6. CAPITAL ASSETS

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

	Balance June 30, 2016	Restatements	Additions	Retirements	Transfers	Balance June 30, 2017
Governmental Activities:						
Capital assets not being depreciated						
Land	\$22,366,237	\$0	\$0	\$0	\$0	\$22,366,237
Construction in progress	1,264,957	0	1,488,891	0	(1,798,645)	955,203
<i>Total capital assets not being depreciated</i>	23,631,194	0	1,488,891	0	(1,798,645)	23,321,440
Capital assets being depreciated						
Infrastructure and land improvements	62,589,130	(9,291)	0	0	0	62,579,839
Buildings and building improvements	30,168,282	85,707	11,000	(1)	1,684,560	31,949,548
Equipment and furnishings	29,967,751	(17,189,754)	571,027	(146,107)	114,085	13,317,002
Vehicles	7,197,634	17,224,828	2,730,083	(164,703)	0	26,987,842
<i>Total capital assets being depreciated</i>	129,922,797	111,490	3,312,110	(310,811)	1,798,645	134,834,231
Less accumulated depreciation for:						
Infrastructure and land improvements	(35,730,469)	(2,498,122)	(5,009,850)	0	0	(43,238,441)
Buildings and building improvements	(14,778,801)	(653,588)	(1,366,486)	0	0	(16,798,875)
Equipment and furnishings	(19,888,745)	10,973,091	(1,389,855)	136,401	0	(10,169,108)
Vehicles	(5,558,540)	(12,566,791)	(2,492,402)	131,078	0	(20,486,655)
<i>Total accumulated depreciation</i>	(75,956,555)	(4,745,410)	(10,258,593)	267,479	0	(90,693,079)
<i>Governmental activities capital</i>	\$77,597,436	(\$4,633,920)	(\$5,457,592)	(\$43,332)	\$0	\$67,462,592

Depreciation expense for the year ended June 30, 2017 was charged to governmental activities as follows:

General government	\$278,110
Public safety	3,534,655
Public works	6,232,575
Culture and recreation	175,269
Health and welfare	37,984
<i>Total</i>	\$10,258,593

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$927,350	\$0	\$0	\$927,350
<i>Total capital assets not being depreciated</i>	927,350	0	0	927,350
Capital assets being depreciated:				
Buildings and building improvements	76,187,100	0	0	76,187,100
<i>Total capital assets being depreciated</i>	76,187,100	0	0	76,187,100
Less Accumulated Depreciation for:				
Buildings and building improvements	(17,474,387)	(1,904,678)	0	(19,379,065)
<i>Total accumulated depreciation</i>	(17,474,387)	(1,904,678)	0	(19,379,065)
<i>Business-type activities capital assets, net</i>	\$59,640,063	(\$1,904,678)	\$0	\$57,735,385

Depreciation expense for the year ended June 30, 2017 was charged to business-type activities as follows:

Detention Center	\$791,109
Processing Center	1,113,569
<i>Total</i>	\$1,904,678

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7. LONG-TERM DEBT

Governmental Activities:

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

	Balance June 30, 2016	Restatement	Additions	Retirements	Balance June 30, 2017	Due in One Year
Bonds payable	\$4,665,000	\$0	\$8,620,000	(\$185,000)	\$13,100,000	\$885,000
Loans and capital leases	3,153,181	(42,060)	1,746,905	(639,920)	4,218,106	583,604
Compensated absences	475,452	0	465,525	(453,632)	487,345	0
<i>Total long-term debt</i>	<u>\$8,293,633</u>	<u>(\$42,060)</u>	<u>\$10,832,430</u>	<u>(\$1,278,552)</u>	<u>\$17,805,451</u>	<u>\$1,468,604</u>

Bonds Payable

The County has entered into a gross receipts revenue bonds wherein the County pledged gross receipt revenue to cover debt service. The Bonds Payable are as follows:

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance 2017
Hold Harmless GRT Bond - series 2014	Apr-14	Dec-33	3.00-5.00%	\$5,065,000	\$4,480,000
Hold Harmless GRT Bond - series 2017A	Apr-17	Dec-28	3.130%	\$8,620,000	\$8,620,000
<i>Total bonds payable</i>					<u>\$13,100,000</u>

Hold Harmless Gross Receipts Tax Bonds series 2017A

The County issued Hold Harmless Gross Receipts Tax Bonds series 2017A in the amount of \$8,620,000 on April 18, 2017 to be used for capital improvements. Upon issuance, the County deposited \$8,500,000 to a project fund, paid cost of issuance of \$85,000 and purchased a surety reserve policy for \$34,480 (to be amortized).

The annual requirements to amortize the Bonds Payable as of June 30, 2017, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$885,000	\$340,355	\$1,225,355
2019	810,000	413,578	1,223,578
2020	840,000	386,328	1,226,328
2021	870,000	356,978	1,226,978
2022	900,000	325,476	1,225,476
2023-2027	4,960,000	1,076,312	6,036,312
2028-2032	3,150,000	475,028	3,625,028
2033-2037	685,000	29,431	714,431
<i>Total</i>	<u>\$13,100,000</u>	<u>\$3,403,486</u>	<u>\$16,503,486</u>

The hold harmless GRT revenue bond is to be liquidated through the Hold Harmless Revenue Bonds (Bond) Debt Service Fund.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7. LONG-TERM DEBT (CONTINUED)

Loans and Capital Leases

The County has entered into several loan agreements with the New Mexico Finance Authority, wherein the County pledged revenue derived from New Mexico Fire Protection Allotments to cover debt service. This revenue is subject to intercept agreements by the New Mexico Finance Authority. Additionally, the County entered into lease agreements as the lessee for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the future minimum lease payments as of the inception date. The NMFA and capital leases are as follows:

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2017
NMFA Loan - Otero 11	Dec-07	May-28	3.41-4.56%	\$540,496	\$31,757
NMFA Loan - Otero 12	Dec-07	May-18	3.41-4.01%	268,889	354,439
NMFA Loan - Otero 14	Sep-08	May-29	5.05%	162,400	117,357
NMFA Loan - Otero 15	Nov-08	May-29	3.00%	163,557	110,875
NMFA Loan - Otero 16	Jan-09	May-19	3.68%	293,712	67,889
NMFA Loan - Otero 17	Mar-09	May-19	3.21%	233,450	52,451
NMFA Loan - Otero 18	Mar-09	May-19	3.19%	189,783	42,632
NMFA Loan - Otero 19	Mar-09	May-19	3.23%	182,700	49,194
NMFA Loan - Otero 20	Sep-09	May-19	0.65-3.58%	135,559	31,276
NMFA Loan - Otero 21	Sep-09	May-20	1.03-3.78%	121,800	40,240
NMFA Loan - Otero 22	Nov-09	May-20	0.98-3.22%	144,130	46,718
NMFA Loan - Otero 23	Jul-10	May-21	2.78%	233,450	100,098
NMFA Loan - Otero 24	Jul-10	Jun-21	2.94%	279,125	164,791
NMFA Loan - Otero 25	Apr-11	May-26	3.58%	192,850	124,777
NMFA Loan - Otero 27	Oct-11	May-22	2.11%	213,049	148,748
NMFA Loan - Otero 28	Jan-12	May-22	0.01%	152,250	75,000
NMFA Loan - Otero 29	Jan-13	May-23	0.390-2.240%	166,247	102,721
NMFA Loan - Otero 30	Feb-13	May-18	0.400-1.330%	303,636	61,546
NMFA Loan - Otero 32	Jul-13	May-33	1.290-4.340%	201,500	178,089
NMFA Loan - Otero 33	Jul-13	May-30	1.290-4.340%	226,688	192,389
NMFA Loan - Otero 34	May-14	May-25	1.170-3.100%	110,832	91,751
NMFA Loan - Otero 35	May-14	May-25	1.170-3.100%	110,832	91,751
NMFA Loan - Otero 39	Jul-15	May-26	0.390-2.240%	120,000	115,207
NMFA Loan - Otero 40	Apr-16	May-26	0.390-2.240%	40,000	37,603
NMFA Loan - Otero 41	Dec-16	May-26	.860-1.860%	149,925	143,652
NMFA Loan - Otero 42	Dec-16	May-26	1.290-2.000%	90,681	90,681
NMFA Loan - Otero 43	Dec-16	May-27	.950-2.000%	120,907	120,907
NMFA Loan - Otero 44	Jan-17	May-21	.970-1.810%	25,189	23,363
NMFA Loan - Otero 45	Jan-17	May-37	1.190-3.520%	604,535	604,535
NMFA Loan - Otero 46	Jan-17	May-27	1.190-2.000%	352,645	352,646
NMFA Loan - Otero 47	Jan-17	May-37	.960-2.000%	403,023	403,023
Grady Shelter Capital Lease	Jul-13	Sep-18	0.00%	150,000	50,000
<i>Total loans and capital leases</i>					\$4,218,106

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7. LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the Loans and Capital Leases Payable as of June 30, 2017, including interest payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	\$583,604	\$113,775	\$697,379
2019	521,757	93,811	615,568
2020	387,501	81,181	468,682
2021	382,235	72,253	454,488
2022	313,531	63,240	376,771
2023 - 2027	1,229,580	210,317	1,439,897
2028 - 2032	473,272	75,056	548,328
2033 - 2037	326,626	20,076	346,702
<i>Total</i>	<u>\$4,218,106</u>	<u>\$729,709</u>	<u>\$4,947,815</u>

Loans and capital leases have been liquidated by the Road and Fire Funds Special Revenue Funds in prior years.

Compensated Absences - Employees of the County are able to accrue a limited amount of vacation during the year. During fiscal year 2017, compensated absences increased \$11,893 from the prior year accrual. In prior years, the general fund was typically used to liquidate such long-term liabilities.

Business- Type Activities:

The business-type funds have incurred debt in the form of revenue bonds for the purposes of constructing, expanding, repairing and making improvements to its property, plant and equipment. The following schedule shows the changes to its various forms of debt during the fiscal year ended June 30, 2017:

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>
Revenue Bonds	\$78,400,000	\$0	(\$4,270,000)	\$74,130,000	\$4,475,000
<i>Total long-term debt</i>	<u>\$78,400,000</u>	<u>\$0</u>	<u>(\$4,270,000)</u>	<u>\$74,130,000</u>	<u>\$4,475,000</u>

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7. LONG-TERM DEBT (CONTINUED)

Revenue Bonds

At June 30, 2017, the County had the following revenue bonds outstanding:

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2017
Jail Project Series 2007	May-07	Apr-28	5.50-6.00%	\$62,305,000	\$44,280,000
Jail Project Series 2012	Dec-12	Dec-27	3.10%	19,760,000	15,775,000
Jail Project Series 2014	Apr-14	Dec-28	4.60%	16,820,000	14,075,000
<i>Total revenue bonds</i>					\$74,130,000

Business-type debt has been liquidated by the Otero County Detention Center and Otero County Processing Center funds in prior years.

The annual requirements to amortize the bonds as of June 30, 2017, including interest payments, are as follows:

Revenue Bond Series 2007

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$2,610,000	\$2,650,276	\$5,260,276
2019	2,760,000	2,500,200	5,260,200
2020	2,930,000	2,334,600	5,264,600
2021	3,105,000	2,158,800	5,263,800
2022	3,290,000	1,972,500	5,262,500
2023 - 2027	19,655,000	6,654,300	26,309,300
2028 - 2032	9,930,000	595,800	10,525,800
<i>Total</i>	\$44,280,000	\$18,866,476	\$63,146,476

Revenue Bond Series 2012 (Interest Rate Conversion)

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$960,000	\$481,662	\$1,441,662
2019	990,000	451,670	1,441,670
2020	1,020,000	420,748	1,440,748
2021	1,050,000	388,895	1,438,895
2022	1,085,000	356,036	1,441,036
2023 - 2027	5,945,000	1,250,541	7,195,541
2028 - 2032	4,725,000	73,238	4,798,238
<i>Total</i>	\$15,775,000	\$3,422,790	\$19,197,790

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7. LONG-TERM DEBT (CONTINUED)

Revenue Bond Series 2014 (converted September 1, 2017)

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	\$905,000	\$647,450	\$1,552,450
2019	945,000	605,820	1,550,820
2020	990,000	562,350	1,552,350
2021	1,035,000	516,810	1,551,810
2022	1,085,000	469,200	1,554,200
2023 - 2027	6,210,000	1,550,430	7,760,430
2028 - 2032	2,905,000	201,940	3,106,940
<i>Total</i>	<u>\$14,075,000</u>	<u>\$4,554,000</u>	<u>\$18,629,000</u>

Tax Revenue Bonds – Total

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	\$4,475,000	\$3,779,388	\$8,254,388
2019	4,695,000	3,557,690	8,252,690
2020	4,940,000	3,317,698	8,257,698
2021	5,190,000	3,064,506	8,254,506
2022	5,460,000	2,797,736	8,257,736
2023 - 2027	31,810,000	9,455,271	41,265,271
2028	17,560,000	870,978	18,430,978
<i>Total</i>	<u>\$74,130,000</u>	<u>\$26,843,267</u>	<u>\$100,973,267</u>

On September 1, 2016, the County did interest rate conversion (through a private placement) on the series 2012 Jail Project Revenue Bonds. The present value of the cost to convert to a taxable bond was \$1,716,203. It was determined that the bonds did not qualify to be tax exempt as the operator of the facility was not a government. The balance due at the time of conversion continued on the same amortization schedule with an increased interest rate of 4.770%.

In addition, subsequent to June 30, 2017, the County converted the Jail Project series 2007 bonds on September 1, 2017 through a re-write increasing the interest rate by 3% to taxable bonds.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8. 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. The County administers its insurance coverage through the Risk Management Office.

Otero 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.

The Self-Insurance is reported as an Internal Service fund. Premiums are paid into the fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program. The County purchases commercial insurance for claims in excess of coverage provided by the funds and for other risks of loss. The County has had no significant reduction in insurance coverage from the prior year and, as of June 30, 2017; such inter-fund premiums did not exceed reimbursable expenditures.

The County's Self-Insurance fund accounts for the self-insured program for employee health and major medical and vision benefits. Claims are handled by a professional third-party claims administrator. The County maintains specific stop loss coverage for individual claims in excess of \$60,000 and aggregate coverage of cumulative claims in excess of 125% of Minimum Attachment Point of \$2,262,898.

Liabilities of the funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage award. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimated. An excess coverage insurance policy covers individual claims in various levels. Settlements have not exceeded coverage for each of the past three fiscal years.

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payment	Balances at Fiscal Year End
2016-2017				
Self-Insurance Internal Service Fund	\$48,221	\$1,637,759	\$1,675,817	\$10,163

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9 REQUIRED INDIVIDUAL FUND DISCLOSURES

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

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

Business-Type Funds

Processing Center	\$1,098,480
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- B. Excess of expenditures over appropriations. There were not any funds with expenditures in excess of the budgeted appropriations for the year ended June 30, 2017.
- C. Designated cash appropriations in excess of available balances. There were not any funds with excess cash appropriations for the year ended June 30, 2017.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

General Information about the Pension Plan

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

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

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2016 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2016.pdf.

Contributions. The contribution requirements of defined benefit plan members and the Otero County are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY16 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 31 through 32 of the PERA FY16 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2016.pdf. The PERA coverage options that apply to Otero County are: Municipal General and Municipal Police. Statutorily required contributions to the pension plan from the Otero County were \$673,374 for the year ended June 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2016.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

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

For PERA Fund Division Municipal General, at June 30, 2017, the Otero County reported a liability of \$12,030,406 for its proportionate share of the net pension liability. At June 30, 2016, the Otero County’s proportion was .7530 percent, which was changed from its proportion measured as of June 30, 2015 of .7734 percent.

For the year ended June 30, 2017, the Otero County recognized PERA Fund Division municipal general pension expense of \$1,320,561. At June 30, 2017, the Otero County reported PERA Fund Division municipal general deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$483,679	\$0
Changes of assumptions	703,442	0
Net difference between projected and actual earnings on pension plan investments	2,213,572	0
Changes in proportion and differences between Otero County contributions and proportionate share of contributions	0	322,607
Otero County contributions subsequent to the measurement date	673,374	0
Total	\$4,074,067	\$322,607

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

\$348,852 reported as deferred outflows of resources related to pensions resulting from Otero County contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources, related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$616,967
2019	616,967
2020	1,288,754
2021	555,398
2022	0
	\$3,078,086

For PERA Fund Division Municipal Police, at June 30, 2017, the Otero County reported a liability of \$6,481,097 for its proportionate share of the net pension liability. At June 30, 2016, the Otero County’s proportion was .8784 percent, which was an increase of its proportion of .8554 percent measured as of June 30, 2015.

For the year ended June 30, 2017, the Otero County recognized PERA Fund Division municipal police pension expense of \$901,436. At June 30, 2017, the Otero County reported PERA Fund Division municipal police deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$475,806	\$0
Changes of assumptions	312,387	0
Net difference between projected and actual earnings on pension plan investments	1,025,023	0
Changes in proportion and differences between Otero County contributions and proportionate share of contributions	0	142,842
Otero County contributions subsequent to the measurement date	349,852	0
Total	\$2,163,068	\$142,842

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

\$349,852 reported as deferred outflows of resources related to pensions resulting from Otero County contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$358,595
2019	358,595
2020	688,569
2021	264,615
2022	0
	\$1,670,374

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2015 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2017 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2016. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2016 actuarial valuation.

Valuation date	June 30, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Open
Payroll growth rate	3.50%
Remaining amortization period	30 years
Asset valuation method	4-year Smoothed Market
Actuarial assumptions:	
Investment rate of return*	7.75%
Administrative expenses	0.45% of payroll
Projected salary increases*	4.00% - 14.25%
Post-retirement benefit increases	2.00% compounded annually (2.50% for certain retirees and disabled participants with annual benefits less than \$20,000)

* Includes inflation at 3.00%

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

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

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

Discount rate: The discount rate used to measure the total pension liability was 7.48 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan’s fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.48% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Otero County’s proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Otero County’s net pension liability in each PERA Fund Division that Otero County participates in, under the current single rate assumption; as if it were calculated using a discount rate one percentage point lower (6.48%) or one percentage point higher (8.48%) than the single discount rate.

PERA Fund Division Municipal General	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
Otero County’s proportionate share of the net pension liability	\$17,936,265	\$12,030,406	\$7,131,789
 PERA Fund Division Municipal Police	 1% Decrease (6.48%)	 Current Discount Rate (7.48%)	 1% Increase (8.48%)
Otero County’s proportionate share of the net pension liability	\$9,535,302	\$6,481,097	\$3,983,114

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY16 PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. The Authority is legally required to make defined contributions to the cost sharing pension plan on behalf of its' participant employees. At June 30, 2017, the Authority had paid all required contributions and therefore, there is no payable to the pension plan.

NOTE 11. POST-EMPLOYMENT BENEFITS

The County offers the option for eligible retirees to continue coverage for themselves and dependents under the County's active group health care plan. If the retirees so elect, they must bear 100% of the cost. There is no cost to the County, under Retiree Health Care, to provide this benefit.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12. JOINT POWERS AGREEMENTS

Closure of the Dog Canyon Landfill

Participants	Otero County City of Alamogordo
Responsible party	Otero County City of Alamogordo
Description	To perform certain maintenance and monitoring functions at the landfill site for the duration of the post-closure period.
Term of agreement	Thirty years
Amount of project	Estimated to be \$288,420
County contributions	25% of the total post-closure costs
Audit responsibility	N/A

Regional Emergency Communications Center and Dispatch Services

Participants	Otero County Village of Cloudcroft
Responsible party	Otero County
Description	Establishing a regional emergency communications center and providing for dispatch services.
Term of agreement	Indefinite
Amount of project	The Village of Cloudcroft will pay \$20,000 for the service.
County contributions	Unknown
Audit responsibility	Regional Emergency Communications Center

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12. JOINT POWERS AGREEMENTS (CONTINUED)

Otero/Otero County Regional Landfill

Participants	Otero County City of Alamogordo Village of Cloudcroft Village of Tularosa Village of Corona	Otero County Town of Carrizozo Village of Capitan Village of Ruidoso Village of Ruidoso Downs
Responsible party	City of Alamogordo	
Description	To establish, finance and operate the Otero/Otero County Regional landfill.	
Term of agreement	Perpetual	
Amount of project	Unknown	
County contributions	100 of Environmental Services Gross Receipts Tax	
Audit responsibility	City of Alamogordo	

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 LANDFILL CLOSURE COSTS - DOG CANYON LANDFILL

The County entered into a joint powers agreement with the City of Alamogordo to participate in the closure of the Dog Canyon Landfill. The City of Alamogordo is responsible for 75% of the closure and post-closure costs and the County is responsible for 25%. State and Federal laws and regulations require the County to place a final cover on the landfill. This was completed on August 2, 2000, however, there had been problems with the cap and the County worked with the contractor to correct the problems. The capping problems were corrected in prior years. Certain maintenance and monitoring functions at the landfill site must be continued for thirty years after closure. The total liability for landfill closure and post-closure care has been estimated at \$288,420 as of June 30, 2002. However, the actual cost of closure and post-closure care may vary 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 closure and post-closure care. The County and the City of Alamogordo have currently funded closure and post-closure costs in the amount of \$307,361. Remaining costs will be funded as current expenditures in future years.

NOTE 14. OTERO/OTERO COUNTY REGIONAL LANDFILL

During the 1993-1994 fiscal years the County entered into a joint powers agreement for the operation of a regional landfill. The following entities represent the signers of this agreement:

<u>Otero County:</u>	<u>Otero County:</u>
City of Alamogordo	Otero County
Otero County	Town of Carrizozo
Village of Cloudcroft	Village of Capitan
Village of Tularosa	Village of Ruidoso
	Village of Ruidoso Downs
	Village of Corona

The purpose of the joint venture was to establish, finance and operate the Otero/Otero County Regional Landfill. Each of the governmental entities has pledged their respective environmental services gross receipts tax revenues as financial support for the purpose of funding the acquisition of capital assets necessary for the operation of the landfill. The Otero and Otero County authorities have also agreed to a 50-50 joint ownership and operation of this enterprise.

It was mutually agreed and covenanted between the entities that:

1. The facility shall be known as the Otero/Otero County Regional Landfill;
2. Each entity designated the City of Alamogordo to act as the administrator to issue bonds and pledge the environmental services gross receipts tax revenues of each respective governmental entity as well as the operating revenues of the landfill to service the bonds and operate the landfill;
3. Title to the facility shall be held in undivided-joint tenancy between the Otero and Otero Solid Waste Authorities;
4. The entities, through their respective Otero or Otero County Authorities, shall be joint owners of a co-equal undivided one-half interest in the assets and also shall be equally responsible for the debt;

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14. OTERO/OTERO COUNTY REGIONAL LANDFILL (CONTINUED)

5. The entities each agree to maintain an irrevocable, first, but not exclusive, pledge of 100% of their environmental gross receipts tax revenues for the life of the bond issue used for permanent financing;
6. The entities agree that tipping fees collected shall be used to pay principal and interest on the bonds and that the fee established shall be adequate to meet operations, maintenance and financing requirements;
7. The entities agree that the City of Alamogordo shall annually prepare a budget that shall be approved by the Otero and Otero County Solid Waste Authorities. Thereafter, the City will operate the Landfill in accordance with good business practice;
8. The governmental entities authorize the exercise of the following joint powers by the City of Alamogordo, acting as agent on their behalf:
 - a. In accordance with the approved budget, to acquire, cause to be acquired and maintain the necessary property, equipment and personnel for the landfill.
 - b. To approve the issuance of revenue bonds
 - c. To enter into agreements for the services of managers, attorneys, appraisers, consultants and employees
 - d. To implement adopted policies regarding fees, rates and charges.
9. The landfill shall be a joint venture of the entities acting in a proprietary capacity;
10. Annually, the City of Alamogordo will provide a complete financial report on the operation to each participating entity; and
11. The terms of this agreement are perpetual.

The City of Alamogordo reports the joint venture above as a discretely presented component unit on its annual financial report. The landfill's fees, however, were enough to meet the expenses of the landfill and the City of Alamogordo refunded all of these gross receipts taxes to the County.

NOTE 15. FEDERAL AND STATE GRANTS

Otero County participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, Otero County may be required to reimburse the grantor government. As of June 30, 2017, significant amounts of grant expenditures have not been audited by the grantor agencies. Management believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of Otero County.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 16. CONTINGENT LIABILITIES

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

NOTE 17. COMMITMENTS

The County's commitments as of June 30, 2017 on ongoing construction projects is \$177,071.

NOTE 18. CONCENTRATIONS

The County depends on financial resources flowing from, or associated with, both the Federal Government and that the State of New Mexico. Because of this dependency, the County is subject to changes in the specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

NOTE 19. RESTRICTED NET POSITION

The government-wide statement of net position reports \$35,095,346 of restricted net position, all of which is restricted by enabling legislation and third party grantors.

NOTE 20. NET POSITION RESTATEMENT

The County has restated prior year net position in the government-wide financial statements as a result of the following:

Governmental-Type Activities:

Correction of capital assets	(\$4,633,920)
Correction of NMFA debt	42,060
	<hr/>
	(\$4,591,860)

NOTE 21. SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2017, the date of the most recent Statement of Net Position, have been evaluated for possible adjustment to the financial statements or disclosures is November 28, 2017, which is the date on the financial statements were available to be issued.

OTERO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 22. TAX ABATEMENT AGREEMENT

The County entered into a tax abatement agreement in April 2015 as follows:

Agency Number	15015
Agency Name	OTERO COUNTY
Agency Type	COUNTY GOVERNMENT
Tax Abatement Agreement Name	RESOLUTION 04-14-15 103-41, COUNTY ORDINANCE 15-01
Recipient(s) of tax abatement	BURRELL RESOURCES GROUP, LLC
Parent company(ies) of recipient(s) of tax abatement	BOW CORPORATION
Tax abatement program (name and brief description)	OTERO COUNTY, NEW MEXICO INDUSTRIAL REVENUE BURRELL RESOURCES GROUP, LLC
Specific Tax(es) Being Abated	PROPERTY TAXES, GROSS RECEIPTS, COMPENSATING TAX SECTION 4.5 B
Legal authority under which tax abatement agreement was entered into	PROPERTY TAX SECTION 7-36-3 NMSA1978, GRT TAX AND REVENUE DEPT. REGULATION 3.2.212.22
Criteria that make a recipient eligible to receive a tax abatement	PROMOTING LOCAL HEALTH, GENERAL WELFARE, SAFETY, CONVENIENCE, AND PROSPERITY TO THE INHABITANTS OF OTERO COUNTY
How are the tax abatement recipient's taxes reduced? (For example: through a reduction of assessed value)	IN LEASE AGREEMENT SECTION 5.10, BRG WILL PAY 50% OF ALL ASSESSED TAXES, IN SECTION 4.5 A BRG RECEIVES NONTAXABLE CERTIFICATES ISSUED TO VENDORS AND CONTRACTORS
How is the amount of the tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc.	IN EXHIBIT C OF LEASE AGREEMENT, TAXES WILL BE ASSESSED BASED ON REAL AND PERSONAL PROPERTY FOR INCREASES AND DECREASES ANUALLY AND COLLECTED AT 50% OF TOTAL
Are there provisions for recapturing abated taxes? (Yes or No)	NONE
If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture.	N/A
List each specific commitment made by the recipient of the abatement.	ANNUAL REPORTS OF EMPLOYMENT MADE WITHIN 180 DAYS AT THE END OF THE COMPANY'S FISCAL YEAR, ANNUAL REPORT TO SHOW COMPLIANCE
Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement.	\$49.76
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency or another agency in association with the foregone tax revenue, list the authority for and describe the payment, including the agency that is supposed to receive the payment	COUNTY GOVERNMENT HAS THE AUTHORITY TO LEVY TAXES AND IT RECEIVES 50% OF THE ASSESSED PROPERTY TAX
For any Payments in Lieu of Taxes (PILOTs) or similar payments <u>receivable by your agency</u> in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	\$0
For any Payments in Lieu of Taxes (PILOTs) or similar payments <u>receivable by a different agency</u> in association with the foregone tax revenue, list the name of the agency and the amount of payments received in the current fiscal year	NONE
List each specific commitment made by your agency or any other government, other than the tax abatement.	NONE
Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such agency.	YES
If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.	N/A

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE OTERO COUNTY'S PROPORATIONATE SHARE
OF THE NET PENSION LIABILITY OF PERA FUND DIVISION
MUNICIPAL GENERAL**

Public Employees Retirement Association (PERA) Plan

Last 10 Fiscal Years*

	As of Measurement Date		
	June 30, 2016 2017	June 30, 2015 2016	June 30, 2014 2015
Otero County's proportion of the net pension liability (asset)	0.7530%	0.7734%	0.8016%
Otero County's proportionate share of the net pension liability (asset)	\$12,030,406	\$7,885,483	\$6,253,340
Otero County's covered-employee payroll	\$6,538,115	\$6,413,158	\$6,507,077
Otero County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	184.00%	122.96%	96.10%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	76.99%	81.29%

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

**SCHEDULE OF THE OTERO COUNTY'S PROPORATIONATE SHARE
OF THE NET PENSION LIABILITY OF PERA FUND DIVISION
MUNICIPAL POLICE**

Public Employees Retirement Association (PERA) Plan

Last 10 Fiscal Years*

	As of Measurement Date		
	June 30, 2016 2017	June 30, 2015 2016	June 30, 2014 2015
Otero County's proportion of the net pension liability (asset)	0.8784%	0.8554%	0.9452%
Otero County's proportionate share of the net pension liability (asset)	\$6,481,097	\$4,113,243	\$3,081,249
Otero County's covered-employee payroll	\$1,701,884	\$1,677,786	\$1,820,248
Otero County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	380.82%	245.16%	169.28%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	76.99%	81.29%

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

SCHEDULE OF OTERO COUNTY'S CONTRIBUTIONS

Public Employees Retirement Association (PERA) Plan

PERA FUND DIVISION - MUNICIPAL GENERAL

Last 10 Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$673,374	\$624,390	\$798,859
Contributions in relation to the contractually required contribution	\$673,374	\$624,390	\$798,859
Contribution deficiency (excess)	\$0	\$0	\$0
Otero County's covered-employee payroll	\$7,051,037	\$6,538,115	\$6,413,158
Contributions as a percentage of covered-employee payroll	9.55%	9.55%	12.46%

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

SCHEDULE OF OTERO COUNTY'S CONTRIBUTIONS

Public Employees Retirement Association (PERA) Plan

PERA FUND DIVISION MUNICIPAL POLICE

Last 10 Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$349,852	\$321,656	\$334,217
Contributions in relation to the contractually required contribution	\$349,852	\$321,656	\$334,217
Contribution deficiency (excess)	\$0	\$0	\$0
Otero County's covered-employee payroll	\$1,851,069	\$1,701,884	\$1,677,786
Contributions as a percentage of covered-employee payroll	18.90%	18.90%	19.92%

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

OTERO COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

Public Employee Retirement Association Plan (PERA)

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY16 audit available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2016.pdf.

Changes of assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2015%20PERA%20Valuation%20Report_FINAL.pdf. The summary of Key Findings for the PERA Fund (on page 2 of the report) provides summary information for each division.

SUPPLEMENTARY INFORMATION

OTERO COUNTY
SPECIAL REVENUE FUNDS
JUNE 30, 2017

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources, other than expendable trusts and major capital projects that are legally restricted to expenditures for specific purposes.

CDBG Grants – To account for monies received through a Community Development Block Grant to make improvements to a public facility serving as a child development center. Authority for this fund is CDBG grant #12-C-NR-I-03-G-26.

Clerk's Equipment – To account for revenues and expenditures for equipment for the Clerk's office. The fund is authorized under Section 14-8-2.2 NMSA 1978.

DWI Grant – In accordance with NMSA Section 11-6A-1/5 - This fund is to account for funding restricted for the following:

1. Coordination and planning for DWI prevention and evaluation
2. Prosecution and intensive probation supervision
3. Screening and assessment

EMS – To account for grant monies restricted to expenditures for improvement and operations of emergency medical services. Source of funds is the State of New Mexico Health and Environment Department Emergency Medical Services Bureau. Authority for this fund is NMSA 24-10A to 24-10A-10.

Environmental Gross Receipts Tax – To account for a gross receipts tax imposed to fund environmental activities, mainly sanitary landfill closure and disposal of solid waste. Authority for this fund is NMSA 1978 7-20E-17.

Farm and Range – To account for the operations and maintenance of county roads and predatory animal control. Financing is provided by the County's share of grazing fees under the authority of NMSA 1978 Section 6-11-6.

Fire – To account for monies received from the New Mexico State Fire Marshall's office and fire protection gross receipts tax proceeds. These funds are to be used to support the twenty volunteer fire departments in the region. The funds were created under the authority of State Statute (see Section 59A-93-5-8 and 59A-53-5, NMSA 1978 Compilation).

HIDTA Grant/Task Force Coordinator – To account for a grant from the U.S. Department of Justice to combat drug trafficking in a high intensity drug trafficking area. Authorization for this fund is a grant from the Department of Justice.

Hold Harmless Revenue Bond (Revenue) – To account for the hold harmless gross receipt tax revenues for the payment on the hold harmless revenue bond; authority NMSA 7-20E-28.

Indigent (Safety Net Care Pool) – To cover local hospital care and/or ambulance service for qualifying indigent residents of Otero County in an amount not to exceed \$10,000 per applicant per claim. In the event the fund has not exceeded its budgeted allotment for indigent care at the end of a fiscal year, the fund may expend more than \$10,000 for anyone applicant, and may also pay for hospital services provided to qualified Otero County residents at an out-of-town facility. Funding is provided by one-eighth cent attachment to local gross receipts tax rate. Authority for this fund is NMSA Section 7029E-9.

OTERO COUNTY
SPECIAL REVENUE FUNDS
JUNE 30, 2017

Special Revenue Funds (Continued)

Landfill Closure – In accordance with New Mexico Solid Waste Act Section 7-9-40. This fund is to account for a state grant to fund costs relating to the final closure of Dog Canyon Landfill.

Law Enforcement Protection – To account for grant funds used for maintenance and development of the County's Sheriff's office. Funding authority is NMSA 29-13-1.

Property Valuation – To account for funds used to provide valuation services to the County. The Fund was created under the authority of NMSA Section 7-38-38.1.

Recreation – To account for expenditures for recreational purposes in the County. Funding is provided by a cigarette tax levy. Authority NMSA 1978 7-12-1 and 7-12-15.

Road – To account for funds used to maintain roads for which the County has responsibility. Financing sources include gasoline taxes, motor vehicle registration fees and New Mexico State Highway Department Cooperative Agreement funds. Expenditures are restricted for the construction and maintenance of county roads. The fund was created by authority of State Statutes Section 67-4-1 NMSA, 1978 Compilation.

Secure Rural Schools Grant – To account for expenditures received from the US Forest Services for rural schools. Authority for this fund is Commission motion.

Sheriff's Covert Activity – To account for monies received by the Sheriff's department for forfeiture of cash that results from the auction of seized property and judgments handed down in drug cases. Authorization for this fund is Commission motion.

Southwest Border Prosecution – The County receives monies from the U.S. Department of Justice for participation in the prosecution of various offenders involving federal and state criminal offenses. These funds are used for prosecution activities. Authorization for this fund is a contract with the U.S. Department of Justice.

State and Federal Grants/Hazard Mitigation 2002 – To account for expenditures under New Mexico Energy, Minerals and Natural Resources contract 02-521-0463-112.

OTERO COUNTY
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2017

	CDBG Grants	Clerk's Equipment	DWI Grant	EMS	Environmental Gross Receipts Tax
ASSETS					
Cash and cash equivalents	\$99,709	\$120,963	\$75,466	\$26,795	\$37,740
Investments	0	0	0	0	0
Receivables:					
Property taxes	0	0	0	0	0
Other taxes	0	0	0	0	55,630
Other receivables	0	196	0	0	0
Inventory	0	0	0	0	0
Prepaid expenses	0	0	0	0	0
Total assets	\$99,709	\$121,159	\$75,466	\$26,795	\$93,370
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$0	\$2,861	\$387	\$0	\$16,084
Accrued payroll expenses	0	0	9,946	0	16,049
Total liabilities	0	2,861	10,333	0	32,133
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue:					
Property taxes	0	0	0	0	0
Total deferred inflows of resources	0	0	0	0	0
Fund Balance:					
Nonspendable					
Inventory	0	0	0	0	0
Prepaid expenses	0	0	0	0	0
Spendable					
Restricted for:					
General county operations	99,709	118,298	0	0	0
Maintenance of roads	0	0	0	0	0
Environment	0	0	0	0	61,237
Recreation	0	0	0	0	0
Public safety	0	0	0	26,795	0
Healthcare/health services	0	0	65,133	0	0
Debt service expenditures	0	0	0	0	0
Total fund balance	99,709	118,298	65,133	26,795	61,237
Total liabilities, deferred inflows of resources, and fund balance	\$99,709	\$121,159	\$75,466	\$26,795	\$93,370

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2017

	Farm and Range	Fire	HIDTA Grant/ Task Force Coordinator	Hold Harmless Revenue Bond (Revenue)	Indigent (Safety Net Care Pool)
ASSETS					
Cash and cash equivalents	\$112,749	\$1,753,003	\$69	\$700,579	\$245,820
Investments	0	2,312,325	0	3,029,541	1,063,009
Receivables:					
Property taxes	0	0	0	0	0
Other taxes	0	67,172	0	570,685	0
Other receivables	0	0	0	0	0
Inventory	0	0	0	0	0
Prepaid expenses	0	57,343	0	0	0
Total assets	\$112,749	\$4,189,843	\$69	\$4,300,805	\$1,308,829
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$0	\$126,628	\$0	\$0	\$0
Accrued payroll expenses	0	0	0	0	1,302
Total liabilities	0	126,628	0	0	1,302
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue:					
Property taxes	0	0	0	0	0
Total deferred inflows of resources	0	0	0	0	0
Fund Balance:					
Nonspendable					
Inventory	0	0	0	0	0
Prepaid expenses	0	0	0	0	0
Spendable					
Restricted for:					
General county operations	112,749	0	0	0	0
Maintenance of roads	0	0	0	0	0
Environment	0	0	0	0	0
Recreation	0	0	0	0	0
Public safety	0	4,063,215	69	0	0
Healthcare/health services	0	0	0	0	1,307,527
Debt service expenditures	0	0	0	4,300,805	0
Total fund balance	112,749	4,063,215	69	4,300,805	1,307,527
Total liabilities, deferred inflows of resources, and fund balance	\$112,749	\$4,189,843	\$69	\$4,300,805	\$1,308,829

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2017

	Landfill Closure	Law Enforcement Protection	Property Valuation	Recreation	Road
ASSETS					
Cash and cash equivalents	\$47,414	\$27,179	\$516,983	\$3,222	\$142
Investments	0	0	0	0	0
Receivables:					
Property taxes	0	0	0	0	0
Other taxes	0	0	0	0	161,478
Other receivables	2,479	0	0	0	0
Inventory	0	0	0	0	112,291
Prepaid expenses	0	0	0	0	21,318
Total assets	\$49,893	\$27,179	\$516,983	\$3,222	\$295,229
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$0	\$0	\$319	\$0	\$28,531
Accrued payroll expenses	0	0	6,311	0	35,226
Total liabilities	0	0	6,630	0	63,757
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue:					
Property taxes	0	0	0	0	0
Total deferred inflows of resources	0	0	0	0	0
Fund Balance:					
Nonspendable					
Inventory	0	0	0	0	112,291
Prepaid expenses	0	0	0	0	21,318
Spendable					
Restricted for:					
General county operations	49,893	0	510,353	0	0
Maintenance of roads	0	0	0	0	97,863
Environment	0	0	0	0	0
Recreation	0	0	0	3,222	0
Public safety	0	27,179	0	0	0
Healthcare/health services	0	0	0	0	0
Debt service expenditures	0	0	0	0	0
Total fund balance	49,893	27,179	510,353	3,222	231,472
Total liabilities, deferred inflows of resources, and fund balance	\$49,893	\$27,179	\$516,983	\$3,222	\$295,229

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2017

	Secure Rural Schools Grant	Sheriff's Covert Activity	Southwest Border Protection	State and Federal Grants	Total
ASSETS					
Cash and cash equivalents	\$45,967	\$672	\$0	\$0	\$3,814,472
Investments	0	0	0	0	6,404,875
Receivables:					
Property taxes	0	0	0	0	0
Other taxes	0	0	0	0	854,965
Other receivables	0	0	0	0	2,675
Inventory	0	0	0	0	112,291
Prepaid expenses	0	0	0	0	78,661
Total assets	\$45,967	\$672	\$0	\$0	\$11,267,939
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$10,000	\$0	\$0	\$0	\$184,810
Accrued payroll expenses	0	0	0	0	68,834
Total liabilities	10,000	0	0	0	253,644
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue:					
Property taxes	0	0	0	0	0
Total deferred inflows of resources	0	0	0	0	0
Fund Balance:					
Nonspendable					
Inventory	0	0	0	0	112,291
Prepaid expenses	0	0	0	0	21,318
Spendable					
Restricted for:					
General county operations	0	0	0	0	891,002
Maintenance of roads	0	0	0	0	97,863
Environment	0	0	0	0	61,237
Recreation	0	0	0	0	3,222
Public safety	35,967	672	0	0	4,153,897
Healthcare/health services	0	0	0	0	1,372,660
Debt service expenditures	0	0	0	0	4,300,805
Total fund balance	35,967	672	0	0	11,014,295
Total liabilities, deferred inflows of resources, and fund balance	\$45,967	\$672	\$0	\$0	\$11,267,939

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	CDBG Grants	Clerk's Equipment	DWI Grant	EMS	Environmental Gross Receipts Tax
REVENUES					
Taxes:					
Property	\$0	\$0	\$0	\$0	\$0
Gross receipts	0	0	0	0	371,091
Gasoline and motor vehicle	0	0	0	0	0
Intergovernmental:					
Federal operating grants	0	0	0	0	0
State operating grants	0	0	267,654	185,810	0
State capital grants	0	0	0	0	0
Charges for services	0	67,879	64,159	0	71,321
Sale of property	0	0	0	0	0
Investment income (loss)	0	167	313	0	99
Miscellaneous	0	0	0	0	2,396
<i>Total revenues</i>	<u>0</u>	<u>68,046</u>	<u>332,126</u>	<u>185,810</u>	<u>444,907</u>
EXPENDITURES					
Current:					
General government	0	50,088	0	0	0
Public works	0	0	0	0	898,193
Public safety	0	0	0	169,133	0
Health and welfare	0	0	440,963	0	0
Culture and recreation	0	0	0	0	0
Capital outlay	0	0	0	1,233	35,850
Debt Service:					
Principal	0	0	0	0	0
Interest	0	0	0	0	0
<i>Total expenditures</i>	<u>0</u>	<u>50,088</u>	<u>440,963</u>	<u>170,366</u>	<u>934,043</u>
<i>Excess (deficiency) of revenues over expenditures</i>	0	17,958	(108,837)	15,444	(489,136)
Other Financing Sources (Uses):					
Proceeds from debt	0	0	0	0	0
Transfers in	0	0	0	0	450,000
Transfers (out)	0	0	0	0	(6,000)
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>444,000</u>
<i>Net changes in fund balances</i>	0	17,958	(108,837)	15,444	(45,136)
<i>Fund balance - beginning of year</i>	99,709	100,340	173,970	11,351	106,373
<i>Fund balance - end of year</i>	<u>\$99,709</u>	<u>\$118,298</u>	<u>\$65,133</u>	<u>\$26,795</u>	<u>\$61,237</u>

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Farm and Range	Fire	HIDTA Grant/ Task Force Coordinator	Hold Harmless Revenue Bond (Revenue)	Indigent (Safety Net Care Pool)
REVENUES					
Taxes:					
Property	\$0	\$0	\$0	\$0	\$0
Gross receipts	0	676,992	0	3,312,138	1,877,759
Gasoline and motor vehicle	0	0	0	0	0
Intergovernmental:					
Federal operating grants	28,525	37,584	0	0	0
State operating grants	0	2,487,811	0	0	0
State capital grants	0	0	0	0	0
Charges for services	0	0	0	0	0
Sale of property	0	0	0	0	0
Investment income (loss)	180	12,312	0	6,845	2,697
Miscellaneous	0	424,610	0	0	7,479
<i>Total revenues</i>	28,705	3,639,309	0	3,318,983	1,887,935
EXPENDITURES					
Current:					
General government	0	0	0	0	0
Public works	0	0	0	0	0
Public safety	0	1,813,508	0	0	0
Health and welfare	0	0	0	0	1,523,406
Culture and recreation	0	0	0	0	0
Capital outlay	0	1,260,925	0	0	16,200
Debt Service:					
Principal	0	177,691	0	0	0
Interest	0	1,462	0	0	0
<i>Total expenditures</i>	0	3,253,586	0	0	1,539,606
<i>Excess (deficiency) of revenues over expenditures</i>	28,705	385,723	0	3,318,983	348,329
Other Financing Sources (Uses):					
Proceeds from debt	0	0	0	0	0
Transfers in	0	179,924	0	0	0
Transfers (out)	0	(204,924)	(61,993)	(1,714,000)	0
<i>Total other financing sources (uses)</i>	0	(25,000)	(61,993)	(1,714,000)	0
<i>Net changes in fund balances</i>	28,705	360,723	(61,993)	1,604,983	348,329
<i>Fund balance - beginning of year</i>	84,044	3,702,492	62,062	2,695,822	959,198
<i>Fund balance - end of year</i>	\$112,749	\$4,063,215	\$69	\$4,300,805	\$1,307,527

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Landfill Closure	Law Enforcement Protection	Property Valuation	Recreation	Road
REVENUES					
Taxes:					
Property	\$0	\$0	\$253,577	\$0	\$0
Gross receipts	0	0	0	0	0
Gasoline and motor vehicle	0	0	0	0	1,082,758
Intergovernmental:					
Federal operating grants	0	0	0	0	20,882
State operating grants	0	54,600	0	0	0
State capital grants	0	0	0	0	0
Charges for services	0	0	0	0	0
Sale of property	0	0	0	0	980
Investment income (loss)	108	0	711	0	353
Miscellaneous	8,299	24	0	0	3,355
<i>Total revenues</i>	8,407	54,624	254,288	0	1,108,328
EXPENDITURES					
Current:					
General government	0	0	282,623	0	0
Public works	11,066	0	0	0	2,272,937
Public safety	0	9,506	0	0	0
Health and welfare	0	0	0	0	0
Culture and recreation	0	0	0	243	0
Capital outlay	0	18,212	110,588	0	183,255
Debt Service:					
Principal	0	0	0	0	0
Interest	0	0	0	0	0
<i>Total expenditures</i>	11,066	27,718	393,211	243	2,456,192
<i>Excess (deficiency) of revenues over expenditures</i>	(2,659)	26,906	(138,923)	(243)	(1,347,864)
Other Financing Sources (Uses):					
Proceeds from debt	0	0	0	0	0
Transfers in	0	0	220,000	0	1,150,000
Transfers (out)	0	0	0	0	0
<i>Total other financing sources (uses)</i>	0	0	220,000	0	1,150,000
<i>Net changes in fund balances</i>	(2,659)	26,906	81,077	(243)	(197,864)
<i>Fund balance - beginning of year</i>	52,552	273	429,276	3,465	429,336
<i>Fund balance - end of year</i>	\$49,893	\$27,179	\$510,353	\$3,222	\$231,472

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Secure Rural Schools Grant	Sheriff's Covert Activity	Southwest Border Prosecution	State and Federal Grants	Total
REVENUES					
Taxes:					
Property	\$0	\$0	\$0	\$0	\$253,577
Gross receipts	0	0	0	0	6,237,980
Gasoline and motor vehicle	0	0	0	0	1,082,758
Intergovernmental:					
Federal operating grants	0	0	0	0	86,991
State operating grants	0	0	0	0	2,995,875
State capital grants	0	0	0	0	0
Charges for services	0	0	0	0	203,359
Sale of property	0	0	0	0	980
Investment income (loss)	0	0	0	274	24,059
Miscellaneous	0	410	0	0	446,573
<i>Total revenues</i>	0	410	0	274	11,332,152
EXPENDITURES					
Current:					
General government	0	0	0	0	332,711
Public works	0	0	0	0	3,182,196
Public safety	0	438	0	0	1,992,585
Health and welfare	0	0	0	0	1,964,369
Culture and recreation	0	0	0	0	243
Capital outlay	50,000	0	0	0	1,676,263
Debt Service:					
Principal	0	0	0	0	177,691
Interest	0	0	0	0	1,462
<i>Total expenditures</i>	50,000	438	0	0	9,327,520
<i>Excess (deficiency) of revenues over expenditures</i>	(50,000)	(28)	0	274	2,004,632
Other Financing Sources (Uses):					
Proceeds from debt	0	0	0	0	0
Transfers in	0	0	0	0	1,999,924
Transfers (out)	0	0	(72,685)	(168,589)	(2,228,191)
<i>Total other financing sources (uses)</i>	0	0	(72,685)	(168,589)	(228,267)
<i>Net changes in fund balances</i>	(50,000)	(28)	(72,685)	(168,315)	1,776,365
<i>Fund balance - beginning of year</i>	85,967	700	72,685	168,315	9,237,930
<i>Fund balance - end of year</i>	\$35,967	\$672	\$0	\$0	\$11,014,295

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY
CAPITAL PROJECT FUNDS
JUNE 30, 2017

Capital Project Funds

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Building Improvements – To account for improvements made to various buildings throughout the County. Funding authority is set forth by the County Commission.

Legislative Grants – To account for revenues and expenditures of various State appropriations. The majority of monies received are for equipment and vehicles for the various fire departments throughout the County. This fund was created by authority of NMSA 1978 Sections 4-38-13 and 4-38-16.

OTERO COUNTY
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2017

	Building Improvements	Legislative Grants	Totals
ASSETS			
Cash and cash equivalents	\$0	\$403,061	\$403,061
Investments	0	0	0
Receivables:			
Property taxes	0	0	0
Other taxes	0	0	0
Other receivables	0	0	0
Inventory	0	0	0
Prepaid expenses	0	0	0
Total assets	\$0	\$403,061	\$403,061
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$0	\$33,680	\$33,680
Accrued payroll expenses	0	0	0
<i>Total liabilities</i>	0	33,680	33,680
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue:			
Property taxes	0	0	0
<i>Total deferred inflows of resources</i>	0	0	0
Fund Balance:			
Nonspendable			
Inventory	0	0	0
Prepaid expenses	0	0	0
Spendable			
Restricted for:			
General county operations	0	0	0
Maintenance of roads	0	0	0
Environment	0	0	0
Recreation	0	0	0
Public safety	0	0	0
Healthcare	0	0	0
Debt service expenditures	0	0	0
Capital projects	0	369,381	369,381
<i>Total fund balance</i>	0	369,381	369,381
Total liabilities, deferred inflows of resources, and fund balance	\$0	\$403,061	\$403,061

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY

NONMAJOR CAPITAL PROJECT FUND

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Building Improvements	Legislative Grants	Totals
REVENUES			
Taxes:			
Property	\$0	\$0	\$0
Gross receipts	0	0	0
Gasoline and motor vehicle	0	0	0
Intergovernmental:			
Federal operating grants	0	0	0
State operating grants	0	0	0
State capital grants	0	261,073	261,073
Charges for services	0	0	0
Investment income (loss)	0	818	818
Miscellaneous	0	0	0
<i>Total revenues</i>	0	261,891	261,891
EXPENDITURES			
Current:			
General government	0	0	0
Public works	0	0	0
Public safety	0	0	0
Health and welfare	0	0	0
Culture and recreation	0	0	0
Capital outlay	0	393,471	393,471
Debt Service:			
Principal	0	0	0
Interest	0	0	0
<i>Total expenditures</i>	0	393,471	393,471
<i>Excess (deficiency) of revenues over expenditures</i>	0	(131,580)	(131,580)
Other Financing Sources (Uses):			
Proceeds from debt	0	0	0
Transfers in	0	0	0
Transfers (out)	(2,149)	0	(2,149)
<i>Total other financing sources (uses)</i>	(2,149)	0	(2,149)
<i>Net changes in fund balances</i>	(2,149)	(131,580)	(133,729)
<i>Fund balance - beginning of year</i>	2,149	500,961	503,110
<i>Fund balance - end of year</i>	\$0	\$369,381	\$369,381

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY
DEBT SERVICE FUNDS
JUNE 30, 2017

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Debt Service – To account for the accumulation of resources for, and the payment of, general long-term principal, interest and related costs of general obligation bonds. The primary source of revenue is property taxes. The authorization for this fund is the bond ordinance.

Hold Harmless Revenue Bond (Bond) – To account for the long-term debt activity related to the hold harmless revenue bond; authority NMSA 7-20E-28.

Other Debt Service (NMFA) – To account for long-term debt activity other than general obligation bonds. The authorization for this fund is Commission motion.

OTERO COUNTY
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2017

	Debt Service	Hold Harmless Revenue Bond (Bond)	Other Debt Service (NMFA)	Totals
ASSETS				
Cash and cash equivalents	\$1,449	\$162,875	\$1,459,009	\$1,623,333
Investments	0	702,078	0	702,078
Receivables:				
Property taxes	349	0	0	349
Other taxes	0	0	0	0
Other receivables	0	0	0	0
Inventory	0	0	0	0
Prepaid expenses	0	34,480	0	34,480
Total assets	\$1,798	\$899,433	\$1,459,009	\$2,360,240
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$0	\$0	\$0	\$0
Accrued interest payable	0	84,390	20,449	104,839
Accrued payroll expenses	0	0	0	0
Total liabilities	0	84,390	20,449	104,839
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:				
Property taxes	337	0	0	337
Total deferred inflows of resources	337	0	0	337
Fund Balance:				
Nonspendable				
Inventory	0	0	0	0
Prepaid expenses	0	0	0	0
Spendable				
Restricted for:				
General county operations	0	0	0	0
Maintenance of roads	0	0	0	0
Environment	0	0	0	0
Recreation	0	0	0	0
Public safety	0	0	0	0
Healthcare	0	0	0	0
Debt service expenditures	1,461	815,043	1,438,560	2,255,064
Total fund balance	1,461	815,043	1,438,560	2,255,064
Total liabilities, deferred inflows of resources, and fund balance	\$1,798	\$899,433	\$1,459,009	\$2,360,240

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY

NONMAJOR DEBT SERVICE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Debt Service	Hold Harmless Revenue Bond (Bond)	Other Debt Service (NMFA)	Totals
REVENUES				
Taxes:				
Property	\$247	\$0	\$0	\$247
Gross receipts	0	0	0	0
Gasoline and motor vehicle	0	0	0	0
Intergovernmental:				
Federal operating grants	0	0	0	0
State operating grants	0	0	532,393	532,393
State capital grants	0	0	0	0
Charges for services	0	0	0	0
Investment income (loss)	564	3,464	5,681	9,709
Miscellaneous	0	0	0	0
<i>Total revenues</i>	<u>811</u>	<u>3,464</u>	<u>538,074</u>	<u>542,349</u>
EXPENDITURES				
Current:				
General government	0	0	0	0
Public works	0	0	0	0
Public safety	0	0	0	0
Health and welfare	0	0	0	0
Culture and recreation	0	0	0	0
Capital outlay	0	0	1,217,235	1,217,235
Debt Service:				
Principal	0	185,000	376,308	561,308
Interest	0	248,975	129,538	378,513
<i>Total expenditures</i>	<u>0</u>	<u>433,975</u>	<u>1,723,081</u>	<u>2,157,056</u>
<i>Excess (deficiency) of revenues over expenditures</i>	811	(430,511)	(1,185,007)	(1,614,707)
Other Financing Sources (Uses):				
Proceeds from debt	0	120,000	1,746,905	1,866,905
Cost of issuance	0	(85,000)	(15,524)	(100,524)
Transfers in	0	0	0	0
Transfers (out)	(150,000)	0	0	(150,000)
<i>Total other financing sources (uses)</i>	<u>(150,000)</u>	<u>35,000</u>	<u>1,731,381</u>	<u>1,616,381</u>
<i>Net changes in fund balances</i>	(149,189)	(395,511)	546,374	1,674
<i>Fund balance - beginning of year</i>	150,650	1,210,554	892,186	2,253,390
<i>Fund balance - end of year</i>	<u>\$1,461</u>	<u>\$815,043</u>	<u>\$1,438,560</u>	<u>\$2,255,064</u>

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY

TOTAL ALL NONMAJOR GOVERNMENTAL FUND TYPES COMBINING BALANCE SHEET JUNE 30, 2017

	Special Revenue	Capital Projects	Debt Service	Total
ASSETS				
Cash and cash equivalents	\$3,814,472	\$403,061	\$1,623,333	\$5,840,866
Investments	6,404,875	0	702,078	7,106,953
Receivables:				
Property taxes	0	0	349	349
Other taxes	854,965	0	0	854,965
Other receivables	2,675	0	0	2,675
Inventory	112,291	0	0	112,291
Prepaid expenses	78,661	0	34,480	113,141
Total assets	\$11,267,939	\$403,061	\$2,360,240	\$14,031,240
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$184,810	\$33,680	\$0	\$218,490
Accrued interest payable	0	0	104,839	104,839
Accrued payroll expenses	68,834	0	0	68,834
Total liabilities	253,644	33,680	104,839	392,163
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:				
Property taxes	0	0	337	337
Total deferred inflows of resources	0	0	337	337
Fund Balance:				
Nonspendable				
Inventory	112,291	0	0	112,291
Prepaid expenses	21,318	0	0	21,318
Spendable				
Restricted for:				
General county operations	891,002	0	0	891,002
Maintenance of roads	97,863	0	0	97,863
Environment	61,237	0	0	61,237
Recreation	3,222	0	0	3,222
Public safety	4,153,897	0	0	4,153,897
Healthcare/health services	1,372,660	0	0	1,372,660
Debt service expenditures	4,300,805	0	0	4,300,805
Capital projects	0	369,381	2,255,064	2,624,445
Total fund balance	11,014,295	369,381	2,255,064	13,638,740
Total liabilities, deferred inflows of resources, and fund balance	\$11,267,939	\$403,061	\$2,360,240	\$14,031,240

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY

TOTAL ALL NONMAJOR GOVERNMENTAL FUND TYPES COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Special Revenue	Capital Projects	Debt Service	Total
REVENUES				
Taxes:				
Property	\$253,577	\$0	\$247	\$253,824
Gross receipts	6,237,980	0	0	6,237,980
Gasoline and motor vehicle	1,082,758	0	0	1,082,758
Intergovernmental:				
Federal operating grants	86,991	0	0	86,991
State operating grants	2,995,875	0	532,393	3,528,268
State capital grants	0	261,073	0	261,073
Charges for services	203,359	0	0	203,359
Sale of property	980	0	0	980
Investment income (loss)	24,059	818	9,709	34,586
Miscellaneous	446,573	0	0	446,573
<i>Total revenues</i>	11,332,152	261,891	542,349	12,136,392
EXPENDITURES				
Current:				
General government	332,711	0	0	332,711
Public works	3,182,196	0	0	3,182,196
Public safety	1,992,585	0	0	1,992,585
Health and welfare	1,964,369	0	0	1,964,369
Culture and recreation	243	0	0	243
Capital outlay	1,676,263	393,471	1,217,235	3,286,969
Debt Service:				
Principal	177,691	0	561,308	738,999
Interest	1,462	0	378,513	379,975
<i>Total expenditures</i>	9,327,520	393,471	2,157,056	11,878,047
<i>Excess (deficiency) of revenues over expenditures</i>	2,004,632	(131,580)	(1,614,707)	258,345
Other Financing Sources (Uses):				
Proceeds from debt	0	0	1,866,905	1,866,905
Cost of issuance	0	0	(100,524)	(100,524)
Transfers in	1,999,924	0	0	1,999,924
Transfers (out)	(2,228,191)	(2,149)	(150,000)	(2,380,340)
<i>Total other financing sources (uses)</i>	(228,267)	(2,149)	1,616,381	1,385,965
<i>Net changes in fund balances</i>	1,776,365	(133,729)	1,674	1,644,310
Fund balance - beginning of year	9,237,930	503,110	2,253,390	11,994,430
<i>Fund balance - end of year</i>	\$11,014,295	\$369,381	\$2,255,064	\$13,638,740

The Notes to Financial Statements are an integral part of these statements.

OTHER SUPPLEMENTARY INFORMATION

OTERO COUNTY
ALL AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Balance June 30, 2016	Increase	Decrease	Balance June 30, 2017
ASSETS				
Cash	\$368,428	\$17,024,724	\$16,954,585	\$438,567
Property taxes receivable	1,517,621	1,813,926	1,517,621	1,813,926
<i>Total assets</i>	\$1,886,049	\$18,838,650	\$18,472,206	\$2,252,493
LIABILITIES				
Deposits held in trust	\$368,428	\$17,024,724	\$16,954,585	\$438,567
Due to other taxing units	1,517,621	1,813,926	1,517,621	1,813,926
<i>Total liabilities</i>	\$1,886,049	\$18,838,650	\$18,472,206	\$2,252,493

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY
SCHEDULE OF LEGISLATIVE GRANTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Project	Agency	Grant #	Effective Date	Reversion Date	Original Amount
Mayhill Community Center	DFA	13-1737	05/15/14	06/30/17	\$62,850
Child Development Center	DFA	14-1962	N/A	06/30/18	\$500,000
Slash Pit	Energy, Minerals & Natural Resources	14-1581	N/A	06/30/18	\$235,000
Flickinger Center	DFA	15-0808	06/14/16	06/30/19	\$200,000
High Rolls Senior Center	DFA	15-0143	06/06/16	06/30/19	\$960,000
Chaparral Community Center Kitchen	DFA	16-4061	09/14/16	06/30/19	\$100,000
Chaparral Community Center Kitchen	DFA	16-2468	08/19/16	06/30/20	\$94,600
Grand totals					\$2,152,450

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY
SCHEDULE OF LEGISLATIVE GRANTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Project	Arts in Public Places	Net Amount	Expenditures to Date	Reverted	Remaining
Mayhill Community Center	\$0	\$62,850	\$54,655	\$8,195	\$0
Child Development Center	\$5,000	\$495,000	\$70,350	\$0	\$424,650
Slash Pit	\$0	\$235,000	\$0	\$0	\$235,000
Flickinger Center	\$0	\$200,000	\$149,166	\$0	\$50,834
High Rolls Senior Center	\$9,600	\$950,040	\$14,951	\$0	\$918,248
Chaparral Community Center Kitchen	\$0	\$100,000	\$5,616	\$0	\$90,488
Chaparral Community Center Kitchen	\$0	\$94,600	\$2,733	\$0	\$86,295
Grand totals	\$14,600	\$2,137,490	\$297,471	\$8,195	\$1,805,515

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY

SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY OF PUBLIC FUNDS

JUNE 30, 2017

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2017
Bank 34	FHR 4579 BA	1/15/2043	3137BPP29	\$1,430,974
	FNMA 20YR	10/1/2032	31418ALCO	487,541
	FNMA 30YR	12/1/2040	31419AVZ7	740,473
	SBAP 2006-20E1	5/1/2026	83162CQG1	653,628
	GNMA 115X1	12/20/2039	36225EWD0	481,533
	FHLMC 20YR	4/1/2034	3128CUX43	1,139,178
	<i>Total Bank 34</i>			

Name and location of safekeeper for above pledged collateral:

Federal Home Loan Bank, 8500 Freeport Parkway South, Irving, TX 75063

First National Bank of Alamogordo	FNMA Pool #709835	6/1/2018	31401JSY5	10,914	
	FHLMC Pool #B10680	11/1/2018	312962XH1	28,129	
	FHLMC Pool #G12358	5/1/2021	3128M1QK8	45,717	
	FHLMC Pool #J14944	4/1/2026	3128PUP55	410,448	
	FNMA Pool #AH8166	4/1/2026	3138AACC3	580,363	
	FNMA Pool #893271	8/1/2026	31410PMU4	19,343	
	FNMA Pool #AB3163	6/1/2031	31416YQR2	298,021	
	FNMA Pool #MA3894	9/1/2031	31418DKG6	753,207	
	FNMA Pool #AB4713	3/1/2032	31417BGX9	632,606	
	FNMA Pool #MA13338	2/1/2033	31418APY8	2,472,520	
	FNMA Pool #945117	8/1/2037	31413GPA2	15,059	
	<i>Total First National Bank of Alamogordo</i>				<u>5,266,327</u>

Name and location of safekeeper for above pledged collateral:

Federal Home Loan Bank, 8500 Freeport Parkway South, Irving, TX 75063

First Savings Bank	FHLB Agency	3/8/2019	3133782M2	1,001,496
	FNR 2012-145DC	1/25/2028	3136AA2L8	923,101
	FNMA 15YR	7/1/2029	31410LN57	1,223,002
	GNMA 15YR	2/15/2027	36176XBY4	1,078,326
	FHLMC 15YR	5/1/2027	3128MDEC3	423,074
	FNMA 15YR	2/1/2030	3138ETO53	1,871,088
	<i>Total First Savings Bank</i>			

Name and location of safekeeper for above pledged collateral:

First Savings Bank, 201 North Third Street, Beresford, SD 57004

Washington Federal Bank	FNMA PL#BC2636	1/1/2046	3140EW4W2	71,363
	<i>Total Washington Federal Bank</i>			

Name and location of safekeeper for above pledged collateral:

Federal Home Loan Bank, 8500 Freeport Parkway South, Irving, TX 75063

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY

SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY OF PUBLIC FUNDS

JUNE 30, 2017

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2017
Western Bank	FNMA Agency	9/27/2032	3138WQCF7	864,262
	SBA Agency	3/1/2036	83162CXR9	465,022
	<i>Total Western Bank</i>			<u>1,329,284</u>

Name and location of safekeeper for above pledged collateral:

Federal Home Loan Bank, 8500 Freeport Parkway South, Irving, TX 75063

Total Pledged Collateral **\$18,120,388**

OTERO COUNTY
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
JUNE 30, 2017

Bank Account Type/Name	Bank 34	First National Bank of Alamogordo	First Savings Bank	Washington Federal Bank
Checking Inmate Trust Fund - Non-Interest Bearing	\$0	\$29,415	\$0	\$0
Checking Sheriff's Reserves- Non-Interest Bearing	-	5,832	-	-
Checking Sheriff's Trust- Non-Interest Bearing	-	672	-	-
Checking Sheriff's Dept./DARE Program	-	1,253	-	-
Certificate of Deposit- Interest Bearing	1,000,000	-	1,000,000	250,000
Certificate of Deposit- Interest Bearing	1,000,000	-	-	-
Certificate of Deposit- Interest Bearing	100,000	-	-	-
Certificate of Deposit- Interest Bearing	1,000,000	-	-	-
Certificate of Deposit- Interest Bearing	1,500,000	-	-	-
Checking Operational- Interest Bearing	-	983,677	-	-
Money Market- Interest Bearing	-	3,875,485	2,377,491	-
Federal Home Loan Bank Bond	-	-	-	-
Federal Home Loan Bank Bond	-	-	-	-
Freddie Mac Agency Bond	-	-	-	-
Fannie Mae Agency Bond	-	-	-	-
Freddie Mac Agency Bond	-	-	-	-
Federal Farm Credit Bank Bond	-	-	-	-
Federal National Mtg Assn Bond	-	-	-	-
Federal National Mtg Assn Bond	-	-	-	-
Federal National Mtg Assn Bond	-	-	-	-
Federal Home loan Mortgage Corp	-	-	-	-
Brokered Certificate of Deposit	-	-	-	-
Brokered Certificate of Deposit	-	-	-	-
Series 2007 Revenue Account	-	-	-	-
Series 2007 Bond Account	-	-	-	-
Series 2007 Reserve Account	-	-	-	-
Series 2012 Revenue Fund	-	-	-	-
Series 2012 Bond Fund	-	-	-	-
Series 2012 Principal Account	-	-	-	-
Series 2012 Redemption Account	-	-	-	-
Series 2012 Reserve Fund	-	-	-	-
Series 2012 Administration Account	-	-	-	-
Series 2012 Rebate Account	-	-	-	-
Series 2014 Bond Fund	-	-	-	-
Series 2014 Debt Service Reserve Fund	-	-	-	-
Series 2014 Redemption Account	-	-	-	-
Series 2014 Equity Account	-	-	-	-
Series 2014 Refunding Account	-	-	-	-
Series 2014 Cost of Issuance Account	-	-	-	-
NMFA Reserve Account	-	-	-	-
Local Government Investment Pool	-	-	-	-
Total	4,600,000	4,896,334	3,377,491	250,000
Reconciling Items	-	(232,209)	-	-
Reconciled Balance	\$4,600,000	\$4,664,125	\$3,377,491	\$250,000

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
JUNE 30, 2017

Bank Account Type/Name	Western Bank	First American Bank	Federal Home Loan Bank of Dallas	Moreton Capital Markets
Checking Inmate Trust Fund - Non-Interest Bearing	\$ -	\$ -	\$ -	\$ -
Checking Sheriff's Reserves- Non-Interest Bearing	-	-	-	-
Checking Sheriff's Trust- Non-Interest Bearing	-	-	-	-
Checking Sheriff's Dept./DARE Program	-	-	-	-
Certificate of Deposit- Interest Bearing	1,000,000	250,000	-	-
Certificate of Deposit- Interest Bearing	300,000	-	-	-
Certificate of Deposit- Interest Bearing	-	-	-	-
Certificate of Deposit- Interest Bearing	-	-	-	-
Certificate of Deposit- Interest Bearing	-	-	-	-
Checking Operational- Interest Bearing	-	-	-	-
Money Market- Interest Bearing	-	-	-	23,744
Federal Home Loan Bank Bond	-	-	522,750	-
Federal Home Loan Bank Bond	-	-	1,031,300	-
Freddie Mac Agency Bond	-	-	999,800	-
Fannie Mae Agency Bond	-	-	301,920	-
Freddie Mac Agency Bond	-	-	499,550	-
Federal Farm Credit Bank Bond	-	-	996,600	199,532
Federal National Mtg Assn Bond	-	-	-	249,418
Federal National Mtg Assn Bond	-	-	-	467,246
Federal National Mtg Assn Bond	-	-	-	249,270
Federal Home loan Mortgage Corp	-	-	-	566,260
Brokered Certificate of Deposit	-	-	249,000	924,810
Brokered Certificate of Deposit	-	-	-	250,417
Series 2007 Revenue Account	-	-	-	250,417
Series 2007 Bond Account	-	-	-	-
Series 2007 Reserve Account	-	-	-	-
Series 2012 Revenue Fund	-	-	-	-
Series 2012 Bond Fund	-	-	-	-
Series 2012 Principal Account	-	-	-	-
Series 2012 Redemption Account	-	-	-	-
Series 2012 Reserve Fund	-	-	-	-
Series 2012 Administration Account	-	-	-	-
Series 2012 Rebate Account	-	-	-	-
Series 2014 Bond Fund	-	-	-	-
Series 2014 Debt Service Reserve Fund	-	-	-	-
Series 2014 Redemption Account	-	-	-	-
Series 2014 Equity Account	-	-	-	-
Series 2014 Refunding Account	-	-	-	-
Series 2014 Cost of Issuance Account	-	-	-	-
NMFA Reserve Account	-	-	-	-
Local Government Investment Pool	-	-	-	-
Total	1,300,000	250,000	4,600,920	3,181,114
Reconciling Items	-	-	-	-
Reconciled Balance	\$1,300,000	\$250,000	\$4,600,920	\$3,181,114

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
JUNE 30, 2017

Bank Account Type/Name	NM State Treasurer	US Bank	Bank of NY Mellon	Totals
Checking Inmate Trust Fund - Non-Interest Bearing	\$ -	\$ -	\$ -	\$29,415
Checking Sheriff's Reserves- Non-Interest Bearing	-	-	-	5,832
Checking Sheriff's Trust- Non-Interest Bearing	-	-	-	672
Checking Sheriff's Dept./DARE Program	-	-	-	1,253
Certificate of Deposit- Interest Bearing	-	-	-	3,500,000
Certificate of Deposit- Interest Bearing	-	-	-	1,300,000
Certificate of Deposit- Interest Bearing	-	-	-	100,000
Certificate of Deposit- Interest Bearing	-	-	-	1,000,000
Certificate of Deposit- Interest Bearing	-	-	-	1,500,000
Checking Operational- Interest Bearing	-	-	-	983,677
Money Market- Interest Bearing	-	-	-	6,276,720
Federal Home Loan Bank Bond	-	-	-	522,750
Federal Home Loan Bank Bond	-	-	-	1,031,300
Freddie Mac Agency Bond	-	-	-	999,800
Fannie Mae Agency Bond	-	-	-	301,920
Freddie Mac Agency Bond	-	-	-	499,550
Federal Farm Credit Bank Bond	-	-	-	1,196,132
Federal National Mtg Assn Bond	-	-	-	249,418
Federal National Mtg Assn Bond	-	-	-	467,246
Federal National Mtg Assn Bond	-	-	-	249,270
Federal Home loan Mortgage Corp	-	-	-	566,260
Brokered Certificate of Deposit	-	-	-	1,173,810
Brokered Certificate of Deposit	-	-	-	250,417
Series 2007 Revenue Account	-	511,108	-	761,525
Series 2007 Bond Account	-	877,575	-	877,575
Series 2007 Reserve Account	-	5,205,857	-	5,205,857
Series 2012 Revenue Fund	-	748,155	-	748,155
Series 2012 Bond Fund	-	2,290,229	-	2,290,229
Series 2012 Principal Account	-	1	-	1
Series 2012 Redemption Account	-	5,110,223	-	5,110,223
Series 2012 Reserve Fund	-	1,445,723	-	1,445,723
Series 2012 Administration Account	-	9,134	-	9,134
Series 2012 Rebate Account	-	116	-	116
Series 2014 Bond Fund	-	647,343	-	647,343
Series 2014 Debt Service Reserve Fund	-	1,555,241	-	1,555,241
Series 2014 Redemption Account	-	1,845,418	-	1,845,418
Series 2014 Equity Account	-	174,047	-	174,047
Series 2014 Refunding Account	-	131	-	131
Series 2014 Cost of Issuance Account	-	17,360	-	17,360
NMFA Reserve Account	-	0	1,459,009	1,459,009
Local Government Investment Pool	8,500,520	-	-	8,500,520
Total	8,500,520	20,437,661	1,459,009	52,853,049
Reconciling Items	-	-	-	(232,209)
Reconciled Balance	\$8,500,520	\$20,437,661	\$1,459,009	52,620,840
Cash on Hand				3,230
				\$52,624,070

The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY

SCHEDULE OF TAX ROLL RECONCILIATION - PROPERTY TAXES RECEIVABLE

JUNE 30, 2017

Uncollected taxes, July 1, 2016	\$2,375,240
Net taxes charged to treasurer for fiscal year	26,875,006
Current year tax collections	(26,441,423)
Adjustments	16,224

Uncollected taxes, June 30, 2017	\$2,825,047
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Property taxes receivable are reported in the financial statements as follows:

Statement of net position	\$1,011,121
Statement of fiduciary assets and liabilities - agency funds	1,813,926

Total property taxes receivable	\$2,825,047
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Property taxes receivable by year:

2007 - 2015	\$962,535
2016	1,862,512

Total property taxes receivable	\$2,825,047
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The Notes to Financial Statements are an integral part of these statements.

OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
JUNE 30, 2017

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
OTERO COUNTY									
General Ad valorem									
2007 - 2015	\$73,130,162	\$519,233	\$72,785,285	\$623,693	\$72,722,585	\$0	\$3	\$62,699	\$344,874
2016	9,563,099	8,897,201	8,897,201	8,754,987	8,754,987	0	0	142,214	665,898
<i>Total General Ad valorem</i>	82,693,261	9,416,434	81,682,486	9,378,680	81,477,572	0	3	204,913	1,010,772
Debt Service P & I									
2007 - 2015	964,722	265	964,373	259	964,358	0	0	14	349
2016	0	0	0	0	0	0	0	0	0
<i>Total Debt Service</i>	964,722	265	964,373	259	964,358	0	0	14	349
Total Otero County	\$83,657,983	\$9,416,699	\$82,646,859	\$9,378,939	\$82,441,930	\$0	\$3	\$204,927	\$1,011,121
STATE OF NEW MEXICO									
P & I on Bonds									
2007 - 2015	\$11,345,222	\$80,022	\$11,292,198	\$96,711	\$11,283,283	\$0	\$0	\$8,915	\$53,024
2016	1,550,522	1,451,803	1,451,803	1,429,706	1,429,706	0	0	22,097	98,719
<i>Total P & I on Bonds</i>	12,895,744	1,531,825	12,744,001	1,526,417	12,712,989	0	0	31,012	151,743
State Special Levies									
2007 - 2015	237,210	2,388	236,134	1,993	234,439	0	0	1,696	1,076
2016	42,563	42,142	42,142	38,337	38,337	0	0	3,805	421
<i>Total State Special Levies</i>	279,773	44,530	278,276	40,330	272,776	0	0	5,501	1,497
Total State of New Mexico	\$13,175,517	\$1,576,355	\$13,022,277	\$1,566,747	\$12,985,765	\$0	\$0	\$36,513	\$153,240
SCHOOL DISTRICTS									
Alamogordo Public Schools									
General Ad valorem									
2007 - 2015	\$2,290,620	\$12,442	\$2,282,829	\$14,903	\$2,281,177	\$0	\$0	\$1,653	\$7,790
2016	293,684	279,925	279,925	276,163	276,163	0	0	3,762	13,759
<i>Total General Ad valorem</i>	2,584,304	292,367	2,562,754	291,066	2,557,340	0	0	5,415	21,549
Debt Service P & I									
2007 - 2015	31,385,847	182,256	31,270,669	220,546	31,248,309	0	0	22,360	115,178
2016	4,657,706	4,448,135	4,448,135	4,390,666	4,390,666	0	0	57,469	209,571
<i>Total Debt Service</i>	36,043,553	4,630,391	35,718,804	4,611,212	35,638,975	0	0	79,829	324,749
Capital Improvements									
2007 - 2015	11,697,710	61,061	11,658,932	73,698	11,651,318	0	0	7,614	38,778
2016	1,491,481	1,423,831	1,423,831	1,405,291	1,405,291	0	0	18,541	67,650
<i>Total Capital Improvements</i>	13,189,191	1,484,892	13,082,763	1,478,989	13,056,609	0	0	26,155	106,428
Tech Debt									
2007 - 2015	5,578,254	14,824	5,567,526	18,244	5,565,794	0	0	1,732	10,728
2016	210,014	200,565	200,565	197,974	197,974	0	0	2,591	9,449
<i>Total Tech Debt</i>	5,788,268	215,389	5,768,091	216,218	5,763,768	0	0	4,323	20,177
Total Alamogordo Public Schools	\$57,605,316	\$6,623,039	\$57,132,412	\$6,597,485	\$57,016,692	\$0	\$0	\$115,722	\$472,903

OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
JUNE 30, 2017

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
SCHOOL DISTRICTS (CONTINUED)									
Cloudcroft Public Schools									
General Ad valorem									
2007 - 2015	393,410	3,410	391,501	4,482	391,095	0	0	406	1,908
2016	51,071	48,238	48,238	47,365	47,365	0	0	872	2,833
<i>Total General Ad valorem</i>	444,481	51,648	439,739	51,847	438,460	0	0	1,278	4,741
Debt Service P & I									
2007 - 2015	8,240,209	61,043	8,209,014	79,367	8,202,780	0	1	6,233	31,194
2016	1,079,642	1,025,831	1,025,831	1,008,619	1,008,619	0	0	17,212	53,811
<i>Total Debt Service</i>	9,319,851	1,086,874	9,234,845	1,087,986	9,211,399	0	1	23,445	85,005
Capital Improvements									
2007 - 2015	2,768,008	21,811	2,756,921	28,600	2,754,698	0	0	2,223	11,086
2016	362,995	344,836	344,836	339,036	339,036	0	0	5,800	18,159
<i>Total Capital Improvements</i>	3,131,003	366,647	3,101,757	367,636	3,093,734	0	0	8,023	29,245
Total Cloudcroft Public Schools	\$12,895,335	\$1,505,169	\$12,776,341	\$1,507,469	\$12,743,593	\$0	\$1	\$32,746	\$118,991
Tularosa Public Schools									
General Ad valorem									
2007 - 2015	\$281,893	\$2,223	\$280,107	\$2,724	\$279,845	\$0	\$0	\$262	\$1,786
2016	37,139	34,664	34,664	33,873	33,873	0	0	791	2,475
<i>Total General Ad valorem</i>	319,032	36,887	314,771	36,597	313,718	0	0	1,053	4,261
Debt Service P & I									
2007 - 2015	6,175,387	53,176	6,132,634	65,007	6,126,306	0	0	6,328	42,753
2016	845,989	786,301	786,301	768,404	768,404	0	0	17,897	59,688
<i>Total Debt Service</i>	7,021,376	839,477	6,918,935	833,411	6,894,710	0	0	24,225	102,441
Capital Improvements									
2007 - 2015	1,393,483	11,508	1,384,167	14,040	1,382,805	0	0	1,362	9,316
2016	188,422	175,137	175,137	171,150	171,150	0	0	3,986	13,286
<i>Total Capital Improvements</i>	1,581,905	186,645	1,559,304	185,190	1,553,955	0	0	5,348	22,602
Total Tularosa Public Schools	\$8,922,313	\$1,063,009	\$8,793,010	\$1,055,198	\$8,762,383	\$0	\$0	\$30,626	\$129,304
Gadsden School District									
General Ad valorem									
2007 - 2015	\$134,733	\$3,840	\$131,504	\$4,136	\$131,177	\$0	\$0	\$326	\$3,229
2016	22,335	13,249	13,249	12,729	12,729	0	0	520	9,086
<i>Total General Ad valorem</i>	157,068	17,089	144,753	16,865	143,906	0	0	846	12,315
Debt Service P & I									
2007 - 2015	4,093,871	107,163	4,005,338	115,595	3,996,327	0	2	9,010	88,531
2016	674,759	428,511	428,511	412,450	412,450	0	0	16,061	246,248
<i>Total Debt Service</i>	4,768,630	535,674	4,433,849	528,045	4,408,777	0	2	25,071	334,779

OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
JUNE 30, 2017

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
Gadsden School District (Continued)									
Capital Improvements									
2007 - 2015	712,291	19,829	695,564	21,488	693,957	0	0	1,607	16,728
2016	110,083	69,600	69,600	66,984	66,984	0	0	2,616	40,482
<i>Total Capital Improvements</i>	<i>822,374</i>	<i>89,429</i>	<i>765,164</i>	<i>88,472</i>	<i>760,941</i>	<i>0</i>	<i>0</i>	<i>4,223</i>	<i>57,210</i>
Tech Debt									
2007 - 2015	997,076	35,461	965,409	39,003	962,882	0	0	2,527	31,667
2016	125,772	79,873	79,873	76,879	76,879	0	0	2,994	45,900
<i>Total Tech Debt</i>	<i>1,122,848</i>	<i>115,334</i>	<i>1,045,282</i>	<i>115,882</i>	<i>1,039,761</i>	<i>0</i>	<i>0</i>	<i>5,521</i>	<i>77,567</i>
Total Gadsden School District	\$6,870,920	\$757,526	\$6,389,048	\$749,264	\$6,353,385	\$0	\$2	\$35,661	\$481,871
MUNICIPALITIES									
City of Alamogordo									
General Ad valorem									
2007 - 2015	\$23,866,785	\$113,879	\$23,793,946	\$140,309	\$23,780,000	\$0	\$0	\$13,946	\$72,839
2016	3,019,235	2,879,666	2,879,666	2,842,807	2,842,807	0	0	36,859	139,568
<i>Total General Ad valorem</i>	<i>26,886,020</i>	<i>2,993,545</i>	<i>26,673,612</i>	<i>2,983,116</i>	<i>26,622,807</i>	<i>0</i>	<i>0</i>	<i>50,805</i>	<i>212,407</i>
Debt Service P & I									
2007 - 2015	7,188,738	37,097	7,165,652	45,756	7,161,445	0	0	4,206	23,087
2016	1,018,556	974,130	974,130	962,140	962,140	0	0	11,990	44,427
<i>Total Debt Service</i>	<i>8,207,294</i>	<i>1,011,227</i>	<i>8,139,782</i>	<i>1,007,896</i>	<i>8,123,585</i>	<i>0</i>	<i>0</i>	<i>16,196</i>	<i>67,514</i>
Total City of Alamogordo	\$35,093,314	\$4,004,772	\$34,813,394	\$3,991,012	\$34,746,392	\$0	\$0	\$67,001	\$279,921
Village of Cloudcroft									
General Ad valorem									
2007 - 2015	\$470,163	\$5,010	\$468,314	\$5,298	\$467,551	\$0	\$0	\$764	\$1,849
2016	59,504	56,717	56,717	55,981	55,981	0	0	736	2,786
<i>Total General Ad valorem</i>	<i>529,667</i>	<i>61,727</i>	<i>525,031</i>	<i>61,279</i>	<i>523,532</i>	<i>0</i>	<i>0</i>	<i>1,500</i>	<i>4,635</i>
Debt Service P & I									
2007 - 2015	0	0	0	0	0	0	0	0	0
2016	0	0	0	0	0	0	0	0	0
<i>Total Debt Service</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total Village of Cloudcroft	\$529,667	\$61,727	\$525,031	\$61,279	\$523,532	\$0	\$0	\$1,500	\$4,635
Village of Tularosa									
General Ad valorem									
2007 - 2015	\$1,571,956	\$14,381	\$1,563,865	\$18,694	\$1,562,877	\$0	\$0	\$987	\$8,091
2016	192,034	177,362	177,362	170,149	170,149	0	0	7,213	14,671
<i>Total General Ad valorem</i>	<i>1,763,990</i>	<i>191,743</i>	<i>1,741,227</i>	<i>188,843</i>	<i>1,733,026</i>	<i>0</i>	<i>0</i>	<i>8,200</i>	<i>22,762</i>
Debt Service P & I									
2007 - 2015	0	0	0	0	0	0	0	0	0
2016	0	0	0	0	0	0	0	0	0
<i>Total Debt Service</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total Village of Tularosa	\$1,763,990	\$191,743	\$1,741,227	\$188,843	\$1,733,026	\$0	\$0	\$8,200	\$22,762

OTERO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
JUNE 30, 2017

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
OTHER									
NMSU - Alamogordo									
General Ad valorem									
2007 - 2015	\$5,059,924	\$27,072	\$5,042,884	\$32,536	\$5,039,384	\$0	\$0	\$3,500	\$17,040
2016	651,000	620,961	620,961	612,735	612,735	0	0	8,223	30,039
<i>Total General Ad valorem</i>	5,710,924	648,033	5,663,845	645,271	5,652,119	0	0	11,723	47,079
Debt Service P & I									
2007 - 2015	3,943,721	11,155	3,938,806	11,228	3,936,744	0	0	2,062	4,914
2016	399,959	368,532	368,532	363,116	363,116	0	0	5,416	31,427
<i>Total Debt Service</i>	4,343,680	379,687	4,307,338	374,344	4,299,860	0	0	7,478	36,341
Total NMSU - Alamogordo	\$10,054,604	\$1,027,720	\$9,971,183	\$1,019,615	\$9,951,979	\$0	\$0	\$19,201	\$83,420
NMSU - Dona Ana									
General Ad valorem									
2007 - 2015	\$366,246	\$11,367	\$356,616	\$12,390	\$355,733	\$0	\$0	\$883	\$9,631
2016	69,967	44,433	44,433	42,767	42,767	0	0	1,665	25,534
<i>Total General Ad valorem</i>	436,213	55,800	401,049	55,157	398,500	0	0	2,548	35,165
Total NMSU - Dona Ana	\$436,213	\$55,800	\$401,049	\$55,157	\$398,500	\$0	\$0	\$2,548	\$35,165
LOCAL SPECIAL LEVIES									
Timberon Water & Sanitation District									
Timberon Special Levies									
2007 - 2015	\$1,441,199	\$17,014	\$1,426,109	\$19,820	\$1,424,990	\$0	\$1	\$1,119	\$15,089
2016	157,257	140,632	140,632	137,054	137,054	0	0	3,578	16,625
<i>Total Timberon Water & Sanitation District</i>	1,598,456	157,646	1,566,741	156,874	1,562,044	0	1	4,697	31,714
Penasco Soil & Water Conservation District									
Penasco Special Levies									
2007 - 2015	521	0	521	0	521	0	0	0	0
2016	60	60	60	25	25	0	0	35	0
<i>Total Penasco Soil & Water Conservation District</i>	581	60	581	25	546	0	0	35	0
Carlsbad Soil & Water Conservation District									
Carlsbad Special Levies									
2007 - 2015	263	0	263	0	263	0	0	0	0
2016	158	158	158	158	158	0	0	0	0
<i>Total Carlsbad Soil & Water Conservation District</i>	421	158	421	158	421	0	0	0	0
Total Local Special Levies	\$1,599,458	\$157,864	\$1,567,743	\$157,057	\$1,563,011	\$0	\$1	\$4,732	\$31,714
Grand Totals	\$232,604,630	\$26,441,423	\$229,779,574	\$26,328,065	\$229,220,188	\$0	\$7	\$559,377	\$2,825,047
Recap By Tax Year									
2007 - 2015	\$205,729,624	\$1,428,930	\$204,767,081	\$1,710,520	\$204,602,643	\$0	\$7	\$164,434	\$962,535
2016	26,875,006	25,012,493	25,012,493	24,617,545	24,617,545	0	0	394,943	1,862,512
Total Recap By Tax Year	\$232,604,630	\$26,441,423	\$229,779,574	\$26,328,065	\$229,220,188	\$0	\$7	\$559,377	\$2,825,047

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

Independent Auditor's Report

Mr. Wayne Johnson, State Auditor and
The Board of County Commissioners
Otero County
Alamogordo, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison of the general fund of the Otero County as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Otero County's basic financial statements, and the combining and individual funds of the Otero County, presented as supplemental information, and have issued our report thereon dated November 28, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Otero 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 Otero County's internal control. Accordingly, we do not express an opinion on the effectiveness of the Otero 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.

Mr. Wayne Johnson, State Auditor and
The Board of County Commissioners
Otero County
Alamogordo, New Mexico
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Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Otero 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 two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2017-001 and 2017-002.

The Otero County's Response to Findings

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

Purpose of this Report

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

Kriegel/Gray/Shaw & Co., P.C.

Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico

November 28, 2017

OTERO COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

CURRENT YEAR FINDINGS:

2017-001 Quarterly Report Incorrectly Reflected Budget Adjustments – Other noncompliance

Statement of Condition – Budget adjustments were incorrectly reflected on the quarterly report as follows:

- General Fund - budget adjustments for revenue shown were \$1,055,504 but should have been \$1,097,313.
- General Fund - budget adjustments for transfers in shown were \$647,337 but should have been \$952,753.
- General Fund - budget adjustments for transfers out shown were \$715,415 but should have been \$410,000.
- County Fire Protection Fund - budget adjustments for expenditures shown were \$1,068,713 but should have been \$1,121,867.
- Debt Service Funds - transfers in and out excluded \$714,000.

Criteria – New Mexico Department of Finance and Administration requires that New Mexico counties submit quarterly budget reports that include properly approved budget adjustments.

Cause – The Finance Director being new to the position did not properly reconcile the budget adjustments between the resolutions submitted to the Board and State with the adjustments entered into the accounting system; causing discrepancies between what was reported at year end and what was actually approved.

Effect – Failure to comply with DFA reporting requirements.

Recommendation – Establish an internal check system to agree/verify budget adjustments to date.

Management's Response – The Finance Director will work with staff to ensure budget adjustments are correctly recorded in the quarterly reports. Creating a procedure that utilizes the internal accounting system, and BAR adjustment worksheet to tie back to when preparing the quarterly reports. The process will be implemented on or before January 31, 2018.

OTERO COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

CURRENT YEAR FINDINGS (CONTINUED):

2017-002 Audit Report Not Submitted Timely – Non Compliance

Statement of Condition – The audit report for the year ended June 30, 2017 was not submitted timely.

Criteria – Audits of Counties must be submitted by December 1 in accordance with the New Mexico State Audit Rule 2.2.2.9 NMAC.

Cause – The auditor was unable to complete a quality audit report by the due date due to underestimation of time necessary.

Effect – Noncompliance with New Mexico State Audit Rule 2.2.2.9 NMAC.

Recommendation – Audit schedule/plan should include additional time for contingencies or other difficulties that may be encountered.

Management’s Response – The Finance Director will work with the auditor in early July of each year to come up with a timeline that meets the state imposed deadline, allowing ample time to deal with any unforeseen problems.

OTERO COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

CURRENT STATUS ON PRIOR YEAR FINDINGS:

2016-001 Large Purchases Not Properly Procured – Significant Deficiency

Resolved and not repeated in the current year.

2016-002 Incidence of Fraud Not Reported to New Mexico State Auditor’s Office – Other Matters

Resolved and not repeated in the current year.

2016-003 Over Reimbursement of Travel Expense – Other Matters

Resolved and not repeated in the current year.

OTERO COUNTY
EXIT CONFERENCE
JUNE 30, 2017

EXIT CONFERENCE:

The exit conference was held November 29, 2017 and was attended by the following:

Representing Otero County:

Janet White, Chairperson County Commission
Pamela Heltner, County Manager
Ginger Herndon, Purchasing Agent
Tim Mills, County Finance Director
Laura Whiteside, County Treasurer
Rachel Black, County Deputy Treasurer

Representing Kriegel/Gray/Shaw & Co., P.C.:

Debbie Gray, CPA/Shareholder

FINANCIAL STATEMENTS PREPARATION

Preparation of financial statements is the responsibility of management. Although, the Otero County's personnel provided significant assistance in the preparation, the statements and related footnotes were prepared by Kriegel/Gray/Shaw & Co., P.C.