



State of
New Mexico
San Miguel
County

Annual Financial Report
For the Year Ended June 30, 2017



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INTRODUCTORY SECTION

STATE OF NEW MEXICO
 San Miguel County
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STATE OF NEW MEXICO

San Miguel County

Official Roster

June 30, 2017

Name

Title

Elected Officials

Rock G. Ulibarri	County Commissioner – Chairman
Arthur J. Padilla	County Commissioner – Vice Chairman
Maria L. Martinez	County Commissioner
Chris A. Najar	County Commissioner
Janice C. Varela	County Commissioner
Geraldine E. Gutierrez	County Clerk
Bertha C. Bustamante	County Treasurer
Patricia Gallegos	County Assessor
Gary Gold	County Sheriff
Charlynn Otero	County Probate Judge

Administrative Officials

Vidal Martinez Ed. D.	County Manager
Melinda Gonzalez	Finance Supervisor
Justin Garcia	Deputy County Treasurer

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor
The San Miguel County Commissioners
San Miguel County
Las Vegas, 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 and major special revenue funds of San Miguel County, New Mexico (the "County"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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.

Auditors' 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 auditors' 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 County'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 County'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 financial statement presentation.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 11 through 21 and Schedules I, II, and the Notes to the Required Supplementary Information on pages 78 through 82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

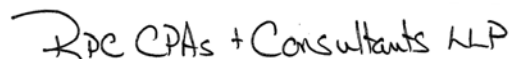
Our audit was conducted for the purpose of forming opinions on the County's financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Supporting Schedules III through VII required by section 2.2.2 NMAC are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, Schedule of Expenditures of Federal Awards and Supporting Schedules III through VII required by section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards and Supporting Schedules III through VIII required by section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



RPC CPAs + Consultants, LLP
Albuquerque, NM
November 30, 2017

STATE OF NEW MEXICO
San Miguel County
Management's Discussion and Analysis
June 30, 2017

We are pleased to present the San Miguel County financial statements for the fiscal year ended June 30, 2017. Management's discussion and analysis of these statements is also provided to help the reader fully understand the County's financial condition.

FINANCIAL HIGHLIGHTS

- San Miguel County's total assets exceeded its total liabilities at the close of the fiscal year by \$31,172,979 (*net position*). Of this amount, (\$1,147,491) unrestricted net position is mainly tied to changes in the Net Pension Liabilities.
- The County's total net position decreased by \$437,727 during the fiscal year. The reasons fluctuate due to a change decreases in operating and capital grants and changes in deferred outflows and inflows associated to the Net Pension Liability.
- As of June 30, 2017, the County's governmental activities reported a combined ending net position balance of \$31,172,979 of this total, \$9,723,843 is designated for special revenue, debt service and capital projects.
- At the close of the current fiscal year, the unassigned fund balance for the general fund was \$1,171,801, amounting to 22 percent of total general fund expenditures.
- San Miguel County's total debt had a net increase of \$2,917,879 during the year due to scheduled principal payments being paid and acquiring new debt for the refinance of the 2007 NMFA loan and for county road improvements. Compensated absences have increased from the prior year by \$11,199. The County paid \$5,803,154 towards the principal of several of its government loans, bonds and contracts payable.

Overview of the Financial Statements

The County's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the San Miguel County assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator regarding whether or not the financial position of the San Miguel County is improving or deteriorating.

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

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Both of the government-wide financial statements distinguish functions of San Miguel County that are principally supported in a majority by taxes and a minimal amount from other miscellaneous receipts (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of San Miguel County include general government, public safety, public works, culture and recreation, and health and welfare. The business-type activities of the County include Ribera Housing Fund.

The government-wide financial statements can be found in Exhibits A-1 and A-2 of this report.

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

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *daily inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the County's programs.

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

San Miguel County maintains fifty-two individual governmental funds organized according to their type (special revenue, debt service and capital projects). Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, the Road and Health Projects Fund, the Fire Districts Fund, the Detention Center Fund and the SMCD DSF Fund, which are considered major funds. Data from the other forty-seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

San Miguel County adopts an annual appropriated budget for its general fund, capital equipment replacement, special revenue fund, fire, police, GRT, and all other funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. In addition, the individual financial statements of the major special revenue governmental fund types with a legally adopted budget include budgetary comparison data.

The basic governmental fund financial statements can be found in Exhibits B-1 through C-1 of this report.

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Proprietary funds. Proprietary funds are generally used to account for operating expenses of the housing authority for rent and other tenant-related revenue including administrative costs, maintenance and repairs, housing assistance payments, bad debt expenses and depreciation. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The County maintains one proprietary fund. The proprietary fund is a major fund and can be found in Exhibits D-1 through D-3 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support San Miguel County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

San Miguel County's fiduciary funds account for the collection and payment of property taxes and special fees to other governmental agencies. The basic fiduciary fund financial statement can be found in Exhibit E-1 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 44-75 of this report.

Combining statements. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 90-109 of this report.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

As noted earlier, the net of assets over liabilities, otherwise known as net position, may serve over time as a useful indicator of a government's financial position. In the case of San Miguel County, assets exceeded liabilities by \$31,665,972 at the close of the current fiscal year.

The significant portion of San Miguel County's net position represents the County's investment of \$23,089,620 in capital assets (e.g., land improvements, buildings, infrastructure and machinery & equipment), less any related outstanding debt used to acquire those assets. San Miguel County uses these capital assets to provide services to its citizens, so these assets are *not* available for future spending. Although San Miguel County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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June 30, 2017

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Current and other assets	\$ 10,652,830	\$ -	\$ 10,652,830
Restricted cash, cash equivalents & investments	4,392,155	-	4,392,155
Restricted investments	-	-	-
Capital assets, net of accumulated depreciation	37,462,323	492,993	37,955,316
Total assets	52,507,308	492,993	53,000,301
<u>Deferred Outflows of Resources</u>			
Change in assumptions	444,601	-	444,601
Changes in proportion	87,643	-	87,643
Difference between expected and actual experience	389,969	-	389,969
Net difference between projected and actual investment earnings on pension plan investments	1,362,506	-	1,362,506
Employer contributions subsequent to the measurement date	404,594	-	404,594
Total deferred outflows of resources	2,689,313	-	2,689,313
Total assets and deferred outflows of resources	\$ 55,196,621	\$ 492,993	\$ 55,689,614
<u>Liabilities</u>			
Current Liabilities	\$ 3,275,189	\$ -	\$ 3,275,189
Non-current liabilities	20,618,753	-	20,618,753
Total liabilities	23,893,942	-	23,893,942
<u>Deferred Inflows of Resources</u>			
Change in assumptions	12,968	-	12,968
Change in proportion	49,966	-	49,966
Difference between expected and actual experience	66,766	-	66,766
Total deferred inflows of resources	129,700	-	129,700
<u>Net Position</u>			
Net investment in capital assets	22,596,627	492,993	23,089,620
Restricted	9,723,843	-	9,723,843
Unrestricted	(1,147,491)	-	(1,147,491)
Total net position	\$ 31,172,979	\$ 492,993	\$ 31,665,972
Total Liabilities and Net Position	\$ 55,196,621	\$ 492,993	\$ 55,689,614

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A portion of San Miguel County's governmental restricted net position of \$9,723,843 (31.19 percent) represents resources that are subject to restrictions related to covenants arising from the County's long-term debt issuance and capital projects. The remaining balance of (\$1,147,491), is *unrestricted net position*, has fallen to a negative due to a restatement of GRT revenue in the current year.

At the end of the current fiscal year, San Miguel County is able to report positive balances in all categories of net position for both governmental and business-type activities.

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Analysis of Changes in Net Position

The County's net position decreased by (\$437,731) during the fiscal year. The reasons fluctuate due to a change decreases in operating and capital grants and changes in deferred outflows and inflows associated to the Net Pension Liability.

Statement of Activities
For the Year Ended June 30, 2017

<u>Revenues</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Program revenues:			
Charges for service	\$ 1,972,045	\$ -	\$ 1,972,045
Operating grants and contributions	2,534,505	-	2,534,505
Capital grants and contributions	891,292		891,292
General revenues:			
Property	4,287,666	-	4,287,666
Gross receipts	4,985,846	-	4,985,846
Gasoline and auto distribution taxes	236,709	-	236,709
Other taxes	32,816	-	32,816
Investment income	49,757	-	49,757
Miscellaneous income	123,356	-	123,356
Payment in lieu of taxes	834,513	-	834,513
Total Revenues	<u>15,948,505</u>	<u>-</u>	<u>15,948,505</u>
Program expenses:			
General government	\$ 5,263,123	\$ -	\$ 5,263,123
Public safety	5,798,278	-	5,798,278
Public works	3,258,359	-	3,258,359
Culture and recreation	42,721	-	-
Health and welfare	1,449,575	-	1,449,575
Debt issuance costs	464,957	-	464,957
Debt issuance costs	109,223	-	109,223
Total Expenses	<u>16,386,236</u>	<u>-</u>	<u>16,343,515</u>
Change in net position	(437,731)	-	(395,010)
Net Position - beginning	<u>31,283,440</u>	<u>492,993</u>	<u>31,776,433</u>
Restatement	327,270	-	327,270
Net position- beginning, as restated	31,610,710	-	31,610,710
Net Position - ending	<u>\$ 31,172,979</u>	<u>\$ 492,993</u>	<u>\$ 31,381,423</u>

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Governmental activities. Governmental activities decreased San Miguel County's net position by \$(395,010), This was mainly tied to a drop in revenue to the Road Department.

Tax revenues account for \$9,543,037 or 60 percent of governmental revenues. Tax revenues are made up of property, gross receipts, gasoline and motor vehicle and other taxes.

The General fund received the majority of the County's program revenue, accounting for \$11,061,401 or 69 percent of total governmental revenues. The primary recipients of these revenues are general government, public works and public safety.

The County's direct charges to users of governmental services made up \$1,972,045 or 10 percent of total governmental revenues. These charges are for fees, fines and forfeitures, and licenses and permits.

Business-type activities. Business-type activities for the County's net position had no change as there was no operating and non-operating revenue or expenditures for the year.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

San Miguel County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of San Miguel County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing San Miguel County's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of Governmental funds reported by the County include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

Revenues for governmental functions overall totaled approximately \$16,386,236 in the fiscal year ended June 30, 2017, which represents an increase of \$892,153 from the fiscal year ended June 30, 2016. These were tied to decreases in operating and capital grants. In the fiscal year ended June 30, 2017, expenditures for governmental functions exceeded revenues by approximately \$10,988,394.

The General Fund is the chief operating fund of San Miguel County. It is from here that the County pays for the public safety and other basic services it provides to its citizens. At the end of the current fiscal year, *unassigned* fund balance of the general fund was \$1,171,801.

Overall, the general fund's performance resulted in revenues over expenditures in the fiscal year ended June 30, 2017 of \$270,192 a decrease of \$1,713,501 over the comparable figure from the prior year of \$1,983,693. The County's overall financial position improved with continued music venue for tourists and locals alike bringing in additional gross receipts tax.

Proprietary Funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net position for enterprise funds were \$492,993. The total net position for the enterprise funds stayed the same as the prior year.

Fiduciary Funds. The County maintains fiduciary funds for the assets associated for resources held for the benefit of parties outside the government. Changes to the fiduciary funds were immaterial for the fiscal year.

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General Fund Budgetary Highlights

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

GASB Statement No. 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

The following table examines the summary budget performance of the general fund for the fiscal year ending June 30, 2017. Detailed budget performance is examined through the Statement of Revenues, Expenditures, and Changes in Fund Balance for the General fund found at Exhibit C-1. The County's final budget differs from the original budget due to amendments that were made during the fiscal year and the increase of expenditures. Actual general fund expenditures were \$166,025 less than budgeted. This was primarily due public safety function and the capital outlay function expenditures favorable variance of \$25,937 and \$164,976, respectively. The difference between actual expenditures and budgeted expenditures is due to various departments not spending there projected costs along with personnel vacancy savings over the course of the fiscal year.

	Budget Amounts		Actual (GAAP Basis)	Favorable (Unfavorable) Variance
	Original	Final		
<i>Expenditures:</i>				
General government	\$ 4,578,425	\$ 4,592,306	\$ 4,206,051	\$ 386,255
Public safety	1,032,052	950,626	924,689	25,937
Capital outlay	360,810	262,330	97,354	164,976
<i>Total Expenditures</i>	<u>\$ 5,971,287</u>	<u>\$ 5,805,262</u>	<u>\$ 5,228,094</u>	<u>\$ 577,168</u>

Capital Asset and Debt Administration

Capital assets. San Miguel County capital assets for its governmental and business-type activities as of June 30, 2017 amount to \$37,955,316 (net of accumulated depreciation). Capital assets include land, land improvements, buildings and improvements, furniture, fixtures and equipment, and infrastructure. The County's capital assets for the current fiscal year increased \$395,106 for governmental activities and there was no increase or decrease for business-type activities (net of accumulated depreciation).

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Capital Asset and Debt Administration (continued)

The significant additions to capital assets during the year were as follows:

- \$823,698 of additions to governmental construction in progress. Of this \$751,161 is associated with infrastructure projects that were started within the fiscal year. The remaining portion is mainly tied to a roofing project for the El Pueblo Volunteer Fire Department and for an outdoor seating area.
- \$259,945 of additions to governmental buildings and improvements for
- \$339,352 of additions to governmental infrastructure for paving at the Public Health Building, Los Alamos Improvements, Pendaries Overlay Project, the Ribera/Curruco Road and finally safety projects for the La Liendre and Sabinoso roads.
- \$583,886 of additions to governmental vehicles for the Sheriff's Office, the Maintenance Department, the Detention Center, Public Services, the Clerks Office and Volunteer Fire Departments. Flat bed trailers and enclosed trailers were also purchased for the Clerks Office and the Trementina Fire Department. ATV's were purchased for the Trementina Fire Department as well as the Cabo Lucero Volunteer Fire Department. Finally a mini pumper brush truck was purchased for the Sheridan Volunteer Fire Department.
- \$407,666 of additions to equipment for our computer system, security cameras for the Detention Center, an attack digital fire training package, a QTAC Unit for the Trementina Volunteer Fire Department, a skid unit for the Cabo Lucero Volunteer Fire Department as well as air systems for the Conchas and Pecos Volunteer fire departments as well Fire Department.

	<u>Governmental Activities</u>	<u>Business-like Activities</u>	<u>Total</u>
Land	\$ 1,633,105	\$ 492,993	\$ 2,126,098
Constuction in progress	1,122,469	-	1,122,469
Building and improvements	31,808,729	823,610	32,632,339
Infrastructure	16,693,468	-	16,693,468
Vehicles	11,744,404	-	11,744,404
Furniture, fixtures, and equipment	3,634,098	-	3,634,098
Heavy equipment	1,193,675	-	1,193,675
Total capital assets	<u>67,829,948</u>	<u>1,316,603</u>	<u>69,146,551</u>
Less: accumulated depreciation	<u>(30,367,625)</u>	<u>(823,610)</u>	<u>(31,191,235)</u>
 Total property, plant and equipment, net of accumulated depreciation	 <u>\$ 37,462,323</u>	 <u>\$ 492,993</u>	 <u>\$ 37,955,316</u>

For government-wide financial statement presentation purposes, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Note 6 in the accompanying Notes to the Financial Statements for further information regarding capital assets.

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Capital Asset and Debt Administration (continued)

Debt Administration. At the end of the current fiscal year, San Miguel County had total long-term obligations outstanding of \$14,958,141. The County did acquire new debt for road projects for \$3,882,353 and refinanced an existing loan which provided roughly \$450,000 for capital outlay, with the first interest and principal payment due in fiscal year 2017.

	Governmental Activities	Total
Notes payable	\$ 10,588,875	\$ 10,588,875
Bonds payable	4,029,027	4,029,027
Capital leases	86,745	86,745
Compensated absences	253,494	253,494
Total long-term liabilities	\$ 14,958,141	\$ 14,958,141

See Note 7 in the accompanying Notes to the Financial Statements for further information regarding San Miguel County long-term debt.

The County knows of no currently known facts, decisions or conditions that are expected to have a significant effect on financial position or results of operations.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of San Miguel County finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to San Miguel County – Finance Director, San Miguel County, 500 W National Ave., Suite 304, Las Vegas, New Mexico, 87701, (505) 425-6516.

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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
San Miguel County
Statement of Net Position
June 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets and Deferred Outflows			
Current assets			
Cash and cash equivalents	\$ 5,788,885	\$ -	\$ 5,788,885
Investments	1,137,063	-	1,137,063
Accounts receivable, net:	3,297,568	-	3,297,568
Prepaid expenses	429,314	-	429,314
Total current assets	<u>10,652,830</u>	<u>-</u>	<u>10,652,830</u>
Noncurrent assets			
Restricted cash and cash equivalents	4,392,155	-	4,392,155
Capital assets	67,829,948	1,316,603	69,146,551
Less: accumulated depreciation	<u>(30,367,625)</u>	<u>(823,610)</u>	<u>(31,191,235)</u>
Total noncurrent assets	<u>41,854,478</u>	<u>492,993</u>	<u>42,347,471</u>
Deferred outflows of resources			
Contributions subsequent to the measurement date	404,594	-	404,594
Change of assumptions	444,601	-	444,601
Changes in proportion	87,643	-	87,643
Net difference between projected and actual investment earnings	1,362,506	-	1,362,506
Difference between expected and actual experience	<u>389,969</u>	<u>-</u>	<u>389,969</u>
Total deferred outflows of resources	<u>2,689,313</u>	<u>-</u>	<u>2,689,313</u>
<i>Total assets and deferred outflows of resources</i>	<u><u>\$ 55,196,621</u></u>	<u><u>\$ 492,993</u></u>	<u><u>\$ 55,689,614</u></u>

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

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities, Deferred Inflows, and Net Position			
Current liabilities			
Accounts payable	\$ 660,724	\$ -	\$ 660,724
Unearned revenue - Grants	295,270	-	295,270
Deposits held in trust for others	49,111	-	49,111
Loans, bonds and capital leases payable	1,744,068	-	1,744,068
Accrued payroll	227,659	-	227,659
Accrued interest	44,863	-	44,863
Accrued compensated absences	253,494	-	253,494
Total current liabilities	3,275,189	-	3,275,189
Noncurrent liabilities			
Loans, bonds and capital leases payable	12,960,579	-	12,960,579
Bond premium (Net of accumulated amortization of \$86,140)	161,049	-	161,049
Net pension liability	7,497,125	-	7,497,125
Total noncurrent liabilities	20,618,753	-	20,618,753
Deferred inflows of resources			
Changes of assumptions	12,968	-	12,968
Changes in proportion	49,966	-	49,966
Difference between expected and actual experience	66,766	-	66,766
Total deferred inflows of resources	129,700	-	129,700
Total liabilities and deferred inflows	24,023,642	-	24,023,642
Net position			
Net investment in capital assets	22,596,627	492,993	23,089,620
Restricted for:			
Debt service	2,186,738	-	2,186,738
Capital projects	4,855,434	-	4,855,434
Special revenue	2,681,671	-	2,681,671
Unrestricted	(1,147,491)	-	(1,147,491)
Total net position	31,172,979	492,993	31,665,972
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u><u>\$ 55,196,621</u></u>	<u><u>\$ 492,993</u></u>	<u><u>\$ 55,689,614</u></u>

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

STATE OF NEW MEXICO
San Miguel County
Statement of Activities
For the Year Ended June 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 5,263,123	\$ 745,931	\$ 396,912	\$ 312,577
Public safety	5,798,278	491,645	1,428,216	134,493
Culture and recreation	42,721	-	-	-
Public works	3,258,359	733,852	18,936	444,222
Health and welfare	1,449,575	617	690,441	-
Interest and other charges	464,957	-	-	-
Debt issuance costs	109,223	-	-	-
<i>Total governmental activities</i>	<u>16,386,236</u>	<u>1,972,045</u>	<u>2,534,505</u>	<u>891,292</u>
Business-type activities:				
Ribera Housing	-	-	-	-
<i>Total business-type activities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total primary government</i>	<u>\$ 16,386,236</u>	<u>\$ 1,972,045</u>	<u>\$ 2,534,505</u>	<u>\$ 891,292</u>

General Revenues

Taxes:

Property
Gross receipts
Gasoline and motor vehicle
Other taxes

Payment in lieu of taxes

Miscellaneous

Investment income

Total general revenues

Change in net position

Net position - beginning of year

Net position - restatement (Note 12)

Net position - beginning, as restated

Net position - end of year

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (3,807,703)	\$ -	\$ (3,807,703)
(3,743,924)	-	(3,743,924)
(42,721)	-	(42,721)
(2,061,349)	-	(2,061,349)
(758,517)	-	(758,517)
(464,957)	-	(464,957)
(109,223)	-	(109,223)
(10,988,394)	-	(10,988,394)
-	-	-
-	-	-
(10,988,394)	-	(10,988,394)
4,287,666	-	4,287,666
4,985,842	-	4,985,842
236,709	-	236,709
32,816	-	32,816
834,513	-	834,513
123,360	-	123,360
49,757	-	49,757
10,550,663	-	10,550,663
(437,731)	-	(437,731)
31,283,440	492,993	31,776,433
327,270	-	327,270
31,610,710	492,993	32,103,703
\$ 31,172,979	\$ 492,993	\$ 31,665,972

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

STATE OF NEW MEXICO

San Miguel County
Governmental Funds
Balance Sheet
June 30, 2017

	General Fund	Road and Health Projects - GRT Capital Projects Fund	Fire Districts - Special Revenue Fund
	<u> </u>	<u> </u>	<u> </u>
<i>Assets</i>			
Cash and cash equivalents	\$ 2,466,062	\$ 3,602,466	\$ 815,694
Investments	-	-	1,137,063
Receivables, net	1,940,542	-	33,571
Prepaid expenses	353,113	-	46,595
Due from other funds	<u>281,304</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u><u>\$ 5,041,021</u></u>	<u><u>\$ 3,602,466</u></u>	<u><u>\$ 2,032,923</u></u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 142,999	\$ 131,231	20,857
Accrued payroll	106,621	-	-
Deposits held in trust	-	-	-
Due to other funds	<u>1,601</u>	<u>-</u>	<u>214</u>
<i>Total liabilities</i>	<u>251,221</u>	<u>131,231</u>	<u>21,071</u>
 <i>Deferred inflows of resources</i>			
Unavailable revenue:			
Property taxes	1,925,300	-	
Unearned revenue - grants	<u>-</u>	<u>-</u>	<u>243,194</u>
<i>Total deferred inflows of resources</i>	<u>1,925,300</u>	<u>-</u>	<u>243,194</u>
 <i>Fund balances</i>			
Nonspendable			
Prepaid expenses	353,113	-	46,595
Spendable:			
Restricted			
General government	-	-	-
Public safety	-	-	1,722,063
Public works	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Debt service	-	-	-
Capital outlay	-	3,471,235	-
Minimum fund balance	1,339,586	-	-
Unassigned (deficit)	<u>1,171,801</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>2,864,500</u>	<u>3,471,235</u>	<u>1,768,658</u>
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	 <u><u>\$ 5,041,021</u></u>	 <u><u>\$ 3,602,466</u></u>	 <u><u>\$ 2,032,923</u></u>

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

Detention Center - Special Revenue Fund	SMC Debt Service Fund	Non-Major Governmental Funds	Total
\$ 114,978	\$ 917,258	\$ 2,264,582	\$ 10,181,040
-	-	-	1,137,063
120,998	265,754	936,703	3,297,568
5,444	-	24,162	429,314
1,628	-	1,632	284,564
<u>\$ 243,048</u>	<u>\$ 1,183,012</u>	<u>\$ 3,227,079</u>	<u>\$ 15,329,549</u>
\$ 59,913	\$ -	\$ 305,724	\$ 660,724
62,187	-	58,851	227,659
4,959	-	44,152	49,111
2,140	-	280,609	284,564
<u>129,199</u>	<u>-</u>	<u>689,336</u>	<u>1,222,058</u>
-	-	-	1,925,300
-	-	52,076	295,270
<u>-</u>	<u>-</u>	<u>52,076</u>	<u>2,220,570</u>
5,444	-	8,662	413,814
-	-	191,447	191,447
108,405	-	473,343	2,303,811
-	-	232,481	232,481
-	-	602,400	602,400
-	-	111,700	111,700
-	1,183,012	300,039	1,483,051
-	-	471,391	3,942,626
-	-	94,249	1,433,835
-	-	(45)	1,171,756
<u>113,849</u>	<u>1,183,012</u>	<u>2,485,667</u>	<u>11,886,921</u>
<u>\$ 243,048</u>	<u>\$ 1,183,012</u>	<u>\$ 3,227,079</u>	<u>\$ 15,329,549</u>

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

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STATE OF NEW MEXICO

San Miguel County
Governmental Funds

Exhibit B-1
Page 2 of 2

Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2017

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

Fund balances - total governmental funds	\$ 11,886,921
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	37,462,323
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds:	
Deferred outflows of resources related to employer contributions subsequent to the measurement date	404,594
Deferred outflows of resources related to changes of assumption	444,601
Deferred outflows of resources related to changes in proportion	87,643
Deferred outflows of resources related to the net difference between projected and actual investment earnings	1,362,506
Deferred outflows of resources related to the difference between expected and actual experience	389,969
Deferred inflows of resources related to the changes of assumption	(12,968)
Deferred inflows of resources related to the changes in proportion	(49,966)
Deferred inflows of resources related to the difference between expected and actual experience	(66,766)
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities	1,925,300
Interest on long-term debt is not accrued in the fund financial statements unless it is due and payable:	
Accrued interest	(44,863)
Some liabilities, including compensated absences, bonds and notes payable, and net pension liability are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued compensated absences	(253,494)
Insurance premium	20,000
Bond premium	(181,049)
Loans, bonds and capital leases payable	(14,704,647)
Net pension liability	<u>(7,497,125)</u>
<i>Net position - governmental activities</i>	<u><u>\$ 31,172,979</u></u>

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

STATE OF NEW MEXICO
San Miguel County
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2017

	<u>General Fund</u>	<u>Road and Health Projects - GRT - Capital Projects Fund</u>	<u>Fire Districts - Special Revenue Fund</u>
<i>Revenues</i>			
Taxes:			
Property	\$ 3,563,624	\$ -	\$ -
Gross receipts	446,728	-	199,019
Gasoline and motor vehicle	78,479	-	-
Other	-	-	-
Intergovernmental:			
Federal operating grants	6,934	-	7,534
Federal capital grants	-	-	-
State operating grants	223,543	-	1,073,117
State capital grants	-	-	74,556
Payment in lieu of taxes	834,513	-	-
Charges for services	259,893	-	5,119
Licenses and fees	200,752	-	-
Investment income	6,661	22,196	12,994
Miscellaneous	7,408	-	26,394
<i>Total revenues</i>	<u>5,628,535</u>	<u>22,196</u>	<u>1,398,733</u>
<i>Expenditures</i>			
Current:			
General government	3,940,915	141,022	-
Public safety	901,987	-	583,194
Public works	-	-	-
Culture and recreation	-	-	-
Health and welfare	-	-	-
Capital outlay	294,334	316,867	574,100
Debt service:			
Principal	186,679	-	193,752
Interest	34,428	-	42,195
Bond issuance costs	-	-	-
<i>Total expenditures</i>	<u>5,358,343</u>	<u>457,889</u>	<u>1,393,241</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>270,192</u>	<u>(435,693)</u>	<u>5,492</u>
<i>Other financing sources (uses)</i>			
Proceeds from refunding bonds	-	-	-
Proceeds from bond and note payables	-	3,882,353	-
Insurance premium	-	-	-
Transfers in	300,000	-	33,382
Transfers (out)	(1,666,741)	-	(5,088)
<i>Total other financing sources (uses)</i>	<u>(1,366,741)</u>	<u>3,882,353</u>	<u>28,294</u>
<i>Net change in fund balance</i>	<u>(1,096,549)</u>	<u>3,446,660</u>	<u>33,786</u>
<i>Fund balance - beginning of year</i>	3,925,252	24,575	1,734,872
<i>Restatement (Note 18)</i>	35,797	-	-
<i>Fund balance - beginning, as restated</i>	<u>3,961,049</u>	<u>24,575</u>	<u>1,734,872</u>
<i>Fund balance - end of year</i>	<u>\$ 2,864,500</u>	<u>\$ 3,471,235</u>	<u>\$ 1,768,658</u>

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

Detention Center - Special Revenue Fund	SMCDF Debt Service Fund	Non-Major Governmental Funds	Total
\$ -	\$ -	\$ -	\$ 3,563,624
454,327	1,970,842	1,914,926	4,985,842
-	-	158,230	236,709
-	-	32,816	32,816
-	-	836,151	850,619
-	-	444,222	444,222
46,806	-	340,420	1,683,886
-	-	372,514	447,070
-	-	-	834,513
332,601	-	1,027,033	1,624,646
134,776	-	11,871	347,399
490	6,720	696	49,757
5,623	-	83,935	123,360
<u>974,623</u>	<u>1,977,562</u>	<u>5,222,814</u>	<u>15,224,463</u>
-	-	109,676	4,191,613
2,320,712	-	474,037	4,279,930
-	-	2,608,627	2,608,627
-	-	42,721	42,721
-	-	1,449,575	1,449,575
6,795	-	1,150,401	2,342,497
8,788	4,722,368	427,168	5,538,755
-	230,023	158,311	464,957
-	109,223	-	109,223
<u>2,336,295</u>	<u>5,061,614</u>	<u>6,420,516</u>	<u>21,027,898</u>
<u>(1,361,672)</u>	<u>(3,084,052)</u>	<u>(1,197,702)</u>	<u>(5,803,435)</u>
-	4,113,082	450,000	4,563,082
-	-	-	3,882,353
-	(20,000)	-	(20,000)
1,242,896	3,354	1,953,560	3,533,192
-	(1,393,420)	(467,943)	(3,533,192)
<u>1,242,896</u>	<u>2,703,016</u>	<u>1,935,617</u>	<u>8,425,435</u>
<u>(118,776)</u>	<u>(381,036)</u>	<u>737,915</u>	<u>2,622,000</u>
194,576	1,412,078	1,646,298	8,937,651
38,049	151,970	101,454	327,270
232,625	1,564,048	1,747,752	9,264,921
<u>\$ 113,849</u>	<u>\$ 1,183,012</u>	<u>\$ 2,485,667</u>	<u>\$ 11,886,921</u>

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

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STATE OF NEW MEXICO

San Miguel County

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

Exhibit B-2

Page 2 of 2

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

Net change in fund balances - total governmental funds	\$	2,622,000
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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		2,342,497
Depreciation expense		(2,722,919)
Loss on disposal of asset		(14,684)

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

Change in deferred inflows for property taxes		724,042
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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 contribution		404,594
Pension expense		(895,382)

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:

Insurance premium capitalized		20,000
Bond and note proceeds		(3,882,353)
Refunding bond proceeds		(4,563,082)
Increase in accrued compensated absences		(11,199)
Principal payments on loans, bonds and capital leases payable		5,538,755

<i>Change in net position of governmental activities</i>	<i>\$</i>	<u><u>(437,731)</u></u>
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The accompanying notes are an integral part of these financial statements.

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STATE OF NEW MEXICO

Exhibit C-1

San Miguel County

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ 4,220,416	\$ 4,220,416	\$ 4,162,805	\$ (57,611)
Gross receipts	460,000	470,000	392,125	(77,875)
Gasoline and motor vehicle	73,000	70,000	78,479	8,479
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	12,500	12,500	6,934	(5,566)
State operating grants	296,600	283,478	348,428	64,950
Payment in lieu of taxes	800,000	800,000	834,513	34,513
Licenses and fees	248,850	238,800	200,752	(38,048)
Investment income (loss)	12,000	10,000	6,661	(3,339)
Miscellaneous	6,000	10,900	7,408	(3,492)
<i>Total revenues</i>	<u>6,399,366</u>	<u>6,386,094</u>	<u>6,297,998</u>	<u>(88,096)</u>
<i>Expenditures</i>				
Current:				
General government	4,578,425	4,592,306	4,206,051	386,255
Public safety	1,032,052	950,626	924,689	25,937
Capital outlay	360,810	262,330	97,354	164,976
Debt service:				
Principal	76,632	213,456	202,555	10,901
Interest	8,652	18,554	18,552	2
<i>Total expenditures</i>	<u>6,056,571</u>	<u>6,037,272</u>	<u>5,449,201</u>	<u>588,071</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>342,795</u>	<u>348,822</u>	<u>848,797</u>	<u>499,975</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(22,273)	989,636	-	(989,636)
Proceeds from sale of asset	2,500	2,500	-	(2,500)
Transfers in	983,081	325,000	300,000	(25,000)
Transfers (out)	(1,306,103)	(1,665,958)	(1,666,741)	(783)
<i>Total other financing sources (uses)</i>	<u>(342,795)</u>	<u>(348,822)</u>	<u>(1,366,741)</u>	<u>(1,017,919)</u>
<i>Net change in fund balances</i>	-	-	(517,944)	(517,944)
<i>Fund balance - beginning of year</i>	-	-	3,263,709	3,263,709
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,745,765</u>	<u>\$ 2,745,765</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (517,944)
Adjustments to revenues for property taxes, gasoline and motor vehicle taxes, and state grant revenues				(669,463)
Adjustments to expenditures for prepaid insurance, utilities, and professional services expenses				90,858
<i>Net change in fund balance (GAAP)</i>				<u>\$ (1,096,549)</u>

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

STATE OF NEW MEXICO
San Miguel County
Fire Districts - Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2017

Exhibit C-2

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Gross receipts	\$ 187,500	\$ 187,500	\$ 184,649	\$ (2,851)
Intergovernmental:				
Federal capital grants	-	19,349	-	(19,349)
State operating grants	1,067,114	1,077,378	1,515,562	438,184
State capital grants	202,500	494,394	73,700	(420,694)
Licenses and fees	-	-	-	-
Investment income (loss)	8,040	8,040	12,994	4,954
Reimbursements and refunds	-	-	-	-
Miscellaneous	11,253	11,253	24,295	13,042
<i>Total revenues</i>	<u>1,501,527</u>	<u>1,823,034</u>	<u>1,823,853</u>	<u>819</u>
<i>Expenditures</i>				
Current:				
Public safety	1,065,090	1,280,312	730,067	550,245
Capital outlay	1,432,830	1,700,113	574,100	1,126,013
Debt service:				
Principal	141,987	200,118	193,752	6,366
Interest	42,762	43,261	42,195	1,066
<i>Total expenditures</i>	<u>2,682,669</u>	<u>3,223,804</u>	<u>1,540,114</u>	<u>1,683,690</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,181,142)</u>	<u>(1,400,770)</u>	<u>283,739</u>	<u>1,684,509</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	1,365,353	1,363,476	-	(1,363,476)
Transfers in	215,915	446,896	437,896	(9,000)
Transfers (out)	(400,126)	(409,602)	(409,602)	-
<i>Total other financing sources (uses)</i>	<u>1,181,142</u>	<u>1,400,770</u>	<u>28,294</u>	<u>(1,372,476)</u>
<i>Net change in fund balances</i>	-	-	312,033	312,033
<i>Fund balance - beginning of year</i>	-	-	1,640,510	1,640,510
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,952,543</u>	<u>\$ 1,952,543</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 312,033
Adjustments to revenues for property taxes, motor vehicle taxes, and state grant revenues				(425,120)
Adjustments to expenditures for prepaid insurance, utilities, and professional services expenses				146,873
<i>Net change in fund balance (GAAP)</i>				<u>\$ 33,786</u>

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

STATE OF NEW MEXICO
San Miguel County
Detention Center - Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2017

Exhibit C-3

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Gross receipts	\$ 475,000	\$ 480,000	\$ 474,329	\$ (5,671)
Intergovernmental:				
State operating grants	96,972	68,782	69,462	680
Charges for services	307,880	362,790	335,426	(27,364)
Licenses and fees	150,000	125,000	137,306	12,306
Investment income (loss)	300	422	490	68
Miscellaneous	3,100	50	-	(50)
Total revenues	1,033,252	1,037,044	1,017,013	(20,031)
<i>Expenditures</i>				
Current:				
Public safety	2,357,985	2,426,932	2,300,424	126,508
Capital outlay	12,000	12,630	9,352	3,278
Total expenditures	2,380,985	2,449,562	2,317,888	131,674
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,347,733)</u>	<u>(1,412,518)</u>	<u>(1,300,875)</u>	<u>111,643</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	168,837	169,622	-	(169,622)
Transfers in	1,178,896	1,242,896	1,242,896	-
Total other financing sources (uses)	1,347,733	1,412,518	1,242,896	(169,622)
<i>Net change in fund balances</i>	-	-	(57,979)	(57,979)
<i>Fund balance - beginning of year</i>	-	-	172,445	172,445
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,466</u>	<u>\$ 114,466</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (57,979)
Adjustments to revenues for property taxes, motor vehicle taxes, and state grant revenues				(42,390)
Adjustments to expenditures for prepaid insurance, utilities, and professional services expenses				(18,407)
Net change in fund balance (GAAP)				\$ (118,776)

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

STATE OF NEW MEXICO
 San Miguel County
 Proprietary Fund
 Statement of Net Position
 June 30, 2017

Exhibit D-1

	Ribera Housing
Assets	
Noncurrent assets	
Capital assets	\$ 1,316,603
Less accumulated depreciation	(823,610)
Total noncurrent assets	492,993
<i>Total assets</i>	\$ 492,993
Net position	
Net investment in capital assets	\$ 492,993
<i>Total net position</i>	\$ 492,993

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

STATE OF NEW MEXICO
 San Miguel County
 Proprietary Fund
 Statement of Revenues, Expenses and Changes in Net Position
 For the Year Ended June 30, 2017

Exhibit D-2

	Ribera Housing
Operating revenues	\$ -
Total operating revenues	-
Operating expenses	
Depreciation expense	-
Total operating expenses	-
Operating income	-
Change in net position	-
Total net position - beginning of year	492,993
<i>Total net position - end of year</i>	\$ 492,993

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

STATE OF NEW MEXICO
 San Miguel County
 Proprietary Fund
 Statement of Cash Flows
 For the Year Ended June 30, 2017

Exhibit D-3

	Ribera Housing
Cash flows from operating activities	\$ -
Net (decrease) increase in cash and cash equivalents	-
Cash and cash equivalents - beginning of year	-
<i>Cash and cash equivalents - end of year</i>	\$ -
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ -
<i>Net cash provided (used) by operating activities</i>	\$ -

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

STATE OF NEW MEXICO
San Miguel County
Agency Funds
Statement of Fiduciary Assets and Liabilities
June 30, 2017

Exhibit E-1

Assets

Cash and cash equivalents	\$ 616,218
Property taxes receivable	<u>4,216,396</u>

<i>Total assets</i>	<u><u>\$ 4,832,614</u></u>
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Liabilities

Deposits held for others	\$ 72,686
Uncollected property taxes	4,216,396
Undistributed property taxes	<u>543,532</u>

<i>Total liabilities</i>	<u><u>\$ 4,832,614</u></u>
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The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
San Miguel County
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies

San Miguel County (the "County") was established by the laws of the Territory of New Mexico of 1876, under the provisions of the act now referred to as Section 4-1-1 of the NMSA, 1978 compilation 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 and general administrative services.

San Miguel 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 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.

During the year ended June 30, 2017, the County adopted GASB Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (partial), No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, No. 77, *Tax Abatement Disclosures*, No. 78 *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, and No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73* (partial). These six Statements are required to be implemented as of June 30, 2017, if applicable.

GASB Statement No. 73 establishes accounting and financial reporting standards for defined benefit pensions and defined contribution pensions that are not provided to employees of state and local government employers and are not within the scope of Statement 68. A portion of this pronouncement was effective and was implemented for the June 30, 2016 year end, and a portion is effective for June 30, 2017 year end. Effective for June 30, 2017 are the provisions of the statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68. This does not have a material effect on the financial statements of the County, as its pension plan is within the scope of Statement 68.

STATE OF NEW MEXICO
San Miguel County
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

The objective of GASB Statement No. 74 is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement does not affect the County's financial statements directly; however, the effects on the County's OPEB plan, administered through the New Mexico Retiree Health Care Authority, will be seen in future periods.

GASB Statement No. 77 is intended to improve the usefulness of financial statements prepared by state and local governments – which are intended, among other things, to assist users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources came from and how it uses them, and (4) a government's financial position and economic condition and how they have changed after time – by including information about certain limitations on a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens – such as the encouragement of economic development. For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

These tax abatements may affect the financial position of the government and its results of operations, including its ability to raise resources in the future. Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments that reduce the reporting government's tax revenues. and (2) those that are entered into by other governments that reduce the reporting government's tax revenues.

The County had no tax abatements to disclose as of June 30, 2017.

The objective of GASB Statement No. 78 is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement amends the scope and applicability of Statement 68 to exclude certain pensions provided to employees of state or local governmental employers. The County's pension plan does not meet the criteria for exclusion.

The objective of GASB Statement No. 80 is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

STATE OF NEW MEXICO
San Miguel County
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

GASB Statement No. 82 clarified and adjusted several items from GASB 67 and 68, including the definition of covered payroll, the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee contribution requirements.

A. Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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, GASB Statement No. 61, and GASB Statement No. 80. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

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

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.

B. 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.

STATE OF NEW MEXICO
San Miguel County
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements (continued)

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, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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.

C. 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, net of estimated refunds, 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 imposed by the provider have been 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 judgments, are recorded only when payment is due.

STATE OF NEW MEXICO
San Miguel County
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation

Property 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, subject to the availability criterion. 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, subject to the availability criterion. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. 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 includes revenues received from state and federal sources such as small cities assistance to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

The Proprietary fund distinguishes 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. Operating expenses for enterprise funds include the cost of services, administrative 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 County reports the following major governmental funds:

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.

STATE OF NEW MEXICO
San Miguel County
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

The *Road and Health Projects Special Revenue Fund* accounts for revenues and expenditures related to road projects and the construction of the Public Health Building. This fund consists of bond revenues and special appropriations which include both state and federal funding. The creation and maintenance of a separate fund was established by County Resolution.

The *Fire Districts Special Revenue Fund* is used to account for the revenues and expenditures associated with the San Miguel County Fire Districts. Funding is from operating grant revenue. The creation and maintenance of a separate fund was established by County Resolution.

The *Detention Center Special Revenue Fund* account for the revenues and expenditures for the San Miguel County Detention Center. The creation and maintenance of a separate fund was established by a County Resolution.

The *SMC Debt Service Fund* accounts for revenues pledged for various debt service projects. It is also used to account for expenditures and/or transfers related to debt services. The creation and maintenance of a separate fund was established by County Resolution.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority, a blended component unit of the County, are rent and other tenant-related revenue. Operating expenses of the Authority consist of administrative costs, maintenance and repairs, housing assistance payments, bad debt expenses, and depreciation. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

The County reports the following proprietary fund as major fund:

The *Ribera Housing Fund* is the County's only proprietary fund and had no operating and non-operating revenue for the year ended June 30, 2017.

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.

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

D. 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 OF NEW MEXICO
San Miguel County
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (continued)

State statutes authorize the County to invest in Certificates of Deposit and obligations of the U.S. Government.

Investments for the County are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. The composition of investments is presented in Notes 3.

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources 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 when levied. Property taxes are considered to be 100% collectible.

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 are considered delinquent 30 days thereafter and the County may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent.

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 projects and customer deposits.

Capital Assets: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (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. Pursuant to the implementation of GASB Statement No. 34, as a Phase 2 government, the historical cost of infrastructure assets, (retroactive to June 30, 1980) are included as part of the governmental capital assets reported in the government wide statements. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation.

STATE OF NEW MEXICO
San Miguel County
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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 expense capitalized by the County during the current fiscal year. No interest was included as part of the cost of capital assets under construction.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	15-40
Equipment, furniture and fixtures	5-10
Infrastructure	10-80

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

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 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. The County has five types of items that qualify for reporting in this category in the governmental activities. The County's employer contributions subsequent to the measurement date have been reported as a deferred outflow of resources in the amount of \$404,594. This item will directly reduce the net pension liability in the next fiscal year. The County's changes in assumptions have been reported as a deferred outflow of resources in the amount of \$444,601.

The County's changes in proportion have been reported as a deferred outflow of resources in the amount of \$87,643. The County's net difference between projected and actual investment earnings has been reported as a deferred outflow of resources in the amount of \$1,362,506. The County's difference between expected and actual experience has been reported as a deferred outflow of resources in the amount of \$389,969. These amounts will reduce the net pension liability in future periods.

Deferred Inflow 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 has one item which arises under the modified accrual basis of accounting that qualifies for reporting in this category.

STATE OF NEW MEXICO
San Miguel County
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (continued)

Accordingly, the item, unavailable revenue - property taxes, is reported only in the governmental funds balance sheet. The County has recorded \$1,925,300 related to property taxes considered "unavailable". These amounts, for governmental funds, are deferred and recognized as inflows of resources in the period that the amounts become available. In addition, the County has three types of items present on the Statement of Net Position for the governmental activities which arise due to the net pension liability. Accordingly, the items, changes in assumptions of \$12,968; changes in proportion of \$49,966; and the difference between expected and actual experience of \$66,766 are reported on the Statement of Net Position. These amounts are reported as a deferred inflows and amortized into pension expense over the average remaining service life of employees.

Unearned Revenues: Unearned revenues are comprised of payments made in advance by customers for various services provided by the County, as well as forward funded grants as of June 30, 2017.

Compensated Absences: County employees are entitled to certain compensated absences based on their employment classification and length of employment.

Earned but unused vacation benefits are accrued when incurred in the government-wide financial statements. Qualified employees are entitled to accumulate annual leave according to a graduated leave schedule of 104 to 106 hours, depending upon the employee's length of service. Employees may also earn compensated time as an alternate to overtime payments. A maximum of 30 working days (240) hours of such accumulated annual leave and compensated time may be carried forward into the beginning of the calendar year and any excess is lost.

When employees terminate, they are compensated for accumulated unpaid annual leave or compensated time up to the maximum of 240 hours. Accumulated annual leave and compensated time is not expected to be liquidated with expendable available financial resources and is reported in the general long-term debt in the statement of net position.

Long-term Obligations: In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type 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.

Fund Balance Classification Policies and Procedures: For restricted fund balance, this classification includes amounts that are restricted to a specific purpose. Fund balances are restricted when constraints placed on the use of resources are either: (a) Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; (b) Enabling legislation, as the term is used authorizes the County to assess, levy, charge or otherwise mandate payment of resources and includes a *legally enforceable* requirement that those resources be used only for the specific purposes stipulated in the legislation.

STATE OF NEW MEXICO
San Miguel County
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (continued)

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. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

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

Nonspendable Fund Balance: At June 30, 2017, the nonspendable fund balance of the County is comprised of prepaid expenses in the general fund in the amount of \$429,314 which is not in spendable form.

Restricted and Committed Fund Balance: At June 30, 2017, the restricted fund balance on the governmental funds balance sheet is made up of \$11,428,763. The County had no committed fund balance at June 30, 2017.

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 of the General Fund expenditures of \$1,364,382 and 1/12th of the Road Fund expenditures of \$94,249 for the year ended June 30, 2017.

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 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 regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "special revenue, debt service, and capital projects" are described on pages 48-49 and 86-89.
- c. Unrestricted Net Position: All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

STATE OF NEW MEXICO
San Miguel County
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (continued)

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 the allowance for uncollectible accounts, expected useful lives of capital assets, current portion of accrued compensated absences, and actuarial estimates included in the calculation of the net pension liability.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, 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.

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.

Note 2. Stewardship, Compliance and Accountability

Budgetary Information

The County uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

1. The Finance Supervisor submits to the Commission a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the County offices to obtain public comments.
3. The budget is tentatively approved by the Commission, and the Department of Finance and Administration, Local Government Division, ultimately makes the final approval.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Project Funds and Debt Service Funds.

STATE OF NEW MEXICO
 San Miguel County
 Notes to Financial Statements
 June 30, 2017

Note 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information (continued)

Formal budgetary integration is employed as a management control device during the year for all funds. A separate budget is prepared, and adopted by the County Commission, 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 by fund.

The budgets for all funds are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure 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. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	\$ 342,795	\$ 348,822
Road and Health Projects - GRT	<u>(25,000)</u>	<u>(940,378)</u>
Fire Districts	<u>(1,181,142)</u>	<u>(1,400,770)</u>
Detention Center	<u>(1,347,733)</u>	<u>(1,412,518)</u>
SMCDF DSF	<u>1,254,794</u>	<u>1,503,281</u>
Other governmental funds	<u>(1,543,110)</u>	<u>(1,262,367)</u>

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

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

NOTE 3. Deposits and Investments

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

STATE OF NEW MEXICO
San Miguel County
Notes to Financial Statements
June 30, 2017

NOTE 3. Deposits and Investments (continued)

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 are collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance for accounts held by the County and pledged collateral for 100% of the deposit amount in excess of the deposit insurance for accounts held in the name of the County.

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.

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 for demand deposit accounts and \$250,000 for time and savings accounts.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2017, \$6,664,482 of the County's bank balance of \$7,760,509 was subject to custodial credit risk. \$3,920,043 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the County's name and \$2,744,439 of the County's deposits was uninsured and uncollateralized at June 30, 2017.

	Community First Bank	Southwest Capital Bank	Wells Fargo	Total
Amount of Deposits	\$ 1,080,043	\$ 6,584,439	\$ 96,027	\$ 7,760,509
FDIC Coverage	(500,000)	(500,000)	(96,027)	(1,096,027)
Total uninsured public funds	<u>580,043</u>	<u>6,084,439</u>	<u>-</u>	<u>6,664,482</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	<u>580,043</u>	<u>3,340,000</u>	<u>-</u>	<u>3,920,043</u>
Uninsured and uncollateralized	<u>-</u>	<u>2,744,439</u>	<u>-</u>	<u>2,744,439</u>
Collateral requirement (50%)	290,022	3,042,220	-	3,332,242
Pledged Securities	2,258,346	3,340,000	-	5,598,346
Over (under) collateralized	<u>\$ 1,968,324</u>	<u>\$ 297,780</u>	<u>\$ -</u>	<u>\$ 2,266,104</u>

STATE OF NEW MEXICO
 San Miguel County
 Notes to Financial Statements
 June 30, 2017

NOTE 3. Deposits and Investments (continued)

The collateral pledged is listed on Schedule IV in this report. The types of collateral allowed are limited to direct obligations of the United States Government, all bonds issued by any agency, County or political subdivision of the State of New Mexico.

Reconciliation to the Statement of Net Position

The carrying amount of deposits shown above are included in the County's Statement of Net Position as follows:

Primary Government

Reconciliation to the Statement of Net Position:

Cash and cash equivalents per Exhibit A-1	\$ 5,788,885
Restricted cash and cash equivalents per Exhibit A-1	4,392,155
Investments per Exhibit A-1	1,137,063
Agency funds cash per Exhibit D-1	<u>616,218</u>
 Total cash, cash equivalents and investments	 <u>11,934,321</u>
 Add: outstanding checks	 303,269
Less: deposits in transit	(82,587)
Less: New Mexico Finance Authority	(4,392,155)
Less: credit card clearing account	(1,939)
Less: petty cash	<u>(400)</u>
 Bank balance of deposits	 <u><u>\$ 7,760,509</u></u>

Investments

The County's investments at June 30, 2017 are \$1,137,063 of certificates of deposits with initial maturities that are greater than 90 days and therefore are considered investments in the Statement of Net Position.

STATE OF NEW MEXICO
 San Miguel County
 Notes to Financial Statements
 June 30, 2017

NOTE 4. Receivables

Receivables as of June 30, 2017, are as follows for the governmental activities:

	General Fund	Fire Districts - Special Revenue Fund	Detention Center - Special Revenue Fund
Property tax	\$ 1,936,756	\$ -	\$ -
Gross receipts tax	84,464	33,571	79,248
Gasoline and oil tax	-	-	-
Franchise and lodgers tax	-	-	-
Miscellaneous	6,246	-	-
Charges for service	-	-	41,750
Intergovernmental:			
State	-	-	-
Federal	-	-	-
Total	2,027,466	33,571	120,998
Less allowance	(86,924)	-	-
Net receivable	\$ 1,940,542	\$ 33,571	\$ 120,998

	SMC Debt Service Fund	Non-Major Governmental Funds	Total
Property tax	\$ -	\$ -	\$ 1,936,756
Gross receipts tax	265,754	402,219	865,256
Gasoline and oil tax	-	13,721	13,721
Franchise and lodgers tax	-	5,881	5,881
Miscellaneous	-	46,672	52,918
Charges for service	-	2,004,722	2,046,472
Intergovernmental:			
State	-	201,907	201,907
Federal	-	203,143	203,143
Total	265,754	2,878,265	5,326,054
Less allowance	-	(1,941,562)	(2,028,486)
Net receivable	\$ 265,754	\$ 936,703	\$ 3,297,568

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$1,925,300 that were not collected within the period of availability have been reclassified as deferred inflows of resources in the governmental fund financial statements.

STATE OF NEW MEXICO
 San Miguel County
 Notes to Financial Statements
 June 30, 2017

NOTE 5. Transfers and Interfund Receivables

Net operating transfers, made to close out funds and to supplement other funding sources, were as follows:

	Transfers In	Transfers Out				Total
		General Fund	Fire Districts	SMCDF DSF	Non-Major Governmental Funds	
General Fund	\$ 300,000	\$ -	\$ -	\$ (300,000)	\$ -	\$ -
Fire Districts	33,382	-	-	-	(33,382)	-
Detention Center	1,242,896	(728,896)	-	(514,000)	-	-
SMCDF DSF	3,354	-	-	-	(3,354)	-
Non-Major Governmental Funds	1,953,515	(937,845)	(5,088)	(579,420)	(431,162)	-
Total	\$ 3,533,147	\$ (1,666,741)	\$ (5,088)	\$ (1,393,420)	\$ (467,898)	\$ -

The County records temporary interfund receivables and payables to enable the funds to operate until monies are received. The composition of interfund balances during the year ended June 30, 2017 is as follows:

Due from Other Funds	Due to Other Funds	Amount
Detention Center	General Fund	\$ 1,601
Detention Center	Community- DWI Program	27
General Fund	Federal Disaster Fund	45
General Fund	Detention Center Capital Outlay	3,887
General Fund	Law Enforcement Capital Outlay	7,373
General Fund	FEMA Disaster Recovery 4197	133,310
General Fund	Highway Safety Improvement Grant	91,346
General Fund	DWI Allocatoin	36,504
General Fund	DWI Grant	5,594
General Fund	Community- DWI Program	918
DWI Allocation	Community- DWI Program	1,594
Crusher Facility and Equipment	Detention Center Capital Outlay	11
General Fund	Fire District	214
General Fund	Detention Center	2,140
		\$ 284,564

STATE OF NEW MEXICO
 San Miguel County
 Notes to Financial Statements
 June 30, 2017

NOTE 6. Capital Assets

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

Governmental Activities:

	Balance June 30, 2016 As Restated	Additions	Deletions	Balance June 30, 2017
Capital assets, not depreciated:				
Land	\$ 1,633,105	\$ -	\$ -	\$ 1,633,105
Construction in progress	385,505	823,698	86,734	1,122,469
Total capital assets, not depreciated	<u>2,018,610</u>	<u>823,698</u>	<u>86,734</u>	<u>2,755,574</u>
Capital assets, depreciated:				
Buildings and Improvements	31,548,784	259,945	-	31,808,729
Infrastructure	16,354,116	339,352	-	16,693,468
Vehicles	11,160,518	583,886	-	11,744,404
Furniture, Fixtures, and Equipment	3,226,432	407,666	-	3,634,098
Heavy Equipment	1,193,675	-	-	1,193,675
Total capital assets, depreciated	<u>63,483,525</u>	<u>1,590,849</u>	<u>-</u>	<u>65,074,374</u>
Accumulated depreciation:				
Buildings and Improvements	(15,537,941)	(1,186,698)	-	(16,724,639)
Infrastructure	(1,781,005)	(328,377)	-	(2,109,382)
Vehicles	(7,459,394)	(863,158)	-	(8,322,552)
Furniture, Fixtures, and Equipment	(1,722,462)	(334,091)	-	(2,056,553)
Heavy Equipment	(1,143,904)	(10,595)	-	(1,154,499)
Total accumulated depreciation	<u>(27,644,706)</u>	<u>(2,722,919)</u>	<u>-</u>	<u>(30,367,625)</u>
Net book value	<u>\$ 37,857,429</u>	<u>\$ (308,372)</u>	<u>\$ 86,734</u>	<u>\$ 37,462,323</u>

During the year ended June 30, 2017, the County removed all construction in progress related to the Septage Receiving Center and Data Collection Summary projects, which will not be completed. This resulted in a loss to the County of \$14,684.

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

Governmental Activities

General government	\$ 628,703
Public safety	1,444,484
Public works	649,732
	<u> </u>
Total	<u>\$ 2,722,919</u>

STATE OF NEW MEXICO
 San Miguel County
 Notes to Financial Statements
 June 30, 2017

NOTE 6. Capital Assets (continued)

Business-Type Activities:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets, not depreciated:				
Land	\$ 492,993	\$ -	\$ -	\$ 492,993
Total capital assets, not depreciated	<u>492,993</u>	<u>-</u>	<u>-</u>	<u>492,993</u>
Capital assets, depreciated:				
Buildings and Improvements	823,610	-	-	823,610
Total capital assets, depreciated	<u>823,610</u>	<u>-</u>	<u>-</u>	<u>823,610</u>
Accumulated depreciation:				
Buildings Improvements	(823,610)	-	-	(823,610)
Total accumulated depreciation	<u>(823,610)</u>	<u>-</u>	<u>-</u>	<u>(823,610)</u>
Net book value	<u>\$ 492,993</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 492,993</u>

The County had no depreciation expense for business-type activities for the year ended June 30, 2017.

NOTE 7. Long-term Debt

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

	Balance June 30, 2016 As Reclassified	Additions	Retirements	Balance June 30, 2017	Due Within One Year
Notes payable	\$ 2,943,327	\$ 8,445,435	\$ 799,887	\$ 10,588,875	\$ 1,003,839
Bonds payable	8,738,484	-	4,709,457	4,029,027	715,000
Capital leases	116,156	-	29,411	86,745	44,262
Compensated absences	<u>242,295</u>	<u>275,598</u>	<u>264,399</u>	<u>253,494</u>	<u>253,494</u>
Total long-term debt	<u>\$ 12,040,262</u>	<u>\$ 8,721,033</u>	<u>\$ 5,803,154</u>	<u>\$ 14,958,141</u>	<u>\$ 2,016,595</u>

During the year ended June 30, 2016, USDA 9270: Series 2004 Tecolote Fire District Improvement Revenue bonds were classified as a note payable, which were reclassified as bonds payable for the year ended June 30, 2017.

STATE OF NEW MEXICO
 San Miguel County
 Notes to Financial Statements
 June 30, 2017

NOTE 7. Long-term Debt (continued)

Revenue Bonds

At June 30, 2017, the County had one revenue bond outstanding. The revenue bonds are as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Term</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance June 30, 2017</u>	<u>Source of Pledged Revenues</u>
USDA 9270: Series 2004 Tecolote Fire District Improvement Revenue Bonds	September 2004	20 years	4.00% - 4.25%	150,360	\$ 65,953	State Fire Allotments
USDA 2009: Series 2009 Fire District Fire District Improvement Revenue Bonds	April 2009	20 years	4.50%	167,000	113,074	State Fire Allotments
Gross Receipts Tax Revenue Bonds Series 2011	August 2009	20 years	2.00% - 4.00%	4,980,000	3,850,000 <u>\$ 4,029,027</u>	Gross Receipts Tax

Annual requirements to amortize the revenue bond as of June 30, 2017, including interest payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	\$ 411,000	\$ 153,968	\$ 564,968
2019	421,500	141,418	562,918
2020	436,500	124,497	560,997
2021	458,000	106,975	564,975
2022	473,500	88,588	562,088
2023-2027	1,362,860	243,451	1,606,311
2028-2029	465,667	29,065	494,732
	<u>\$ 4,029,027</u>	<u>\$ 887,962</u>	<u>\$ 4,916,989</u>

STATE OF NEW MEXICO
San Miguel County
Notes to Financial Statements
June 30, 2017

NOTE 7. Long-term Debt (continued)

NMFA Loans

The County entered into seven loan agreements with the New Mexico Finance Authority. The NMFA loans are as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Term</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance June 30, 2017</u>	<u>Source of Pledged Revenues</u>
NMFA - 3302-PP: Equipment Purchase, 7 Years, LOGRT	July 2015	7 years	2.22%	\$ 835,855	\$ 617,537	Gross Receipts Tax
NMFA - 3615-PP: 2007 Loan Refinance	December 2016	12 years	1.89%	4,563,082	4,392,371	Gross Receipts Tax
NMFA - 3464-PP: County Road Improvement	August 2016	15 years	1.25%	3,882,353	3,753,353	Local Option Hold Harmless Gross Receipts Tax
NMFA - 1429-PP: Conchas Dam Fire and Rescue	March 2003	10 years	1.48%	250,000	126,540	State Fire Allotments
NMFA - 3266-PP: Detention Center	January 2015	9 years	1.17%	695,288	520,023	Gross Receipts Tax
NMFA - 2666-PP: General	April 2012	15 years	0.29%	385,417	265,632	Gross Receipts Tax
NMFA - 2689-PP: La Placita VFD	April 2012	10 years	0.00%	45,675	22,835	State Fire Allotments
NMFA - 1735-PP: Rowe	January 2005	20 years	0.73%	225,000	93,802	State Fire Allotments
NMFA - 2523-PP: Sapello 2011	December 2011	21 years	0.89%	446,600	359,109	State Fire Allotments
NMFA - 2959-PP: Sheriff 2013	September 2013	6 years	0.10%	47,356	14,973	State Law Enforcement Allotments
					<u>\$ 10,166,175</u>	

STATE OF NEW MEXICO
 San Miguel County
 Notes to Financial Statements
 June 30, 2017

NOTE 7. Long-term Debt (continued)

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

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 884,598	\$ 141,295	\$ 1,025,893
2019	894,927	133,194	1,028,121
2020	888,467	123,714	1,012,181
2021	910,148	113,136	1,023,284
2022	913,599	101,403	1,015,002
2023-2027	3,908,436	333,923	4,242,359
2028-2032	1,766,000	38,842	1,804,842
	<u>\$ 10,166,175</u>	<u>\$ 985,507</u>	<u>\$ 11,151,682</u>

Other Loans and Notes Payable

The County entered into seven loan agreements with Southwest Capital and NMED. Those loans are as follows:

Description	Date of Issue	Term	Interest Rate	Original Amount of Issue	Balance June 30, 2017	Source of Pledged Revenues
Southwest Capital Loan N/P - Gallinas Fire Dept.	August 2013	5 years	5.25%	318,476	\$ 243,641	N/A
Southwest Capital Loan N/P - Pecos Valley Fire Dept.	May 2014	10 years	5.25%	124,356	105,613	N/A
NMED Note Payable	December 2009	20 years	2.00%	93,965	73,446	N/A
					<u>\$ 422,700</u>	

The annual requirements to amortize the Southwest Capital and NMED loans as of June 30, 2017, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 33,199	\$ 20,073	\$ 53,272
2019	34,825	18,447	53,272
2020	36,535	16,737	53,272
2021	38,295	14,977	53,272
2022	40,222	13,050	53,272
2023-2027	199,059	34,190	233,249
2028-2029	40,565	2,376	42,941
	<u>\$ 422,700</u>	<u>\$ 119,850</u>	<u>\$ 542,550</u>

STATE OF NEW MEXICO
 San Miguel County
 Notes to Financial Statements
 June 30, 2017

NOTE 7. Long-term Debt (continued)

Capital Leases

The County has entered into an agreement to lease copiers for various County facilities. This agreement is, in substance, a purchase (capital lease) and is reported as a capital lease obligation and included in the County's liabilities on the Statement of Net Position.

The following schedule presents future minimum lease payments as of June 30, 2017:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 25,229	\$ 9,913	\$ 35,142
2019	28,751	6,391	35,142
2020	32,765	2,377	35,142
	<u>\$ 86,745</u>	<u>\$ 18,681</u>	<u>\$ 105,426</u>

Compensated Absences

Employees of the County are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2017, compensated absences increased \$11,199 from the prior year accrual. Compensated absences are liquidated by the respective funds in which they are accrued.

NOTE 8. Operating Leases

During the year ended June 30, 2017, the County leased equipment under operating leases. The County's expenditures on those leases for the year ended June 30, 2017 was \$188,196.

The County's future minimum lease commitments at June 30, 2017 are as follows:

Fiscal Year Ending June 30,	Amount
2018	\$ 91,017
2019	91,017
	<u>\$ 182,034</u>

STATE OF NEW MEXICO
 San Miguel County
 Notes to Financial Statements
 June 30, 2017

NOTE 9. Risk Management

The County is exposed to various risks of loss from torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the County carries insurance through the New Mexico Self-Insurers' Fund. The following is a summary of some of the more significant insurance coverage information related to the County.

Coverage provided to the County through the New Mexico Self-Insurers' Fund includes tort claim liability limits for casualty coverage (general, automotive, civil rights and public officials' liability) on a "claims made" basis. Property is subject to a limit of \$200,000 per occurrence and a liability losses are subject to a limit of \$400,000 per occurrence and \$10,000,000 in the aggregate. Public officials' errors and omissions, and foreign jurisdiction liabilities are subject to a limit of \$5,000,000 per occurrence and \$6,000,000 in the aggregate.

The County had no significant reductions in insurance coverage form coverage in the three prior years. In the fiscal year ended June 30, 2017, there were no settlements that exceeded insurance coverage.

NOTE 10. Other Required Individual Fund Disclosures

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

A. Deficit fund balance of individual funds. The following fund had deficit fund balance:

Non Major Funds	
FEMA Disaster Recovery 4197	\$ <u>(45)</u>
Total Governmental Funds	<u>\$ (45)</u>

There were no business type funds with a deficit fund balance as of June 30, 2017.

B. Actual expenditures in excess of amount budgeted at the budgetary authority level. Budgetary legal level of control is at the fund level. The County had the following funds with expenditures in excess of appropriations for the year ended June 30, 2017:

Non Major Funds	
DWI Grant	\$ <u>508</u>
Total Governmental Funds	<u>\$ 508</u>

C. Designated cash appropriations in excess of available balances. There were no funds that had designated cash appropriations in excess of available balances for the year ended June 30, 2017.

	<u>Designated Cash</u>	<u>Beginning Year Cash & AR Available</u>	<u>Cash Appriation in Excess of Available Balance</u>
DWI Offenders Fees	\$ (6,599)	\$ 4,991	\$ 1,608

STATE OF NEW MEXICO
San Miguel County
Notes to Financial Statements
June 30, 2017

NOTE 11. Pension Plan - Public Employees Retirement Association

Summary of Significant Accounting Policies

General Information about the Pension Plan

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

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

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2016 available at http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016-CAFR_12.22.2016_FINAL-with-corrections.pdf.

Contributions. The contribution requirements of defined benefit plan members and the San Miguel 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 on pages 29 through 31 of the PERA FY15 annual audit report at http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016-CAFR_12.22.2016_FINAL-with-corrections.pdf. The PERA coverage options that apply to San Miguel County are: Municipal General Division and Municipal Police Division. Statutorily required contributions to the pension plan from San Miguel County were \$404,594 for the year ended June 30, 2017.

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

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.

STATE OF NEW MEXICO
 San Miguel County
 Notes to Financial Statements
 June 30, 2017

NOTE 11. Pension Plan - Public Employees Retirement Association (continued)

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. San Miguel County's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2016. Only employer contributions for the pay period end dates that fell within the period of July 1, 2015 to June 30, 2016 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2016 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Municipal General Division, at June 30, 2017, San Miguel County reported a liability of \$6,841,195 for its proportionate share of the net pension liability. At June 30, 2016, San Miguel County's proportion was 0.4282 percent, which was an increase of 0.0106 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, San Miguel County recognized PERA Fund Municipal General Division pension expense of \$804,739. At June 30, 2017, San Miguel County reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 401,156	\$ 1,138
Net difference between projected and actual investment earnings on pension plan investments	1,258,767	-
Differences between expected and actual experience	341,814	66,766
Change in proportion	83,750	45,222
San Miguel County's contributions subsequent to the measurement date	363,230	-
Total	\$ 2,448,717	\$ 113,126

STATE OF NEW MEXICO
 San Miguel County
 Notes to Financial Statements
 June 30, 2017

NOTE 11. Pension Plan - Public Employees Retirement Association (continued)

\$363,230 reported as deferred outflows of resources related to pensions resulting from San Miguel County's contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2017	\$ (482,495)
2018	(482,495)
2019	(794,431)
2020	(320,940)
Thereafter	-

For PERA Fund Municipal Police Division, at June 30, 2017, San Miguel County reported a liability of \$655,930 for its proportionate share of the net pension liability. At June 30, 2016, San Miguel County's proportion was 0.0889 percent, which was an increase of 0.0011 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, San Miguel County recognized PERA Fund Municipal Police Division pension expense of \$90,641. At June 30, 2017, San Miguel County reported PERA Fund Municipal Police Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 43,445	\$ 11,830
Net difference between projected and actual investment earnings on pension plan investments	103,739	-
Differences between expected and actual experience	48,155	-
Changes in proportion	3,893	4,744
San Miguel County's contributions subsequent to the measurement date	41,364	-
Total	\$ 240,596	\$ 16,574

STATE OF NEW MEXICO
 San Miguel County
 Notes to Financial Statements
 June 30, 2017

NOTE 11. Pension Plan - Public Employees Retirement Association (continued)

\$41,364 reported as deferred outflows of resources related to pensions resulting from San Miguel County's contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2017	\$ (42,935)
2018	(42,935)
2019	(70,134)
2020	(26,654)
Thereafter	-

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

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, open
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.48% annual rate, net of investment experience
Projected benefit payment	100 years
Payroll growth	2.75% for the first 10 years, then 3.25% all other years
Projected salary increases	2.75% to 14.25% annual rate
Includes inflation at	2.25% annual rate first 10 years, 2.75% all other years
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 20, 2015 (economic)

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.

STATE OF NEW MEXICO
San Miguel County
Notes to Financial Statements
June 30, 2017

NOTE 11. Pension Plan - Public Employees Retirement Association (continued)

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
Credit Oriented Fixed Income	15.00	5.77
Real Assets	20.00	7.35
Total	<u>100.00%</u>	

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

Sensitivity of the Employer'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 San Miguel County's net pension liability in each PERA Fund Division that San Miguel County participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.48%) or one percentage point higher (8.48%) than the single discount rate.

	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
PERA Fund Municipal General Division			
San Miguel County's proportionate share of the net pension liability	\$ 10,199,614	\$ 6,841,195	\$ 4,055,554
PERA Fund Municipal Police Division			
San Miguel County's proportionate share of the net pension liability	\$ 965,037	\$ 655,930	\$ 403,118

STATE OF NEW MEXICO
 San Miguel County
 Notes to Financial Statements
 June 30, 2017

NOTE 11. Pension Plan - Public Employees Retirement Association (continued)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY16 PERA financial report. The report is available at http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016-CAFR_12.22.2016_FINAL-with-corrections.pdf.

NOTE 12. Restatements to Prior Period

The County recorded a restatement of net position during the fiscal year ended June 30, 2017. This restatement increased the beginning net position, decreased accumulated depreciation and increased beginning balances of capital assets by \$24,842.

	Governmental Activities
Net position - beginning, as originally stated	\$ 31,258,598
Net position - restatement	24,842
Net position - beginning, as restated	\$ 31,283,440

The County also recorded restatements of fund balance related to gross receipts taxes earned but not recognized in the previous fiscal year. This restatement increased beginning fund balance in each of the following funds:

	Governmental Activities
General Fund	\$ 35,797
Detention Center - Special Revenue Fund	38,049
SMCDF Debt Service Fund	151,970
Indigent Fund	53,697
2003 Revenue Bond/Debt Service	47,757
	\$ 327,270

NOTE 13. 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 Self Insurers Fund. The maximum exposure of the County is not estimable as of June 30, 2017 in the remaining cases.

NOTE 14. Federal and State Grants

In the normal course of operations, the County receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

STATE OF NEW MEXICO
San Miguel County
Notes to Financial Statements
June 30, 2017

NOTE 15. Concentrations

The County depends on financial resources flowing from, or associated with, both the Federal Government and 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 16. Commitments

The County's commitments as of June 30, 2017 are as follows:

<u>Contract</u>	<u>Amount</u>
Sheriff Building	\$ 382,000
Comprehensive Plan	57,218
Outdoor Seating	48,778
Bernal Tracks (Road)	78,685
Cabo Lucero (Road)	151,172
Cabo Lucero VFD	153,840
Cactus (Road)	4,945
Canoncito (Road)	85,083
Cerrito (Road)	7,845
Cinder (Road)	5,189
Country Acres (Road)	9,745
DC Improvements	62,854
East Pecos/Colonias (Road)	341,439
El Pueblo Roofing	49,335
Gallinas (Road)	92,423
Garita (Road)	22,120
Gonzales Ranch (Road)	185,422
Gunner Road	37,147
Las Dispencias (Road)	41,160
Los Vigiles (Road)	9,775
Magnolia (Road)	3,569
Ojitos (Road)	469,132
Rowe Metal Bldg	154,893
San Augustine (Road)	211,917
San Ignacio (Road)	50,381
San Isidro (Road)	98,753
San Pablo (Road)	202,686
Sapello VFD	94,013
Villanueva (Road)	6,609
White Barn (Road)	21,162
	<hr/>
Total Commitments	<u><u>\$ 3,139,293</u></u>

STATE OF NEW MEXICO
San Miguel County
Notes to Financial Statements
June 30, 2017

NOTE 17. Subsequent Events

The date to which events occurring after June 30, 2017, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosure is November 30, 2017, which is the date on which the financial statements were issued.

NOTE 18. Restricted Net Position

The government-wide statement of net position reports \$5,444,129 of restricted net position for governmental activities, all of which is restricted by enabling legislation. For descriptions of the related enabling legislation for special revenue, capital projects, and debt service funds, see pages 48-49 and 86-89.

NOTE 19. Tax Abatements

The County of San Miguel had no tax abatements during the year ended June 30, 2017. The County is not subject to any tax abatement agreements entered into by other governmental entities.

NOTE 20. Subsequent Pronouncements

In June 2015, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The County expects this pronouncement to have a material effect on the financial statements.

In December 2015, GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plan* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The County is still evaluating how this pronouncement will affect the financial statements.

In March 2016, GASB Statement No. 81, *Irrevocable Split-Interest Agreements* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. The County is still evaluating how this pronouncement will affect the financial statements.

In November 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The County is still evaluating how this pronouncement will affect the financial statements.

In January 2017, GASB Statement No. 84, *Fiduciary Activities* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The County is still evaluating how this pronouncement will affect the financial statements.

STATE OF NEW MEXICO
San Miguel County
Notes to Financial Statements
June 30, 2017

NOTE 20. Subsequent Pronouncements (continued)

In March 2017, GASB Statement No. 85, *Omnibus 2017* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The County is still evaluating how this pronouncement will affect the financial statements.

In May 2017, GASB Statement No. 86, *Certain Debt Extinguishment Issues* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This Statement addresses a variety of topics including issues related to in-substance defeasance of debt using only existing resources. The County does not expect the pronouncement to have a material effect on the financial statements.

In June 2017, GASB Statement No. 87 *Leases* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The County is still evaluating how this pronouncement will affect the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO

San Miguel County

Schedule of the County's Proportionate Share of the Net Pension Liability
of PERA Fund Municipal General Division
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

	2017	2016	2015
	Measurement	Measurement	Measurement
	Date (As of and	Date (As of and	Date (As of and
	for the year	for the year	for the year
	ended June 30,	ended June 30,	ended June 30,
	2016)	2015)	2014)
San Miguel County's proportion of the net pension liability	0.4282%	0.4176%	0.4255%
San Miguel County's proportionate share of the net pension liability	\$ 4,055,554	\$ 4,257,794	\$ 3,319,375
San Miguel County's covered payroll	\$ 3,457,435	\$ 3,454,077	\$ 3,018,258
San Miguel County's proportionate share of the net pension liability as a percentage of its covered payroll	117.30%	123.27%	109.98%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	76.99%	81.29%

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

See independent auditors' report.
See notes to required supplementary information.

STATE OF NEW MEXICO

San Miguel County

Schedule of the County's Proportionate Share of the Net Pension Liability
of PERA Fund Municipal Police Division
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

	2017	2016	2015
	Measurement	Measurement	Measurement
	Date (As of and	Date (As of and	Date (As of and
	for the year	for the year	for the year
	ended June 30,	ended June 30,	ended June 30,
	2016)	2015)	2014)
San Miguel County's proportion of the net pension liability	0.0889%	0.8780%	0.8970%
San Miguel County's proportionate share of the net pension liability	\$ 403,118	\$ 422,192	\$ 292,412
San Miguel County's covered payroll	\$ 211,275	\$ 212,947	\$ 305,046
San Miguel County's proportionate share of the net pension liability as a percentage of its covered payroll	190.80%	198.26%	95.86%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	76.99%	81.29%

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

See independent auditors' report.
See notes to required supplementary information.

STATE OF NEW MEXICO
 San Miguel County
 Schedule of the County's Contributions
 Public Employees Retirement Association (PERA) Plan
 PERA Fund Municipal General Division
 Last 10 Fiscal Years*

	As of and for the Year Ended June 30, 2017	As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
Contractually required contribution	\$ 363,230	\$ 350,198	\$ 317,310
Contributions in relation to the contractually required contribution	(363,230)	(350,198)	(317,310)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
San Miguel County's covered payroll	\$ 3,803,457	\$ 3,457,435	\$ 3,454,077
Contributions as a percentage of covered payroll	9.55%	10.13%	9.19%

* 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, San Miguel County will present information for those years for which information is available.

See independent auditors' report.
 See notes to required supplementary information.

STATE OF NEW MEXICO
 San Miguel County
 Schedule of the County's Contributions
 Public Employees Retirement Association (PERA) Plan
 PERA Fund Municipal Police Division
 Last 10 Fiscal Years*

	As of and for the Year Ended June 30, 2017	As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
Contractually required contribution	\$ 41,363	\$ 33,428	\$ 32,086
Contributions in relation to the contractually required contribution	(41,363)	(33,428)	(32,086)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
San Miguel County's covered payroll	\$ 268,592	\$ 211,275	\$ 212,947
Contributions as a percentage of covered payroll	15.40%	15.82%	15.07%

* 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, San Miguel County will present information for those years for which information is available.

See independent auditors' report.
 See notes to required supplementary information.

STATE OF NEW MEXICO
San Miguel County
Notes to Required Supplementary Information
For the Year Ended June 30, 2017

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY15 audit available at: http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf.

***Changes of benefit terms.** The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY15 audit available at http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016-CAFR_12.22.2016_FINAL-with-corrections.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://s3.amazonaws.com/boardaudio/Final-Version-2016-PERA-GASB-68-Report.pdf> See the notes to the financial statements on the CAFR pages 74-76 which summarizes actuarial assumptions and methods effective with the June 30, 2016 valuation.*

See independent auditors' report.
See notes to required supplementary information.

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
San Miguel County
Nonmajor Governmental Fund Descriptions
June 30, 2017

Special Revenue Funds

Road Fund (201) – To account for revenues and expenditures for control of road maintenance. Funding is from state shared revenue. The fund was created by authority of state statute (see Section 7-1-6.19, NMSA 1978 Compilation).

Road Projects – Special Appropriation (202) – To account for the revenues and expenditures associated with road projects around San Miguel County. The creation and maintenance of a separate fund was established by a County Resolution.

Forest Reserve Title III (204) – To account for funds used for purposes indicated in Public Law 106-393.

Disaster Projects (206) – To account for County funds utilized in assisting local communities with natural disasters.

Professional Development (208) – To account for funds received to finance predator, weed, rodent, and parasite control on County farms and ranges. Funds are generated from the Taylor Grazing Act fees. This fund was created by the authority of State Statute NMSA 6-11-6.

Federal Disaster Fund (209) – To account for financial aid from the federal government and the local government match required by the funding. This fund was established through Resolution 2014-03-06-F1.

FEMA Disaster Recovery 4197 (231) – To account for grant expenditures under FEMA-DR-4197: to be used to account for expenditures related to the July – August 2014 flash floods. The creation and maintenance of a separate fund was established by County Resolution 2014-12-09-F1.

Farm and Range (301) – To account for revenues and expenditures for control of predatory animals. Funding is from the Taylor Grazing Act. Expenditures may be made only for the purposes specified in the grant. The fund was created by authority of state statute (see Section 6-11-6, NMSA 1978 Compilation).

DWI Allocation (302) – To account for appropriations for the DWI Allocation. These funds provide quality substance abuse treatment, community education, outreach and primary prevention services to citizens of San Miguel County. This fund was created by authority of state statute (see Section 43-3-14 to 15 of the NMSA 1978 Compilations.)

DWI Grant (303) – To account for appropriations for the DWI Grant. These funds provide quality substance abuse treatment, community education, outreach and primary prevention services to citizens of San Miguel County. This fund was created by authority of state statute (see Section 43-3-14 to 15 of the NMSA 1978 Compilations.)

Community – DWI Program (305) – To account for appropriations for the Community DWI Program. These funds provide quality substance abuse treatment, community education, outreach and primary prevention services to citizens of San Miguel County. This fund was created by authority of state statute (see Section 43-3-14 to 15 of the NMSA 1978 Compilations.).

DWI Offenders Fees (307) – To account for appropriations for the DWI Offenders Fee funds. These funds provide quality substance abuse treatment, community education, outreach and primary prevention services to citizens of San Miguel County. This fund was created by authority of state statute (see Section 43-3-14 to 15 of the NMSA 1978 Compilations.)

Veteran Transportation Services (309) – To provide the County with funding for transportation expenses associated with assisting veterans of the County to attend medical, dental and vision appointments. The creation and maintenance of a separate fund was established by Resolution 2014-05-30-F2.

STATE OF NEW MEXICO
San Miguel County
Nonmajor Governmental Fund Descriptions
June 30, 2017

Special Revenue Funds (continued)

Education and Enforcement (310) – To account for appropriations for Selective Traffic Enforcement. These funds provide quality community education, outreach and primary prevention services to citizens of San Miguel County. The fund was created by authority of state statute (see Section 43-3-14 to 15 NMSA 1978 Compilation.).

Child Restraint (314) – To account for the appropriations to educate, enforce and protect occupants and children of motor vehicles in the county of San Miguel regarding seat belt restraint and use. The fund was created by authority of state statute (see Section 131-12-7 NMSA 1978 Compilation.)

Office of Emergency Management (315) – To account for the accumulation of resources and payments related to the operations of the Office of Emergency Management.

OEM-EMW-2014-SS-00030-S01-SMC (324) – To account for grant EMW-2014-SS-00030-S01-SMC; to be used to account for the DHSEM grant expenditures. The creation and maintenance of a separate fund was established by County Resolution 2014-11-12-F1.

OEM-EMW-2013-SS-00152-S01-SMC (328) – To account for the DHSEM grant expenditures as outlined in the grant agreement. The creation and maintenance of a separate fund was established by County Resolution 2016-02-09-F1.

FEMA-4199-DR-SM-32 (330) – To account for DHSEM grant expenditures as outlined in the grant agreement. The creation and maintenance of a separate fund was established by County Resolution 2017-02-14-F2.

Waste Isolation Pilot Project (404) – To account for revenues and expenditures used for purposes of enhancing its hazardous material emergency response capability. The authority to create this fund was done by Resolution 9-9- 2003-F2.

Recording Equipment Fund (405) – To account for revenues and expenditures for control of equipment. The fees collected are restricted in that they may only be used for the purchase of equipment associated with the recording, filing, maintaining or reproducing of documents in the Office of the County Clerk. This fund was created by authority of state statute (see Section 14-8-12.2, NMSA 1978 Compilation.).

Recreation Fund (440) – To account for revenues and expenditures related to the County's Youth recreational activities. Funds are provided by the State shared cigarette tax. The fund was created by authority of state statute (see Section 3-19-9, NMSA 1978 Compilation).

Lodgers Tax Fund (470) – To account for revenues and expenditures for the Lodger's Tax Fund, which is used to promote economic development in the County. Funding is provided by locally imposed gross receipts tax. The fund was created by authority of state statute (see Section 3-38-24, NMSA 1978 Compilation).

Indigent Fund (480) – To account for revenues received from state shared gross receipts taxes for hospital service for indigent citizens of the County. The fund was created by authority of state statute (see Section 7-20E-9, NMSA 1978 Compilation).

Re-Appraisal Fund (490) – To account for funds used to provide valuation services to the County and other local entities. Funding is provided through a 1% administrative charge on property taxes collected (see Section 7-38-38.1, NMSA 1978 Compilation).

STATE OF NEW MEXICO
San Miguel County
Nonmajor Governmental Fund Descriptions
June 30, 2017

Special Revenue Funds (continued)

Community Projects – Special Appropriation (500) – To account for the revenues and expenditures for Community Projects in San Miguel County. The creation and maintenance of a separate fund was established by a San Miguel County Resolution.

Emergency Medical Services (521-530) – To account for revenues and expenditures for Emergency Medical Services in the communities of El Pueblo, Gallinas, Sapello, Conchas, Ilfeld, General, Cabo Lucero, Sheridan, Bernal/Tecolote, and the Ambulance Aid funds. These funds were created by authority of state statute (see Section 24-10A-6, NMSA 1978 Compilation).

Law Enforcement Fund (750) – To account for revenues and expenditures for maintaining and improving the County's law enforcement department in order to enhance its efficiency and effectiveness. Funding is from the State appropriation authorized by Section 29-13-1 to 9 of NMSA.

Justice Assistance Grant Fund (753) – To account for the Justice Assistance grant expenditures as outlined in the grant agreement. The creation and maintenance of a separate fund was established by County Resolution 2015-09-08-F1.

Sheriff's Evidence Bank Account (754) – To account for funds collected through a seizure(s) until such a time that a criminal case is closed. The creation and maintenance of a separate fund was established by County Resolution 2017-07-11-F1.

CDBG 02-C-NR-1-6-G-65 Comp Plan (901) - To account for Community Development Block Grant (CDBG) money to be used for construction projects as the grants awarded. The creation and maintenance of the fund was established by final budget approval.

CDBG Sabinoso Road Project (906) – To account for Community Development Block Grant (CDBG) money used for the Sabinoso Road Project. This fund was established through Resolution 2011-05-26-F2.

Section 8 Housing (997) – To account for revenues and expenditures of providing rental assistance to low-income citizens of the County. The U.S. Department of Housing and Urban Development provides funding. The fund was created by authority of state statute (see Section 1.19.114, NMSA 1978 Compilation).

Solid Waste (998) – To account for revenues and expenditures for solid waste within San Miguel County. The creation and maintenance of a separate fund was established through County Resolution.

Capital Project Funds

DC Annex/CH Remodeling (210) – To account for revenues and expenditures related to the Courthouse remodeling project.

Vehicle Capital Outlay (220) – To account for the purchases of County Vehicles, previously presented with San Miguel County's general fund.

Detention Center Capital Outlay (221) – To account for revenues and expenditures related to the construction of the San Miguel County Detention Center. This fund consists of bonds revenues and special appropriations which include both state and federal funding. The creation and maintenance of a separate fund was established by a County Resolution.

STATE OF NEW MEXICO
San Miguel County
Nonmajor Governmental Fund Descriptions
June 30, 2017

Capital Project Funds (continued)

Law Enforcement Capital Outlay (222) - To account for new proceeds and to account for any future funding tied to the Law Enforcement Capital Outlay that is not otherwise required to be accounted for in a separate fund. Established by County Resolution.

Public Works Facility (225) - To account for the accumulation of resources and payments related to the Public Works Facility Planning, Design, Construction and Construction Observation.

Crusher Facility and Equipment (230) - To account for the accumulation of resources and payments related to the purchase/lease of property, permitting, planning, designing, purchase of equipment and construction related to the Crusher Facility and Equipment.

Highway Safety Improvement Grant (241) - To account for federal pass through funds through the New Mexico Department of Transportation. The funds are to be used for highway safety initiatives in the County. This fund was established through County Resolution 2011-12-13-F1.

Debt Service Funds

Tecolote USDA Reserve (983) - To ensure that loan installments are paid on time, for emergency maintenance, for extensions of facilities and for replacement of short-lived assets which have a useful life significantly less than the repayment period of the loan. The creation and maintenance of a separate fund was established through resolution 2016-11-08-F1.

Cabo Lucero USDA Reserve (984) - To ensure that loan installments are paid on time, for emergency maintenance, for extensions of facilities and for replacement of short-lived assets which have a useful life significantly less than the repayment period of the loan. The creation and maintenance of a separate fund was established through resolution 2016-11-08-F2.

USDA Vehicle Replacement (993) - To account for revenues and expenditures of the 1997 Series B Revenue Bond Issue. The funds were used for the construction of the detention center. The creation and maintenance of a separate fund was established by a County Resolution.

98A Bond Issue (994) - To account for revenues and expenditures of the 1998 Series A Bond Issue. The funds were used for Volunteer Fire Department capital needs. The creation and maintenance of a separate fund was established by a County Resolution

2003 Revenue Bond/Debt Service (996) - To account for the accumulation of resources and payments of revenue bond principal, interest and administrative fees from pledged County gross receipts tax revenues.

STATE OF NEW MEXICO
San Miguel County
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2017

	Special Revenue			
	Road Fund	Road Projects - Special Appropriation	Forest Reserve Title III	Disaster Projects
<i>Assets</i>				
Cash and cash equivalents	\$ 179,620	\$ 65,423	\$ 282,265	\$ 814
Receivables, net	42,459	27,819	-	-
Prepaid expenses	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 222,079</u>	<u>\$ 93,242</u>	<u>\$ 282,265</u>	<u>\$ 814</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 10,538	\$ 71,050	\$ -	\$ -
Accrued payroll	27,187	-	-	-
Deposits held in trust for others	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>37,725</u>	<u>71,050</u>	<u>-</u>	<u>-</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue:				
Unearned revenues - grants	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable				
Prepaid expenses	-	-	-	-
Spendable:				
Restricted				
General government	-	-	-	-
Public safety	-	-	282,265	814
Public works	90,105	22,192	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Debt service	-	-	-	-
Capital outlay	-	-	-	-
Minimum fund balance	94,249	-	-	-
Unassigned (deficit)	-	-	-	-
<i>Total fund balances</i>	<u>184,354</u>	<u>22,192</u>	<u>282,265</u>	<u>814</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 222,079</u>	<u>\$ 93,242</u>	<u>\$ 282,265</u>	<u>\$ 814</u>

See independent auditors' report.

Special Revenue

<u>Professional Development</u>	<u>Federal Disaster Fund</u>	<u>FEMA Disaster Recovery 4197</u>	<u>Farm and Range</u>	<u>DWI Allocation</u>	<u>DWI Grant</u>
\$ 51,142	\$ -	\$ -	\$ 35,175	\$ 36,504	\$ -
-	-	237,000	-	5,269	8,937
2,564	-	-	-	5	-
-	-	-	-	1,621	-
<u>\$ 53,706</u>	<u>\$ -</u>	<u>\$ 237,000</u>	<u>\$ 35,175</u>	<u>\$ 43,399</u>	<u>\$ 8,937</u>
\$ 38	\$ -	\$ -	\$ 3,859	\$ 256	\$ -
-	-	-	-	5,018	1,338
-	-	-	-	-	-
-	45	133,310	-	36,504	5,594
<u>38</u>	<u>45</u>	<u>133,310</u>	<u>3,859</u>	<u>41,778</u>	<u>6,932</u>
13,851	-	-	-	-	-
<u>13,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2,564	-	-	-	5	-
-	-	-	-	-	-
-	-	103,690	-	1,616	2,005
-	-	-	-	-	-
37,253	-	-	31,316	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(45)	-	-	-	-
<u>39,817</u>	<u>(45)</u>	<u>103,690</u>	<u>31,316</u>	<u>1,621</u>	<u>2,005</u>
<u>\$ 53,706</u>	<u>\$ -</u>	<u>\$ 237,000</u>	<u>\$ 35,175</u>	<u>\$ 43,399</u>	<u>\$ 8,937</u>

See independent auditors' report.

STATE OF NEW MEXICO
San Miguel County
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2017

	Special Revenue			
	Community - DWI Program	DWI Offenders Fee	Veterans Transportation Services	Education and Enforcement
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 2,352	\$ 9,399	\$ 60
Receivables, net	2,887	-	-	-
Prepaid expenses	-	-	-	-
Due from other funds	-	-	-	-
	<u>2,887</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>\$ 2,887</u>	<u>\$ 2,352</u>	<u>\$ 9,399</u>	<u>\$ 60</u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 40	\$ -	\$ -
Accrued payroll	347	-	-	-
Deposits held in trust for others	-	-	-	-
Due to other funds	2,539	-	-	-
<i>Total liabilities</i>	<u>2,886</u>	<u>40</u>	<u>-</u>	<u>-</u>
 <i>Deferred inflows of resources</i>				
<i>Unavailable revenue:</i>				
Unearned revenues - grants	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <i>Fund balances</i>				
<i>Nonspendable</i>				
Prepaid expenses	-	-	-	-
<i>Spendable:</i>				
<i>Restricted</i>				
General government	-	-	-	-
Public safety	1	2,312	-	60
Public works	-	-	-	-
Health and welfare	-	-	9,399	-
Culture and recreation	-	-	-	-
Debt service	-	-	-	-
Capital outlay	-	-	-	-
Minimum fund balance	-	-	-	-
Unassigned (deficit)	-	-	-	-
<i>Total fund balances</i>	<u>1</u>	<u>2,312</u>	<u>9,399</u>	<u>60</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 2,887</u>	<u>\$ 2,352</u>	<u>\$ 9,399</u>	<u>\$ 60</u>

See independent auditors' report.

Special Revenue

Child Restraint	Office Emergency Management	OEM-EMW 2014-SS-00030- S01-SMC	OEM-EMW- 2013-SS-00152- S01-SMC	FEMA-4199-DR- SM-32	Waste Isolation Pilot Project
\$ 245	\$ 16,320	\$ -	\$ -	\$ 42,496	\$ 5,151
743	14,533	-	-	-	-
-	1,004	15,500	-	-	-
-	-	-	-	-	-
<u>\$ 988</u>	<u>\$ 31,857</u>	<u>\$ 15,500</u>	<u>\$ -</u>	<u>\$ 42,496</u>	<u>\$ 5,151</u>
\$ -	\$ 2,348	\$ -	\$ -	\$ -	\$ 683
-	3,529	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	<u>5,877</u>	-	-	-	<u>683</u>
-	-	15,500	-	-	4,345
-	-	<u>15,500</u>	-	-	<u>4,345</u>
-	1,004	-	-	-	-
-	-	-	-	-	-
988	24,976	-	-	42,496	123
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>988</u>	<u>25,980</u>	<u>-</u>	<u>-</u>	<u>42,496</u>	<u>123</u>
<u>\$ 988</u>	<u>\$ 31,857</u>	<u>\$ 15,500</u>	<u>\$ -</u>	<u>\$ 42,496</u>	<u>\$ 5,151</u>

See independent auditors' report.

STATE OF NEW MEXICO
 San Miguel County
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2017

	Special Revenue			
	Recording Equipment Fund	Recreation Fund	Lodgers Tax Fund	Indigent Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 8,044	\$ 754	\$ 36,496	\$ 292,254
Receivables, net	-	-	5,881	118,283
Prepaid expenses	-	-	-	1,534
Due from other funds	-	-	-	-
	<u>8,044</u>	<u>754</u>	<u>42,377</u>	<u>412,071</u>
<i>Total assets</i>	<u>\$ 8,044</u>	<u>\$ 754</u>	<u>\$ 42,377</u>	<u>\$ 412,071</u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 489	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Deposits held in trust for others	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>489</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <i>Deferred inflows of resources</i>				
<i>Unavailable revenue:</i>				
Unearned revenues - grants	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <i>Fund balances</i>				
<i>Nonspendable</i>				
Prepaid expenses	-	-	-	1,534
<i>Spendable:</i>				
<i>Restricted</i>				
General government	7,555	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	410,537
Culture and recreation	-	754	42,377	-
Debt service	-	-	-	-
Capital outlay	-	-	-	-
Minimum fund balance	-	-	-	-
Unassigned (deficit)	-	-	-	-
<i>Total fund balances</i>	<u>7,555</u>	<u>754</u>	<u>42,377</u>	<u>412,071</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 8,044</u>	<u>\$ 754</u>	<u>\$ 42,377</u>	<u>\$ 412,071</u>

See independent auditors' report.

Special Revenue

Re-Appraisal Fund	Community Projects - Special Appropriation	Emergency Medical Services	Law Enforcement Fund	Justice Assistance Grant Fund	Sheriff's Evidence Bank Account
\$ 184,922	\$ 18,380	\$ 11,898	99	\$ -	\$ 601
146	26,535	-	-	-	-
3,389	-	139	-	-	-
-	-	-	-	-	-
<u>\$ 188,457</u>	<u>\$ 44,915</u>	<u>\$ 12,037</u>	<u>\$ 99</u>	<u>\$ -</u>	<u>\$ 601</u>
\$ -	\$ 26,535	\$ -	\$ -	\$ -	\$ -
1,176	-	-	-	-	-
-	-	-	-	-	601
-	-	-	-	-	-
<u>1,176</u>	<u>26,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>601</u>
-	18,380	-	-	-	-
-	<u>18,380</u>	-	-	-	-
3,389	-	139	-	-	-
183,892	-	-	-	-	-
-	-	11,898	99	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>187,281</u>	<u>-</u>	<u>12,037</u>	<u>99</u>	<u>-</u>	<u>-</u>
<u>\$ 188,457</u>	<u>\$ 44,915</u>	<u>\$ 12,037</u>	<u>\$ 99</u>	<u>\$ -</u>	<u>\$ 601</u>

See independent auditors' report.

STATE OF NEW MEXICO
San Miguel County
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2017

	Special Revenue			
	CDBG 02-C-NR- 1-6-G-65 Comp Plan	CDBG Sabinoso Road	Section 8 Housing	Solid Waste
<i>Assets</i>				
Cash and cash equivalents	\$ 31,409	\$ 615	\$ 159,477	\$ 149,923
Receivables, net	-	-	25,587	155,526
Prepaid expenses	-	-	27	-
Due from other funds	-	-	-	-
	<u>31,409</u>	<u>615</u>	<u>159,504</u>	<u>149,923</u>
<i>Total assets</i>	<u>\$ 31,409</u>	<u>\$ 615</u>	<u>\$ 185,091</u>	<u>\$ 305,449</u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ 2,600	\$ 157,857
Accrued payroll	-	-	-	15,881
Deposits held in trust for others	-	-	-	43,551
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>2,600</u>	<u>217,289</u>
 <i>Deferred inflows of resources</i>				
<i>Unavailable revenue:</i>				
Unearned revenues - grants	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <i>Fund balances</i>				
<i>Nonspendable</i>				
Prepaid expenses	-	-	27	-
<i>Spendable:</i>				
<i>Restricted</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	31,409	615	-	88,160
Health and welfare	-	-	182,464	-
Culture and recreation	-	-	-	-
Debt service	-	-	-	-
Capital outlay	-	-	-	-
Minimum fund balance	-	-	-	-
Unassigned (deficit)	-	-	-	-
<i>Total fund balances</i>	<u>31,409</u>	<u>615</u>	<u>182,491</u>	<u>88,160</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 31,409</u>	<u>\$ 615</u>	<u>\$ 185,091</u>	<u>\$ 305,449</u>

See independent auditors' report.

Capital Projects

<u>DC Annex/CH Remodeling</u>	<u>Vehicle Capital Outlay</u>	<u>Detention Center Capital Outlay</u>	<u>Law Enforcement Capital Outlay</u>	<u>Public Works Facility</u>	<u>Crusher Facility and Equipment</u>
\$ 19,946	\$ 18,046	\$ 61,199	\$ 372,000	\$ 678	\$ 37,534
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	11
<u>\$ 19,946</u>	<u>\$ 18,046</u>	<u>\$ 61,199</u>	<u>\$ 372,000</u>	<u>\$ 678</u>	<u>\$ 37,545</u>
\$ 7,474	\$ -	\$ 12,833	\$ -	\$ -	\$ 2,070
-	-	-	-	-	4,375
-	-	-	-	-	-
-	-	3,898	7,373	-	-
<u>7,474</u>	<u>-</u>	<u>16,731</u>	<u>7,373</u>	<u>-</u>	<u>6,445</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
12,472	18,046	44,468	364,627	678	31,100
-	-	-	-	-	-
-	-	-	-	-	-
<u>12,472</u>	<u>18,046</u>	<u>44,468</u>	<u>364,627</u>	<u>678</u>	<u>31,100</u>
<u>\$ 19,946</u>	<u>\$ 18,046</u>	<u>\$ 61,199</u>	<u>\$ 372,000</u>	<u>\$ 678</u>	<u>\$ 37,545</u>

See independent auditors' report.

STATE OF NEW MEXICO
San Miguel County
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2017

	<u>Capital Projects</u>	<u>Debt Service</u>		
	<u>Highway Safety Improvement Grant</u>	<u>Tecolote USDA Reserve</u>	<u>Cabo Lucero USDA Reserve</u>	<u>USDA Vehicle Replacement</u>
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 13,660	\$ 10,010	\$ 8,913
Receivables, net	98,400	-	-	-
Prepaid expenses	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 98,400</u>	<u>\$ 13,660</u>	<u>\$ 10,010</u>	<u>\$ 8,913</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 7,054	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Deposits held in trust for others	-	-	-	-
Due to other funds	91,346	-	-	-
<i>Total liabilities</i>	<u>98,400</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue:				
Unearned revenues - grants	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable				
Prepaid expenses	-	-	-	-
Spendable:	-			
Restricted				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Debt service	-	13,660	10,010	8,913
Capital outlay	-	-	-	-
Minimum fund balance	-	-	-	-
Unassigned (deficit)	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>13,660</u>	<u>10,010</u>	<u>8,913</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 98,400</u>	<u>\$ 13,660</u>	<u>\$ 10,010</u>	<u>\$ 8,913</u>

See independent auditors' report.

Debt Service

98A Bond Issue	2003 Revenue Bond/Debt Service	Total Nonmajor Governmental Funds
\$ 9,000	\$ 91,758	\$ 2,264,582
-	166,698	936,703
-	-	24,162
-	-	1,632
\$ 9,000	\$ 258,456	\$ 3,227,079
\$ -	\$ -	\$ 305,724
-	-	58,851
-	-	44,152
-	-	280,609
-	-	689,336
-	-	52,076
-	-	52,076
-	-	8,662
-	-	191,447
-	-	473,343
-	-	232,481
-	-	602,400
-	-	111,700
9,000	258,456	300,039
-	-	471,391
-	-	94,249
-	-	(45)
9,000	258,456	2,485,667
\$ 9,000	\$ 258,456	\$ 3,227,079

See independent auditors' report.

STATE OF NEW MEXICO
San Miguel County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2017

	Special Revenue			
	Road Fund	Road Projects - Special Appropriation	Forest Reserve Title III	Disaster Projects
<i>Revenues</i>				
Taxes:				
Gross receipts	\$ -	\$ -	\$ -	\$ -
Gasoline and motor vehicle	158,230	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	18,936	-	28,790	-
Federal capital grants	-	345,142	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	285,286	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	5,702	-	-	-
<i>Total revenues</i>	468,154	345,142	28,790	-
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	1,130,983	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	467,710	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	1,130,983	467,710	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	(662,829)	(122,568)	28,790	-
<i>Other financing sources (uses)</i>				
Proceeds from refunding bond	-	-	-	-
Transfers in	588,252	49,162	215,741	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	588,252	49,162	215,741	-
<i>Net change in fund balance</i>	(74,577)	(73,406)	244,531	-
<i>Fund balance - beginning of year</i>	258,931	95,598	37,734	814
<i>Restatement (Note 18)</i>	-	-	-	-
<i>Fund balance - beginning, as restated</i>	258,931	95,598	37,734	814
<i>Fund balance - end of year</i>	\$ 184,354	\$ 22,192	\$ 282,265	\$ 814

See independent auditors' report.

Special Revenue

<u>Professional Development</u>	<u>Federal Disaster Fund</u>	<u>FEMA Disaster Recovery 4197</u>	<u>Farm and Range</u>	<u>DWI Allocation</u>	<u>DWI Grant</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	6,763	-	-
-	-	-	-	-	-
-	-	-	-	151,353	39,338
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
13,315	-	-	-	-	-
<u>13,315</u>	<u>-</u>	<u>-</u>	<u>6,763</u>	<u>151,353</u>	<u>39,338</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	229,875	39,847
-	-	-	-	-	-
13,599	-	-	3,860	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	4,465	-
-	-	-	-	-	-
<u>13,599</u>	<u>-</u>	<u>-</u>	<u>3,860</u>	<u>234,340</u>	<u>39,847</u>
(284)	-	-	2,903	(82,987)	(509)
-	-	-	-	-	-
-	-	-	-	84,570	-
-	(45)	-	-	-	-
-	(45)	-	-	84,570	-
(284)	(45)	-	2,903	1,583	(509)
<u>40,101</u>	<u>-</u>	<u>103,690</u>	<u>28,413</u>	<u>38</u>	<u>2,514</u>
-	-	-	-	-	-
<u>40,101</u>	<u>-</u>	<u>103,690</u>	<u>28,413</u>	<u>38</u>	<u>2,514</u>
<u>\$ 39,817</u>	<u>\$ (45)</u>	<u>\$ 103,690</u>	<u>\$ 31,316</u>	<u>\$ 1,621</u>	<u>\$ 2,005</u>

See independent auditors' report.

STATE OF NEW MEXICO
San Miguel County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2017

	Special Revenue			
	Community - DWI Program	DWI Offenders Fee	Veterans Transportation Services	Education and Enforcement
<i>Revenues</i>				
Taxes:				
Gross receipts	\$ -	\$ -	\$ -	\$ -
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	2,601	1,450	-	-
State capital grants	-	-	-	-
Charges for services	-	7,895	-	-
Licenses and fees	-	11,254	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>2,601</u>	<u>20,599</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	17,372	-	-
Public safety	2,144	5,906	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	3,263	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,144</u>	<u>23,278</u>	<u>3,263</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>457</u>	<u>(2,679)</u>	<u>(3,263)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Proceeds from refunding bond	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	457	(2,679)	(3,263)	-
<i>Fund balance - beginning of year</i>	<u>(456)</u>	<u>4,991</u>	<u>12,662</u>	<u>60</u>
<i>Restatement (Note 18)</i>	-	-	-	-
<i>Fund balance - beginning, as restated</i>	<u>(456)</u>	<u>4,991</u>	<u>12,662</u>	<u>60</u>
<i>Fund balance - end of year</i>	<u>\$ 1</u>	<u>\$ 2,312</u>	<u>\$ 9,399</u>	<u>\$ 60</u>

See independent auditors' report.

Special Revenue

<u>Child Restraint</u>	<u>Office Emergency Management</u>	<u>OEM-EMW 2014-SS-00030- S01-SMC</u>	<u>OEM-EMW- 2013-SS-00152- S01-SMC</u>	<u>FEMA-4199-DR- SM-32</u>	<u>Waste Isolation Pilot Project</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
1,868	55,141	-	348	-	28,208
-	-	-	-	-	-
742	-	8,675	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	33,293	-	-	-	-
<u>2,610</u>	<u>88,434</u>	<u>8,675</u>	<u>348</u>	<u>-</u>	<u>28,208</u>
-	455	8,675	348	-	-
2,610	131,930	-	-	-	28,208
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,156	-	-	-	-
-	-	-	-	-	-
<u>2,610</u>	<u>133,541</u>	<u>8,675</u>	<u>348</u>	<u>-</u>	<u>28,208</u>
-	(45,107)	-	-	-	-
-	-	-	-	-	-
-	61,664	-	-	42,496	-
-	-	-	-	-	-
-	61,664	-	-	42,496	-
-	16,557	-	-	42,496	-
<u>988</u>	<u>9,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123</u>
-	-	-	-	-	-
<u>988</u>	<u>9,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123</u>
<u>\$ 988</u>	<u>\$ 25,980</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,496</u>	<u>\$ 123</u>

See independent auditors' report.

STATE OF NEW MEXICO
San Miguel County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2017

	Special Revenue			
	Recording Equipment Fund	Recreation Fund	Lodgers Tax Fund	Indigent Fund
<i>Revenues</i>				
Taxes:				
Gross receipts	\$ -	\$ -	\$ -	\$ 672,093
Gasoline and motor vehicle	-	-	-	-
Other	-	-	32,816	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	49	376
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	32,865	672,469
<i>Expenditures</i>				
Current:				
General government	9,228	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	25,262	-
Health and welfare	-	-	-	779,687
Capital outlay	25,724	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	34,952	-	25,262	779,687
<i>Excess (deficiency) of revenues over expenditures</i>	(34,952)	-	7,603	(107,218)
<i>Other financing sources (uses)</i>				
Proceeds from refunding bond	-	-	-	-
Transfers in	-	-	-	222,542
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	222,542
<i>Net change in fund balance</i>	(34,952)	-	7,603	115,324
<i>Fund balance - beginning of year</i>	42,507	754	34,774	243,050
<i>Restatement (Note 18)</i>	-	-	-	53,697
<i>Fund balance - beginning, as restated</i>	42,507	754	34,774	296,747
<i>Fund balance - end of year</i>	\$ 7,555	\$ 754	\$ 42,377	\$ 412,071

See independent auditors' report.

Special Revenue

<u>Re-Appraisal Fund</u>	<u>Community Projects - Special Appropriation</u>	<u>Emergency Medical Services</u>	<u>Law Enforcement Fund</u>	<u>Justice Assistance Grant Fund</u>	<u>Sheriff's Evidence Bank Account</u>
\$ 154,881	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	5,656	-
-	-	-	-	-	-
-	17,381	8,207	25,400	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	66	-	-
-	-	-	-	-	-
<u>154,881</u>	<u>17,381</u>	<u>8,207</u>	<u>25,466</u>	<u>5,656</u>	<u>-</u>
72,857	-	-	-	-	-
-	10,151	4,580	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	7,230	-	-	5,656	-
-	-	-	32,383	-	-
-	-	-	47	-	-
<u>72,857</u>	<u>17,381</u>	<u>4,580</u>	<u>32,430</u>	<u>5,656</u>	<u>-</u>
<u>82,024</u>	<u>-</u>	<u>3,627</u>	<u>(6,964)</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
57,024	-	3,627	(6,964)	-	-
<u>130,257</u>	<u>-</u>	<u>8,410</u>	<u>7,063</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>130,257</u>	<u>-</u>	<u>8,410</u>	<u>7,063</u>	<u>-</u>	<u>-</u>
<u>\$ 187,281</u>	<u>\$ -</u>	<u>\$ 12,037</u>	<u>\$ 99</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

STATE OF NEW MEXICO
 San Miguel County
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Year Ended June 30, 2017

	Special Revenue			
	CDBG 02-C-NR- 1-6-G-65 Comp Plan	CDBG Sabinoso Road	Section 8 Housing	Solid Waste
<i>Revenues</i>				
Taxes:				
Gross receipts	\$ -	\$ -	\$ -	\$ 100,508
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	690,441	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	733,852
Licenses and fees	-	-	617	-
Investment income (loss)	-	-	118	(119)
Miscellaneous	-	-	31,602	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>722,778</u>	<u>834,241</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	18,591	752	-	1,173,145
Culture and recreation	-	-	-	-
Health and welfare	-	-	666,625	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>18,591</u>	<u>752</u>	<u>666,625</u>	<u>1,173,145</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(18,591)</u>	<u>(752)</u>	<u>56,153</u>	<u>(338,904)</u>
<i>Other financing sources (uses)</i>				
Proceeds from refunding bond	-	-	-	-
Transfers in	50,000	-	32,000	246,835
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>50,000</u>	<u>-</u>	<u>32,000</u>	<u>246,835</u>
<i>Net change in fund balance</i>	31,409	(752)	88,153	(92,069)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>1,367</u>	<u>94,338</u>	<u>180,229</u>
<i>Restatement (Note 18)</i>	-	-	-	-
<i>Fund balance - beginning, as restated</i>	<u>-</u>	<u>1,367</u>	<u>94,338</u>	<u>180,229</u>
<i>Fund balance - end of year</i>	<u>\$ 31,409</u>	<u>\$ 615</u>	<u>\$ 182,491</u>	<u>\$ 88,160</u>

See independent auditors' report.

Capital Projects

<u>DC Annex/CH Remodeling</u>	<u>Vehicle Capital Outlay</u>	<u>Detention Center Capital Outlay</u>	<u>Law Enforcement Capital Outlay</u>	<u>Public Works Facility</u>	<u>Crusher Facility and Equipment</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	312,577	59,937	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	23
-	<u>312,577</u>	<u>59,937</u>	<u>-</u>	<u>-</u>	<u>23</u>
403	-	-	-	-	-
-	-	1,413	17,373	-	-
-	-	-	-	-	285,156
-	-	-	-	-	-
-	-	-	-	-	-
9,699	326,073	92,956	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>10,102</u>	<u>326,073</u>	<u>94,369</u>	<u>17,373</u>	<u>-</u>	<u>285,156</u>
<u>(10,102)</u>	<u>(13,496)</u>	<u>(34,432)</u>	<u>(17,373)</u>	<u>-</u>	<u>(285,133)</u>
-	-	78,000	372,000	-	-
-	31,000	-	10,000	-	295,628
-	(3,276)	(79)	-	-	-
-	<u>27,724</u>	<u>77,921</u>	<u>382,000</u>	<u>-</u>	<u>295,628</u>
(10,102)	14,228	43,489	364,627	-	10,495
<u>22,574</u>	<u>3,818</u>	<u>979</u>	<u>-</u>	<u>678</u>	<u>20,605</u>
-	-	-	-	-	-
<u>22,574</u>	<u>3,818</u>	<u>979</u>	<u>-</u>	<u>678</u>	<u>20,605</u>
<u>\$ 12,472</u>	<u>\$ 18,046</u>	<u>\$ 44,468</u>	<u>\$ 364,627</u>	<u>\$ 678</u>	<u>\$ 31,100</u>

See independent auditors' report.

STATE OF NEW MEXICO
San Miguel County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2017

	<u>Capital Projects</u>		<u>Debt Service</u>	
	<u>Highway Safety Improvement Grant</u>	<u>Tecolote USDA Reserve</u>	<u>Cabo Lucero USDA Reserve</u>	<u>USDA Vehicle Replacement</u>
<i>Revenues</i>				
Taxes:				
Gross receipts	\$ -	\$ -	\$ -	\$ -
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	99,080	-	-	-
State operating grants	85,273	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>184,353</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	215,353	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>215,353</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(31,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Proceeds from refunding bond	-	-	-	-
Transfers in	-	13,660	10,010	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>13,660</u>	<u>10,010</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>(31,000)</u>	<u>13,660</u>	<u>10,010</u>	<u>-</u>
<i>Fund balance - beginning of year</i>	<u>31,000</u>	<u>-</u>	<u>-</u>	<u>8,913</u>
<i>Restatement (Note 18)</i>	-	-	-	-
<i>Fund balance - beginning, as restated</i>	<u>31,000</u>	<u>-</u>	<u>-</u>	<u>8,913</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ 13,660</u>	<u>\$ 10,010</u>	<u>\$ 8,913</u>

See independent auditors' report.

<u>Debt Service</u>		
<u>98A Bond Issue</u>	<u>2003 Revenue Bond/Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 987,444	\$ 1,914,926
-	-	158,230
-	-	32,816
-	-	836,151
-	-	444,222
-	-	340,420
-	-	372,514
-	-	1,027,033
-	-	11,871
206	-	696
-	-	83,935
<u>206</u>	<u>987,444</u>	<u>5,222,814</u>
-	338	109,676
-	-	474,037
-	-	2,608,627
-	-	42,721
-	-	1,449,575
-	-	1,150,401
-	389,164	427,168
-	158,264	158,311
<u>-</u>	<u>547,766</u>	<u>6,420,516</u>
<u>206</u>	<u>439,678</u>	<u>(1,197,702)</u>
-	-	450,000
-	-	1,953,560
<u>(8,381)</u>	<u>(431,162)</u>	<u>(467,943)</u>
<u>(8,381)</u>	<u>(431,162)</u>	<u>1,935,617</u>
(8,175)	8,516	737,915
<u>17,175</u>	<u>202,183</u>	<u>1,646,298</u>
-	47,757	101,454
<u>17,175</u>	<u>249,940</u>	<u>1,747,752</u>
<u>\$ 9,000</u>	<u>\$ 258,456</u>	<u>\$ 2,485,667</u>

See independent auditors' report.

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
San Miguel County
Schedule of Deposit and Investment Accounts
June 30, 2017

<u>Bank Account Type/Name</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>Totals</u>
Community First Bank					
Property Tax Account	Demand Account	\$ 530,856	\$ 12,126	\$ -	\$ 542,982
CD - Fire Fund	CD	549,187	-	-	549,187
<i>Total Community First Bank</i>		<u>1,080,043</u>	<u>12,126</u>	<u>-</u>	<u>1,092,169</u>
Southwest Capital Bank					
Construction Project Fund	Demand Account	572	-	-	572
Detention Center	Demand Account	137,815	-	22,552	115,263
El Valle	Demand Account	5,917	-	-	5,917
Clerks E-Recordingss	Demand Account	2,600	-	-	2,600
Lodgers	Demand Account	36,496	-	-	36,496
Indigent	Demand Account	324,865	-	32,611	292,254
SMC Fire District	Demand Account	907,269	211	80,161	827,319
Pecos Property Tax Acct	Demand Account	1,577	-	-	1,577
Gross Receipts Tax	Demand Account	649,972	-	-	649,972
General Fund Acct	Demand Account	3,753,090	52,004	129,727	3,675,367
Sheriff's Evidence Act	Demand Account	601	10	-	611
Payroll Account	Demand Account	18,635	2,651	20,134	1,152
Federal Housing	Demand Account	73,986	-	-	73,986
General Fund CD	CD	13,660	-	-	13,660
General Fund CD	CD	10,010	-	-	10,010
CD- Fire Funds	CD	587,876	-	-	587,876
Detention Center - Inmate Agency Fund	Demand Account	56,080	15,585	7,548	64,117
Employee - Agency Fund	Demand Account	3,418	-	-	3,418
<i>Total Southwest Capital Bank</i>		<u>6,584,439</u>	<u>70,461</u>	<u>292,733</u>	<u>6,362,167</u>
Wells Fargo					
Section 8 Program	Demand Account	96,027	-	10,536	85,491
<i>Total Community First Bank</i>		<u>\$ 96,027</u>	<u>\$ -</u>	<u>\$ 10,536</u>	<u>\$ 85,491</u>

See independent auditors' report.

<u>Bank Account Type/Name</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>Totals</u>
NMFA					
SANNMIGUEL 8 Cash - Debt Servicing	NMFA Cash	\$ 90	\$ -	\$ -	\$ 90
SANNMIGUEL 11 Cash - Debt Servicing	NMFA Cash	57	-	-	57
SANNMIGUEL 17 Cash - Debt Servicing	NMFA Cash	35	-	-	35
SANNMIGUEL 22 Cash - Debt Servicing	NMFA Cash	64	-	-	64
SANNMIGUEL 18 Cash - Debt Servicing	NMFA Cash	102	-	-	102
SANNMIGUEL 19 Cash - Debt Servicing	NMFA Cash	22	-	-	22
SANNMIGUEL 20 Cash - Debt Servicing	NMFA Cash	7,097	-	-	7,097
SANNMIGUEL 20 Reserve Funds Payable	NMFA Cash	30,069	-	-	30,069
SANNMIGUEL 23 Cash - Debt Servicing	NMFA Cash	13,906	-	-	13,906
SANNMIGUEL 23 Reserve Funds Payable	NMFA Cash	70,342	-	-	70,342
SANNMIGUEL 24 Cash - Debt Servicing	NMFA Cash	26,292	-	-	26,292
SANNMIGUEL 24 Reserve Funds Payable	NMFA Cash	84,564	-	-	84,564
SANNMIGUEL 25 Cash - Debt Servicing	NMFA Cash	49,233	-	-	49,233
SANNMIGUEL 25 Reserve Funds Payable	NMFA Cash	3,599,542	-	-	3,599,542
SANNMIGUEL 27 Cash - Debt Servicing	NMFA Cash	365	-	-	365
SANNMIGUEL 27 Program Cash	NMFA Cash	510,375	-	-	510,375
<i>Total NMFA</i>		<u>4,392,155</u>	<u>-</u>	<u>-</u>	<u>4,392,155</u>
Total Deposits		<u>\$ 12,152,664</u>	<u>\$ 82,587</u>	<u>\$ 303,269</u>	<u>11,931,982</u>
Add: Petty Cash					400
Add: Credit Card Clearing Account					1,939
Less: Restricted cash and cash equivalents per Exhibit A-1					(4,392,155)
Less: Investments per Exhibit A-1					(1,137,063)
Les: Agency Cash per Exhibit D-1					<u>(616,218)</u>
Total unrestricted cash and cash equivalents per Exhibit A-1					<u>\$ 5,788,885</u>

See independent auditors' report.

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STATE OF NEW MEXICO
 San Miguel County
 Schedule of Collateral Pledged by Depository For Public Funds
 June 30, 2017

Schedule IV

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value June 30, 2017</u>
Community First Bank				
	FHLMC ARM -Pool #: 78825	11/1/2031	31295MYW4	\$ 3,034
	FHLMC ARM -Pool #: 609005	11/1/2023	31354RAE7	3,826
	FNMA ARM -Pool #128776	2/1/2031	313655H6M3	4,162
	FNMA - Pool #313932	3/1/2023	31374GV27	4,755
	FNMA - Pool #408915	12/1/2017	3130A01R2	43,537
	GNMA-IT - Pool #091281	3/20/2035	36225DM76	106,295
	GEN ELEC CAP CRP FLOATER NOTE	4/15/2020	36966THX3	1,020,772
	MIDDLETOWN OHIO	12/1/2021	5971206D1	271,475
	PORT JERVIS NY	3/15/2018	734540HT7	195,793
	U.S. TREASURY NOTE	2/28/2019	912828C24	604,696
	Total First National Bank			<u>2,258,346</u>
Name and location of safekeeper for above pledged collateral: Federal Reserve Bank of Boston - Boston, MA				
Southwest Capital Bank				
	FHLB-Letter of Credit	1/25/2018	LOC 4305000003	240,000
	FHLB-Letter of Credit	1/25/2018	LOC 4305000002	3,100,000
	Total International Bank			<u>3,340,000</u>
Federal Home Loan Bank of Dallas, Irving, TX Federal Home Loan Bank of Dallas - Irving, TX				
	<i>Total Pledged Collateral</i>			<u>\$ 5,598,346</u>

See independent auditors' report.

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STATE OF NEW MEXICO
 San Miguel County
 Schedule of Changes in Fiduciary Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2017

Schedule V

	<u>Treasurer Fund</u>	<u>El Valle Foundation Fund</u>	<u>Employee Fund</u>	<u>Inmate Trust Fund</u>	<u>Balance June 30, 2017</u>
Assets, July 1, 2016	\$ 4,475,861	\$ 5,909	\$ 2,874	\$ 50,796	\$ 4,535,440
Increase	14,618,965	8	3,260	187,757	14,809,990
Decrease	<u>(14,334,899)</u>	<u>-</u>	<u>(3,557)</u>	<u>(182,473)</u>	<u>(14,520,929)</u>
<i>Assets, June 30, 2017</i>	<u><u>\$ 4,759,927</u></u>	<u><u>\$ 5,917</u></u>	<u><u>\$ 2,577</u></u>	<u><u>\$ 56,080</u></u>	<u><u>\$ 4,824,501</u></u>
Liabilities, July 1, 2016	\$ 4,475,861	\$ 5,909	\$ 2,874	\$ 50,796	\$ 4,535,440
Increase	14,618,965	8	3,260	187,757	14,809,990
Decrease	<u>(14,334,899)</u>	<u>-</u>	<u>(3,557)</u>	<u>(182,473)</u>	<u>(14,520,929)</u>
<i>Liabilities, June 30, 2017</i>	<u><u>\$ 4,759,927</u></u>	<u><u>\$ 5,917</u></u>	<u><u>\$ 2,577</u></u>	<u><u>\$ 56,080</u></u>	<u><u>\$ 4,824,501</u></u>

See independent auditors' report.

STATE OF NEW MEXICO
San Miguel County
Financial Data Schedule
June 30, 2017

Schedule VI
Page 1 of 2

Line Item Number	Description	Housing Choice Vouchers Program 14.871
113	Cash - Other Restricted	\$ 159,477
100	<i>Total Cash</i>	<u>159,477</u>
128	Fraud Recovery	<u>25,587</u>
120	<i>Total Receivables, Net of Allowance for Doubtful Accounts</i>	<u>25,587</u>
142	Prepaid Expenses and Other Assets	<u>27</u>
150	<i>Total Current Assets</i>	<u>185,091</u>
190	<i>Total Assets</i>	<u>185,091</u>
200	Deferred Outflows of Resources	<u>-</u>
290	<i>Total Assets and Deferred Outflows of Resources</i>	<u><u>\$ 185,091</u></u>
312	Accounts Payable <= 90 Days	<u>\$ 2,600</u>
310	<i>Total Current Liabilities</i>	<u>2,600</u>
300	<i>Total Liabilities</i>	<u>2,600</u>
400	Deferred Inflows of Resources	<u>-</u>
511	Restricted Net Position	<u>182,491</u>
513	<i>Total Equity/Net Position</i>	<u>182,491</u>
600	<i>Total Liabilities, Deferred Inflows of Resources, and Equity/Net Position</i>	<u><u>\$ 185,091</u></u>

See independent auditors' report.

STATE OF NEW MEXICO
 San Miguel County
 Financial Data Schedule
 June 30, 2017

Schedule VI
 Page 2 of 2

Line Item Number	Description	Housing Choice Vouchers Program 14.871
70600	HUD PHA Operating Grants	\$ 690,441
71100	Investment Income - Unrestricted	118
71400	Fraud Recovery	18,634
71500	Other Revenue	13,585
		<hr/>
70000	<i>Total Revenue</i>	722,778
		<hr/>
91300	Outside Management Fees	84,000
91810	Allocated Overhead	139
91900	Other Operating - Administrative	799
		<hr/>
91000	<i>Total Operating - Administrative</i>	84,938
		<hr/>
96900	<i>Total Operating Expenses</i>	84,938
		<hr/>
97000	Excess Operating Revenue Over Operating Expenses	637,840
		<hr/>
97300	Housing Assistance Payments	568,434
97350	HAP Portability-In	13,253
		<hr/>
90000	<i>Total Expenses</i>	\$ 666,625
		<hr/> <hr/>
10010	Operating Transfers In	\$ 32,000
		<hr/>
10100	<i>Total Other Financing Sources (Uses)</i>	32,000
		<hr/>
10000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	88,153
		<hr/>
11030	Beginning Equity	94,338
		<hr/>
	Ending Equity (deficit)	\$ 182,491
		<hr/> <hr/>
11190	Unit Months Available	1,214
		<hr/> <hr/>
11210	Number of Unit Months Leased	1,509
		<hr/> <hr/>

See independent auditors' report.

STATE OF NEW MEXICO
San Miguel County
Schedule of Joint Power Agreements
For the Year Ended June 30, 2017

Participants	Responsible Party	Description	Beginning Date
San Miguel County/ New Mexico Commissioner of Public Lands	San Miguel County	Right-of-way for County Roads	7/1/2012
San Miguel County/ 4th Judicial District CASA Program	San Miguel County	Housing for CASA program Staff	5/1/2013
Extension of Agreement/Contract for Inmate Confinement (4th Extension)---SMC and City of Las Vegas	San Miguel County	Confinement of Inmates	6/11/2013
Extension of Agreement/Contract for Inmate Confinement (3rd Extension)--- SMC and Harding County	San Miguel County	Confinement of Inmates	6/11/2014
Extension of Agreement/Contract for Inmate Confinement (2nd Extension)--- SMC and City of Espanola	San Miguel County	Inmate Confinement	7/9/2013
Animal Control Services Agreement between the AWC of Las Vegas and SMC	San Miguel County	Animal Control Services	9/12/2013
Addendum to Joint Power Agreement between Guadalupe County and SMC	San Miguel County	Solid Waste Collection in Tecolotito New Mexico	11/1/2013
Memorandum of Understanding Between the US Fish and Wildlife Service and the Arizona Counties of Apache, Cochise, Coconino, Gila, Mohave and Santa Cruz and the New Mexico Counties of Catron, Ciola, Grant, Hildago, Lincoln, Los Alamos, Luna, McKinely, Mora, San Juan, San Miguel, Santa Fe Sierra and Valencia	San Miguel County	Signatory entites to contribje to the preparation of an Enviornmental Impact Statment	10/8/2013

See independent auditors' report.

End Date	Project Amount	County Portion	Current Year Contributions	Audit Responsibility	Fiscal Agent	Type of Agreement
Not specified	Not specified	Not specified	Not specified	San Miguel County	None specified	JPA
Not specified	Not specified	Not specified	Not specified	San Miguel County	None specified	JPA
Not specified	\$80 per inmate	Not specified	Not specified	San Miguel County	None specified	JPA
Not specified	\$45 per inmate plus \$20 Booking Fee	Not specified	Not specified	San Miguel County	None specified	JPA
Not specified	\$80 Per Inmate plus \$20 Booking Fee	Not specified	Not specified	San Miguel County	None specified	JPA
Not specified	\$20,000	Not specified	Not specified	San Miguel County	None specified	JPA
Not specified	\$21,000	Not specified	Not specified	San Miguel County	None specified	JPA
Not specified	Not specified	Not specified	Not specified	San Miguel County	None specified	MOU

See independent auditors' report.

STATE OF NEW MEXICO
San Miguel County
Schedule of Joint Power Agreements
For the Year Ended June 30, 2017

Participants	Responsible Party	Description	Beginning Date
Renewal Agreement for the Contract for Inmate Confinement Between SMC and Colfax County	Detention	Inmate Confinement	9/24/2013
Memorandum of Agreement Between Pocitical Subdivisions--- SMC and Village of Pecos	San Miguel County	To permit Villiage of Pecos to provide Fire and Emergency Services	9/1/2013
Service Agreement---Bernalillo County and San Miguel County	San Miguel County	Administration of San Miguel County Section 8 Housing	9/1/2014
Inter Governmental Service Agreement between NMDPS and SMC	San Miguel County	DPS is a qualified Law Enforcement Agency that provides Emergency Dispatch Services	7/13/2015
MOU between SMC and SMC Family Health Council	San Miguel County	Collaborative efforts to improve the health of the San Miguel County Community	9/11/2017
MOA Bernalillo County and San Miguel County	San Miguel County	Running of Section 8 Housing	7/1/2017
MOU New Mexico Highlands University & San Miguel County	San Miguel County	Streaming the County Commissioner Meetings Via Comcast & Via web streaming video	4/3/2017
Joint Powers Agreement between the City of Las Vegas and San Miguel County		Establish extraterritorial zoning for that area of the County of San Miguel	10/17/1984
Joint Powers Agreement between San Miguel County and the City of Las Vegas	San Miguel County	Emergency Management Services	8/9/2011
1st Extension- Care of Prisoners agreement -Colfax County	San Miguel County	Providing for housing and care of Colfax County	10/10/2017
3rd Extension Agreement Contract- Care of Prisoners- City of Las Vegas and San Miguel County	San Miguel County	Providing for housing and care of City of Las Vegas Municipal Court Arest	10/10/2017
Agreement- Care of Prisoner(s) Contract- Taos, County, New Mexico and San Miguel County	San Miguel County	Providing for housing and care of Taos County inmates	8/8/2017
Memorandum of Agreement- Adult Education/Literacy Improvement/Work Rediness Classes-San Miguel County Detention Center	San Miguel County	For the Detainees at the San Miguel County Detention Center	7/1/2017

See independent auditors' report.

End Date	Project Amount	County Portion	Current Year Contributions	Audit Responsibility	Fiscal Agent	Type of Agreement
Not specified	\$80 Per Inmate plus and \$20 Booking Fee	Not specified	Not specified	San Miguel County	None specified	JPA
Not specified	Not specified	Not specified	Not specified	San Miguel County	None specified	MOU
Until mutually agreed upon	\$7,000 Monthly	Not specified	Not specified	San Miguel County	None specified	JPA
7/12/2017	Not specified	Not specified	Not specified	San Miguel County	None specified	JPA
6/30/2018	\$10,000	Not specified	Not specified	San Miguel County	None specified	JPA
6/30/2018	\$7,000 per month	Not specified	Not specified	San Miguel County	None specified	JPA
4/3/2019	Not specified	Not specified	Not specified	Not specified	None specified	JPA
Not specified	Not specified	Not specified	Not specified	Not specified	None specified	JPA
Not specified	Not specified	Not specified	Not specified	San Miguel County	None specified	JPA
10/10/2018	\$90 per/day inmate \$20 booking fee	Not specified	Not specified	San Miguel County	None specified	JPA
10/10/2018	\$90 Per day/Inmate	Not specified	Not specified	San Miguel County	None specified	JPA
8/8/2018	\$90 per/day inmate \$20 booking fee	Not specified	Not specified	San Miguel County	None specified	JPA
6/30/2018	Not specified	Not specified	Not specified	Not specified	None specified	MOU

See independent auditors' report.

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COMPLIANCE SECTION



**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 AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor
The San Miguel County Commissioners
San Miguel County
Las Vegas, 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 comparisons for the General Fund and major special revenue funds of San Miguel County, New Mexico, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise San Miguel County, New Mexico's basic financial statements and have issued our report thereon dated November 30, 2017.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as FS 2017-001 to be a material weakness.

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. We consider the deficiencies described in the accompany schedule of findings and questioned costs as FS 2014-001 and FS 2017-002 to be significant deficiencies.

Compliance and Other Matters

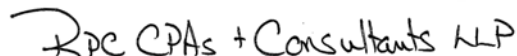
As part of obtaining reasonable assurance about whether San Miguel County, New Mexico's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items FS 2004-004, NM 2017-001, NM 2017-002, NM 2017-003 and NM 2017-004.

San Miguel County New Mexico's Response to Findings

San Miguel County New Mexico's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. San Miguel County New Mexico's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



RPC CPAs + Consultants, LLP
Albuquerque, New Mexico
November 30, 2017

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FEDERAL FINANCIAL ASSISTANCE



REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITORS' REPORT

Timothy M. Keller
New Mexico State Auditor
The United States Office of Management and Budget and
The City Council
San Miguel County
Las Vegas, New Mexico

Report on Compliance for the Major Federal Program

We have audited San Miguel County, New Mexico's the "County" compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the County's major federal programs for the year ended June 30, 2017. San Miguel County, New Mexico's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, San Miguel County, New Mexico, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

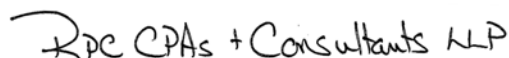
Report on Internal Control over Compliance

Management of San Miguel County, New Mexico, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered San Miguel County, New Mexico's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of San Miguel County, New Mexico's internal control over compliance.

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

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

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



RPC CPAs + Consultants, LLP
Albuquerque, New Mexico
November 30, 2017

STATE OF NEW MEXICO
San Miguel County
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Funding Source/Grant or Contact Name	CFDA Number	Pass-Through Grant Number
U.S. Department of Justice		
<i>Pass-Through Programs from the City of Las Vegas</i>		
Edward Byrne Memorial Justice Assistant Grant (JAG)	16.804	Not available
Total U.S. Department of Justice		
U.S. Department of Transportation		
<i>Pass-Through Programs from NM Department of Transportation</i>		
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	Not available
Highway Safety Improvement Program	20.205	Not available
Total U.S. Department of Transportation		
U.S. Department of Housing and Urban Development		
<i>Direct Funding</i>		
Section 8 Choice Voucehres Program	14.871	N/A
Public Housing Capital Fund	14.872	N/A
Total U.S. Department of Housing and Urban Development		
U.S. Department of Homeland Security Federak Emergency Management Agency		
<i>Passed through the NM Department of Homeland Security and Emergency Management</i>		
Homeland Security Grant Program	97.067	
Emergency Management Performance Grant Program	97.402	
Total U.S. Department of Homeland Security		
U.S. Department of Agriculture Animal and Plant Health Inspection Service		
<i>Direct Funding</i>		
Cooperative Forestry Assistance	* 10.664	N/A
Total U.S. Department of Agriculture Animal and Plant Health Inspection Service		

Total Federal Financial Assistance

(*) Denotes Major Federal Program

See independent auditors' report.
See accompanying notes to schedule of expenditures of federal awards.

<u>Expenditures</u>	<u>Funds Provided to Subrecipients</u>	<u>Noncash Assistance</u>
\$ 5,656	\$ -	\$ -
<u>5,656</u>	<u>-</u>	<u>-</u>
1,868	-	-
172,636	-	-
<u>174,504</u>	<u>-</u>	<u>-</u>
690,441	-	-
-	-	-
<u>690,441</u>	<u>-</u>	<u>-</u>
348	-	-
55,142	-	-
<u>55,490</u>	<u>-</u>	<u>-</u>
7,534	-	-
7,534	-	-
<u>\$ 933,625</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.
See accompanying notes to schedule of expenditures of federal awards.

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STATE OF NEW MEXICO
San Miguel County
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of San Miguel County (the County) and is presented on a modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements except for the proprietary funds. The information in this Schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

2. Loans

The County had no federal loans for the year ended June 30, 2017.

3. 10% de minimus Indirect Cost Rate

The County did not elect to use the allowed 10% indirect cost rate.

4. Federally Funded Insurance

The County has no federally funded insurance.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 933,625
Total expenditures funded by other sources	<u>20,094,273</u>
<i>Total expenditures</i>	<u><u>\$ 21,027,898</u></u>

See independent auditors' report.

STATE OF NEW MEXICO
 San Miguel County
 Schedule of Findings and Questioned Costs
 June 30, 2017

Section I – Summary of Auditors’ Results:

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements noted? | None noted |

Federal Awards:

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

4. Identification of major programs:

CFDA Number	Federal Program
14.871	Housing Voucher Cluster

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | Yes |

Section II – Financial Statement Findings

FS 2004-004 (Finding 2004-04) County Treasurer’s Property Tax Schedule Not Included (Repeated/Modified) – Other non-compliance

Condition: The County has not made significant progress in preparing the ten year property tax schedule and it is not presented as a supporting schedule to the financial statements.

Criteria: State Audit Rule 2.2.2 12D requires a “tax roll reconciliation of changes in the county treasurer’s property taxes receivable” for the most recent fiscal year ended, and a total for the previous nine fiscal years, and a “county treasurer’s property tax schedule.”

Effect: The County is not in compliance with the State Audit Rule.

Cause: The County’s accounting software does not have ten years of information necessary to complete the schedule.

Auditors’ Recommendation: We recommend that the County implement a plan in order to obtain the information necessary and input that information into their new accounting software. In addition, we recommend the County use this information to complete the property tax schedules required by the State Audit Rule.

Agency’s Response: When we, the Treasurer’s Office, was in the process of transitioning to the new system, Tyler which is our Computer company made it clear to us that there was no way that we could pull our history over, because there was information that they could not get from our old programmer. They did state that our ending balances on Reports & General Ledger would become our beginning balances on the new system and as far as the history, we would have to refer to CRT, which is the database program we previously used and still have to view any historic information. We made sure when everything transitioned over that we remained with the same balances that we ended with and so our new Percentage Report, which is now called our Authority Tax Receivable Report has continued as far as ending balances, but to view our beginning billed balance from 2015-2008, we would have to refer to our old system reports for that information until the time comes that we have been with Tyler for 10 years. We tried to get them to find other ways to move the information over, but at that time they stated to our IT Supervisor that there was nothing else that they could do other than move over all of the ending balances and nothing historically because of the old system we had. The County Treasurer and the Tax Processor III will work on this report during fiscal year 2018.

Section II – Financial Statement Findings (Continued)

FS 2014-001 (Finding 2014-001) Adjustments to Agency Property Tax Receivables (Repeated/Modified) – Significant Deficiency

Condition: The final trial balance did not include the amount of agency property taxes receivable as of June 30, 2017, resulting in an audit adjustment of \$4,216,396. The County did not make significant progress on reporting all agency receivables on their final trial balance during the year.

Criteria: Generally Accepted Accounting Principles require that accurate and timely financial records be kept. The County should account for outstanding all property taxes receivable, including the agency portion, in the trial balance.

Effect: The County was materially misstating their agency property taxes receivable in their trial balance prior to the audit adjustment.

Cause: The County recorded the County portion of property taxes receivable using information from the new accounting software. The previous system recorded the balance automatically to the agency fund however. Upon converting to the new accounting software, the County changed the fiduciary fund in which the agency receivables are recorded and the receivable is not automatically posted and a material adjustment was required.

Auditors' Recommendation: We recommend that the County implement a process in which the agency property taxes receivable are accrued as part of the financial close procedures and prepare the necessary journal entries to record the balances in their trial balance.

Agency's Response: The County agrees that our new software for the treasurer system does not post the receivables to the general ledger within the Incode system. In fact, we have touched basis with our software provider and they agreed that the information does not roll to the working funds they have within Incode. Instead they have an Authorities Tax Receivable Report that contains the figures needed. This particular report was used to create a journal entry for the general fund receivable for FY1617 and will also be used in subsequent years to create a journal entry to the property tax working funds. The County Treasurer and Finance Supervisor will both be responsible for correcting this finding during FY 2018.

Section II – Financial Statement Findings (Continued)

FS 2017-001 Software Conversion Controls – Material Weakness

Condition: During the County Treasurer’s accounting software conversion accounting errors were found and County staff initiated a significant number of manual adjustments called “overrides” to reconcile balances. These “overrides” were not reviewed by someone other than the person creating the adjustment.

Furthermore, it was noted that the new software was down on January 27-28, 2017. This caused the County to lose two days’ worth of payments from the system. As a result, the County staff was required to make manual adjustments for collections during those two days.

Criteria: Per the 2013 COSO Framework, management is responsible for establishing and maintaining internal controls that include any adjustments made in the accounting system. An independent review of each adjustment should undergo a review process to ensure the accuracy of accounting records.

Effect: Without proper review of adjustments to the accounting software, the County is more susceptible to misstatements either due to fraud or error.

Cause: During the County Treasurer’s conversion to the new accounting system, information carried over from one software to the other did not migrate accurate historical data and all accounts defaulted to the base amount of their balance. Due to the strict deadline for property taxes in November, the County Staff divided the list of adjustments and no review was done due to time constraints.

Auditors’ Recommendation: We recommend that the County implement a process for reviewing any adjustments, in order to ensure that no fraudulent or incorrect activity is occurring. In addition, we recommend the County have documented policies and controls in place if/when the accounting software goes down.

Agency’s Response: In response to the Manual overrides, this also has to do with the historical information that was not transferred over. They wanted us to enter everything in manually, because of certain capabilities they needed our old system to have, yet it didn't, so we came up with a delinquent spreadsheet that we created off of a delinquent report we printed, which had all of the accounts that were owing taxes. The programmer said that converting accounts with balances was the closest that they can do for us being that the previous system programmer couldn't give them what they needed nor was she returning any of their phone calls, but on those accounts with balances, the only thing that they could convert was the full base amounts and so any taxpayer with a partial payment is what we had to go into and manually fix to give them the credit that they had. We weren't too happy with having to do all of this manually, but again our IT Supervisor said that this was our only option that we had at the time because of the lack of resources we had with our previous system. Finally we went ahead and printed all of the accounts with partial payments from previous system and started manually applying them, which took us about a month or so, then any of the accounts that had never made any payments were accounts that were pushed over without any corrections needed. With the large number of accounts that needed to be corrected with no other options given to us, it was really difficult to have someone look over each one again, because of the timeline that was given to us before starting our next step of training in the office. As a rule, the Treasurer will always approve any changes made, but this one in particular was pretty difficult because of thousands of accounts we had to correct in a small amount of time.

In regards to the system going down and the payments that were lost, for the two days, we didn't have to do any adjustments other than the re-application of the payments made to the taxpayers accounts, which balanced to the deposits that we sent to the bank on January 27th & 28th with the exception of one lady that we are unable to locate, but we have her picture from the cameras out in the hall and we have placed her money in an overage account until we are able to find her. The County Treasurer and the Tax Processor III will work on this audit finding in fiscal year 2018.

Section II – Financial Statement Findings (Continued)

FS 2017-002 Capital Asset Balances – Significant Deficiency

Condition: Beginning balances in capital assets did not agree to the prior year audited financial statements. Upon investigation, it was noted that the prior year ending balance of capital assets and accumulated depreciation was misstated, resulting in a restatement of net position.

Criteria: Per NMAC 6.20.2.22, capital assets shall be acquired and accounted for through the development and implementation of a complete property control system.

Effect: Without proper accounting for and reconciling of the ending capital assets balance at prior year end with current year beginning balance, the financial statements of the County could be misstated. The users of the financial statement may not be provided with timely or accurate capital assets information.

Cause: The County transferred their capital asset information from their old accounting software to their new software without fully reviewing the cost of the assets for accuracy.

Auditors' Recommendation: We recommend the County review the audited capital assets balance and reconcile those balances to the County's capital assets records and software at a minimum as part of their financial close process.

Agency's Response: This is related to last year's finding. During the audit last year we were in the process of converting from a manual system to our new computerized system. Initially we felt that we had addressed all the capital assets that had previously been incorrectly depreciated, but soon after the audit we went through a thorough review and found some assets that needed adjusting. We found that over the course of time our depreciation was \$133,000 higher than what it should be. The Finance Supervisor and the Finance Specialist II in charge of Fixed Assets will address this finding in fiscal year 2018.

Section III – Federal Award Findings

There were no federal award findings noted for the year ended June 30, 2017.

Section IV – Section 12-6-5 NMSA 1978 Findings

NM 2017-001 — Preparation of Accounts Payable (Finding that does not arise to the Level of Significant Deficiency)

Condition: The County did not accrue payables in the amount of \$18,418 for services provided during the year ended June 30, 2017.

Criteria: Generally Accepted Accounting Principles (GAAP) require expenditure recognition in the period in which the good or service is incurred.

Effect: Incorrect accounts payable cutoff monitoring led to misstating liabilities and the related expenditures in the proper periods.

Cause: The services provided by the vendor occurred near year-end and the invoices were received in August, which caused the responsible personnel to miss the accrual.

Auditors' Recommendations: We recommend the County scrutinize all transactions near year-end to ensure that the proper amounts are captured for liabilities and the related expenditure.

Agency Response: We have had this audit finding in the past and was under the impression that our new computer system would resolve this situation. However, we have not been able to handle this through our new system so it is still a manual process. In this particular case, there were some payments made by staff while our accounts payable person was out of the office. The records were appropriately flagged to track as accrual however, since our accounts payable person did not see them and she is the one who will track the accruals, they were left off the list. If in the future, when our accounts payable person is out of the office and other staff has to process payments that include accruals, the Finance Supervisor will set aside the payments and directly provide to our accounts payable staff to ensure they are picked up. The Finance Supervisor and the Finance Specialist II in charge of Accounts Payable will address this finding in FY 2018.

Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)

NM 2017-002 — Budget Over-Expenditure – Other noncompliance

Condition: The County exceeded budgeted expenditures for the DWI grant fund by \$508.

Criteria: All County funds, with the exception of agency funds, are to be budgeted by the local governing body and submitted to the State of New Mexico Department of Finance and Administration – Local Government Division for approval. Once adopted, any claims or warrants in excess of budget are a violation of New Mexico State Statute 6-6-6, 1978 Compilation.

Effect: Without the final budget entered correctly the County overexpended the budget, leading to violation of state statutes.

Cause: The County did not identify the over-expenditure as a result of their final budget adjustment process, due to the final budget not being entered correctly

Auditor's Recommendation: We recommend the County monitor their budgets for over-expenditure and propose the necessary budget adjustments.

Agency Response: This fund is a fund where our screening fees, compliance fees, DWI donations and contributions are collected. The screening and compliance fees are used to pay for a portion of the salaries of the screener and compliance monitor. These salaries are at first paid out of our DWI Allocation Fund and/or Grant Fund; at the end of each quarter, once we know the amount that has been collected, a reclassification is made between the DWI funds to reallocate the cost. In addition, in FY16/17, the DWI Allocation Fund was dramatically cut. In order to minimize the impact to the program the county provided additional resources from the general fund to the allocation fund and we were also going to use the cash balance that was in this particular fund to help offset some of the costs. The problem however, is when journal entries are posted to the system, there is no warning to determine if there is sufficient budget or not. Unfortunately, the journal entries that were requested, were entered and approved but the budget was overspent. As a resolution for the future, when reclassifications (posted through journal entries) are being requested, the Finance Supervisor will review the budget to cover the entry to authorizing the entry. It should also be noted that this did not stand out in the quarterly reporting process to the state since all the DWI funds are reported collectively so the over expenditure for the single fund did not stand out. The Finance Supervisor will be responsible for addressing this issue during the review of the journal entries, beginning in fiscal year 2018.

Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)

NM 2017-003 — Fringe Benefits - Other noncompliance

Condition: The County did not include the usage of vehicles by County Personnel (other than those exempt by IRS Publication 15-B) as a fringe benefit in the respective employees IRS form W-2.

Criteria: NMAC 2.2.2.10 K (5) requires that the County comply with employee income requirements related to fringe benefits, based on IRS Publication 15-B.

Effect: County employees were not appropriately taxed for the vehicle usage fringe benefit.

Cause: The County's departments did not communicate with finance regarding the fact that certain employees were taking vehicles home.

Auditors' Recommendations: We recommend that the payroll department of the County continue to monitor and review the benefits that are taxable to employees, and continuously monitor IRS publications.

Agency Response: The County is aware of this requirement and has been in compliance, to a degree. Over the last several years, there have only been two people who have reported taking home a vehicle. This is reported on the bottom section of our timesheets. We have had some changes in our departments and through those changes it was found that there were some people who were taking vehicles home but were unaware of the requirement to report this information. As a result, in working with the supervisors, we have a total of eight people who reported. The Finance Supervisor has addressed this issue with all new supervisors and will continue the dialogue during the budget hearing process in fiscal year 2018.

Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)

NM 2017-004 — Cash Appropriations in Excess of Available Cash Balances (Finding that did not rise to the level of significant deficiency)

Condition: The County maintained a deficit budget in excess of available cash balances in the following fund:

	<u>Designated Cash</u>	<u>Beginning of Year Cash and Interfund Receivable Available</u>	<u>Cash Appropriation in excess of Available</u>
DWI Offender Fees	\$ 6,599	\$ 4,991	\$ 1,608

Criteria: Section 2.2.2.10(R)(1)(b), NMAC, states “If budgeted expenditures exceed budgeted revenue (after prior-year cash and any applicable federal receivables used to balance the budget), that fact shall be reported in a finding.

Effect: The County had to supplement the budget deficit with other funds, which may lead to financial difficulties and deplete the budget in other funds.

Cause: The County did not monitor the budget versus available cash.

Auditors’ Recommendations: Budget deficits for future years should be reviewed to insure all funds have adequate budget authority and sufficient cash balances for budgeted deficits. Greater attention should be given to the budget monitoring process end-of-the-year cash balance estimates.

Agency’s Response: The County agrees with the finding. The underlying reason has to do with a transaction posted to the County’s general ledger in August of 2016 that effected FY15/16. The transaction was a journal entry JN00583, which voided a previous entry JN00188. The journal entry impacted the FY15/16 general ledger and the Finance Supervisor did not pass this entry on to the auditors to adjust the working trial balance, which is the normal practice. As a result the general ledger cash balance in Fund 307 was \$1,610 higher than the financials and the general ledger cash balance in Fund 303 was \$1,610 lower than the financials. This impact was not evident until the financial statements were set in place. The Finance Supervisor will address this finding in fiscal year 2018.

Section V – Prior Year Audit Findings

Findings 2004-004 (2004-04) County Treasurer’s Property Tax Schedule (Other Matter) – Repeated/Modified

Finding 2014-001 Adjustments to Trial Balance Not Provided Timely (Material Weakness) – Repeated/Modified

Finding 2015-001 Stale Dated Checks Have Note Been Voided and the Monies Have Not Been Sent to Unclaimed Property at the New Mexico taxation and Revenue Department (Other Matter) – Resolved

Finding 2016-001 Inadequate Segregation of Duties for Wire Transfers (Material Weakness) – Resolved

Finding 2016-002 Inmate Trust Bank Reconciliations (Significant Deficiency) – Resolved

Finding 2016-003 Misstatement of Accumulated Depreciation Resulting in a Restatement of Net Position - Resolved

Finding 2016-004 Lack of Review Process Over Bank Reconciliations (Significant Deficiency) – Resolved

Finding 2016-005 Information System Administrator Rights (Significant Deficiency) – Resolved

Finding 2016-006 Failure to Obtain State and Federal Approval for Change in Scope of Work (Material Weakness) - Resolved

STATE OF NEW MEXICO

San Miguel County

Other Disclosures

June 30, 2017

Exit Conference

An exit conference was held on December 1, 2017. In attendance were the following:

Representing San Miguel County:

Arthur J. Padilla, County Commissioner; Vice-Chairman

Bertha C. Bustamante, County Treasurer

Jennifer Lafambre, Tax Processor III

Vidal Martinez Ed.D, County Manager

Melinda Gonzales, Finance Supervisor

Representing RPC CPAs + Consultants, LLP:

Danny Martinez, CPA, CGFM – Partner

Auditor Prepared Financial Statements

RPC CPAs + Consultants, LLP prepared the GAAP-basis financial statements and footnotes of San Miguel County from the original books and records provided to them by the management of the County. The responsibility for the financial statements remains with the County.