



**KRIEGEL/GRAY/SHAW & CO., P.C.**

CERTIFIED PUBLIC ACCOUNTANTS  
TRADITIONAL YET PROGRESSIVE SERVICE SINCE 1962

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# **STATE OF NEW MEXICO**

## **OTERO COUNTY**

### **FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

**JUNE 30, 2018**

# OTERO COUNTY

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# OTERO COUNTY

OFFICIAL ROSTER  
JUNE 30, 2018

## BOARD OF COMMISSIONERS

<u>Name</u>	<u>Title</u>
<i>Lori Bies</i>	<i>Chairperson</i>
<i>Susan Flores</i>	<i>Vice-Chairperson</i>
<i>Janet White</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  
The Board of County 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, 2018, 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, 2018, 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  
The Board of County 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, 2018, 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, 2018, 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 55 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*

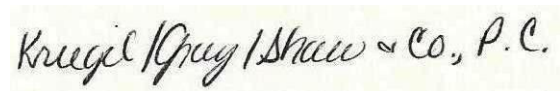
Our audit was conducted for the purpose of forming opinions on the Otero County's financial statements, the combining and individual fund financial statements. The *other schedules required by 2.2.2.NMAC* are presented for purposes of additional analysis and are not a required part of the basic financial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

Mr. Wayne Johnson, State Auditor and  
The Board of County 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 16, 2018 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.

A handwritten signature in cursive script that reads "Kriegel/Gray/Shaw & Co., P.C." is written on a light yellow rectangular background.

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

November 16, 2018

**OTERO COUNTY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$15,850,642	\$0	\$15,850,642
Investments	17,467,432	0	17,467,432
Receivables:			
Property taxes	898,163	0	898,163
Other taxes	1,537,319	0	1,537,319
Other receivables	175,942	22,459,951	22,635,893
Inventory	112,291	0	112,291
Prepaid expenses	574,159	0	574,159
<i>Total current assets</i>	<u>36,615,948</u>	<u>22,459,951</u>	<u>59,075,899</u>
<b>Noncurrent Assets</b>			
Restricted cash and cash equivalents	0	21,166,403	21,166,403
Restricted investments	0	0	0
Bond discounts, net of accumulated amortization of \$6,840 and \$216,506, respectively	36,970	209,475	246,445
Capital assets	159,396,333	77,114,450	236,510,783
Less: accumulated depreciation	(84,437,383)	(21,283,743)	(105,721,126)
<i>Total noncurrent assets</i>	<u>74,995,920</u>	<u>77,206,585</u>	<u>152,202,505</u>
<b>Deferred Outflow of Resources</b>			
Pension	3,821,221	0	3,821,221
<i>Total deferred outflow of resources</i>	<u>3,821,221</u>	<u>0</u>	<u>3,821,221</u>
<b><i>Total assets and deferred outflow of resources</i></b>	<b><u>\$115,433,089</u></b>	<b><u>\$99,666,536</u></b>	<b><u>\$215,099,625</u></b>

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



**OTERO COUNTY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	\$588,127	\$23,833,037	\$24,421,164
Accrued payroll expenses	242,678	0	242,678
Claims payable	9,649	0	9,649
Accrued interest	173,188	1,349,860	1,523,048
Internal balances	1,336,412	(1,336,412)	0
Current portion of loans and capital leases payables	527,087	0	527,087
Current portion of bonds payable	810,000	4,695,000	5,505,000
<i>Total current liabilities</i>	3,687,141	28,541,485	32,228,626
<b>Noncurrent Liabilities</b>			
Accrued compensated absences	484,868	0	484,868
Bond premiums, net of accumulated amortization of \$11,150	60,272	0	60,272
Loans and capital leases payable	3,226,206	0	3,226,206
Bonds payable	11,405,000	64,960,000	76,365,000
Net pension liability	15,200,476	0	15,200,476
<i>Total noncurrent liabilities</i>	30,376,822	64,960,000	95,336,822
<i>Total liabilities</i>	34,063,963	93,501,485	127,565,448
<b>Deferred Inflow of Resources</b>			
Pension	2,091,094	0	2,091,094
<i>Total deferred inflows of resources</i>	2,091,094	0	2,091,094
<b>NET POSITION</b>			
Net investment in capital assets	58,967,355	(13,824,293)	45,143,062
Restricted for:			
Debt service	7,316,333	0	7,316,333
Capital projects	10,297,842	0	10,297,842
Other purposes - special revenue	8,097,648	0	8,097,648
Detention Center	0	11,004,668	11,004,668
Processing Center	0	8,984,676	8,984,676
Unrestricted	(5,401,146)	0	(5,401,146)
<i>Total net position</i>	79,278,032	6,165,051	85,443,083
<b><i>Total liabilities, deferred inflow of resources, and net position</i></b>	<b>\$115,433,089</b>	<b>\$99,666,536</b>	<b>\$215,099,625</b>

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

**OTERO COUNTY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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	
<b>Primary Government</b>							
<b>Governmental Activities:</b>							
General government	\$7,210,426	\$2,183,935	\$24,631	\$0	(\$5,001,860)		(\$5,001,860)
Public safety	15,686,189	184,061	3,001,123	0	(12,501,005)		(\$12,501,005)
Public works	7,380,828	56,908	568,844	334,615	(6,420,461)		(\$6,420,461)
Health and welfare	3,073,360	285,612	426,123	240,141	(2,121,484)		(\$2,121,484)
Culture and recreation	301,971	57,105	0	0	(244,866)		(\$244,866)
Capital outlay	758,946	0	0	0	(758,946)		(\$758,946)
Interest and other debt cost	648,410	0	0	0	(648,410)		(\$648,410)
<i>Total governmental activities</i>	<i>35,060,130</i>	<i>2,767,621</i>	<i>4,020,721</i>	<i>574,756</i>	<i>(27,697,032)</i>		<i>(27,697,032)</i>
<b>Business-Type Activities:</b>							
Detention Center	36,444,990	33,387,170	0	0	0	(3,057,820)	(3,057,820)
Processing Center	28,071,571	30,805,143	0	0	0	2,733,572	2,733,572
<i>Total business-type activities</i>	<i>64,516,561</i>	<i>64,192,313</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(324,248)</i>	<i>(324,248)</i>
<b>Total primary government</b>					<b>(\$27,697,032)</b>	<b>(\$324,248)</b>	<b>(\$28,021,280)</b>

**General Revenues**

Taxes:			
Property	\$10,453,293	\$0	\$10,453,293
Gross receipts	9,942,544	0	9,942,544
Gasoline and motor vehicle	1,524,767	0	1,524,767
Payment in lieu of taxes	3,597,309	0	3,597,309
Rents	1,139,839	0	1,139,839
Franchise fees	197,906	0	197,906
Investment income (loss)	226,345	171,910	398,255
Miscellaneous income	524,754	0	524,754
Loss on asset disposal	(30,428)	0	(30,428)
Transfers in (out)	0	0	0
<i>Total general revenues</i>	<i>27,576,329</i>	<i>171,910</i>	<i>27,748,239</i>
Change in net position	(120,703)	(152,338)	(273,041)
Net position, beginning of year, as previously stated	69,625,596	6,317,389	75,942,985
Restatements	9,773,139	0	9,773,139
Net position, beginning of year, as restated	79,398,735	6,317,389	85,716,124
Net position, end of year	\$79,278,032	\$6,165,051	\$85,443,083

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

**OTERO COUNTY**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEETS**  
6/30/2018

	General Fund	Hold Harmless Revenue Bond (Acquisition)	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$1,888,935	\$7,783,756	\$6,062,551	\$15,735,242
Investments	6,708,405	2,284,492	8,474,535	17,467,432
Receivables:				
Property taxes	898,117	0	46	898,163
Other taxes	654,243	0	883,076	1,537,319
Other receivables	173,463	0	2,479	175,942
Inventory	0	0	112,291	112,291
Prepaid expenses	448,707	0	125,452	574,159
<b>Total assets</b>	<b>\$10,771,870</b>	<b>\$10,068,248</b>	<b>\$15,660,430</b>	<b>\$36,500,548</b>

**LIABILITIES AND FUND BALANCE**

**Liabilities:**

Accounts payable	\$313,401	\$139,539	\$107,139	\$560,079
Accrued payroll expenses	193,403	0	49,275	242,678
Due to other funds	1,336,412	0	0	1,336,412
<b>Total liabilities</b>	<b>1,843,216</b>	<b>139,539</b>	<b>156,414</b>	<b>2,139,169</b>

**DEFERRED INFLOWS OF RESOURCES**

**Unavailable Revenue:**

Property taxes	768,308	0	46	768,354
<b>Total deferred inflows of resources</b>	<b>768,308</b>	<b>0</b>	<b>46</b>	<b>768,354</b>

**Fund Balance:**

<b>Nonspendable</b>				
Inventory	0	0	112,291	112,291
Prepaid expenses	448,707	0	67,646	516,353
<b>Spendable</b>				
<b>Restricted for:</b>				
General county operations	0	0	928,821	928,821
Maintenance of roads	0	0	631,821	631,821
Environment	0	0	161,712	161,712
Recreation	0	0	3,222	3,222
Public safety	185,001	0	4,123,726	4,308,727
Healthcare/health services	274,080	0	1,789,265	2,063,345
Debt service expenditures	0	0	7,316,333	7,316,333
Capital projects	0	9,928,709	369,133	10,297,842
<b>Committed to:</b>				
Minimum fund balance	4,650,023	0	0	4,650,023
Unassigned	2,602,535	0	0	2,602,535
<b>Total fund balance</b>	<b>8,160,346</b>	<b>9,928,709</b>	<b>15,503,970</b>	<b>33,593,025</b>

<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$10,771,870</b>	<b>\$10,068,248</b>	<b>\$15,660,430</b>	<b>\$36,500,548</b>
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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**  
6/30/2018

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

<b>FUND BALANCE of Governmental Funds</b>	<b>\$33,593,025</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	74,958,950
Residual balances of the internal service funds are included within the governmental activities and are not reported within the governmental funds.	77,703
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.	768,354
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	3,821,221
Deferred inflows of resources	(2,091,094)
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 interest payable	(173,188)
Accrued compensated absences not due and payable	(484,868)
Bond discounts	36,970
Bond premiums	(60,272)
Bonds payable	(12,215,000)
Loans and capital leases payable	(3,753,293)
Net pension liability	(15,200,476)
<b><i>Net position of governmental activities</i></b>	<b>\$79,278,032</b>

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, 2018**

	General Fund	Hold Harmless Revenue Bond (Acquisition)	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes:				
Property	\$10,155,366	\$0	\$267,494	\$10,422,860
Gross receipts	3,549,537	0	6,393,007	9,942,544
Gasoline and motor vehicle	185,239	0	1,339,528	1,524,767
Intergovernmental:				
Federal operating grants	95,896	0	24,631	120,527
Federal capital grants	0	0	334,615	334,615
State operating grants	275,983	0	3,624,211	3,900,194
State capital grants		0	240,141	240,141
Payment in lieu of taxes	3,597,309	0		3,597,309
Franchise Fees	197,906	0		197,906
Charges for services	650,298	0	208,753	859,051
Sale of property	0	0	0	0
Investment income (loss)	152,601	50,480	23,065	226,146
Miscellaneous	1,319,626	80,244	264,722	1,664,592
<i>Total revenues</i>	<b>20,179,761</b>	<b>130,724</b>	<b>12,720,167</b>	<b>33,030,652</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	4,354,980	0	364,025	4,719,005
Public works	795,475	0	3,334,576	4,130,051
Public safety	11,520,756	0	2,028,585	13,549,341
Health and welfare	879,388	0	2,016,819	2,896,207
Culture and recreation	267,895	0	0	267,895
Capital outlay	752,436	675,439	2,292,062	3,719,937
Debt Service				
Lease payments	29,164	0	0	29,164
Principal	0	0	1,771,577	1,771,577
Interest	0	0	464,236	464,236
<i>Total expenditures</i>	<b>18,600,094</b>	<b>675,439</b>	<b>12,271,880</b>	<b>31,547,413</b>
<i>Excess (deficiency) of revenues over expenditures</i>	1,579,667	(544,715)	448,287	1,483,239
<b>Other Financing Sources (Uses):</b>				
Proceeds from debt	0	0	446,765	446,765
Cost of issuance	0	0	(6,822)	(6,822)
Transfers in	5,527,000	0	3,332,377	8,859,377
Transfers (out)	(6,824,000)	0	(2,355,377)	(9,179,377)
<i>Total other financing sources (uses)</i>	<b>(1,297,000)</b>	<b>0</b>	<b>1,416,943</b>	<b>119,943</b>
<i>Net changes in fund balances</i>	282,667	(544,715)	1,865,230	1,603,182
Fund balance - beginning of year	7,877,679	10,473,424	13,638,740	31,989,843
<b><i>Fund balance - end of year</i></b>	<b>\$8,160,346</b>	<b>\$9,928,709</b>	<b>\$15,503,970</b>	<b>\$33,593,025</b>

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, 2018

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

**Net change in fund balances - Governmental Funds** \$1,603,182

Change in net position of internal service funds 71,738

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)	2,930,563
Depreciation expense	(5,207,344)

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	30,433
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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	(730,532)
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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:

Accrued interest expense	(173,188)
Decrease in accrued compensated absences	2,477
Proceeds from issuance of debt	(446,765)
Principal payments on bonds and leases payable	1,796,578
Amortization expense for debt discount	(3,420)
Amortization expense for debt premium	5,575

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***Change in net position of governmental activities*** ***(\$120,703)***

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# 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, 2018

	Original Approved Budget	Final Adjusted Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes:				
Property	\$9,732,785	\$10,298,745	\$10,298,745	\$0
Gross receipts	3,453,800	3,453,800	3,596,578	142,778
Gasoline and motor vehicle	150,000	150,000	185,171	35,171
Intergovernmental:				
Federal operating grants	0	0	95,896	95,896
Federal capital grants	0	0	0	0
State operating grants	350,580	350,580	275,983	(74,597)
State capital grants	0	0	0	0
Payment in lieu of taxes	3,410,001	3,597,309	3,597,309	0
Franchise fees	180,000	180,000	197,906	17,906
Charges for services	286,602	294,102	650,742	356,640
Investment income (loss)	4,000	12,000	191,806	179,806
Miscellaneous	2,110,600	2,114,362	1,307,641	(806,721)
<i>Total revenues</i>	<u>19,678,368</u>	<u>20,450,898</u>	<u>20,397,777</u>	<u>(53,121)</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,849,347	5,702,297	4,430,361	1,271,936
Public safety	12,325,393	12,506,636	11,573,806	932,830
Public works	0	3,557	798,937	(795,380)
Culture and recreation	306,933	328,423	877,533	(549,110)
Health and welfare	1,683,339	1,683,586	268,892	1,414,694
Capital outlay	245,225	426,725	752,436	(325,711)
Debt Service:				
Lease payments	0	0	61,164	(61,164)
Principal	0	0	0	0
Interest	0	0	0	0
<i>Total expenditures</i>	<u>20,410,237</u>	<u>20,651,224</u>	<u>18,763,129</u>	<u>1,888,095</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(731,869)	(200,326)	1,634,648	1,834,974

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

# 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, 2018

	Original Approved Budget	Final Adjusted Budget	Actual	Favorable (Unfavorable)
<b>Other Financing Sources (Uses):</b>				
Proceeds from debt	0	0	0	0
Transfers in	7,915,000	7,992,000	5,527,000	(2,465,000)
Transfers (out)	(8,770,000)	(9,150,000)	(6,824,000)	2,326,000
<i>Total other financing sources (uses)</i>	<i>(855,000)</i>	<i>(1,158,000)</i>	<i>(1,297,000)</i>	<i>(139,000)</i>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(1,586,869)	(1,358,326)	\$337,648	1,695,974
Budgeted cash carryover	1,586,869	1,358,326		
	\$0	\$0		
 Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			\$337,648	
Adjustments for revenue accruals			(218,016)	
Adjustments for expenditures accruals			163,035	
<b>Net changes in fund balance (GAAP basis)</b>			<b>\$282,667</b>	

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



**OTERO COUNTY**  
**PROPRIETARY FUNDS**  
**STATEMENTS OF FUND NET POSITION**  
**JUNE 30, 2018**

	Enterprise Funds		Total	Governmental Activities
	Detention Center	Processing Center		Self-Insurance Internal Service Fund
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$0	\$0	\$0	\$115,400
Customer receivables	12,294,766	10,165,185	22,459,951	0
Due from general fund	823,150	513,262	1,336,412	0
<i>Total current assets</i>	13,117,916	10,678,447	23,796,363	115,400
<b>Non-Current Assets</b>				
Restricted cash and cash equivalents	14,014,095	7,152,308	21,166,403	0
Bond discounts, net of accumulated amortization of \$12,253 and \$204,253, respectively	29,797	179,678	209,475	0
Capital assets	31,983,032	45,131,418	77,114,450	0
Less: accumulated depreciation	(10,612,039)	(10,671,704)	(21,283,743)	0
<i>Total non-current assets</i>	35,414,885	41,791,700	77,206,585	0
<b>Total assets</b>	<b>\$48,532,801</b>	<b>\$52,470,147</b>	<b>\$101,002,948</b>	<b>\$115,400</b>
<b>LIABILITIES AND FUND NET POSITION</b>				
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$15,744,855	\$8,088,182	\$23,833,037	\$28,048
Claims payable	0	0	0	9,649
Accrued interest payable	412,285	937,575	1,349,860	0
Current portion of bonds payable	1,935,000	2,760,000	4,695,000	0
<i>Total current liabilities</i>	18,092,140	11,785,757	29,877,897	37,697
<b>Noncurrent Liabilities:</b>				
Bonds payable	26,050,000	38,910,000	64,960,000	0
<i>Total noncurrent liabilities</i>	26,050,000	38,910,000	64,960,000	0
<i>Total liabilities</i>	44,142,140	50,695,757	94,837,897	37,697
<b>Fund Net Position:</b>				
Net investment in capital assets	(6,614,007)	(7,210,286)	(13,824,293)	0
Restricted for:				
Detention Center	11,004,668	0	11,004,668	0
Processing Center	0	8,984,676	8,984,676	0
Unrestricted	0	0	0	77,703
<i>Total fund net position</i>	4,390,661	1,774,390	6,165,051	77,703
<b>Total liabilities and fund net position</b>	<b>\$48,532,801</b>	<b>\$52,470,147</b>	<b>\$101,002,948</b>	<b>\$115,400</b>

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, 2018**

	Enterprise Funds		Total	Governmental Activities
	Detention Center	Processing Center		Self-Insurance Internal Service Fund
<b>OPERATING REVENUES</b>				
Charges for services	\$33,387,170	\$30,805,143	\$64,192,313	\$0
Insurance premiums	0	0	0	1,908,570
<i>Total operating revenues</i>	33,387,170	30,805,143	64,192,313	1,908,570
<b>OPERATING EXPENDITURES</b>				
Contractual services	34,021,033	23,128,692	57,149,725	0
Depreciation	791,109	1,113,569	1,904,678	0
Claims and judgements	0	0	0	2,157,031
<i>Total operating expenditures</i>	34,812,142	24,242,261	59,054,403	2,157,031
<i>Operating income (loss)</i>	(1,424,972)	6,562,882	5,137,910	(248,461)
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest expense	(1,629,965)	(3,590,025)	(5,219,990)	0
Amortization expenses	(2,883)	(18,429)	(21,312)	0
Interest income (loss)	104,181	67,729	171,910	199
<i>Total non-operating revenues (expenses)</i>	(1,528,667)	(3,540,725)	(5,069,392)	199
<i>Net income (loss) before contributions and transfers</i>	(2,953,639)	3,022,157	68,518	(248,262)
<b>Other Financing Sources (Uses):</b>				
Cost of conversion	0	(220,856)	(220,856)	0
Transfers in	0	71,569	71,569	320,000
Transfers (out)	(71,569)	0	(71,569)	0
<i>Total other financing sources (uses)</i>	(71,569)	(149,287)	(220,856)	320,000
<i>Change in fund net position</i>	(3,025,208)	2,872,870	(152,338)	71,738
Total fund net position, beginning of year	7,415,869	(1,098,480)	6,317,389	5,965
<b><i>Total fund net position, end of year</i></b>	<b>\$4,390,661</b>	<b>\$1,774,390</b>	<b>\$6,165,051</b>	<b>\$77,703</b>

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, 2018**

	Enterprise Funds		Total	Governmental Activities
	Detention Center	Processing Center		Self-Insurance Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$26,478,287	\$24,195,630	\$50,673,917	\$1,908,570
Cash payments to suppliers for goods and services	(23,086,338)	(17,631,285)	(\$40,717,623)	(2,163,502)
<i>Net cash provided (used) by operating activities</i>	3,391,949	6,564,345	9,956,294	(254,932)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Interfund transfers	(71,569)	71,569	0	320,000
<i>Net cash provided (used) by non-capital financing activities</i>	(71,569)	71,569	0	320,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Cost of conversion	0	(220,856)	0	0
Interest paid	(1,388,588)	(3,315,019)	(4,703,607)	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>	(3,253,588)	(6,145,875)	(9,178,607)	0
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchases of investments	0	0	0	0
Interest on investments	104,181	67,729	171,910	199
<i>Net cash provided (used) by investing activities</i>	104,181	67,729	171,910	199
<i>Net increase (decrease) in cash and cash equivalents</i>	170,973	557,768	728,741	65,267
Cash and cash equivalents, beginning of year	13,843,122	6,594,540	20,437,662	50,133
<b><i>Cash and cash equivalents, end of year</i></b>	<b>\$14,014,095</b>	<b>\$7,152,308</b>	<b>\$21,166,403</b>	<b>\$115,400</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	(\$1,424,972)	\$6,562,882	\$5,137,910	(\$248,461)
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	(6,908,883)	(6,609,513)	(13,518,396)	0
Accounts payable	10,934,695	5,497,407	16,432,102	(5,957)
Claims payable	0	0	0	(514)
<b><i>Net cash provided (used) by operating activities</i></b>	<b>\$3,391,949</b>	<b>\$6,564,345</b>	<b>\$9,956,294</b>	<b>(\$254,932)</b>

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, 2018

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$364,098
Property taxes receivable	1,623,820
<b><i>Total assets</i></b>	<b><i>\$1,987,918</i></b>
<b>LIABILITIES</b>	
Deposits held in trust	\$364,098
Due to other taxing units	1,623,820
<b><i>Total liabilities</i></b>	<b><i>\$1,987,918</i></b>

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

**OTERO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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, 2018**

**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, 2018**

**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, 2018**

**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, 2018**

**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, 2018**

**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, 2018, along with applicable FICA and Medicare liabilities.

**OTERO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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, 2018

**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, 2018, 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, 2018, 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, 2018**

**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, 2018**

**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, 2018 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, 2018**

**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, 2018.

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, 2018, 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	\$7,208,265	(\$524,262)	\$6,684,003
First Savings Bank	388,706	1,764	390,470
US Bank	21,166,403	0	21,166,403
<i>Total cash deposits</i>	<u>\$28,763,374</u>	<u>(\$522,498)</u>	28,240,876
Cash on hand			1,227
Cash held with Trustee – NMFA			617,217
Investments - cash equivalents			8,521,823
			<u>\$37,381,143</u>

**OTERO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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	\$15,850,642
Restricted cash and cash equivalents	21,166,403
Agency funds	364,098
<hr/>	
<i>Statement of net position</i>	<b>\$37,381,143</b>
<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, 2018, \$12,646,971 of the County's bank balance of \$14,396,971 was exposed to custodial credit risk. Although the \$12,646,971 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, 2018.

		First National Bank of Alamogordo	First Savings Bank	Washington Federal Bank	First American Bank	Western Bank	Total
Amount of deposits	\$3,500,000	\$7,208,265	\$1,388,706	\$250,000	\$250,000	\$1,800,000	\$14,396,971
FDIC coverage	250,000	250,000	500,000	250,000	250,000	250,000	\$1,750,000
<i>Total uninsured public funds</i>	3,250,000	6,958,265	888,706	0	0	1,550,000	12,646,971
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	4,237,296	4,209,026	8,377,590	59,248	0	1,799,912	18,683,072
Uninsured and uncollateralized (over)	(\$987,296)	\$2,749,239	(\$7,488,884)	(\$59,248)	\$0	(\$249,912)	(\$6,036,101)
Pledged securities	\$4,237,296	\$4,209,026	\$8,377,590	\$59,248	\$0	\$1,799,912	\$18,683,072
Collateral requirement (50%)	1,625,000	3,479,132	444,353	0	0	775,000	6,323,485
(Over) under collateralized	(\$2,612,296)	(\$729,894)	(\$7,933,237)	(\$59,248)	\$0	(\$1,024,912)	(\$12,359,587)

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, 2018**

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments**

As of June 30, 2018, 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	\$7,800,000	Less than 1 year	27.21%
US Government Securities	AA+	9,667,432	1-10 years	38.68%
Investments - LGIP	AAAm	8,500,520	50 days	34.01%
MMKT Acct - US Securities	N/A	21,303	Less than 1 year	0.10%
<i>Total fair value</i>		25,989,255		
<i>Less cash equivalents – shown as cash</i>		<i>(8,521,823)</i>		
		<u>\$17,467,432</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 \$9,688,735 at June 30, 2018.

*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 \$17,467,432. 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, 2018**

**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, 2018.

<u>Investment Type</u>	<u>Amount</u>	
Certificates of Deposit	\$7,800,000	valued using quoted market prices (Level 1 inputs)
US Government Securities	9,667,432	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	21,303	valued using quoted market prices (Level 1 inputs)

**OTERO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 4. RECEIVABLES**

Receivables as of June 30, 2018, are as follows:

**Governmental Activities:**

	General Fund	Other Governmental Funds	Total
Property taxes	\$898,117	\$46	\$898,163
Other taxes:			
Gross receipts taxes	608,205	722,017	1,330,222
Gasoline and other taxes	46,038	161,059	207,097
Other receivables:			
Charges for services	173,463	2,479	175,942
<i>Total</i>	<u>\$1,725,823</u>	<u>\$885,601</u>	<u>\$2,611,424</u>

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$768,354 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, 2018, are as follows:

**Business-Type Activities:**

	Detention Center Fund	Processing Center Fund	Total
Customer receivables	\$12,294,766	\$10,165,185	\$22,459,951
<i>Total</i>	<u>\$12,294,766</u>	<u>\$10,165,185</u>	<u>\$22,459,951</u>

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

**OTERO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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	Other Governmental Funds	Detention Center	Totals
<b>Operating Transfers In:</b>				
General Fund	\$4,962,000	\$565,000	\$0	\$5,527,000
Other Governmental Funds	1,542,000	1,790,377	0	3,332,377
Self Insurance Fund	320,000	0	0	320,000
Processing Center	0	0	71,569	71,569
	<u>\$6,824,000</u>	<u>\$2,355,377</u>	<u>\$71,569</u>	<u>\$9,250,946</u>

<u>Due From (to) Other Funds</u>	<u>Due To:</u>	
	General Fund	Totals
<b>Due From:</b>		
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, 2018**

**NOTE 6. CAPITAL ASSETS**

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

	Balance June 30, 2017	Restatements	Additions	Retirements	Transfers	Balance June 30, 2018
<b>Governmental Activities:</b>						
Capital assets not being depreciated						
Land	\$22,366,237	(\$93,008)	\$97,927	\$0	(\$6,961)	\$22,364,195
Construction in progress	955,203	0	1,286,580	0	(174,091)	2,067,692
<i>Total capital assets not being depreciated</i>	<i>23,321,440</i>	<i>(93,008)</i>	<i>1,384,507</i>	<i>0</i>	<i>(181,052)</i>	<i>24,431,887</i>
Capital assets being depreciated						
Infrastructure and land improvements	62,579,839	(255,067)	0	(2,885)	61,395	62,383,282
Buildings and building improvements	31,949,548	(23,143)	730,428	(13,847)	119,657	32,762,643
Equipment and furnishings	13,317,002	(437,761)	319,381	(71,406)	0	13,127,216
Vehicles	26,987,842	(545,050)	526,675	(278,162)	0	26,691,305
<i>Total capital assets being depreciated</i>	<i>134,834,231</i>	<i>(1,261,021)</i>	<i>1,576,484</i>	<i>(366,300)</i>	<i>181,052</i>	<i>134,964,446</i>
Less accumulated depreciation for:						
Infrastructure and land improvements	(43,238,441)	5,263,696	(2,498,966)	2,885	0	(40,470,826)
Buildings and building improvements	(16,798,875)	1,388,342	(697,865)	7,868	0	(16,100,530)
Equipment and furnishings	(10,169,108)	1,676,309	(630,724)	71,406	0	(9,052,117)
Vehicles	(20,486,655)	2,798,821	(1,379,789)	253,713	0	(18,813,910)
<i>Total accumulated depreciation</i>	<i>(90,693,079)</i>	<i>11,127,168</i>	<i>(5,207,344)</i>	<i>335,872</i>	<i>0</i>	<i>(84,437,383)</i>
<b><i>Governmental activities capital assets, net</i></b>	<b><i>\$67,462,592</i></b>	<b><i>\$9,773,139</i></b>	<b><i>(\$2,246,353)</i></b>	<b><i>(\$30,428)</i></b>	<b><i>\$0</i></b>	<b><i>\$74,958,950</i></b>

Depreciation expense for the year ended June 30, 2018 was charged to governmental activities as follows:

General government	\$102,473
Public safety	1,909,611
Public works	3,039,393
Culture and recreation	18,977
Health and welfare	136,890
<b><i>Total</i></b>	<b><i>\$5,207,344</i></b>

**OTERO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 6. CAPITAL ASSETS (CONTINUED)**

Capital assets being depreciated:				
Buildings and building improvements	76,187,100	0	0	76,187,100
<i>Total capital assets being depreciated</i>	<i>76,187,100</i>	<i>0</i>	<i>0</i>	<i>76,187,100</i>
Less Accumulated Depreciation for:				
Buildings and building improvements	(19,379,065)	(1,904,678)	0	(21,283,743)
<i>Total accumulated depreciation</i>	<i>(19,379,065)</i>	<i>(1,904,768)</i>	<i>0</i>	<i>(21,283,743)</i>
<b><i>Business-type activities capital assets, net</i></b>	<b><i>\$57,735,385</i></b>	<b><i>(\$1,904,678)</i></b>	<b><i>\$0</i></b>	<b><i>\$55,830,707</i></b>

Depreciation expense for the year ended June 30, 2018 was charged to business-type activities as follows:

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

**OTERO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 7. LONG-TERM DEBT**

**Governmental Activities:**

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

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Due in One Year
Bonds payable	\$13,100,000	\$0	\$885,000	\$12,215,000	\$810,000
Loans and capital leases	4,218,106	446,765	911,578	3,753,293	527,087
Compensated absences	487,345	439,527	442,004	484,868	0
<i>Total long-term debt</i>	<i>\$17,805,451</i>	<i>\$886,292</i>	<i>\$2,238,582</i>	<i>\$16,453,161</i>	<i>\$1,337,087</i>

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 2018
Hold Harmless GRT Bond - series 2014	April 2014	Dec 2033	3.00-5.00%	\$5,065,000	\$4,290,000
Hold Harmless GRT Bond - series 2017A	April 2017	Dec 2028	3.130%	\$8,620,000	\$7,925,000
<i>Total bonds payable</i>					<i>\$12,215,000</i>

Hold Harmless Gross Receipts Tax Bonds series 201A

The County issued Hold Harmless Gross Receipts Tax Bonds series 2017A in the amount of \$8,602,000 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, 2018, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2019	\$810,000	\$ 413,578	\$1,223,578
2020	840,000	\$ 386,328	1,226,328
2021	870,000	\$ 356,977	1,226,977
2022	900,000	\$ 325,476	1,225,476
2023	930,000	\$ 295,198	1,225,198
2024-2028	5,120,000	\$ 1,010,548	6,130,548
2029-2033	2,395,000	\$ 267,722	2,662,722
2034-2038	350,000	\$ 7,437	357,437
<i>Total</i>	<i>\$12,215,000</i>	<i>\$3,063,264</i>	<i>\$15,278,264</i>

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, 2018**

**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, 2018
NMFA Loan - Otero 14	Sep-08	May-29	5.05%	162,400	109,968
NMFA Loan - Otero 15	Nov-08	May-29	3.00%	163,557	103,063
NMFA Loan - Otero 16	Jan-09	May-19	3.68%	293,712	34,622
NMFA Loan - Otero 17	Mar-09	May-19	3.21%	233,450	26,678
NMFA Loan - Otero 18	Mar-09	May-19	3.19%	189,783	21,678
NMFA Loan - Otero 19	Mar-09	May-19	3.23%	182,700	25,014
NMFA Loan - Otero 20	Sep-09	May-19	0.65-3.58%	135,559	15,882
NMFA Loan - Otero 21	Sep-09	May-20	1.03-3.78%	121,800	27,243
NMFA Loan - Otero 22	Nov-09	May-20	0.98-3.22%	144,130	31,581
NMFA Loan - Otero 23	Jul-10	May-21	2.78%	233,450	76,192
NMFA Loan - Otero 24	Jul-10	Jun-21	2.94%	279,125	125,434
NMFA Loan - Otero 25	Apr-11	May-26	3.58%	192,850	112,693
NMFA Loan - Otero 27	Oct-11	May-22	2.11%	213,049	135,492
NMFA Loan - Otero 28	Jan-12	May-22	0.01%	152,250	60,000
NMFA Loan - Otero 29	Jan-13	May-23	0.390-2.240%	166,247	86,302
NMFA Loan - Otero 30	Feb-13	May-18	0.400-1.330%	303,636	0
NMFA Loan - Otero 32	Jul-13	May-33	1.290-4.340%	201,500	168,767
NMFA Loan - Otero 33	Jul-13	May-30	1.290-4.340%	226,688	179,377
NMFA Loan - Otero 34	May-14	May-25	1.170-3.100%	110,832	81,018
NMFA Loan - Otero 35	May-14	May-25	1.170-3.100%	110,832	81,018
NMFA Loan - Otero 39	Jul-15	May-26	0.390-2.240%	120,000	107,057
NMFA Loan - Otero 40	Apr-16	May-26	0.390-2.240%	40,000	34,903
NMFA Loan - Otero 41	Dec-16	May-26	.860-1.860%	149,925	128,442
NMFA Loan - Otero 42	Dec-16	May-26	1.290-2.000%	90,681	81,865
NMFA Loan - Otero 43	Dec-16	May-27	.950-2.000%	120,907	110,137
NMFA Loan - Otero 44	Jan-17	May-21	.970-1.810%	25,189	17,718
NMFA Loan - Otero 45	Jan-17	May-37	1.190-3.520%	604,535	584,509
NMFA Loan - Otero 46	Jan-17	May-27	1.190-2.000%	352,645	321,683
NMFA Loan - Otero 47	Jan-17	May-37	.960-2.000%	403,023	393,192
NMFA Loan - Otero 48	Aug-17	May-28	0.100%	161,210	161,210
PPRF-4433	Mar-18	May-28	1.350-2.380%	285,555	285,555
Grady Shelter Capital Lease	Jul-13	Sep-18	0.00%	150,000	25,000
<i>Total loans and capital leases</i>					<b>\$3,753,293</b>



**OTERO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 7. LONG-TERM DEBT (CONTINUED)**

The annual requirements to amortize the Loans and Capital Leases Payable as of June 30, 2018, including interest payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2019	\$527,087	\$88,217	\$615,304
2020	393,042	75,305	468,347
2021	386,960	67,123	454,083
2022	317,397	58,895	376,292
2023	272,869	52,506	325,375
2024-2028	1,185,213	168,646	1,353,859
2029-2033	417,687	59,982	477,669
2034-2038	253,038	12,774	265,812
<i>Total</i>	<u>\$3,753,293</u>	<u>\$583,448</u>	<u>\$4,336,741</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 2018, compensated absences decreased \$2,477 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, 2018:

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
Revenue Bonds	\$74,130,000	\$0	\$4,475,000	\$69,655,000	\$810,000
<i>Total long-term debt</i>	<u>\$74,130,000</u>	<u>\$0</u>	<u>\$4,475,000</u>	<u>\$69,655,000</u>	<u>\$810,000</u>

**OTERO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 7. LONG-TERM DEBT (CONTINUED)**

Revenue Bonds

At June 30, 2018, the County had the following revenue bonds outstanding:

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2018
Jail Project Series 2007	May-07	Apr-28	8.750 - 9.000%	\$62,305,000	\$41,670,000
Jail Project Series 2012	Dec-12	Dec-27	4.770%	19,760,000	14,815,000
Jail Project Series 2014	Apr-14	Dec-28	4.600%	16,820,000	13,170,000
<i>Total revenue bonds</i>					<b>\$69,655,000</b>

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, 2018, including interest payments, are as follows:

**Revenue Bond Series 2007 (Interest Rate Conversion)**

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2019	\$2,760,000	\$3,750,300	\$6,510,300
2020	2,930,000	3,501,900	6,431,900
2021	3,105,000	3,238,200	6,343,200
2022	3,290,000	2,958,750	6,248,750
2023	3,485,000	2,662,650	6,147,650
2024-2028	26,100,000	8,212,500	34,312,500
<i>Total</i>	<b>\$41,670,000</b>	<b>\$24,324,300</b>	<b>\$65,994,300</b>

**Revenue Bond Series 2012 (Interest Rate Conversion)**

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2019	\$990,000	\$694,989	\$1,684,989
2020	1,020,000	647,408	1,667,408
2021	1,050,000	598,397	1,648,397
2022	1,085,000	547,834	1,632,834
2023	1,120,000	495,722	1,615,722
2024-2028	9,550,000	1,541,187	11,091,187
<i>Total</i>	<b>\$14,815,000</b>	<b>\$4,525,537</b>	<b>\$19,340,537</b>

**OTERO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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>
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	1,135,000	419,290	1,554,290
2024-2028	6,495,000	1,264,770	7,759,770
2029-2033	1,485,000	68,310	1,553,310
<i>Total</i>	<u>\$13,170,000</u>	<u>\$3,906,550</u>	<u>\$17,076,550</u>

**Tax Revenue Bonds – Total**

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2019	\$4,695,000	\$5,050,809	\$9,745,809
2020	4,940,000	4,711,658	9,651,658
2021	5,190,000	4,353,406	9,543,406
2022	5,460,000	3,975,784	9,435,784
2023	5,740,000	3,577,662	9,317,662
2024-2028	42,145,000	11,018,457	53,163,457
2029-2033	1,485,000	68,310	1,553,310
<i>Total</i>	<u>\$69,655,000</u>	<u>\$32,756,086</u>	<u>\$102,411,086</u>

On August 1, 2017, the County did an interest rate conversion (through a private placement) on the series 2007 Jail Project Revenue Bonds. The net present value of the cost to convert to a taxable bond was \$6,539,727. 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 8.750 - 9.000%.

**OTERO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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, 2018; 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
2017-2018				
Self-Insurance Internal Service Fund	\$10,163	\$1,705,315	\$1,705,829	\$9,649

**OTERO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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. There were not any funds with a deficit fund balance or deficit net position as of June 30, 2018.
- 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, 2018.
- C. Designated cash appropriations in excess of available balances. There were not any funds with excess cash appropriations for the year ended June 30, 2018.

**OTERO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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, 2017 available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2017.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2017.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 FY17 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures of the PERA FY17 annual audit report at [http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_2017.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2017.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 \$968,687 for the year ended June 30, 2018.

**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, 2016. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2017.

**OTERO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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, 2017. Only employer contributions for the pay period end dates that fell within the period of July 1, 2016 to June 30, 2017 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2017 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, 2018, the Otero County reported a liability of \$10,199,830 for its proportionate share of the net pension liability. At June 30, 2017, the Otero County's proportion was .7423%, which was changed from its proportion measured as of June 30, 2016 of .8784%.

For the year ended June 30, 2018, the Otero County recognized PERA Fund Division municipal general pension expense of \$1,078,949. At June 30, 2018, 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$400,785	\$522,406
Changes of assumptions	470,364	105,401
Net difference between projected and actual earnings on pension plan investments	836,834	0
Changes in proportion and differences between Otero County contributions and proportionate share of contributions	0	288,996
Otero County contributions subsequent to the measurement date	626,409	0
<b>Total</b>	<b>\$2,334,392</b>	<b>\$916,803</b>

**OTERO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

\$626,409 reported as deferred outflows of resources related to pensions resulting from Otero County contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources, related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$134,025
2019	797,059
2020	104,656
2021	(244,560)
2022	0
	\$791,180

**For PERA Fund Division Municipal Police**, at June 30, 2018, the Otero County reported a liability of \$5,000,646 for its proportionate share of the net pension liability. At June 30, 2017, the Otero County’s proportion was .9001%, which was an increase of its proportion of .7530% measured as of June 30, 2016.

For the year ended June 30, 2018, the Otero County recognized PERA Fund Division municipal police pension expense of \$570,325. At June 30, 2018, 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$303,716	\$934,321
Changes of assumptions	297,521	116,282
Net difference between projected and actual earnings on pension plan investments	402,733	0
Changes in proportion and differences between Otero County contributions and proportionate share of contributions	140,581	123,688
Otero County contributions subsequent to the measurement date	342,278	0
<b>Total</b>	<b>\$1,486,829</b>	<b>\$1,174,291</b>



**OTERO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

\$342,278 reported as deferred outflows of resources related to pensions resulting from Otero County contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	(\$63,660)
2019	272,552
2020	(120,879)
2021	(117,753)
2022	0
	(\$29,740)

**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, 2016 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, 2018 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, 2017. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2016 actuarial valuation.

Valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Open
Amortization period	Solved for based on statutory rates
Payroll growth rate	3.50%
Asset valuation method	4-year Smoothed Market
Actuarial assumptions:	
Investment rate of return	7.51% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	2.75% for first 9 years, then 3.25% annual rate
Projected salary increases*	2.75% to 14.00% annual rate
Mortality Assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirement, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA.
Experience Study Dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 30, 2016 (economic)

**OTERO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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 7.51 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 7.51% 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 (6.51%) or one percentage point higher (8.51%) than the single discount rate.

<b>PERA Fund Division Municipal General</b>	1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
Otero County’s proportionate share of the net pension liability	\$15,986,502	\$10,199,830	\$5,387,407
 <b>PERA Fund Division Municipal Police</b>	 1% Decrease (6.51%)	 Current Discount Rate (7.51%)	 1% Increase (8.51%)
Otero County’s proportionate share of the net pension liability	\$7,974,643	\$5,000,646	\$2,560,041

**OTERO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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 FY17 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, 2018, 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, 2018**

**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, 2018**

**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, 2018**

**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, 2018**

**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, 2018, 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, 2018**

**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, 2018 on ongoing construction projects is \$1,257,249.

**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 \$45,701,167 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	\$9,773,139
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Beginning balance of capital asset cost was corrected for (\$1,354,029) for previous years deletions still carried on schedule. Beginning accumulated depreciation was corrected for \$11,127,168 for doubled depreciation in prior years.

**NOTE 21. SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2018, the date of the most recent Statement of Net Position, have been evaluated for possible adjustment to the financial statements or disclosures is November 16, 2018, which is the date on the financial statements were available to be issued.



**OTERO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 22. TAX ABATEMENT AGREEMENT**

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

<b>Agency Number</b>	5019
<b>Agency Name</b>	OTERO COUNTY
<b>Agency Type</b>	COUNTY GOVERNMENT
<b>Tax Abatement Agreement Name</b>	RESOLUTION 04-14-15 103-41, COUNTY ORDINANCE 15-01
<b>Recipient(s) of tax abatement</b>	BURRELL RESOURCES GROUP, LLC
<b>Parent company(ies) of recipient(s) of tax abatement</b>	BOW CORPORATION
<b>Tax abatement program (name and brief description)</b>	OTERO COUNTY, NEW MEXICO INDUSTRIAL REVENUE BURRELL RESOURCES GROUP, LLC
<b>Specific Tax(es) Being Abated</b>	PROPERTY TAXES, GROSS RECEIPTS, COMPENSATING TAX SECTION 4.5 B
<b>Legal authority under which tax abatement agreement was entered into</b>	PROPERTY TAX SECTION 7-36-3 NMSA1978.
<b>Criteria that make a recipient eligible to receive a tax abatement</b>	PROMOTING LOCAL HEALTH, GENERAL WELFARE, SAFETY, CONVENIENCE, AND PROSPERITY TO THE INHABITANTS OF OTERO COUNTY
<b>How are the tax abatement recipient's taxes reduced? (For example: through a reduction of assessed value)</b>	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
<b>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.</b>	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
<b>Are there provisions for recapturing abated taxes? (Yes or No)</b>	NONE
<b>If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture.</b>	N/A
<b>List each specific commitment made by the recipient of the abatement.</b>	ANNUAL REPORTS OF EMPLOYMENT MADE WITHIN 180 DAYS AT THE END OF THE COMPANY'S FISCAL YEAR, ANNUAL REPORT TO SHOW COMPLIANCE
<b>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.</b>	\$100.46
<b>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</b>	COUNTY GOVERNMENT HAS THE AUTHORITY TO LEVY TAXES AND IT RECEIVES 50% OF THE ASSESSED PROPERTY TAX
<b>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</b>	\$0
<b>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</b>	NONE
<b>List each specific commitment made by your agency or any other government, other than the tax abatement.</b>	NONE
<b>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.</b>	YES, 306, 7001, 953
<b>If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.</b>	N/A

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE OTERO COUNTY'S PROPORTIONATE 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, 2017 <b>2018</b>	June 30, 2016 <b>2017</b>	June 30, 2015 <b>2016</b>
Otero County's proportion of the net pension liability (asset)	0.7423%	0.7530%	0.7734%
Otero County's proportionate share of the net pension liability (asset)	\$10,199,830	\$12,030,406	\$7,885,483
Otero County's covered-employee payroll	\$7,051,037	\$6,538,115	\$6,413,158
Otero County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	144.65%	184.00%	122.96%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	69.18%	76.99%

\*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 PROPORTIONATE 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, 2017 <b>2018</b>	June 30, 2016 <b>2017</b>	June 30, 2015 <b>2016</b>
Otero County's proportion of the net pension liability (asset)	0.9001%	0.8784%	0.8554%
Otero County's proportionate share of the net pension liability (asset)	\$5,000,646	\$6,481,097	\$4,113,243
Otero County's covered-employee payroll	\$1,851,069	\$1,701,884	\$1,677,786
Otero County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	270.15%	380.82%	245.16%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	69.18%	76.99%

\*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>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$626,409	\$673,374	\$624,390
Contributions in relation to the contractually required contribution	\$626,409	\$673,374	\$624,390
Contribution deficiency (excess)	\$0	\$0	\$0
Otero County's covered-employee payroll	\$6,559,257	\$7,051,037	\$6,538,115
Contributions as a percentage of covered-employee payroll	9.55%	9.55%	9.55%

\*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\*

	<b>2018</b>	<b>2017</b>	<b>2016</b>
Contractually required contribution	\$342,278	\$349,852	\$321,656
Contributions in relation to the contractually required contribution	\$342,278	\$349,852	\$321,656
Contribution deficiency (excess)	\$0	\$0	\$0
Otero County's covered-employee payroll	\$1,810,995	\$1,851,069	\$1,701,884
Contributions as a percentage of covered-employee payroll	18.90%	18.90%	18.90%

\*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, 2018

**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 FY17 audit available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2017.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2017.pdf).

**Changes of assumptions.**

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2016 report is available at [http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2016%20PERA%20Valuation%20Report\\_FINAL.pdf](http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2016%20PERA%20Valuation%20Report_FINAL.pdf). The summary of Key Findings for the PERA Fund provides summary information for each division.

## SUPPLEMENTARY INFORMATION



**OTERO COUNTY**  
**SPECIAL REVENUE FUNDS**  
JUNE 30, 2018

**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, 2018**

**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.

**OTERO COUNTY**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2018**

	CDBG Grants	Clerk's Equipment	DWI Grant	EMS	Environmental Gross Receipts Tax
<b>ASSETS</b>					
Cash and cash equivalents	\$99,709	\$160,321	\$97,638	\$28,214	\$89,242
Investments	0	0	0	0	0
Receivables:					
Property taxes	0	0	0	0	0
Other taxes	0	0	0	0	53,902
Other receivables	0	0	0	0	0
Inventory	0	0	0	0	0
Prepaid expenses	0	0	0	0	0
<b>Total assets</b>	<b>\$99,709</b>	<b>\$160,321</b>	<b>\$97,638</b>	<b>\$28,214</b>	<b>\$143,144</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts payable	\$0	\$514	\$2,467	\$7,541	\$20,731
Accrued payroll expenses	0	0	7,260	0	10,856
<b>Total liabilities</b>	<b>0</b>	<b>514</b>	<b>9,727</b>	<b>7,541</b>	<b>31,587</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
<b>Unavailable Revenue:</b>					
Property taxes	0	0	0	0	0
<b>Total deferred inflows of resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balance:</b>					
<b>Nonspendable</b>					
Inventory	0	0	0	0	0
Prepaid expenses	0	0	0	0	0
<b>Spendable</b>					
<b>Restricted for:</b>					
General county operations	99,709	159,807	0	0	0
Maintenance of roads	0	0	0	0	0
Environment	0	0	0	0	111,557
Recreation	0	0	0	0	0
Public safety	0	0	0	20,673	0
Healthcare/health services	0	0	87,911	0	0
Debt service expenditures	0	0	0	0	0
<b>Total fund balance</b>	<b>99,709</b>	<b>159,807</b>	<b>87,911</b>	<b>20,673</b>	<b>111,557</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$99,709</b>	<b>\$160,321</b>	<b>\$97,638</b>	<b>\$28,214</b>	<b>\$143,144</b>

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

**OTERO COUNTY**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2018**

	Farm and Range	Fire	HIDTA Grant/ Task Force Coordinator	Hold Harmless Revenue Bond (Revenue)	Indigent (Safety Net Care Pool)
<b>ASSETS</b>					
Cash and cash equivalents	\$138,037	\$1,935,743	\$69	\$973,690	\$307,263
Investments	0	2,089,328	0	4,407,686	1,390,916
Receivables:					
Property taxes	0	0	0		0
Other taxes	0	103,079	0	565,036	0
Other receivables	0	0	0		0
Inventory	0	0	0		0
Prepaid expenses	0	67,646	0		0
<b>Total assets</b>	<b>\$138,037</b>	<b>\$4,195,796</b>	<b>\$69</b>	<b>\$5,946,412</b>	<b>\$1,698,179</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts payable	\$0	\$29,931	\$0	\$0	\$3,198
Accrued payroll expenses	0	0	0	0	1,055
<b>Total liabilities</b>	<b>0</b>	<b>29,931</b>	<b>0</b>	<b>0</b>	<b>4,253</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
<b>Unavailable Revenue:</b>					
Property taxes	0	0	0	0	0
<b>Total deferred inflows of resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balance:</b>					
<b>Nonspendable</b>					
Inventory	0	0	0	0	0
Prepaid expenses	0	67,646	0	0	0
<b>Spendable</b>					
<b>Restricted for:</b>					
General county operations	138,037	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	4,098,219	69	0	0
Healthcare/health services	0	0	0	0	1,693,926
Debt service expenditures	0	0	0	5,946,412	0
<b>Total fund balance</b>	<b>138,037</b>	<b>4,165,865</b>	<b>69</b>	<b>5,946,412</b>	<b>1,693,926</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$138,037</b>	<b>\$4,195,796</b>	<b>\$69</b>	<b>\$5,946,412</b>	<b>\$1,698,179</b>

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

**OTERO COUNTY**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2018**

	Landfill Closure	Law Enforcement Protection	Property Valuation	Recreation	Road
<b>ASSETS</b>					
Cash and cash equivalents	\$47,676	\$7,080	\$536,530	\$3,222	\$467,252
Investments	0	0	0	0	
Receivables:					
Property taxes	0	0	0	0	
Other taxes	0	0	0	0	161,059
Other receivables	2,479	0	0	0	
Inventory	0	0	0	0	112,291
Prepaid expenses	0	0	0	0	23,326
<b>Total assets</b>	<b>\$50,155</b>	<b>\$7,080</b>	<b>\$536,530</b>	<b>\$3,222</b>	<b>\$763,928</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts payable	\$0	\$2,987	\$362	\$0	\$33,145
Accrued payroll expenses	0	0	4,900	0	25,204
<b>Total liabilities</b>	<b>0</b>	<b>2,987</b>	<b>5,262</b>	<b>0</b>	<b>58,349</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
<b>Unavailable Revenue:</b>					
Property taxes	0	0	0	0	0
<b>Total deferred inflows of resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balance:</b>					
<b>Nonspendable</b>					
Inventory	0	0		0	112,291
Prepaid expenses	0	0		0	0
<b>Spendable</b>					
<b>Restricted for:</b>					
General county operations	0	0	531,268	0	0
Maintenance of roads	0	0		0	593,288
Environment	50,155	0		0	0
Recreation	0	0		3,222	0
Public safety	0	4,093		0	0
Healthcare/health services	0	0		0	0
Debt service expenditures	0	0		0	0
<b>Total fund balance</b>	<b>50,155</b>	<b>4,093</b>	<b>531,268</b>	<b>3,222</b>	<b>705,579</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$50,155</b>	<b>\$7,080</b>	<b>\$536,530</b>	<b>\$3,222</b>	<b>\$763,928</b>

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

**OTERO COUNTY**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2018**

	Secure Rural Schools Grant	Sheriff's Covert Activity	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$38,533	\$672	\$4,930,891
Investments	0	0	7,887,930
Receivables:			
Property taxes	0	0	0
Other taxes	0	0	883,076
Other receivables	0	0	2,479
Inventory	0	0	112,291
Prepaid expenses	0	0	90,972
<b>Total assets</b>	<b>\$38,533</b>	<b>\$672</b>	<b>\$13,907,639</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Accounts payable	\$0	\$0	\$100,876
Accrued payroll expenses	0	0	49,275
<i>Total liabilities</i>	0	0	150,151
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue:			
Property taxes	0	0	0
<i>Total deferred inflows of resources</i>	0	0	0
<b>Fund Balance:</b>			
Nonspendable			
Inventory	0	0	112,291
Prepaid expenses	0	0	67,646
Spendable			
Restricted for:			
General county operations	0	0	928,821
Maintenance of roads	38,533	0	631,821
Environment	0	0	161,712
Recreation	0	0	3,222
Public safety	0	672	4,123,726
Healthcare/health services	0	0	1,781,837
Debt service expenditures	0	0	5,946,412
<i>Total fund balance</i>	38,533	672	13,757,488
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$38,533</b>	<b>\$672</b>	<b>\$13,907,639</b>

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, 2018

	CDBG Grants	Clerk's Equipment	DWI Grant	EMS	Environmental Gross Receipts Tax
<b>REVENUES</b>					
Taxes:					
Property	\$0	\$0	\$0	\$0	\$0
Gross receipts	0	0	0	0	369,909
Gasoline and motor vehicle	0	0	0	0	0
Intergovernmental:					
Federal operating grants	0	0	0	0	0
Federal capital grants	0	0	0	0	0
State operating grants	0	0	330,158	154,788	0
State capital grants	0	0	0	0	0
Charges for services	0	72,392	79,453	0	56,908
Sale of property	0	0	0	0	0
Investment income (loss)	0	0	0	0	504
Miscellaneous	0	0	0	312	169,733
<b>Total revenues</b>	<b>0</b>	<b>72,392</b>	<b>409,611</b>	<b>155,100</b>	<b>597,054</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
General government	0	30,883	0	0	0
Public works	0	0	0	0	900,972
Public safety	0	0	0	161,222	0
Health and welfare	0	0	386,833	0	0
Culture and recreation	0	0	0	0	0
Capital outlay	0	0	0	0	45,762
Debt Service:					
Principal	0	0	0	0	0
Interest	0	0	0	0	0
<b>Total expenditures</b>	<b>0</b>	<b>30,883</b>	<b>386,833</b>	<b>161,222</b>	<b>946,734</b>
<i>Excess (deficiency) of revenues over expenditures</i>	0	41,509	22,778	(6,122)	(349,680)
<b>Other Financing Sources (Uses):</b>					
Proceeds from debt	0	0	0	0	0
Transfers in	0	0	0	0	400,000
Transfers (out)	0	0	0	0	0
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>400,000</b>
<i>Net changes in fund balances</i>	0	41,509	22,778	(6,122)	50,320
<i>Fund balance - beginning of year</i>	99,709	118,298	65,133	26,795	61,237
<b>Fund balance - end of year</b>	<b>\$99,709</b>	<b>\$159,807</b>	<b>\$87,911</b>	<b>\$20,673</b>	<b>\$111,557</b>

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, 2018

	Farm and Range	Fire	HIDTA Grant/ Task Force Coordinator	Hold Harmless Revenue Bond (Revenue)	Indigent (Safety Net Care Pool)
<b>REVENUES</b>					
Taxes:					
Property	\$0	\$0	\$0	\$0	\$0
Gross receipts	0	750,825	0	3,348,132	1,924,141
Gasoline and motor vehicle	0	0	0	0	0
Intergovernmental:					
Federal operating grants	24,631	0	0	0	0
Federal capital grants	0	40,745	0	0	0
State operating grants	0	2,368,818	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)	657	10,446	0	(2,525)	615
Miscellaneous	0	72,527	0	0	6,000
<b>Total revenues</b>	<b>25,288</b>	<b>3,243,361</b>	<b>0</b>	<b>3,345,607</b>	<b>1,930,756</b>
<b>EXPENDITURES</b>					
Current:					
General government	0	0	0	0	0
Public works	0	0	0	0	0
Public safety	0	1,855,973	0	0	0
Health and welfare	0	0	0	0	1,544,357
Culture and recreation	0	0	0	0	0
Capital outlay	0	692,361	0	0	0
Debt Service:					
Principal	0	0	0	0	0
Interest	0	0	0	0	0
<b>Total expenditures</b>	<b>0</b>	<b>2,548,334</b>	<b>0</b>	<b>0</b>	<b>1,544,357</b>
<i>Excess (deficiency) of revenues over expenditures</i>	25,288	695,027	0	3,345,607	386,399
<b>Other Financing Sources (Uses):</b>					
Proceeds from debt	0	0	0	0	0
Transfers in	0	63,000	0	0	0
Transfers (out)	0	(655,377)	0	(1,700,000)	0
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>(592,377)</b>	<b>0</b>	<b>(1,700,000)</b>	<b>0</b>
<i>Net changes in fund balances</i>	25,288	102,650	0	1,645,607	386,399
<i>Fund balance - beginning of year</i>	112,749	4,063,215	69	4,300,805	1,307,527
<b>Fund balance - end of year</b>	<b>\$138,037</b>	<b>\$4,165,865</b>	<b>\$69</b>	<b>\$5,946,412</b>	<b>\$1,693,926</b>

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, 2018

	Landfill Closure	Law Enforcement Protection	Property Valuation	Recreation	Road
<b>REVENUES</b>					
Taxes:					
Property	\$0	\$0	\$267,449	\$0	\$0
Gross receipts	0	0	0	0	0
Gasoline and motor vehicle	0	0	0	0	1,339,528
Intergovernmental:					
Federal operating grants	0	0	0	0	0
Federal capital grants	0	0	0	0	252,313
State operating grants	0	51,600	0	0	568,844
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)	251	0	0	0	0
Miscellaneous	9,272	0	0	0	6,878
<i>Total revenues</i>	<u>9,523</u>	<u>51,600</u>	<u>267,449</u>	<u>0</u>	<u>2,167,563</u>
<b>EXPENDITURES</b>					
Current:					
General government	0	0	333,142	0	0
Public works	9,261	0	0	0	2,424,343
Public safety	0	11,390	0	0	0
Health and welfare	0	0	0	0	0
Culture and recreation	0	0	0	0	0
Capital outlay	0	63,296	23,392	0	269,113
Debt Service:					
Principal	0	0	0	0	0
Interest	0	0	0	0	0
<i>Total expenditures</i>	<u>9,261</u>	<u>74,686</u>	<u>356,534</u>	<u>0</u>	<u>2,693,456</u>
<i>Excess (deficiency) of revenues over expenditures</i>	262	(23,086)	(89,085)	0	(525,893)
<b>Other Financing Sources (Uses):</b>					
Proceeds from debt	0	0	0	0	0
Transfers in	0	0	110,000	0	1,000,000
Transfers (out)	0	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>0</u>	<u>110,000</u>	<u>0</u>	<u>1,000,000</u>
<i>Net changes in fund balances</i>	262	(23,086)	20,915	0	474,107
<i>Fund balance - beginning of year</i>	49,893	27,179	510,353	3,222	231,472
<b><i>Fund balance - end of year</i></b>	<b><u>\$50,155</u></b>	<b><u>\$4,093</u></b>	<b><u>\$531,268</u></b>	<b><u>\$3,222</u></b>	<b><u>\$705,579</u></b>

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, 2018

	Secure Rural Schools Grant	Sheriff's Covert Activity	Total
<b>REVENUES</b>			
Taxes:			
Property	\$0	\$0	\$267,449
Gross receipts	0	0	6,393,007
Gasoline and motor vehicle	0	0	1,339,528
Intergovernmental:			
Federal operating grants	0	0	24,631
Federal capital grants	41,557	0	334,615
State operating grants	0	0	3,474,208
State capital grants	0	0	0
Charges for services	0	0	208,753
Sale of property	0	0	0
Investment income (loss)	0	0	9,948
Miscellaneous	0	0	264,722
<i>Total revenues</i>	41,557	0	12,316,861
<b>EXPENDITURES</b>			
<b>Current:</b>			
General government	0	0	364,025
Public works	0	0	3,334,576
Public safety	0	0	2,028,585
Health and welfare	0	0	1,931,190
Culture and recreation	0	0	0
Capital outlay	38,991	0	1,132,915
Debt Service:			
Principal	0	0	0
Interest	0	0	0
<i>Total expenditures</i>	38,991	0	8,791,291
<i>Excess (deficiency) of revenues over expenditures</i>	2,566	0	3,525,570
<b>Other Financing Sources (Uses):</b>			
Proceeds from debt	0	0	0
Transfers in	0	0	1,573,000
Transfers (out)	0	0	(2,355,377)
<i>Total other financing sources (uses)</i>	0	0	(782,377)
<i>Net changes in fund balances</i>	2,566	0	2,743,193
<i>Fund balance - beginning of year</i>	35,967	672	11,014,295
<b><i>Fund balance - end of year</i></b>	<b>\$38,533</b>	<b>\$672</b>	<b>\$13,757,488</b>

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

**OTERO COUNTY**  
**CAPITAL PROJECT FUNDS**  
**JUNE 30, 2018**

**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.

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, 2018**

	Legislative Grants
<b>ASSETS</b>	
Cash and cash equivalents	\$382,824
Investments	0
Receivables:	
Property taxes	0
Other taxes	0
Other receivables	0
Inventory	0
Prepaid expenses	0
<hr/>	
<b>Total assets</b>	<b>\$382,824</b>
<hr/>	
<b>LIABILITIES AND FUND BALANCE</b>	
<b>Liabilities:</b>	
Accounts payable	\$6,263
Accrued payroll expenses	0
<i>Total liabilities</i>	<i>6,263</i>
<hr/>	
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable Revenue:	
Property taxes	0
<i>Total deferred inflows of resources</i>	<i>0</i>
<hr/>	
<b>Fund Balance:</b>	
Nonspendable	
Inventory	0
Prepaid expenses	0
Spendable	
Restricted for:	
General county operations	0
Maintenance of roads	0
Environment	0
Recreation	0
Public safety	0
Healthcare / Health services	0
Debt service expenditures	0
Capital projects	376,561
<i>Total fund balance</i>	<i>376,561</i>
<hr/>	
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$382,824</b>
<hr/>	

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, 2018**

	Legislative Grants
<b>REVENUES</b>	
Taxes:	
Property	\$0
Gross receipts	0
Gasoline and motor vehicle	0
Intergovernmental:	
Federal operating grants	0
State operating grants	93,057
State capital grants	240,141
Charges for services	0
Investment income (loss)	0
Miscellaneous	0
<i>Total revenues</i>	333,198
<b>EXPENDITURES</b>	
<b>Current:</b>	
General government	0
Public works	0
Public safety	0
Health and welfare	85,629
Culture and recreation	0
Capital outlay	240,389
Debt Service:	
Principal	0
Interest	0
<i>Total expenditures</i>	326,018
<i>Excess (deficiency) of revenues over expenditures</i>	7,180
<b>Other Financing Sources (Uses):</b>	
Proceeds from debt	0
Transfers in	0
Transfers (out)	0
<i>Total other financing sources (uses)</i>	0
<i>Net changes in fund balances</i>	7,180
<i>Fund balance - beginning of year</i>	369,381
<b><i>Fund balance - end of year</i></b>	<b><i>\$376,561</i></b>

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

**OTERO COUNTY**  
**DEBT SERVICE FUNDS**  
**JUNE 30, 2018**

**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, 2018**

	Debt Service	Hold Harmless Revenue Bond (Bond)	Other Debt Service (NMFA)	Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$1,514	\$130,105	\$617,217	\$748,836
Investments	0	586,605	0	586,605
Receivables:				
Property taxes	46	0	0	46
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
<b>Total assets</b>	<b>\$1,560</b>	<b>\$751,190</b>	<b>\$617,217</b>	<b>\$1,369,967</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Accounts payable	\$0	\$0	\$0	\$0
Accrued payroll expenses	0	0	0	0
<b>Total liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
<b>Unavailable Revenue:</b>				
Property taxes	46	0	0	46
<b>Total deferred inflows of resources</b>	<b>46</b>	<b>0</b>	<b>0</b>	<b>46</b>
<b>Fund Balance:</b>				
<b>Nonspendable</b>				
Inventory	0	0	0	0
Prepaid expenses	0	0	0	0
<b>Spendable</b>				
<b>Restricted for:</b>				
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	1,514	751,190	617,217	1,369,921
<b>Total fund balance</b>	<b>1,514</b>	<b>751,190</b>	<b>617,217</b>	<b>1,369,921</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$1,560</b>	<b>\$751,190</b>	<b>\$617,217</b>	<b>\$1,369,967</b>

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, 2018

	Debt Service	Hold Harmless Revenue Bond (Bond)	Other Debt Service (NMFA)	Totals
<b>REVENUES</b>				
Taxes:				
Property	\$45	\$0	\$0	\$45
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	56,946	56,946
State capital grants	0	0	0	0
Charges for services	0	0	0	0
Investment income (loss)	8	1,407	11,702	13,117
Miscellaneous	0	0	0	0
<i>Total revenues</i>	53	1,407	68,648	70,108
<b>EXPENDITURES</b>				
<b>Current:</b>				
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	918,758	918,758
Debt Service:				
Principal	0	885,000	886,577	1,771,577
Interest	0	380,260	83,976	464,236
<i>Total expenditures</i>	0	1,265,260	1,889,311	3,154,571
<i>Excess (deficiency) of revenues over expenditures</i>	53	(1,263,853)	(1,820,663)	(3,084,463)
<b>Other Financing Sources (Uses):</b>				
Proceeds from debt	0	0	446,765	446,765
Cost of issuance	0	0	(6,822)	(6,822)
Transfers in	0	1,200,000	559,377	1,759,377
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	0	1,200,000	999,320	2,199,320
<i>Net changes in fund balances</i>	53	(63,853)	(821,343)	(885,143)
<i>Fund balance - beginning of year</i>	1,461	815,043	1,438,560	2,255,064
<b><i>Fund balance - end of year</i></b>	<b>\$1,514</b>	<b>\$751,190</b>	<b>\$617,217</b>	<b>\$1,369,921</b>

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, 2018

	Special Revenue	Capital Projects	Debt Service	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$4,930,891	\$382,824	\$748,836	\$6,062,551
Investments	7,887,930	0	586,605	8,474,535
Receivables:				
Property taxes	0	0	46	46
Other taxes	883,076	0	0	883,076
Other receivables	2,479	0	0	2,479
Inventory	112,291	0	0	112,291
Prepaid expenses	90,972	0	34,480	125,452
<b>Total assets</b>	<b>\$13,907,639</b>	<b>\$382,824</b>	<b>\$1,369,967</b>	<b>\$15,660,430</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Accounts payable	\$100,876	\$6,263	\$0	\$107,139
Accrued payroll expenses	49,275	0	0	49,275
<b>Total liabilities</b>	<b>150,151</b>	<b>6,263</b>	<b>0</b>	<b>156,414</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue:				
Property taxes	0	0	46	46
<b>Total deferred inflows of resources</b>	<b>0</b>	<b>0</b>	<b>46</b>	<b>46</b>
<b>Fund Balance:</b>				
Nonspendable				
Inventory	112,291	0	0	112,291
Prepaid expenses	67,646	0	0	67,646
Spendable				
Restricted for:				
General county operations	928,821	0	0	928,821
Maintenance of roads	631,821	0	0	631,821
Environment	161,712	0	0	161,712
Recreation	3,222	0	0	3,222
Public safety	4,123,726	0	0	4,123,726
Healthcare/health services	1,781,837	7,428	0	1,789,265
Debt service expenditures	5,946,412	0	1,369,921	7,316,333
Capital projects	0	369,133	0	369,133
<b>Total fund balance</b>	<b>13,757,488</b>	<b>376,561</b>	<b>1,369,921</b>	<b>15,503,970</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$13,907,639</b>	<b>\$382,824</b>	<b>\$1,369,967</b>	<b>\$15,660,430</b>

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, 2018

	Special Revenue	Capital Projects	Debt Service	Total
<b>REVENUES</b>				
Taxes:				
Property	\$267,449	\$0	\$45	\$267,494
Gross receipts	6,393,007	0	0	6,393,007
Gasoline and motor vehicle	1,339,528	0	0	1,339,528
Intergovernmental:				
Federal operating grants	24,631	0	0	24,631
Federal capital grants	334,615	0	0	334,615
State operating grants	3,474,208	93,057	56,946	3,624,211
State capital grants	0	240,141	0	240,141
Charges for services	208,753	0	0	208,753
Sale of property	0	0	0	0
Investment income (loss)	9,948	0	13,117	23,065
Miscellaneous	264,722	0	0	264,722
<i>Total revenues</i>	12,316,861	333,198	70,108	12,720,167
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	364,025	0	0	364,025
Public works	3,334,576	0	0	3,334,576
Public safety	2,028,585	0	0	2,028,585
Health and welfare	1,931,190	85,629	0	2,016,819
Culture and recreation	0	0	0	0
Capital outlay	1,132,915	240,389	918,758	2,292,062
Debt Service:				
Principal	0	0	1,771,577	1,771,577
Interest	0	0	464,236	464,236
<i>Total expenditures</i>	8,791,291	326,018	3,154,571	12,271,880
<i>Excess (deficiency) of revenues over expenditures</i>	3,525,570	7,180	(3,084,463)	448,287
<b>Other Financing Sources (Uses):</b>				
Proceeds from debt	0	0	446,765	446,765
Cost of issuance	0	0	(6,822)	(6,822)
Transfers in	1,573,000	0	1,759,377	3,332,377
Transfers (out)	(2,355,377)	0	0	(2,355,377)
<i>Total other financing sources (uses)</i>	(782,377)	0	2,199,320	1,416,943
<i>Net changes in fund balances</i>	2,743,193	7,180	(885,143)	1,865,230
Fund balance - beginning of year	11,014,295	369,381	2,255,064	13,638,740
<b><i>Fund balance - end of year</i></b>	<b>\$13,757,488</b>	<b>\$376,561</b>	<b>\$1,369,921</b>	<b>\$15,503,970</b>

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, 2018**

	Balance June 30, 2017	Increase	Decrease	Balance June 30, 2018
<b>ASSETS</b>				
Cash	\$438,567	\$18,101,752	\$18,176,221	\$364,098
Property taxes receivable	1,813,926	1,623,820	1,813,926	1,623,820
<b><i>Total assets</i></b>	<b>\$2,252,493</b>	<b>\$19,725,572</b>	<b>\$19,990,147</b>	<b>\$1,987,918</b>
<b>LIABILITIES</b>				
Deposits held in trust	\$438,567	\$18,101,752	\$18,176,221	\$364,098
Due to other taxing units	1,813,926	1,623,820	1,813,926	1,623,820
<b><i>Total liabilities</i></b>	<b>\$2,252,493</b>	<b>\$19,725,572</b>	<b>\$19,990,147</b>	<b>\$1,987,918</b>

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, 2018**

Project	Agency	Grant #	Effective Date	Reversion Date	Original Amount
Child Development Center	DFA	14-1962	N/A	04/07/16	\$500,000
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
Child Development Center	DFA	18-C4082	06/20/18	06/30/20	\$424,650
Child Development Center	GDGB	16-C-NR-I-01-G-06	06/22/17	06/22/19	500,000
Mayhill Community Center	ALTSD	A14-1183	08/18/17	06/30/18	3,500
Cloudcroft Senior Services Vehicle	ALTSD	A14-1181	08/18/17	06/30/18	46,000
Cloudcroft Senior Center Renovation	ALTSD	A16AS5042	01/03/18	06/30/21	15,000
<b>Grand totals</b>					<b>\$2,843,750</b>

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, 2018**

Project	Arts in Public Places	Net Amount	Expenditures to Date	Reverted	Remaining
Child Development Center	\$5,000	\$495,000	\$75,350	\$419,650	\$0
Flickinger Center	0	200,000	160,436	0	39,564
High Rolls Senior Center	9,600	950,400	71,066	0	879,334
Chaparral Community Center Kitchen	0	100,000	69,803	0	30,197
Chaparral Community Center Kitchen	0	94,600	83,102	0	11,498
Child Development Center	5,000	419,650	0	0	419,650
Child Development Center	0	500,000	0	0	500,000
Mayhill Community Center	0	3,500	3,035	465	0
Cloudcroft Senior Services Vehicle	0	46,000	44,458	1,542	0
Cloudcroft Senior Center Renovation	0	15,000	0	0	15,000
<b>Grand totals</b>	<b>\$19,600</b>	<b>\$2,824,150</b>	<b>\$507,250</b>	<b>\$421,657</b>	<b>\$1,895,243</b>

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, 2018

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2018
<b>Bank 34</b>	FHR 4579 BA	1/15/2043	3137BPP29	\$1,171,582
	FNMA 20YR	10/1/2032	31418ALCO	393,341
	FNMA 30YR	12/1/2040	31419AVZ7	584,929
	SBAP 2006-20E1	5/1/2026	83162CQG1	477,384
	GNMA 115X1	12/20/2039	36225EWD0	395,195
	FHLMC 20YR	4/1/2034	3128CUX43	883,276
	<i>FNMA 30YR</i>	05/01/40	31418NBK5	331,589
	<i>Total Bank 34</i>			<u>4,237,296</u>

*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**

FHLMC Pool #B10680	11/1/2018	312962XH1	4,813
FHLMC Pool #G12358	5/1/2021	3128M1QK8	24,373
FHLMC Pool #J14944	4/1/2026	3128PUP55	313,951
FNMA Pool #AH8166	4/1/2026	3138AACC3	418,030
FNMA Pool #893271	8/1/2026	31410PMU4	9,837
FNMA Pool #AB3163	6/1/2031	31416YQR2	244,553
FNMA Pool #MA3894	9/1/2031	31418DKG6	612,308
FNMA Pool #AB4713	3/1/2032	31417BGX9	514,765
FNMA Pool #MA13338	2/1/2033	31418APY8	2,056,548
FNMA Pool #945117	8/1/2037	31413GPA2	9,848
<i>Total First National Bank of Alamogordo</i>			<u>4,209,026</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	994,413
FNR 2012-145DC	1/25/2028	3136AA2L8	699,839
FNMA 15YR	7/1/2029	31410LN57	977,321
GNMA 15YR	2/15/2027	36176XBY4	803,209
FHLMC 15YR	5/1/2027	3128MDEC3	317,773
FHLB Agency	3/11/2022	313378CR0	980,335
GNMA II 15YR	2/20/2027	36202F3J3	568,058
FNMA 15YR	10/1/2028	3138ELUS0	770,231
FHLMC 15YR	1/1/2030	3128ME4V0	74,206
FHR 4080	5/15/2032	3137ARS72	81,712
FHR 4080	5/15/2032	3137ARS72	1,348,248
FNR 2014-376J	6/25/2042	3136AKG20	762,245
<i>Total First Savings Bank</i>			<u>8,377,590</u>

*Name and location of safekeeper for above pledged collateral:  
First Savings Bank, 201 North Third Street, Beresford, SD 57004*

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, 2018

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2018
<b>Washington Federal Bank</b>	FNMA PL#BC2636	1/1/2046	314OEW4W2	59,248
	<i>Total Washington Federal Bank</i>			59,248

*Name and location of safekeeper for above pledged collateral:  
Federal Home Loan Bank, 8500 Freeport Parkway South, Irving, TX 75063*

<b>Western Bank</b>	FNMA Agency	9/27/2032	3138WQCF7	704,512
	FNMA Agency	1/1/2036	31418BX27	684,151
	SBA Agency	3/1/2036	83162CXR9	411,249
	<i>Total Western Bank</i>			1,799,912

*Name and location of safekeeper for above pledged collateral:  
Federal Home Loan Bank, 8500 Freeport Parkway South, Irving, TX 75063*

<b>Total Pledged Collateral</b>	<b>\$18,683,072</b>
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**OTERO COUNTY**  
**SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS**  
**JUNE 30, 2018**

Bank Account Type/Name	BBVA	Bank 34	First National Bank of Alamogordo	First Savings Bank	Washington Federal Bank
Checking Inmate Trust Fund - Non-Interest Bearing			\$22,429		
Checking Sheriff's Reserves- Non-Interest Bearing			6,449		
Checking Sheriff's Trust- Non-Interest Bearing			700		
Checking Sheriff's Dept./DARE Program			317		
Certificate of Deposit- Interest Bearing	1,000,000	3,500,000		1,000,000	250,000
Checking Operational- Interest Bearing			4,686,437		
Money Market- Interest Bearing			2,491,933	388,706	
Federal Home Loan Bank Bond					
Federal Home Loan Bank Bond					
Freddie Mac Agency Bond					
Fannie Mae Agency Bond					
Federal Farm Credit Bank Bond					
Federal National Mtg Assn Bond					
Federal National Mtg Assn Bond					
Federal Home loan Mortgage Corp					
Brokered Certificate of Deposit					
Federal Home Loan Bank Bond					
Federal Home Loan Bank Bond					
Brokered Certificates 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 Interest 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 and debt service					
Local Government Investment Pool					
<b>Total</b>	<b>1,000,000</b>	<b>3,500,000</b>	<b>7,208,265</b>	<b>1,388,706</b>	<b>250,000</b>
Reconciling Items			(524,262)	1,764	
<b>Reconciled Balance</b>	<b>\$1,000,000</b>	<b>\$3,500,000</b>	<b>\$6,684,003</b>	<b>\$1,390,470</b>	<b>\$250,000</b>

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

**OTERO COUNTY**  
**SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS**  
**JUNE 30, 2018**

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	1,800,000	250,000		
Checking Operational- Interest Bearing				
Money Market- Interest Bearing				21,303
Federal Home Loan Bank Bond			502,200	
Federal Home Loan Bank Bond			989,400	
Freddie Mac Agency Bond			297,090	
Fannie Mae Agency Bond			495,150	
Federal Farm Credit Bank Bond			975,700	
Federal National Mtg Assn Bond				467,800
Federal National Mtg Assn Bond				248,580
Federal Home loan Mortgage Corp				566,565
Federal Home loan Mortgage				926,295
Federal Home Loan Bank Bond			492,100	
Federal Home Loan Bank Bond			248,175	
Brokered Certificates of Deposit			1,499,000	1,959,377
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 Interest 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 and debt service				
Local Government Investment Pool				
Total	1,800,000	250,000	5,498,815	4,189,920
Reconciling Items				
Reconciled Balance	\$1,800,000	\$250,000	\$5,498,815	\$4,189,920

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

**OTERO COUNTY**  
**SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS**  
**JUNE 30, 2018**

Bank Account Type/Name	NM State Treasurer	US Bank	Bank of NY Mellon	Totals
Checking Inmate Trust Fund - Non-Interest Bearing				\$ 22,429
Checking Sheriff's Reserves- Non-Interest Bearing				6,449
Checking Sheriff's Trust- Non-Interest Bearing				700
Checking Sheriff's Dept./DARE Program				317
Certificate of Deposit- Interest Bearing				7,800,000
Checking Operational- Interest Bearing				4,686,437
Money Market- Interest Bearing				2,901,942
Federal Home Loan Bank Bond				502,200
Federal Home Loan Bank Bond				989,400
Freddie Mac Agency Bond				297,090
Fannie Mae Agency Bond				495,150
Federal Farm Credit Bank Bond				975,700
Federal National Mtg Assn Bond				467,800
Federal National Mtg Assn Bond				248,580
Federal Home loan Mortgage Corp				566,565
Brokered Certificate of Deposit				926,295
Federal Home Loan Bank Bond				492,100
Federal Home Loan Bank Bond				248,175
Brokered Certificates of Deposit				3,458,377
Series 2007 Revenue Account		270,167		270,167
Series 2007 Bond Account		1,632,725		1,632,725
Series 2007 Reserve Account		5,249,416		5,249,416
Series 2012 Revenue Fund		84,267		84,267
Series 2012 Bond Fund		140,556		140,556
Series 2012 Principal Account		499,499		499,499
Series 2012 Interest Account		377,933		377,933
Series 2012 Redemption Account		6,400,690		6,400,690
Series 2012 Reserve Fund		1,689,230		1,689,230
Series 2012 Administration Account		10,649		10,649
Series 2012 Rebate Account		6,039		6,039
Series 2014 Bond Fund		1,560,071		1,560,071
Series 2014 Debt Service Reserve Fund		1,565,774		1,565,774
Series 2014 Redemption Account		1,486,551		1,486,551
Series 2014 Equity Account		175,226		175,226
Series 2014 Refunding Account		132		132
Series 2014 Cost of Issuance Account		17,478		17,478
NMFA Reserve Account and debt service			617,217	617,217
Local Government Investment Pool	8,500,520			8,500,520
<b>Total</b>	<b>8,500,520</b>	<b>21,166,403</b>	<b>617,217</b>	<b>55,369,846</b>
Reconciling Items				(522,498)
Reconciled Balance	\$8,500,520	\$21,166,403	\$617,217	\$54,847,348
Cash on Hand				1,227
				<b>\$54,848,575</b>

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

# OTERO COUNTY

## SCHEDULE OF TAX ROLL RECONCILIATION - PROPERTY TAXES RECEIVABLE

JUNE 30, 2018

Uncollected taxes, July 1, 2017	\$2,825,047
Net taxes charged to treasurer for fiscal year	27,772,421
Current year tax collections	(28,014,846)
Adjustments	(60,639)

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Uncollected taxes, June 30, 2018 \$2,521,983

Property taxes receivable are reported in the financial statements as follows:

Statement of net position	\$898,163
Statement of fiduciary assets and liabilities - agency funds	1,623,820

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Total property taxes receivable \$2,521,983

Property taxes receivable by year:

2008 - 2016	\$895,019
2017	1,626,964

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Total property taxes receivable \$2,521,983

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

**OTERO COUNTY**  
**COUNTY TREASURER'S PROPERTY TAX SCHEDULE**  
**JUNE 30, 2018**

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
<b>OTERO COUNTY</b>									
General Ad valorem									
2008 - 2016	\$75,979,523	\$675,614	\$75,663,175	\$840,767	\$75,623,491	\$14	\$17	\$39,684	\$316,331
2017	9,819,240	9,237,454	9,237,454	9,121,745	9,121,745	0	0	115,709	581,786
<i>Total General Ad valorem</i>	<b>85,798,763</b>	<b>9,913,068</b>	<b>84,900,629</b>	<b>9,962,512</b>	<b>84,745,236</b>	<b>14</b>	<b>17</b>	<b>155,393</b>	<b>898,117</b>
Debt Service P & I									
2008 - 2016	170,067	26	170,021	30	170,021	0	0	0	46
2017	0	0	0	0	0	0	0	0	0
<i>Total Debt Service</i>	170,067	26	170,021	30	170,021	0	0	0	46
<b>Total Otero County</b>	<b>\$85,968,830</b>	<b>\$9,913,094</b>	<b>\$85,070,650</b>	<b>\$9,962,542</b>	<b>\$84,915,257</b>	<b>\$14</b>	<b>\$17</b>	<b>\$155,393</b>	<b>\$898,163</b>
<b>STATE OF NEW MEXICO</b>									
P & I on Bonds									
2008 - 2016	\$11,939,466	\$98,232	\$11,889,448	\$122,949	\$11,883,166	\$2	\$3	\$6,282	\$50,015
2017	1,595,371	1,506,520	1,506,520	1,487,643	1,487,642	0	0	18,878	88,851
<i>Total P &amp; I on Bonds</i>	<b>13,534,837</b>	<b>1,604,752</b>	<b>13,395,968</b>	<b>1,610,592</b>	<b>13,370,808</b>	<b>2</b>	<b>3</b>	<b>25,160</b>	<b>138,866</b>
State Special Levies									
2008 - 2016	253,767	63	252,333	5,564	252,333	0	0	0	1,434
2017	40,979	40,129	40,129	36,785	36,785	0	0	3,344	850
<i>Total State Special Levies</i>	294,746	40,192	292,462	42,349	289,118	0	0	3,344	2,284
<b>Total State of New Mexico</b>	<b>\$13,829,583</b>	<b>\$1,644,944</b>	<b>\$13,688,430</b>	<b>\$1,652,941</b>	<b>\$13,659,926</b>	<b>\$2</b>	<b>\$3</b>	<b>\$28,504</b>	<b>\$141,150</b>
<b>SCHOOL DISTRICTS</b>									
<b>Alamogordo Public Schools</b>									
General Ad valorem									
2008 - 2016	\$2,371,338	\$14,362	\$2,364,525	\$18,664	\$2,363,416	\$1	\$1	\$1,109	\$6,812
2017	302,355	290,304	290,305	287,293	287,294	0	0	3,011	12,050
<i>Total General Ad valorem</i>	2,673,693	304,666	2,654,830	305,957	2,650,710	1	1	4,120	18,862
Debt Service P & I									
2008 - 2016	32,606,063	212,727	32,500,175	276,028	32,483,693	8	8	16,482	105,880
2017	4,428,035	4,254,192	4,254,192	4,210,663	4,210,663	0	0	43,529	173,843
<i>Total Debt Service</i>	37,034,098	4,466,919	36,754,367	4,486,691	36,694,356	8	8	60,011	279,723
Capital Improvements									
2008 - 2016	12,065,303	69,874	12,030,913	90,586	12,025,485	4	4	5,428	34,386
2017	1,527,848	1,467,692	1,467,692	1,452,635	1,452,636	0	0	15,056	60,156
<i>Total Capital Improvements</i>	13,593,151	1,537,566	13,498,605	1,543,221	13,478,121	4	4	20,484	94,542
Tech Debt									
2008 - 2016	5,787,404	13,259	5,781,349	16,354	5,780,122	3	3	1,227	6,052
2017	601,267	577,662	577,662	571,751	571,752	0	0	5,910	23,605
<i>Total Tech Debt</i>	6,388,671	590,921	6,359,011	588,105	6,351,874	3	3	7,137	29,657
<b>Total Alamogordo Public Schools</b>	<b>\$59,689,613</b>	<b>\$6,900,072</b>	<b>\$59,266,813</b>	<b>\$6,923,974</b>	<b>\$59,175,061</b>	<b>\$16</b>	<b>\$16</b>	<b>\$91,752</b>	<b>\$422,784</b>
<b>Cloudcroft Public Schools</b>									
General Ad valorem									
2008 - 2016	409,022	2,474	406,784	3,567	406,599	0	0	185	2,238
2017	52,828	49,261	49,262	48,266	48,266	0	0	996	3,566
<i>Total General Ad valorem</i>	461,850	51,735	456,046	51,833	454,865	0	0	1,181	5,804
Debt Service P & I									
2008 - 2016	8,413,153	48,284	8,377,230	67,598	8,373,101	0	1	4,129	35,922
2017	1,114,553	1,052,700	1,052,700	1,031,742	1,031,742	0	0	20,958	61,853
<i>Total Debt Service</i>	9,527,706	1,100,984	9,429,930	1,099,340	9,404,843	0	1	25,087	97,775

**OTERO COUNTY**  
**COUNTY TREASURER'S PROPERTY TAX SCHEDULE**  
**JUNE 30, 2018**

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
<b>Cloudcroft Public Schools</b>									
Capital Improvements									
2008 - 2016	2,868,353	16,541	2,855,910	23,148	2,854,494	0	0	1,416	12,443
2017	373,620	352,610	352,610	345,583	345,583	0	0	7,027	21,010
<i>Total Capital Improvements</i>	3,241,973	369,151	3,208,520	368,731	3,200,077	0	0	8,443	33,453
<b>Total Cloudcroft Public Schools</b>	<b>\$13,231,529</b>	<b>\$1,521,870</b>	<b>\$13,094,496</b>	<b>\$1,519,904</b>	<b>\$13,059,785</b>	<b>\$0</b>	<b>\$1</b>	<b>\$34,711</b>	<b>\$137,032</b>
<b>Tularosa Public Schools</b>									
General Ad valorem									
2008 - 2016	\$295,339	\$2,250	\$293,427	\$3,128	\$293,251	\$0	\$0	\$176	\$1,912
2017	38,268	35,613	35,613	35,305	35,305	0	0	308	2,655
<i>Total General Ad valorem</i>	333,607	37,863	329,040	38,433	328,556	0	0	484	4,567
Debt Service P & I									
2008 - 2016	6,497,168	52,807	6,450,193	72,564	6,445,724	0	0	4,469	46,975
2017	862,617	799,568	799,568	791,979	791,979	0	0	7,589	63,049
<i>Total Debt Service</i>	7,359,785	852,375	7,249,761	864,543	7,237,703	0	0	12,058	110,024
<b>Tularosa Public Schools</b>									
Capital Improvements									
2008 - 2016	1,458,946	11,654	1,448,587	16,023	1,447,608	0	0	979	10,359
2017	193,937	179,803	179,803	178,105	178,105	0	0	1,698	14,134
<i>Total Capital Improvements</i>	1,652,883	191,457	1,628,390	194,128	1,625,713	0	0	2,677	24,493
<b>Total Tularosa Public Schools</b>	<b>\$9,346,275</b>	<b>\$1,081,695</b>	<b>\$9,207,191</b>	<b>\$1,097,104</b>	<b>\$9,191,972</b>	<b>\$0</b>	<b>\$0</b>	<b>\$15,219</b>	<b>\$139,084</b>
<b>Gadsden School District</b>									
General Ad valorem									
2008 - 2016	\$147,846	\$9,520	\$145,377	\$10,158	\$145,169	\$0	\$0	\$208	\$2,469
2017	23,337	16,994	16,995	16,538	16,537	0	0	458	6,342
<i>Total General Ad valorem</i>	171,183	26,514	162,372	26,696	161,706	0	0	666	8,811
Debt Service P & I									
2008 - 2016	4,391,041	243,933	4,312,136	263,230	4,306,398	1	2	5,738	78,903
2017	705,167	525,007	525,007	510,194	510,192	0	0	14,815	180,160
<i>Total Debt Service</i>	5,096,208	768,940	4,837,143	773,424	4,816,590	1	2	20,553	259,063
<b>Gadsden School District</b>									
Capital Improvements									
2008 - 2016	766,651	41,748	753,224	44,900	752,158	0	0	1,066	13,427
2017	114,985	85,473	85,473	83,069	83,069	0	0	2,404	29,512
<i>Total Capital Improvements</i>	881,636	127,221	838,697	127,969	835,227	0	0	3,470	42,939
Tech Debt									
2008 - 2016	1,120,177	56,272	1,101,553	59,821	1,099,581	0	0	1,972	18,624
2017	132,603	98,725	98,725	95,939	95,939	0	0	2,786	33,878
<i>Total Tech Debt</i>	1,252,780	154,997	1,200,278	155,760	1,195,520	0	0	4,758	52,502
<b>Total Gadsden School District</b>	<b>\$7,401,807</b>	<b>\$1,077,672</b>	<b>\$7,038,490</b>	<b>\$1,083,849</b>	<b>\$7,009,043</b>	<b>\$1</b>	<b>\$2</b>	<b>\$29,447</b>	<b>\$363,315</b>
<b>MUNICIPALITIES</b>									
<b>City of Alamogordo</b>									
General Ad valorem									
2008 - 2016	\$24,659,867	\$145,221	\$24,594,901	\$184,488	\$24,583,363	\$5	\$5	\$11,538	\$64,961
2017	3,121,775	3,003,598	3,003,598	2,975,067	2,975,067	0	0	28,531	118,177
<i>Total General Ad valorem</i>	27,781,642	3,148,819	27,598,499	3,159,555	27,558,430	5	5	40,069	183,138
Debt Service P & I									
2008 - 2016	7,311,463	45,371	7,290,077	57,914	7,286,423	2	2	3,654	21,384
2017	1,049,891	1,011,224	1,011,224	1,001,746	1,001,746	0	0	9,478	38,667
<i>Total Debt Service</i>	8,361,354	1,056,595	8,301,301	1,059,660	8,288,169	2	2	13,132	60,051
<b>Total City of Alamogordo</b>	<b>\$36,142,996</b>	<b>\$4,205,414</b>	<b>\$35,899,800</b>	<b>\$4,219,215</b>	<b>\$35,846,599</b>	<b>\$7</b>	<b>\$7</b>	<b>\$53,201</b>	<b>\$243,189</b>

**OTERO COUNTY**  
**COUNTY TREASURER'S PROPERTY TAX SCHEDULE**  
**JUNE 30, 2018**

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
<b>Village of Cloudcroft</b>									
General Ad valorem									
2008 - 2016	\$486,974	\$2,127	\$484,465	\$3,338	\$484,176	\$0	\$0	\$289	\$2,509
2017	63,995	57,766	57,766	56,737	56,738	0	0	1,028	6,229
<i>Total General Ad valorem</i>	<b>550,969</b>	<b>59,893</b>	<b>542,231</b>	<b>60,075</b>	<b>540,914</b>	<b>0</b>	<b>0</b>	<b>1,317</b>	<b>8,738</b>
Debt Service P & I									
2008 - 2016	0	0	0	0	0	0	0	0	0
2017	0	0	0	0	0	0	0	0	0
<i>Total Debt Service</i>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Village of Cloudcroft</b>	<b>\$550,969</b>	<b>\$59,893</b>	<b>\$542,231</b>	<b>\$60,075</b>	<b>\$540,914</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,317</b>	<b>\$8,738</b>
<b>Village of Tularosa</b>									
General Ad valorem									
2008 - 2016	\$1,620,798	\$10,597	\$1,609,341	\$17,282	\$1,607,826	\$0	\$0	\$1,515	\$11,457
2017	194,827	175,353	175,353	173,185	173,185	0	0	2,168	19,474
<i>Total General Ad valorem</i>	<b>1,815,625</b>	<b>185,950</b>	<b>1,784,694</b>	<b>190,467</b>	<b>1,781,011</b>	<b>0</b>	<b>0</b>	<b>3,683</b>	<b>30,931</b>
Debt Service P & I									
2008 - 2016	0	0	0	0	0	0	0	0	0
2017	0	0	0	0	0	0	0	0	0
<i>Total Debt Service</i>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Village of Tularosa</b>	<b>\$1,815,625</b>	<b>\$185,950</b>	<b>\$1,784,694</b>	<b>\$190,467</b>	<b>\$1,781,011</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,683</b>	<b>\$30,931</b>
<b>OTHER</b>									
<b>NMSU - Alamogordo</b>									
General Ad valorem									
2008 - 2016	\$5,236,358	\$31,169	\$5,221,317	\$40,473	\$5,218,905	\$1	\$1	\$2,412	\$15,040
2017	676,228	649,443	649,443	642,743	642,744	0	0	6,699	26,785
<i>Total General Ad valorem</i>	<b>5,912,586</b>	<b>680,612</b>	<b>5,870,760</b>	<b>683,216</b>	<b>5,861,649</b>	<b>1</b>	<b>1</b>	<b>9,111</b>	<b>41,825</b>
Debt Service P & I									
2008 - 2016	4,132,657	12,479	4,124,898	18,611	4,124,554	1	1	344	7,758
2017	488,836	469,644	469,644	464,839	464,839	0	0	4,805	19,192
<i>Total Debt Service</i>	<b>4,621,493</b>	<b>482,123</b>	<b>4,594,542</b>	<b>483,450</b>	<b>4,589,393</b>	<b>1</b>	<b>1</b>	<b>5,149</b>	<b>26,950</b>
<b>Total NMSU - Alamogordo</b>	<b>\$10,534,079</b>	<b>\$1,162,735</b>	<b>\$10,465,302</b>	<b>\$1,166,666</b>	<b>\$10,451,042</b>	<b>\$2</b>	<b>\$2</b>	<b>\$14,260</b>	<b>\$68,775</b>
<b>NMSU - Dona Ana</b>									
General Ad valorem									
2008 - 2016	\$409,705	\$25,984	\$401,608	\$27,861	\$400,940	\$0	\$0	\$668	\$8,097
2017	73,180	54,484	54,484	52,947	52,947	0	0	1,537	18,696
<i>Total General Ad valorem</i>	<b>482,885</b>	<b>80,468</b>	<b>456,092</b>	<b>80,808</b>	<b>453,887</b>	<b>0</b>	<b>0</b>	<b>2,205</b>	<b>26,793</b>
Debt Service P & I									
2008 - 2016	41,868	12,144	38,804	12,999	38,659	0	0	145	3,064
2017	20,491	15,256	15,256	14,825	14,826	0	0	430	5,235
<i>Total Debt Service</i>	<b>62,359</b>	<b>27,400</b>	<b>54,060</b>	<b>27,824</b>	<b>53,485</b>	<b>0</b>	<b>0</b>	<b>575</b>	<b>8,299</b>
<b>Total NMSU - Dona Ana</b>	<b>\$545,244</b>	<b>\$107,868</b>	<b>\$510,152</b>	<b>\$108,632</b>	<b>\$507,372</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,780</b>	<b>\$35,092</b>
<b>LOCAL SPECIAL LEVIES</b>									
<b>Timberon Water &amp; Sanitation District</b>									
Timberon Special Levies									
2008 - 2016	\$1,444,969	\$14,653	\$1,428,447	\$18,320	\$1,427,417	\$0	\$1	\$1,030	\$16,521
2017	155,977	138,768	138,768	135,465	135,465	0	0	3,303	17,209
<i>Total Timberon Water &amp; Sanitation District</i>	<b>1,600,946</b>	<b>153,421</b>	<b>1,567,215</b>	<b>153,785</b>	<b>1,562,882</b>	<b>0</b>	<b>1</b>	<b>4,333</b>	<b>33,730</b>

**OTERO COUNTY**  
**COUNTY TREASURER'S PROPERTY TAX SCHEDULE**  
**JUNE 30, 2018**

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
<b>Penasco Soil &amp; Water Conservation District</b>									
Penasco Special Levies									
2008 - 2016	491	0	491	35	491	0	0	0	0
2017	60	60	60	24	24	0	0	36	0
<i>Total Penasco Soil &amp; Water Conservation District</i>									
	551	60	551	59	515	0	0	36	0
<b>Carlsbad Soil &amp; Water Conservation District</b>									
Carlsbad Special Levies									
2008 - 2016	393	0	393	0	393	0	0	0	0
2017	155	155	155	155	155	0	0	0	0
<i>Total Carlsbad Soil &amp; Water Conservation District</i>									
	548	155	548	155	548	0	0	0	0
<b>Total Local Special Levies</b>									
	<b>\$1,602,045</b>	<b>\$153,636</b>	<b>\$1,568,314</b>	<b>\$153,999</b>	<b>\$1,563,945</b>	<b>\$0</b>	<b>\$1</b>	<b>\$4,369</b>	<b>\$33,730</b>
<b>Grand Totals</b>									
	<b>\$240,658,595</b>	<b>\$28,014,843</b>	<b>\$238,136,563</b>	<b>\$28,139,368</b>	<b>\$237,701,927</b>	<b>\$42</b>	<b>\$49</b>	<b>\$434,636</b>	<b>\$2,521,983</b>
<b>Recap By Tax Year</b>									
2008 - 2016	\$212,886,170	\$1,869,385	\$211,991,102	\$2,316,400	\$211,878,957	\$42	\$49	\$112,145	\$895,019
2017	\$27,772,425	\$26,145,458	\$26,145,461	\$25,822,968	\$25,822,970	\$0	\$0	\$322,491	\$1,626,964
<b>Total Recap By Tax Year</b>									
	<b>\$240,658,595</b>	<b>\$28,014,843</b>	<b>\$238,136,563</b>	<b>\$28,139,368</b>	<b>\$237,701,927</b>	<b>\$42</b>	<b>\$49</b>	<b>\$434,636</b>	<b>\$2,521,983</b>



**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, 2018, 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 16, 2018.

**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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses. 2018-001

### **Compliance and Other Matters**

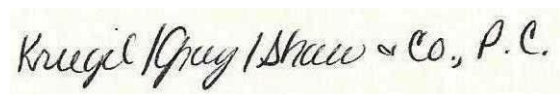
As part of obtaining reasonable assurance about whether the Otero County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Otero County's Response to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.  
Las Cruces, New Mexico

November 16, 2018

**OTERO COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**CURRENT YEAR FINDINGS:**

**2018-001 Incorrect Capital Asset Depreciation Schedule – Material Weakness**

**Condition:** The depreciation expenses for prior fiscal years was doubled for some assets (\$11,127,168) and the asset cost included prior year deleted assets (\$1,354,029).

**Cause:** New capital asset software was implemented for fiscal year 2016 wherein the county lacks a clear understanding of the various settings in the software. Lack of detailed review of the depreciation schedule.

**Criteria:** Good internal controls require review of software input and output.

**Effect:** Net capital assets for governmental activities understated.

**Recommendation:** The depreciation schedule detail should be reviewed and agreed to supporting documentation and reviewed for proper calculation of depreciation. In addition, training should be undertaken to achieve a better understanding of the software.

**Management Response:** Management will work with its IPA and accounting software provider to ensure that fixed assets are depreciated correctly and tracked properly. Management plans to train staff on the proper procedure to account for assets and review the depreciation schedule thoroughly at year end. The Finance Director and Purchasing Agent plan to have this resolved before June 30<sup>th</sup>, 2019.

**CURRENT STATUS ON PRIOR YEAR FINDINGS:**

**2017-001 Quarterly Report Incorrectly Reflected Budget Adjustments – Other Noncompliance**

Resolved and not repeated in the year.

**2017-002 Audit Report Not Submitted Timely – Non Compliance**

Resolved and not repeated in the year.

**OTERO COUNTY**  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**FINDINGS - FINANCIAL STATEMENT AUDIT**

**CURRENT STATUS**

2007-001 Quarterly Report Incorrectly Reflected Budget Adjustments-  
Other Non-Compliance

Resolved

2017-002 Audit Report Not Submitted Timely – Non-Compliance

Resolved

**FINDINGS AND QUESTIONED COSTS - Major Federal Award Programs**

None.

**OTERO COUNTY**  
**EXIT CONFERENCE**  
**JUNE 30, 2018**

**EXIT CONFERENCE:**

The exit conference was held November 15, 2018 and was attended by the following:

**Representing Otero County:**

Lori Bies, 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  
Michael Eshleman, County Attorney

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

Debbie Gray, CPA/Shareholder  
Jesus Cortez, Staff Auditor

**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.