

State of New Mexico

San Miguel County

FINANCIAL STATEMENTS

For the Year Ended June 30, 2018



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June 30, 2018

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**San Miguel County, New Mexico
Official Roster
June 30, 2018**

<u>Name</u>	<u>Elected Officials</u>	<u>Title</u>
Chris A. Najjar		County Commissioner – Chairman
Janice C. Varela		County Commissioner – Vice Chairman
Rock G. Ulibarri		County Commissioner
Arthur Padilla		County Commissioner
Maria L. Martinez		County Commissioner
Geraldine E. Gutierrez		County Clerk
Bertha C. Bustamante		County Treasurer
Patricia Gallegos		County Assessor
Gary Gold		County Sheriff
Charlyne Otero		County Probate Judge
	<u>Administrative Officials</u>	
Vidal Martinez Ed. D.		County Manager
Melinda Gonzalez		Finance Supervisor
Justin Garcia		Chief Deputy

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Report

INDEPENDENT AUDITORS' REPORT

Wayne A. Johnson
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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of San Miguel County, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows 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.

Change in Accounting Principle

As discussed in Note 12 to the financial statements, in 2018 the County adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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 13 through 21 the Public Employees Retirement Association (PERA) Pension Plan Schedules required by GASB on pages 88 through 95, and the New Mexico Retiree Healthcare (NMRHCA) Plan Schedules required by GASB on pages 96 through 97, to 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), the Supporting Schedules required by section 2.2.2 NMAC, and the Financial Data Schedule as required by the U.S. Department of

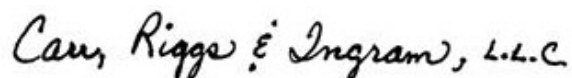
Housing and Urban Development as listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, Schedule of Expenditures of Federal Awards, the Supporting Schedules required by section 2.2.2 NMAC, and the Financial Data Schedule as required by the U.S. Department of Housing and Urban Development 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, Schedule of Expenditures of Federal Awards, the Supporting Schedules required by section 2.2.2 NMAC, and the Financial Data Schedule as required by the U.S. Department of Housing and Urban Development 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 26, 2018, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the County's 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.



Carr, Riggs & Ingram, LLC
Albuquerque, NM
November 26, 2018

San Miguel County, New Mexico

Management's Discussion and Analysis

June 30, 2018

We are pleased to present the San Miguel County financial statements for the fiscal year ended June 30, 2018. 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 decreased by roughly \$500,000 during the year. The major decreases were tied to a drop in investments of \$290,000 and a decrease in prepaid expenditures of \$154,265. The primary decrease in prepaid expenditures were tied to software support services. During the current fiscal year the maintenance agreements were maintained on a fiscal year basis and did not overlap into the new fiscal year. The decrease in investments was tied to certificate of deposits that were cashed in to provide cash flow for our fire departments as this was the first year in which they received their state allotments in quarterly installments as opposed to a lump sum at the beginning of the year.
- The total liabilities increased by \$2 million. The major increase was in the new other post employment benefits liability of approximately \$4 million related to the implementation of GASB Statement No. 75., with offsetting decreases in net position liability of approximately \$1 million and loans, bonds, and capital leases payable payments combined for a reduction of approximately \$1 million.
- Total revenues increased by \$1.2 million from \$15.9 million to \$17.1 million. This increase was due to increases in charges for services of \$90 thousand, capital grants of \$270 thousand, gross receipts taxes of \$500 thousand, payment in lieu of taxes of \$200 thousand, and miscellaneous revenue of \$100 thousand offsetting a decrease in operating grants of \$200 thousand.
- Total expenses increased by \$300 thousand from \$16.4 million to \$16.7 million. This was largely related to increased in public safety expenses of 550 thousand offsetting a decrease in public works expenses of \$250,000.

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.

San Miguel County, New Mexico Management's Discussion and Analysis June 30, 2018

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).

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 page 24-27 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, New Mexico Management's Discussion and Analysis June 30, 2018

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 pages 28-35 of this report.

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 44-85 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 108-131 of this report.

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 \$26.5 million at the close of the current fiscal year.

The significant portion of San Miguel County's net position represents the County's investment of \$22 million 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

San Miguel County, New Mexico
Management's Discussion and Analysis
June 30, 2018

resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 7,048,992	\$ -	\$ 7,048,992
Investments	1,971,181	-	1,971,181
Prepaid expenses	275,049	-	275,049
Capital assets	72,118,031	1,316,603	73,434,634
Less: accumulated depreciation	(33,141,351)	(823,610)	(33,964,961)
Total Assets	51,973,132	492,993	52,466,125
Deferred outflows of resources			
Deferred outflows related to pensions	1,890,824	-	1,890,824
Deferred outflows related to OPEB	84,292	-	84,292
Total deferred outflows of resources	1,975,116	-	1,975,116
Total assets and deferred outflows of resources	\$ 53,948,248	\$ 492,993	\$ 54,441,241
Liabilities			
Current liabilities	\$ 2,802,291	\$ -	\$ 2,802,291
Non-current liabilities	23,123,089	-	23,123,089
Total Liabilities	25,925,380	-	25,925,380
Deferred inflows of resources			
Deferred inflows related to pensions	534,784	-	534,784
Deferred inflows related to OPEB	978,282	-	978,282
Total deferred inflows of resources	1,513,066	-	1,513,066
Total liabilities and deferred inflows of resources	27,438,446	-	27,438,446
Net position			
Net investment in capital assets	25,606,484	492,993	26,099,477
Restricted	9,820,859	-	9,820,859
Unrestricted	(8,917,541)	-	(8,917,541)
Total Net Position	26,509,802	492,993	27,002,795
Total liabilities, deferred inflows of resources, and net position	\$ 53,948,248	\$ 492,993	\$ 54,441,241

San Miguel County, New Mexico
Management's Discussion and Analysis
June 30, 2018

A portion of San Miguel County's governmental restricted net position 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 is *unrestricted net position*.

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.

Analysis of Changes in Net Position

- The County's net position decreased by \$5 million 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, 2018

	Governmental Activities	Business-type Activities	Total
Revenues			
Program revenues:			
Charges for service	\$ 2,064,805	\$ -	\$ 2,064,805
Operating grants and contributions	2,340,917	-	2,340,917
Capital grants and contributions	1,162,240	-	1,162,240
General revenues:			
Property	4,270,628	-	4,270,628
Gross receipts	5,622,276	-	5,622,276
Gasoline and auto distribution taxes	264,837	-	264,837
Other taxes	29,407	-	29,407
Investment income	57,318	-	57,318
Miscellaneous income	283,868	-	283,868
Payment in lieu of taxes	1,040,459	-	1,040,459
Total Revenues	17,136,755	-	17,136,755
Program expenses:			
General government	5,374,544	-	5,374,544
Public safety	6,473,878	-	6,473,878
Public works	2,978,430	-	2,978,430
Culture and recreation	67,329	-	67,329
Health and welfare	1,474,653	-	1,474,653
Debt issuance costs	325,416	-	325,416
Total Expenses	16,694,250	-	16,694,250
Change in net position	442,505	-	442,505
Net Position - beginning	31,172,979	492,993	31,665,972
Restatement	(5,105,682)	-	(5,105,682)
Net position- beginning, as restated	26,067,297	492,993	26,560,290
Net Position - ending	\$ 26,509,802	\$ 492,993	\$ 27,002,795

San Miguel County, New Mexico
Management's Discussion and Analysis
June 30, 2018

Governmental activities.

Tax revenues account for \$10.4 million or 60 percent of governmental revenues. Tax revenues are made up of property, gross receipts, gasoline and motor vehicle and other taxes.

The County's direct charges to users of governmental services made up \$2 million or 11 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 \$17.3 million in the fiscal year ended June 30, 2018, which represents an increase of \$2.1 million from the fiscal year ended June 30, 2017. These were tied to increases in property taxes, payment in lieu of taxes and gross receipt taxes. Expenditures for governmental functions, totaling \$19 million which decreased by approximately \$2 million from the fiscal year ended June 30, 2017. This is largely due to the debt reduction in the previous fiscal year.

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 \$3 million.

Overall, the general fund's performance resulted in revenues over expenditures in the fiscal year ended June 30, 2018 of \$1.7 million. 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.

San Miguel County, New Mexico
Management's Discussion and Analysis
June 30, 2018

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.

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.

The following table examines the summary budget performance of the general fund for the fiscal year ending June 30, 2018. Detailed budget performance is examined through the Statement of Revenues, Expenditures, and Changes in Fund Balance for the General fund found at the budgetary comparison for the General Fund in the Basic Financial Statements. 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 \$1.3 million less than budgeted. This was primarily due public safety function and the capital outlay function expenditures favorable variance of \$751 thousand and \$594 thousand, 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		
Expenditures:				
General government	\$ 4,362,220	\$ 4,572,346	\$ 4,106,571	\$ 465,775
Public safety	936,158	957,891	927,343	30,548
Capital outlay	-	-	64,234	(64,234)
Total Expenditures	\$ 5,298,378	\$ 5,530,237	\$ 5,098,148	\$ 432,089

Capital Asset and Debt Administration

Capital assets. San Miguel County capital assets for its governmental and business-type activities as of June 30, 2018 amount to \$39 million (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 \$1.5 million for governmental activities and there was no increase or decrease for business-type activities (net of accumulated depreciation).

San Miguel County, New Mexico
Management's Discussion and Analysis
June 30, 2018

Capital Asset and Debt Administration (Continued)

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

- \$654 thousand in building improvements to the Sapello/Rociada, Rincona, El Pueblo and Cabo Lucero Volunteer Fire Departments; \$405 thousand for our Sheriff's Office, \$88 thousand in improvements to our Detention Facility and finally \$58 thousand for an outdoor seating and gathering area.
- \$234 thousand in vehicles/equipment for the Fire Administration, Sapello, Pecos Canyon and La Placitas Volunteer Fire Departments.
- \$209 thousand in furniture, fixtures and equipment for the Volunteer Fire Departments and \$40 thousand in IT equipment with the remainder in various other departments
- \$1.5 million to governmental infrastructure which includes work in Las Dispencias, San Geronimo, San Pablo, Bernal Tracks, San Ysidro, Canoncito, San Ignacio, Cabo Lucero, Gonzales Ranch, Tecolotito, Gunner Road and the Cinder Trail Drop Off.

San Miguel County Capital Assets, Net of Depreciation
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
Land	\$ 1,633,105	\$ 492,993	\$ 2,126,098
Constuction in progress	2,174,964	-	2,174,964
Building and improvements	33,014,465	823,610	33,838,075
Infrastructure	18,283,272	-	18,283,272
Vehicles	11,992,697	-	11,992,697
Furniture, fixtures, and equipment	3,825,853	-	3,825,853
Heavy equipment	1,193,675	-	1,193,675
Total capital assets	72,118,031	1,316,603	73,434,634
Less: accumulated depreciation	(33,141,351)	(823,610)	(33,964,961)
Total property, plant and equipment, net of accumulated depreciation	\$ 38,976,680	\$ 492,993	\$ 39,469,673

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 7 in the accompanying Notes to the Financial Statements for further information regarding capital assets.

San Miguel County, New Mexico
Management's Discussion and Analysis
June 30, 2018

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 \$13.4 million. There was no new debt issued during the year.

San Miguel County Outstanding Debt
June 30, 2018

	Governmental	
	Activities	Total
Notes payable	\$ 9,562,222	\$ 9,562,222
Bonds payable	3,618,027	3,618,027
Capital leases	61,516	61,516
Compensated absences	239,661	239,661
Total long-term liabilities	\$ 13,481,426	\$ 13,481,426

See Note 8 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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Financial Statements

San Miguel County, New Mexico
Statement of Net Position
June 30, 2018

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets and Deferred Outflows			
Current assets			
Cash and cash equivalents	\$ 6,551,013	\$ -	\$ 6,551,013
Investments	847,409	-	847,409
Accounts receivable, net	3,701,230	-	3,701,230
Prepaid expenses	275,049	-	275,049
Total current assets	11,374,701	-	11,374,701
Noncurrent assets			
Restricted cash and cash equivalents	497,979	-	497,979
Restricted investments	1,123,772	-	1,123,772
Capital assets	72,118,031	1,316,603	73,434,634
Less: accumulated depreciation	(33,141,351)	(823,610)	(33,964,961)
Total noncurrent assets	40,598,431	492,993	41,091,424
Deferred outflows of resources			
Deferred outflows related to pensions	1,890,824	-	1,890,824
Deferred outflows related to OPEB	84,292	-	84,292
Total deferred outflows of resources	1,975,116	-	1,975,116
Total assets and deferred outflows of resources	\$ 53,948,248	\$ 492,993	\$ 54,441,241

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	\$ 934,687	\$ -	\$ 934,687
Deposits held in trust for others	53,311	-	53,311
Loans, bonds and capital leases payable	1,346,967	-	1,346,967
Accrued payroll	205,040	-	205,040
Accrued interest	44,864	-	44,864
Accrued compensated absences	217,422	-	217,422
Total current liabilities	2,802,291	-	2,802,291
Noncurrent liabilities			
Loans, bonds and capital leases payable	11,894,798	-	11,894,798
Accrued compensated absences	22,239	-	22,239
Bond premium (Net of accumulated amortization of \$97,405)	128,431	-	128,431
Net pension liability	6,779,329	-	6,779,329
Net OPEB liability	4,298,292	-	4,298,292
Total noncurrent liabilities	23,123,089	-	23,123,089
Deferred inflows of resources			
Deferred inflows related to pensions	534,784	-	534,784
Deferred inflows related to OPEB	978,282	-	978,282
Total deferred inflows of resources	1,513,066	-	1,513,066
Total liabilities and deferred inflows	27,438,446	-	27,438,446
Net position			
Net investment in capital assets	25,606,484	492,993	26,099,477
Restricted for:			
Debt service	2,109,755	-	2,109,755
Capital projects	3,899,311	-	3,899,311
Special revenue	3,811,793	-	3,811,793
Unrestricted	(8,917,541)	-	(8,917,541)
Total net position	26,509,802	492,993	27,002,795
Total liabilities, deferred inflows of resources, and net position	\$ 53,948,248	\$ 492,993	\$ 54,441,241

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

San Miguel County, New Mexico
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 5,374,544	\$ 782,876	\$ 202,238	\$ 141,346
Public safety	6,473,878	555,089	1,464,483	784,839
Culture and recreation	67,329	-	-	-
Public works	2,978,430	670,258	175,636	236,055
Health and welfare	1,474,653	56,582	498,560	-
Interest and other charges	325,416	-	-	-
Total governmental activities	16,694,250	2,064,805	2,340,917	1,162,240
Business-type activities:				
Ribera Housing	-	-	-	-
Total business-type activities	-	-	-	-
Total primary government	\$ 16,694,250	\$ 2,064,805	\$ 2,340,917	\$ 1,162,240

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, as originally stated

Net position - restatement (Note 13)

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	Business-type		Total
Activities	Activities		
\$ (4,248,084)	\$ -	\$	(4,248,084)
(3,669,467)	-		(3,669,467)
(67,329)	-		(67,329)
(1,896,481)	-		(1,896,481)
(919,511)	-		(919,511)
(325,416)	-		(325,416)
(11,126,288)	-		(11,126,288)
-	-		-
-	-		-
(11,126,288)	-		(11,126,288)
4,270,628	-		4,270,628
5,622,276	-		5,622,276
264,837	-		264,837
29,407	-		29,407
1,040,459	-		1,040,459
283,868	-		283,868
57,318	-		57,318
11,568,793	-		11,568,793
442,505	-		442,505
31,172,979	492,993		31,665,972
(5,105,682)	-		(5,105,682)
26,067,297	492,993		26,560,290
\$ 26,509,802	\$ 492,993	\$	27,002,795

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

San Miguel County, New Mexico
Governmental Funds
Balance Sheet
June 30, 2018

	General Fund	Fire Districts - Special Revenue Fund	Detention Center - Special Revenue Fund
Assets			
Cash and cash equivalents	\$ 2,710,822	\$ 569,691	\$ 113,144
Investments	-	821,063	-
Accounts Receivables, net	1,903,153	41,556	192,091
Prepaid expenses	265,303	2,293	163
Due from other funds	532,110	-	248
Total assets	\$ 5,411,388	\$ 1,434,603	\$ 305,646
Liabilities, deferred inflows of resources, and fund balances			
Liabilities			
Accounts payable	\$ 310,209	\$ 137,635	\$ 80,540
Accrued payroll	104,941	-	45,826
Deposits held in trust	-	-	9,159
Due to other funds	248	-	1,350
Total liabilities	415,398	137,635	136,875
Deferred inflows of resources			
Unavailable revenue:			
Property taxes	1,677,895	-	-
Total deferred inflows of resources	1,677,895	-	-
Fund balances			
Nonspendable			
Prepaid expenses	265,303	2,293	163
Spendable:			
Restricted			
General government	-	-	-
Public safety	-	1,294,675	168,608
Public works	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Debt service	-	-	-
Capital outlay	-	-	-
Unassigned (deficit)	3,052,792	-	-
Total fund balances	3,318,095	1,296,968	168,771
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,411,388	\$ 1,434,603	\$ 305,646

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

Road and Health Projects - GRT Capital Projects		SMC Debt Service	Non-Major Governmental		Total		
Fund		Fund	Funds				
\$	197,728	\$	1,017,315	\$	2,464,748	\$	7,073,448
	1,123,772		-		-		1,944,835
	-		88,336		1,476,094		3,701,230
	-		-		9,180		276,939
	-		-		160		532,518
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\$	1,321,500	\$	1,105,651	\$	3,950,182	\$	13,528,970
<hr/>		<hr/>		<hr/>		<hr/>	
\$	88,431	\$	-	\$	317,872	\$	934,687
	-		-		54,273		205,040
	-		-		44,152		53,311
	-		-		530,920		532,518
<hr/>		<hr/>		<hr/>		<hr/>	
	88,431		-		947,217		1,725,556
<hr/>		<hr/>		<hr/>		<hr/>	
	-		-		-		1,677,895
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	-		-		-		1,677,895
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	-		-		9,180		276,939
	-		-		176,652		176,652
	-		-		869,511		2,332,794
	-		-		604,591		604,591
	-		-		629,088		629,088
	-		-		129,601		129,601
	-		1,105,651		618,948		1,724,599
	1,233,069		-		64,693		1,297,762
	-		-		(99,299)		2,953,493
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	1,233,069		1,105,651		3,002,965		10,125,519
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\$	1,321,500	\$	1,105,651	\$	3,950,182	\$	13,528,970
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The accompanying notes are an integral part of these financial statements.

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San Miguel County, New Mexico
Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2018

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

Fund balances - total governmental funds	\$ 10,125,519
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Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds	38,976,680
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Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and therefore, are not reported in funds:

Deferred outflows - Pension (Note 11)	1,890,824
Deferred inflows - Pension (Note 11)	(534,784)
Deferred outflows - OPEB (Note 12)	84,292
Deferred inflows - OPEB (Note 12)	(978,282)

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	1,677,895
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Interest on long-term debt is not accrued in the fund financial statements unless it is due and payable:

Accrued interest	(44,864)
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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	(239,661)
Bond premium	(128,431)
Loans, bonds and capital leases payable	(13,241,765)
Net pension liability	(6,779,329)
Net OPEB Liability	(4,298,292)

Net position - governmental activities	\$ 26,509,802
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The accompanying notes are an integral part of these financial statements.

San Miguel County, New Mexico
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2018

	General Fund	Fire Districts - Special Revenue Fund	Detention Center - Special Revenue Fund
Revenues			
Taxes:			
Property	\$ 4,518,033	\$ -	\$ -
Gross receipts	576,663	216,221	588,094
Gasoline and motor vehicle	88,424	-	-
Other	-	-	-
Intergovernmental:			
Federal operating grants	1,428	-	-
Federal capital grants	-	-	1,369
State operating grants	206,855	1,133,812	-
State capital grants	-	243,194	-
Payment in lieu of taxes	1,040,459	-	-
Charges for services	424,083	3,564	528,295
Investment income	7,255	8,256	216
Miscellaneous	30,083	36,048	74,067
Total revenues	6,893,283	1,641,095	1,192,041
Expenditures			
Current:			
General government	4,106,574	-	-
Public safety	927,343	1,085,552	2,463,873
Public works	-	-	-
Culture and recreation	-	-	-
Health and welfare	-	-	-
Capital outlay	64,234	793,614	35,760
Debt service:			
Principal	25,229	206,002	-
Interest	9,913	34,177	-
Total expenditures	5,133,293	2,119,345	2,499,633
Excess (deficiency) of revenues over expenditures	1,759,990	(478,250)	(1,307,592)
Other financing sources (uses)			
Transfers in	63,107	31,005	1,362,514
Transfers (out)	(1,369,502)	(24,445)	-
Total other financing sources (uses)	(1,306,395)	6,560	1,362,514
Net change in fund balance	453,595	(471,690)	54,922
Fund balance - beginning of year	2,864,500	1,768,658	113,849
Fund balance - end of year	\$ 3,318,095	\$ 1,296,968	\$ 168,771

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

Road and Health Projects - GRT - Capital Projects Fund	SMCDF Debt Service Fund	Non-Major Governmental Funds	Total
\$ -	\$ -	\$ -	4,518,033
-	1,997,424	2,243,874	5,622,276
-	-	176,413	264,837
-	-	29,407	29,407
-	-	758,006	759,434
-	-	860,811	862,180
-	-	240,816	1,581,483
-	-	56,866	300,060
-	-	-	1,040,459
-	-	1,108,863	2,064,805
27,908	12,985	698	57,318
31,173	-	112,497	283,868
59,081	2,010,409	5,588,251	17,384,160
-	-	161,828	4,268,402
-	-	362,266	4,839,034
-	-	2,323,782	2,323,782
-	-	67,329	67,329
-	-	1,474,653	1,474,653
2,297,247	-	1,193,209	4,384,064
-	817,430	414,221	1,462,882
-	134,343	146,983	325,416
2,297,247	951,773	6,144,271	19,145,562
(2,238,166)	1,058,636	(556,020)	(1,761,402)
-	-	1,565,584	3,022,210
-	(1,135,997)	(492,266)	(3,022,210)
-	(1,135,997)	1,073,318	-
(2,238,166)	(77,361)	517,298	(1,761,402)
3,471,235	1,183,012	2,485,667	11,886,921
\$ 1,233,069	\$ 1,105,651	\$ 3,002,965	\$ 10,125,519

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

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San Miguel County, New Mexico

**Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2018**

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

Net change in fund balances - total governmental funds	\$ (1,761,402)
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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	4,384,064
Depreciation expense	(2,866,403)
Loss on disposal of asset	(3,304)

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	(247,315)
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Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense:

County pension contribution	417,635
Pension expense	(922,559)
County OPEB contribution	84,292
OPEB expense	(86,600)

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:

Current year amortization of bond premium	(32,618)
Decrease in accrued compensated absences	13,833
Principal payments on loans, bonds and capital leases payable	1,462,882

Change in net position of governmental activities	\$ 442,505
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The accompanying notes are an integral part of these financial statements.

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San Miguel County, New Mexico
General Fund

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
Revenues				
Taxes:				
Property	\$ 4,295,044	\$ 4,295,044	\$ 4,415,771	\$ 120,727
Gross receipts	470,000	470,000	488,327	18,327
Gasoline and motor vehicle	70,000	78,000	81,231	3,231
Intergovernmental:				
Federal operating grants	12,500	12,500	96	(12,404)
State operating grants	195,000	197,000	206,855	9,855
Payment in lieu of taxes	728,204	728,204	1,040,459	312,255
Investment income	10,000	10,000	7,255	(2,745)
Miscellaneous	7,000	59,980	28,364	(31,616)
Total revenues	6,258,848	6,318,128	6,668,100	349,972
Expenditures				
Current:				
General government	4,362,220	4,572,346	3,967,088	605,258
Public safety	936,158	957,891	897,698	60,193
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Total expenditures	5,298,378	5,530,237	4,864,786	665,451
Excess (deficiency) of revenues over expenditures	960,470	787,891	1,803,314	1,015,423
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	220,947	520,504	-	(520,504)
Proceeds from sale of asset	2,500	-	-	-
Transfers in	41,504	63,107	63,107	-
Transfers (out)	(1,225,421)	(1,371,502)	(1,369,502)	2,000
Total other financing sources (uses)	(960,470)	(787,891)	(1,306,395)	(518,504)
Net change in fund balances	-	-	496,919	496,919
Fund balance - beginning of year	-	-	2,745,765	2,745,765
Fund balance - end of year	\$ -	\$ -	\$ 3,242,684	\$ 3,242,684
Net change in fund balance (non-GAAP budgetary basis)				\$ 496,919
Adjustments to revenues for property taxes, gasoline and motor vehicle taxes, and state grant revenues				225,183
Adjustments to expenditures for prepaid insurance, utilities, and professional services expenses				(268,507)
Net change in fund balance (GAAP)				\$ 453,595

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

San Miguel County, New Mexico
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, 2018

	<u>Budgeted Amounts</u>		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Taxes:				
Gross receipts	\$ 175,770	\$ 175,770	\$ 182,821	\$ 7,051
Intergovernmental:				
State operating grants	1,099,858	1,159,330	1,167,129	7,799
Charges for services	-	-	-	-
Investment income	6,000	6,000	8,256	2,256
Miscellaneous	-	8,411	31,456	23,045
Total revenues	1,281,628	1,349,511	1,389,662	40,151
Expenditures				
Current:				
Public safety	1,470,623	1,893,952	1,142,674	751,278
Capital outlay	1,635,074	1,169,959	575,158	594,801
Debt service:				
Principal	96,336	206,003	206,002	1
Interest	35,095	35,095	34,177	918
Total expenditures	3,237,128	3,305,009	1,958,011	1,346,998
Excess (deficiency) of revenues over expenditures	(1,955,500)	(1,955,498)	(568,349)	1,387,149
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	1,948,940	1,948,938	-	(1,948,938)
Transfers in	31,005	31,005	31,005	-
Transfers (out)	(24,445)	(24,445)	(24,445)	-
Total other financing sources (uses)	1,955,500	1,955,498	6,560	(1,948,938)
Net change in fund balances	-	-	(561,789)	(561,789)
Fund balance - beginning of year	-	-	1,952,543	1,952,543
Fund balance - end of year	\$ -	\$ -	\$ 1,390,754	\$ 1,390,754
Net change in fund balance (non-GAAP budgetary basis)				\$ (561,789)
Adjustments to revenues for property taxes, motor vehicle taxes, and state grant revenues				226,988
Adjustments to expenditures for prepaid insurance, utilities, and professional services expenses				(136,889)
Net change in fund balance (GAAP)				\$ (471,690)

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

San Miguel County, New Mexico
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, 2018

	<u>Budgeted Amounts</u>		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Taxes:				
Gross receipts	\$ 468,000	\$ 468,000	\$ 497,952	\$ 29,952
Intergovernmental:				
Federal capital grants	-	247,000	-	(247,000)
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Payment in lieu of taxes	-	-	-	-
Charges for services	436,320	486,970	427,098	(59,872)
Licenses and fees	-	-	-	-
Investment income	500	250	216	(34)
Reimbursements and refunds	-	-	-	-
Miscellaneous	76,340	77,107	74,067	(3,040)
Total revenues	981,160	1,279,327	999,333	(279,994)
Expenditures				
Current:				
Public safety	2,376,383	2,733,433	2,373,430	360,003
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	2,376,383	2,733,433	2,373,430	360,003
Excess (deficiency) of revenues over expenditures	(1,395,223)	(1,454,106)	(1,374,097)	80,009
Other financing sources (uses)				
Designated cash (budgeted increase in cash)				
in cash	100,028	91,592	-	(91,592)
Transfers in	1,295,195	1,362,514	1,362,514	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	1,395,223	1,454,106	1,362,514	(91,592)
Net change in fund balances	-	-	(11,583)	(11,583)
Fund balance - beginning of year	-	-	114,466	114,466
Fund balance - end of year	\$ -	\$ -	\$ 102,883	\$ 102,883
Net change in fund balance (non-GAAP budgetary basis)				\$ (11,583)
Adjustments to revenues for property taxes, motor vehicle taxes, and state grant revenues				192,708
Adjustments to expenditures for prepaid insurance, utilities, and professional services expenses				(126,203)
Net change in fund balance (GAAP)				\$ 54,922

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

San Miguel County, New Mexico
Proprietary Fund
Statement of Net Position
June 30, 2018

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

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

San Miguel County, New Mexico
 Proprietary Fund
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended June 30, 2018

		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
Total net position - end of year	\$	492,993

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

San Miguel County, New Mexico
Proprietary Fund
Statement of Cash Flows
For the Year Ended June 30, 2018

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

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

San Miguel County, New Mexico
Agency Funds
Statement of Fiduciary Assets and Liabilities
June 30, 2018

Assets	
Cash and cash equivalents	\$ 462,158
Property taxes receivable	3,878,929
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Total assets	\$ 4,341,087
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Liabilities	
Deposits held for others	\$ 452,272
Uncollected property taxes	3,878,929
Undistributed property taxes	9,886
<hr/>	
Total liabilities	\$ 4,341,087
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The accompanying notes are an integral part of these financial statements.

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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Financial Reporting Entity (Continued)

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.

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

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.

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)*

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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)*

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.

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.

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)*

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. 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 which was used to account for the County's Ribera Housing Authority however, the fund had no operating and non-operating revenue for the year ended June 30, 2018.

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 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.

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

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

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.

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

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

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.

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.

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

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)

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
Infrastructure	10-80
Vehicles	5-10
Furniture, fixtures and equipment	5-10
Heavy equipment	5-10

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2018, along with applicable FICA and Medicare liabilities.

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 present on the Statement of Net Position which arise due to the implementation of GASB Statement No. 68 and the related net pension liability. Accordingly, the items, changes in proportion \$317,823, changes of assumptions \$320,731, difference between expected and actual experience \$279,366, net difference between projected and actual investment earnings on pension plan investments \$555,269, and employer contributions subsequent to measurement date in the amount of \$417,635 are reported on the Statement of Net Position. In addition, the County has one type of this item present on the Statement of Net Position which arises due to the implementation of GASB Statement No. 75 and the related OPEB liability. Accordingly, the item, employer contributions subsequent to measurement date in the amount of \$84,292 is reported on the Statement of Net Position. These amounts will be deferred and recognized as outflows of resources the appropriate subsequent periods.

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

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)

Deferred Inflows of Resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The County has one type of item, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue - property taxes and unavailable revenue - grants, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The County has recorded \$1,677,895 related to property taxes considered "unavailable." In addition, the County has three types of items present on the Statement of Net Position which arise due to the implementation of GASB Statement No. 68 and the related net pension liability. Accordingly, the items, changes in proportion \$27,559, differences between expected and actuarial experience \$429,347, and changes of assumption of \$77,878, are reported on the Statement of Net Position. In addition, the County has three types of items present on the Statement of Net Position which arise due to the implementation of GASB Statement No. 75 and the related OPEB liability. Accordingly, the items, differences between expected and actuarial experience \$164,946, change in assumption \$751,502, and net difference between projected and actual investment earnings \$61,834 are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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. The county did not have any unearned revenues as of June 30, 2018.

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.

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

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)

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.

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.

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

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

Nonspendable Fund Balance: At June 30, 2018, the nonspendable fund balance of the County is comprised of prepaid expenses in the general fund in the amount of \$276,939 which is not in spendable form.

Restricted and Committed Fund Balance: At June 30, 2018, the restricted fund balance on the governmental funds balance sheet is made up of \$6,898,087. The County had no committed fund balance at June 30, 2018.

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 \$1,283,323 and 1/12th of the Road Fund expenditures of \$106,034 for the year ended June 30, 2018.

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 and 103-107
- c. Unrestricted Net Position: All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

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 and net OPEB 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.

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

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.

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

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)*

Newly Effective Pronouncements: This fiscal year, the following statements went into effect.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*

GASB Statement No. 85, *Omnibus 2017*

GASB Statement No. 86, *Certain Debt Extinguishment Issues*

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.

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.

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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	\$ 960,470	\$ 787,891
Fire Districts	\$ (1,955,500)	\$ (1,955,498)
Detention Center	\$ (1,395,223)	\$ (1,454,106)
Road and Health Projects - GRT	\$ (3,602,465)	\$ (3,602,466)
SMCDF DSF	\$ 1,139,241	\$ 1,120,197
Other governmental funds	\$ (2,010,741)	\$ (2,211,076)

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, 2018 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

NOTE 3: DEPOSITS AND INVESTMENTS

State statutes authorize the investment of County funds in a wide variety of instruments including certificates of deposit and other similar obligations, the state investment pool, money market accounts, and United States Government obligations. All invested funds of the County properly followed State investment requirements as of June 30, 2018.

Deposits of funds may be made in interest bearing or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the County. Deposits may be made to the extent that they are insured by an agency of the United States or 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.

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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, 2018, \$7,409,164 of the County's bank balance of \$8,167,490 was subject to custodial credit risk. \$5,929,319 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the County's name and \$3,988,951 of the County's deposits was uninsured and uncollateralized at June 30, 2018.

	Community First Bank	Southwest Capital Bank	Wells Fargo	Total
Amount of Deposits	\$ 330,213	\$ 7,828,951	\$ 8,326	\$ 8,167,490
FDIC Coverage	(250,000)	(500,000)	(8,326)	(758,326)
Total uninsured public funds	80,213	7,328,951	-	7,409,164
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	80,213	3,340,000	-	3,420,213
Uninsured and uncollateralized	\$ -	\$ 3,988,951	\$ -	\$ 3,988,951
Collateral requirement (50%)	\$ 40,107	\$ 3,664,476	\$ -	\$ 3,704,583
Pledged Securities	2,589,320	3,340,000	-	5,929,320
Over (under) collateralized	\$ 2,549,213	\$ (324,476)	\$ -	\$ 2,224,737

The collateral pledged is listed at the Schedule of Pledge Collateral 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.

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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 Statement of Net Position	\$ 6,551,013
Restricted cash and cash equivalents per Statement of Net Position	497,979
Investments per Statement of Net Position	847,409
Restricted investments per Statement of Net Position	1,123,772
Agency funds cash per Statement of Fiduciary Assets and Liabilities	462,158
<hr/>	
Total cash, cash equivalents and investments	9,482,331
<hr/>	
Add: outstanding checks	506,492
Less: deposits in transit	(199,163)
Less: New Mexico Finance Authority cash and investments	(1,621,751)
Less: petty cash	(419)
<hr/>	
Bank balance of deposits	\$ 8,167,490
<hr/>	

Investments

The County's unrestricted investments at June 30, 2018 are \$847,409 of certificates of deposits with initial maturities that are greater than 90 days and therefore are considered investments in the Statement of Net Position.

In addition, the County has investments which are considered restricted held in U.S. Treasury Money Market Mutual Funds at the Bank of Albuquerque in connection with New Mexico Finance Authority (NMFA) loans.

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

As of June 30, 2018, the County had the following restricted investments and maturities:

Investment Type	Weighted Average Maturities (F)	Fair Value	Rating**
U.S. Treasury Money Market Mutual Fund	<1 year	\$ 1,123,772	AA+
Investments per Statement of Net Position		\$ 1,123,772	

* Based on Moody's Rating

** Based on Standard & Poor's rating

The investments are listed on the Schedule of Deposits and Investments of this report. The types of investment, interest rate, maturity date and fair value per security are included in the schedule.

Interest Rate Risk – Investments. The County does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Concentration Credit Risk – Investments. For an investment, concentration credit risk is when any one issuer is 5% or more of the investment portfolio of the County. Since the County only purchases investment with high credit ratings, the additional concentration is not viewed to be an additional risk by the County. The County's policy related to concentration credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

NOTE 4: FAIR VALUE MEASUREMENTS

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability,
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 4: FAIR VALUE MEASUREMENTS (Continued)

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

U.S. Treasury Money Market Mutual Funds are valued at the daily closing price as reported by the fund. These investments held by the County are open-end funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the County are deemed to be actively traded.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the County believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The County maintained a balance of \$1,123,772 in restricted investments in *U.S. Treasury Money Market Mutual Funds* at June 30, 2018 which required fair value disclosure. The County’s certificates of deposit investments are not subject to fair value disclosure.

The following table sets forth by level within the fair value hierarchy of the County’s assets at fair value as of June 30, 2018:

	June 30, 2017			
	Level 1	Level 2	Level 3	Total
U.S. Treasury Money Market Mutual Fund	\$ 1,123,772	\$ -	\$ -	\$ 1,123,772
Total Investments	\$ 1,123,772	\$ -	\$ -	\$ 1,123,772

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 5: RECEIVABLES

Receivables as of June 30, 2018, are as follows for the governmental activities:

	General Fund	Fire Districts - Special Revenue Fund	Detention Center - Special Revenue Fund
Property tax	\$ 1,804,573	\$ -	\$ -
Gross receipts tax	88,336	41,556	90,142
Gasoline and oil tax	-	-	-
Franchise and lodgers tax	-	-	-
Miscellaneous	10,244	-	-
Charges for service	-	-	100,580
Intergovernmental:			
State	-	-	-
Federal	-	-	1,369
Total	1,903,153	41,556	192,091
Less allowance	-	-	-
Net receivable	\$ 1,903,153	\$ 41,556	\$ 192,091

	SMC Debt Service Fund	Non-Major Governmental Funds	Total
Property tax	\$ -	\$ -	\$ 1,804,573
Gross receipts tax	88,336	404,183	712,553
Gasoline and oil tax	-	13,818	13,818
Franchise and lodgers tax	-	4,878	4,878
Miscellaneous	-	175,091	185,335
Charges for service	-	2,281,596	2,382,176
Intergovernmental:			
State	-	61,674	61,674
Federal	-	529,220	530,589
Total	88,336	3,470,460	5,695,596
Less allowance	-	(1,994,366)	(1,994,366)
Net receivable	\$ 88,336	\$ 1,476,094	\$ 3,701,230

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$1,677,895 that were not collected within the period of availability have been reclassified as deferred inflows of resources in the governmental fund financial statements.

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 6: 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				
			General Fund	Fire Districts	SMCDF DSF	Non-Major Governmental Funds	Total
General Fund	\$ 63,107	\$ -	\$ -	\$ -	\$ (30,000)	\$ (33,107)	\$ -
Fire Districts	31,005	-	-	(22,005)	-	(9,000)	-
Detention Center	1,362,514	(912,514)	-	-	(450,000)	-	-
Non-Major Governmental Funds	1,565,584	(456,988)	(2,440)	-	(655,997)	(450,159)	-
Total	\$ 3,022,210	\$ (1,369,502)	\$ (24,445)	\$ -	\$ (1,135,997)	\$ (492,266)	\$ -

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, 2018 is as follows:

Due from Other Funds	Due to Other Funds	Amount
Detention Center	General Fund	\$ 248
General Fund	Federal Disaster Fund	45
General Fund	Detention Center Capital Outlay	10,617
General Fund	Security and Emergency Management	241,740
General Fund	FEMA Disaster Recovery 4197	171,969
General Fund	Highway Safety Improvement Grant	100,634
General Fund	DWI Grant	5,755
General Fund	Detention Center	1,350
Cabo Lucero USDA Reserve	Tecolote USDA Reserve	160
		\$ 532,518

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 7: CAPITAL ASSETS

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

Governmental Activities:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets, not depreciated:				
Land	\$ 1,633,105	\$ -	\$ -	\$ 1,633,105
Construction in progress	1,122,469	3,330,796	(2,278,301)	2,174,964
Total capital assets, not depreciated	2,755,574	3,330,796	(2,278,301)	3,808,069
Capital assets, depreciated:				
Buildings and Improvements	31,808,729	1,205,736	-	33,014,465
Infrastructure	16,693,468	1,589,804	-	18,283,272
Vehicles	11,744,404	270,793	(22,500)	11,992,697
Furniture, Fixtures, and Equipment	3,634,098	265,236	(73,481)	3,825,853
Heavy Equipment	1,193,675	-	-	1,193,675
Total capital assets, depreciated	65,074,374	3,331,569	(95,981)	68,309,962
Accumulated depreciation:				
Buildings and Improvements	16,724,639	1,250,907	-	17,975,546
Infrastructure	2,109,382	335,164	-	2,444,546
Vehicles	8,322,552	892,381	(22,500)	9,192,433
Furniture, Fixtures, and Equipment	2,056,553	377,356	(70,177)	2,363,732
Heavy Equipment	1,154,499	10,595	-	1,165,094
Total accumulated depreciation	30,367,625	2,866,403	(92,677)	33,141,351
Net book value	\$ 37,462,323	\$ 3,795,962	\$ (2,281,605)	\$ 38,976,680

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

Governmental Activities

General government	\$ 651,888
Public safety	1,559,867
Public works	654,648
Total	\$ 2,866,403

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 7: CAPITAL ASSETS (Continued)

Business-Type Activities:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets, not depreciated:				
Land	\$ 492,993	\$ -	\$ -	\$ 492,993
Total capital assets, not depreciated	492,993	-	-	492,993
Capital assets, depreciated:				
Buildings and Improvements	823,610	-	-	823,610
Total capital assets, depreciated	823,610	-	-	823,610
Accumulated depreciation:				
Buildings Improvements	(823,610)		-	(823,610)
Total accumulated depreciation	(823,610)	-	-	(823,610)
Net book value	\$ 492,993	\$ -	\$ -	\$ 492,993

The County had no depreciation expense for business-type activities for the year ended June 30, 2018.

NOTE 8: LONG-TERM DEBT

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

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Due Within One Year
Notes payable	\$ 10,588,875	\$ -	\$ 1,026,653	\$ 9,562,222	\$ 896,716
Bonds payable	4,029,027	-	411,000	3,618,027	421,500
Capital leases	86,745	-	25,229	61,516	28,751
Compensated absences	253,494	203,589	217,422	239,661	217,422
Total long-term debt	\$ 14,958,141	\$ 203,589	\$ 1,680,304	\$ 13,481,426	\$ 1,564,389

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 8: LONG-TERM DEBT (Continued)

Revenue Bonds

At June 30, 2018, the County had one revenue bond outstanding. The revenue bonds are as follows:

Description	Date of Issue	Term	Interest Rate	Original Amount of Issue	Balance June 30, 2018	Source of Pledged Revenues
USDA 9270: Series 2004 Tecolote Fire District Improvement Revenue Bonds	September 2004	20 years	4.00% - 4.25%	150,360	\$ 57,953	State Fire Allotments
USDA 2009: Series 2009 Fire District Fire District Improvement Revenue Bonds	April 2009	20 years	4.50%	167,000	105,074	State Fire Allotments
Gross Receipts Tax Revenue Bonds Series 2011	August 2009	20 years	2.00% - 4.00%	4,980,000	3,455,000	Gross Receipts Tax
					\$ 3,618,027	

Annual requirements to amortize the revenue bond as of June 30, 2018, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	489,000	74,129	563,129
2024-2028	1,100,453	185,096	1,285,549
2029-2030	239,074	9,785	248,859
\$ 3,618,027		\$ 730,488	\$ 4,348,515

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 8: 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:

Description	Date of Issue	Term	Interest Rate	Original Amount of Issue	Balance June 30, 2018	Source of Pledged Revenues
NMFA - 3302-PP: Equipment Purchase, 7 Years, LOGRT	July 2015	7 years	2.22%	\$ 835,855	\$ 497,347	Gross Receipts Tax
NMFA - 3615-PP: 2007 Loan Refinance	December 2016	12 years	1.89%	4,563,082	4,038,442	Gross Receipts Tax Local Option Hold Harmless Gross Receipts Tax
NMFA - 3464-PP: County Road Improvement	August 2016	15 years	1.25%	3,882,353	3,503,860	Gross Receipts Tax
NMFA - 3266-PP: Detention Center	January 2015	9 years	1.17%	695,288	449,942	Gross Receipts Tax
NMFA - 2666-PP: General	April 2012	15 years	0.29%	385,417	241,894	Gross Receipts Tax
NMFA - 2689-PP: La Placita VFD	April 2012	10 years	0.00%	45,675	18,267	State Fire Allotments
NMFA - 1735-PP: Rowe	January 2005	20 years	0.73%	225,000	82,387	State Fire Allotments
NMFA - 2523-PP: Sapello 2011	December 2011	21 years	0.89%	446,600	340,582	State Fire Allotments
					\$ 9,172,721	

The annual requirements to amortize the NMFA loan as of June 30, 2018, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2019	\$ 861,891	\$ 130,775	\$ 992,666
2020	870,847	121,652	992,499
2021	892,120	111,435	1,003,555
2022	895,139	100,089	995,228
2023	773,444	88,015	861,459
2024-2028	3,890,681	271,566	4,162,247
2029-2033	988,599	11,817	1,000,416
		\$ 9,172,721	\$ 10,008,070

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 8: LONG-TERM DEBT (Continued)

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, 2018	Source of Pledged Revenues
Southwest Capital Loan N/P - Gallinas Fire Dept.	August 2013	5 years	5.25%	318,476	\$ 225,623	N/A
Southwest Capital Loan N/P - Pecos Valley Fire Dept.	May 2014	10 years	5.25%	124,356	94,679	N/A
NMED Note Payable	December 2009	20 years	2.00%	93,965	69,199	N/A
					\$ 389,501	

The annual requirements to amortize the Southwest Capital and NMED loans as of June 30, 2018, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	42,210	11,062	53,272
2024-2028	175,901	24,405	200,306
2029-2030	21,513	1,099	22,612
\$ 389,501		\$ 99,777	\$ 489,278

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 8: 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, 2018:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2019	\$ 28,751	\$ 6,391	\$ 35,142
2020	32,765	2,377	35,142
	\$ 61,516	\$ 8,768	\$ 70,284

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, 2018, compensated absences decreased \$13,833 from the prior year accrual. Compensated absences are liquidated by the respective funds in which they are accrued.

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 from coverage in the three prior years. In the fiscal year ended June 30, 2018, there were no settlements that exceeded insurance coverage.

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

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 Fund	\$ (45)
Community - DWI Program	(854)
Highway Safety Improvement Grant	(98,400)
Total Governmental Funds	\$ (99,299)

There were no business type funds with a deficit fund balance as of June 30, 2018.

- 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 no funds with expenditures in excess of appropriations for the year ended June 30, 2018.
- 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.

	Designated Cash	Beginning Year Cash & AR Available		Cash Appppriation in Excess of Available Balance
DWI Offenders Fees	\$ (38,125)	\$ 1,621	\$	36,504

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, unless specifically excluded.

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

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2017 available at <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2017-Final.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 FY18 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on page 40 of the PERA FY17 annual audit report at <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2017-Final.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 \$417,635 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, 2016. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2017.

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978.

Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. Raton Public Service Company's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2017. Only employer contributions for the pay period end dates that fell within the period of July 1, 2016 to June 30, 2017 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2017 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Municipal General Division, at June 30, 2018, San Miguel County reported a liability of \$6,173,762 for its proportionate share of the net pension liability. At June 30, 2017, San Miguel County's proportion was 0.4493 percent, which was an increase of 0.0211 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, San Miguel County recognized PERA Fund Municipal General Division pension expense of \$821,383. At June 30, 2018, 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	\$ 284,702	\$ 63,797
Net difference between projected and actual investment earnings on pension plan investments	506,520	-
Differences between expected and actual experience	242,587	316,202
Change in proportion	235,956	24,943
San Miguel County's contributions subsequent to the measurement date	378,268	-
Total	\$ 1,648,033	\$ 404,942

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

\$378,268 reported as deferred outflows of resources related to pensions resulting from San Miguel County 's contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2017	\$ 245,000
2018	628,198
2019	139,653
2020	(148,028)
Thereafter	-

For PERA Fund Municipal Police Division, at June 30, 2018, San Miguel County reported a liability of \$605,567 for its proportionate share of the net pension liability. At June 30, 2017, San Miguel County 's proportion was 0.1090 percent, which was an increase of 0.0201 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, San Miguel County recognized PERA Fund Municipal Police Division pension expense of \$101,176. At June 30, 2018, 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	\$ 36,029	\$ 14,081
Net difference between projected and actual investment earnings on pension plan investments	48,770	-
Differences between expected and actual experience	36,779	113,145
Changes in proportion	81,846	2,616
San Miguel County's contributions subsequent to the measurement date	39,367	-
Total	\$ 242,791	\$ 129,842

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

\$39,367 reported as deferred outflows of resources related to pensions resulting from San Miguel County's contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2017	\$ 24,402
2018	57,379
2019	6,061
2020	(14,260)
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, 2016 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2018 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2018. These actuarial methods and assumptions were adopted by the PERA's Board of Trustees for use in the June 30, 2016, actuarial valuation.

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

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

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	100.00%	

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

Discount rate: The discount rate used to measure the total pension liability was 7.51 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan’s fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.51% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The discount rate used to measure the total pension liability of 7.51 percent was changed from the prior valuation where the discount rate used was 7.48 percent.

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

PERA Fund Municipal General Division	1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
San Miguel County's proportionate share of the net pension liability	\$ 9,676,324	\$ 6,173,762	\$ 3,260,894

PERA Fund Municipal Police Division	1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
San Miguel County's proportionate share of the net pension liability	\$ 965,711	\$ 605,567	\$ 310,015

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

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 FY17 PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. At June 30, 2018 there were no contributions due and payable to PERA for the County.

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

General Information about the OPEB

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

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

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)

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

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

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

Contributions – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the County were \$84,292 for the year ended June 30, 2018.

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

At June 30, 2018, the County reported a liability of \$4,298,292 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The County’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2017, the County’s proportion was 0.09485 percent.

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)

For the year ended June 30, 2018, the recognized OPEB expense of \$86,600. At June 30, 2018 the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 751,502
Net difference between projected and actual earnings on pension plan investments	-	61,834
District's contributions subsequent to the measurement date	84,292	-
Difference between expected and actual experience	-	164,946
Total	\$ 84,292	\$ 978,282

Deferred outflows of resources totaling \$84,292 represent the County's contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ (207,989)
2020	(207,989)
2021	(207,989)
2022	(207,989)
2023	(146,326)
Total	\$ (978,282)

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)

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

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

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

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)

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

Asset Class	Long-Term Rate of Return
U.S. core fixed income	4.1%
U.S. equity - large cap	9.1
Non U.S. - emerging markets	12.2
Non U.S. - developed equities	9.8
Private equity	13.8
Credit and structured finance	7.3
Real estate	6.9
Absolute return	6.1
U.S. equity - small/mid cap	9.1

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

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

1% Decrease (2.81%)	Current Discount Rate (3.81%)	1% Increase (4.81%)
\$ 5,213,761	\$ 4,298,292	\$ 3,580,024

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)

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

1% Decrease	Current Trend Rates	1% Increase
\$ 3,655,993	\$ 4,298,292	\$ 4,799,126

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

Payable Changes in the Net OPEB Liability. At June 30, 2018, the County did not have amounts payable to the NMRHCA.

NOTE 13: RESTATEMENT TO PRIOR PERIOD

The objective of a net position restatement is to accurately reflect prior period’s net position and improve the relevancy and usefulness of financial information. The County restated net position in the amount of (\$5,105,682) related to the implementation of GASB Statement No. 75 to recognize the beginning effect on prior year net position of the OPEB Liability. The effect of the restatement is as follows:

	Governmental Activities
Net position - beginning, as originally stated	\$ 31,172,979
Net position - restatement	(5,105,682)
Net position - beginning, as restated	\$ 26,067,297

NOTE 14: 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, 2018 in the remaining cases.

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 15: 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.

NOTE 16: 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 17: COMMITMENTS

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

Commitments			
Contract	Amount	Contract	Amount
8TH STREET EXTENSION (ROAD)	\$ 16,157	OJITOS FRIOS (ROAD)	104,224
ABUTMENTS	6,974	OJITOS FRIOS (ROAD)	2,537
BOUNDARY SURVEY	542	OJITOS FRIOS (ROAD)	1,598
CACTUS DR. B-50A (ROAD)	1,137	PECOS B60 (ROAD)	3,688
CATTLEGUARDS	31,642	PECOS B60 (ROAD)	24,572
CERRITO (ROAD)	2,502	PORTA POTTY MAINTENANCE	1,164
COMMUNICATION SYSTEM	62,535	RADIO MAINTENANCE	28,044
COMPREHENSIVE PLAN	11,510	TREMENTINA VFD RADIOS	8,592
CONCHAS VFD IMPROVEMENTS	9,475	ROCIADA BRIDGE	5,075
COPIER	5,766	SAN AUGUSTINE (ROAD)	6,677
COUNTRY ACRES (ROAD)	13,034	SAN ISIDRO B-43B (ROAD)	2,081
COMMUNITY WILDFIRE PROTECTION PLAN	242,706	SAPELLO VFD IMPROVEMENTS	26,543
DETENTION CENTER IMPROVEMENTS	9,300	SAPELLO/LA TEWA (ROAD)	6,974
DISASTER RECOVERY REPLICATION SERVER	16,854	SHERIDAN VFD VEHICLE IMPROVEMENTS	2,702
DISTRICT COURTH BUILDING IMPROVEMENTS	860	SHERIFF'S OFFICE RENOVATIONS	6,501
DRAINAGE EASEMENT	2,933	SOLID WASTE BINS	7,948
GALLINAS (ROAD)	1,638	TRUJILLO TOWER - REPAIR	5,000
GARITA (ROAD)	3,788	UPPER TOWN (ROAD)	3,112
HOSE AND LADDER TESTING	3,494	VILLANUEVA (ROAD)	2,502
LOS VIGILES (ROAD)	780	WHITE BARN (ROAD)	272,423
Total Commitments			\$ 965,584

San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 18: SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2018, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosure is November 26, 2018, which is the date on which the financial statements were issued.

NOTE 19: RESTRICTED NET POSITION

The government-wide statement of net position reports \$9,820,859 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 and 103-107.

NOTE 20: TAX ABATEMENTS

The County of San Miguel had no tax abatements during the year ended June 30, 2018. The County is not subject to any tax abatement agreements entered into by other governmental entities.

NOTE 21: SUBSEQUENT PRONOUNCEMENTS

The date to which events occurring after June 30, 2018, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statement or disclosures is November 12, 2018, which is the date on which the financial statements were issued.

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 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.

In April 2018, GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* 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.



San Miguel County, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 21: SUBSEQUENT PRONOUNCEMENTS (Continued)

In June 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued. 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.

In June 2018, GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, 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.

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Required Supplementary Information

San Miguel County, New Mexico
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*

	2018	2017
	Measurement	Measurement
	Date (As of and	Date (As of and
	for the year	for the year
	ended June 30,	ended June 30,
	2017)	2016)
San Miguel County's proportion of the net pension liability	0.4493%	0.4282%
San Miguel County's proportionate share of the net pension liability	\$ 6,173,762	\$ 4,055,554
San Miguel County's covered payroll	\$ 4,214,603	\$ 3,457,435
San Miguel County's proportionate share of the net pension liability as a percentage of its covered payroll	146.49%	117.30%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	69.18%

* 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.

2016	2015
Measurement	Measurement
Date (As of and	Date (As of and
for the year	for the year
ended June 30,	ended June 30,
2015)	2014)
0.4176%	0.4255%
\$ 4,257,794	\$ 3,319,375
\$ 3,454,077	\$ 3,018,258
123.27%	109.98%
76.99%	81.29%

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

San Miguel County, New Mexico
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*

	2018	2017
	Measurement	Measurement
	Date (As of and	Date (As of and
	for the year	for the year
	ended June 30,	ended June 30,
	2017)	2016)
San Miguel County's proportion of the net pension liability	0.1090%	0.0889%
San Miguel County's proportionate share of the net pension liability	\$ 605,567	\$ 403,118
San Miguel County's covered payroll	\$ 268,952	\$ 211,275
San Miguel County's proportionate share of the net pension liability as a percentage of its covered payroll	225.16%	190.80%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	69.18%

* 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.

2016	2015
Measurement	Measurement
Date (As of and	Date (As of and
for the year	for the year
ended June 30,	ended June 30,
2015)	2014)
0.8780%	0.8970%
\$ 422,192	\$ 292,412
\$ 212,947	\$ 305,046
198.26%	95.86%
76.99%	81.29%

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

San Miguel County, New Mexico
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, 2018	As of and for the Year Ended June 30, 2017
Contractually required contribution	\$ 378,082	\$ 363,230
Contributions in relation to the contractually required contribution	(378,082)	(363,230)
Contribution deficiency (excess)	\$ -	\$ -
San Miguel County's covered payroll	\$ 3,924,187	\$ 3,803,457
Contributions as a percentage of covered payroll	9.63%	9.55%

* 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.

As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
\$ 350,198	\$ 317,310
<u>(350,198)</u>	<u>(317,310)</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
\$ 3,457,435	\$ 3,454,077
10.13%	9.19%

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

San Miguel County, New Mexico
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, 2018	As of and for the Year Ended June 30, 2017
Contractually required contribution	\$ 39,367	\$ 41,363
Contributions in relation to the contractually required contribution	(39,367)	(41,363)
Contribution deficiency (excess)	\$ -	\$ -
San Miguel County's covered payroll	\$ 255,627	\$ 268,592
Contributions as a percentage of covered payroll	15.40%	15.40%

* 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.

As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
\$ 33,428	\$ 32,086
<u>(33,428)</u>	<u>(32,086)</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
\$ 211,275	\$ 212,947
15.82%	15.07%

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

San Miguel County, New Mexico
Schedule of Employer's Proportionate Share of the Net OPEB Liability of
New Mexico Retiree Health Care Act Plan
New Mexico Retiree Health Care Authority (NMRHCA) Plan
Last 10 Fiscal Years*

	2018 Measurement Date (As of and for the Year Ended June 30, 2017)
San Miguel County's proportion of the net OPEB liability	0.09485%
San Miguel County's proportionate share of the net OPEB liability	\$ 4,298,292
San Miguel County's covered-employee payroll	\$ 3,951,117
San Miguel County's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	108.79%
Plan fiduciary net position as a percentage of the total OPEB liability	11.34%

* 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.*

San Miguel County, New Mexico
Schedule of Employer Contributions
New Mexico Retiree Health Care Authority (NMRHCA) Plan
Last 10 Fiscal Years*

		As of and for the Year Ended June 30, 2018
Contractually required contributions	\$	84,292
Contributions in relation to the contractually required contribution		(84,292)
Contribution deficiency (excess)	\$	-
San Miguel County's covered-employee payroll	\$	4,214,603
Contributions as a percentage of covered-employee payroll		2.00%

* 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.*

San Miguel County, New Mexico
Notes to Required Supplementary Information
June 30, 2018

Public Employees Retirement Association (PERA) Plan

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY17 CAFR available at <https://www.saonm.org>

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2016 report is available at <http://www.nmpera.org/>

Retiree Health Care Authority (RHCA) Plan

Changes of benefit terms. The NMRHCA eligibility benefits changes in recent years are described in Note 1 of the NMRHC FY17 audit available at http://nmrhca.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NM_RHCA_Audited_FS_6.30.17.pdf.

Changes of assumptions. The New Mexico Retiree Healthcare Authority (NMRHCA) Actuarial Valuation as of June 30, 2017 report is available at http://nmrhca.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NMRHCA_5507316_Final_per_Auditor_update_Final_Report_11.21.17.pdf. See the notes to the financial statements beginning on page 24 which summarizes actuarial assumptions and methods effective with the June 30, 2017 valuation.

See independent auditors' report.

Supplementary Information

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Nonmajor Governmental Funds

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San Miguel County, New Mexico
Nonmajor Governmental Fund Descriptions
June 30, 2018

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.).

San Miguel County, New Mexico
Nonmajor Governmental Fund Descriptions
June 30, 2018

SPECIAL REVENUE FUNDS (CONTINUED)

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.

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.

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.

Department of Homeland Security and Emergency Management (DEHSM) (331) – 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 2017-09-11-F1.

FEMA-DR-4197 (332) – To account for expenditures associated with the September 2014 floods effecting the San Geronimo Bridge. The creation and maintenance of a separate fund was established by County Resolution 2018-02-13-F1.

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.).

San Miguel County, New Mexico
Nonmajor Governmental Fund Descriptions
June 30, 2018

SPECIAL REVENUE FUNDS (CONTINUED)

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).

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, Ifeld, 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.

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.

San Miguel County, New Mexico
Nonmajor Governmental Fund Descriptions
June 30, 2018

SPECIAL REVENUE FUNDS (CONTINUED)

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.

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.

Transportation Alternative Program (TAP) (243) – To account for the TAP funds and required match as outlined in the grant agreement. The creation and maintenance of a separate fund was established by County Resolution 2018-05-09-F1.

San Miguel County, New Mexico
Nonmajor Governmental Fund Descriptions
June 30, 2018

DEBT SERVICE FUNDS

Debt Service Account 3302-PP (705) – To account for the 1/12th general purpose gross receipts tax. The proceeds will first be budgeted to pay the annual debt payment tied to the NMFA 3302-PP issue and the remainder of the taxes will be budgeted as transfers out to other funds to be used for the other approved purposes.

Debt Service Account 3464-PP (706) – To account for the proceeds of the Hold Harmless Gross Receipts Tax. The proceeds will first be budgeted to pay the annual debt payments tied to the NMFA 3464-PP issue and the remainder of the taxes will be budgeted as transfers out to other funds to be used for the other approved purposes.

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.

San Miguel County, New Mexico
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2018

	Special Revenue		
	Road Fund	Road Projects - Special Appropriation	Forest Reserve Title III
Assets			
Cash and cash equivalents	\$ 351,320	\$ 74,754	\$ 311,193
Restricted cash and cash equivalents	-	-	-
Receivables, net	39,707	51,193	-
Prepaid expenses	2,850	-	-
Due from other funds	-	-	-
Total assets	\$ 393,877	\$ 125,947	\$ 311,193
Liabilities, deferred inflows of resources, and fund balances			
Liabilities			
Accounts payable	\$ 20,882	\$ 78,922	\$ 17,500
Accrued payroll	22,241	-	-
Deposits held in trust for others	-	-	-
Due to other funds	-	-	-
Total liabilities	43,123	78,922	17,500
Deferred inflows of resources			
Unavailable revenue:			
Property taxes	-	-	-
Total deferred inflows of resources	-	-	-
Fund balances			
Nonspendable			
Prepaid expenses	2,850	-	-
Spendable:			
Restricted			
General government	-	-	-
Public safety	-	-	293,693
Public works	347,904	47,025	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Debt service	-	-	-
Capital outlay	-	-	-
Unassigned (deficit)	-	-	-
Total fund balances	350,754	47,025	293,693
Total liabilities, deferred inflows of resources, and fund balances	\$ 393,877	\$ 125,947	\$ 311,193

See independent auditors' report.

Special Revenue

	Disaster Projects	Professional Development	Federal Disaster Fund	FEMA Disaster Recovery 4197	Farm and Range	DWI Allocation
\$	814	\$ 31,493	\$ -	\$ 1	\$ 34,177	\$ 11,337
	-	-	-	-	-	-
	-	-	-	236,999	-	-
	-	2,564	-	-	-	1
	-	-	-	-	-	-
\$	814	\$ 34,057	\$ -	\$ 237,000	\$ 34,177	\$ 11,338
\$	-	\$ 764	\$ -	\$ -	\$ 3,001	\$ -
	-	-	-	-	-	5,686
	-	-	-	-	-	-
	-	-	45	171,969	-	-
	-	764	45	171,969	3,001	5,686
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	2,564	-	-	-	1
	814	-	-	-	-	-
	-	-	-	65,031	-	5,651
	-	-	-	-	-	-
	-	30,729	-	-	31,176	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	(45)	-	-	-
	814	33,293	(45)	65,031	31,176	5,652
\$	814	\$ 34,057	\$ -	\$ 237,000	\$ 34,177	\$ 11,338

See independent auditors' report.

San Miguel County, New Mexico
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2018

Special Revenue

	DWI Grant	Community - DWI Program	DWI Offenders Fee
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ 8,005
Restricted cash and cash equivalents	-	-	-
Receivables, net	7,965	-	-
Prepaid expenses	-	-	-
Due from other funds	-	-	-
Total assets	\$ 7,965	\$ -	\$ 8,005
Liabilities, deferred inflows of resources, and fund balances			
Liabilities			
Accounts payable	\$ -	\$ 150	\$ 257
Accrued payroll	1,543	704	-
Deposits held in trust for others	-	-	-
Due to other funds	5,755	-	-
Total liabilities	7,298	854	257
Deferred inflows of resources			
Unavailable revenue:			
Property taxes	-	-	-
Total deferred inflows of resources	-	-	-
Fund balances			
Nonspendable			
Prepaid expenses	-	-	-
Spendable:			
Restricted			
General government	-	-	-
Public safety	667	-	7,748
Public works	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Debt service	-	-	-
Capital outlay	-	-	-
Unassigned (deficit)	-	(854)	-
Total fund balances	667	(854)	7,748
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,965	\$ -	\$ 8,005

See independent auditors' report.

Special Revenue							Department of Homeland Security and Emergency Management (DEHSM)
Veterans Transportation Services	Education and Enforcement	Child Restraint	Office Emergency Management	FEMA-4199-DR- SM-32			
\$ 5,616	\$ 60	\$ 1,066	\$ 22,367	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	15,547	-	-	-	241,740
1	-	-	1,015	-	-	-	-
-	-	-	-	-	-	-	-
\$ 5,617	\$ 60	\$ 1,066	\$ 38,929	\$ -	\$ -	\$ -	\$ 241,740
\$ 328	\$ -	\$ -	\$ 382	\$ -	\$ -	\$ -	\$ -
233	-	-	3,526	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	241,740
561	-	-	3,908	-	-	-	241,740
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1	-	-	1,015	-	-	-	-
-	-	-	-	-	-	-	-
-	60	1,066	34,006	-	-	-	-
-	-	-	-	-	-	-	-
5,055	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,056	60	1,066	35,021	-	-	-	-
\$ 5,617	\$ 60	\$ 1,066	\$ 38,929	\$ -	\$ -	\$ -	\$ 241,740

See independent auditors' report.

San Miguel County, New Mexico
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2018

	Special Revenue		
	FEMA-DR-4197	Waste Isolation Pilot Project	Recording Equipment Fund
Assets			
Cash and cash equivalents	\$ 447,802	\$ 71	\$ 11,456
Restricted cash and cash equivalents	-	-	-
Receivables, net	-	-	-
Prepaid expenses	-	-	-
Due from other funds	-	-	-
Total assets	\$ 447,802	\$ 71	\$ 11,456
Liabilities, deferred inflows of resources, and fund balances			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 17
Accrued payroll	-	-	-
Deposits held in trust for others	-	-	-
Due to other funds	-	-	-
Total liabilities	-	-	17
Deferred inflows of resources			
Unavailable revenue:			
Property taxes	-	-	-
Total deferred inflows of resources	-	-	-
Fund balances			
Nonspendable			
Prepaid expenses	-	-	-
Spendable:			
Restricted			
General government	-	-	11,439
Public safety	447,802	71	-
Public works	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Debt service	-	-	-
Capital outlay	-	-	-
Unassigned (deficit)	-	-	-
Total fund balances	447,802	71	11,439
Total liabilities, deferred inflows of resources, and fund balances	\$ 447,802	\$ 71	\$ 11,456

See independent auditors' report.

Special Revenue

Recreation Fund	Lodgers Tax Fund	Indigent Fund	Re-Appraisal Fund	Community Projects - Special Appropriation	Emergency Medical Services
\$ 754	\$ 50,416	\$ 401,471	\$ 165,606	\$ -	\$ 13,093
-	-	-	-	-	-
-	4,878	132,504	2,055	-	-
-	-	-	808	-	-
-	-	-	-	-	-
<u>\$ 754</u>	<u>\$ 55,294</u>	<u>\$ 533,975</u>	<u>\$ 168,469</u>	<u>\$ -</u>	<u>\$ 13,093</u>
\$ -	\$ -	\$ 12,558	\$ 164	\$ -	\$ 191
-	-	-	2,284	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	12,558	2,448	-	191
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	808	-	-
-	-	-	165,213	-	-
-	-	-	-	-	12,902
-	-	-	-	-	-
-	-	521,417	-	-	-
754	55,294	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>754</u>	<u>55,294</u>	<u>521,417</u>	<u>166,021</u>	<u>-</u>	<u>12,902</u>
<u>\$ 754</u>	<u>\$ 55,294</u>	<u>\$ 533,975</u>	<u>\$ 168,469</u>	<u>\$ -</u>	<u>\$ 13,093</u>

See independent auditors' report.

San Miguel County, New Mexico
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2018

	Special Revenue			
	Law Enforcement Fund	Sheriff's Evidence Bank Account	CDBG 02-C-NR- 1-6-G-65 Comp Plan	
Assets				
Cash and cash equivalents	\$ -	\$ 601	\$ 10,752	
Restricted cash and cash equivalents	-	-	-	
Receivables, net	-	-	-	
Prepaid expenses	-	-	-	
Due from other funds	-	-	-	
Total assets	\$ -	\$ 601	\$ 10,752	
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	
Accrued payroll	-	-	-	
Deposits held in trust for others	-	601	-	
Due to other funds	-	-	-	
Total liabilities	-	601	-	
Deferred inflows of resources				
Unavailable revenue:				
Property taxes	-	-	-	
Total deferred inflows of resources	-	-	-	
Fund balances				
Nonspendable				
Prepaid expenses	-	-	-	
Spendable:				
Restricted				
General government	-	-	-	
Public safety	-	-	-	
Public works	-	-	10,752	
Health and welfare	-	-	-	
Culture and recreation	-	-	-	
Debt service	-	-	-	
Capital outlay	-	-	-	
Unassigned (deficit)	-	-	-	
Total fund balances	-	-	10,752	
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ 601	\$ 10,752	

See independent auditors' report.

Special Revenue			Capital Projects			
CDBG Sabinoso Road	Section 8 Housing	Solid Waste	DC Annex/CH Remodeling	Vehicle Capital Outlay	Detention Center Capital Outlay	
\$ 615	\$ 69,248	\$ 125,352	\$ 19,965	\$ 4,386	\$ 10,617	
-	-	-	-	-	-	
-	35,830	300,798	-	2,516	-	
-	-	1,941	-	-	-	
-	-	-	-	-	-	
\$ 615	\$ 105,078	\$ 428,091	\$ 19,965	\$ 6,902	\$ 10,617	
\$ -	\$ 2,462	\$ 169,598	\$ 860	\$ -	\$ -	
-	-	14,706	-	-	-	
-	-	43,551	-	-	-	
-	-	-	-	-	10,617	
-	2,462	227,855	860	-	10,617	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	1,941	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
615	-	198,295	-	-	-	
-	102,616	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	19,105	6,902	-	
-	-	-	-	-	-	
615	102,616	200,236	19,105	6,902	-	
\$ 615	\$ 105,078	\$ 428,091	\$ 19,965	\$ 6,902	\$ 10,617	

See independent auditors' report.

San Miguel County, New Mexico
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2018

	Capital Projects		
	Law Enforcement Capital Outlay	Public Works Facility	Crusher Facility and Equipment
Assets			
Cash and cash equivalents	\$ 6,898	\$ 678	\$ 44,296
Restricted cash and cash equivalents	-	-	-
Receivables, net	-	-	-
Prepaid expenses	-	-	-
Due from other funds	-	-	-
Total assets	\$ 6,898	\$ 678	\$ 44,296
Liabilities, deferred inflows of resources, and fund balances			
Liabilities			
Accounts payable	\$ 6,583	\$ -	\$ 3,253
Accrued payroll	-	-	3,350
Deposits held in trust for others	-	-	-
Due to other funds	-	-	-
Total liabilities	6,583	-	6,603
Deferred inflows of resources			
Unavailable revenue:			
Property taxes	-	-	-
Total deferred inflows of resources	-	-	-
Fund balances			
Nonspendable			
Prepaid expenses	-	-	-
Spendable:			
Restricted			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Debt service	-	-	-
Capital outlay	315	678	37,693
Unassigned (deficit)	-	-	-
Total fund balances	315	678	37,693
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,898	\$ 678	\$ 44,296

See independent auditors' report.

Capital Projects		Debt Service			
Highway Safety Improvement Grant	Transportation Alternative Program (TAP)	Debt Service Account 3302-PP	Debt Service Account 3464-PP	Tecolote USDA Reserve	Cabo Lucero USDA Reserve
\$ -	\$ 11,648	\$ -	\$ -	\$ 15,096	\$ 11,250
-	-	-	-	-	-
2,234	-	58,891	155,153	-	-
-	-	-	-	-	-
-	-	-	-	-	160
<u>\$ 2,234</u>	<u>\$ 11,648</u>	<u>\$ 58,891</u>	<u>\$ 155,153</u>	<u>\$ 15,096</u>	<u>\$ 11,410</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
100,634	-	-	-	160	-
<u>100,634</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>160</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	11,648	-	-	-	-
-	-	58,891	155,153	14,936	11,410
-	-	-	-	-	-
(98,400)	-	-	-	-	-
<u>(98,400)</u>	<u>11,648</u>	<u>58,891</u>	<u>155,153</u>	<u>14,936</u>	<u>11,410</u>
\$ 2,234	\$ 11,648	\$ 58,891	\$ 155,153	\$ 15,096	\$ 11,410

See independent auditors' report.

San Miguel County, New Mexico
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2018

	Debt Service		
	USDA Vehicle Replacement	98A Bond Issue	2003 Revenue Bond/Debt Service
Assets			
Cash and cash equivalents	\$ 8,913	\$ -	\$ 181,561
Restricted cash and cash equivalents	-	-	-
Receivables, net	-	-	188,084
Prepaid expenses	-	-	-
Due from other funds	-	-	-
Total assets	\$ 8,913	\$ -	\$ 369,645
Liabilities, deferred inflows of resources, and fund balances			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll	-	-	-
Deposits held in trust for others	-	-	-
Due to other funds	-	-	-
Total liabilities	-	-	-
Deferred inflows of resources			
Unavailable revenue:			
Property taxes	-	-	-
Total deferred inflows of resources	-	-	-
Fund balances			
Nonspendable			
Prepaid expenses	-	-	-
Spendable:			
Restricted			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Debt service	8,913	-	369,645
Capital outlay	-	-	-
Unassigned (deficit)	-	-	-
Total fund balances	8,913	-	369,645
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,913	\$ -	\$ 369,645

See independent auditors' report.

Total Nonmajor Governmental Funds	
\$	2,464,748
	-
	1,476,094
	9,180
	160
	<u>3,950,182</u>
\$	317,872
	54,273
	44,152
	<u>530,920</u>
	<u>947,217</u>
	-
	-
	9,180
	176,652
	869,511
	604,591
	629,088
	129,601
	618,948
	64,693
	(99,299)
	<u>3,002,965</u>
\$	<u>3,950,182</u>

See independent auditors' report.

San Miguel County, New Mexico
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2018

	<u>Special Revenue</u>		
	Road Fund	Road Projects - Special Appropriation	Forest Reserve Title III
Revenues			
Taxes:			
Property	\$ -	\$ -	\$ -
Gross receipts	-	-	-
Gasoline and motor vehicle	176,413	-	-
Other	-	-	-
Intergovernmental:			
Federal operating grants	175,636	-	28,928
Federal capital grants	-	204,488	-
State operating grants	-	-	-
State capital grants	-	43,005	-
Charges for services	330,448	-	-
Investment income (loss)	-	-	-
Miscellaneous	8,625	-	-
Total revenues	691,122	247,493	28,928
Expenditures			
Current:			
General government	-	-	17,500
Public safety	-	-	-
Public works	1,265,312	-	-
Culture and recreation	-	-	-
Health and welfare	-	-	-
Capital outlay	7,096	222,660	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	1,272,408	222,660	17,500
Excess (deficiency) of revenues over expenditures	(581,286)	24,833	11,428
Other financing sources (uses)			
Transfers in	747,686	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	747,686	-	-
Net change in fund balance	166,400	24,833	11,428
Fund balance - beginning of year	184,354	22,192	282,265
Fund balance - end of year	\$ 350,754	\$ 47,025	\$ 293,693

See independent auditors' report.

Special Revenue

Disaster Projects	Professional Development	Federal Disaster Fund	FEMA Disaster Recovery 4197	Farm and Range	DWI Allocation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	193,577
-	-	-	-	-	-
-	-	-	-	-	-
-	41,175	-	-	2,862	-
-	41,175	-	-	2,862	193,577
-	-	-	-	-	-
-	-	-	-	-	156,939
-	-	-	-	-	-
-	47,699	-	-	3,002	-
-	-	-	-	-	-
-	-	-	-	-	-
-	47,699	-	-	3,002	156,939
-	(6,524)	-	-	(140)	36,638
-	-	-	-	-	-
-	-	-	(38,659)	-	(32,607)
-	-	-	(38,659)	-	(32,607)
-	(6,524)	-	(38,659)	(140)	4,031
814	39,817	(45)	103,690	31,316	1,621
\$ 814	\$ 33,293	\$ (45)	\$ 65,031	\$ 31,176	\$ 5,652

See independent auditors' report.

San Miguel County, New Mexico
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2018

	Special Revenue		
	DWI Grant	Community - DWI Program	DWI Offenders Fee
Revenues			
Taxes:			
Property	\$ -	\$ -	\$ -
Gross receipts	-	-	-
Gasoline and motor vehicle	-	-	-
Other	-	-	-
Intergovernmental:			
Federal operating grants	-	-	-
Federal capital grants	-	-	-
State operating grants	32,001	3,368	-
State capital grants	-	-	-
Charges for services	-	-	26,980
Investment income (loss)	-	-	-
Miscellaneous	-	-	196
Total revenues	32,001	3,368	27,176
Expenditures			
Current:			
General government	-	-	-
Public safety	33,339	4,507	21,740
Public works	-	-	-
Culture and recreation	-	-	-
Health and welfare	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	33,339	4,507	21,740
Excess (deficiency) of revenues over expenditures	(1,338)	(1,139)	5,436
Other financing sources (uses)			
Transfers in	-	284	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	284	-
Net change in fund balance	(1,338)	(855)	5,436
Fund balance - beginning of year	2,005	1	2,312
Fund balance - end of year	\$ 667	\$ (854)	\$ 7,748

See independent auditors' report.

Special Revenue							Department of Homeland Security and Emergency Management (DEHSM)
Veterans Transportation Services	Education and Enforcement	Child Restraint	Office Emergency Management	FEMA-4199-DR- SM-32			
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	555	54,327	-	-	-	-
-	-	-	-	127,485	-	241,740	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	37,594	-	-	-	-
-	-	555	91,921	127,485	-	241,740	-
-	-	-	-	-	-	-	-
-	-	-	1,321	-	-	-	-
-	-	477	124,785	-	-	-	-
-	-	-	-	-	-	-	-
4,343	-	-	-	-	-	-	-
-	-	-	-	169,981	-	241,740	-
-	-	-	-	-	-	-	-
4,343	-	477	126,106	169,981	-	241,740	-
(4,343)	-	78	(34,185)	(42,496)	-	-	-
-	-	-	-	-	-	-	-
-	-	-	43,226	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	43,226	-	-	-	-
(4,343)	-	78	9,041	(42,496)	-	-	-
9,399	60	988	25,980	42,496	-	-	-
\$ 5,056	\$ 60	\$ 1,066	\$ 35,021	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

San Miguel County, New Mexico
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2018

	<u>Special Revenue</u>		
	<u>FEMA-DR-4197</u>	<u>Waste Isolation Pilot Project</u>	<u>Recording Equipment Fund</u>
Revenues			
Taxes:			
Property	\$ -	\$ -	\$ -
Gross receipts	-	-	-
Gasoline and motor vehicle	-	-	-
Other	-	-	-
Intergovernmental:			
Federal operating grants	-	-	-
Federal capital grants	298,536	-	-
State operating grants	49,755	-	-
State capital grants	-	11,345	-
Charges for services	-	-	24,595
Investment income (loss)	-	-	-
Miscellaneous	-	-	-
Total revenues	348,291	11,345	24,595
Expenditures			
Current:			
General government	-	-	15,849
Public safety	-	11,397	-
Public works	-	-	4,862
Culture and recreation	-	-	-
Health and welfare	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	-	11,397	20,711
Excess (deficiency) of revenues over expenditures	348,291	(52)	3,884
Other financing sources (uses)			
Transfers in	99,511	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	99,511	-	-
Net change in fund balance	447,802	(52)	3,884
Fund balance - beginning of year	-	123	7,555
Fund balance - end of year	\$ 447,802	\$ 71	\$ 11,439

See independent auditors' report.

Special Revenue

Recreation Fund	Lodgers Tax Fund	Indigent Fund	Re-Appraisal Fund	Community Projects - Special Appropriation	Emergency Medical Services
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	758,899	104,035	-	-
-	-	-	-	-	-
-	29,407	-	-	-	-
-	-	-	-	-	-
-	-	-	-	18,379	3,064
-	-	-	-	-	-
-	61	351	-	-	-
-	77	-	-	-	-
-	29,545	759,250	104,035	18,379	3,064
-	-	-	125,295	-	-
-	-	-	-	-	2,199
-	-	-	-	5,672	-
-	16,628	-	-	-	-
-	-	829,904	-	-	-
-	-	-	-	12,707	-
-	-	-	-	-	-
-	16,628	829,904	125,295	18,379	2,199
-	12,917	(70,654)	(21,260)	-	865
-	-	180,000	-	-	-
-	-	-	-	-	-
-	-	180,000	-	-	-
-	12,917	109,346	(21,260)	-	865
754	42,377	412,071	187,281	-	12,037
\$ 754	\$ 55,294	\$ 521,417	\$ 166,021	\$ -	\$ 12,902

See independent auditors' report.

San Miguel County, New Mexico
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2018

	<u>Special Revenue</u>		
	Law Enforcement Fund	Sheriff's Evidence Bank Account	CDBG 02-C-NR- 1-6-G-65 Comp Plan
Revenues			
Taxes:			
Property	\$ -	\$ -	\$ -
Gross receipts	-	-	-
Gasoline and motor vehicle	-	-	-
Other	-	-	-
Intergovernmental:			
Federal operating grants	-	-	-
Federal capital grants	-	-	-
State operating grants	25,400	-	-
State capital grants	-	-	-
Charges for services	-	-	-
Investment income (loss)	(69)	-	-
Miscellaneous	-	-	-
Total revenues	25,331	-	-
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	1,369
Culture and recreation	-	-	-
Health and welfare	-	-	-
Capital outlay	10,442	-	44,288
Debt service:			
Principal	14,973	-	-
Interest	15	-	-
Total expenditures	25,430	-	45,657
Excess (deficiency) of revenues over expenditures	(99)	-	(45,657)
Other financing sources (uses)			
Transfers in	-	-	25,000
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	25,000
Net change in fund balance	(99)	-	(20,657)
Fund balance - beginning of year	99	-	31,409
Fund balance - end of year	\$ -	\$ -	\$ 10,752

See independent auditors' report.

Special Revenue			Capital Projects			
CDBG Sabinoso Road	Section 8 Housing	Solid Waste	DC Annex/CH Remodeling	Vehicle Capital Outlay	Detention Center Capital Outlay	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	97,491	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	498,560	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	2,516	-	
-	56,582	670,258	-	-	-	
-	119	-	-	-	-	
-	5,270	16,698	-	-	-	
-	560,531	784,447	-	2,516	-	
-	-	-	1,864	-	-	
-	-	-	-	2,517	4,366	
-	-	793,015	-	-	-	
-	-	-	-	-	-	
-	640,406	-	-	-	-	
-	-	-	10,503	26,143	51,102	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	640,406	793,015	12,367	28,660	55,468	
-	(79,875)	(8,568)	(12,367)	(26,144)	(55,468)	
-	-	120,644	19,000	15,000	11,000	
-	-	-	-	-	-	
-	-	120,644	19,000	15,000	11,000	
-	(79,875)	112,076	6,633	(11,144)	(44,468)	
615	182,491	88,160	12,472	18,046	44,468	
\$ 615	\$ 102,616	\$ 200,236	\$ 19,105	\$ 6,902	\$ -	

See independent auditors' report.

San Miguel County, New Mexico
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2018

	Capital Projects		
	Law Enforcement Capital Outlay	Public Works Facility	Crusher Facility and Equipment
Revenues			
Taxes:			
Property	\$ -	\$ -	\$ -
Gross receipts	-	-	-
Gasoline and motor vehicle	-	-	-
Other	-	-	-
Intergovernmental:			
Federal operating grants	-	-	-
Federal capital grants	-	-	-
State operating grants	-	-	-
State capital grants	-	-	-
Charges for services	-	-	-
Investment income (loss)	-	-	-
Miscellaneous	-	-	-
Total revenues	-	-	-
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	253,552
Culture and recreation	-	-	-
Health and welfare	-	-	-
Capital outlay	394,312	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	394,312	-	253,552
Excess (deficiency) of revenues over expenditures	(394,312)	-	(253,552)
Other financing sources (uses)			
Transfers in	30,000	-	260,145
Transfers (out)	-	-	-
Total other financing sources (uses)	30,000	-	260,145
Net change in fund balance	(364,312)	-	6,593
Fund balance - beginning of year	364,627	678	31,100
Fund balance - end of year	\$ 315	\$ 678	\$ 37,693

See independent auditors' report.

Capital Projects		Debt Service			
Highway Safety Improvement Grant	Transportation Alternative Program (TAP)	Debt Service Account 3302- PP	Debt Service Account 3464- PP	Tecolote USDA Reserve	Cabo Lucero USDA Reserve
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	58,891	155,153	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(11,438)	-	-	-	-	-
(84,728)	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	136	100
-	-	-	-	-	-
(96,166)	-	58,891	155,153	136	100
(1)	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,235	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,234	-	-	-	-	-
(98,400)	-	58,891	155,153	136	100
-	11,648	-	-	1,140	1,300
-	-	-	-	-	-
-	11,648	-	-	1,140	1,300
(98,400)	11,648	58,891	155,153	1,276	1,400
-	-	-	-	13,660	10,010
\$ (98,400)	\$ 11,648	\$ 58,891	\$ 155,153	\$ 14,936	\$ 11,410

See independent auditors' report.

San Miguel County, New Mexico
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2018

	Debt Service		
	USDA Vehicle Replacement	98A Bond Issue	2003 Revenue Bond/Debt Service
Revenues			
Taxes:			
Property	\$ -	\$ -	\$ -
Gross receipts	-	-	1,069,405
Gasoline and motor vehicle	-	-	-
Other	-	-	-
Intergovernmental:			
Federal operating grants	-	-	-
Federal capital grants	-	-	-
State operating grants	-	-	-
State capital grants	-	-	-
Charges for services	-	-	-
Investment income (loss)	-	-	-
Miscellaneous	-	-	-
Total revenues	-	-	1,069,405
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Health and welfare	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	399,248
Interest	-	-	146,968
Total expenditures	-	-	546,216
Excess (deficiency) of revenues over expenditures	-	-	523,189
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	(9,000)	(412,000)
Total other financing sources (uses)	-	(9,000)	(412,000)
Net change in fund balance	-	(9,000)	111,189
Fund balance - beginning of year	8,913	9,000	258,456
Fund balance - end of year	\$ 8,913	\$ -	\$ 369,645

See independent auditors' report.

**Total Nonmajor
Governmental
Funds**

\$	-
	2,243,874
	176,413
	29,407
	758,006
	860,811
	240,816
	56,866
	1,108,863
	698
	112,497
	<u>5,588,251</u>
	161,828
	362,266
	2,323,782
	67,329
	1,474,653
	1,193,209
	414,221
	146,983
	<u>6,144,271</u>
	<u>(556,020)</u>
	1,565,584
	<u>(492,266)</u>
	<u>1,073,318</u>
	517,298
	2,485,667
\$	<u><u>3,002,965</u></u>

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Supporting Schedules

San Miguel County, New Mexico
Schedule of Deposit and Investment Accounts
June 30, 2018

Bank Account Type/Name	Account Type	Bank Balance	Deposits in Transit
Community First Bank			
Property Tax Account	Demand Account	\$ 330,213	\$ 17,855
Total Community First Bank		330,213	17,855
Southwest Capital Bank			
Construction Project Fund	Demand Account	583	-
Detention Center	Demand Account	156,421	2,311
El Valle	Demand Account	5,923	-
Clerks E-Recordings	Demand Account	6,875	-
Lodgers	Demand Account	50,416	-
Indigent	Demand Account	401,472	-
SMC Fire District	Demand Account	660,148	73,062
Pecos Property Tax Acct	Demand Account	4,874	-
Gross Receipts Tax	Demand Account	907,513	-
General Fund Acct	Demand Account	4,544,991	48,577
Sheriff's Evidence Act	Demand Account	601	-
Payroll Account	Demand Account	23,220	437
Federal Housing	Demand Account	73,392	-
Writ of Execution Act	Demand Account	500	-
Detention Center- Inmate Agency Fund	Agency Fund	68,620	56,921
Employee - Agency Fund	Agency Fund	2,931	-
General Fund CD	CD	11,250	-
General Fund CD	CD	15,097	-
General Fund CD	CD	303,317	-
General Fund CD	CD	590,807	-
Total Southwest Capital Bank		7,828,951	181,308
Wells Fargo			
Section 8 Program	Demand Account	8,326	-
Total Wells Fargo		8,326	-
Subtotal		\$ 8,167,490	\$ 199,163

See independent auditors' report.

Outstanding Checks	Totals
\$ 12,076	\$ 335,992
<u>12,076</u>	<u>335,992</u>
-	583
45,588	113,144
-	5,923
-	6,875
-	50,416
1	401,471
150,899	582,311
4,874	-
1	907,512
177,157	4,416,411
-	601
22,813	844
8,470	64,922
-	500
7,490	118,051
61	2,870
-	11,250
1	15,096
-	303,317
73,061	517,746
<u>490,416</u>	<u>7,519,843</u>
4,000	4,326
<u>4,000</u>	<u>4,326</u>
<u>\$ 506,492</u>	<u>\$ 7,860,161</u>

See independent auditors' report.

San Miguel County, New Mexico
Schedule of Deposit and Investment Accounts
June 30, 2018

Bank Account Type/Name	Account Type	Bank Balance	Deposits in Transit
Subtotal		\$ 8,167,490	\$ 199,163
NMFA			
SANNMIGUEL 8 Cash - Debt Servicing	NMFA Cash	-	-
SANNMIGUEL 11 Cash - Debt Servicing	NMFA Cash	107	-
SANNMIGUEL 17 Cash - Debt Servicing	NMFA Cash	-	-
SANNMIGUEL 22 Cash - Debt Servicing	NMFA Cash	-	-
SANNMIGUEL 18 Cash - Debt Servicing	NMFA Cash	194	-
SANNMIGUEL 19 Cash - Debt Servicing	NMFA Cash	42	-
SANNMIGUEL 20 Cash - Debt Servicing	NMFA Cash	6,368	-
SANNMIGUEL 20 Reserve Funds Payable	NMFA Cash	29,889	-
SANNMIGUEL 23 Cash - Debt Servicing	NMFA Cash	15,825	-
SANNMIGUEL 23 Reserve Funds Payable	NMFA Cash	69,920	-
SANNMIGUEL 24 Cash - Debt Servicing	NMFA Cash	28,793	-
SANNMIGUEL 24 Reserve Funds Payable	NMFA Cash	84,057	-
SANNMIGUEL 25 Cash - Debt Servicing	NMFA Cash	50,845	-
SANNMIGUEL 25 Reserve Funds Payable	NMFA Cash	1,319,426	-
SANNMIGUEL 27 Cash - Debt Servicing	NMFA Cash	3,161	-
SANNMIGUEL 27 Program Cash	NMFA Cash	13,124	-
Total NMFA		1,621,751	-
Total Deposits		\$ 9,789,241	\$ 199,163

Add: Petty Cash

Less: Restricted cash and cash equivalents per Statement of Net Position

Less: Investments and restricted investments per Statement of Net Position

Les: Agency cash per Statement of Fiduciary Assets and Liabilities

Total unrestricted cash and cash equivalents per Statement of Net Position

See independent auditors' report.

Outstanding Checks	Totals
\$ 506,492	\$ 7,860,161
-	-
-	107
-	-
-	-
-	194
-	42
-	6,368
-	29,889
-	15,825
-	69,920
-	28,793
-	84,057
-	50,845
-	1,319,426
-	3,161
-	13,124
-	1,621,751
<u>\$ 506,492</u>	<u>9,481,912</u>
	419
	(497,979)
	(1,971,181)
	<u>(462,158)</u>
	<u>\$ 6,551,013</u>

See independent auditors' report.

San Miguel County, New Mexico
Schedule of Collateral Pledged by Depository For Public Funds
June 30, 2018

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number
Community First Bank			
	FHLMC FIXED RATE NOTE	1/13/2022	3137EADB2
	GEN ELEC CAP CRP FLOATER NOTE	4/15/2020	36966THX3
	U.S. TREASURY NOTE	2/28/2019	912828C24
<hr/>			
Total First National Bank			

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
	FHLB-Letter of Credit	1/25/2018	LOC 4305000002
<hr/>			
Total International Bank			

Name and location of safekeeper for above pledged collateral:
 Federal Home Loan Bank of Dallas - Irving, TX

Total Pledged Collateral

See independent auditors' report.

Fair Market Value
June 30, 2018

\$	986,800
	1,005,519
	597,000
	<u>2,589,320</u>

	240,000
	<u>3,100,000</u>
	<u>3,340,000</u>

\$	<u><u>5,929,320</u></u>
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San Miguel County, New Mexico
Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2018

	Treasurer Fund	El Valle Foundation Fund	Employee Fund	Inmate Trust Fund	Balance June 30, 2018
Assets, July 1, 2017	\$ 4,759,927	\$ 5,917	\$ 2,577	\$ 56,080	\$ 4,824,501
Increase	19,562,078	17	3,497	155,737	19,721,329
Decrease	(20,083,480)	(5)	(3,018)	(118,240)	(20,204,743)
Assets, June 30, 2018	\$ 4,238,525	\$ 5,929	\$ 3,056	\$ 93,577	\$ 4,341,087
Liabilities, July 1, 2017	\$ 4,759,927	\$ 5,917	\$ 2,577	\$ 56,080	\$ 4,824,501
Increase	19,562,078	17	3,497	155,737	19,721,329
Decrease	(20,083,480)	(5)	(3,018)	(118,240)	(20,204,743)
Liabilities, June 30, 2018	\$ 4,238,525	\$ 5,929	\$ 3,056	\$ 93,577	\$ 4,341,087

See independent auditors' report.

**San Miguel County, New Mexico
Schedule of Joint Power Agreements
For the Year Ended June 30, 2018**

Participants	Responsible Party	Description
San Miguel County/ New Mexico Commissioner of Public Lands	SMC	Right-of-way for County Roads
San Miguel County/ NMDOT, programs division traffic safety division	DWI	funding to reduce DWI in SMC
San Miguel County/ Luna Community College	Detention	Classes for nurses
San Miguel County/ SMC Family & Community Health Council	SMC	services rendered to residents of SMC
Economic Development Cooperation/ San Miguel County	EDC	LEDA Funds
Union County/ San Miguel County	Union County	Confinment of prisoners out of Union County
San Miguel County/ Patrick W. Snedeker	SMC	Contract for Jail Administrator
Colfax County/ San Miguel County	Detention	Housing of Colfax County prisoners
NMDOT/ San Miguel County	Sheriff Dept	Funding for reducing traffic related injuries and death
San Miguel County/ City of Las Vegas	SMC	transfer of vehicle title for senior program
Town of Taos/ San Miguel County	Detention	housing of Town of Taos Prisoners
Taos County/ San Miguel County	Detention	Taos County to house Juvenile Detainees from SMC
Las Vegas Juvenile justice Continuum Board/ San Miguel County	Detention	Continuum Coordinator Position
NM Dept. of Game and Fish/ San Miguel County	Public Works	Operation of solid waste collection
San Miguel County/ NM Dept. of Homeland Security & Emergency Management	OEM	grant for Hazardous materials emergency preparedness program
San Miguel County/ New Mexico Highlands University	SMC	Catering Services for food market research project
San Miguel County/NMDOT	Public Works	2013 Road Log
San Miguel County/ NM Dept. of Homeland Security & Emergency Management	OEM	2010 Interoperable Emergency Communications Grant Program
San Miguel County/ City of Las Vegas	SMC	City of Las Vegas to serve as fiscal Agent for San Miguel County Family & Community Health Council

See independent auditors' report.

Beginning Date	Ending Date	Project Amount	Audit Responsibility
			SMC
7/1/2018	6/30/2018	\$ 7,386.00	SMC
1/22/2012	1/22/2013	\$ 2,569.00	SMC
7/1/2012	6/30/2013	\$ 5,000.00	SMC
8/14/2012		\$ 70,000.00	SMC
8/14/2012	8/14/2013	80.00 per day/ 20.00 booking fee per inmate	SMC
10/19/2012	10/19/2014	\$ 71,583.75	SMC
10/9/2012	10/9/2013	80.00 per day/ 20.00 booking fee per inmate	SMC
12/11/2013	9/30/2013	\$ 6,560.00	SMC
10/17/2012			SMC
12/11/2012	12/11/2013	65.00 Per day/ 20.00 booking fee per inmate	SMC
12/31/2012	12/31/2013	120.00 per day/10.00 booking fee	SMC
1/1/2013	6/30/2013	\$ 189,666.00	SMC
12/21/2012		\$ 216,000.00	SMC
12/13/2012	9/30/2013	\$ 15,000.00	SMC
8/1/2012	3/1/2013	\$ 3,500.00	SMC
2/12/2013			
2/1/2013	5/15/2013	\$ 3,138.98	SMC
7/1/2013	6/30/2013	\$ 50,000.00	SMC

See independent auditors' report.

**San Miguel County, New Mexico
Schedule of Joint Power Agreements
For the Year Ended June 30, 2018**

Participants	Responsible Party	Description
San Miguel County/ NMDOT	Public Works	Ammendment to Cooperative Project Agreement
San Miguel County/ Superior Ambulance Service Agreement	SMC	Ambulance Service Agreement
San Miguel County/ United World College	Public Works	Solid Waste Services
San Miguel County/ 4th Judicial District CASA Program	SMC	Housing for CASA program Staff
Ageement for use of Our Lady of Sorrows Parish Parking Area---SMC and Our Lady of Sorrows Parish	SMC	Use of Parking Areas
Solid Waste Services Agreement---SMC and Las Vegas NM KOA Campgrounds	SMC	Rent of Trash Bins
Contratual Agreement---SMC and Luna Community College	SMC	Providing educational services for the NM Detention Cnter Training Academy Program
Extension of Agreeemnt/Contract for Inmate Confinement (4th Extension)---SMC and City of Las Vegas	SMC	Confinement of Inmates
Extension of Agreement/Contract for Inmate Confinement (3rd Extension)---SMC and Harding County	SMC	Confinement of Inmates
Agreement Between San Miguel County and AFSCME Council 18	SMC	Union Agreement
Extension of Agreement/Contract for Inmate Confinement (2nd Extension)---SMC and City of Espanola	SMC	Inmate Confinement
Memorandum of Agreement between SMC and City of Las Vegas	SMC	Compensating the City of Las Vegas for professional services rendered and to be rendered to the residents of San Miguel County.
Animal Control Services Agreement between the AWC of Las Vegas and SMC	SMC	Animal Control Services
Addendum to Joint Power Agreement between Guadalupe County and SMC	SMC	Solid Waste Collection in Tecolotito New Mexico

See independent auditors' report.

Beginning Date	Ending Date	Project Amount	Audit Responsibility
3/9/2012		\$ 36,533.00	SMC
4/1/2013		108,000 annual eastern portion of County, 42,700 annual for Western Portion of County	SMC
5/15/2013		2 Containers at 173.02 a month	SMC
5/1/2013			SMC
7/1/2018	6/30/2019	\$4,500.00 year	SMC
6/6/2013		\$55.62 Monthly plus tax	SMC
7/1/2013	6/30/2014		SMC
6/11/2013		\$80.00 per inmate	SMC
6/11/2014		\$45.00 per inmate as well as a 20\$ Booking Fee	SMC
7/2/2013	6/30/2014		SMC
7/9/2013		\$80.00 Per Inmate plus \$20.00 Booking Fee	SMC
7/1/2013	6/30/2014	\$ 5,000	SMC
9/12/2013		\$ 20,000	SMC
11/1/2013		\$ 21,000	SMC

See independent auditors' report.

**San Miguel County, New Mexico
Schedule of Joint Power Agreements
For the Year Ended June 30, 2018**

Participants	Responsible Party	Description
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	SMC	Signatory entites to contribje to the preparation of an Enviornmental Impact Statment
Renewal Agreement for the Contract for Inmate Confinement Between SMC and Colfax County	SMC	Inmate Confinement
Memorandum of Agreement by and between San Miguel County and the City of Las Vegas	SMC	Transfer of ownership of Senior Citizen equipment
Memorandum of Agreeememnt Between Pocitical Subdivisions---SMC and Village of Pecos	SMC	To permit Villiage of Pecos to provide Fire and Emergency Services
San Miguel/Mora County Fairgrounds Lease Agreement	SMC	Lease Agreement
MOA Bernalillo County and San Miguel County	SMC	Running of Section 8 Housing
Contractual Agreement for Award and Expenditure of Lodgers' Tax Funds---Las Vegas/San Miguel Chamber of Commerce	SMC	Printing and Advertising
Contract for Library Services---New Mexico State Department of Cultural Affairs State Library Division and SMC	SMC	Library Services through the Bookmobile
Contractual Agreement for Award and Expenditure of Lodgers' Tax Funds---SMC and San Miguel/Mora Fair Board	SMC	Advertising, publicizing and promotions
Contract for Employment for Jail Adminsitrator/Warden October 2014 through October 2016	SMC	Employment Contract
Service Agreement---Bernalillo County and San Miguel County	SMC	Administration of San Miguel County Section 8 Housing
Animal Sheltering Services Agreement between the Animal Welfare Coalition of Northeastern New Mexico and San Miguel County	SMC	Housing of Animals

See independent auditors' report.

Beginning Date	Ending Date	Project Amount	Audit Responsibility
10/8/2013			SMC
9/24/2013		\$80.00 Per Inmate plus and \$20.00 Booking Fee	SMC
10/8/2013			SMC
9/1/2013			SMC
8/20/2013	5/15/2014	\$750.00 per month	SMC
1/1/2014	6/1/2014	\$ 24,000.00	SMC
7/1/2013	6/30/2014	\$ 1,000.00	SMC
7/1/2014	6/30/2015	\$ 3,000.00	SMC
7/1/2014	6/30/2015	\$ 2,500.00	SMC
10/1/2014	10/31/2016	\$ 75,943.19	SMC
9/1/2014	Until mutually agreed upon	\$7000.00 Monthly	SMC
1/7/2015	6/30/2015	\$1,850.00 every 30 days	SMC

See independent auditors' report.

**San Miguel County, New Mexico
Schedule of Joint Power Agreements
For the Year Ended June 30, 2018**

Participants	Responsible Party	Description
Grant Agreement---New Mexico Department of Transportation and San Miguel County	SMC	Community Driving While Impaired (CDWI)
Contratual Agreement for Award and Expenditure of Lodgers' Tax---Las Vegas/San Miguel Chamber of Commerce and San Miguel County	SMC	Contratual Agreement for Award and Expenditure of Lodgers' Tax
Memorandum of Understanding Between The Las Vegas/San Miguel County Office of Emergency and the City of Las Vegas	SMC	Memo of Understanding for LVPD Communication Center Upgrade
Memorandum of Agreement between Luna Community College and San Miguel County Detention Center	SMC	Agreement to provide GED Prep to students detained at SMCDC
Project Participation Agreement between SMC, EDC and Old Wood	SMC	EDC was approved and disigated by SMC to develop the County's Wood Business Park
Primary Lease between San Miguel County and EDC	SMC	EDC was approved and designated by SMC to develop the County's Wood Business Park
Inter Governmental Service Agreement between NMDPS and SMC	SMC	DPS is a qualified Law Enforcement Agency that provides Emergency Dispatch Services
MOU between SMC and SMC Family Health Council	SMC	Collaborative efforts to improve the health of the San Miguel County Community
Consultation Agreement by and between SMC and EDC	SMC	Economic Services in San Miguel County
Consultation Agreement by and between SMC and MainStreet de Las Vegas	SMC	Economic Services in San Miguel County
Grant Agreement by and between SMC and NMDOT	SMC	CDWI Project no. 16-DC-05-087
San Miguel County Ordinance No. SMC-11-10-15 Animal Control providing for Animal Control	SMC	Animal Control Services
Consultation Agreement by and between SMC and EDC	SMC	Economic Services in San Miguel County
Consultation Agreement by and between SMC and the Center of Southwest Culture	SMC	Economic Services in San Miguel County

See independent auditors' report.

Beginning Date	Ending Date	Project Amount	Audit Responsibility
12/18/2014	6/30/2015	\$ 11,927.00	SMC
7/1/2014	6/30/2015	\$ 3,500.00	SMC
8/12/2014		\$ 130,000.00	SMC
6/23/2015	6/30/2016		SMC
8/14/2015			SMC
8/14/2015			SMC
7/13/2015	7/12/2017		SMC
7/1/2015	6/30/2016	\$ 33,750.00	SMC
11/19/2015	6/1/2016	\$ 30,000.00	SMC
11/19/2015	6/1/2016	\$ 10,000.00	SMC
10/26/2015	6/30/2016	\$ 8,724.00	SMC
11/12/2015			SMC
11/19/2015	6/1/2015	\$ 30,000.00	SMC
11/10/2016	6/1/2015	\$ 20,000.00	SMC

See independent auditors' report.

**San Miguel County, New Mexico
Schedule of Joint Power Agreements
For the Year Ended June 30, 2018**

Participants	Responsible Party	Description
Contract for Library Services---New Mexico State Department of Cultural Affairs State Library Division and SMC	SMC	Library Services through the Bookmobile
Addendum Ambulance Services by and between SMC and Superior Ambulance Services, Inc	SMC	Ambulance Services
MOU between SMC and SMC Family Health Council	SMC	Collaborative efforts to improve the health of the San Miguel County Community
MOA Bernalillo County and San Miguel County	SMC	Running of Section 8 Housing
MOU New Mexico Highlands University & San Miguel County	SMC	Streaming the County Commissioner Meetings Via Comcast & Via web streaming video
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
Joint Powers Agreement between San Miguel County and the City of Las Vegas	SMC	Emergency Management Services
1st Extension- Care of Prisoners agreement - Colfax County	SMC	Providing for housing and care of Colfax County
3rd Extension Agreement Contract- Care of Prisoners- City of Las Vegas and San Miguel County	SMC	Providing for housing and care of City of Las Vegas Municipal Court Arest
Agreement- Care of Prisoner(s) Contract- Taos, County, New Mexico and San Miguel County	SMC	Providing for housing and care of Taos County inmates
Memorandum of Agreement-Adult Education/Literacy Improvement/Work Rediness Classes-San Miguel County Detention Center	SMC	For the Detainees at the San Miguel County Detention Center
Sameritan House/ San Miguel County	SMC	Providing ervices for thesick and indigent in the county
NMSU Cooperative Extension Services	SMC	Providing 4-H Services to youth in the county
El Valle Community Center/San Miguel County	SMC	Library Servicesfor the Valley
Ribera Comminity Center/ San Miguel County	SMC	Purachase of equipment and operational funds

See independent auditors' report.

Beginning Date	Ending Date	Project Amount	Audit Responsibility
7/1/2018	6/30/2019	\$ 3,000.00	SMC
4/1/2016		\$108,000.00 plus \$42,700.00 annually	SMC
7/1/2018	6/30/2019	\$ 10,000.00	SMC
7/1/2018	6/30/2019	\$7,000.00 per month	SMC
4/3/2017	4/3/2019		
10/17/1984			
8/9/2011			SMC
10/10/2017	10/10/2018	\$90.00 per/day inmate \$20.00 booking fee	SMC
10/10/2017	10/10/2018	\$90.00 Per day/Inmate	SMC
8/8/2017	8/8/2018	\$90.00 per/day inmate \$20.00 booking fee	SMC
7/1/2017	6/30/2018		
7/1/2018	6/30/2019	\$ 30,000.00	
7/1/2018	6/30/2019	35,322.00 total Paid out every quarter	
7/1/2018	6/30/2018	32,500.00 year	
7/1/2018	6/30/2018	10,000.00 year	

See independent auditors' report.

San Miguel County, New Mexico
Financial Data Schedule
June 30, 2018

Line Item Number	Description		Housing Choice Vouchers Program 14.871
113	Cash - Other Restricted	\$	69,248
100	Total Cash		69,248
128	Fraud Recovery		35,830
120	Total Receivables, Net of Allowance for Doubtful Accounts		35,830
142	Prepaid Expenses and Other Assets		-
150	Total Current Assets		105,078
190	Total Assets		105,078
200	Deferred Outflows of Resources		-
290	Total Assets and Deferred Outflows of Resources	\$	105,078
312	Accounts Payable <= 90 Days	\$	2,462
310	Total Current Liabilities		2,462
300	Total Liabilities		2,462
400	Deferred Inflows of Resources		-
511	Restricted Net Position		102,616
513	Total Equity/Net Position		102,616
600	Total Liabilities, Deferred Inflows of Resources, and Equity/Net Position	\$	105,078

See independent auditors' report.

San Miguel County, New Mexico
Financial Data Schedule
June 30, 2018

Line Item Number	Description		Housing Choice Vouchers Program 14.871
70600	HUD PHA Operating Grants	\$	554,973
71100	Investment Income - Unrestricted		119
71400	Fraud Recovery		2,072
71500	Other Revenue		2,966
70000	Total Revenue		560,130
91300	Outside Management Fees		84,000
91810	Allocated Overhead		-
91900	Other Operating - Administrative		3,240
91000	Total Operating - Administrative		87,240
96900	Total Operating Expenses		87,240
97000	Excess Operating Revenue Over Operating Expenses		472,890
97300	Housing Assistance Payments		549,977
97350	HAP Portability-In		2,788
90000	Total Expenses	\$	640,005
10010	Operating Transfers In	\$	-
10100	Total Other Financing Sources (Uses)		-
10000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses		(79,875)
11030	Beginning Equity		182,491
	Ending Equity (deficit)	\$	102,616
11190	Unit Months Available		2,124
11210	Number of Unit Months Leased		1,461

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

Wayne A. Johnson
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 (the "County"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise The County's basic financial statements and have issued our report thereon dated November 26, 2018.

Internal Control over Financial Reporting

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

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as FS 2017-002 and FS 2018-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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 NM 2004-004, NM 2017-001, NM 2018-001 and NM 2018-002.

County's Response to Findings

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

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
November 26, 2018

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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

Wayne A. Johnson
New Mexico State Auditor
The United States Office of Management and Budget and
The San Miguel County Commissioners
San Miguel County
Las Vegas, New Mexico

Report on Compliance for the Major Federal Program

We have audited San Miguel County'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, 2018. The County's major federal program is identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County'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 the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the County, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 the County's internal control over compliance.

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

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

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

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
November 26, 2018

San Miguel County, New Mexico
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Funding Source/Grant or Contact Name	CFDA Number	Pass-Through Grant Number
U.S. Department of the Interior		
Passed through the NM Department of Finance and Administration Forest Reserve Title III	10.665	Contract No. D14818/CN 410940, 410900 & 410890
Total U.S. Department of the Interior		
U.S. Department of Transportation		
Passed through the NM Department of Transportation Highway Safety Improvement Program	20.205	D14818/CCN-410940
Total U.S. Department of Transportation		
U.S. Department of Housing and Urban Development		
Direct Funding Section 8 Choice Vouchers Program (1)	14.871	N/A
Total U.S. Department of Housing and Urban Development		
U.S. Department of Homeland Security Federal Emergency Management Agency		
Passed through the NM Department of Homeland Security and Emergency Management Hazard Mitigation Grant	97.039	FEMA-4199-EP-00002- S01-SMC
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	EME 2016-W
Emergency Management Performance Grant Program	97.042	EMT-2017
Total U.S. Department of Homeland Security Federal Emergency Management Agency		
U.S. Department of Health and Human Services		
Falling Colors, ASO For NM Behavioral Health Opioid STR	93.788	Not Available
Total U.S. Department of Health and Human Services		
Total Federal Financial Assistance		

(*) Denotes Major Federal Program
(1) Housing Voucher Cluster

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>
\$ 17,500	\$ -	\$ -
<u>17,500</u>	<u>-</u>	<u>-</u>
2,243	-	-
<u>2,243</u>	<u>-</u>	<u>-</u>
552,375	-	-
<u>552,375</u>	<u>-</u>	<u>-</u>
127,485	-	-
241,740	-	-
54,327	-	-
<u>423,552</u>	<u>-</u>	<u>-</u>
1,563	-	-
<u>1,563</u>	<u>-</u>	<u>-</u>
<u>\$ 997,233</u>	<u>\$ -</u>	<u>\$ -</u>

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

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San Miguel County, New Mexico
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "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, 2018.

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	\$ 997,233
Total expenditures funded by other sources	18,148,329
<hr/>	
Total expenditures	\$ 19,145,562
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See independent auditors' report.

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San Miguel County, New Mexico
Schedule of Findings and Questioned Costs
June 30, 2018

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? | None noted |
| 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: | | | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"><u>CFDA</u></td> <td style="width: 50%; text-align: center;"><u>Federal Program</u></td> </tr> <tr> <td style="text-align: center;">Number</td> <td></td> </tr> <tr> <td style="text-align: center;">14.871</td> <td style="text-align: center;">Housing Voucher Cluster</td> </tr> </table> | <u>CFDA</u> | <u>Federal Program</u> | Number | | 14.871 | Housing Voucher Cluster | |
| <u>CFDA</u> | <u>Federal Program</u> | | | | | | |
| Number | | | | | | | |
| 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? | No | | | | | | |

San Miguel County, New Mexico
Schedule of Findings and Questioned Costs
June 30, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS

FS 2017-002 Capital Asset Balances (Repeated/Modified) Significant Deficiency

Condition: Beginning balances in capital assets did not agree to the prior year audited financial statements. The County accrued Construction in Progress costs during fiscal year 2017 and accounted for them once again during fiscal year 2018 totaling \$229,640.

Status of Prior Year Finding: The County has implemented new procedures to review capital assets' accumulated depreciation in order to agree the beginning balances.

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: The County agrees with this finding. The County reconciled the general ledger to the capital additions list but did not remove the capital assets that were accrued in FY16/17 thus accounted for the same additions twice. The County will make sure to back out accruals tied to FY17/18 when providing the capital asset listing for FY18/19.

As a result of this finding the County Finance Supervisor has revised the forms to be used for reconciliation of the capital asset additions to include a column for prior year accruals and to include current year accruals. The Finance Specialist who compiles the listing will use the updated form and appropriately add current year accruals and remove prior year accruals from the reconciliation to the general ledger to ensure that items are not being accounted for twice. The Finance Supervisor will review the form and in addition to verifying general ledger balances will ensure that the prior year accruals are properly accounted for and that the new accruals are also recognized. This will be done on an ongoing basis.

San Miguel County, New Mexico
Schedule of Findings and Questioned Costs
June 30, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

FS 2018-001 — Unrecorded Cash Balances – Significant Deficiency

Condition: The County did not record the cash balances from the Pecos Property Tax bank account in the County's trial balance for the year ended June 30, 2018.

Criteria: AU-C 315.A127 states that "In representing that the financial statements are in accordance with the applicable financial reporting framework, management implicitly or explicitly makes assertions regarding the recognition, measurement, presentation, and disclosure of the various elements of financial statements and related disclosures.." Such assertions include completeness, which is defined by AU-C 315.A128(b)ii as "all transactions and events that should have been recorded have been recorded"

Effect: The County's cash was understated by different amounts at different times throughout the year, netting to \$4,874 at June 30, 2018.

Cause: The County has a bank account in Pecos for residents to pay their property tax bills and the amounts are transferred to the operating account periodically however, the County applies the payment against the customer balance and doesn't record the cash transaction.

Auditors' Recommendations: We recommend the County implement a process where the cash received in this account is recorded on a monthly basis, during the cash reconciliation process.

Agency Response: The reason the cash was understated is because the bank had not sent the Treasurer's Office the information needed to apply the payments. In a normal application of a Pecos payment, the customer goes to the bank to make their payment and then the bank deposits the payment into the Pecos accounts. Once deposited the bank emails or faxes the information to the Treasurer's Office. The Treasurer's Office then cuts a check from the Pecos account made payable to the Property Tax Account, which immediately posts to the General ledger on the same day when the drawer is balanced.

The emails are currently sent to our Tax Processor III and from there, the copies are given to another staff member with an opened drawer to process payments and cut the necessary checks. If the bank fails to send the information then we may not be aware of this until the following month when the reconciliation takes place. From that point the Treasurer's Office contacts the bank and the bank provides the information so the Treasurer's can post the deposit. At the end of the fiscal year, we were not contacted by the bank of a deposit and that is why there was a balance in the account that was not yet posted to the general ledger.

The County Treasurer will be closing this account in March of 2019.

San Miguel County, New Mexico
Schedule of Findings and Questioned Costs
June 30, 2018

SECTION III – FEDERAL AWARD FINDINGS

There were no federal award findings noted for the year ended June 30, 2018.

SECTION IV – SECTION 12-6-5 NMSA 1978 FINDINGS

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

Condition: The County did not accrue payables in the amount of \$49,285 for services provided during the year ended June 30, 2018.

Status of Prior Year Finding: The County has set a hard deadline for each department to turn in invoices for review in order to determine accruals.

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.

Cause: The services provided by the vendor occurred near year-end and the invoices were received in July, 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: This County agrees with this finding. The accrual was properly recognized through the multi-step process for accruals but the last step was missed which requires that the recognized accrual be included in an accrual listing that will ultimately be used for an adjusting entry.

The County will add another step to the process to ensure that the flagged accruals make it to the final accrual listing. After each batch of payables are processed, the Finance Specialist II will update the accrual spreadsheet. The additional step to be taken is to provide the payable batch back to the Finance Supervisor or the Finance Specialist III for their verification that the accrual is recorded on the spreadsheet.

This is taking place and will continue on an ongoing basis as we are identifying accruals.

San Miguel County, New Mexico
Schedule of Findings and Questioned Costs
June 30, 2018

SECTION IV – SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)

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

Condition: The County doesn't present the ten year property tax schedule and it is not presented as a supporting schedule to the financial statements.

Status of Prior Year Finding: The County has transitioned into the new property tax software, which is accumulating years until 10 are reached.

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 the Treasurer's Office was in the process of transitioning to the new system, Tyler informed us there is no way that they could pull over the history as to the original charges billed for the years that we were transitioning to the new system. This would only show amounts which were still owed, because there was information they could not get from our old programmer. Being that they were not able to help us with this we are working on a solution for this problem to finally resolve this audit finding.

The County Treasurer and her Tax Processor III are working on this with Tyler our computer company. Tyler is indicating that they cannot produce this report. The Finance Supervisor will work with the County Treasurer and the Tax Processor before the end of the fiscal year to see what type of data the County has that can be used to create the form.

San Miguel County, New Mexico
Schedule of Findings and Questioned Costs
June 30, 2018

SECTION IV – SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)

NM 2018-001 — Lease Compliance – Other noncompliance

Condition: The County had a lease executed in fiscal year 2015 which was not approved by the State Board of Finance of New Mexico.

Criteria: 13-6-2.1 NMSA 1978 states that “any sale, trade or lease for a period of more than five years of real property belonging to a state agency, local public body or school district or any sale, trade or lease of such real property for a consideration of more than twenty-five thousand dollars (\$25,000) shall not be valid unless it is approved prior to its effective date by the state board of finance.”

Effect: The County is not in compliance with state statutes regarding their lease.

Cause: The County did not get their lease approved by the State Board of Finance in 2015 upon execution.

Auditors’ Recommendations: We recommend the County consult with the State Board of Finance in order to determine the proper way to resolve this finding.

Agency Response: The County has two buildings being leased. The first building is a 10,000 square foot building. Under Ordinance No. SMC-05-13-08, San Miguel County approved EDC as a qualifying entity for development of the San Miguel County’s Wood Business Park in conformity with the County’s economic development plan which was adopted as Ordinance No. 07-09-13-SMC-LEDA. The County then leased to EDC, under a Primary Lease approved by the Board of County Commissioners and entered into on July 15, 2015 the land and the 10,000 square foot building for the sole purpose of permitting EDC to sublease said building to Old Wood, LLC, a small and emerging private business.

August 2015, San Miguel County, EDC and Old Wood, LLC, entered into a Project Participation Agreement pursuant to the New Mexico Local Economic Development Act (LEDA) and the County’s Local Economic Development Plan. The LEDA Act allows public support of economic development to foster, promote and enhance local economic development efforts. EDC then entered into a Sub-Lease with Old Wood, LLC, for the lease of said 10,000 square foot building for a period of five (5) years. The Lease fee of said 10,000 square foot building was set at \$0.90 per square foot equating to \$9,000 per year. The Sub-Lease does not provide how such lease fee was determined.

In 2018, USDA began the process of reviewing servicing actions of USDA recipients who received USDA RBEG grants. USDA advised San Miguel County that the County was no in compliance with applicable regulations associated with the RBEG grant. Of note was the finding by USDA that EDC reced the lease payment fees from Old Wood LLC., and thus EDC is perceived as being in a “pass-through” situation not allowable under Regulation §1942.306(a)(3) forcing San Miguel County out of compliance under the original USDA grant award terms.

San Miguel County, New Mexico
Schedule of Findings and Questioned Costs
June 30, 2018

SECTION IV – SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)

NM 2018-001 — Lease Compliance – Other noncompliance (Continued)

Agency Response (continued): USDA required seven (7) servicing actions, among them is the satisfactory resolve of the Lessor/Tenant lease that violates USDA Regulations and new lease agreements should reference USDA RD requirements and regulations.

The second building is a 17,000 square foot building, the same Ordinance No. SMC-05-13-08, the Ordinance No. 07-09-13-SMC-LEDA, and the Project Participation agreement entered into in August 2015 by and between the County, EDC and Old Wood, LLC, provided for the lease to EDC and subsequent sub-lease to Old Wood, LLC., of a County owned 17,000 square foot building to be used by Old Wood, LLC.

August 2015, EDC and Old Wood, LLC., entered into a Sub-Lease under which EDC leased a County owned 17,000 square foot building to Old Wood, LLC., for a term of five (5) years. Lease fees were set at \$0.35 per square foot for an amount of \$6,000 per year. The Sub-Lease for said 17,000 square foot building does not provide as how such lease fees were determined. New Mexico State Board of Finance approval was not obtained for said Sub-Lease.

San Miguel County has taken the following actions to resolve this matter:

- The County has exercised its options and terminated the Primary Lease between County and EDC.
- County exercised its options and terminated the Sub-Lease between EDC and Old Wood LLC.
- The Project Participation Agreement has also been terminated.
- New lease between County and Old Wood, LLC, for the 10,000 square foot building has been developed with guidance from USDA. The proposed lease has yet to be signed.
- New lease between County and Old Wood LLC., for the 17,000 square foot building has been developed. The proposed lease has yet to be signed.
- County will seek guidance and direction from the New Mexico State Board of Finance in regard to proper approval of both leases.

The Planning and Zoning Supervisor will be presenting the lease agreement to the Commission for approval during the March 2019 Commission Meeting.

San Miguel County, New Mexico
Schedule of Findings and Questioned Costs
June 30, 2018

SECTION IV – SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)

NM 2018-002 — Under-collateralizing Deposits of Public Monies – Other noncompliance

Condition: The County's cash balances were under collateralized in the amount of \$324,476 at year end.

Criteria: 2.2.2.10(P)(4)(b), NMAC states "Pursuant to Section 6-10-17 NMSA 1978, the pledged collateral for deposits in banks and savings and loan associations shall have an aggregate value equal to one-half of the amounts of public money held by the depository. If this requirement is not met the audit report shall include a finding. No security is required for the deposit of public money that is insured by the federal deposit insurance corporation (FDIC) or the national credit union administration (NCUA) in accordance with Section 6-10-16 NMSA 1978. Collateral requirements shall be calculated separately for each bank and disclosed in the notes.

Effect: The County is not in compliance with state statutes regarding their collateralization of public monies.

Cause: The County under-collateralized deposits of public monies.

Auditors' Recommendations: We recommend the County review its total deposits and ensure that they collateralize at least one-half of deposits in excess of FDIC coverage.

Agency Response: As we reviewed this finding, we realized the pledged collateral statement that is provided did not include the certificate of deposits. The County Treasurer will work with the bank to make sure they include them in the pledged collateral from this point forward. The County Treasurer will ensure that the pledged collateral is at the required amounts from this point forward.

San Miguel County, New Mexico
Schedule of Findings and Questioned Costs
June 30, 2018

SECTION V – PRIOR YEAR AUDIT FINDINGS

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

FS 2014-001 Adjustments to Agency Property Tax Receivables (Significant Deficiency) - Resolved

FS 2017-001 Software Conversion Controls (Material Weakness) – Resolved

FS 2017-002 Capital Assets Balances (Significant Deficiency) – Repeated/Modified

NM 2017-001 Preparation of Account Payable (Material Weakness) – Repeated/Modified

NM 2017-002 Budget Over-Expenditure (Other noncompliance) – Resolved

NM 2017-003 – Fringe Benefits (Other noncompliance) – Resolved

NM 2017-004 Cash Appropriations in Excess of Available Cash Balances (Finding that does not rise to the Level of Significant Deficiency) – Resolved

EXIT CONFERENCE

An exit conference was held on November 26, 2018. In attendance were the following:

Representing San Miguel County:

Chris A. Najar – County Commissioner; Vice-Chairman
Vidal Martinez Ed.D – County Manager
Melinda Gonzales – Finance Supervisor

Representing Carr, Riggs & Ingram, LLC:

Danny Martinez, CPA, CGFM – Partner
Benjamin A. Martinez, CPA – Manager

AUDITOR PREPARED FINANCIAL STATEMENTS

Carr, Riggs & Ingram, LLC 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.