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# State of New Mexico Sierra County

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*Financial Statements  
and  
Independent Auditor's Report  
June 30, 2017*



CPAs | Business & Financial Advisors

# State of New Mexico

## Sierra County

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# State of New Mexico

## Sierra County

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## Sierra County

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**State of New Mexico**  
**Sierra County**  
**Official Roster**  
**June 30, 2017**

**BOARD OF COUNTY COMMISSIONERS**

Kenneth Lyon	County Commission Chairman
Frances Luna	County Commission Vice-Chairman
Sherry Fletcher	County Commissioner

**ELECTED OFFICIALS**

Kenneth Lyon	County Commission Chairman
Frances Luna	County Commission Vice-Chairman
Sherry Fletcher	County Commissioner
Shelly Trujillo	Clerk
Keith Whitney	County Assessor
Terri Copsin	County Treasurer
Tom Pestak	Probate Judge
Glenn Hamilton	Sheriff

**ADMINISTRATIVE OFFICIALS**

Bruce Swingle	County Manger
Becky Mena	Finance Director

## Independent Auditor's Report

Mr. Wayne Jonhson  
New Mexico State Auditor and  
Sierra County Board of Commissioners  
Truth or Consequences, New Mexico

### **Report on the 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 Sierra County (the "County") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

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

### ***Other Matters***

#### ***Required Supplementary Information***

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

Accounting principles generally accepted in the United States of America require that the Schedule of the County's Proportionate Share of the Net Pension Liability, and Schedule of County Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information 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 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 combining and individual nonmajor special revenue fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Changes in Assets and Liabilities for Agency Funds, and other supplementary information required by Section 2.2.2.10 NMAC are also not a required part of the basic financial statements.

The combining and individual nonmajor special revenue fund financial statements, the Schedule of Changes in Assets and Liabilities for Agency Funds, and other supplementary information required by Section 2.2.2.10 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor special revenue fund financial statements, the Schedule of Changes in Assets and Liabilities for Agency Funds, and other supplementary information required by Section 2.2.2.10 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "REDW LLC". The letters are written in a cursive, slightly slanted style.

Albuquerque, New Mexico  
February 26, 2018



## Government-Wide Financial Statements

**State of New Mexico**  
**Sierra County**  
**Statement of Net Position**  
**June 30, 2017**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 8,421,802	\$ 134,536	\$ 8,556,338
Receivable			
Property taxes receivable	561,940	-	561,940
Other taxes receivable	458,379	7,704	466,083
Due from other governments	50,378	-	50,378
Interest receivable	8,119	-	8,119
Total current assets	<u>9,500,618</u>	<u>142,240</u>	<u>9,642,858</u>
Noncurrent assets			
Capital assets, net of depreciation	<u>9,543,359</u>	<u>108,483</u>	<u>9,651,842</u>
Total assets	<u>19,043,977</u>	<u>250,723</u>	<u>19,294,700</u>
<b>Deferred Outflows</b>			
Pension related	<u>2,190,970</u>	<u>-</u>	<u>2,190,970</u>
Total deferred outflows	<u>2,190,970</u>	<u>-</u>	<u>2,190,970</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	228,668	704	229,372
Accrued payroll expenses	78,688	1,923	80,611
Accrued interest	44,680	-	44,680
Current portion of accrued compensated absences	106,431	-	106,431
Current portion of notes payable	<u>521,409</u>	<u>-</u>	<u>521,409</u>
Total current liabilities	<u>979,876</u>	<u>2,627</u>	<u>982,503</u>
Noncurrent liabilities			
Landfill liability	-	61,200	61,200
Notes payable	8,189,307	-	8,189,307
Net pension liability	<u>5,676,480</u>	<u>-</u>	<u>5,676,480</u>
Total liabilities	<u>14,845,663</u>	<u>63,827</u>	<u>14,909,490</u>
<b>Deferred Inflows</b>			
Pension related	<u>326,358</u>	<u>-</u>	<u>326,358</u>
Total deferred inflows	<u>326,358</u>	<u>-</u>	<u>326,358</u>
<b>Net Position</b>			
Net investment in capital assets	832,643	108,483	941,126
Restricted for			
Special revenue	4,043,594	-	4,043,594
Capital projects	310,563	-	310,563
Unrestricted	<u>876,126</u>	<u>78,413</u>	<u>954,539</u>
Total net position	<u>\$ 6,062,926</u>	<u>\$ 186,896</u>	<u>\$ 6,249,822</u>

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

**State of New Mexico**  
**Sierra County**  
**Statement of Activities**  
**For the Year Ended June 30, 2017**

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	
<b>Functions/Programs</b>							
<b>Primary government</b>							
Governmental activities							
General government	\$ 2,287,822	\$ 47,687	\$ 255,097	\$ -	\$ (1,985,038)	\$ -	\$ (1,985,038)
Public safety	6,362,338	438,941	1,082,193	-	(4,841,204)	-	(4,841,204)
Highways and streets	1,153,280	-	65,173	212,626	(875,481)	-	(875,481)
Health and welfare	52,892	-	124,670	-	71,778	-	71,778
Culture and recreation	1,867,785	7,667	-	-	(1,860,118)	-	(1,860,118)
Interest on long-term debt	241,846	-	-	-	(241,846)	-	(241,846)
Total governmental activities	<u>11,965,963</u>	<u>494,295</u>	<u>1,527,133</u>	<u>212,626</u>	<u>(9,731,909)</u>	<u>-</u>	<u>(9,731,909)</u>
Business-type activities							
Landfill	121,399	22,842	-	-	-	(98,557)	(98,557)
Total business-type activities	<u>121,399</u>	<u>22,842</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(98,557)</u>	<u>(98,557)</u>
Total primary government	<u>\$ 12,087,362</u>	<u>\$ 517,137</u>	<u>\$ 1,527,133</u>	<u>\$ 212,626</u>	<u>(9,731,909)</u>	<u>(98,557)</u>	<u>(9,830,466)</u>
General revenues							
Taxes							
Property taxes, levied for general purpose and debt service					6,719,584	-	6,719,584
Gross receipts taxes					2,923,520	71,044	2,994,564
Gasoline, lodgers and other taxes					448,488	-	448,488
Licenses and permits					354,411	-	354,411
Interest income					93,489	76	93,565
Miscellaneous income					229,544	-	229,544
Total general revenues					<u>10,769,036</u>	<u>71,120</u>	<u>10,840,156</u>
Change in net position					<u>1,037,127</u>	<u>(27,437)</u>	<u>1,009,690</u>
Net position, beginning of year, as restated (see note 16)					<u>5,025,799</u>	<u>214,333</u>	<u>5,240,132</u>
Net position—ending					<u>\$ 6,062,926</u>	<u>\$ 186,896</u>	<u>\$ 6,249,822</u>

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

**Governmental Funds  
Financial Statements**

**State of New Mexico**  
**Sierra County**  
**Balance Sheet—Governmental Funds**  
**June 30, 2017**

	General Fund 401	Road Fund 402	Correction Fund 605	Other Governmental Funds	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 4,326,115	\$ -	\$ 129,202	\$ 3,966,485	\$ 8,421,802
Property taxes receivable	425,940	-	-	136,000	561,940
Other taxes receivable	163,110	35,264	38,131	221,874	458,379
Due from other governments	-	-	-	50,378	50,378
Interest receivable	8,119	-	-	-	8,119
Due from other funds	89,747	-	-	-	89,747
Total assets	<u>\$ 5,013,031</u>	<u>\$ 35,264</u>	<u>\$ 167,333</u>	<u>\$ 4,374,737</u>	<u>\$ 9,590,365</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 41,289	\$ 50,105	\$ 85,055	\$ 52,219	\$ 228,668
Accrued expenses	57,275	8,293	-	13,120	78,688
Due to other funds	-	78,544	-	11,203	89,747
Total liabilities	<u>98,564</u>	<u>136,942</u>	<u>85,055</u>	<u>76,542</u>	<u>397,103</u>
<b>Deferred inflows of resources</b>					
Property taxes	193,515	-	-	59,875	253,390
Total deferred inflows of resources	<u>193,515</u>	<u>-</u>	<u>-</u>	<u>59,875</u>	<u>253,390</u>
<b>Fund balances</b>					
<b>Restricted for</b>					
Special revenue	-	-	82,278	3,961,316	4,043,594
Capital projects	-	-	-	310,563	310,563
<b>Committed to</b>					
Minimum fund balance	1,339,824	-	-	-	1,339,824
Unassigned	3,381,128	(101,678)	-	(33,559)	3,245,891
Total fund balances	<u>4,720,952</u>	<u>(101,678)</u>	<u>82,278</u>	<u>4,238,320</u>	<u>8,939,872</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,013,031</u>	<u>\$ 35,264</u>	<u>\$ 167,333</u>	<u>\$ 4,374,737</u>	<u>\$ 9,590,365</u>

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

**State of New Mexico**  
**Sierra County**  
**Reconciliation of the Balance Sheet of Governmental**  
**Funds to the Statement of Net Position**  
**June 30, 2017**

<b>Total governmental funds – Fund balances</b>	<b>\$ 8,939,872</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	9,543,359
Delinquent ad valorem assessments receivable are not available to pay current year expenditures and, therefore, are reported as deferred inflows in the governmental fund.	253,390
Defined benefit pension plan deferred outflows are not current financial resources and, therefore, are not reported in the governmental funds.	2,190,970
Defined benefit pension plan deferred inflows are not current financial obligations and, therefore, are not reported in the governmental funds.	(326,358)
Accrued interest is not due and payable with current financial resources and, therefore, is not reported in the governmental funds.	(44,680)
Certain liabilities, including current and long-term portions of notes payable, accrued compensated absences and net pension liability, are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Notes payable	(8,710,716)
Net pension liability	(5,676,480)
Compensated absences	<u>(106,431)</u>
<b>Net position of governmental activities</b>	<b><u>\$ 6,062,926</u></b>

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

**State of New Mexico**  
**Sierra County**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances—Governmental Funds**  
**For the Year Ended June 30, 2017**

	General Fund 401	Road Fund 402	Correction Fund 605	Other Governmental Funds	Total
<b>Revenues</b>					
Property taxes	\$ 5,642,604	\$ -	\$ -	\$ 1,141,885	\$ 6,784,489
Gross receipts taxes	1,216,001	-	254,721	1,452,798	2,923,520
Gas tax	-	114,233	-	-	114,233
Lodgers tax	-	-	-	6,102	6,102
Federal intergovernmental	-	6,182	-	153,797	159,979
State intergovernmental	-	-	33,384	1,546,396	1,579,780
Licenses and permits	186,209	153,996	-	14,206	354,411
Small cities distribution	328,153	-	-	-	328,153
Charges for services	15,000	-	116,009	363,286	494,295
Interest income	85,683	-	-	7,806	93,489
Miscellaneous	27,126	39,184	6	163,228	229,544
Total revenues	<u>7,500,776</u>	<u>313,595</u>	<u>404,120</u>	<u>4,849,504</u>	<u>13,067,995</u>
<b>Expenditures</b>					
<b>Current</b>					
General government	1,625,857	-	-	321,812	1,947,669
Public safety	2,661,488	-	1,147,501	2,083,257	5,892,246
Highways and streets	-	761,962	-	354,191	1,116,153
Health and welfare	-	-	-	1,791,764	1,791,764
Culture and recreation	18,644	-	-	4,668	23,312
Capital outlay	-	49,293	-	176,020	225,313
<b>Debt service</b>					
Principal	78,610	-	103,575	364,107	546,292
Interest	163,442	-	-	144,469	307,911
Total expenditures	<u>4,548,041</u>	<u>811,255</u>	<u>1,251,076</u>	<u>5,240,288</u>	<u>11,850,660</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,952,735</u>	<u>(497,660)</u>	<u>(846,956)</u>	<u>(390,784)</u>	<u>1,217,335</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from notes payable	-	-	-	50,378	50,378
Transfers in	136,649	347,965	866,500	1,178,564	2,529,678
Transfers out	<u>(1,525,576)</u>	<u>-</u>	<u>-</u>	<u>(1,004,102)</u>	<u>(2,529,678)</u>
Total other financing sources (uses)	<u>(1,388,927)</u>	<u>347,965</u>	<u>866,500</u>	<u>224,840</u>	<u>50,378</u>
Net change in fund balances	1,563,808	(149,695)	19,544	(165,944)	1,267,713
Fund balances (deficits), beginning of year	3,157,144	48,017	62,734	4,404,264	7,672,159
<b>Fund balances (deficits), end of year</b>	<u>\$ 4,720,952</u>	<u>\$ (101,678)</u>	<u>\$ 82,278</u>	<u>\$ 4,238,320</u>	<u>\$ 8,939,872</u>

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

**State of New Mexico**  
**Sierra County**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2017**

**Net change in fund balances – governmental funds** \$ 1,267,713

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay reported as capital outlay expenditures	225,313
Depreciation expense	(595,984)

Revenues in the governmental funds that provide current financial resources are not included in the government-wide statements of activities because they were recognized in a prior period.	(64,905)
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The issuance of long-term debt (e.g. bonds, notes, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Decrease in accrued compensated absences	14,288
Decrease in accrued interest	66,065
Net pension expense	(371,277)
Proceeds from long-term debt	(50,378)
Principal payments on long-term debt	546,292

**Change in net position of governmental activities** \$ 1,037,127



**State of New Mexico**  
**Sierra County**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual — General Fund**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance Final
	Original	Final		Budget vs. Actual Favorable (Unfavorable)
<b>Revenues</b>				
Property taxes	\$ 4,750,000	\$ 4,750,000	\$ 5,591,686	\$ 841,686
Gross receipts taxes	1,230,000	1,230,000	1,286,061	56,061
State intergovernmental	350,000	350,000	328,153	(21,847)
Licenses and permits	6,200	6,200	195,319	189,119
Charges for services	82,312	92,337	15,000	(77,337)
Miscellaneous	29,700	36,108	27,126	(8,982)
Total revenues	6,448,212	6,464,645	7,443,345	978,700
<b>Expenditures</b>				
<b>Current</b>				
General government	3,272,564	3,301,968	1,693,640	1,608,328
Public safety	1,780,580	1,787,782	2,621,009	(833,227)
Culture and recreation	-	-	18,587	(18,587)
Capital outlay	-	4,250	-	4,250
<b>Debt service</b>				
Principal	-	-	78,610	78,610
Interest	-	-	163,228	163,228
Total expenditures	5,053,144	5,094,000	4,575,074	1,002,602
Excess of revenues over expenditures	1,395,068	1,370,645	2,868,271	1,981,302
<b>Other financing sources (uses)</b>				
Transfers in	-	-	136,649	136,649
Transfers (out)	(1,456,311)	(1,495,948)	(1,525,576)	(29,628)
Total other financing sources (uses)	(1,456,311)	(1,495,948)	(1,388,927)	107,021
Net change in fund balance	\$ (61,243)	\$ (125,303)	1,479,344	\$ 2,088,323
Adjustments to revenue			57,431	
Adjustments to expenses			27,033	
Net change in fund balance (GAAP Basis)			\$ 1,563,808	

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

**State of New Mexico**  
**Sierra County**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual — Road Special Revenue Fund**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance Final
	Original	Final		Budget vs. Actual Favorable (Unfavorable)
<b>Revenues</b>				
Gross receipts taxes	\$ 247,500	\$ 247,500	\$ -	\$ (247,500)
Gas tax	-	-	112,928	112,928
Federal intergovernmental	154,000	154,000	6,182	(147,818)
Licenses and permits	-	-	173,101	173,101
Miscellaneous	-	33,652	39,184	5,532
Total revenues	401,500	435,152	331,395	(103,757)
<b>Expenditures</b>				
Current				
General government	729,760	733,992	-	733,992
Highway and streets	-	-	742,857	(742,857)
Capital outlay	-	103,996	10,000	93,996
Total expenditures	729,760	837,988	752,857	85,131
Excess of revenues over expenditures	(328,260)	(402,836)	(421,462)	(18,626)
<b>Other financing sources (uses)</b>				
Transfers in	332,260	406,746	347,965	(58,781)
Total other financing sources (uses)	332,260	406,746	347,965	(58,781)
Net change in fund balance	\$ 4,000	\$ 3,910	(73,497)	\$ (77,407)
Adjustments to revenue			(17,800)	
Adjustments to expenses			(58,398)	
Net change in fund balance (GAAP Basis)			\$ (149,695)	

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

**State of New Mexico**  
**Sierra County**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual — Corrections Special Revenue Fund**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance Final
	Original	Final		Budget vs. Actual Favorable (Unfavorable)
<b>Revenues</b>				
Gross receipts taxes	\$ -	\$ -	\$ 263,362	\$ 263,362
State intergovernmental	-	-	33,384	33,384
Charges for services	100,000	100,000	116,009	16,009
Miscellaneous	219,312	219,312	6	(219,306)
Total revenues	<u>319,312</u>	<u>319,312</u>	<u>412,761</u>	<u>93,449</u>
<b>Expenditures</b>				
Current				
Public safety	1,160,000	1,160,000	1,138,346	21,654
Principal	103,600	103,600	103,575	(25)
Total expenditures	<u>1,263,600</u>	<u>1,263,600</u>	<u>1,241,921</u>	<u>21,629</u>
Excess of revenues over expenditures	<u>(944,288)</u>	<u>(944,288)</u>	<u>(829,160)</u>	<u>115,078</u>
<b>Other financing sources (uses)</b>				
Transfers in	866,500	866,500	866,500	-
Total other financing sources (uses)	<u>866,500</u>	<u>866,500</u>	<u>866,500</u>	<u>-</u>
Net change in fund balance	<u>\$ (77,788)</u>	<u>\$ (77,788)</u>	37,340	<u>\$ 115,078</u>
Adjustments to revenue			(8,641)	
Adjustments to expenses			<u>(9,155)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 19,544</u>	

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

Proprietary Fund

**State of New Mexico**  
**Sierra County**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2017**

	<u>Landfill</u> 405
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 134,536
Taxes receivable	<u>7,704</u>
Total current assets	<u>142,240</u>
Noncurrent assets	
Capital assets, net of depreciation	<u>108,483</u>
Total assets	<u>250,723</u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	704
Accrued expenses	<u>1,923</u>
Total current liabilities	<u>2,627</u>
Noncurrent liabilities	
Estimated liability for landfill postclosure costs	<u>61,200</u>
Total liabilities	<u>63,827</u>
<b>Net Position</b>	
Net investment in capital assets	108,483
Unrestricted	<u>78,413</u>
Total net position	<u>\$ 186,896</u>

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

**State of New Mexico**  
**Sierra County**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2017**

	Landfill 405
<b>Operating Revenues</b>	
Charges for services	\$ 22,842
Total operating revenues	22,842
<b>Operating Expenses</b>	
Personnel	43,553
Operating	42,233
Depreciation	35,613
Total operating expenses	121,399
Operating (loss) income	(98,557)
<b>Nonoperating Revenues</b>	
Gross receipts tax	71,044
Interest income	76
Total nonoperating revenues	71,120
Change in net position	(27,437)
Net position, beginning of year, as restated (see note 16)	214,333
<b>Net position</b> , end of year	<b>\$ 186,896</b>

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

**State of New Mexico**  
**Sierra County**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2017**

	Landfill 405
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 26,974
Cash paid to suppliers	(41,529)
Cash paid to employees	(41,630)
Net cash used for operating activities	(56,185)
<b>Cash flows provided by noncapital financing activities</b>	
Gross receipts tax received	71,044
Net cash provided by noncapital financing activities	71,044
<b>Cash flows provided by investing activities</b>	
Interest income received	76
Net cash provided by investing activities	76
Net increase in cash and cash equivalents	14,935
Cash and cash equivalents, beginning of year	119,601
<b>Cash and cash equivalents, end of year</b>	<b>\$ 134,536</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>	
Operating income (loss)	\$ (98,557)
Depreciation	35,613
Changes in operating assets and liabilities	
Accounts receivable	4,132
Accounts payable	704
Accrued liabilities	1,923
Net cash provided (used) by operating activities	\$ (56,185)

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

## Fiduciary Fund



**State of New Mexico**  
**Sierra County**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2017**

**Assets**

Cash and cash equivalents	\$ 133,491
Receivables - property taxes	426,785
Receivables - other	<u>69,799</u>
Total assets	<u><u>\$ 630,075</u></u>

**Liabilities**

Deposits held in trust for others	<u>\$ 630,075</u>
Total liabilities	<u><u>\$ 630,075</u></u>

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

**State of New Mexico**  
**Sierra County**  
**Notes to Financial Statements**  
**June 30, 2017**

**1) Summary of Significant Accounting Policies**

Sierra County (the “County”) is a political subdivision of the State of New Mexico established in 1884 under the provisions of Section 4-5-1 of 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.

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

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico;
6. Protect generally the property of its county and its inhabitants;
7. Preserve peace and order within the county; and
8. Establish rates for services provided by the County utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

This summary of significant accounting policies of the County is presented to assist in the understanding of the County’s financial statements. The financial statements and notes are the representation of the County’s management that 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. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County’s accounting policies are described below.

**Financial Reporting Entity**

In evaluating how to define the County, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 61. Blended component units, although legally separate entities, are in substance part of the government’s operations. Whereas, discretely

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**Sierra County**  
**Notes to Financial Statements**  
**June 30, 2017**

presented component units are legally separate entities that are reported in a separate column in the government-wide financial statements.

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 does not have any component units required to be reported under GASB Statements No. 61, and is not a component unit of another governmental agency.

Basis of Presentation

*Government-Wide Statements*—The Statement of Net Position and the Statement of Activities display information about the government as a whole (the "County"). These statements include the financial activities of the overall government, except for fiduciary activities. The statements also distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

*Fund Financial Statements*—The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as intergovernmental revenue and investment earnings, result from nonexchange transactions or ancillary activities.

The County reports the general fund as a major governmental fund. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the County reports the following other major funds:

*Road Fund:* to account for revenues and expenditures of the County road improvement fund for the construction of street, road, walkway, bridge, overpass, pathway, alley, curb, gutter or sidewalk projects (Section 7-1-6.26 NMSA, 1978).

*Correction Fund:* to account for fees assessed for the housing of prisoners and is used for maintenance of the County jail (Section 35-14-11 NMSA, 1978)

The following is the County's major proprietary funds:

The *Landfill Fund:* to account for the provision of garbage and refuse removal services to the residents of the County. All activities necessary to provide such services are accounted for in this fund.

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**Notes to Financial Statements**  
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Additionally, the County reports the following agency fund:

Fiduciary funds are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The County's fiduciary funds are used to account for the collection and payment of property taxes and special fees to other governmental agencies. The agency fund is also used to account for collection and disbursement of inmate funds for the County Detention Center. In addition, the agency fund will track and account for items held for Sierra Valley hospital that has been levying taxes from taxpayers.

Measurement Focus, Basis of Accounting

*Government-Wide, Propriety, and Fiduciary Fund Financial Statements*—The government-wide, propriety, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

*Governmental Fund Financial Statements*—Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Revenue from derived taxes (sales taxes, gas taxes, and motor vehicle taxes) is recognized when the underlying transaction takes place (when the retail sale is generated). Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Assets, Liabilities and Net Position or Fund Equity

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

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

Investments for the County are reported at fair value. The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

*Receivables:* All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Property tax receivables are recognized when levied net of estimated refunds and uncollectible amounts, if applicable. Based upon management's estimate, all receivables are deemed fully 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 uncollected after November 10th and April 10th are considered delinquent and the County may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent.

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

*Inventory:* Sierra County values inventory at lower of cost or market value. The method that the County uses is the consumption approach. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed.

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*Restricted Assets:* Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended. Debt service cash is restricted for future debt payments.

*Capital Assets:* Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the 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. Sierra County was a Phase I government for purposes of implementing GASB Statement No. 34. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets (retroactive to 1980) is 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 2.2.20.1.9 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 the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements	10-40
Machinery and equipment	5-10
Infrastructure	4-20
Software and library	5-8

*Accrued Expenses:* Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2017, along with applicable PERA, FICA, Retiree Health Care contributions, and Medicare payable.

*Deferred Outflows/Inflows of Resources:* Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete,

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those assets must be offset by a corresponding deferred inflow of resources. Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. It must also be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available, to finance expenditures of the current fiscal period, and all other eligibility requirements have been met, then the assets must be offset by a corresponding deferred inflow of resources.

The taxes receivable are an aggregate of uncollected amounts assessed for the current fiscal year, as well as delinquent balances carried forward from the nine preceding fiscal years. Except for taxes received in advance or under protest, tax revenue received is distributed within thirty days to other local governmental units and County funds. While some of the delinquent outstanding balances will eventually be eliminated through corrections, litigation, and other property tax administrative procedures, the majority of the balances will ultimately be realized through delinquent payment or tax sales. The aggregate amount of this ultimate realization is generally difficult to ascertain at any point in time. Thus, taxes not collected within sixty days' of year-end are offset by deferred inflows of resources in the governmental funds balance sheet.

Deferred outflows of resources, represents a consumption of net position/fund balance that applies to a future period and so will not be recognized as an expense or expenditure until then. The County's only deferred outflows related to the County's participation in the Public Employees Retirement Association (PERA) defined benefit plan under Governmental Accounting Standards Board (GASB) Statement No. 68.

Deferred inflows of resources, represents an acquisition of net position/fund balance that applied to a future period and so will not be recognized until then. The County reports deferred inflows of resources for unavailable property tax revenue, as well as for the County's participation in the PERA defined benefit plan under GASB Statement No. 68.

*Compensated Absences:* Qualified employees are entitled to accumulate annual leave according to a graduated annual leave schedule. Depending on the length of service, employees may accrue 15 to 18 days per year. Annual leave may be accumulated from year to year up to a maximum of 30 days. Annual leave balances in excess of 30 days as of December 31 of any calendar year will be lost. The employee or the employee's estate will be paid for each day of the unused annual leave at the time of the employee's voluntary or involuntary termination, retirement, death, or total disability up to a maximum of 30 days plus the number of days accrued and unused during the current calendar year.



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Qualified employees are entitled to accumulate sick leave at a rate of 12 days per year. There is an accrual limitation of 75 hours. Upon separation or retirement of an employee who has served five or more years, the County shall pay the employee a sum equal to 25% of the value of the accumulated and unused sick leave, based on his/her average rate of pay for the preceding 12 months. Part-time employees accrue sick leave on a pro-rata basis. Casual and temporary employees do not accrue sick leave.

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

*Long-term Obligations:* In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. There were no bond premiums or discounts at June 30, 2017.

*Net Position:* Equity is classified as net position and displayed in three components on the government-wide financial statements, as well as the proprietary fund financial statements:

*Net Investment in Capital Assets* – Net position invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted Net Position* – Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

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**Sierra County**  
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*Fund Balances:* In accordance with GASB Statement No 54, Fund Balance Reporting and Governmental Fund Type Definitions, Under GASB 54, fund balance is divided into five classifications based primarily on the extent to which the County must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

*Nonspendable* – Amounts not in a spendable form, such as prepaid expenses, inventories, or long-term portion of receivables or property held for resale, if the use of the proceeds from the collection/sale of property held for resale is not otherwise constrained. Nonspendable amounts also include amounts legally or contractually required to remain intact, such as the principal of a permanent fund.

*Restricted* – Amounts constrained to specific purposes that are externally imposed or imposed by law through constitutional provisions or enabling legislation (such as taxpayers, grantors, bondholders, and higher levels of government).

*Committed* – Amounts constrained to specific purposes by the governmental entity's highest level of decision-making authority (the County Commission). To be reported as committed, amounts cannot be used for any other purpose unless the County Commission takes the same highest level action to remove or change the constraint.

*Assigned* – Amounts constrained by the County intends to be used for a specific purpose. Intent can be expressed by the governing body (County Commission) or an official or body to which the governing body delegates authority.

*Unassigned* – Balances available for any purpose. Positive amounts are reported only in the general fund. In other governmental funds, the unassigned classification is used only to report a deficit balance.

*Minimum Fund Balance Policy:* The County has adopted the New Mexico Department of Finance and Administration – Local Government Division's policy for maintaining a minimum amount of fund balance for operations. This policy is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the County holds cash reserves of 3/12th the General Fund expenditures and cash reserve of 1/12<sup>th</sup> the Road Special Revenue Fund.

The County Commission establishes (and modifies or rescinds) fund balance commitments by passage of a resolution.

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When an expenditure is incurred for purposes for which both restricted (restricted, committed, assigned) and unassigned fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless County Commission or the finance department has provided otherwise in its commitment or assignment actions.

*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 nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

*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 for the County include management's estimate of the allowance for uncollectible accounts for property taxes, depreciation on assets over their estimated useful lives and accrued compensated absences.

*Income Taxes:* As a local government entity, the County is not subject to federal or state income taxes.

**2) Stewardship, Compliance and Accountability**

Budgetary Information

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

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These budgets are prepared on the Non-GAAP cash budgetary basis. Budgetary expenditures exclude encumbrances. The budget secures appropriation of funds for only one year. Carryover funds must be reappropriated in the budget of the subsequent fiscal year.

The accompanying statements of revenues, expenditures and changes in fund balance – budget (non-GAAP budgetary basis) and actual presents comparisons of the legally adopted budget with actual revenues, expenditures and other financing sources and uses on a budgetary basis.

Since accounting principles applied for purposes of developing revenues and expenditures on the 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 net change in fund balances is presented for the year ended June 30, 2017. Reconciliations between the non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on the individual comparison statements.

**3) Deposits and Investments**

State statute 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. The County is not aware of any invested funds that did not meet the state investment requirements as of June 30, 2017.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more financial institution 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 collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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The following is a summary of the County’s cash and cash equivalents balances as of June 30, 2017:

Bank deposits	\$ 7,385,478
Investment in the local government investment pool	338,076
Deposits held at the New Mexico Finance Authority	965,915
Petty cash	360
Total cash and cash equivalents	8,689,829
Less cash and cash equivalents reported in the agency fund statement of fiduciary net position	(133,491)
Total cash and cash equivalents reported in the statement of net position	\$ 8,556,338

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.

According to the Federal Deposit Insurance Corporation (FDIC), public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 per respective institution.

*Custodial Credit Risk* – Custodial credit risk is the risk that in the event of bank failure, the County’s deposits may not be returned to it. The County does not have a 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). New Mexico state statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the County for at least one half of the amount on deposit with the institution. At June 30, 2017, \$7,318,720 of the County’s deposits were exposed to custodial credit risk; this uninsured amount was collateralized by collateral held by the pledging bank’s department or agent, not in the County’s name.

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As of June 30, 2017, the County's deposits were exposed to custodial risk as follows:

Demand deposit accounts	\$ 6,365,543
Certificates of deposits	1,080,129
Money market deposit accounts	<u>222,846</u>
Total deposits	7,668,518
Less FDIC insurance	<u>(349,797)</u>
Total uninsured public funds	<u>7,318,721</u>
Collateral requirement	3,659,361
Pledged securities at fair value	<u>5,592,513</u>
Pledged in excess of requirement	<u><u>\$ 1,933,152</u></u>

*Credit Risk* – The New State Local Government Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10(I) through 6-10-10(P) and Sections 6-10-10.1(A) and (E), NMSA 1978. The LGIP's investments are monitored by the same policies and procedures that apply to all other state investments. The pool does not have unit shares.

According to Section 6-10-10.1(F), NMSA 1978, at the end of each month all interest earned is distributed by the state treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary.

As of June 30, 2017, the County had the following investments and maturities:

Investment Type	Fair Value	Weighted Average Maturity (WAM)
State Local Government Investment Pool	\$ 338,076	N/A

*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. The County follows state law with respect to its investment activities.

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*Concentration of Credit Risk – Investments:* For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the County. As of June 30, 2017, the County had no single investment in excess of 5% of the County’s investment portfolio.

The County utilizes pooled accounts for their funds. The General, Special Revenue, Capital Projects, and Agency Funds are all in multiple accounts. Separate accounts also exist for Sheriff’s Office confiscation related funds.

**4) Receivables**

Receivables as of June 30, 2017, consisted of the following; all receivables as of June 30, 2017, were deemed to be fully collectible.

Property taxes	\$ 561,940
Gross receipts taxes	420,629
Motor vehicle taxes	25,801
Gas tax	19,653
Interest	8,119
Due from other governments	<u>50,378</u>
Total receivables	<u><u>\$ 1,086,520</u></u>

Property taxes receivable in the amount of \$561,940 reported on the statement of net position, at June 30, 2017, includes \$253,390 that is not considered a current economic resource; therefore, excluded from the statement of revenues, expenditures and changes in fund balances.

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**5) Interfund Receivables, Payables, and Transfers**

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

<i>Governmental Funds</i>	Transfers In	Transfers Out
General Fund	\$ 136,649	\$ (1,525,576)
Road Fund	347,965	-
Correction Fee Fund	866,500	-
Nonmajor governmental funds	<u>1,178,564</u>	<u>(1,004,102)</u>
	<u>\$ 2,529,678</u>	<u>\$ (2,529,678)</u>

The County records interfund receivables/payables to reflect temporary loans between funds. The purpose of the loans was to cover cash shortages until reimbursements or other funding measures could be obtained. All interfund receivables/payables are expected to be repaid within one year. Interfund balances as of June 30, 2017, are as follows:

<i>Governmental Funds</i>	Due from other funds	Due to other funds
General Fund	\$ 89,747	\$ -
Road Fund	-	78,544
Nonmajor funds	<u>-</u>	<u>11,203</u>
	<u>\$ 89,747</u>	<u>\$ 89,747</u>



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**6) Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2017, follows:

	Balance June 30, 2016, as restated	Additions	Deletions	Balance June 30, 2017
<b>Governmental Activities</b>				
<i>Capital assets not being depreciated</i>				
Land and improvements	\$ 998,760	\$ -	\$ -	\$ 998,760
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>998,760</u>	<u>-</u>	<u>-</u>	<u>998,760</u>
<i>Capital assets being depreciated</i>				
Road network, levies and bridges	12,244,553	-	-	12,244,553
Buildings and improvements	15,186,221	-	-	15,186,221
Equipment, vehicles and machinery	5,745,882	225,313	-	5,971,195
Total capital assets being depreciated	<u>33,176,656</u>	<u>225,313</u>	<u>-</u>	<u>33,401,969</u>
Total capital assets	<u>34,175,416</u>	<u>225,313</u>	<u>-</u>	<u>34,400,729</u>
<i>Less accumulated depreciation for</i>				
Road network, levies and bridges	4,840,806	241,350	-	5,082,156
Buildings and improvements	15,011,787	4,057	-	15,015,844
Equipment, vehicles and machinery	4,408,793	350,577	-	4,759,370
Total accumulated depreciation	<u>24,261,386</u>	<u>595,984</u>	<u>-</u>	<u>24,857,370</u>
Governmental activities capital assets, net	<u>\$ 9,914,030</u>	<u>\$ (370,671)</u>	<u>\$ -</u>	<u>\$ 9,543,359</u>

Depreciation expense for the year ended June 30, 2017, was charged to the following functions:

General government	\$ 191,079
Public safety	306,730
Highway and streets	68,595
Culture and recreation	<u>29,580</u>
Total depreciation expense	<u>\$ 595,984</u>

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Other business-type activity for the year ending June 30, 2017, was as follows:

	Balance June 30, 2016, as restated	Additions	Deletions	Balance June 30, 2017
<b>Business-Type Activities</b>				
<i>Capital assets not being depreciated</i>				
Land and improvements	\$ 15,026	\$ -	\$ -	\$ 15,026
<i>Capital assets being depreciated</i>				
Buildings and improvements	300,000	-	-	300,000
Equipment, vehicles and machinery	272,276	-	-	272,276
Total capital assets being depreciated	572,276	-	-	572,276
Total capital assets	587,302	-	-	587,302
<i>Less accumulated depreciation for</i>				
Buildings and improvements	300,000	-	-	300,000
Equipment, vehicles and machinery	143,206	35,613	-	178,819
Total accumulated depreciation	443,206	35,613	-	478,819
Business-type activities capital assets, net	\$ 144,096	\$ (35,613)	\$ -	\$ 108,483

Depreciation expense charged to business-type activities for the year ended June 30, 2017, was \$35,613.

**7) Long-Term Debt**

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

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
<b>NMFA loans</b>					
Detention Center Renovations	\$ 30,507	\$ -	\$ (6,071)	\$ 24,436	\$ 6,086
Lakeshore Fire Department	27,059	-	(27,059)	-	-
Winston-Chloride Fire Department	141,510	-	(16,594)	124,916	16,871
Arrey/Derry Volunteer Fire Department	116,172	-	(12,970)	103,202	13,380
PPRF Disadvantaged Program	3,862,318	-	(176,114)	3,686,204	182,934
Poverty Creek Volunteer Fire Department	310,837	-	(15,548)	295,289	20,253
Monticello Fire Department	316,491	-	(19,688)	296,803	16,102
Fire Station	56,222	-	(13,666)	42,556	13,782
Hillsboro Fire Department	93,604	-	(17,671)	75,933	18,114
Law enforcement protection fund	16,289	-	(16,289)	-	-
Sierra County Hospital	4,080,000	-	(220,000)	3,860,000	220,000
Arrey Derry – Fire truck loan	155,621	-	(4,622)	150,999	4,662
Hillsboro Ambulance	-	50,378	-	50,378	9,225
Subtotal NMFA loans	9,206,630	50,378	(546,292)	8,710,716	521,409
Accrued compensated absences	120,719	106,394	(120,682)	106,431	106,431
Total long-term debt	\$ 9,327,349	\$ 156,772	\$ (666,974)	\$ 8,817,147	\$ 627,840

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NMFA Revenue Notes

The County entered into several loan agreements with the New Mexico Finance Authority, wherein the County pledged revenue derived from New Mexico Fire Protection Allotments to cover debt service. This revenue is subject to intercept agreements.

Description	Date of Issue	Term	Interest Rate	Original Amount of Issue	Balance June 30, 2017
Detention Center Renovations	11/1/2003	5/1/2021	0.00%	\$ 108,000	\$ 24,436
Lakeshore Fire Department	6/9/2013	5/1/2024	0.00%	66,550	-
Winston-Chloride Fire Department	1/2/2004	5/1/2024	3.06%	321,572	124,916
Arrey/Derry Volunteer Fire Department	8/1/2004	5/1/2024	1.54%	244,591	103,202
PPRF Disadvantaged Program	9/29/2007	5/1/2032	4.10%	5,075,223	3,686,204
Poverty Creek Volunteer Fire Department	10/20/2008	5/1/2031	4.11%	400,954	295,289
Monticello Fire Department	3/18/2009	5/1/2029	3.71%	440,666	296,803
Fire Station	12/30/2010	5/1/2020	0.76%	124,338	42,556
Hillsboro Fire Department	11/1/2012	5/1/2021	2.60%	177,625	75,933
Law enforcement protection fund	7/25/2012	5/1/2017	0.00%	65,154	-
Sierra County Hospital	11/30/2012	5/1/2032	2.79%	4,985,000	3,860,000
Arrey Derry – Fire truck loan	1/1/2013	5/1/2028	2.86%	161,210	150,999
Hillsboro Ambulance	7/9/2017	5/1/2022	0.10%	50,378	50,378
Total long-term debt				<u>\$ 12,221,261</u>	<u>\$ 8,710,716</u>

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

Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 521,409	\$ 282,962	\$ 804,371
2019	532,272	270,926	803,198
2020	548,584	252,596	801,180
2021	549,671	243,114	792,785
2022	539,413	227,490	766,903
2023-2027	2,858,006	874,950	3,732,956
2028-2032	3,161,361	349,577	3,510,938
	<u>\$ 8,710,716</u>	<u>\$ 2,501,615</u>	<u>\$ 11,212,331</u>

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Compensated Absences

Employees of the County are able to accrue a limited amount of vacation and other compensatory time during the year. During the fiscal year ended June 30, 2017, compensated absences decreased to \$106,431 from the prior year accrual.

**8) Leases**

Operating Leases

The County leases equipment under cancelable operating leases. The total costs for such leases were approximately \$125,311 for the year ended June 30, 2017. The future minimum lease payments for these leases are as follows:

Year Ending June 30,	Payment
2018	\$ 140,415
2019	107,022
2020	52,594
2021	33,880
2022	11,209
	\$ 345,120

**9) Landfill Closure and Post-Closure Care**

The County stopped accepting solid waste at its landfill in 2010. State law, federal law and various regulations require that the County perform certain maintenance and monitoring functions at the landfill for 30 years after closure. The estimated liability for the County's landfill post-closure care was \$61,200 as of June 30, 2017. These estimates may change in the future due to inflation or deflation, changes in technology, and applicable laws or regulations governing landfill post-closure care.

**10) Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions injuries to employees; and natural disasters. The County has joined together with other agencies in the state and obtained insurance

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through the New Mexico Self Insurers Fund, a public risk pool currently operating as a common risk management and insurance program for local governments. The County pays an annual premium to New Mexico Self Insurers Fund for its general insurance coverage. No losses in excess of insurance coverage have been experienced.

**11) Deficit Fund Balance**

Deficit fund balance of individual funds. The following fund reflected a deficit fund balance as of June 30, 2017:

Fund	Deficit Balance
Road Fund 402	\$ (101,678)
Flood Commission FEMA Fund 640	(20,477)
EMO Homeland Security Fund 629	(5,503)
Juvenile Detention Fund 549	(4,950)
Community Project Fund 419	<u>(2,629)</u>
Total fund deficit	<u>\$ (135,237)</u>

The County intends to receive grant money or transfer sufficient funds from the General Fund to cover any deficits.

**12) Pension Plan – Public Employees Retirement Act**

**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

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1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

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

**Benefits provided:** For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2016, available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

**Contributions:** The contribution requirements of defined benefit plan members and the County are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY16 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY16 annual audit report at [http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf). The PERA coverage options that apply to County are Municipal Plan 2 and Municipal Police Plan 5. Statutorily required contributions to the pension plan from the County were \$307,255 and employer paid member benefits that were “picked up” by the employer were \$0 for the year ended June 30, 2017.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2016. The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. 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;

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

**For PERA Fund Division Municipal Plan 2**, at June 30, 2017, the County reported a liability of \$3,676,224 for its proportionate share of the net pension liability. At June 30, 2016, the County's proportion was 0.2301% percent.

For the year ended June 30, 2017, the County recognized PERA Fund Division Municipal Plan 2 pension expense of \$359,923. At June 30, 2017, the County reported PERA Fund Division Municipal Plan 2 deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 183,680	\$ 35,878
Changes of assumptions	215,567	611
Net difference between projected and actual earnings on pension plan investments	676,418	-
Changes in proportion and differences between County's contributions and proportionate share of contributions	-	246,304
County contributions subsequent to the measurement date	204,117	-
Total	\$ 1,279,782	\$ 282,793

Deferred outflows of resources resulting from the County's pension contributions subsequent to the measurement date of June 30, 2016, were \$204,117 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

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

Year Ending June 30,	
2018	\$ 137,737
2019	137,737
2020	351,286
2021	166,112

**For PERA Fund Division Municipal Police Plan 4**, at June 30, 2017, the County reported a liability of \$2,000,256 for its proportionate share of the net pension liability. At June 30, 2016, the County's proportion was 0.2711% percent.

For the year ended June 30, 2017, the County recognized PERA Fund Division Municipal Police Plan 4 pension expense of \$341,253. At June 30, 2017, the County reported PERA Fund Division Municipal Police Plan 5 deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 146,848	\$ -
Changes of assumptions	132,486	36,074
Net difference between projected and actual earnings on pension plan investments	316,352	-
Changes in proportion and differences between County's contributions and proportionate share of contributions	212,364	7,491
County contributions subsequent to the measurement date	103,138	-
Total	\$ 911,188	\$ 43,565



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Deferred outflows of resources resulting from the County’s pension contributions subsequent to the measurement date of June 30, 2016, were \$103,138 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2018	\$ 198,944
2019	198,944
2020	279,475
2021	87,122

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

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level of percentage pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.48% annual rate, net of investment expense
Payroll growth	2.75% annual rate for first 10 years, then 3.25% annual rate
Projected benefit payment	100 years
Projected salary increases	2.75% to 14.00% annual rate
Includes inflation at	2.25% annual rate first 10 years, 2.75% all other years

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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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.50%	7.39%
Risk Reduction and Mitigation	21.50%	1.79%
Credit Oriented Fixed Income	15.00%	5.77%
Real Assets to include Real Estate Equity	<u>20.00%</u>	7.35%
Total	<u>100.00%</u>	

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

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

**PERA Fund Division Municipal Plan 2**

	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
County's proportionate share of the net pension liability	\$ 5,480,923	\$ 3,676,224	\$ 2,179,316

**PERA Fund Division Municipal Plan 5**

	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
County's proportionate share of the net pension liability	\$ 2,942,873	\$ 2,000,256	\$ 1,229,305

**Pension plan fiduciary net position:** Detailed information about the pension plan’s fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

**Payables to the pension plan:** The County had no contributions due and payable to PERA at June 30, 2017.

**13) 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. The County expects any liability for reimbursement which may arise as a result of these audits to be immaterial.

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**14) Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

**15) Future Commitments**

The County has contracts and grant awards for construction projects in various stages of completion. Such contracts, funded principally by federal and state agencies, constitute future commitments.

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.

**16) Prior-Period Adjustment**

During fiscal year 2017, the County make corrections to capital assets and accumulated depreciation previously reported in the statement of net position for the governmental activities, business-type activities and the landfill fund. As a result, net position was restated as of June 30, 2016 as follows:

	Governmental Activities	Business-Type Activities (Landfill Fund)	Total
Net position, as previously reported	\$ 16,829,879	\$ 74,212	\$ 16,904,091
Corrections to capital assets and accumulated depreciation	<u>(11,804,080)</u>	<u>140,121</u>	<u>(11,663,959)</u>
Net position, as restated	<u>\$ 5,025,799</u>	<u>\$ 214,333</u>	<u>\$ 5,240,132</u>

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**17) New Accounting Pronouncements**

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2017.

- ◆ GASB Statement No. 80, *Blending Requirements for Certain Component Units can amendment of GASB Statement No. 14.*
- ◆ GASB Statement No. 81, *Irrevocable Split-Interest Agreements.*
- ◆ GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73.*
- ◆ GASB Statement No. 83, *Certain Asset Retirement Obligation.*
- ◆ GASB Statement No. 84, *Fiduciary Activities.*
- ◆ GASB Statement No. 85, *Omnibus 2017.*
- ◆ GASB Statement No. 86, *Certain Debt Extinguishment Issues.*
- ◆ GASB Statement No. 87, *Leases.*

The County will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The County believes that the above listed new GASB pronouncements will not have a significant financial impact to the County or in issuing its financial statements.

## Required Supplementary Information

**State of New Mexico**  
**Sierra County**  
**Schedule of the County's Proportionate Share of the Net Pension Liability**  
**Public Employees Retirement Association of New Mexico**  
**Schedule of Ten-Year Tracking Data\***  
**General Division**  
**(Dollars in Thousands)**

	2015	2016	2017
County's Proportion of the Net Pension Liability (Asset)	0.265%	0.252%	0.230%
County's Proportionate Share of Net Pension Liability (Asset)	\$ 2,066	2,569	3,676
County's Covered-Employee Payroll	\$ 1,923	2,054	2,137
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	107.44%	125.07%	172.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.29%	76.99%	69.18%

\* The amounts presented for fiscal year 2017 were determined as of the measurement date of June 30, 2016. This schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10-year trend is compiled, the County will present information for those years for which information is available.

**State of New Mexico**  
**Sierra County**  
**Schedule of the County's Proportionate Share of the Net Pension Liability**  
**Public Employees Retirement Association of New Mexico**  
**Schedule of Ten-Year Tracking Data\***  
**Police Division**  
**(Dollars in Thousands)**

	2015	2016	2017
County's Proportion of the Net Pension Liability (Asset)	0.214%	0.211%	0.271%
County's Proportionate Share of Net Pension Liability (Asset)	\$ 698	1,015	2,000
County's Covered-Employee Payroll	\$ 465	545	546
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	150.11%	186.24%	366.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.29%	76.99%	69.18%

\* The amounts presented for fiscal year 2017 were determined as of the measurement date of June 30, 2016. This schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10-year trend is compiled, the County will present information for those years for which information is available.



**State of New Mexico**  
**Sierra County**  
**Schedule of County Contributions**  
**Public Employees Retirement Association of New Mexico**  
**Schedule of Ten-Year Tracking Data\***  
**General and Police Divisions Combined Summary**  
**June 30, 2017**  
**(Dollars in Thousands)**

	2015	2016	2017
Contractually required contribution	\$ 258	\$ 267	\$ 330
Contributions in relation to the contractually Required contribution	<u>258</u>	<u>267</u>	<u>330</u>
Contribution deficiency (excess)*	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Increase (Decrease) in Pension Expense over Recognition Periods										
Year	Total Amount Deferred	Amortization Years	2016	2017	2018	2019	2020	2021	2022	2023
2014	\$ 1,125	5	\$ 281	\$ 281	\$ 281	\$ 282	\$ -	\$ -	\$ -	\$ -
2015	(124)	5	-	77	77	76	(354)	-	-	-
2016	1,557	5	-	-	337	337	630	253	-	-
2017	-	5	-	-	-	-	-	-	-	-
2018	-	5	-	-	-	-	-	-	-	-
2019	-	5	-	-	-	-	-	-	-	-
2020	-	5	-	-	-	-	-	-	-	-
2021	-	5	-	-	-	-	-	-	-	-
2022	-	5	-	-	-	-	-	-	-	-
2023	-	5	-	-	-	-	-	-	-	-
	<u>\$ 2,558</u>		<u>\$ 281</u>	<u>\$ 358</u>	<u>\$ 695</u>	<u>\$ 695</u>	<u>\$ 276</u>	<u>\$ 253</u>	<u>\$ -</u>	<u>\$ -</u>

\* The amounts presented for fiscal year 2017 were determined as of the measurement date of June 30, 2016. This schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10-year trend is compiled, the County will present information for those years for which information is available.

**State of New Mexico**  
**Sierra County**  
**Schedule of County Contributions**  
**Public Employees Retirement Association of New Mexico**  
**Schedule of Ten-Year Tracking Data\***  
**General Division**  
**June 30, 2017**  
**(Dollars in Thousands)**

	2015	2016	2017
Contractually required contribution	\$ 179	\$ 173	\$ 227
Contributions in relation to the contractually Required contribution	<u>179</u>	<u>173</u>	<u>227</u>
Contribution deficiency (excess)*	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortization Years	2016	2017	2018	2019	2020	2021
2014	\$ 809	5	\$ 202	\$ 202	\$ 202	\$ 203	\$ -	\$ -
2015	(142)	5	-	68	68	68	(346)	-
2016	793	5	-	-	138	138	351	166
2017	-	5	-	-	-	-	-	-
2018	-	5	-	-	-	-	-	-
2019	-	5	-	-	-	-	-	-
2020	-	5	-	-	-	-	-	-
2021	-	5	-	-	-	-	-	-
2022	-	5	-	-	-	-	-	-
2023	-	5	-	-	-	-	-	-
	<u>\$ 1,460</u>		<u>\$ 202</u>	<u>\$ 270</u>	<u>\$ 408</u>	<u>\$ 409</u>	<u>\$ 5</u>	<u>\$ 166</u>

\* The amounts presented for fiscal year 2017 were determined as of the measurement date of June 30, 2016. This schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10-year trend is compiled, the County will present information for those years for which information is available.

**State of New Mexico**  
**Sierra County**  
**Schedule of County Contributions**  
**Public Employees Retirement Association of New Mexico**  
**Schedule of Ten-Year Tracking Data\***  
**Police Division**  
**June 30, 2017**  
**(Dollars in Thousands)**

	2015	2016	2017
Contractually required contribution	\$ 79	\$ 94	\$ 103
Contributions in relation to the contractually Required contribution	<u>79</u>	<u>94</u>	<u>103</u>
Contribution deficiency (excess)*	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Increase (Decrease) in Pension Expense over Recognition Periods										
Year	Total Amount Deferred	Amortization Years	2016	2017	2018	2019	2020	2021	2022	2023
2014	\$ 316	5	\$ 79	\$ 79	\$ 79	\$ 79	\$ -	\$ -	\$ -	\$ -
2015	18	5	-	9	9	8	(8)	-	-	-
2016	764	5	-	-	199	199	279	87	-	-
2017	-	5	-	-	-	-	-	-	-	-
2018	-	5	-	-	-	-	-	-	-	-
2019	-	5	-	-	-	-	-	-	-	-
2020	-	5	-	-	-	-	-	-	-	-
2021	-	5	-	-	-	-	-	-	-	-
2022	-	5	-	-	-	-	-	-	-	-
2023	-	5	-	-	-	-	-	-	-	-
	<u>\$ 1,098</u>		<u>\$ 79</u>	<u>\$ 88</u>	<u>\$ 287</u>	<u>\$ 286</u>	<u>\$ 271</u>	<u>\$ 87</u>	<u>\$ -</u>	<u>\$ -</u>

\* The amounts presented for fiscal year 2017 were determined as of the measurement date of June 30, 2016. This schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10-year trend is compiled, the County will present information for those years for which information is available.

**State of New Mexico**  
**Sierra County**  
**Notes to Pension Required Supplementary Information**  
**June 30, 2017**

**Changes of Benefit Terms.** The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 PERA FY15 audit available at:

<http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financialreports/CAFR-2016.pdf>

**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/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2015-PERA-Valuation-Report-FINAL.pdf>. Details about changes in the actuarial assumptions can be found in Appendix B on page 53 of the report.

**Other.** The pension schedules in the required supplementary information are intended to show information for ten years. Additional information will be presented as it becomes available.

## Supplementary Information

Combining Statements of Nonmajor Governmental Funds

**State of New Mexico**  
**Sierra County**  
**Description of Nonmajor Special Revenue Funds**  
**June 30, 2017**

**Mednet Emergency Medical Services 206**—To account for revenues, grants received, and expenditures incurred in providing emergency medical services to County residents. Sources of funds are the State of New Mexico Health and Environment Department, Emergency Medical Services Bureau. Authority is NMSA 24-10A-1 to 24-10A-10.

**Fire Protection 209**—To account for grants received and expenditures incurred in providing fire protection to residents. Financing is provided from the County’s share of fire allotment issued by the State Fire Marshall under NMSA 59-53-1. Such revenue provides for payment of all current operating costs and may be used only for that purpose. Expenditures related to emergency medical services, funded in part by state grants under the Authority of NMSA 24-10A-1 to 24-10A-10 are accounted for in the individual fire funds.

**Law Enforcement Protection 211**—To account for the operations of a grant from the State of New Mexico through Law Enforcement Protection Fund Act for the purpose of maintenance and improvement of law enforcement equipment, and may be used only for that purpose. Authority is NMSA 23-13-1.

**Hospital GRT 221**—To account for funds provided by New Mexico Emergency County Hospital gross receipts tax. The Authority is a local ordinance to assess the gross receipts tax.

**DWI Fund 223**—To account for the activities associated with the DWI prevention program.

**Farm and Range Fund 403**—To account for the operations of farm and range activities, including soil and water conservation, rodent and predatory animal control, poisonous and noxious weed control, and livestock parasite control. Financing is primarily from state-shared revenues through the Taylor Grazing Act. Authority is NMSA 6-11-6.

**Recreation Fund 404**—To account for the operations and maintenance of County-owned recreation facilities. Financing is provided by the County’s share of cigarette tax. State law requires the use of these cigarette taxes to be used for recreation purposes. The authority to create this fund was given by New Mexico Statute 7-12-15.

**County Indigent Fund 406**—To account for expenditures incurred in providing services for the care of indigent. Financing is provided by the County’s share of gross receipts tax and may be used for that purpose. Authority NMSA 24-10A-1.

**Road Grant Fund 416**—to account for activities in maintaining the County roads.

**State Capital Projects Fund 417**—To account for monies from the State of New Mexico for specific projects designated by the state.

**State of New Mexico**  
**Sierra County**  
**Description of Nonmajor Special Revenue Funds — continued**  
**June 30, 2017**

**State Capital Appropriations Fund 418**—To account for monies authorized from the State of New Mexico.

**Community Projects Fund 419**—Sierra County has a contract with the City of T or C for the Animal Shelter and has a contract with City of T or C for animal control calls as the County does not have an animal control officer.

**County Reappraisal Fund 422**—To account for the operations of a fund to help with reappraisal of County property to ensure valuation reflects current fair market value. Financing is provided by retainage of 1% of tax collections. Authority NMSA 7-38-38-1.

**Lodgers' Tax Fund 477**—To account for collections of a lodgers' tax, the proceeds of which are used for advertisement of local attractions. Authority NMSA 3-38-13 to 3-38-24.

**Sierra Valley Hospital Fund 501**—To support functions of the Sierra Valley Hospital's projects and operations.

**Legislative Appropriations Fund 502**—The County receives funding from the State of New Mexico.

**Internal Capital Improvements 506**—To account for capital projects established by the County Commissioners.

**Mandatory UA's Fund 507**—Funding is received from the clients on probation.

**Mental Health Fund 548**—To account for resources to be utilized in the assistance and goals of promoting mental health and assisting those in need of said services.

**Juvenile Detention Fund 549**—To account for the resources to be utilized to enhance juvenile probation. Authority is the County Commission.

**Emergency Communications Gross Receipt Tax Fund 606**—To account fiscal activities related to emergency communication and other activities associated.

**EMS COMM GRT 609**—To account for funds provided for Emergency Medical Service Communication gross receipts tax. The Authority is a local ordinance to assess the gross receipts tax.

**Clerk Equipment Fee Fund 624**—to account for fees collected by the County Clerk to be used exclusively for the purchase of capital assets for the Clerk's Office, as authorized by the New Mexico State Statutes (NMSA 14-8-12.2B).

**Flood Commission Fund 627**—To account for taxes levied on property in Sierra County to establish the Office of County Flood Commissioner as authorized in Section 4-50-1 NMSA 1978 and County Resolution 88- 069.



**State of New Mexico**  
**Sierra County**  
**Description of Nonmajor Special Revenue Funds — continued**  
**June 30, 2017**

**EMO Homeland Security Fund 629**—to account for federal and state grants.

**Emergency 911 Fund 634**—To account for funds provided by the State of New Mexico under the Enhanced 911 Act (NMSA 1978 Sections 63-9D-1). To be used to improve the physical addressing and provide faster responses in case of emergency.

**Treasurer Fee Fund 635**—to account for fund generated from fees charged by the Road Department  
**FEMA Fund 639** – to account for federal money in maintaining the County roads.

**Flood Commission FEMA Fund 640**—to account for federal money to be used for repairs and or prevention of flood related projects.

**Fire Department FEMA Fund 641**—Reimbursed from FEMA.

**State Capital Appropriations Fund 641**—to account for capital improvement projects funded through Department of the State of New Mexico.

**State of New Mexico**  
**Sierra County**  
**Combining Balance Sheets**  
**Nonmajor Special Revenue Funds**  
**June 30, 2017**

	Special Revenue Funds							
	EMS 206	Fire Protection 209	Law Enforcement Protection 604	Hospital GRT 221	DWI 223	Farm and Range 403	Recreation 404	County Indigent 406
<b>Assets</b>								
Cash and cash equivalents	\$ 41,635	\$ 881,828	\$ 21,712	\$ 451,853	\$ 29,457	\$ -	\$ 406	\$ 565,439
Property taxes receivable	-	-	-	77,947	-	-	-	-
Other taxes receivable	-	-	-	76,335	-	-	-	76,324
Interest receivable	-	-	-	-	-	-	-	-
Due from other governments	-	50,378	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Total assets	<u>\$ 41,635</u>	<u>\$ 932,206</u>	<u>\$ 21,712</u>	<u>\$ 606,135</u>	<u>\$ 29,457</u>	<u>\$ -</u>	<u>\$ 406</u>	<u>\$ 641,763</u>
<b>Liabilities, Deferred Inflows and Fund Balances</b>								
<b>Liabilities</b>								
Accounts payable	\$ 2,616	\$ 9,469	\$ -	\$ -	\$ 1,700	\$ -	\$ -	\$ 9,824
Accrued expenses	-	-	-	-	982	-	-	800
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	<u>2,616</u>	<u>9,469</u>	<u>-</u>	<u>-</u>	<u>2,682</u>	<u>-</u>	<u>-</u>	<u>10,624</u>
<b>Deferred inflows</b>								
Property taxes	-	-	-	34,040	-	-	-	-
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,040</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>								
<b>Restricted for</b>								
Special revenue	39,019	922,737	21,712	572,095	26,775	-	406	631,139
Capital projects	-	-	-	-	-	-	-	-
<b>Unassigned</b>								
Total fund balance (deficit)	<u>39,019</u>	<u>922,737</u>	<u>21,712</u>	<u>572,095</u>	<u>26,775</u>	<u>-</u>	<u>406</u>	<u>631,139</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 41,635</u>	<u>\$ 932,206</u>	<u>\$ 21,712</u>	<u>\$ 606,135</u>	<u>\$ 29,457</u>	<u>\$ -</u>	<u>\$ 406</u>	<u>\$ 641,763</u>

**State of New Mexico**  
**Sierra County**  
**Combining Balance Sheets — continued**  
**Nonmajor Special Revenue Funds**  
**June 30, 2017**

	Special Revenue Funds							
	Road Grant 416	State Capital Projects 417	Community Projects 419	County Appraisal 422	Lodgers Tax 477	Sierra Valley Hospital 501	Legislative Appropriations 502	Internal Capital Improvements 506
<b>Assets</b>								
Cash and cash equivalents	\$ 137,632	\$ 139,291	\$ -	\$ 84,638	\$ 7,593	\$ 76,451	\$ -	\$ 66,304
Property taxes receivable	-	-	-	-	-	-	-	-
Other taxes receivable	-	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Total assets	<u>\$ 137,632</u>	<u>\$ 139,291</u>	<u>\$ -</u>	<u>\$ 84,638</u>	<u>\$ 7,593</u>	<u>\$ 76,451</u>	<u>\$ -</u>	<u>\$ 66,304</u>
<b>Liabilities, Deferred Inflows and Fund Balances</b>								
<b>Liabilities</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ 3,176	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	1,193	-	-	-	-
Due to other funds	-	-	2,629	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>2,629</u>	<u>4,369</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows</b>								
Property taxes	-	-	-	-	-	-	-	-
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>								
Restricted for	-	-	-	-	-	-	-	-
Special revenue	137,632	-	-	80,269	7,593	76,451	-	-
Capital projects	-	139,291	-	-	-	-	-	66,304
Unassigned	-	-	(2,629)	-	-	-	-	-
Total fund balance (deficit)	<u>137,632</u>	<u>139,291</u>	<u>(2,629)</u>	<u>80,269</u>	<u>7,593</u>	<u>76,451</u>	<u>-</u>	<u>66,304</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 137,632</u>	<u>\$ 139,291</u>	<u>\$ -</u>	<u>\$ 84,638</u>	<u>\$ 7,593</u>	<u>\$ 76,451</u>	<u>\$ -</u>	<u>\$ 66,304</u>

**State of New Mexico**  
**Sierra County**  
**Combining Balance Sheets — continued**  
**Nonmajor Special Revenue Funds**  
**June 30, 2017**

	Special Revenue Funds							
	Mandatory UA's 507	Mental Health 548	Juvenile Detention 549	Emergency Comm GRT 606	EMS Comm GRT 609	Clerk Recording and Filing Fees 624	Flood Commission 627	EMO Homeland Security 629
<b>Assets</b>								
Cash and cash equivalents	\$ 4,435	\$ 33,730	\$ -	\$ 104,991	\$ 8,433	\$ 104,623	\$ 775,632	\$ -
Property taxes receivable	-	-	-	-	-	-	58,053	-
Other taxes receivable	-	2,769	-	65,754	692	-	-	-
Interest receivable	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Total assets	<u>\$ 4,435</u>	<u>\$ 36,499</u>	<u>\$ -</u>	<u>\$ 170,745</u>	<u>\$ 9,125</u>	<u>\$ 104,623</u>	<u>\$ 833,685</u>	<u>\$ -</u>
<b>Liabilities, Deferred Inflows and Fund Balances</b>								
<b>Liabilities</b>								
Accounts payable	\$ -	\$ -	\$ 4,950	\$ -	\$ -	\$ 1,074	\$ 235	\$ 43
Accrued expenses	-	-	-	-	-	-	1,072	-
Due to other funds	-	-	-	-	-	-	-	5,460
Total liabilities	<u>-</u>	<u>-</u>	<u>4,950</u>	<u>-</u>	<u>-</u>	<u>1,074</u>	<u>1,307</u>	<u>5,503</u>
<b>Deferred inflows</b>								
Property taxes	-	-	-	-	-	-	25,835	-
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,835</u>	<u>-</u>
<b>Fund balances</b>								
Restricted for	-	-	-	-	-	-	-	-
Special revenue	4,435	36,499	-	170,745	9,125	103,549	806,543	-
Capital projects	-	-	-	-	-	-	-	-
Unassigned	-	-	(4,950)	-	-	-	-	(5,503)
Total fund balance (deficit)	<u>4,435</u>	<u>36,499</u>	<u>(4,950)</u>	<u>170,745</u>	<u>9,125</u>	<u>103,549</u>	<u>806,543</u>	<u>(5,503)</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 4,435</u>	<u>\$ 36,499</u>	<u>\$ -</u>	<u>\$ 170,745</u>	<u>\$ 9,125</u>	<u>\$ 104,623</u>	<u>\$ 833,685</u>	<u>\$ -</u>

**State of New Mexico**  
**Sierra County**  
**Combining Balance Sheets — continued**  
**Nonmajor Special Revenue Funds**  
**June 30, 2017**

	Special Revenue Funds					Capital Projects	Total Nonmajor Governmental Funds
	Emergency 911 634	Treasurer Fee 635	Road Dept FEMA 639	Flood Commission FEMA 640	Fire Dept FEMA 641	State Capital Appropriations 418	
<b>Assets</b>							
Cash and cash equivalents	\$ 306,143	\$ 19,191	\$ -	\$ -	\$ 100	\$ 104,968	\$ 3,966,485
Property taxes receivable	-	-	-	-	-	-	136,000
Other taxes receivable	-	-	-	-	-	-	221,874
Interest receivable	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	50,378
Due from other funds	-	-	-	-	-	-	-
Total assets	<u>\$ 306,143</u>	<u>\$ 19,191</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 104,968</u>	<u>\$ 4,374,737</u>
<b>Liabilities, Deferred Inflows and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 1,657	\$ 112	\$ -	\$ 17,363	\$ -	\$ -	\$ 52,219
Accrued expenses	9,073	-	-	-	-	-	13,120
Due to other funds	-	-	-	3,114	-	-	11,203
Total liabilities	<u>10,730</u>	<u>112</u>	<u>-</u>	<u>20,477</u>	<u>-</u>	<u>-</u>	<u>76,542</u>
<b>Deferred inflows</b>							
Property taxes	-	-	-	-	-	-	59,875
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,875</u>
<b>Fund balances</b>							
<b>Restricted for</b>							
Special revenue	295,413	19,079	-	-	100	-	3,961,316
Capital projects	-	-	-	-	-	104,968	310,563
Unassigned	-	-	-	(20,477)	-	-	(33,559)
Total fund balance (deficit)	<u>295,413</u>	<u>19,079</u>	<u>-</u>	<u>(20,477)</u>	<u>100</u>	<u>104,968</u>	<u>4,238,320</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 306,143</u>	<u>\$ 19,191</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 104,968</u>	<u>\$ 4,374,737</u>

**State of New Mexico**  
**Sierra County**  
**Combining Statements of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2017**

	Special Revenue Funds							
	EMS 206	Fire Protection 209	Law Enforcement Protection 604	Hospital GRT 221	DWI 223	Farm and Range 403	Recreation 404	County Indigent 406
<b>Revenues</b>								
Property taxes	\$ -	\$ -	\$ -	\$ 663,110	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	482,579	-	-	-	509,560
Gas tax	-	-	-	-	-	-	-	-
Lodgers tax	-	-	-	-	-	-	-	-
Federal intergovernmental	-	-	-	-	-	24,745	-	-
State intergovernmental	45,631	755,619	30,200	-	67,890	-	-	-
Licenses and permits	-	-	-	-	13,859	-	-	-
Small cities distribution	-	-	-	-	-	-	-	-
Charges for services	-	-	20,600	-	38,497	-	-	-
Interest income	-	1,457	49	4,837	-	-	-	-
Miscellaneous	376	3,440	6,280	27,148	40,825	-	841	1,000
Total revenues	<u>46,007</u>	<u>760,516</u>	<u>57,129</u>	<u>1,177,674</u>	<u>161,071</u>	<u>24,745</u>	<u>841</u>	<u>510,560</u>
<b>Expenditures</b>								
Current								
General government	-	-	-	-	-	-	-	-
Public safety	54,350	421,748	46,449	-	138,503	-	-	-
Public safety	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	840,206	-	35,500	-	615,456
Culture and recreation	-	-	-	-	-	-	435	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service								
Principal	-	127,819	16,288	220,000	-	-	-	-
Interest	-	39,044	-	105,425	-	-	-	-
Total expenditures	<u>54,350</u>	<u>588,611</u>	<u>62,737</u>	<u>1,165,631</u>	<u>138,503</u>	<u>35,500</u>	<u>435</u>	<u>615,456</u>
Revenues over (under) expenditures	<u>(8,343)</u>	<u>171,905</u>	<u>(5,608)</u>	<u>12,043</u>	<u>22,568</u>	<u>(10,755)</u>	<u>406</u>	<u>(104,896)</u>
<b>Other Financing Sources (Uses)</b>								
Proceeds from notes payable	-	50,378	-	-	-	-	-	-
Transfers in	-	71,178	-	-	14,066	17,540	-	-
Transfers out	-	(6,650)	-	-	(24,203)	(6,785)	-	-
Total other financing sources (uses)	<u>-</u>	<u>114,906</u>	<u>-</u>	<u>-</u>	<u>(10,137)</u>	<u>10,755</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(8,343)	286,811	(5,608)	12,043	12,431	-	406	(104,896)
Fund balance (deficit), beginning of year	47,362	635,926	27,320	560,052	14,344	-	-	736,035
<b>Fund balance (deficit), end of year</b>	<u>\$ 39,019</u>	<u>\$ 922,737</u>	<u>\$ 21,712</u>	<u>\$ 572,095</u>	<u>\$ 26,775</u>	<u>\$ -</u>	<u>\$ 406</u>	<u>\$ 631,139</u>

**State of New Mexico**  
**Sierra County**  
**Combining Statements of Revenues, Expenditures and Changes in Fund Balances — continued**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2017**

	Special Revenue Funds							
	Road Grant 416	State Capital Projects 417	Community Projects 419	County Appraisal 422	Lodgers Tax 477	Sierra Valley Hospital 501	Legislative Appropriations 502	Internal Capital Improvements 506
<b>Revenues</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-	-	-	-	-
Gas tax	-	-	-	-	-	-	-	-
Lodgers tax	-	-	-	-	6,102	-	-	-
Federal intergovernmental	-	-	-	-	-	-	-	-
State intergovernmental	106,122	111,981	1,472	-	-	-	268,793	-
Licenses and permits	-	-	-	-	-	-	-	-
Small cities distribution	-	-	-	-	-	-	-	-
Charges for services	-	-	7,667	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	79,232	-	-	-	-
Total revenues	<u>106,122</u>	<u>111,981</u>	<u>9,139</u>	<u>79,232</u>	<u>6,102</u>	<u>-</u>	<u>268,793</u>	<u>-</u>
<b>Expenditures</b>								
Current								
General government	-	-	176,719	74,262	-	-	-	-
Public safety	-	-	-	-	-	-	31,730	-
Public safety	116,147	171,214	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	99,925	-
Culture and recreation	-	-	-	-	4,233	-	-	-
Capital outlay	-	-	-	-	-	-	143,270	-
Debt service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	<u>116,147</u>	<u>171,214</u>	<u>176,719</u>	<u>74,262</u>	<u>4,233</u>	<u>-</u>	<u>274,925</u>	<u>-</u>
Revenues over (under) expenditures	<u>(10,025)</u>	<u>(59,233)</u>	<u>(167,580)</u>	<u>4,970</u>	<u>1,869</u>	<u>-</u>	<u>(6,132)</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>								
Proceeds from notes payable	-	-	-	-	-	-	-	-
Transfers in	-	-	243,090	-	-	-	-	-
Transfers out	-	-	(78,139)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>164,951</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(10,025)	(59,233)	(2,629)	4,970	1,869	-	(6,132)	-
Fund balance (deficit), beginning of year	147,657	198,524	-	75,299	5,724	76,451	6,132	66,304
<b>Fund balance (deficit), end of year</b>	<u>\$ 137,632</u>	<u>\$ 139,291</u>	<u>\$ (2,629)</u>	<u>\$ 80,269</u>	<u>\$ 7,593</u>	<u>\$ 76,451</u>	<u>\$ -</u>	<u>\$ 66,304</u>

**State of New Mexico**  
**Sierra County**  
**Combining Statements of Revenues, Expenditures and Changes in Fund Balances — continued**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2017**

	Special Revenue Funds							
	Mandatory UA's 507	Mental Health 548	Juvenile Detention 549	Emergency Comm GRT 606	EMS Comm GRT 609	Clerk Recording and Filing Fees 624	Flood Commission 627	EMO Homeland Security 629
<b>Revenues</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 478,465	\$ -
Gross receipts taxes	-	18,426	-	437,626	4,607	-	-	-
Gas tax	-	-	-	-	-	-	-	-
Lodgers tax	-	-	-	-	-	-	-	-
Federal intergovernmental	-	-	-	-	-	-	-	-
State intergovernmental	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Small cities distribution	-	-	-	-	-	-	-	-
Charges for services	19,533	-	-	-	-	26,040	1,334	-
Interest income	-	-	-	-	-	-	1,463	-
Miscellaneous	-	-	-	-	-	-	643	3,418
Total revenues	<u>19,533</u>	<u>18,426</u>	<u>-</u>	<u>437,626</u>	<u>4,607</u>	<u>26,040</u>	<u>481,905</u>	<u>3,418</u>
<b>Expenditures</b>								
Current								
General government	-	-	-	43,553	-	12,901	-	-
Public safety	19,292	-	34,918	-	-	-	-	11,437
Public safety	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	200,677	-
Culture and recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	32,750	-
Debt service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	<u>19,292</u>	<u>-</u>	<u>34,918</u>	<u>43,553</u>	<u>-</u>	<u>12,901</u>	<u>233,427</u>	<u>11,437</u>
Revenues over (under) expenditures	<u>241</u>	<u>18,426</u>	<u>(34,918)</u>	<u>394,073</u>	<u>4,607</u>	<u>13,139</u>	<u>248,478</u>	<u>(8,019)</u>
<b>Other Financing Sources (Uses)</b>								
Proceeds from notes payable	-	-	-	-	-	-	-	-
Transfers in	4,306	-	53,468	-	-	-	-	-
Transfers out	-	-	(37,500)	(367,553)	-	-	(407,363)	-
Total other financing sources (uses)	<u>4,306</u>	<u>-</u>	<u>15,968</u>	<u>(367,553)</u>	<u>-</u>	<u>-</u>	<u>(407,363)</u>	<u>-</u>
Net change in fund balances	4,547	18,426	(18,950)	26,520	4,607	13,139	(158,885)	(8,019)
Fund balance (deficit), beginning of year	(112)	18,073	14,000	144,225	4,518	90,410	965,428	2,516
<b>Fund balance (deficit), end of year</b>	<u>\$ 4,435</u>	<u>\$ 36,499</u>	<u>\$ (4,950)</u>	<u>\$ 170,745</u>	<u>\$ 9,125</u>	<u>\$ 103,549</u>	<u>\$ 806,543</u>	<u>\$ (5,503)</u>



**State of New Mexico**  
**Sierra County**  
**Combining Statements of Revenues, Expenditures and Changes in Fund Balances — continued**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2017**

	Special Revenue Funds					Capital Projects	Total Nonmajor Governmental Funds
	Emergency 911 634	Treasurer Fee 635	Road Dept FEMA 639	Flood Commission FEMA 640	Fire Dept FEMA 641	State Capital Appropriations 418	
<b>Revenues</b>							
Property taxes	\$ -	\$ 310	\$ -	\$ -	\$ -	\$ -	\$ 1,141,885
Gross receipts taxes	-	-	-	-	-	-	1,452,798
Gas tax	-	-	-	-	-	-	-
Lodgers tax	-	-	-	-	-	-	6,102
Federal intergovernmental	-	-	-	129,052	-	-	153,797
State intergovernmental	58,043	-	-	-	-	100,645	1,546,396
Licenses and permits	347	-	-	-	-	-	14,206
Small cities distribution	-	-	-	-	-	-	-
Charges for services	242,968	6,647	-	-	-	-	363,286
Interest income	-	-	-	-	-	-	7,806
Miscellaneous	-	25	-	-	-	-	163,228
Total revenues	<u>301,358</u>	<u>6,982</u>	<u>-</u>	<u>129,052</u>	<u>-</u>	<u>100,645</u>	<u>4,849,504</u>
<b>Expenditures</b>							
Current							
General government	-	14,377	-	-	-	-	321,812
Public safety	627,240	-	-	697,590	-	-	2,083,257
Public safety	-	-	-	-	-	66,830	354,191
Health and welfare	-	-	-	-	-	-	1,791,764
Culture and recreation	-	-	-	-	-	-	4,668
Capital outlay	-	-	-	-	-	-	176,020
Debt service							
Principal	-	-	-	-	-	-	364,107
Interest	-	-	-	-	-	-	144,469
Total expenditures	<u>627,240</u>	<u>14,377</u>	<u>-</u>	<u>697,590</u>	<u>-</u>	<u>66,830</u>	<u>5,240,288</u>
Revenues over (under) expenditures	<u>(325,882)</u>	<u>(7,395)</u>	<u>-</u>	<u>(568,538)</u>	<u>-</u>	<u>33,815</u>	<u>(390,784)</u>
<b>Other Financing Sources (Uses)</b>							
Proceeds from notes payable	-	-	-	-	-	-	50,378
Transfers in	367,553	-	-	407,363	-	-	1,178,564
Transfers out	(1,423)	-	(74,486)	-	-	-	(1,004,102)
Total other financing sources (uses)	<u>366,130</u>	<u>-</u>	<u>(74,486)</u>	<u>407,363</u>	<u>-</u>	<u>-</u>	<u>224,840</u>
Net change in fund balances	40,248	(7,395)	(74,486)	(161,175)	-	33,815	(165,944)
Fund balance (deficit), beginning of year	<u>255,165</u>	<u>26,474</u>	<u>74,486</u>	<u>140,698</u>	<u>100</u>	<u>71,153</u>	<u>4,404,264</u>
<b>Fund balance (deficit), end of year</b>	<u>\$ 295,413</u>	<u>\$ 19,079</u>	<u>\$ -</u>	<u>\$ (20,477)</u>	<u>\$ 100</u>	<u>\$ 104,968</u>	<u>\$ 4,238,320</u>

## Other Supplementary Information

**State of New Mexico**  
**Sierra County**  
**Schedule of Collateral Pledged by Depository for Public Funds**  
**For the Year Ended June 30, 2017**

Security Description	Citizens Bank	First Savings Bank	Total
<b>Bank</b>			
Primary Checking Account	\$ 6,365,543	\$ -	\$ 6,365,543
Money Market Account	52,673	-	52,673
Money Market Account	70,376	-	70,376
Money Market Account	-	99,797	99,797
CD Time Deposit	253,130	-	253,130
CD Time Deposit	253,899	-	253,899
CD Time Deposit	95,800	-	95,800
CD Time Deposit	96,105	-	96,105
CD Time Deposit	250,000	-	250,000
CD Time Deposit	131,195	-	131,195
Total deposits	7,568,721	99,797	7,668,518
(Less) FDIC Insurance	(250,000)	(99,797)	
Total uninsured public funds	7,318,721	-	
Collateral requirement (50% of deposits)	3,659,361	-	
<b>Investments</b>			
LGIP Fund (Pool-4101)			338,076
Cash held at NMFA			965,915
Total bank cash and investments per Schedule of Bank Accounts			\$ 8,972,509
<b>Pledge Collateral</b>			
	<b>CUSIP#</b>		
<b>Bank of</b>			
FFCB Maturity date 07/02/2021	#3133EDQB1	3,068,961	-
FHLB Maturity date 06/10/2022	#313379Q69	1,752,812	-
FHLB Maturity date 12/09/2022	#3130A3KM5	770,740	-
Total pledged collateral		5,592,513	-
Excess (deficiency)		\$ 1,933,152	\$ -

**State of New Mexico**  
**Sierra County**  
**Schedule of Deposits and Investment Accounts**  
**For the Year Ended June 30, 2017**

Bank Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
<b>Deposits</b>					
Citizens Bank of Las Cruces NM	Primary Checking Account	\$ 6,365,543	\$ (282,680)	\$ -	\$ 6,082,863
Citizens Bank of Las Cruces NM	Money Market	52,673	-	-	52,673
Citizens Bank of Las Cruces NM	Money Market	70,376	-	-	70,376
First Savings Bank Sioux Falls SD	Money Market	99,797	-	-	99,797
Citizens Bank of Las Cruces NM	CD Time Deposit	253,130	-	-	253,130
Citizens Bank of Las Cruces NM	CD Time Deposit	253,899	-	-	253,899
Citizens Bank of Las Cruces NM	CD Time Deposit	95,800	-	-	95,800
Citizens Bank of Las Cruces NM	CD Time Deposit	96,105	-	-	96,105
Citizens Bank of Las Cruces NM	CD Time Deposit	250,000	-	-	250,000
Citizens Bank of Las Cruces NM	CD Time Deposit	131,195	-	-	131,195
NM LGIP	LGIP Fund (Pool-4101)	338,075	-	-	338,075
NMFA	Cash	965,916	-	-	965,916
Cash on hand		360	-	-	-
Total deposits and investments per financial statements		<u>\$ 8,972,869</u>	<u>\$ (282,680)</u>	<u>\$ -</u>	<u>\$ 8,689,829</u>
Total cash and cash equivalents per Statement of Net Position					\$ 8,556,338
Total cash and cash equivalents per Statement of Fiduciary Assets and Liabilities					<u>133,491</u>
Total cash, cash equivalents, and investments					<u>\$ 8,689,829</u>

**State of New Mexico**  
**Sierra County**  
**Tax Roll Reconciliation – Changes in Property Taxes Receivable**  
**For the Year Ended June 30, 2017**

Property taxes receivable, beginning of year	\$ 1,095,069
Changes to tax roll	
2016 property tax assessment	7,497,305
Net changes in prior year taxes levied	<u>(10,680)</u>
Subtotal net taxes due	8,581,694
Total collections	<u>(7,592,969)</u>
Property taxes receivable, end of year	<u><u>\$ 988,725</u></u>
Property taxes are reported as follows	
Governmental funds	
County portion	\$ 561,940
Agency portion	<u>426,785</u>
Total property taxes receivable	<u><u>\$ 988,725</u></u>
Property taxes receivable by year	
2007-2015	\$ 460,235
2016	<u>528,490</u>
Total property taxes receivable	<u><u>\$ 988,725</u></u>

**State of New Mexico**  
**Sierra County**  
**Treasurer's Property Tax Schedule**  
**June 30, 2017**

Agency/tax Year	Property Taxes Levied	Collected in Current Year	Collected To Date	Distributed in Current Year	Distributed to Date	Current Amount Uncorrectible	To Date Amount Uncollectable	County Receivable at Year-End
<b>NM Debt Service</b>								
2007 - 2015	\$ 3,328,971	\$ 32,600	\$ 3,304,803	\$ 32,600	\$ 3,304,803	\$ -	\$ -	\$ 24,168
2016	425,371	395,404	395,404	395,404	395,404	-	-	29,967
Total	<u>3,754,342</u>	<u>428,004</u>	<u>3,700,207</u>	<u>428,004</u>	<u>3,700,207</u>	<u>-</u>	<u>-</u>	<u>54,135</u>
<b>Sierra County</b>								
<b>Operating</b>								
2007 - 2015	25,557,335	248,888	25,365,676	248,888	25,365,676	-	-	191,659
2016	3,282,084	3,049,742	3,049,742	3,049,742	3,049,742	-	-	232,342
Total	<u>28,839,419</u>	<u>3,298,630</u>	<u>28,415,418</u>	<u>3,298,630</u>	<u>28,415,418</u>	<u>-</u>	<u>-</u>	<u>424,001</u>
<b>Hospital</b>								
2007 - 2015	4,325,812	46,097	4,291,772	46,097	4,291,772	-	-	34,040
2016	623,157	579,250	579,250	579,250	579,250	-	-	43,907
Total	<u>4,948,969</u>	<u>625,347</u>	<u>4,871,022</u>	<u>625,347</u>	<u>4,871,022</u>	<u>-</u>	<u>-</u>	<u>77,947</u>
<b>Non-rendition</b>								
2007 - 2015	3,206	-	1,449	-	1,449	-	-	1,757
2016	-	-	-	-	-	-	-	-
Total	<u>3,206</u>	<u>-</u>	<u>1,449</u>	<u>-</u>	<u>1,449</u>	<u>-</u>	<u>-</u>	<u>1,757</u>
<b>Administration</b>								
2007 - 2015	6,785	73	6,686	73	6,686	-	-	99
2016	733	650	650	650	650	-	-	83
Total	<u>7,518</u>	<u>723</u>	<u>7,336</u>	<u>723</u>	<u>7,336</u>	<u>-</u>	<u>-</u>	<u>182</u>

**State of New Mexico**  
**Sierra County**  
**Treasurer's Property Tax Schedule — continued**  
**June 30, 2017**

Agency/tax Year	Property Taxes Levied	Collected in Current Year	Collected To Date	Distributed in Current Year	Distributed to Date	Current Amount Uncorrectible	To Date Amount Uncollectable	County Receivable at Year-End
Sierra County - continued								
Flood District								
2007 - 2015	3,714,079	35,744	3,688,244	35,744	3,688,244	-	-	25,835
2016	<u>461,694</u>	<u>429,476</u>	<u>429,476</u>	<u>429,476</u>	<u>429,476</u>	-	-	<u>32,218</u>
Total	<u>4,175,773</u>	<u>465,220</u>	<u>4,117,720</u>	<u>465,220</u>	<u>4,117,720</u>	-	-	<u>58,053</u>
Total County								
2007 - 2015	33,607,217	330,802	33,353,827	330,802	33,353,827	-	-	253,390
2016	<u>4,367,668</u>	<u>4,059,118</u>	<u>4,059,118</u>	<u>4,059,118</u>	<u>4,059,118</u>	-	-	<u>308,550</u>
Total	<u>37,974,885</u>	<u>4,389,920</u>	<u>37,412,945</u>	<u>4,389,920</u>	<u>37,412,945</u>	-	-	<u>561,940</u>
<b>Municipal Operations</b>								
2007 - 2015	3,107,338	40,471	3,083,131	40,471	3,083,131	-	-	24,207
2016	<u>441,146</u>	<u>408,476</u>	<u>408,476</u>	<u>408,476</u>	<u>408,476</u>	-	-	<u>32,670</u>
Total	<u>3,548,484</u>	<u>448,947</u>	<u>3,491,607</u>	<u>448,947</u>	<u>3,491,607</u>	-	-	<u>56,877</u>
<b>School Levy</b>								
2007 - 2015	1,228,547	11,972	1,219,662	11,972	1,219,662	-	-	8,885
2016	<u>155,831</u>	<u>144,851</u>	<u>144,851</u>	<u>144,851</u>	<u>144,851</u>	-	-	<u>10,980</u>
Total	<u>1,384,378</u>	<u>156,823</u>	<u>1,364,513</u>	<u>156,823</u>	<u>1,364,513</u>	-	-	<u>19,865</u>
<b>School Debt Service</b>								
2007 - 2015	14,113,913	134,793	14,012,582	134,793	14,012,582	-	-	101,331
2016	<u>1,758,963</u>	<u>1,635,045</u>	<u>1,635,045</u>	<u>1,635,045</u>	<u>1,635,045</u>	-	-	<u>123,918</u>
Total	<u>15,872,876</u>	<u>1,769,838</u>	<u>15,647,627</u>	<u>1,769,838</u>	<u>15,647,627</u>	-	-	<u>225,249</u>

**State of New Mexico**  
**Sierra County**  
**Treasurer's Property Tax Schedule — continued**  
**June 30, 2017**

Agency/tax Year	Property Taxes Levied	Collected in Current Year	Collected To Date	Distributed in Current Year	Distributed to Date	Current Amount Uncorrectible	To Date Amount Uncollectable	County Receivable at Year-End
<b>School Capital Improvements</b>								
2007 - 2015	4,958,585	47,910	4,922,907	47,910	4,922,907	-	-	35,678
2016	-	-	-	-	-	-	-	-
Total	<u>4,958,585</u>	<u>47,910</u>	<u>4,922,907</u>	<u>47,910</u>	<u>4,922,907</u>	<u>-</u>	<u>-</u>	<u>35,678</u>
<b>Sierra Soil and Water</b>								
2007 - 2015	2,153,343	21,246	2,141,834	21,246	2,141,834	-	-	11,509
2016	271,584	252,272	252,272	252,272	252,272	-	-	19,312
Total	<u>2,424,927</u>	<u>273,518</u>	<u>2,394,106</u>	<u>273,518</u>	<u>2,394,106</u>	<u>-</u>	<u>-</u>	<u>30,821</u>
<b>Underwood Soil and Water</b>								
2007 - 2015	13,749	27	13,749	27	13,749	-	-	-
2016	1,674	1,655	1,655	1,655	1,655	-	-	19
Total	<u>15,423</u>	<u>1,682</u>	<u>15,404</u>	<u>1,682</u>	<u>15,404</u>	<u>-</u>	<u>-</u>	<u>19</u>
<b>Cattle Levy</b>								
2007 - 2015	189,268	3,155	188,917	3,155	188,917	-	-	351
2016	34,123	32,274	32,274	32,274	32,274	-	-	1,849
Total	<u>223,391</u>	<u>35,429</u>	<u>221,191</u>	<u>35,429</u>	<u>221,191</u>	<u>-</u>	<u>-</u>	<u>2,200</u>
<b>Sheep Levy</b>								
2007 - 2015	88	-	88	5	88	-	-	-
2016	5	5	5	5	5	-	-	-
Total	<u>93</u>	<u>5</u>	<u>93</u>	<u>10</u>	<u>93</u>	<u>-</u>	<u>-</u>	<u>-</u>



**State of New Mexico**  
**Sierra County**  
**Treasurer's Property Tax Schedule — continued**  
**June 30, 2017**

Agency/tax Year	Property Taxes Levied	Collected in Current Year	Collected To Date	Distributed in Current Year	Distributed to Date	Current Amount Uncorrectible	To Date Amount Uncollectable	County Receivable at Year-End
<b>Goat Levy</b>								
2007 - 2015	133	5	122	5	122	-	-	11
2016	<u>41</u>	<u>27</u>	<u>27</u>	<u>27</u>	<u>27</u>	-	-	14
Total	<u>174</u>	<u>32</u>	<u>149</u>	<u>32</u>	<u>149</u>	-	-	<u>25</u>
<b>Equine Levy</b>								
2007 - 2015	6,898	63	6,802	63	6,802	-	-	96
2016	<u>942</u>	<u>841</u>	<u>841</u>	<u>841</u>	<u>841</u>	-	-	101
Total	<u>7,840</u>	<u>904</u>	<u>7,643</u>	<u>904</u>	<u>7,643</u>	-	-	<u>197</u>
<b>Dairy Levy</b>								
2007 - 2015	58,454	46	58,452	46	58,452	-	-	2
2016	<u>6,421</u>	<u>6,419</u>	<u>6,419</u>	<u>6,419</u>	<u>6,419</u>	-	-	2
Total	<u>64,875</u>	<u>6,465</u>	<u>64,871</u>	<u>6,465</u>	<u>64,871</u>	-	-	<u>4</u>
<b>Swine Levy</b>								
2007 - 2015	5	-	5	-	5	-	-	-
2016	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	-	-	-
Total	<u>6</u>	<u>1</u>	<u>6</u>	<u>1</u>	<u>6</u>	-	-	-
<b>Bison Levy</b>								
2007 - 2015	49,694	-	49,694	-	49,694	-	-	-
2016	<u>11,132</u>	<u>11,132</u>	<u>11,132</u>	<u>11,132</u>	<u>11,132</u>	-	-	-
Total	<u>60,826</u>	<u>11,132</u>	<u>60,826</u>	<u>11,132</u>	<u>60,826</u>	-	-	-

**State of New Mexico**  
**Sierra County**  
**Treasurer's Property Tax Schedule — continued**  
**June 30, 2017**

Agency/tax Year	Property Taxes Levied	Collected in Current Year	Collected To Date	Distributed in Current Year	Distributed to Date	Current Amount Uncorrectible	To Date Amount Uncollectable	County Receivable at Year-End
<b>Caballo Soil and Water Levy</b>								
2007 - 2015	82,487	1,059	81,880	1,059	81,880	-	-	607
2016	<u>22,403</u>	<u>21,295</u>	<u>21,295</u>	<u>21,295</u>	<u>21,295</u>	<u>-</u>	<u>-</u>	<u>1,108</u>
Total	<u>104,890</u>	<u>22,354</u>	<u>103,175</u>	<u>22,354</u>	<u>103,175</u>	<u>-</u>	<u>-</u>	<u>1,715</u>
<b>Grand Total</b>								
2007 - 2015	62,898,690	624,149	62,438,455	624,154	62,438,455	-	-	460,235
2016	<u>7,497,305</u>	<u>6,968,815</u>	<u>6,968,815</u>	<u>6,968,815</u>	<u>6,968,815</u>	<u>-</u>	<u>-</u>	<u>528,490</u>
Total	<u>\$ 70,395,995</u>	<u>\$ 7,592,964</u>	<u>\$ 69,407,270</u>	<u>\$ 7,592,969</u>	<u>\$ 69,407,270</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 988,725</u>

**State of New Mexico**  
**Sierra County**  
**Schedule of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2017**

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
<b>Taxes Paid in Advance 474</b>				
Assets				
Cash and investments	\$ 15,240	\$ 25,258	\$ -	\$ 40,498
Total assets	<u>\$ 15,240</u>	<u>\$ 25,258</u>	<u>\$ -</u>	<u>\$ 40,498</u>
Liabilities				
Due to others	\$ 15,240	\$ 25,258	\$ -	\$ 40,498
Total liabilities	<u>\$ 15,240</u>	<u>\$ 25,258</u>	<u>\$ -</u>	<u>\$ 40,498</u>
<b>Underwood Water Caballo 550</b>				
Assets				
Cash and investments	\$ -	\$ 1,682	\$ (1,682)	\$ -
Receivables - property taxes	27	1,674	(1,682)	19
Total assets	<u>\$ 27</u>	<u>\$ 3,356</u>	<u>\$ (3,364)</u>	<u>\$ 19</u>
Liabilities				
Due to others	\$ 27	\$ 3,356	\$ (3,364)	\$ 19
Total liabilities	<u>\$ 27</u>	<u>\$ 3,356</u>	<u>\$ (3,364)</u>	<u>\$ 19</u>
<b>Sierra Soil Cons. Dist 551</b>				
Assets				
Cash and investments	\$ 2,796	\$ 270,830	\$ (266,901)	\$ 6,725
Receivables - property taxes	32,813	271,584	(273,576)	30,821
Total assets	<u>\$ 35,609</u>	<u>\$ 542,414</u>	<u>\$ (540,477)</u>	<u>\$ 37,546</u>
Liabilities				
Due to others	\$ 35,609	\$ 542,414	\$ (540,477)	\$ 37,546
Total liabilities	<u>\$ 35,609</u>	<u>\$ 542,414</u>	<u>\$ (540,477)</u>	<u>\$ 37,546</u>
<b>Spaceport Authority 552</b>				
Assets				
Cash and investments	\$ -	\$ 360,441	\$ (360,441)	\$ -
Receivables - other	63,600	349,190	(360,441)	52,349
Total assets	<u>\$ 63,600</u>	<u>\$ 709,631</u>	<u>\$ (720,882)</u>	<u>\$ 52,349</u>
Liabilities				
Due to others	\$ 63,600	\$ 709,631	\$ (720,882)	\$ 52,349
Total liabilities	<u>\$ 63,600</u>	<u>\$ 709,631</u>	<u>\$ (720,882)</u>	<u>\$ 52,349</u>
<b>T or C School 553</b>				
Assets				
Cash and investments	\$ 8,361	\$ 120,147	\$ (120,514)	\$ 7,994
Receivables - other	21,200	116,397	(120,147)	17,450
Total assets	<u>\$ 29,561</u>	<u>\$ 236,544</u>	<u>\$ (240,661)</u>	<u>\$ 25,444</u>
Liabilities				
Due to others	\$ 29,561	\$ 236,544	\$ (240,661)	\$ 25,444
Total liabilities	<u>\$ 29,561</u>	<u>\$ 236,544</u>	<u>\$ (240,661)</u>	<u>\$ 25,444</u>

**State of New Mexico**  
**Sierra County**  
**Schedule of Changes in Assets and Liabilities — continued**  
**Agency Funds**  
**For the Year Ended June 30, 2017**

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
<b>Caballo Water 554</b>				
Assets				
Cash and investments	\$ 130	\$ 22,354	\$ (22,076)	\$ 408
Receivables - property taxes	1,668	22,402	(22,355)	1,715
Total assets	<u>\$ 1,798</u>	<u>\$ 44,756</u>	<u>\$ (44,431)</u>	<u>\$ 2,123</u>
Liabilities				
Due to others	\$ 1,798	\$ 44,756	\$ (44,431)	\$ 2,123
Total liabilities	<u>\$ 1,798</u>	<u>\$ 44,756</u>	<u>\$ (44,431)</u>	<u>\$ 2,123</u>
<b>City of T or C 575</b>				
Assets				
Cash and investments	\$ 2,096	\$ 173,461	\$ (170,102)	\$ 5,455
Receivables - property taxes	33,632	169,279	(173,461)	29,450
Total assets	<u>\$ 35,728</u>	<u>\$ 342,740</u>	<u>\$ (343,563)</u>	<u>\$ 34,905</u>
Liabilities				
Due to others	\$ 35,728	\$ 342,740	\$ (343,563)	\$ 34,905
Total liabilities	<u>\$ 35,728</u>	<u>\$ 342,740</u>	<u>\$ (343,563)</u>	<u>\$ 34,905</u>
<b>Village of Williamsburg 576</b>				
Assets				
Cash and investments	\$ 59	\$ 9,269	\$ (8,685)	\$ 643
Receivables - property taxes	1,728	9,054	(9,269)	1,513
Total assets	<u>\$ 1,787</u>	<u>\$ 18,323</u>	<u>\$ (17,954)</u>	<u>\$ 2,156</u>
Liabilities				
Due to others	\$ 1,787	\$ 18,323	\$ (17,954)	\$ 2,156
Total liabilities	<u>\$ 1,787</u>	<u>\$ 18,323</u>	<u>\$ (17,954)</u>	<u>\$ 2,156</u>
<b>City of Elephant Butte 577</b>				
Assets				
Cash and investments	\$ 2,881	\$ 261,837	\$ (258,951)	\$ 5,767
Receivables - property taxes	29,592	258,158	(261,836)	25,914
Total assets	<u>\$ 32,473</u>	<u>\$ 519,995</u>	<u>\$ (520,787)</u>	<u>\$ 31,681</u>
Liabilities				
Due to others	\$ 32,473	\$ 519,995	\$ (520,787)	\$ 31,681
Total liabilities	<u>\$ 32,473</u>	<u>\$ 519,995</u>	<u>\$ (520,787)</u>	<u>\$ 31,681</u>
<b>Debt Service 591</b>				
Assets				
Cash and investments	\$ 4,143	\$ 428,003	\$ (421,912)	\$ 10,234
Receivables - property taxes	57,289	424,850	(428,004)	54,135
Total assets	<u>\$ 61,432</u>	<u>\$ 852,853</u>	<u>\$ (849,916)</u>	<u>\$ 64,369</u>
Liabilities				
Due to others	\$ 61,432	\$ 852,853	\$ (849,916)	\$ 64,369
Total liabilities	<u>\$ 61,432</u>	<u>\$ 852,853</u>	<u>\$ (849,916)</u>	<u>\$ 64,369</u>

**State of New Mexico**  
**Sierra County**  
**Schedule of Changes in Assets and Liabilities — continued**  
**Agency Funds**  
**For the Year Ended June 30, 2017**

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
<b>Cattle 592</b>				
Assets				
Cash and investments	\$ 55	\$ 35,073	\$ (34,315)	\$ 813
Receivables - property taxes	3,839	33,790	(35,429)	2,200
Total assets	<u>\$ 3,894</u>	<u>\$ 68,863</u>	<u>\$ (69,744)</u>	<u>\$ 3,013</u>
Liabilities				
Due to others	\$ 3,894	\$ 68,863	\$ (69,744)	\$ 3,013
Total liabilities	<u>\$ 3,894</u>	<u>\$ 68,863</u>	<u>\$ (69,744)</u>	<u>\$ 3,013</u>
<b>Sheeps, Goats and Alpaca 593</b>				
Assets				
Cash and investments	\$ -	\$ 37	\$ (35)	\$ 2
Receivables - property taxes	17	46	(38)	25
Total assets	<u>\$ 17</u>	<u>\$ 83</u>	<u>\$ (73)</u>	<u>\$ 27</u>
Liabilities				
Due to others	\$ 17	\$ 83	\$ (73)	\$ 27
Total liabilities	<u>\$ 17</u>	<u>\$ 83</u>	<u>\$ (73)</u>	<u>\$ 27</u>
<b>Euines, Swine, and Rattles 594</b>				
Assets				
Cash and investments	\$ 37	\$ 899	\$ (922)	\$ 14
Receivables - property taxes	166	943	(912)	197
Total assets	<u>\$ 203</u>	<u>\$ 1,842</u>	<u>\$ (1,834)</u>	<u>\$ 211</u>
Liabilities				
Due to others	\$ 203	\$ 1,842	\$ (1,834)	\$ 211
Total liabilities	<u>\$ 203</u>	<u>\$ 1,842</u>	<u>\$ (1,834)</u>	<u>\$ 211</u>
<b>Dairy Cattle 595</b>				
Assets				
Cash and investments	\$ -	\$ 6,464	\$ (6,464)	\$ -
Receivables - property taxes	47	6,421	(6,464)	4
Total assets	<u>\$ 47</u>	<u>\$ 12,885</u>	<u>\$ (12,928)</u>	<u>\$ 4</u>
Liabilities				
Due to others	\$ 47	\$ 12,885	\$ (12,928)	\$ 4
Total liabilities	<u>\$ 47</u>	<u>\$ 12,885</u>	<u>\$ (12,928)</u>	<u>\$ 4</u>
<b>Cost of State 596</b>				
Assets				
Cash and investments	\$ 645	\$ 4,095	\$ (3,942)	\$ 798
Total assets	<u>\$ 645</u>	<u>\$ 4,095</u>	<u>\$ (3,942)</u>	<u>\$ 798</u>
Liabilities				
Due to others	\$ 645	\$ 4,095	\$ (3,942)	\$ 798
Total liabilities	<u>\$ 645</u>	<u>\$ 4,095</u>	<u>\$ (3,942)</u>	<u>\$ 798</u>

**State of New Mexico**  
**Sierra County**  
**Schedule of Changes in Assets and Liabilities — continued**  
**Agency Funds**  
**For the Year Ended June 30, 2017**

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
<b>State P&amp;I Fund 597</b>				
Assets				
Cash and investments	\$ -	\$ 12,705	\$ (10,709)	\$ 1,996
Total assets	<u>\$ -</u>	<u>\$ 12,705</u>	<u>\$ (10,709)</u>	<u>\$ 1,996</u>
Liabilities				
Due to others	\$ -	\$ 12,705	\$ (10,709)	\$ 1,996
Total liabilities	<u>\$ -</u>	<u>\$ 12,705</u>	<u>\$ (10,709)</u>	<u>\$ 1,996</u>
<b>Child Trust Fund Act 598</b>				
Assets				
Cash and investments	\$ 165	\$ 945	\$ (945)	\$ 165
Total assets	<u>\$ 165</u>	<u>\$ 945</u>	<u>\$ (945)</u>	<u>\$ 165</u>
Liabilities				
Due to others	\$ 165	\$ 945	\$ (945)	\$ 165
Total liabilities	<u>\$ 165</u>	<u>\$ 945</u>	<u>\$ (945)</u>	<u>\$ 165</u>
<b>Bison Levy 599</b>				
Assets				
Cash and investments	\$ -	\$ 11,020	\$ (11,020)	\$ -
Receivables - property taxes	-	11,132	(11,132)	-
Total assets	<u>\$ -</u>	<u>\$ 22,152</u>	<u>\$ (22,152)</u>	<u>\$ -</u>
Liabilities				
Due to others	\$ -	\$ 22,152	\$ (22,152)	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 22,152</u>	<u>\$ (22,152)</u>	<u>\$ -</u>
<b>T or C Schools 702</b>				
Assets				
Cash and investments	\$ 24,730	\$ 1,973,900	\$ (1,948,402)	\$ 50,228
Receivables - property taxes	344,263	1,913,212	(1,976,683)	280,792
Total assets	<u>\$ 368,993</u>	<u>\$ 3,887,112</u>	<u>\$ (3,925,085)</u>	<u>\$ 331,020</u>
Liabilities				
Due to others	\$ 368,993	\$ 3,887,112	\$ (3,925,085)	\$ 331,020
Total liabilities	<u>\$ 368,993</u>	<u>\$ 3,887,112</u>	<u>\$ (3,925,085)</u>	<u>\$ 331,020</u>
<b>Overpayment of Taxes 804</b>				
Assets				
Cash and investments	\$ 3,200	\$ 823	\$ (2,272)	\$ 1,751
Total assets	<u>\$ 3,200</u>	<u>\$ 823</u>	<u>\$ (2,272)</u>	<u>\$ 1,751</u>
Liabilities				
Due to others	\$ 3,200	\$ 823	\$ (2,272)	\$ 1,751
Total liabilities	<u>\$ 3,200</u>	<u>\$ 823</u>	<u>\$ (2,272)</u>	<u>\$ 1,751</u>

**State of New Mexico**  
**Sierra County**  
**Schedule of Changes in Assets and Liabilities — continued**  
**Agency Funds**  
**For the Year Ended June 30, 2017**

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
<b>Total All Agency Funds</b>				
Assets				
Cash and investments	\$ 64,538	\$ 3,719,243	\$ (3,650,290)	\$ 133,491
Receivables - property taxes	505,081	3,122,545	(3,200,841)	426,785
Receivables - other	84,800	465,587	(480,588)	69,799
Total assets	<u>\$ 654,419</u>	<u>\$ 7,307,375</u>	<u>\$ (7,331,719)</u>	<u>\$ 630,075</u>
Liabilities				
Due to others	\$ 654,419	\$ 7,307,375	\$ (7,331,719)	\$ 630,075
Total liabilities	<u>\$ 654,419</u>	<u>\$ 7,307,375</u>	<u>\$ (7,331,719)</u>	<u>\$ 630,075</u>

**State of New Mexico**  
**Sierra County**  
**Schedule of Joint Powers Agreements**  
**For the Year Ended June 30, 2017**

Participants	Responsible Party	Beginning and Ending Dates	Scope of Work	Total Estimated Amount of Project	Contribution June 30, 2017	Audit Responsibility	Revenues and Expenditures Reported
New Mexico Energy, Minerals and Natural Resources and Sierra County	EMNRD	4/2/2013 On going	EMNRD is responsible for suppression of all wildland fires on non-federal and non-municipal lands.	None	\$ -	Each participant	EMNRD
Sierra County, City of Truth of Consequences, The Village of Williamsburg, and The City of Elephant Butte	Each Party	8/13/2003 Ongoing	Establish and provide for a centralized communications center to expedite and improve public safety related communications dispatch functions in all political subdivisions jurisdictions.	None	\$ 43,553	Each participant	Each participant
Sierra County and City of Truth or Consequences	City of Truth or Consequences	7/1/2017 Pending amendment	To provide proper housing and care of adult prisoners in the Sierra County Detention Center.	\$95 per day per inmate	\$ 23,655	Each participant	Sierra County
Sierra County and City of Truth of Consequences	Each Party	1/18/2014 On going	To provide through Animal Control Officers, control of dogs and other animals and enforcement of the County's animal control regulations.	\$ 36,000	\$ 1,260	Each participant	Each participant
Energy, Minerals and Natural Resources Department, Forestry Division and Sierra County	EMNRD	11/17/2009 On going	This agreement for Wildland Fire Protection and Suppression's purpose is to document EMNRD's and the County's agreement and commitment to mutual wildland fire suppression and management assistance and cooperation.	None	\$ -	Each participant	EMNRD
City of Truth or Consequences, Elephant Butte, Village of Williamsburgh, and Sierra County	Each Party	7/17/2017 On going	To establish minimum water levels at Elephant Butte Reservoir	None	\$ -	Each participant	Each participant
City of Elephant Butte and Sierra County	Each Party	6/14/2017 On going	To provide cooperative law enforcement within the City of Elephant Butte	\$ 30,000	\$ 20,600	Each participant	Each participant
Bernalillo County and Sierra County	Each Party	6/18/2017 On going	To provide proper housing and care of adult prisoners in the Bernalillo County Detention Center.	\$165 per day per inmate	\$ -	Each participant	Bernalillo County
County of Sierra, City of Truth or Consequences, Village of Williamsburg and City of Elephant Butte	Each Party	5/14/1998 On going	To provide flexibility in financing the acquisition, ownership, construction, operation and maintenance of necessary hospital facilities.	Pledged gross receipts tax	\$ 325,073	Each participant	Sierra Vista Hospital Joint Power Commission



## Compliance Section

Independent Auditor's 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*

Mr. Wayne Johnson  
New Mexico State Auditor and  
Sierra County Board of Commissioners  
Truth or Consequences, New Mexico

We have audited, 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, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds of Sierra County, New Mexico (the "County") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described as items 2015-002 and 2015-003 in the accompanying schedule of findings and responses to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described as items 2017-001, 2017-002, and 2017-003 in the schedule of findings and responses to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2017-003, 2017-004 and 2017-005.

### **Management's Responses to Findings**

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

### **Purpose of this Report**

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

A handwritten signature in black ink that reads "REDW LLC". The letters are written in a cursive, slightly slanted style.

Albuquerque, New Mexico  
February 26, 2018

**State of New Mexico**  
**Sierra County**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2017**

**Section I — Financial Statement Findings**

**2015-002 – Trial Balance (Material Weakness) (Repeated and Modified)**

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*Criteria or Specific Requirement:* Internal controls over financial reporting include the ability to timely reconcile general ledger accounts and produce accurate and timely financial statements. Monthly maintenance of the trial balance and preparation of financial statements in accordance with generally accepted accounting principles (GAAP) ensure that timely, accurate and useful information is available to management and those charged with governance.

*Condition:* The County's trial balance of the general ledger provided for audit required material adjustments to cash, accounts receivable, accounts payable, accrued liabilities, capital assets, and fund balance/net position. The County has made limited progress towards correcting this repeat internal control deficiency.

*Cause:* The County maintains the general ledger on a cash basis of accounting and does not have adequate internal control procedures to record month end adjustments needed to prepare a GAAP basis trial balance of the general ledger. The County also did not demonstrate a sound understanding of the Triadic software used as its general ledger software. Additionally, adjustments identified in prior year audits were not recorded in the general ledger.

*Effect:* Material correcting journal entries were needed to record adjustment identified in prior year audits and to adjust the trial balance of the general ledger from a cash basis to a GAAP basis trial balance. The following entries were needed to correct the trial balance:

- ◆ Entries were needed to correct fund balance as a result of adjustments identified in prior audit not being recorded.
- ◆ Entries were needed to record cash balances maintained at the New Mexico Finance Authority.
- ◆ Each fund should be a set of self-balancing accounts. Entries were needed to balance individual funds as a result of interfund transactions and to eliminate negative cash balances.
- ◆ Entries were needed to record account receivable balances for gross receipts tax and property taxes owed to the County.
- ◆ Entries were needed to record an accounts payable liability for amounts owed to vendors at year-end.
- ◆ Entries were needed to record an accrued payroll liability for amounts owed to employees at year-end.
- ◆ Entry was needed to record the proceeds for a new loan entered into at year-end.

Without proper internal control procedures to identify needed entries to adjust the trial balance of the general ledger, there is an increased risk that errors and/or irregularities will occur and not be detected and corrected timely.

**State of New Mexico**  
**Sierra County**  
**Schedule of Findings and Responses — continued**  
**For the Year Ended June 30, 2017**

Section I — Financial Statement Findings — continued

2015-002 – Trial Balance (Material Weakness) (Repeated and Modified) — continued

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*Auditor's Recommendations:* We recommend the County establish internal control procedures to ensure account balances are properly identified and accurately reflected in trial balance. The procedures should include a process to prepare appropriate schedule and subsidiary ledgers, and these schedules and subsidiary ledgers should then be reconciled to the trial balance of the general ledger. Schedules and subsidiary ledgers should be independently reviewed to ensure the schedules and subsidiary ledgers are accurate prior to recording any adjustments. The County should obtain appropriate training on the use of the Triadic accounting software in order to understand how transactions are recorded, what reports available and how to make GAAP basis accounting entries.

*Management's Response:* The county's finance employee lacked the time and training to ensure account balances were properly identify and accurately reflected in trail balance. The county is hiring a second finance position and providing appropriate training to implement procedures and internal controls, including a process to prepare appropriate schedule and subsidiary ledgers, and these schedules and subsidiary ledgers should then be reconciled to the trial balance of the general ledger.

The county manager has advertised for and will hire an addition finance position by March 2018. Both employees will receive training by June 2018, and receive additional training on an ongoing basis. The finance director will develop and implement internal controls to prepare appropriate schedules and subsidiary ledgers, and these schedules and subsidiary ledgers should then be reconciled to the trial balance of the general ledger by June 2018.

**State of New Mexico**  
**Sierra County**  
**Schedule of Findings and Responses — continued**  
**For the Year Ended June 30, 2017**

Section I — Financial Statement Findings — continued

**2015-003 — Controls Over Capital Assets (Material Weakness) (Repeated)**

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*Criteria or Specific Requirement:* In accordance with 2.20.1 NMAC, the County shall establish controls over its capital assets for the primary purposes of safeguarding them and establishing accountability for their custody and use. Capital assets are any property or equipment that has an initial value of more than \$5,000. Among other controls this includes conducting a physical inventory of the entity's capital assets and tagging the assets the entity's custody. In accordance with the rule, the annual physical inventory is a process of verifying that fixed assets owned by the entity are present in their assigned custody and location, and evaluating their condition. The physical inventory checks against losses not previously revealed, and brings to light errors in records of accountability, but more importantly, a systematic physical inventory of fixed assets provides an opportunity for surveying their physical condition.

*Condition:* The County's capital asset records had not been reconciled to the physical inventory taken by each department. The listing included assets that were no longer owned by the County and items that did not meet the County's capitalization threshold. Useful lives used to depreciate capital assets did not conform to the useful lives policy established by the County. Additionally, general ledger accounts (fund) have not been established to record changes in capital assets and depreciation on capital assets. The County made significant corrections to their capital asset records during the audit process. As a result, there was a \$11,804,080 correction made to capital assets reported in the governmental activities and a \$140,121 correction made to capital assets reported in the business-type activity and landfill fund.

*Cause:* The County has not established internal control to properly account for capital assets or maintain accurate capital asset accounting records.

*Effect:* By not establishing internal control procedures over capital assets and not maintaining appropriate accounting records, there is an increase risk that errors and/or irregularities will occur and not be detected and corrected timely. Significant time was needed to create the accounting records and material accounting adjustments were needed to correct the capital assets listing and to record depreciation expense for the year.

*Auditor's Recommendations:* The County should establish and enforce internal control procedures to record, inventory, reconcile, and correct capital asset activities. The County should obtain appropriate training on the use of the Triadic capital asset module in order to accurately capture capital asset activity in the software. At least annually, a capital asset physical inventory should be performed and the physical inventory should be reconciled to the capital asset listing.

**State of New Mexico**  
**Sierra County**  
**Schedule of Findings and Responses — continued**  
**For the Year Ended June 30, 2017**

Section I — Financial Statement Findings — continued

2015-003 — Controls Over Capital Assets (Material Weakness) (Repeated) — continued

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*Management's Response:* Capital asset and inventory duties have been reassigned to the Indigent and Capital Assets coordinator. This employee has received training with respect to Triadic modules. Additional training will be provided on an ongoing basis. The employee will establish internal control procedures to record, inventory, reconcile, and correct capital asset activities by June 2018.

**State of New Mexico**  
**Sierra County**  
**Schedule of Findings and Responses — continued**  
**For the Year Ended June 30, 2017**

Section I — Financial Statement Findings — continued

**2017-001 — Segregation of Duties – (Significant Deficiency)**

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*Criteria or Specific Requirement:* A fundamental concept in a good system of internal control is a proper segregation of duties. Without adequate segregation of duties, the risk of an error or fraud occurring and going undetected increases. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. In situations where segregation of duties is not feasible, a higher level of management oversight is appropriate.

*Condition:* While the County has implemented controls over general disbursement, payroll, cash receipts and general ledger accounting, there are still some incompatible duties that should be segregated. The following is a list of these incompatible duties:

- ◆ The Treasurer has the ability to receive cash, make deposits, record journal entries and make adjustments/write-offs to property tax records. The Treasurer also has access to bank accounts, signs checks and performs bank reconciliations.
- ◆ Human Resources Director and the Executive Assistant have the authority to enter payroll data into the Triadic system and process payroll.
- ◆ Finance Director has the ability to create new vendors and prepare checks to the vendors.

*Cause:* The County has a limited number of accounting and administrative staff which makes it impractical to fully segregate incompatible duties.

*Effect:* The lack of segregation of incompatible duties increases the possibility that errors and improper activities would not be detected.

*Auditor's Recommendations:* Due to limits on staffing at the County, the cost of segregating all accounting related duties may be greater than the benefit. We recommend the following internal control procedures to mitigate the weakness resulting from unsegregated duties.

Bank reconciliation should be performed by accounting staff who does not have access to the bank accounts or check writing authority. Since the Treasurer has the authority to access bank accounts and sign check, the ability to record journal entries and make adjustments/write-offs to property tax records should be removed from the accounting system. Access by the finance director to create new vendors should be removed from the accounting system. Finally, a knowledgeable member of management that is not involved in the preparation of the accounting records should carefully and critically review all proposed adjusting journal entries, write-offs or adjustments to property tax records and significant transactions for appropriateness and accuracy. This person should also scan transactions posted to the general ledger each month with the objective of identifying and investigating of unusual postings.



**State of New Mexico**  
**Sierra County**  
**Schedule of Findings and Responses — continued**  
**For the Year Ended June 30, 2017**

Section I — Financial Statement Findings — continued

2017-001 — Segregation of Duties – (Significant Deficiency) — continued

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*Management's Response:* The Treasurer's Office has three employees currently and a maximum of four when fully staffed. The county Treasurer has segregated duties in the office to the best of her ability in a small office. All processes including bank reconciliation, check writing, bank account access, check signatures, journal entries and adjustments/write-offs to property tax records, adjusting journal entries, write-offs or adjustments to property tax records, etc. require that one employee conduct the activity and a second employee will review and confirm the appropriateness of the action. Both employees are required to sign and notate the activity and review. The Treasurer implemented internal controls requiring a second person review and approve activity on February 2018.

The finance director's computer access to create new vendors was terminated on February 2018.

Responsibilities for entry and processing payroll will be transferred to the Finance Department. This process will be completed by July 2018.

**State of New Mexico**  
**Sierra County**  
**Schedule of Findings and Responses — continued**  
**For the Year Ended June 30, 2017**

Section I — Financial Statement Findings — continued

**2017-002 — Information Technology Policy and Procedures— (Significant Deficiency)**

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*Criteria or Specific Requirement:* Information technology (IT) including systems and infrastructure are essential and integral to the efficiency of the County’s operations. IT internal controls are essential to maintain the confidentiality, integrity and availability of data. IT internal controls are as important as the internal controls that surround the input of financial transactions into the County’s general ledger.

*Condition:* Several areas of the IT infrastructure were identified as needing enhanced controls. These areas include performing a periodic IT risk assessment and documenting IT general policy and procedures.

- ◆ Performance of periodic IT risk assessment.
- ◆ Documented IT general policies and procedures, including user set up and termination policy and procedures, disaster recovery policy and procedures and restoring and backing up financial and accounting data policy and procedures.

*Cause:* There does not appear to be any IT governance structure, formal reporting and established leadership for IT. As a result, a critical IT risk assessment has not been performed and formal policies and procedures have not been documented.

*Effect:* Without strong internal controls over the County’s IT infrastructure, there is a potential for the confidentiality, integrity and/availability of data to be compromised. This compromise could be by an internal user of the system or by an external source (hacker) and could be intentional or unintentional.

*Auditor’s Recommendations:* Design and implement an IT governance structure. Once IT governance is established, the person charged with governance should perform a formal IT risk assessment and draft policies and procedures for general IT functions, including user setup and termination policies and procedures, disaster recovery policy and procedures, and backup and recovery policies and procedures. These procedures should then be approved by the County Commission and implemented.

*Management’s Response:* The county has a process for setting up and terminating employee IT access, and a disaster recovery process; however, these processes are not formalized in writing. An IT risk assessment was completed in 2017. The county manager is working with our IT consultant to develop and implement an IT governance structure. The IT governance structure and written IT policies and procedures will be developed for IT functions by April 2018.

**State of New Mexico**  
**Sierra County**  
**Schedule of Findings and Responses — continued**  
**For the Year Ended June 30, 2017**

**Section II — Section 12-6-5 NMSA 1978 Findings**

**2017-003 — Late Submission of Audit Report – (Significant Deficiency and Noncompliance)**

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*Criteria or Specific Requirement:* Local public body audits, which includes Counties, are to be submitted to the state auditor by December 1st, as required by NMAC 2.2.2.9(1)(f).

*Condition:* The audit report was submitted to the state auditor after the required deadline of December 1, 2017.

*Cause:* The County's financial accounting records were not reconciled and prepared in a manner to allow the timely completion of the annual audit.

*Effect:* The County is not in compliance with the State Auditor Rule pertaining to the submission of audit reports.

*Auditor's Recommendations:* We recommend the County establish internal control procedures to ensure account balances are properly identified and accurately reflected in trial balance. The procedures should include a process to prepare appropriate schedule and subsidiary ledgers, and these schedules and subsidiary ledgers should then be reconciled to the trial balance of the general ledger. The County should review their financial statements before the audit and compile the information necessary for the notes and schedules to the financial statements as early as possible.

*Management's Response:* The county's finance employee lacked the time and training to fulfill all financial department obligations. The county is hiring a second finance position and providing appropriate training to implement necessary procedures and internal controls.

The county manager has advertised for and will hire an addition finance position by March 2018. Both employees will receive training by June 2018, and receive additional training on an ongoing basis. The finance director will develop and implement procedures and internal controls, and review financial statements before the next audit and compile all necessary information for auditors by August 2018.

**State of New Mexico**  
**Sierra County**  
**Schedule of Findings and Responses — continued**  
**For the Year Ended June 30, 2017**

Section II — Section 12-6-5 NMSA 1978 Findings — continued

**2017-004 — Travel and Per Diem (Other Matter and Noncompliance)**

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*Criteria or Specific Requirement:* The Per Diem and Mileage Act, 2.42. 2.11 NMAC, allows employees and officials of local public bodies to be reimbursed for mileage accrued in the use of a private conveyance in the discharge of official duties at the statutory rates unless such rates have been reduced by the governing bodies of the local public body pursuant to NMSA 1978, Section 10-8- 5(D).

*Condition:* The County has adopted a mileage reimbursement rate of 80% of the internal revenue service standard rate set January 1 of the previous year for each mile traveled in a privately owned vehicle. Three out of eight travel and per diem transactions tested were reimbursed at the full internal revenue service rate. Additionally, one travel request form was not approved by the County Manager in accordance with the County's policies.

*Cause:* The County did not follow their own policy for reimbursing employees for their use of private vehicles.

*Effect:* The County did not comply with their policies regarding travel and per diem. As a result, employees were over reimbursed for mileage.

*Auditor's Recommendations:* The County should communicate their policy and approved per diem rates to those responsible for approving travel reimbursement transactions. Each transactions should be carefully reviewed to ensure compliance with the County's policies and approved by the County Manager.

*Management's Response:* The County has a good per diem and travel policy, and the policy is communicated frequently to employees. Staff failed to change the mileage rate form and failed to identify the mileage rate mistake. The Procurement Director revised the form with current rates and each transaction is reviewed to ensure policy compliance by the County Manager.

**State of New Mexico**  
**Sierra County**  
**Schedule of Findings and Responses — continued**  
**For the Year Ended June 30, 2017**

Section II — Section 12-6-5 NMSA 1978 Findings — continued

**2017-005 — Procurement (Other Matter and Noncompliance)**

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*Criteria or Specific Requirement:* Section 13-1-29 C NMSA 1978 states that, the purposes of the Procurement Code are to provide for the fair and equal treatment of all persons involved in public procurement, to maximize the purchasing value of public funds and to provide safeguards for maintaining a procurement system of quality and integrity. The objective of this rule is to have the force and effect of law to implement, interpret or make statute specific as it applies to the Procurement Code, Sections 13-1-28 through 13-1-199 NMSA 1978 and the purposes stated therein.

*Condition:* For one of the two procurement transactions selected for testing, the County was unable to provide procurement documentation demonstrating the reason for selecting a particular vendor.

*Cause:* The County had used this particular vendor for several years and had not reevaluated this vendor's contract or requested proposal for the services provide.

*Effect:* The County was not in compliance with their procurement policy. Additionally, there is a possibility that more favorable contract terms could have been obtained if a request for proposal had been issued and other vendors could have had the opportunity to bid on the services.

*Auditor's Recommendations:* The County should review current contracts and determine which contracts need to be renewed. The County's procurement policy should be followed before renewing contracts for services.

*Management's Response:* The Procurement Officer was in the bidding process when the finding was discovered. The bids were inconclusive and the CPO made the determination to use the State Price Agreement for WEX Fuel, which was approved by the Sierra County Commission, Tuesday, January 23, 2018. The Procurement Director completed an assessment of services and contracts, and implemented a tracking mechanism to ensure contract timeliness.

Shelly Trujillo  
 County Clerk  
 575-894-2840  
 Terri Copsin  
 County Treasurer  
 575-894-3524  
 Keith Whitney  
 County Assessor  
 575-894-2589  
 Thomas Pestak  
 Probate Judge  
 575-740-4900



Ken Lyon  
 District 2  
 575-894-6215  
 Sherry Fletcher  
 District 1  
 575-894-6215  
 Frances L. Luna  
 District 3  
 575-894-6215  
 Glenn Hamilton  
 Sheriff  
 575-894-9150

Bruce Swingle  
 County Manager  
 855 Van Patten

Truth or Consequences, New Mexico 87901

**Corrective Action Plan  
 For the Year Ended June 30, 2017**

Audit Finding	Corrective Action Plan	Person Responsible	Estimated Completion Date
2015-002 Trial Balance	See management’s response at the finding.	Hiring 2 <sup>nd</sup> finance person- County Manager	March 2018
		Training- County Manager	June 2018
		Internal Controls– Finance Director	June 2018
2015-003 Controls Over Capital Assets	See management’s response at the finding.	Reassigned duties- County Manager	Done
		Internal Controls– Capital Asset Coordinator	June 2018
		Funding–County Manager/Commission	Done
2017-001 Segregation of Duties	See management’s response at the finding.	Segregation- Treasurer	Done
		Segregation-Finance Directors	Done
2017-002 Information Technology Policy and Procedures	See management’s response at the finding.	Procurement/County Manager	August 2018
2017-003 Late Submission of Audit Report	See management’s response at the finding.	Second Position- County Manager	March 2018
		Internal Controls– Finance Director	June 2018
2017-004 Travel and Per Diem	See management’s response at the finding.	Procurement Director	Done
2017-005 Procurement	See management’s response at the finding.	Procurement Director	Done

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 Sheriff  
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 855 Van Patten

*Truth or Consequences, New Mexico 87901*

**Summary Schedule of Prior Audit Findings  
 For the Year Ended June 30, 2017**

<b>Reference Number</b>	<b>Finding</b>	<b>Status</b>
2015-002	Trial Balance (Material Weakness)	Repeated and Modified
2015-003	Capital Assets (Material Weakness)	Repeated
2016-001	Travel and Per Diem	Repeated and Modified
2016-002	Internal Controls over Cash Disbursements	Resolved
2016-003	Internal Controls over Inventory	Resolved
2016-003	Expenditures in Excess of Budget	Resolved

**State of New Mexico**  
**Sierra County**  
**Exit Conference**  
**For the Year Ended June 30, 2017**

**Exit Conference**

An exit conference was conducted on February 26, 2017, during a closed session, in accordance with New Mexico statutes, with the following individuals:

**Sierra County**

Kenneth Lyon, County Commission Chairman  
Bruce Swingle, County Manger  
Terrie Copsin, County Treasurer  
Becky Mena. Finance Director  
Jocelyn Holguin, Chief Procurement Officer  
Serina Bartoo, Executive Assistant

**REDW<sub>LLC</sub>**

Wesley Daniels, CPA, Senior Manager