

**STATE OF NEW MEXICO
VALENCIA COUNTY**

Annual Financial Report

June 30, 2017



AXIOM

*Certified Public Accountants
and Business Advisors LLC*

INTRODUCTORY SECTION

**STATE OF NEW MEXICO
VALENCIA COUNTY**

June 30, 2017

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**STATE OF NEW MEXICO
VALENCIA COUNTY**

June 30, 2017

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**STATE OF NEW MEXICO
VALENCIA COUNTY**

June 30, 2017

OFFICIAL ROSTER

BOARD OF COUNTY COMMISSIONERS

Charles D. Eaton	Chairman – District 4
Jhonathan Aragon	Vice Chair – District 5
Helen Y. Cole	Member – District 1
David Hyder	Member – District 3
Billy Ray Martinez	Member - District 2

ELECTED OFFICIALS

Peggy Carabajal	County Clerk
Deseri Sichler	County Treasurer
Michelle Milam	County Assessor
Louis Burkhard	County Sherriff
Jamie Goldberg	County Probate Judge

ADMINISTRATIVE OFFICIALS

Danny Monette	County Manager
Loretta Trujillo	Finance Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To Mr. Wayne Johnson
New Mexico State Auditor
To the Board of Valencia County Commissioners
Los Lunas, NM

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Valencia 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, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2017, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 19 to the financial statements, the County overstated prepaid expenditures, understated the related expenditures in a prior period. The beginning balance of net position and fund balance of the County have been restated for the correction of this misstatement. Our opinion is not modified with respect to this matter.

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 a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by 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 on pages 45 through 48, 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 fund financial statements, and other schedules as required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combined and individual non-major fund financial statements and the other schedules required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, and other schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 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.



Albuquerque, New Mexico
February 28, 2018

BASIC FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
 VALENCIA COUNTY
 STATEMENT OF NET POSITION
 June 30, 2017**

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 12,380,655
Interest in State Treasurer LGIP	31,872
Receivables:	
Property taxes receivable	3,352,661
Due from other governments	3,120,250
Other receivables	37,568
Prepaid expenses	1,324,685
Inventory	125,658
Total Current Assets	<u>20,373,349</u>
Non-Current Assets	
Restricted cash and cash equivalents	1,664,602
Capital assets	62,194,742
Accumulated Depreciation	(21,256,583)
Total Non-Current Assets	<u>42,602,761</u>
Total Assets	<u>62,976,110</u>
DEFERRED OUTFLOWS - Pension Related	9,915,317

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VALENCIA COUNTY
STATEMENT OF NET POSITION (CONTINUED)
June 30, 2017**

	Governmental Activities
LIABILITIES	
Current Liabilities	
Accounts payable	860,266
Accrued payroll expenses	506,788
Unearned revenue	397,908
Accrued interest	40,847
Current portion of accrued compensated absences	506,132
Current portion of bonds and notes payable	1,622,986
Total Current Liabilities	<u>3,934,927</u>
Non-Current Liabilities	
Noncurrent portion of accrued compensated balances	80,568
Landfill liability	347,500
Noncurrent portion of bonds and notes payable	7,806,720
Net pension liability	21,244,615
Total Non-Current Liabilities	<u>29,479,403</u>
Total Liabilities	<u>33,414,330</u>
DEFERRED INFLOWS - Pension Related	498,095
NET POSITION	
Net investment in capital assets	31,508,453
Restricted for:	
Debt service	2,160,950
Special revenue	7,640,028
Unrestricted	(2,330,429)
Total net position	<u>\$ 38,979,002</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
VALENCIA COUNTY
STATEMENT OF ACTIVITIES
Year ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense)	
		Charges for Services	Grants and Contributions	Revenue and	
				Grants and Contributions	Changes in Net
				Position	
			Operating	Capital	Total
					Governmental
					Activities
Primary government					
General government	\$ 2,746,823	1,145,815	2,101,240	-	500,232
Public safety	16,144,283	661,070	266,689	-	(15,216,524)
Public works	4,325,024	236,813	972,119	436,265	(2,679,827)
Culture and recreation	4,172,263	-	-	-	(4,172,263)
Health and welfare	5,743,662	-	246,985	333,199	(5,163,478)
Interest on long-term debt	314,256	-	-	-	(314,256)
<i>Total governmental activities</i>	<u>\$ 33,446,311</u>	<u>2,043,698</u>	<u>3,587,033</u>	<u>769,464</u>	<u>(27,046,116)</u>
General Revenue and Special Items:					
Taxes					
Property taxes, levied for general purpose and debt service					12,515,774
Gross receipts taxes					13,632,323
Gasoline, motor vehicle and cigarette taxes					801,832
Investment income					4,983
Loss on disposal of assets					(82,403)
Miscellaneous income					422,879
Total general revenues and special items					<u>27,295,388</u>
Change in net position					249,272
Net position, beginning as previously reported					<u>39,592,945</u>
Restatement (Note 19)					<u>(863,215)</u>
Net position, beginning as restated					<u>38,729,730</u>
Net position, ending					<u>\$ 38,979,002</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
 VALENCIA COUNTY
 BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2017**

	General Fund 401	Adult Detention Center Fund 422
ASSETS		
Cash and cash equivalents	\$ 5,548,646	-
Restricted cash	-	-
Interest in State Treasurer LGIP	31,872	-
Property taxes receivable	3,107,490	-
Due from other governments	647,219	251,238
Other receivables	30,177	-
Prepaid expenses	837,171	430,652
Inventory	5,173	-
Due from other funds	198,010	-
Total Assets	\$ 10,405,758	681,890
LIABILITIES AND FUND BALANCES		
Accounts payable	\$ 40,612	441,200
Accrued payroll expenses	283,937	108,993
Unearned Revenue	-	-
Due to other funds	50,711	66,656
Total Liabilities	375,260	616,849
DEFERRED INFLOWS		
Property taxes	2,873,902	-
Total Deferred Inflows	2,873,902	-
FUND BALANCES		
Nonspendable		
Prepaid expenses	837,171	430,652
Inventory	5,173	-
Restricted for:		
General county operations	-	-
Maintenance of roads	-	-
Fire departments	-	-
Older American programs	-	-
Public safety	-	-
Debt service expenditures	-	-
Unassigned	6,314,252	(365,611)
TOTAL FUND BALANCES	7,156,596	65,041
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 10,405,758	681,890

See Notes to Financial Statements.

Other Funds 299	Revenue Bond Fund 300	Other Non-Major Governmental Funds	Total Governmental
1,520,273	2,709,405	2,602,331	12,380,655
-	-	1,664,602	1,664,602
-	-	-	31,872
-	-	245,171	3,352,661
980,479	-	1,241,314	3,120,250
-	-	7,391	37,568
-	-	56,862	1,324,685
36,132	-	84,353	125,658
-	-	-	198,010
2,536,884	2,709,405	5,902,024	22,235,961
5,570	34,920	337,964	860,266
23,252	-	90,606	506,788
-	-	397,908	397,908
-	-	80,643	198,010
28,822	34,920	907,121	1,962,972
-	-	230,633	3,104,535
-	-	-	3,104,535
-	-	56,862	1,324,685
36,132	-	84,353	125,658
2,471,930	-	959,771	3,431,701
-	2,674,485	525,698	3,200,183
-	-	331,230	331,230
-	-	675,036	675,036
-	-	1,878	1,878
-	-	2,160,950	2,160,950
-	-	(31,508)	5,917,133
2,508,062	2,674,485	4,764,270	17,168,454
2,536,884	2,709,405	5,902,024	22,235,961

**STATE OF NEW MEXICO
 VALENCIA COUNTY
 RECONCILIATION OF THE BALANCE SHEET GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 Year Ended June 30, 2017**

	<u>Governmental Activities</u>
Total Fund Balances - Governmental Funds (Governmental Fund Balance Sheet)	\$ 17,168,454
 Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets	62,194,742
Accumulated depreciation	<u>(21,256,583)</u>
Total capital assets	40,938,159
 Some revenues will not be available to pay for current period expenditures and, therefore, are recorded as deferred inflows in the governmental funds:	
	3,104,535
Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds	9,915,317
Defined benefit pension plan deferred inflows are not due and payable in the current period, and therefore, are not reported in the funds	(498,095)
 Certain liabilities, including bonds payable and current and long-term portions of accrued compensated absences, are not due and payable in the current period and therefore are not reported in the funds:	
Bonds and notes payable	(9,429,706)
Net pension liability	(21,244,615)
Accrued interest	(40,847)
Landfill liability	(347,500)
Compensated absences	<u>(586,700)</u>
	<u>(31,649,368)</u>
Net Position of Governmental Activities (Statement of Net Position)	\$ <u>38,979,002</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VALENCIA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS
Year Ended June 30, 2017**

	General Fund 401	Adult Detention Center Fund 422	Other Funds 299
REVENUES			
Taxes:			
Property	\$ 11,210,539	-	-
Gross receipts	2,979,688	1,130,297	4,125,039
Gasoline, motor vehicle and cigarette taxes	467,588	-	-
Intergovernmental:			
Federal operating grants	116,160	-	19,220
State operating grants	1,723,005	-	242,855
State capital grants	-	-	-
Charges for services	395,567	276,076	2,455
Licenses and fees	747,793	359,994	-
Investment income	1,309	-	91
Miscellaneous	50,287	2,520	98,562
Total revenues	17,691,936	1,768,887	4,488,222
EXPENDITURES			
Current			
General government	1,793,723	-	-
Public safety	5,696,252	4,801,464	2,740,639
Public works	-	-	-
Culture and recreation	3,014,591	-	-
Health and welfare	768,910	-	612,740
Capital outlay	343,054	-	285,140
Debt service:			
Principal	-	-	-
Interest	-	-	-
Bond issuance cost	-	-	-
Total expenditures	11,616,530	4,801,464	3,638,519
Excess (deficiency) of revenues over (under) expenditures	6,075,406	(3,032,577)	849,703
Other Financing Sources (Uses)			
Transfers in	1,083,726	2,699,606	612,740
Proceeds from issuance of debt	-	-	-
Transfers out, governmental funds	(5,814,065)	-	(1,083,726)
Transfers out, agency funds	-	-	-
Total other financing sources (uses)	(4,730,339)	2,699,606	(470,986)
NET CHANGES IN FUND BALANCES	1,345,067	(332,971)	378,717
FUND BALANCES - BEGINNING AS PREVIOUSLY REPORTED	6,470,451	523,249	2,129,744
RESTATEMENT (NOTE 19)	(658,922)	(125,237)	(399)
FUND BALANCES - BEGINNING AS RESTATED	5,811,529	398,012	2,129,345
FUND BALANCES - END OF YEAR	\$ 7,156,596	65,041	2,508,062

See Notes to Financial Statements.

Revenue Bond Fund 300	Other Non-Major Governmental Funds	Total Governmental Total
-	1,244,436	12,454,975
-	5,397,299	13,632,323
-	334,244	801,832
-	497,490	632,870
-	988,303	2,954,163
-	769,464	769,464
-	236,813	910,911
-	25,000	1,132,787
1,873	1,710	4,983
-	271,510	422,879
<u>1,873</u>	<u>9,766,269</u>	<u>33,717,187</u>
-	549,721	2,343,444
-	1,050,462	14,288,817
-	2,848,199	2,848,199
-	862,153	3,876,744
776,982	3,034,667	5,193,299
1,147,632	2,980,810	4,756,636
-	-	-
-	1,569,871	1,569,871
-	325,053	325,053
-	-	-
<u>1,924,614</u>	<u>13,220,936</u>	<u>35,202,063</u>
<u>(1,922,741)</u>	<u>(3,454,667)</u>	<u>(1,484,876)</u>
-	3,284,717	7,680,789
-	-	-
-	(782,998)	(7,680,789)
-	-	-
<u>-</u>	<u>2,501,719</u>	<u>-</u>
(1,922,741)	(952,948)	(1,484,876)
<u>4,597,226</u>	<u>5,795,875</u>	<u>19,516,545</u>
-	-	-
-	(78,657)	(863,215)
<u>4,597,226</u>	<u>5,717,218</u>	<u>18,653,330</u>
<u><u>2,674,485</u></u>	<u><u>4,764,270</u></u>	<u><u>17,168,454</u></u>

**STATE OF NEW MEXICO
 VALENCIA COUNTY
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 June 30, 2017**

	Governmental Activities
Net Change in Fund Balances - Total Governmental Funds	
(Statement of Revenues, Expenditures, and Changes in Fund Balances/Deficit)	\$ (1,484,876)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay expenditures	4,756,636
Depreciation expense	(2,491,164)
Loss on disposal of assets	(82,403)
	<hr/>
	2,183,069
Issuance of debt provides financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Activities.	
Loan payable	149,871
Bond payable	1,420,000
	<hr/>
	1,569,871
Revenues that do not provide current financial resources or expenditures that are not considered current financial obligations are not reported in the governmental funds and are as follows	
Property taxes	60,799
The issuance of long-term (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:	
Accrued compensated absences	(7,240)
Landfill liability	34,000
Change in net pension liability	(2,117,148)
Accrued interest	10,797
	<hr/>
	(2,079,591)
Change in Net Position of Governmental Activities (Statement of Activities)	\$ 249,272

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VALENCIA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND (401)
Year Ended June 30, 2017**

	<u>Budgeted Amounts</u>			Variance Positive (Negative)
	Original Budget	Final Budget	Actual Amount	
Revenues				
Taxes:				
Property	\$ 11,480,633	11,593,290	11,301,111	(292,179)
Gross receipts	4,710,160	4,710,160	2,764,723	(1,945,437)
Gasoline, motor vehicle and cigarette taxes	549,504	549,504	559,360	9,856
Intergovernmental:				
Federal operating grants	-	-	80,531	80,531
State operating grants	35,621	60,821	1,774,009	1,713,188
State capital grants	-	-	-	(60,821)
Charges for services	359,652	359,652	393,357	33,705
Licenses and fees	229,819	229,819	748,158	518,339
Investment income	-	-	1,309	1,309
Miscellaneous	271,956	271,956	48,374	(223,582)
Total revenues	17,637,345	17,775,202	17,670,932	(165,091)
Expenditures				
Current:				
General government	6,071,619	5,575,921	1,810,695	3,765,226
Public safety	6,739,865	6,739,865	5,716,836	1,023,029
Public works	-	-	2,077	(2,077)
Culture and recreation	-	-	3,310,530	(3,310,530)
Health and welfare	-	-	757,566	(757,566)
Capital outlay	-	-	426,970	(426,970)
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	12,811,484	12,315,786	12,024,674	291,112
Excess (deficiency) of revenues over expenditures	4,825,861	5,459,416	5,646,258	126,021
Other financing sources (uses)				
Transfers in	996,729	1,384,149	1,083,726	(300,423)
Proceeds from issuance of debt	-	-	-	-
Transfers out, governmental funds	(6,752,712)	(6,925,433)	(5,814,065)	1,111,368
Transfers out, agency funds	-	-	-	-
Total other financing sources (uses)	(5,755,983)	(5,541,284)	(4,730,339)	810,945
Net change in fund balance	\$ (930,122)	(81,868)	915,919	936,966
Adjustments to revenues			21,004	
Adjustments to expenses			408,144	
Net change in fund balance (GAAP Basis)			\$ 1,345,067	

See Notes to Financial Statements.

STATE OF NEW MEXICO
 VALENCIA COUNTY
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 ADULT DETENTION CENTER - SPECIAL REVENUE FUND (422)
 Year Ended June 30, 2017

	Budgeted Amounts			Variance Positive (Negative)
	Original Budget	Final Budget	Actual Amount	
Revenues				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	996,729	1,311,272	1,072,637	(238,635)
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Licenses and fees	205,665	205,665	359,994	154,329
Investment income	-	-	-	-
Charges for services	327,559	327,559	317,146	(10,413)
Miscellaneous	5,313	5,313	2,520	(2,793)
<i>Total revenues</i>	<u>1,535,266</u>	<u>1,849,809</u>	<u>1,752,297</u>	<u>(97,512)</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	4,668,242	4,919,125	4,792,863	126,262
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,668,242</u>	<u>4,919,125</u>	<u>4,792,863</u>	<u>126,262</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,132,976)</u>	<u>(3,069,316)</u>	<u>(3,040,566)</u>	<u>28,750</u>
<i>Other financing sources (uses)</i>				
Transfers in	3,024,998	3,058,998	2,699,606	(359,392)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>3,024,998</u>	<u>3,058,998</u>	<u>2,699,606</u>	<u>(359,392)</u>
<i>Net change in fund balance</i>	<u>\$ (107,978)</u>	<u>(10,318)</u>	<u>(340,960)</u>	<u>(330,642)</u>
Adjustments to revenues			\$ 16,590	
Adjustments to expenses			<u>(8,601)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (332,971)</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VALENCIA COUNTY
STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
OTHER FUNDS - SPECIAL REVENUE FUND (299)
Year Ended June 30, 2017**

	<u>Budgeted Amounts</u>			Variance Positive (Negative)
	Original Budget	Final Budget	Actual Amount	
Revenues				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	4,125,334	4,660,290	3,908,051	(752,239)
Intergovernmental:				
Federal operating grants	-	-	1,971	1,971
State operating grants	-	-	85,364	85,364
State capital grants	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	91	91
Charges for services	-	-	2,435	2,435
Miscellaneous	-	-	128,842	128,842
Total revenues	4,125,334	4,660,290	4,126,754	(533,536)
Expenditures				
Current:				
General government	-	-	-	-
Public safety	4,067,301	4,280,627	2,758,460	1,522,167
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	612,740	(612,740)
Capital outlay	-	-	314,727	(314,727)
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	4,067,301	4,280,627	3,685,927	594,700
Excess (deficiency) of revenues over expenditures	58,033	379,663	440,827	61,164
Other financing sources (uses)				
Transfers in	-	-	612,740	612,740
Transfers out	(381,764)	(466,536)	(1,083,726)	(617,190)
Total other financing sources (uses)	381,764	466,536	(470,986)	1,229,930
Net change in fund balance	\$ 439,797	846,199	(30,159)	1,291,094
Adjustments to revenues			\$ 361,468	
Adjustments to expenses			47,408	
Net change in fund balance (GAAP Basis)			\$ 378,717	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VALENCIA COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended June 30, 2017**

	Balance
	June 30, 2017
<i>ASSETS</i>	
Cash and investments	\$ 27,239,616
Receivables - Property taxes	6,755,147
Receivables - Other	-
Total assets	<u>33,994,763</u>
 <i>LIABILITIES</i>	
Deposits held in trust for others	1,601,908
Deposits held in trust for hospital levy	25,636,463
Other liabilities	1,245
Future taxes collectible	6,755,147
Total liabilities	<u>\$ 33,994,763</u>

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VALENCIA COUNTY
Notes to Financial Statements
June 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Valencia County (the County) is a political subdivision of the State of New Mexico established in 1876 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.

A. 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. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

**STATE OF NEW MEXICO
VALENCIA COUNTY
Notes to Financial Statements
June 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

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.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The County does not have any *business-type activities*.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place, regardless of the timing of the related cash flows. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Neither fiduciary funds nor component units that are fiduciary in nature are included in the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**STATE OF NEW MEXICO
VALENCIA COUNTY
Notes to Financial Statements
June 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

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

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the County's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the County's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of County facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as assistance to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

**STATE OF NEW MEXICO
VALENCIA COUNTY
Notes to Financial Statements
June 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Under the requirements of GASB Statement No. 34, the County is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following, which includes funds that were not required to be presented as major but were at the discretion of management.

The County reports the following major governmental funds:

The *General Fund (401)* is the County's primary operations fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Adult Detention Center Special Revenue Fund (422)* is used to account for the operation of the County's Adult Detention Center. This fund was created by County Resolution No. 2005-66.

The *Other Fund (299)* this fund is used to account for a variety of Special Gross Receipts Tax funds for EMS, Sheriff, Corrections, and Fire. In addition it includes funds for the Bonds for the Judicial Renovation, the Wildfire Reimbursement; Law Enforcement Explorer Program; G.R.E.A.T. Grant and Solid Waste Performance.

Revenue Bond Fund (300) to account for the proceeds of a revenue bond issued in December 2014.

Additionally, the government reports the following agency fund:

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

D. 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.

**STATE OF NEW MEXICO
VALENCIA COUNTY
Notes to Financial Statements
June 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position or Fund Equity (Continued)

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

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

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: Valencia 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.

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. Valencia 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.

**STATE OF NEW MEXICO
VALENCIA COUNTY
Notes to Financial Statements
June 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position or Fund Equity (Continued)

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.

Building and improvements	40-80 years
Equipment	5-20 years
Infrastructure	30-60 years

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.

Unearned Revenues: There are two types of deferred revenue. 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, those assets must be offset by a corresponding liability for deferred revenue (commonly referred to as unearned revenue). The other type of deferred revenue is "unavailable revenue." 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, then the assets must be offset by a corresponding liability for deferred revenue.

Deferred Outflows/Inflows of Resources. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a recognized consumption of net position that applies to future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Also, in addition to liabilities, the statement of financial position will sometimes report a separate section for deferred *inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The county reports deferred outflows for the deferred amount on bond refunding. Deferred inflows are reported in the governmental funds regarding property tax revenue. These amounts are deferred and recognized as an inflow of resources in that period that the amounts become available.

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 10 to 20 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.

**STATE OF NEW MEXICO
VALENCIA COUNTY
Notes to Financial Statements
June 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position or Fund Equity (Continued)

Qualified employees are entitled to accumulate sick leave at a rate of 12 days per year. There is no accrual limitation and 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. Bond discount is deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. There were no bond premiums or discounts at June 30, 2017. For fund financial reporting, bond premiums and discounts, as well as issuance costs are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Fund Balance Classification Policies and Procedures: For committed fund balance, the County's highest level of decision-making authority is the County Commission. The formal action that is required to be taken to establish a fund balance commitment is the County Commission.

For assigned fund balance, the County Commission or an official or body to which the County Commission delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

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

Non-spendable Fund Balance: At June 30, 2017, the non-spendable fund balances in the funds are made up of inventory in the amount of \$125,658 and prepaid expenses in the amount of \$1,324,685 that are not in spendable form.

**STATE OF NEW MEXICO
VALENCIA COUNTY
Notes to Financial Statements
June 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position or Fund Equity (Continued)

Restricted and Committed Fund Balance: At June 30, 2017, the County has presented restricted fund balance on the governmental funds balance sheet in the amount of \$9,800,978 for various County operations as restricted by enabling legislation. The details of these fund balance items are located on the governmental funds balance sheet on pages 7-8.

Minimum Fund Balance Policy: The County's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the County holds cash reserves of 3/12th the General Fund expenditures and cash reserve of 1/12th the Road Special Revenue Fund.

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

- a. 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.
- b. 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. Descriptions for the related restrictions for net position restricted for "special revenue, debt service, and capital projects" is described on page 50 - 51.
- c. Unrestricted Net Position: All other net position items that do not meet the definition of "restricted" or "net investment in capital assets"

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

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

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 Valencia 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.

STATE OF NEW MEXICO
VALENCIA COUNTY
Notes to Financial Statements
June 30, 2017

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets of the County are prepared prior to June 1 and must be approved by resolution of the 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.

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 re-appropriated 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.

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

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

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

STATE OF NEW MEXICO
VALENCIA COUNTY
Notes to Financial Statements
June 30, 2017

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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, \$ 41,791,203 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.

Credit Risk – The New MexiGROW 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. Per 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:

<u>Investment Type</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (WAM)</u>
New MexiGROW LGIP	AAAm	\$ 31,872	58 days
NM Bank and Trust Money Market	Unrated	\$ 2,311,953	0 days
NM Bank and Trust Money Market	Unrated	\$ 19,843	0 days
Certificate of Deposit	Unrated	\$ 500,249	< 1 year

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.

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. Since each institution has pledged collateral on these investments, there is no additional concentration risk by the County. The County’s policy related to concentration credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

The 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.

A reconciliation of cash and investments for the County is on page 61.

**STATE OF NEW MEXICO
VALENCIA COUNTY
Notes to Financial Statements
June 30, 2017**

NOTE 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.

	General Fund	Adult Detention Fund	Other Fund	Non Major - Funds	Total
Property taxes	\$ 3,107,490	-	-	245,171	3,352,661
Due from other governments	647,219	251,238	980,479	1,241,314	3,120,250
Other receivables	30,177	-	-	7,391	37,568
Total	\$ 3,784,886	251,238	980,479	1,493,876	6,510,479

Property taxes receivable in the amount of \$3,352,661 reported on the Statement of Net Position, at June 30, 2017, includes \$3,104,535 that is not considered a current economic resource; therefore, excluded from the Statement of Revenues, Expenditures and Changes in Fund Balances.

NOTE 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:

Governmental Funds	Transfers In	Transfers Out
General Fund	\$ 1,083,726	5,814,065
Adult Detention Center	2,699,606	-
Other Funds	612,740	1,083,726
Non-Major Governmental Funds	3,284,717	782,998
	\$ 7,680,789	7,680,789

The County has interfund loans for the purpose of providing cash to grant funds that must expend funds in order to get reimbursements.

The composition of interfund balances as of June 30, 2017 is as follows:

Governmental Funds	Due From Other Funds	Due To Other Funds
General Fund	\$ 198,010	50,711
Adult Detention Center	-	66,656
Non-Major Governmental Funds	-	80,643
	\$ 198,010	198,010

All interfund receivables are expected to be repaid within one year.

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Notes to Financial Statements
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NOTE 6. CAPITAL ASSETS

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

	Balance June 30, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
Governmental Activities					
Capital Assets not being depreciated					
Land	\$ 2,734,676	34,102	(702)	-	2,768,076
Construction in progress	232,932	749,960	(5,000)	(133,178)	844,714
Total capital assets not being depreciated	<u>2,967,608</u>	<u>784,062</u>	<u>(5,702)</u>	<u>(133,178)</u>	<u>3,612,790</u>
Capital assets being depreciated					
Buildings and improvements	24,122,175	309,945	-	-	24,432,120
Equipment	1,539,061	246,971	-	-	1,786,032
Vehicles	11,744,867	856,470	-	47,946	12,649,283
Infrastructure	17,190,046	2,559,188	(119,949)	85,232	19,714,517
Total capital assets being depreciated	<u>54,596,149</u>	<u>3,972,574</u>	<u>(119,949)</u>	<u>133,178</u>	<u>58,581,952</u>
Less accumulated depreciation:					
Buildings and improvements	7,075,490	492,424	-	-	7,567,914
Equipment	682,521	268,491	-	-	951,012
Vehicles and heavy machinery	6,205,578	1,237,373	-	-	7,442,951
Infrastructure	4,845,078	492,876	(43,248)	-	5,294,706
Total accumulated depreciation	<u>18,808,667</u>	<u>2,491,164</u>	<u>(43,248)</u>	<u>-</u>	<u>21,256,583</u>
Total capital assets, net of depreciation	<u>\$ 38,755,090</u>	<u>2,265,472</u>	<u>(82,403)</u>	<u>-</u>	<u>40,938,159</u>

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

General Government	\$ 217,501
Public Safety	800,240
Public Works	1,259,710
Health and Welfare	213,713
Total depreciation expense	<u>\$ 2,491,164</u>

**STATE OF NEW MEXICO
VALENCIA COUNTY
Notes to Financial Statements
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NOTE 7. LONG-TERM DEBT

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

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Governmental Activities					
Bonds:					
GO Bonds-Series 2011-Judicial Complex	\$ 2,745,000	-	(890,000)	1,855,000	930,000
GO Bonds-Series 2011-Public Safety Bonds	200,000	-	(65,000)	135,000	65,000
Gross Receipts Tax Revenue Improvement Bonds-Series 2015	7,175,000	-	(465,000)	6,710,000	475,000
Subtotal bonds	10,120,000	-	(1,420,000)	8,700,000	1,470,000
NMFA loans:					
Jarales/Pueblitos Fire Dept. Truck	63,910	-	(12,106)	51,804	12,386
El Cerro Fire Department Truck	110,628	-	(17,656)	92,972	17,898
Los Chavez Fire Pumper	163,414	-	(22,139)	141,275	22,436
Manzano Vista Fire Dept. Truck	125,917	-	(20,090)	105,827	20,368
Highland Meadow Pumper	46,939	-	(15,096)	31,843	15,637
Fire/EMS Response Truck	154,230	-	(29,192)	125,038	29,896
Tome Adelino Fire Department	214,539	-	(33,592)	180,947	34,365
Subtotal NMFA loans	879,577	-	(149,871)	729,706	152,986
Total bonds and NMFA Loans	10,999,577	-	(1,569,871)	9,429,706	1,622,986
Accrued compensated absences	579,460	438,739	(431,499)	586,700	506,132
Total Long Term Debt	\$ 11,579,037	438,739	(2,001,370)	10,016,406	2,129,118

Bonds Payable

On March 11, 2011, voters of the County authorized the issuance of \$6,665,000 General Obligation Judicial Complex Bonds at a special election held within the County. The bonds were issued in the amount of \$6,665,000 and sold to the New Mexico Finance Authority for 100% of the principal with an interest rate of 0.63% to 2.76%. Principal payments are due annually on August 1 while interest payments are due semi-annually in August and February. The bond repayment ends on August 1, 2019.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	930,000	37,155	967,155
2019	925,000	12,765	937,765
	\$ 1,855,000	49,920	1,904,920

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

NOTE 7. LONG-TERM DEBT (CONTINUED)

On June 3, 2011, voters of the County authorized the issuance of \$425,000 General Obligation Public Safety bonds at a special election held within the County. The bonds were issued in the amount of \$425,000 and sold to the New Mexico Finance Authority for 100% of the principal with an interest rate of 2.39%. Payments are due semi-annually on May 1 and November 1. The bond repayment ends in 2019.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	65,000	3,047	68,047
2019	70,000	1,080	71,080
	\$ 135,000	4,127	139,127

On December 17, 2014, the County Commission passed Valencia County Ordinance No. 2014-08 authorizing issuance of the Series 2015 Gross Receipts Tax Improvement Revenue Bonds, Series 2015, in the amount of \$7,175,000 for the purposes of acquiring and installing equipment for various projects and repairing and improving roads throughout the County. The Bonds are payable and collectible solely from the revenues derived from the revenues derived from the gross receipt tax imposed by the County pursuant to Section 7-20E-28 NMSA 1978 and Valencia County Ordinance No. 2014-05. The Bonds bear interest ranging from 2.75% to 5.00% payable semi-annually on June 1 and December 1, of each year, commencing on December 1, 2015 through 2035.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	475,000	227,625	702,625
2019	490,000	213,375	703,375
2020	505,000	198,675	703,675
2021	525,000	183,525	708,525
2022	500,000	167,775	667,775
2023 - 2027	2,195,000	562,550	2,757,550
2028 - 2032	1,200,000	255,287	1,455,287
2033 - 2035	820,000	54,837	874,837
	\$ 6,710,000	1,863,649	8,573,649

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.

**STATE OF NEW MEXICO
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Notes to Financial Statements
June 30, 2017**

NOTE 7. LONG-TERM DEBT (CONTINUED)

Description	Date of Issue	Maturity Date	Interest Rate		Original Amount of Issue	Balance June 30, 2017
Highland Meadow Pumper	September 19, 2008	May 1, 2019	3.477%	\$	137,025	31,843
Fire/EMS Response Truck	May 13, 2011	May 1, 2021	2.748%		293,496	125,038
Tome Adelino Fire Pumper	June 10, 2011	May 1, 2022	2.643%		343,762	180,947
Jarales/Pueblitos Fire Truck	October 28, 2011	May 1, 2021	0.582%		112,966	51,804
El Cerro Fire Truck	October 28, 2011	May 1, 2022	1.102%		177,625	92,972
Manzano Vista Fire Truck	October 28, 2011	May 1, 2022	1.907%		203,000	105,827
Los Chavez Fire Pumper	January 27, 2012	May 1, 2023	2.050%		248,574	141,275
Total NMFA Revenue Notes				\$	<u>1,516,448</u>	<u>729,706</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	152,986	17,590	170,576
2019	156,631	14,333	170,964
2020	143,976	10,630	154,606
2021	147,367	7,126	154,493
2022	103,862	3,410	107,272
2023	24,884	722	25,606
	<u>\$ 729,706</u>	<u>53,811</u>	<u>783,517</u>

Operating Leases

The County leases equipment under cancelable operating leases. The total costs for such leases were approximately \$45,384 for the year ended June 30, 2017. The future minimum lease payments for these leases are as follows:

Fiscal Year Ending June 30,	Payment
2018	\$37,917

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 increased \$7,240 from the prior year accrual.

STATE OF NEW MEXICO
VALENCIA COUNTY
Notes to Financial Statements
June 30, 2017

NOTE 8. LANDFILL CLOSURE AND POSTCLOSURE CARE

The County stopped accepting solid waste at its landfill in 1995. 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 \$347,500 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.

NOTE 9. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries; and natural disasters. Valencia County is a member of and is insured through the New Mexico County Insurance Authority. The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The Authority acts as the common carrier for the State of New Mexico counties. The County pays an annual premium to the Authority based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. The County is not liable for more than the premiums paid.

The County is also involved in a case with the Village of Los Lunas and City of Belen regarding the use of Mill Levy Funds for the construction, operation and maintenance of a general hospital in Valencia County. The case also concerns the competing efforts of the City of Belen and Village of Los Lunas to have a county hospital built in their community. The City of Belen has expressed concerns in regards to potential mismanagement of Mill Levy Funds collected pursuant to the Hospital Funding Act, Sections 4-48B-5 and 4-48B-12 NMSA 1978. Per this act the money shall be used only for the operation and maintenance of a hospital and will be held in an agency fund until the facility is constructed. As of June 30, 2017, no potential liability exists and the funds involved are properly held in the County’s agency fund (Hospital Fund 801).

NOTE 10. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

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

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

<u>Fund</u>	<u>Deficit Balance</u>
Farm and Range (403)	\$ (1,119)
Juvenile Detention (408)	(2,617)
Traffic Safety (465)	(10,238)
Total Fund Deficit	\$ <u>(13,974)</u>

The County plans to collect grant revenues and reduce or eliminate negative fund balances. Additionally, the County incurred more expenditures than revenues received in the current year. The County anticipates these fund balances will not be in the deficit state in subsequent years.

STATE OF NEW MEXICO
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Notes to Financial Statements
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A. Excess of expenditures over appropriations. The following funds exceeded approved budgetary authority for the year ended June 30, 2017:

<u>Fund</u>	<u>Excess of Expenditures over Appropriations</u>
Other Debt Service 400	<u>(69,699)</u>
Total Excess of Expenditures over Appropriations	\$ <u><u>(69,699)</u></u>

The County plans to monitor, more closely, budget to actual activity and make required adjustments.

STATE OF NEW MEXICO
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Notes to Financial Statements
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NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

Plan Description. The County contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies. Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years. The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4, or 5; municipal fire member coverage plan 3, 4, or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act. The County's contributions to the RHCA for the years ended June 30, 2017, 2016 and 2015 were \$197,715, \$195,330 and \$152,672, respectively, which equal the required contributions for each year.

**STATE OF NEW MEXICO
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Notes to Financial Statements
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NOTE 12. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ACT

Plan description. Public Employees Retirement 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 Officers, 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 Public Employees Retirement Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded.

Benefits Provided. Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

Tier II. The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

**STATE OF NEW MEXICO
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Notes to Financial Statements
June 30, 2017**

NOTE 12. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)

PERA Contribution Rates and Pension Factors as of July 1, 2016						
Coverage Plan	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per Year of Service		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
State Plan 3	7.42 %	8.92 %	16.99 %	3.0 %	2.5 %	90 %
Municipal Plan 1 (plan open to new employers)	7.0 %	8.5 %	7.4 %	2.0 %	2.0 %	90 %
Municipal Plan 2 (plan open to new employers)	9.15 %	10.65 %	9.55 %	2.5 %	2.0 %	90 %
Municipal Plan 3 (plan closed to new employers 6/95)	13.15 %	14.65 %	9.55 %	3.0 %	2.5 %	90 %
Municipal Plan 4 (plan closed to new employers 6/00)	15.65 %	17.15 %	12.05 %	3.0 %	2.5 %	90 %
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.90%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
State Police and Adult Correctional Officer Plan 1	7.60%	9.10%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

Contributions. See PERA’s compressive annual financial report for Contribution provided description.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2017, the County reported a liability of \$21,244,615 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The total pension liability was 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 of June 30, 2016. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2016. The County’s proportion of the net pension liability was based on a projection of the County’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

**STATE OF NEW MEXICO
VALENCIA COUNTY
Notes to Financial Statements
June 30, 2017**

NOTE 12. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)

For PERA Fund Division Municipal Plan 2, at June 30, 2017, the County reported a liability of \$12,931,488 for its proportionate share of the net pension liability. At June 30, 2016, the County's proportion was 0.0894% percent, which was unchanged from its proportion measured as of June 30, 2015, due to the insignificance of the difference.

For the year ended June 30, 2017, the County recognized PERA Fund Division Municipal Plan 2 pension expense of \$1,777,936. At June 30, 2017, the County reported PERA Fund Division Municipal Plan 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	\$ 646,111	(126,204)
Changes in assumptions	758,280	(2,150)
Net difference between projected and actual earnings on pension plan investments	2,379,369	-
Changes in proportion and differences between County's contributions and proportionate share of contributions	968,661	(219,816)
County's contributions subsequent to the measurement date	<u>913,276</u>	<u>-</u>
Total	<u>\$ 5,665,697</u>	<u>(348,170)</u>

The amount of \$913,276 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	1,011,968
2019	1,011,968
2020	1,750,057
2021	630,258
2022	-

**STATE OF NEW MEXICO
VALENCIA COUNTY
Notes to Financial Statements
June 30, 2017**

NOTE 12. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)

For PERA Fund Division Municipal Police Plan 5, at June 30, 2017, the County reported a liability of \$8,313,127 for its proportionate share of the net pension liability. At June 30, 2015, the County’s proportion was 1.1267% percent, which was unchanged from its proportion measured as of June 30, 2016, due to the insignificance of the difference.

For the year ended June 30, 2017, the County recognized PERA Fund Division Municipal Police Plan 5 pension expense of \$1,503,360. 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	\$ 610,305	-
Changes in assumptions	550,615	(149,925)
Net difference between projected and actual earnings on pension plan investments	1,314,769	-
Changes in proportion and differences between County’s contributions and proportionate share of contributions	1,183,121	-
County’s contributions subsequent to the measurement date	590,810	-
Total	\$ 4,249,620	(149,925)

The amount of \$590,810 reported as deferred outflows of resources related to pensions resulting from the County’s contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	942,623
2019	942,623
2020	1,253,877
2021	369,762
2022	-

**STATE OF NEW MEXICO
VALENCIA COUNTY
Notes to Financial Statements
June 30, 2017**

NOTE 12. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)

Actuarial assumptions: The total pension liability in the June 30, 2016 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement.

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level of percentage of pay, open
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions	
Investment rate of return	7.48% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	2.75% for first 10 years, then 3.25% annual rate
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
Mortality assumption	RP-2000 Mortality Tables (Combined table for health post-retirements, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA
Experience study dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 20, 2015 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2016. These assumptions were adopted by the Board use in the June 30, 2015 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method 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 allocation and 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	43.5%	7.39%
Risk Reduction & Mitigation	21.5%	1.79%
Credit Oriented Fixed Income	15.0%	5.77%
Real Assets	20.0%	7.35%
Total	<u>100.0%</u>	

**STATE OF NEW MEXICO
VALENCIA COUNTY
Notes to Financial Statements
June 30, 2017**

NOTE 12. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)

Discount rate: A single discount rate of 7.48% was used to measure the total pension liability as of June 30, 2016. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.48%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

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

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 (6.75%) or one percentage point higher (8.75%) that 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	<u>\$ 19,279,699</u>	<u>12,931,488</u>	<u>7,665,963</u>

PERA Fund Division Municipal Police Plan 5

	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
County’s proportionate share of the net pension liability	<u>\$ 12,230,674</u>	<u>8,313,127</u>	<u>5,109,032</u>

STATE OF NEW MEXICO
VALENCIA COUNTY
Notes to Financial Statements
June 30, 2017

NOTE 13. JOINT POWERS AGREEMENTS, MEMORANDUMS OF UNDERSTANDING AND AGREEMENTS

The County's Detention Center is a participant in a joint powers agreement with the Central New Mexico Correction Facility wherein both parties agree to maintain personnel and equipment for the preservation of peace within its own jurisdiction, and enforce security and control in and to their various establishments, directs, agencies, and municipalities. Both of the parties to the agreement are responsible. The agreement was entered into on June 8, 2009 and will remain in full force until by mutual agreement of the parties or by written notice by one party to the other giving 30 day notice of cancellation. The amount of the project and the County contributions are not readily determinable. Each party is responsible for the audit of its own related expenditures.

The County is a participant in separate joint powers agreements with the Village of Bosque Farms, Village of Los Lunas, City of Belen, and Pueblo of Isleta to provide for the holding of impounded animals at the Valencia County Animal Control Center. Valencia County agrees to report revenues while the other participants agree to report expenditures. All parties are responsible to perform their share of the agreement. The agreement was entered into on July 1, 2002 and will remain in full force until by mutual agreement of the parties or by written notice by one party to the other giving 30 day notice of cancellation. The term of the agreement is indefinite. The amount of the project and County contributions are not readily determinable. The participants are responsible for the audit of their own related expenditures.

The County is a participant in separate joint powers agreements with the Socorro County, Village of Los Lunas, Pueblo of Isleta, Village of Bosque Farms, City of Belen, Otero County, Town of Peralta, and Santo Domingo Pueblo to provide for the housing and care of adult prisoners arrested by the above jurisdictions. Valencia County agrees to report revenues while the other participants agree to report expenditures. All parties are responsible for their share of the agreement. The agreements were entered into in December 2005 and continued to be effective through June 30, 2017. The amount of the project and the County contributions are not readily determinable. The participants are responsible for the audit of their own related expenditures.

The County is a participant in a joint powers agreement between the City of Belen, Village of Los Lunas, and the Village of Bosque Farms for the establishment of a loan for the Valencia County Regional Emergency Communication Center. The Center has outgrown the current facility and needs a loan from the New Mexico Finance Authority to construct a larger facility. The revenue bonds needed to secure the loan will be secured by an irrevocable pledge of the proceeds of the Emergency Communications Gross Receipts Tax.

The County has agreements with the City of Rio Communities to provide animal control and E-911 services until which time Rio Communities is able to provide necessary services to its inhabitants without the assistance of another entity. Rio Communities will pay the County upon receipt of a detailed monthly statement outlining services rendered by the County. The County also has an agreement with City of Rio Communities to provide law enforcement protection, to be paid in lump-sum annually by September.

The County also has a construction agreement with File Construction, LLC to perform work on the water storage tank and pump for the Tome-Adelino Fire Department, memoranda of agreement with Village of Bosque Farms, Village of Los Lunas, City of Belen, City of Rio Communities for the purpose of providing a medical director for EMS services, and a memorandum of agreement for the improvement of roadways in Tierra Grande with neither party reimbursing the other for costs incurred.

**STATE OF NEW MEXICO
VALENCIA COUNTY
Notes to Financial Statements
June 30, 2017**

NOTE 14. FEDERAL AND STATE GRANTS

In the normal course of operations, the County receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. The County expects any liability for reimbursement which may arise as a result of these audits to be immaterial.

NOTE 15. CONCENTRATIONS

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

NOTE 16. NET POSITION

In the Statement of Net Position, \$9,800,978 of net position is reported as restricted, all of which is restricted by enabling legislation.

NOTE 17. NEW ACCOUNTING PRONOUNCEMENTS

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

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

GASB Statement No. 81, Irrevocable Split - Interest Agreements

GASB Statement No. 82, Pension Issues (an Amendment of GASB Statements No. 67, No. 68, and No. 73)

GASB Statement No. 83, Certain Asset Retirement Obligations

GASB Statement No. 84, Fiduciary Activities

GASB Statement No. 85, Omnibus

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.

**STATE OF NEW MEXICO
VALENCIA COUNTY
Notes to Financial Statements
June 30, 2017**

NOTE 18. TAX ABATEMENTS

As of June 30, 2017, the County adopted GASB Statement No. 77 Tax Abatement Disclosures. While the statements requires only material abatements to be disclosed within the notes to the financial statements, the New Mexico State Auditor requires that all abatements, regardless of materiality, be disclosed within the notes. As a result, the County was affected by 5 tax abatements, information related to the abatement's follows:

Abating Agency Name	Village of Los Lunas
Abating Agency Type	Local Government
Tax Abatement Agreement Name	Industrial Revenue Bond Project Agreement
Name of agency affected by abatement agreement (Affected Agency)	Valencia County
Agency number of Affected Agency	5032
Agency type of Affected Agency	County
Recipient(s) of tax abatement	Property Tax
Tax abatement program (name and brief description)	Industrial Revenue Bonds - ACIM Project, Series 2014; \$30,000,000
Specific Tax(es) Being Abated	Property Tax
Authority under which abated tax would have been paid to Affected Agency	Sections 3-32-1 to 3-32-16 New Mexico Statutes Annotated, 1978 Compilation
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$50,000
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	\$8,298
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A
Abating Agency Name	Village of Los Lunas
Abating Agency Type	Local Government
Tax Abatement Agreement Name	Industrial Revenue Bond Project Agreement
Name of agency affected by abatement agreement (Affected Agency)	Valencia County
Agency number of Affected Agency	5032
Agency type of Affected Agency	County
Recipient(s) of tax abatement	Property Tax
Tax abatement program (name and brief description)	Industrial Revenue Bonds - Fresenius Medical Care Project-Series 2005; \$6,000,000
Specific Tax(es) Being Abated	Property Tax
Authority under which abated tax would have been paid to Affected Agency	Sections 3-32-1 to 3-32-16 New Mexico Statutes Annotated, 1978 Compilation
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$30,000
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	\$16,700
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A

**STATE OF NEW MEXICO
VALENCIA COUNTY
Notes to Financial Statements
June 30, 2017**

NOTE 18. TAX ABATEMENTS (CONTINUED)

Abating Agency Name	Village of Los Lunas
Abating Agency Type	Local Government
Tax Abatement Agreement Name	Industrial Revenue Bond Project Agreement
Name of agency affected by abatement agreement (Affected Agency)	Valencia County
Agency number of Affected Agency	5032
Agency type of Affected Agency	County
Recipient(s) of tax abatement	Property Tax
Tax abatement program (name and brief description)	Industrial Revenue Bonds - Greater Kudu LLC Project, Series 2016; not to exceed \$5,000,000,000
Specific Tax(es) Being Abated	Property Tax
Authority under which abated tax would have been paid to Affected Agency	Sections 3-32-1 to 3-32-16 New Mexico Statutes Annotated, 1978 Compilation
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	Under construction
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	N/A
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A

Abating Agency Name	Village of Los Lunas
Abating Agency Type	Local Government
Tax Abatement Agreement Name	Industrial Revenue Bond Project Agreement
Name of agency affected by abatement agreement (Affected Agency)	Valencia County
Agency number of Affected Agency	5032
Agency type of Affected Agency	County
Recipient(s) of tax abatement	Property Tax
Tax abatement program (name and brief description)	Industrial Revenue Bonds - Wal-Mart Stores East, Inc. Project-Series 1997; \$50,000,000
Specific Tax(es) Being Abated	Property Tax
Authority under which abated tax would have been paid to Affected Agency	Sections 3-32-1 to 3-32-16 New Mexico Statutes Annotated, 1978 Compilation
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$50,000
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	None
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A

**STATE OF NEW MEXICO
VALENCIA COUNTY
Notes to Financial Statements
June 30, 2017**

NOTE 18. TAX ABATEMENTS (CONTINUED)

Abating Agency Name	City of Belen
Abating Agency Type	Local Government
Tax Abatement Agreement Name	Industrial Revenue Bond Project Agreement
Name of agency affected by abatement agreement (Affected Agency)	Valencia County
Agency number of Affected Agency	5032
Agency type of Affected Agency	County
Recipient(s) of tax abatement	Property Tax
Tax abatement program (name and brief description)	Industrial Revenue Bonds – Resin Partners, Inc. Project Series 2017 \$40,000,000
Specific Tax(es) Being Abated	Property Tax
Authority under which abated tax would have been paid to Affected Agency	Sections 3-32-1 to 3-32-16 New Mexico Statutes Annotated, 1978 Compilation
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$11,927
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	N/A
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A

NOTE 19. RESTATEMENT OF FINANCIAL STATEMENTS

The County has overstated prepaid expenditures and understated the related expenditures by \$863,215, which resulted in an understatement of net position in the 2016 financial statements. This was the result of a prepaid balance that was recorded in 2015, however the related expenditures were not recognized in the subsequent year. The prepaid expenditure balance was adjusted to recognize the prior year expenditures which resulted in a restatement of prior year fund balance.

REQUIRED SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
VALENCIA COUNTY
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2017**

**Public Employees Retirement Association of New Mexico
For Last 10 Fiscal Years*
General and Police Combined Schedule
(Dollars in Thousands)**

	Fiscal Year Measurement Date	30-Jun		
		2017 2016	2016 2015	2015 2014
County's Proportion of the Net Pension Liability (Asset)		0.345%	0.730%	0.025%
County's Proportionate Share of Net Pension Liability (Asset)	\$	21,244	10,862	8,226
County's Covered-Employee Payroll	\$	9,445	9,037	8,158
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll		224.92%	120.19%	100.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		69.18%	76.99%	81.29%

*Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for The County is not available prior to fiscal year 2015, the year the statement's requirements became effective.

**STATE OF NEW MEXICO
 VALENCIA COUNTY
 SCHEDULE OF COUNTY CONTRIBUTIONS
 JUNE 30, 2017**

**Public Employees Retirement Association of New Mexico
 Last Ten Fiscal Years*
 General and Police Combined Summary
 (Dollars in Thousands)**

	2015	2016	2017
Statutory required contributions	\$ 820	1,425	1,086
Contributions in Relation to the Contractually Required Contribution	820	1,425	1,086
Annual contribution deficiency (excess)	\$ -	-	-

*Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for The County is not available prior to fiscal year 2015, the year the statement's requirements became effective.

**STATE OF NEW MEXICO
 VALENCIA COUNTY
 SCHEDULE OF COUNTY CONTRIBUTIONS
 JUNE 30, 2017**

**Public Employees Retirement Association of New Mexico
 Last Ten Fiscal Years*
 General Division
 (Dollars in Thousands)**

	2015	2016	2017
Statutory required contributions	\$ 539	855	662
Contributions in Relation to the Contractually Required Contribution	539	855	662
Annual contribution deficiency (excess)	\$ -	-	-

*Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for The County is not available prior to fiscal year 2015, the year the statement's requirements became effective.

**STATE OF NEW MEXICO
 VALENCIA COUNTY
 SCHEDULE OF COUNTY CONTRIBUTIONS
 JUNE 30, 2017**

**Public Employees Retirement Association of New Mexico
 Last Ten Fiscal Years*
 Police Division
 (Dollars in Thousands)**

	2015	2016	2017
Statutory required contributions	\$ 281	570	424
Contributions in Relation to the Contractually Required Contribution	281	570	424
Annual contribution deficiency (excess)	\$ -	-	-

*Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for The County is not available prior to fiscal year 2015, the year the statement's requirements became effective.

**STATE OF NEW MEXICO
VALENCIA COUNTY
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2017**

Changes of Benefits Terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's CAFR. <https://www.saonm.org>

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

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
VALENCIA COUNTY
Description of Funds
June 30, 2017**

Special Revenue Funds

402 - Road Special Revenue Fund - was created to account for funds used to maintain roads for which the County has responsibility. Financing sources include motor vehicle registration fees and New Mexico State Highway Department Cooperative Agreement. Expenditures are restricted for the construction and maintenance of county roads. The fund was created by authority of State Statute Section 67-41-1, NMSA, 1978 Compilation.

403 – Farm and Range – To account for soil conservation and predator control activities within the County. Funding is provided by the Taylor Grazing Act. Expenditures may be made only for the purposes specified in the grant. Funding authorized by Section 6-11-6, NMSA 1978.

404 – Recreation – To account for recreational funds. Financing is provided by cigarette taxes and special Federal Grants used in park development. The fund was created by authority of State Statute Section 7-12-15, NMSA 1978.

408 – Juvenile Detention – This fund was created by County Resolution No. 2002-37 to account for the operation of the County’s Juvenile Detention Center.

420 – Valuation Maintenance – To account for the County’s property reappraisal program pursuant to Section 7-38-38.1, NMSA Compilation. Expenditures from the County property valuation fund may be made pursuant to a property valuation program presented by the county assessor and approved by the majority of the county commissioners.

424 – Law Enforcement – To account for a state grant restricted to equipment purchases for use in law enforcement planning and training. The fund was created under the authority of Section 29-13-4, NMSA, 1978.

446 – Solid Waste GRT – This fund was created by Section 7-20E-17, New Mexico Section Annotated, 1978 Compilation to account for operation and maintenance of the Valencia County Sanitary Landfill.

449 – Clerk’s Equipment – To account for funds restricted for the repair and replacement of equipment used in the County Clerk’s office. The fund was created under the authority of Section 14-8-12.2, NMSA, 1978.

463 – Road GRT – This fund is used to account for grant monies used for capital outlay, leasing, and purchasing road equipment. The fund was created under the authority of State Statute 07-20E-9 thru 7-20E-11. This fund constitutes part of the County Gross receipts tax enacted by Ordinance 2001-01.

465 – Traffic Safety – This education and enforcement fund was created under Resolution No. 2002-48.

219 – Senior Citizens – To account for operation of the County’s Senior Citizen Program. Funding is provided through the Department of Health and Human Services. The Fund was created by authority of the Older Americans Act of 1965, Title III, Parts A and F, Public Law 89-73, as amended; Public Law 90-42, 81 Stat. 106; Public Law 91-69, 83 Stat. 108; Public Law 93-29, 87 Stat. 30; Public Law 93-351, 88 Stat. 357; Public Law 94-135, 89 Stat. 713; Public Law 95-65, 91 Stat. 269; Public Law 95-478, 92 Stat. 1513; Public Law 97-115, 95 Stat. 1595; Public Law 98-459, 98 Stat. 1767; Public Law 100-175, 101 Stat. 926; Section 705, Public Law 100-628; 42 U.S.C 3022-3030(m); Public Law 102-375.

**STATE OF NEW MEXICO
VALENCIA COUNTY
Description of Funds
June 30, 2017**

Special Revenue Funds (Continued)

218 - Intergovernmental Grants To account for Legislative Appropriations and Special Purpose Grants from, CDBG; Department of Justice Assistance Programs; Homeland Security and Bioterrorist Preparedness.

206 – EMS – To account for grants from the State of New Mexico Health Department to be utilized for emergency services provided within the County. Funding is authorized by Section 24-10A-6, NMSA, 1978.

222 – County Fire Protection – To account for funds received from a dedicated gross receipts tax used to supplement the County’s fire districts. The Fund was created by authority of State Statute Section 7-20E-15, NMSA 1978.

413 – GRT- Regional Transit – This fund is used to account for grant monies used for Management, operations, capital, construction or maintenance of the transit district system. This fund was created under the authority of State Statue 7-20E-23. This fund constitutes part of the County Gross Receipts enacted by Ordinance 2008-05.

435 - County Indigent Claims Special Revenue Fund - was created by Section 7-20-3, New Mexico Statutes Annotated, 1978 Compilation to account for funds reserved from a County excise tax equal to one eighth of one percent of the “county gross receipts tax” adopted through County Ordinance 86-17. Expenditures are restricted to indigent care.

209 - Fire Protection Special Revenue Fund - was created to account for the operation and maintenance of the County’s several fire protection districts. Funding is provided by an allotment from the State Fire Marshall’s Office. The Fund was created by authority of State Statute Section 59A-53-1, NMSA 1978 Compilation.

Debt Service Funds

561 – County Debt Service – This fund accounts for the resources designated for the retirement of NMFA Notes Payable. This fund also administers the bond reserve fund and the payment of certain obligations for which notes were issued.

400 - Other Debt Service Funds – To account for various funding sources used primarily to service debt and other revolving loans. Creation of the majority of the funds was under the authority of the County Commission.

STATE OF NEW MEXICO
 VALENCIA COUNTY
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 June 30, 2017

	Roads (Public Works) 402	County Indigent Claims 435	Fire Protection 209	Farm and Range 403
ASSETS				
Cash and cash equivalents	\$ 420,091	252,909	408,687	-
Restricted cash	-	-	-	-
Property taxes receivable	-	-	-	-
Due from other governments	16,025	226,081	-	-
Other receivables	-	-	-	-
Prepaid expenses	-	5,000	37,600	-
Inventory	75,826	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 511,942</u>	<u>483,990</u>	<u>446,287</u>	<u>-</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Accounts payable	82,754	15,434	39,407	-
Accrued payroll expenses	44,606	2,428	-	-
Unearned revenue	-	-	386,234	-
Due to other funds	-	-	-	1,199
<i>Total liabilities</i>	<u>127,360</u>	<u>17,862</u>	<u>425,641</u>	<u>1,199</u>
DEFERRED INFLOWS				
Property taxes	-	-	-	-
<i>Total deferred inflows</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable				
Prepaid expenses	-	5,000	37,600	-
Inventory	75,826	-	-	-
Restricted for:				
General county operations	-	-	-	-
Maintenance of roads	308,756	-	-	-
Fire departments	-	-	-	-
Older American programs	-	461,128	-	-
Public safety	-	-	-	-
Healthcare	-	-	-	-
Recreation	-	-	-	-
Capital improvements and acquisitions	-	-	-	-
Debt service expenditures	-	-	-	-
Committed to:				
Senior center	-	-	-	-
Unassigned	-	-	(16,954)	(1,199)
Total Fund Balance (Deficit)	<u>384,582</u>	<u>466,128</u>	<u>20,646</u>	<u>(1,199)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 511,942</u>	<u>483,990</u>	<u>446,287</u>	<u>-</u>

See Notes to Financial Statements.

Recreation 404	Juvenile Detention 408	Valuation Maintenance 420	Law Enforcement 424	Solid Waste GRT 446	Clerks Equipment 449
5,937	-	296,621	13,552	23,982	178,559
-	-	-	-	-	-
-	-	-	-	-	-
6,911	32,392	-	-	31,207	-
-	-	-	-	7,391	-
-	-	11,313	-	-	-
-	500	-	-	-	-
-	-	-	-	-	-
<u>12,848</u>	<u>32,892</u>	<u>307,934</u>	<u>13,552</u>	<u>62,580</u>	<u>178,559</u>
890	35,093	527	-	19,396	2,133
-	-	12,208	-	6,559	-
-	-	-	11,674	-	-
-	416	-	-	-	-
<u>890</u>	<u>35,509</u>	<u>12,735</u>	<u>11,674</u>	<u>25,955</u>	<u>2,133</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	11,313	-	-	-
-	500	-	-	-	-
11,958	-	283,886	-	36,625	176,426
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,878	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(3,117)	-	-	-	-
<u>11,958</u>	<u>(2,617)</u>	<u>295,199</u>	<u>1,878</u>	<u>36,625</u>	<u>176,426</u>
<u>12,848</u>	<u>32,892</u>	<u>307,934</u>	<u>13,552</u>	<u>62,580</u>	<u>178,559</u>

STATE OF NEW MEXICO
 VALENCIA COUNTY
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS (CONTINUED)
 June 30, 2017

	Road GRT 463	Traffic Safety 465	Senior Citizens 219	Intergovernmental Grants 218
ASSETS				
Cash and cash equivalents	196,942	-	45,042	-
Restricted cash	-	-	-	-
Property taxes receivable	-	-	-	-
Due from other governments	33,898	2,910	201,093	309,569
Other receivables	-	-	-	-
Prepaid expenses	-	-	2,949	-
Inventory	-	-	8,027	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>230,840</u>	<u>2,910</u>	<u>257,111</u>	<u>309,569</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Accounts payable	13,898	-	14,458	98,189
Accrued payroll expenses	-	7,036	17,769	-
Unearned revenue	-	-	-	-
Due to other funds	-	6,112	-	72,916
<i>Total liabilities</i>	<u>13,898</u>	<u>13,148</u>	<u>32,227</u>	<u>171,105</u>
DEFERRED INFLOWS				
Property taxes	-	-	-	-
<i>Total deferred inflows</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable				
Prepaid expenses	-	-	2,949	-
Inventory	-	-	8,027	-
Restricted for:				
General county operations	-	-	-	138,464
Maintenance of roads	216,942	-	-	-
Fire departments	-	-	-	-
Older American programs	-	-	213,908	-
Public safety	-	-	-	-
Healthcare	-	-	-	-
Recreation	-	-	-	-
Capital improvements and acquisitions	-	-	-	-
Debt service expenditures	-	-	-	-
Committed to:				
Senior center	-	-	-	-
Unassigned	-	(10,238)	-	-
Total Fund Balance (Deficit)	<u>216,942</u>	<u>(10,238)</u>	<u>224,884</u>	<u>138,464</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>230,840</u>	<u>2,910</u>	<u>257,111</u>	<u>309,569</u>

See Notes to Financial Statements.

State Awarded EMS 206	County Fire Protection 222	Regional Transit GRT 413	Other Debt Service 400	County Debt Service Fund 561	Total Nonmajor Governmental Funds
6,847	285,742	103,372	364,048		2,602,331
-	-	-	-	1,664,602	1,664,602
-	-	-	-	245,171	245,171
-	54,635	208,831	-	117,762	1,241,314
-	-	-	-	-	7,391
-	-	-	-	-	56,862
-	-	-	-	-	84,353
-	-	-	-	-	-
<u>6,847</u>	<u>340,377</u>	<u>312,203</u>	<u>364,048</u>	<u>2,027,535</u>	<u>5,902,024</u>
6,638	9,147	-	-	-	337,964
-	-	-	-	-	90,606
-	-	-	-	-	397,908
-	-	-	-	-	80,643
<u>6,638</u>	<u>9,147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>907,121</u>
-	-	-	-	230,633	230,633
-	-	-	-	-	-
-	-	-	-	-	56,862
-	-	-	-	-	84,353
209	-	312,203	-	-	959,771
-	-	-	-	-	525,698
-	331,230	-	-	-	331,230
-	-	-	-	-	675,036
-	-	-	-	-	1,878
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	364,048	1,796,902	2,160,950
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(31,508)
<u>209</u>	<u>331,230</u>	<u>312,203</u>	<u>364,048</u>	<u>1,796,902</u>	<u>4,764,270</u>
<u>6,847</u>	<u>340,377</u>	<u>312,203</u>	<u>364,048</u>	<u>2,027,535</u>	<u>5,902,024</u>

**STATE OF NEW MEXICO
VALENCIA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NON MAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2017**

	Roads (Public Works) 402	County Indigent Claims 435	Fire Protection 209	Farm and Range 403
Revenues				
Taxes:				
Property	-	-	-	-
Gross receipts	-	1,713,314	1,093,897	-
Gasoline, motor vehicle and cigarette taxes	334,244	-	-	-
Intergovernmental:				
Federal operating grants	949	-	-	4,707
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	749	-	-
Miscellaneous	113,634	8,736	90	-
<i>Total revenues</i>	<u>448,827</u>	<u>1,722,799</u>	<u>1,093,987</u>	<u>4,707</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	316,471	-
Public works	2,568,646	-	-	-
Culture and recreation	100	-	-	-
Health and welfare	8,789	1,583,401	-	3,447
Capital outlay	108,530	-	592,731	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>2,686,065</u>	<u>1,583,401</u>	<u>909,202</u>	<u>3,447</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(2,237,238)</u>	<u>139,398</u>	<u>184,785</u>	<u>1,260</u>
Other Financing Sources (Uses)				
Transfers in	2,196,904	-	-	-
Proceeds from issuance of debt	-	-	-	-
Transfers out, governmental funds	-	(612,740)	(123,821)	-
Transfers out, agency funds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>2,196,904</u>	<u>(612,740)</u>	<u>(123,821)</u>	<u>-</u>
<i>Net change in fund balances</i>	(40,334)	(473,342)	60,964	1,260
Fund balances - beginning as previously reported.	<u>457,010</u>	<u>943,509</u>	<u>(27,849)</u>	<u>(2,459)</u>
Restatement (Note 19)	(32,094)	(4,039)	(12,469)	-
Fund Balances - beginning as restated	<u>424,916</u>	<u>939,470</u>	<u>(40,318)</u>	<u>(2,459)</u>
Fund balances (Deficit) - end of year	<u><u>384,582</u></u>	<u><u>466,128</u></u>	<u><u>20,646</u></u>	<u><u>(1,199)</u></u>

See Notes to Financial Statements.

Recreation 404	Juvenile Detention 408	Valuation Maintenance 420	Law Enforcement 424	Solid Waste GRT 446	Clerks Equipment 449
-	-	390,908	-	-	-
-	-	-	45,926	188,093	83,005
-	-	-	-	-	-
-	-	-	-	-	-
-	169,988	-	-	-	-
-	-	-	-	-	-
-	-	-	-	236,813	-
-	25,000	-	-	-	-
-	-	-	-	-	-
8,596	6,993	-	403	6,843	-
<u>8,596</u>	<u>201,981</u>	<u>390,908</u>	<u>46,329</u>	<u>431,749</u>	<u>83,005</u>
-	-	508,113	-	-	41,608
-	409,236	-	21,709	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	455,161	-
15,859	-	12,323	23,921	1,341	15,708
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>15,859</u>	<u>409,236</u>	<u>520,436</u>	<u>45,630</u>	<u>456,502</u>	<u>57,316</u>
<u>(7,263)</u>	<u>(207,255)</u>	<u>(129,528)</u>	<u>699</u>	<u>(24,753)</u>	<u>25,689</u>
-	233,654	-	-	28,998	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>233,654</u>	<u>-</u>	<u>-</u>	<u>28,998</u>	<u>-</u>
(7,263)	26,399	(129,528)	699	4,245	25,689
<u>19,221</u>	<u>(29,016)</u>	<u>437,109</u>	<u>1,179</u>	<u>46,549</u>	<u>151,269</u>
-	-	(12,382)	-	(14,169)	(532)
<u>19,221</u>	<u>(29,016)</u>	<u>424,727</u>	<u>1,179</u>	<u>32,380</u>	<u>150,737</u>
<u>11,958</u>	<u>(2,617)</u>	<u>295,199</u>	<u>1,878</u>	<u>36,625</u>	<u>176,426</u>

STATE OF NEW MEXICO
 VALENCIA COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - NON MAJOR GOVERNMENTAL FUNDS (CONTINUED)
 Year Ended June 30, 2017

	Road GRT 463	Traffic Safety 465	Senior Citizens 219	Intergovernmental Grants 218
Revenues				
Taxes:				
Property	-	-	-	-
Gross receipts	171,215	-	-	-
Gasoline, motor vehicle and cigarette taxes	-	-	-	-
Intergovernmental:				
Federal operating grants	-	24,850	246,985	219,999
State operating grants	-	123	-	746,464
State capital grants	-	-	333,199	436,265
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	4,495	14,588	82,466	-
<i>Total revenues</i>	<u>175,710</u>	<u>39,561</u>	<u>662,650</u>	<u>1,402,728</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	52,546	-	-
Public works	220,085	-	-	59,468
Culture and recreation	-	-	-	-
Health and welfare	-	-	983,869	-
Capital outlay	(203)	-	-	2,009,056
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>219,882</u>	<u>52,546</u>	<u>983,869</u>	<u>2,068,524</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(44,172)</u>	<u>(12,985)</u>	<u>(321,219)</u>	<u>(665,796)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	380,303	274,600
Proceeds from issuance of debt	-	-	-	-
Transfer out, governmental funds	-	-	-	-
Transfers out, agency funds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>380,303</u>	<u>274,600</u>
<i>Net change in fund balances</i>	(44,172)	(12,985)	59,084	(391,196)
Fund balances - beginning as previously reported.	<u>261,114</u>	<u>2,747</u>	<u>168,772</u>	<u>529,660</u>
Restatement (Note 19)	-	-	(2,972)	-
Fund Balances - beginning as restated	<u>261,114</u>	<u>2,747</u>	<u>165,800</u>	<u>529,660</u>
Fund balance (Deficit) - end of year	<u>216,942</u>	<u>(10,238)</u>	<u>224,884</u>	<u>138,464</u>

See Notes to Financial Statements.

State Awarded EMS 206	County Fire Protection 222	Regional Transit GRT 413	Other Debt Service 400	County Debt Service Fund 561	Total Nonmajor Governmental Funds
-	-	-	-	853,528	1,244,436
-	356,240	1,027,377	11,658	706,574	5,397,299
-	-	-	-	-	334,244
-	-	-	-	-	497,490
71,728	-	-	-	-	988,303
-	-	-	-	-	769,464
-	-	-	-	-	236,813
-	-	-	-	-	25,000
-	-	-	961	-	1,710
609	24,057	-	-	-	271,510
<u>72,337</u>	<u>380,297</u>	<u>1,027,377</u>	<u>12,619</u>	<u>1,560,102</u>	<u>9,766,269</u>
-	-	-	-	-	549,721
43,175	207,325	-	-	-	1,050,462
-	-	-	-	-	2,848,199
-	-	862,053	-	-	862,153
-	-	-	-	-	3,034,667
26,880	174,664	-	-	-	2,980,810
-	-	-	214,872	1,354,999	1,569,871
-	-	-	25,085	299,968	325,053
-	-	-	-	-	-
<u>70,055</u>	<u>381,989</u>	<u>862,053</u>	<u>239,957</u>	<u>1,654,967</u>	<u>13,220,936</u>
<u>2,282</u>	<u>(1,692)</u>	<u>165,324</u>	<u>(227,338)</u>	<u>(94,865)</u>	<u>(3,454,667)</u>
-	-	-	170,258	-	3,284,717
-	-	-	-	-	-
-	(46,437)	-	-	-	(782,998)
-	-	-	-	-	-
<u>-</u>	<u>(46,437)</u>	<u>-</u>	<u>170,258</u>	<u>-</u>	<u>2,501,719</u>
2,282	(48,129)	165,324	(57,080)	(94,865)	(952,948)
<u>(2,073)</u>	<u>379,359</u>	<u>146,879</u>	<u>421,128</u>	<u>1,891,767</u>	<u>5,795,875</u>
-	-	-	-	-	-
-	-	-	-	-	(78,657)
<u>(2,073)</u>	<u>379,359</u>	<u>146,879</u>	<u>421,128</u>	<u>1,891,767</u>	<u>5,717,218</u>
<u>209</u>	<u>331,230</u>	<u>312,203</u>	<u>364,048</u>	<u>1,796,902</u>	<u>4,764,270</u>

OTHER SUPPLEMENTAL SCHEDULES

STATE OF NEW MEXICO
VALENCIA COUNTY
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY FOR PUBLIC FUNDS
Year Ended June 30, 2017

	Bank of West	My Bank	Bank of Albuquerque	NM Bank and Trust	Wells Fargo	US Bank	Total
Deposits in Bank or Savings and Loan							
Cash Deposits	\$37,498,927	251,075	2,709,405	2,331,796	42,505	2,874	42,836,582
Certificate of Deposit	-	500,000	-	-	-	-	500,000
Total Deposits	37,498,927	751,075	2,709,405	2,331,796	42,505	2,874	43,336,582
Less: FDIC insurance	(500,000)	(500,000)	(250,000)	(250,000)	(42,505)	(2,874)	(1,545,379)
Total uninsured public funds	36,998,927	251,075	2,459,405	2,081,796	-	-	41,791,203
Collateral requirement @ 50%	18,499,464	125,538	1,229,703	1,040,898	-	-	20,895,602
Safekeeping locations/Pledged collateral:	CUSIP#						
Bank of Oklahoma, Oklahoma City Oklahoma:							
FHLB Topeka FNA 2013-M13A Mat. 05/25/2018	3136AFQM7	-	-	3,658,181	-	-	3,658,181
Independent Banker's Bank Dallas Texas:							
Grants ETC SD# NM Mat. 04/15/19	388240FR9	-	675,574	-	-	-	675,574
SunTrust Bank Atlanta Georgia:							
ABQ NM Mun Sch Dist GO SCH Mat. 08/01/2021	013595QQ9	-	-	-	288,767	-	288,767
Belen NM Gross Rcpts Tax REV Mat. 06/01/2026	077571CS4	-	-	-	1,077,669	-	1,077,669
FHLMC Series 1004 Mat. 10/15/2020	312904MG7	-	-	-	6,197	-	6,197
GNMA Pass-thru X Single Family Mat. 06/15/2040	36296QTP4	-	-	-	343,678	-	343,678
West Contra Costa Calif Uni SC Mat. 08/01/2025	952347US9	-	-	-	1,226,520	-	1,226,520
Bank of the West Oakland California:							
FH 3977C AC SEQ Fix Mat. 09/15/2029	3137AJYW8	699,338	-	-	-	-	699,338
GNMA2 ARM Multiple Mat. 11/20/2043	36179NTU2	100,093	-	-	-	-	100,093
FNMA CONV 30 YR SF Mat. 09/01/2042	3138M8J61	37,273	-	-	-	-	37,273
GNMA2 ARM Multiple Mat. 03/20/2043	36179M6H8	58,310	-	-	-	-	58,310
FHLMC Gold 30 YR Mat. 09/01/2042	31292LWF8	493,692	-	-	-	-	493,692
GMA1 SINGLE FAMILY 30 YR Mat. 01/15/2042	36176W7E5	357,052	-	-	-	-	357,052
FHLMC SF ARM; Various Mat. 01/01/2024	31300MHQ9	350,176	-	-	-	-	350,176
GNMA2 Single Family 30 YR Mat. 09/20/2042	36179MNG1	748,954	-	-	-	-	748,954
FNMA CONV 30 YR SF Mat. 09/01/2042	3138M8J61	931,813	-	-	-	-	931,813
FNMA CONV 30 YR SF Mat. 09/01/2042	3138MAKS6	996,255	-	-	-	-	996,255
FNMA CONV 30 YR SF Mat. 09/01/2042	3138M93R0	2,228,276	-	-	-	-	2,228,276
GNMA2 Single Family 30 YR Mat. 09/20/2043	36179NM96	65,520	-	-	-	-	65,520
G2SF MA3453 Mat. 01/20/2046	36179RZS1	1,276,685	-	-	-	-	1,276,685
G2SF MA3596 Mat. 04/20/2046	36179R7H6	3,530,417	-	-	-	-	3,530,417
G2SF MA2753 Mat. 04/20/2045	36179RBW8	3,012,562	-	-	-	-	3,012,562
GNMA2 ARM Multiple Mat.01/20/2043	36179MYH7	970,757	-	-	-	-	970,757
GNSF AL9314 Mat. 03/15/2045	3618HK37	3,351,573	-	-	-	-	3,351,573
GNMA2 Single Family 30 YR Mat. 09/20/2043	36179NM96	1,408,672	-	-	-	-	1,408,672
GNMA2 ARM Multiple Mat. 05/20/2043	36179NEE4	575,203	-	-	-	-	575,203
GNMA1 SINGLE FAMILY 30 YR Mat. 06/15/2042	36176XUA5	908,535	-	-	-	-	908,535
G2SF MA2753 Mat. 04/20/2045	36179RBW8	1,249,111	-	-	-	-	1,249,111
GNMA2 Single Family 30 YR Mat. 06/20/2042	36179ME22	817,879	-	-	-	-	817,879
		<u>24,168,146</u>	<u>675,574</u>	<u>3,658,181</u>	<u>2,942,831</u>	<u>-</u>	<u>31,444,732</u>
Excess (deficiency)	\$ 5,668,682	550,036	2,428,478	1,901,933	-	-	10,549,130

**STATE OF NEW MEXICO
VALENCIA COUNTY
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
Year Ended June 30, 2017**

Bank Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
Deposits:					
Bank of the West					
Operational Checking Account	Checking	\$ 11,871,356	174,221	2,253,070	9,792,507
Money market plus		25,627,571	-	-	25,627,571
Payroll	Checking	-	1,451	8,535	(7,084)
Wells Fargo					
Judicial Complex	Savings	42,505	-	-	42,505
US Bank					
Elec Fed Tax Pymt System Account	Savings	2,874	-	-	2,874
NM Bank & Trust					
Money market account -acct 333	Money market	19,843	-	-	19,843
Money market account -acct 893	Money market	2,311,953	-	-	2,311,953
Bank of Albuquerque					
Bond issue account	Checking	2,709,405	-	-	2,709,405
MyBank					
Inmate Account	Checking	140,670	8,963	26,188	123,445
Commissary Account	Checking	110,405	-	-	110,405
Certificate of Deposit	Certificate of Deposit	500,000	-	-	500,000
Subtotal Deposits		<u>43,336,582</u>	<u>184,635</u>	<u>2,287,793</u>	<u>41,233,424</u>
New Mexico State Treasurer					
LGIP	Investment Pool	31,872	-	-	31,872
New Mexico Finance Authority					
Reserve Accounts	Deposit - State Treasurer	<u>51,449</u>	-	-	<u>51,449</u>
Total deposits and investments per financial statements		<u>\$ 43,419,903</u>	<u>184,635</u>	<u>2,287,793</u>	<u>41,316,745</u>
Total cash and cash equivalents per Statement of Net Position					12,380,655
Total restricted cash and cash equivalents per Statement of Net Position					1,664,602
Total Interest in State Treasurer LGIP					31,872
Total cash and cash equivalents per Statement of Fiduciary Assets and Liabilities					<u>27,239,616</u>
Total cash, cash equivalents and investments					<u><u>41,316,745</u></u>

STATE OF NEW MEXICO
VALENCIA COUNTY
TAX ROLL RECONCILIATION - CHANGES IN PROPERTY TAXES RECEIVABLE
Year Ended June 30, 2017

Property taxes receivable, beginning of year	\$	10,204,260
Changes to tax roll:		
Net tax charges to treasurer for tax year 2016		43,423,893
Decrease in net tax charges 2007-2015		5,298
Adjustments:		
Allowance for uncollectible taxes receivable		-
Less roll-off of 2006 taxes on ten year schedule		(272,413)
Charge off of taxes receivable current year		(14,332)
		<u> </u>
Total receivable prior to collections		53,346,706
Collections for fiscal year ended June 30, 2017		(43,238,898)
		<u> </u>
Property taxes receivable at June 30, 2017	\$	<u><u>10,107,808</u></u>

Property taxes are reported as follows

Governmental funds:

County portion	\$	3,352,661
Agency portion		6,755,147
		<u> </u>
Total property taxes receivable	\$	<u><u>10,107,808</u></u>

Property taxes receivable by years:

2007-2015	\$	6,941,664
2016		3,166,144
		<u> </u>
Total property taxes receivable	\$	<u><u>10,107,808</u></u>

STATE OF NEW MEXICO
 VALENCIA COUNTY
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 June 30, 2017

	Property Taxes Levied	Collected In Current Year	Collected To-Date	Distributed In Current Year	Distributed To-Date	Current Amount Uncollect.	To-Date Amount Uncollect.	Undistr. At Year End	County Receivable At Year-End
VALENCIA COUNTY:									
Debt									
2007 - 2015	\$ 8,918,482	75,424	8,736,220	90,570	8,729,327	221	425	6,893	181,838
2016	836,158	772,819	772,819	759,020	755,206	4	4	17,613	63,333
Total Debt	9,754,640	848,243	9,509,039	849,590	9,484,533	225	429	24,506	245,171
Operational Non-Res.									
2007 - 2015	38,053,458	302,069	36,437,229	379,482	36,416,899	4,923	8,478	20,329	1,607,750
2016	4,935,597	4,511,024	4,511,024	4,435,701	4,413,071	-	-	97,953	424,573
Total Operational NR	42,989,055	4,813,093	40,948,253	4,815,183	40,829,970	4,923	8,478	118,282	2,032,323
Operational Res.									
2007 - 2015	50,070,686	482,129	49,465,640	574,583	49,417,868	-	46	47,773	604,999
2016	6,589,453	6,119,239	6,119,239	6,006,998	5,977,004	48	48	142,234	470,166
Total Operational Res.	56,660,139	6,601,368	55,584,879	6,581,581	55,394,872	48	94	190,007	1,075,165
Total Valencia County	109,403,834	12,262,704	106,042,171	12,246,354	105,709,375	5,196	9,001	332,795	3,352,659
STATE OF NEW MEXICO:									
State 951									
2007 - 2015	68,032	161	67,369	198	67,354	-	-	14	662
2016	11,749	9,374	9,347	8,989	7,083	-	-	2,264	2,402
Total State 951	79,781	9,535	76,716	9,187	74,437	-	-	2,278	3,064
State 952									
2007 - 2015	578	1	577	4	577	-	-	1	1
2016	156	151	151	148	147	-	-	3	4
Total State 952	734	152	728	152	724	-	-	4	5
State 953									
2007 - 2015	299	-	353	-	353	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
Total State 953	299	-	353	-	353	-	-	-	-

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 VALENCIA COUNTY
 TREASURERS PROPERTY TAX SCHEDULE
 June 30, 2017

	Property Taxes Levied	Collected In Current Year	Collected To-Date	Distributed In Current Year	Distributed To-Date	Current Amount Uncollect.	To-Date Amount Uncollect.	Undistr. At Year End	County Receivable At Year-End
State 954									
2007 - 2015	13,995	192	13,906	188	13,896	-	-	9	89
2016	2,386	2,276	2,276	2,222	2,214	-	-	62	110
Total State 954	16,381	2,468	16,182	2,410	16,110	-	-	71	199
State 956									
2007 - 2015	136,845	1	136,845	1	136,846	-	-	-	-
2016	14,763	14,763	14,763	14,676	14,676	-	-	86	-
Total State 956	151,608	14,764	151,608	14,677	151,522	-	-	86	-
State 957									
2007 - 2015	311	35	311	35	311	-	-	-	-
2016	43	39	39	39	39	-	-	-	3
Total State 957	354	74	350	74	350	-	-	-	3
SWINE 958									
2007 - 2015	67	-	67	-	67	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
Total Swine 958	67	-	67	-	67	-	-	-	-
STATEDEBT									
2007 - 2015	14,432,279	130,883	14,127,272	158,138	14,115,440	571	1,005	11,832	304,002
2016	1,892,137	1,748,810	1,748,810	1,717,584	1,708,953	9	9	39,857	143,317
Total STATEDEBT	16,324,416	1,879,693	15,876,082	1,875,722	15,824,393	580	1,014	51,689	447,319
Total State of New Mexico	16,573,640	1,906,686	16,122,086	1,902,222	16,067,956	580	1,014	54,128	450,590
CPSWCE CLAUNCH-PINTO SOIL & WTR									
2007 - 2015	164	7	163	8	164	-	-	-	-
2016	178	176	176	175	175	-	-	-	2
Total CPSWCE	342	183	339	183	339	-	-	-	2

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June 30, 2017

	Property Taxes Levied	Collected In Current Year	Collected To-Date	Distributed In Current Year	Distributed To-Date	Current Amount Uncollect.	To-Date Amount Uncollect.	Undistr. At Year End	County Receivable At Year-End
MIDDLE RIO GRANDE CONSERVANCY									
MRGC OPR Non-Res.									
2007 - 2015	7,584,202	97,133	7,468,404	116,738	7,462,238	-	78	6,392	115,495
2016	1,441,303	1,341,481	1,341,707	1,314,707	1,305,330	-	-	36,150	99,821
Total Operational NR	9,025,505	1,438,614	8,810,111	1,431,445	8,767,568	-	78	42,542	215,316
MRGC OPR Res.									
2007 - 2015	15,706,955	159,851	15,551,992	194,343	15,534,815	-	41	17,176	154,922
2016	2,062,971	1,900,557	1,900,557	1,857,941	1,847,569	-	-	52,989	162,413
Total OPR Res.	17,769,926	2,060,408	17,452,549	2,052,284	17,382,384	-	41	70,165	317,335
Total MRGC	26,795,431	3,499,022	26,262,660	3,483,729	26,149,952	-	119	112,707	532,651
SOIL & WATER CONSERVATION									
2007 - 2015	702,504	19,087	676,550	24,026	674,551	-	56	1,999	25,898
2016	359,349	332,298	332,298	326,244	324,591	3	3	7,706	27,047
Total Soil & water	1,061,853	351,385	1,008,848	350,270	999,142	3	59	9,705	52,945
VILLAGE OF BOSQUE FARMS									
NR MUNOP									
2007 - 2015	96,906	2,107	95,451	2,406	95,327	-	-	125	1,455
2016	26,343	24,185	24,185	23,491	22,992	-	-	1,192	2,158
Total NR MUNOP	123,249	26,292	119,636	25,897	118,319	-	-	1,317	3,613
NR NUNOPER									
2007 - 2015	93,400	54	93,107	54	93,107	-	-	-	292
2016	-	-	-	-	-	-	-	-	-
Total NR NUNOPER	93,400	54	93,107	54	93,107	-	-	-	292
R MUNOP									
2007 - 2015	629,762	5,768	626,027	7,234	625,534	-	-	494	3,735
2016	163,915	157,961	157,961	154,619	153,974	-	-	3,986	5,954
Total R MUNOP	793,677	163,729	783,988	161,853	779,508	-	-	4,480	9,689

STATE OF NEW MEXICO
 VALENCIA COUNTY
 TREASURERS PROPERTY TAX SCHEDULE
 June 30, 2017

	Property Taxes Levied	Collected In Current Year	Collected To-Date	Distributed In Current Year	Distributed To-Date	Current Amount Uncollect.	To-Date Amount Uncollect.	Undistr. At Year End	County Receivable At Year-End
R MUNOPER									
2007 - 2015	554,903	44	554,723	52	554,723	-	-	-	179
2016	-	-	-	-	-	-	-	-	-
Total R MUNOPER	554,903	44	554,723	52	554,723	-	-	-	179
Total Bosque Farms	1,565,229	190,119	1,551,454	187,856	1,545,657	-	-	5,797	13,773
CITY OF BELEN									
NR MUNDEBT									
2007 - 2015	-	-	-	-	-	-	-	-	-
2016	195,924	185,019	185,019	182,238	181,996	-	-	3,023	10,904
Total NR MUNDEBT	195,924	185,019	185,019	182,238	181,996	-	-	3,023	10,904
NR MUNOPER									
2007 - 2015	2,587,765	19,010	2,545,235	21,968	2,544,523	-	1,067	712	41,464
2016	331,325	312,884	312,884	308,180	307,771	-	-	5,112	18,440
Total NR MUNOPER	2,919,090	331,894	2,858,119	330,148	2,852,294	-	1,067	5,824	59,904
R MUNDEBT									
2007 - 2015	-	-	-	-	-	-	-	-	-
2016	237,012	216,047	216,047	210,304	208,925	-	-	7,121	20,965
Total R MUNDEBT	237,012	216,047	216,047	210,304	208,925	-	-	7,121	20,965
R MUNOPER									
2007 - 2015	3,147,777	36,563	3,101,722	42,941	3,097,886	-	3	3,837	46,051
2016	387,573	353,290	353,290	343,898	341,644	-	-	11,645	34,283
Total R MUNOPER	3,535,350	389,853	3,455,012	386,839	3,439,530	-	3	15,482	80,334
Total City of Belen	6,887,376	1,122,813	6,714,197	1,109,529	6,682,745	-	1,070	31,450	172,107
BELEN CONS. SCHOOLS									
NR SCHCAPIMP									
2007 - 2015	3,353,720	25,675	3,181,039	28,849	3,178,908	-	421	2,131	172,260
2016	456,350	417,201	417,201	408,776	407,148	-	-	10,052	39,148
Total NR SCHCAPIMP	3,810,070	442,876	3,598,240	437,625	3,586,056	-	421	12,183	211,408

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 June 30, 2017

	Property Taxes Levied	Collected In Current Year	Collected To-Date	Distributed In Current Year	Distributed To-Date	Current Amount Uncollect.	To-Date Amount Uncollect.	Undistr. At Year End	County Receivable At Year-End
NR SCHDEBT									
2007 - 2015	12,929,258	98,650	12,263,809	110,831	12,255,627	-	1,626	8,182	663,824
2016	1,751,015	1,600,801	1,600,801	1,568,476	1,562,228	-	-	38,572	150,213
Total NR SCHDEBT	14,680,273	1,699,451	13,864,610	1,679,307	13,817,855	-	1,626	46,754	814,037
NR SCHDISTOP									
2007 - 2015	834,377	6,407	791,385	7,200	790,853	-	104	532	42,887
2016	114,087	104,300	104,300	102,194	101,787	-	-	2,513	9,787
Total NR SCHDISTOP	948,464	110,707	895,685	109,394	892,640	-	104	3,045	52,674
R SCHCAPIMP									
2007 - 2015	5,199,007	56,535	5,132,053	65,787	5,125,741	-	11	6,312	66,942
2016	649,794	595,568	595,568	581,813	578,555	-	-	17,012	54,226
Total Operational NR	5,848,801	652,103	5,727,621	647,600	5,704,296	-	11	23,324	121,168
R SCHDEBT									
2007 - 2015	20,013,319	217,272	19,755,878	252,827	19,731,626	-	46	24,252	257,395
2016	2,527,381	2,316,467	2,316,467	2,262,968	2,250,296	-	-	66,171	210,913
Total R SCHDEBT	22,540,700	2,533,739	22,072,345	2,515,795	21,981,922	-	46	90,423	468,308
R SCHDISTOP									
2007 - 2015	577,602	6,951	569,660	8,112	568,878	-	1	781	7,942
2016	82,665	75,766	75,766	74,016	73,602	-	-	2,164	6,898
Total R SCHDISTOP	660,267	82,717	645,426	82,128	642,480	-	1	2,945	14,840
BN03 BN SCHDBT									
2007 - 2015	20,165	-	9,931	-	9,931	-	-	-	-
2016	-	-	10,232	-	10,232	-	-	-	2
Total BN SCHDBT	20,165	-	20,163	-	20,163	-	-	-	2
BN03 LL SCHDBT									
2007 - 2015	3,163	-	3,163	-	3,163	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
Total BN LL SCHDBT	3,163	-	3,163	-	3,163	-	-	-	-
Total Belen Schools	48,511,903	5,521,593	46,827,253	5,471,849	46,648,575	-	2,209	178,674	1,682,437

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	Property Taxes Levied	Collected In Current Year	Collected To-Date	Distributed In Current Year	Distributed To-Date	Current Amount Uncollect.	To-Date Amount Uncollect.	Undistr. At Year End	County Receivable At Year-End
SCHOOL OF DREAMS									
NR House Bill 33									
2007 - 2015	15,364	66	14,831	70	14,830	-	3	1	528
2016	-	-	-	-	-	-	-	-	-
Total NR House Bill 33	15,364	66	14,831	70	14,830	-	3	1	528
NR House Bill 33									
2007 - 2015	51,494	192	51,085	205	51,070	-	-	14	408
2016	-	-	-	-	-	-	-	-	-
Total NR House Bill 33	51,494	192	51,085	205	51,070	-	-	14	408
Total School of Dreams	66,858	258	65,916	275	65,900	-	3	15	936
LOS LUNAS CONSOLIDATED SCHOOLS									
NR HOUSE BILL 33									
2007 - 2015	4,582,146	37,832	4,433,009	52,663	4,431,064	1,258	1,524	1,944	147,612
2016	564,993	516,229	516,229	509,797	506,510	-	-	9,719	48,763
Total House Bill 33	5,147,139	554,061	4,949,238	562,460	4,937,574	1,258	1,524	11,663	196,375
NR SCHCAPIMP									
2007 - 2015	3,064,946	25,264	2,965,169	35,155	2,963,872	838	1,018	1,297	98,758
2016	376,662	344,153	344,153	339,864	337,673	-	-	6,479	32,509
Total NR SCHCAPIMP	3,441,608	369,417	3,309,322	375,019	3,301,545	838	1,018	7,776	131,267
NR SCHDEBT									
2007 - 2015	12,545,106	103,142	12,136,863	143,348	12,131,568	3,433	4,169	5,295	404,073
2016	1,538,665	1,405,865	1,405,865	1,388,347	1,379,396	-	-	26,468	132,799
Total NR SCHDEBT	14,083,771	1,509,007	13,542,728	1,531,695	13,510,964	3,433	4,169	31,763	536,872
NR SCHDISTOP									
2007 - 2015	718,852	6,255	694,968	8,721	694,649	198	241	319	23,642
2016	94,165	86,038	86,038	84,966	84,418	-	-	1,619	8,127
Total NR SCHDISTOP	813,017	92,293	781,006	93,687	779,067	198	241	1,938	31,769

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	Property Taxes Levied	Collected In Current Year	Collected To-Date	Distributed In Current Year	Distributed To-Date	Current Amount Uncollect.	To-Date Amount Uncollect.	Undistr. At Year End	County Receivable At Year-End
R HBILL33									
2007 - 2015	14,822,092	125,003	14,655,811	181,017	14,644,533	-	-	11,278	166,279
2016	1,847,860	1,727,401	1,727,401	1,669,824	1,691,849	20	20	35,552	120,437
Total HBILL 33	16,669,952	1,852,404	16,383,212	1,850,841	16,336,382	20	20	46,830	286,716
R SCHCAPIMP									
2007 - 2015	9,914,414	83,458	9,803,297	100,810	9,795,769	-	2	7,528	111,115
2016	1,232,121	1,151,802	1,151,802	1,133,414	1,128,096	13	13	23,705	80,305
Total SCHCAPIMP	11,146,535	1,235,260	10,955,099	1,234,224	10,923,865	13	15	31,233	191,420
R SCHDEBT									
2007 - 2015	40,636,814	346,302	40,176,994	418,530	40,145,753	-	8	31,241	459,813
2016	5,273,145	4,929,399	4,929,399	4,850,704	4,827,946	58	58	101,453	343,687
Total R SCHDEBT	45,909,959	5,275,701	45,106,393	5,269,234	44,973,699	58	66	132,694	803,500
R SCHDISTOP									
2007 - 2015	933,282	7,892	922,787	9,533	922,439	-	-	713	10,494
2016	116,822	109,207	109,207	107,463	106,595	1	1	2,247	7,614
Total R SCHDISTOP	1,050,104	117,099	1,031,994	116,996	1,029,034	1	1	2,960	18,108
LL03 BN SCHDBT									
2007 - 2015	87,982	-	87,982	-	87,982	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
Total BN SCHDBT	87,982	-	87,982	-	87,982	-	-	-	-
LL03 LL SCHDBT									
2007 - 2015	90,857	-	90,857	-	90,857	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
Total LL03 SCHDBT	90,857	-	90,857	-	90,857	-	-	-	-
Total Los Lunas Schools	98,440,924	11,005,242	96,237,831	11,034,156	95,970,969	5,819	7,054	266,857	2,196,027
VILLAGE OF LOS LUNAS									
NR MUNDBT									
2007 - 2015	-	-	-	-	-	-	-	-	-
2016	126,925	119,494	119,494	118,326	117,605	-	-	1,889	7,431
Total NR MUNDBT	126,925	119,494	119,494	118,326	117,605	-	-	1,889	7,431

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	Property Taxes Levied	Collected In Current Year	Collected To-Date	Distributed In Current Year	Distributed To-Date	Current Amount Uncollect.	To-Date Amount Uncollect.	Undistr. At Year End	County Receivable At Year-End
R MUNDBT									
2007 - 2015	-	-	-	-	-	-	-	-	-
2016	365,597	353,626	353,626	349,985	348,914	-	-	4,712	11,971
Total R MUNDBT	365,597	353,626	353,626	349,985	348,914	-	-	4,712	11,971
NR MUNOP									
2007 - 2015	5,919,674	27,691	5,876,598	44,941	5,874,580	-	687	2,017	42,389
2016	695,546	654,824	654,824	648,424	644,471	-	-	10,353	40,721
Total NR MUNOP	6,615,220	682,515	6,531,422	693,365	6,519,051	-	687	12,370	83,110
R MUNOPR									
2007 - 2015	14,610,196	63,418	14,555,463	86,844	14,548,585	-	-	6,879	54,732
2016	1,889,009	1,827,155	1,827,155	1,808,339	1,802,808	-	-	24,346	61,853
Total R MUNOPR	16,499,205	1,890,573	16,382,618	1,895,183	16,351,393	-	-	31,225	116,585
Total Village of Los Lunas	23,606,947	3,046,208	23,387,160	3,056,859	23,336,963	-	687	50,196	219,097
TOWN OF PERALTA									
NR MUNOPER									
2007 - 2015	46,697	3,555	45,425	7,290	45,339	-	-	87	1,271
2016	21,371	18,895	18,895	18,035	17,903	-	-	991	2,476
Total NR MUNOPER	68,068	22,450	64,320	25,325	63,242	-	-	1,078	3,747
R MUNOPER									
2007 - 2015	307,849	9,751	301,693	12,279	300,929	-	-	763	6,157
2016	156,096	146,376	146,376	143,304	142,153	-	-	4,223	9,719
Total R MUNOPER	463,945	156,127	448,069	155,583	443,082	-	-	4,986	15,876
Total Town of Peralta	532,013	178,577	512,389	180,908	506,324	-	-	6,064	19,623
RIO COMMUNITIES									
RC MUNOPER									
2007 - 2015	200,906	5,015	197,334	7,219	196,756	-	-	579	3,572
2016	201,954	192,780	192,780	189,548	188,957	-	-	3,822	9,173
Total RC MUNOPER	402,860	197,795	390,114	196,767	385,713	-	-	4,401	12,745

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	Property Taxes Levied	Collected In Current Year	Collected To-Date	Distributed In Current Year	Distributed To-Date	Current Amount Uncollect.	To-Date Amount Uncollect.	Undistr. At Year End	County Receivable At Year-End
RCMUNOP NR									
2007 - 2015	19,273	1,051	18,275	1,856	18,224	-	-	50	999
2016	35,365	33,717	33,717	32,572	32,549	-	-	1,168	1,647
Total RCMUNOP NR	54,638	34,768	51,992	34,428	50,773	-	-	1,218	2,646
Total Rio Communities	457,498	232,563	442,106	231,195	436,486	-	-	5,619	15,391
UNM VALENCIA									
BLDGLEVY2									
2007 - 2015	10,445,922	84,639	10,233,445	101,756	10,225,847	703	1,065	7,599	211,412
2016	1,182,585	1,093,006	1,093,006	1,073,490	1,068,095	6	6	24,910	89,573
Total	11,628,507	1,177,645	11,326,451	1,175,246	11,293,942	709	1,071	32,509	300,985
BRANCH 1R									
2007 - 2015	14,502,307	134,240	14,331,416	159,755	14,318,158	-	13	13,258	170,878
2016	1,802,352	1,673,738	1,673,738	1,643,038	1,634,834	13	13	38,904	128,600
Total Total Branch 1R	16,304,659	1,807,978	16,005,154	1,802,793	15,952,992	13	26	52,162	299,478
BRANCH NR									
2007 - 2015	6,430,873	51,006	6,157,780	64,073	6,154,349	836	1,438	3,431	271,654
2016	833,012	761,354	761,354	748,641	744,822	-	-	16,532	71,657
Total	7,263,885	812,360	6,919,134	812,714	6,899,171	836	1,438	19,963	343,311
Total UNM Valencia	35,197,051	3,797,983	34,250,739	3,790,753	34,146,105	1,558	2,535	104,634	943,774
VALENCIA COUNTY HOSPITAL									
2007 - 2015	10,345,807	78,923	10,208,016	82,028	10,198,768	-	19	9,247	137,772
2016	-	-	-	-	-	-	-	-	-
Total Hospital	10,345,807	78,923	10,208,016	82,028	10,198,768	-	19	9,247	137,772
Hospital NR									
2007 - 2015	6,905,362	32,394	6,628,755	33,733	6,626,449	1,142	1,967	2,306	274,639
2016	-	-	-	-	-	-	-	-	-
Total Hospital NR	6,905,362	32,394	6,628,755	33,733	6,626,449	1,142	1,967	2,306	274,639
Hospital R									
2007 - 2015	8,713,549	12,216	8,670,163	12,559	8,669,165	-	-	998	43,385
2016	-	-	-	-	-	-	-	-	-
Total Hospital R	8,713,549	12,216	8,670,163	12,559	8,669,165	-	-	998	43,385

STATE OF NEW MEXICO
 VALENCIA COUNTY
 TREASURERS PROPERTY TAX SCHEDULE
 June 30, 2017

	Property Taxes Levied	Collected In Current Year	Collected To-Date	Distributed In Current Year	Distributed To-Date	Current Amount Uncollect.	To-Date Amount Uncollect.	Undistr. At Year End	County Receivable At Year-End
Total Valencia Cnty Hospital	<u>25,964,718</u>	<u>123,533</u>	<u>25,506,934</u>	<u>128,320</u>	<u>25,494,382</u>	<u>1,142</u>	<u>1,986</u>	<u>12,551</u>	<u>455,796</u>
Totals									
2007 - 2015	351,641,745	2,981,314	344,664,097	3,650,960	344,398,068	14,123	25,562	266,620	6,941,664
2016	<u>43,423,872</u>	<u>40,257,555</u>	<u>40,267,986</u>	<u>39,523,498</u>	<u>39,362,802</u>	<u>175</u>	<u>175</u>	<u>904,572</u>	<u>3,166,144</u>
GRAND TOTAL \$	<u>395,065,617</u>	<u>43,238,869</u>	<u>384,932,083</u>	<u>43,174,458</u>	<u>383,760,870</u>	<u>14,298</u>	<u>25,737</u>	<u>1,171,192</u>	<u>10,107,808</u>

Presumed paid after ten years per Section 7-38-81(C) NMSA 1978

**STATE OF NEW MEXICO
VALENCIA COUNTY
AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
June 30, 2017**

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
SICK LEAVE FUND 425				
ASSETS				
Cash and investments	\$ 14,001	\$ -	\$ -	\$ 14,001
Receivables - Property taxes	-	-	-	-
Receivables - Other	-	-	-	-
Total assets	<u>14,001</u>	<u>-</u>	<u>-</u>	<u>14,001</u>
LIABILITIES				
Deposits held in trust for others	14,001	-	-	14,001
Other liabilities	-	-	-	-
Future taxes collectible	-	-	-	-
Total liabilities	<u>14,001</u>	<u>-</u>	<u>-</u>	<u>14,001</u>
CHILDREN'S TRUST FUND 436				
ASSETS				
Cash and investments	1,320	6,732	6,687	1,365
Receivables - Property taxes	-	-	-	-
Receivables - Other	-	-	-	-
Total assets	<u>1,320</u>	<u>6,732</u>	<u>6,687</u>	<u>1,365</u>
LIABILITIES				
Deposits held in trust for others	1,320	6,732	6,687	1,365
Other liabilities	-	-	-	-
Future taxes collectible	-	-	-	-
Total liabilities	<u>1,320</u>	<u>6,732</u>	<u>6,687</u>	<u>1,365</u>
BELEN SCHOOL HB33 SUSPENSE FUND 438				
ASSETS				
Cash and investments	114	-	-	114
Receivables - Property taxes	-	-	-	-
Receivables - Other	-	-	-	-
Total assets	<u>114</u>	<u>-</u>	<u>-</u>	<u>114</u>
LIABILITIES				
Deposits held in trust for others	114	-	-	114
Other liabilities	-	-	-	-
Future taxes collectible	-	-	-	-
Total liabilities	<u>114</u>	<u>-</u>	<u>-</u>	<u>114</u>
ENFORCEMENT FUND 445				
ASSETS				
Cash and investments	(1,054)	2,366	-	1,312
Receivables - Property taxes	-	-	-	-
Receivables - Other	-	-	-	-
Total assets	<u>(1,054)</u>	<u>2,366</u>	<u>-</u>	<u>1,312</u>
LIABILITIES				
Deposits held in trust for others	(1,054)	2,366	-	1,312
Other liabilities	-	-	-	-
Future taxes collectible	-	-	-	-
Total liabilities	<u>(1,054)</u>	<u>2,366</u>	<u>-</u>	<u>1,312</u>

**STATE OF NEW MEXICO
VALENCIA COUNTY
AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
June 30, 2017**

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
HOMELAND SECURITY FUND 466				
ASSETS				
Cash and investments	2,564	-	-	2,564
Receivables - Property taxes	-	-	-	-
Receivables - Other	-	-	-	-
Total assets	<u>2,564</u>	<u>-</u>	<u>-</u>	<u>2,564</u>
LIABILITIES				
Deposits held in trust for others	2,564	-	-	2,564
Other liabilities	-	-	-	-
Future taxes collectible	-	-	-	-
Total liabilities	<u>2,564</u>	<u>-</u>	<u>-</u>	<u>2,564</u>
SHERIFF'S DEPT EVIDENCE FUND 470				
ASSETS				
Cash and investments	19,155	8,525	-	27,680
Receivables - Property taxes	-	-	-	-
Receivables - Other	-	-	-	-
Total assets	<u>19,155</u>	<u>8,525</u>	<u>-</u>	<u>27,680</u>
LIABILITIES				
Deposits held in trust for others	19,155	8,525	-	27,680
Other liabilities	-	-	-	-
Future taxes collectible	-	-	-	-
Total liabilities	<u>19,155</u>	<u>8,525</u>	<u>-</u>	<u>27,680</u>
OVER PAYMENT OF TAXES FUND 471				
ASSETS				
Cash and investments	254,856	5,647	74,098	186,405
Receivables - Property taxes	-	-	-	-
Receivables - Other	-	-	-	-
Total assets	<u>254,856</u>	<u>5,647</u>	<u>74,098</u>	<u>186,405</u>
LIABILITIES				
Deposits held in trust for others	254,856	5,647	74,098	186,405
Other liabilities	-	-	-	-
Future taxes collectible	-	-	-	-
Total liabilities	<u>254,856</u>	<u>5,647</u>	<u>74,098</u>	<u>186,405</u>
TWINING CORP PROCESSING ACCT FUND 472				
ASSETS				
Cash and investments	335	-	-	335
Receivables - Property taxes	-	-	-	-
Receivables - Other	-	-	-	-
Total assets	<u>335</u>	<u>-</u>	<u>-</u>	<u>335</u>
LIABILITIES				
Deposits held in trust for others	335	-	-	335
Other liabilities	-	-	-	-
Future taxes collectible	-	-	-	-
Total liabilities	<u>335</u>	<u>-</u>	<u>-</u>	<u>335</u>

**STATE OF NEW MEXICO
VALENCIA COUNTY
AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
June 30, 2017**

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
TAXES PAID IN ADVANCE/RECEIPTS FUND 474				
ASSETS				
Cash and investments	9,775	-	-	9,775
Receivables - Property taxes	-	-	-	-
Receivables - Other	-	-	-	-
Total assets	<u>9,775</u>	<u>-</u>	<u>-</u>	<u>9,775</u>
LIABILITIES				
Deposits held in trust for others	9,775	-	-	9,775
Other liabilities	-	-	-	-
Future taxes collectible	-	-	-	-
Total liabilities	<u>9,775</u>	<u>-</u>	<u>-</u>	<u>9,775</u>
TAXES PAID UNDER PROTEST FUND 475				
ASSETS				
Cash and investments	428	-	-	428
Receivables - Property taxes	-	-	-	-
Receivables - Other	-	-	-	-
Total assets	<u>428</u>	<u>-</u>	<u>-</u>	<u>428</u>
LIABILITIES				
Deposits held in trust for others	428	-	-	428
Other liabilities	-	-	-	-
Future taxes collectible	-	-	-	-
Total liabilities	<u>428</u>	<u>-</u>	<u>-</u>	<u>428</u>
MULTI-ACTIVITY-ML-LL-BLN-DELRIO FUND 480				
ASSETS				
Cash and investments	1,173	2,542	714	3,001
Receivables - Property taxes	-	-	-	-
Receivables - Other	-	-	-	-
Total assets	<u>1,173</u>	<u>2,542</u>	<u>714</u>	<u>3,001</u>
LIABILITIES				
Deposits held in trust for others	1,156	2,542	697	3,001
Other liabilities	17	-	17	-
Future taxes collectible	-	-	-	-
Total liabilities	<u>1,173</u>	<u>2,542</u>	<u>714</u>	<u>3,001</u>
UNDISTRIBUTED CURRENT TAX FUND 481				
ASSETS				
Cash and investments	1,816	-	92	1,724
Receivables - Property taxes	-	-	-	-
Receivables - Other	-	-	-	-
Total assets	<u>1,816</u>	<u>-</u>	<u>92</u>	<u>1,724</u>
LIABILITIES				
Deposits held in trust for others	1,816	-	92	1,724
Other liabilities	-	-	-	-
Future taxes collectible	-	-	-	-
Total liabilities	<u>1,816</u>	<u>-</u>	<u>92</u>	<u>1,724</u>

**STATE OF NEW MEXICO
VALENCIA COUNTY
AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
June 30, 2017**

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
UNDISTRIBUTED DELINQUENT TAX FUND 482				
ASSETS				
Cash and investments	3,646	-	-	3,646
Receivables - Property taxes	-	-	-	-
Receivables - Other	-	-	-	-
Total assets	<u>3,646</u>	<u>-</u>	<u>-</u>	<u>3,646</u>
LIABILITIES				
Deposits held in trust for others	3,646	-	-	3,646
Other liabilities	-	-	-	-
Future taxes collectible	-	-	-	-
Total liabilities	<u>3,646</u>	<u>-</u>	<u>-</u>	<u>3,646</u>
VIA PROCESSING ACCOUNT FUND 484				
ASSETS				
Cash and investments	1,157	-	-	1,157
Receivables - Property taxes	-	-	-	-
Receivables - Other	-	-	-	-
Total assets	<u>1,157</u>	<u>-</u>	<u>-</u>	<u>1,157</u>
LIABILITIES				
Deposits held in trust for others	1,157	-	-	1,157
Other liabilities	-	-	-	-
Future taxes collectible	-	-	-	-
Total liabilities	<u>1,157</u>	<u>-</u>	<u>-</u>	<u>1,157</u>
ADULT DETENTION INMATE FUND 486				
ASSETS				
Cash and investments	82,315	283,349	263,400	102,264
Receivables - Property taxes	-	-	-	-
Receivables - Other	-	-	-	-
Total assets	<u>82,315</u>	<u>283,349</u>	<u>263,400</u>	<u>102,264</u>
LIABILITIES				
Deposits held in trust for others	80,430	283,349	262,760	101,019
Other liabilities	1,885	-	640	1,245
Future taxes collectible	-	-	-	-
Total liabilities	<u>82,315</u>	<u>283,349</u>	<u>263,400</u>	<u>102,264</u>
ADULT DETENTION COMMISSARY FUND 489				
ASSETS				
Cash and investments	369,705	53,993	38,456	385,242
Receivables - Property taxes	-	-	-	-
Receivables - Other	1,447	-	1,447	-
Total assets	<u>371,152</u>	<u>53,993</u>	<u>39,903</u>	<u>385,242</u>
LIABILITIES				
Deposits held in trust for others	369,705	53,993	38,456	385,242
Other liabilities	1,447	-	1,447	-
Future taxes collectible	-	-	-	-
Total liabilities	<u>371,152</u>	<u>53,993</u>	<u>39,903</u>	<u>385,242</u>

**STATE OF NEW MEXICO
VALENCIA COUNTY
AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
June 30, 2017**

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
VILLAGE OF LOS LUNAS FUND 575				
ASSETS				
Cash and investments	45,650	3,015,760	3,026,332	35,078
Receivables - Property taxes	190,180	3,077,080	3,048,161	219,099
Receivables - Other	-	-	-	-
Total assets	<u>235,830</u>	<u>6,092,840</u>	<u>6,074,493</u>	<u>254,177</u>
LIABILITIES				
Deposits held in trust for others	45,650	3,015,760	3,026,332	35,078
Other liabilities	-	-	-	-
Future taxes collectible	190,180	3,077,080	3,048,161	219,099
Total liabilities	<u>235,830</u>	<u>6,092,840</u>	<u>6,074,493</u>	<u>254,177</u>
VILLAGE OF BOSQUE FARMS FUND 576				
ASSETS				
Cash and investments	2,350	188,219	185,978	4,591
Receivables - Property taxes	14,575	190,259	191,532	13,302
Receivables - Other	-	-	-	-
Total assets	<u>16,925</u>	<u>378,478</u>	<u>377,510</u>	<u>17,893</u>
LIABILITIES				
Deposits held in trust for others	2,350	188,219	185,978	4,591
Other liabilities	-	-	-	-
Future taxes collectible	14,575	190,259	191,532	13,302
Total liabilities	<u>16,925</u>	<u>378,478</u>	<u>377,510</u>	<u>17,893</u>
CITY OF BELEN FUND 577				
ASSETS				
Cash and investments	20,834	1,111,588	1,098,440	33,982
Receivables - Property taxes	153,723	1,151,837	1,133,452	172,108
Receivables - Other	-	-	-	-
Total assets	<u>174,557</u>	<u>2,263,425</u>	<u>2,231,892</u>	<u>206,090</u>
LIABILITIES				
Deposits held in trust for others	20,834	1,111,588	1,098,440	33,982
Other liabilities	-	-	-	-
Future taxes collectible	153,723	1,151,837	1,133,452	172,108
Total liabilities	<u>174,557</u>	<u>2,263,425</u>	<u>2,231,892</u>	<u>206,090</u>
TOWN OF PERALTA MUN OPR FUND 578				
ASSETS				
Cash and investments	6,842	176,793	179,100	4,535
Receivables - Property taxes	20,734	177,468	178,578	19,624
Receivables - Other	-	-	-	-
Total assets	<u>27,576</u>	<u>354,261</u>	<u>357,678</u>	<u>24,159</u>
LIABILITIES				
Deposits held in trust for others	6,842	176,793	179,100	4,535
Other liabilities	-	-	-	-
Future taxes collectible	20,734	177,468	178,578	19,624
Total liabilities	<u>27,576</u>	<u>354,261</u>	<u>357,678</u>	<u>24,159</u>

**STATE OF NEW MEXICO
VALENCIA COUNTY
AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
June 30, 2017**

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
CITY OF RIO COMMUNITIES FUND 579				
ASSETS				
Cash and investments	3,468	230,238	228,883	4,823
Receivables - Property taxes	10,649	237,320	232,577	15,392
Receivables - Other	-	-	-	-
Total assets	<u>14,117</u>	<u>467,558</u>	<u>461,460</u>	<u>20,215</u>
LIABILITIES				
Deposits held in trust for others	3,468	230,238	228,883	4,823
Other liabilities	-	-	-	-
Future taxes collectible	10,649	237,320	232,577	15,392
Total liabilities	<u>14,117</u>	<u>467,558</u>	<u>461,460</u>	<u>20,215</u>
MIDDLE RIO GRAND CONS DISTR FUND 580				
ASSETS				
Cash and investments	88,000	3,476,402	3,458,452	105,950
Receivables - Property taxes	538,521	3,504,275	3,510,144	532,652
Receivables - Other	-	-	-	-
Total assets	<u>626,521</u>	<u>6,980,677</u>	<u>6,968,596</u>	<u>638,602</u>
LIABILITIES				
Deposits held in trust for others	88,000	3,476,402	3,458,452	105,950
Other liabilities	-	-	-	-
Future taxes collectible	538,521	3,504,275	3,510,144	532,652
Total liabilities	<u>626,521</u>	<u>6,980,677</u>	<u>6,968,596</u>	<u>638,602</u>
SOIL & WATER CONSERV DISTR FUND 581				
ASSETS				
Cash and investments	6,408	351,385	350,271	7,522
Receivables - Property taxes	44,427	359,349	350,830	52,946
Receivables - Other	-	-	-	-
Total assets	<u>50,835</u>	<u>710,734</u>	<u>701,101</u>	<u>60,468</u>
LIABILITIES				
Deposits held in trust for others	6,408	351,385	350,271	7,522
Other liabilities	-	-	-	-
Future taxes collectible	44,427	359,349	350,830	52,946
Total liabilities	<u>50,835</u>	<u>710,734</u>	<u>701,101</u>	<u>60,468</u>
CLAUNCH-PINTO SOIL & WATER CD FUND 582				
ASSETS				
Cash and investments	-	183	183	-
Receivables - Property taxes	7	179	183	3
Receivables - Other	-	-	-	-
Total assets	<u>7</u>	<u>362</u>	<u>366</u>	<u>3</u>
LIABILITIES				
Deposits held in trust for others	-	183	183	-
Other liabilities	-	-	-	-
Future taxes collectible	7	179	183	3
Total liabilities	<u>7</u>	<u>362</u>	<u>366</u>	<u>3</u>

**STATE OF NEW MEXICO
VALENCIA COUNTY
AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
June 30, 2017**

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
STATE OPERATIONAL FUND 591				
ASSETS				
Cash and investments	225,676	1,860,969	1,857,069	229,576
Receivables - Property taxes	448,525	1,921,237	1,919,170	450,592
Receivables - Other	-	-	-	-
Total assets	<u>674,201</u>	<u>3,782,206</u>	<u>3,776,239</u>	<u>680,168</u>
LIABILITIES				
Deposits held in trust for others	225,676	1,860,969	1,857,069	229,576
Other liabilities	-	-	-	-
Future taxes collectible	448,525	1,921,237	1,919,170	450,592
Total liabilities	<u>674,201</u>	<u>3,782,206</u>	<u>3,776,239</u>	<u>680,168</u>
CATTLE LEVY FUND 592				
ASSETS				
Cash and investments	494	9,440	9,096	838
Receivables - Property taxes	-	-	-	-
Receivables - Other	-	-	-	-
Total assets	<u>494</u>	<u>9,440</u>	<u>9,096</u>	<u>838</u>
LIABILITIES				
Deposits held in trust for others	494	9,440	9,096	838
Other liabilities	-	-	-	-
Future taxes collectible	-	-	-	-
Total liabilities	<u>494</u>	<u>9,440</u>	<u>9,096</u>	<u>838</u>
SHEEP-GOAT LEVY FUND 593				
ASSETS				
Cash and investments	45	151	151	45
Receivables - Property taxes	-	-	-	-
Receivables - Other	-	-	-	-
Total assets	<u>45</u>	<u>151</u>	<u>151</u>	<u>45</u>
LIABILITIES				
Deposits held in trust for others	45	151	151	45
Other liabilities	-	-	-	-
Future taxes collectible	-	-	-	-
Total liabilities	<u>45</u>	<u>151</u>	<u>151</u>	<u>45</u>
EQUINNE LEVY FUND 594				
ASSETS				
Cash and investments	858	2,443	2,386	915
Receivables - Property taxes	-	-	-	-
Receivables - Other	-	-	-	-
Total assets	<u>858</u>	<u>2,443</u>	<u>2,386</u>	<u>915</u>
LIABILITIES				
Deposits held in trust for others	858	2,443	2,386	915
Other liabilities	-	-	-	-
Future taxes collectible	-	-	-	-
Total liabilities	<u>858</u>	<u>2,443</u>	<u>2,386</u>	<u>915</u>

**STATE OF NEW MEXICO
VALENCIA COUNTY
AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
June 30, 2017**

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
DAIRY CATTLE LEVY FUND 595				
ASSETS				
Cash and investments	298	14,616	14,531	383
Receivables - Property taxes	-	-	-	-
Receivables - Other	-	-	-	-
Total assets	<u>298</u>	<u>14,616</u>	<u>14,531</u>	<u>383</u>
LIABILITIES				
Deposits held in trust for others	298	14,616	14,531	383
Other liabilities	-	-	-	-
Future taxes collectible	-	-	-	-
Total liabilities	<u>298</u>	<u>14,616</u>	<u>14,531</u>	<u>383</u>
COST TO THE STATE FUND 596				
ASSETS				
Cash and investments	43,008	606,455	612,768	36,695
Receivables - Property taxes	-	-	-	-
Receivables - Other	-	-	-	-
Total assets	<u>43,008</u>	<u>606,455</u>	<u>612,768</u>	<u>36,695</u>
LIABILITIES				
Deposits held in trust for others	43,008	606,455	612,768	36,695
Other liabilities	-	-	-	-
Future taxes collectible	-	-	-	-
Total liabilities	<u>43,008</u>	<u>606,455</u>	<u>612,768</u>	<u>36,695</u>
STATE PENALTY & INTEREST FUND 597				
ASSETS				
Cash and investments	(25,472)	4,467	-	(21,005)
Receivables - Property taxes	-	-	-	-
Receivables - Other	-	-	-	-
Total assets	<u>(25,472)</u>	<u>4,467</u>	<u>-</u>	<u>(21,005)</u>
LIABILITIES				
Deposits held in trust for others	(25,472)	4,467	-	(21,005)
Other liabilities	-	-	-	-
Future taxes collectible	-	-	-	-
Total liabilities	<u>(25,472)</u>	<u>4,467</u>	<u>-</u>	<u>(21,005)</u>
LOS LUNAS SCHOOL LEVY FUND 701				
ASSETS				
Cash and investments	131,196	207,309	208,589	129,916
Receivables - Property taxes	49,384	210,988	210,494	49,878
Receivables - Other	-	-	-	-
Total assets	<u>180,580</u>	<u>418,297</u>	<u>419,083</u>	<u>179,794</u>
LIABILITIES				
Deposits held in trust for others	131,196	207,309	208,589	129,916
Other liabilities	-	-	-	-
Future taxes collectible	49,384	210,988	210,494	49,878
Total liabilities	<u>180,580</u>	<u>418,297</u>	<u>419,083</u>	<u>179,794</u>

**STATE OF NEW MEXICO
VALENCIA COUNTY
AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
June 30, 2017**

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
BELEN SCHOOLS LEVY FUND 702				
ASSETS				
Cash and investments	8,635,752	191,495	189,618	8,637,629
Receivables - Property taxes	66,805	196,752	196,042	67,515
Receivables - Other	-	-	-	-
Total assets	<u>8,702,557</u>	<u>388,247</u>	<u>385,660</u>	<u>8,705,144</u>
LIABILITIES				
Deposits held in trust for others	8,635,752	191,495	189,618	8,637,629
Other liabilities	-	-	-	-
Future taxes collectible	66,805	196,752	196,042	67,515
Total liabilities	<u>8,702,557</u>	<u>388,247</u>	<u>385,660</u>	<u>8,705,144</u>
LOS LUNAS SCHOOLS DEBT SRV FUND 721				
ASSETS				
Cash and investments	(3,401,379)	6,717,227	6,733,395	(3,417,547)
Receivables - Property taxes	1,344,976	6,811,811	6,816,414	1,340,373
Receivables - Other	-	-	-	-
Total assets	<u>(2,056,403)</u>	<u>13,529,038</u>	<u>13,549,809</u>	<u>(2,077,174)</u>
LIABILITIES				
Deposits held in trust for others	(3,401,379)	6,717,227	6,733,395	(3,417,547)
Other liabilities	-	-	-	-
Future taxes collectible	1,344,976	6,811,811	6,816,414	1,340,373
Total liabilities	<u>(2,056,403)</u>	<u>13,529,038</u>	<u>13,549,809</u>	<u>(2,077,174)</u>
BELEN SCHOOLS DEBT SERVICE FUND 722				
ASSETS				
Cash and investments	(2,338,681)	4,190,946	4,153,326	(2,301,061)
Receivables - Property taxes	1,281,649	4,278,396	4,277,699	1,282,346
Receivables - Other	-	-	-	-
Total assets	<u>(1,057,032)</u>	<u>8,469,342</u>	<u>8,431,025</u>	<u>(1,018,715)</u>
LIABILITIES				
Deposits held in trust for others	(2,338,681)	4,190,946	4,153,326	(2,301,061)
Other liabilities	-	-	-	-
Future taxes collectible	1,281,649	4,278,396	4,277,699	1,282,346
Total liabilities	<u>(1,057,032)</u>	<u>8,469,342</u>	<u>8,431,025</u>	<u>(1,018,715)</u>
LOS LUNAS SCHOOLS DEBT SRV. FUND 761				
ASSETS				
Cash and investments	(782,892)	1,520,759	1,525,158	(787,291)
Receivables - Property taxes	326,317	1,608,784	1,612,413	322,688
Receivables - Other	-	-	-	-
Total assets	<u>(456,575)</u>	<u>3,129,543</u>	<u>3,137,571</u>	<u>(464,603)</u>
LIABILITIES				
Deposits held in trust for others	(782,892)	1,520,759	1,525,158	(787,291)
Other liabilities	-	-	-	-
Future taxes collectible	326,317	1,608,784	1,612,413	322,688
Total liabilities	<u>(456,575)</u>	<u>3,129,543</u>	<u>3,137,571</u>	<u>(464,603)</u>

**STATE OF NEW MEXICO
VALENCIA COUNTY
AGENCY FUNDS
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June 30, 2017**

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
BELEN SCHOOLS DEBT SERVICE FUND 762				
ASSETS				
Cash and investments	(627,634)	1,084,053	1,074,419	(618,000)
Receivables - Property taxes	333,004	1,106,144	1,106,571	332,577
Receivables - Other	-	-	-	-
Total assets	<u>(294,630)</u>	<u>2,190,197</u>	<u>2,180,990</u>	<u>(285,423)</u>
LIABILITIES				
Deposits held in trust for others	(627,634)	1,084,053	1,074,419	(618,000)
Other liabilities	-	-	-	-
Future taxes collectible	333,004	1,106,144	1,106,571	332,577
Total liabilities	<u>(294,630)</u>	<u>2,190,197</u>	<u>2,180,990</u>	<u>(285,423)</u>
LOS LUNAS SCHOOLS HB 33 FUND 763				
ASSETS				
Cash and investments	(1,227,740)	2,280,605	2,287,191	(1,234,326)
Receivables - Property taxes	488,302	2,412,853	2,418,062	483,093
Receivables - Other	-	-	-	-
Total assets	<u>(739,438)</u>	<u>4,693,458</u>	<u>4,705,253</u>	<u>(751,233)</u>
LIABILITIES				
Deposits held in trust for others	(1,227,740)	2,280,605	2,287,191	(1,234,326)
Other liabilities	-	-	-	-
Future taxes collectible	488,302	2,412,853	2,418,062	483,093
Total liabilities	<u>(739,438)</u>	<u>4,693,458</u>	<u>4,705,253</u>	<u>(751,233)</u>
SCHOOL OF DREAMS CAP IMP FUND 764				
ASSETS				
Cash and investments	(28,732)	67,962	68,110	(28,880)
Receivables - Property taxes	-	-	-	-
Receivables - Other	-	-	-	-
Total assets	<u>(28,732)</u>	<u>67,962</u>	<u>68,110</u>	<u>(28,880)</u>
LIABILITIES				
Deposits held in trust for others	(28,732)	67,962	68,110	(28,880)
Other liabilities	-	-	-	-
Future taxes collectible	-	-	-	-
Total liabilities	<u>(28,732)</u>	<u>67,962</u>	<u>68,110</u>	<u>(28,880)</u>
SCHOOL OF DREAMS HOUSE BILL 33 FUND 765				
ASSETS				
Cash and investments	(43,069)	102,186	102,424	(43,307)
Receivables - Property taxes	1,202	-	264	938
Receivables - Other	-	-	-	-
Total assets	<u>(41,867)</u>	<u>102,186</u>	<u>102,688</u>	<u>(42,369)</u>
LIABILITIES				
Deposits held in trust for others	(43,069)	102,186	102,424	(43,307)
Other liabilities	-	-	-	-
Future taxes collectible	1,202	-	264	938
Total liabilities	<u>(41,867)</u>	<u>102,186</u>	<u>102,688</u>	<u>(42,369)</u>

**STATE OF NEW MEXICO
VALENCIA COUNTY
AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
June 30, 2017**

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
UNM BRANCH COLLEGE FUND 767				
ASSETS				
Cash and investments	50,537	2,620,390	2,615,581	55,346
Receivables - Property taxes	636,895	2,635,364	2,629,468	642,791
Receivables - Other	-	-	-	-
Total assets	<u>687,432</u>	<u>5,255,754</u>	<u>5,245,049</u>	<u>698,137</u>
LIABILITIES				
Deposits held in trust for others	50,537	2,620,390	2,615,581	55,346
Other liabilities	-	-	-	-
Future taxes collectible	636,895	2,635,364	2,629,468	642,791
Total liabilities	<u>687,432</u>	<u>5,255,754</u>	<u>5,245,049</u>	<u>698,137</u>
UNM BUILDING BONDS FUND 768				
ASSETS				
Cash and investments	22,574	1,177,672	1,175,284	24,962
Receivables - Property taxes	300,815	1,187,063	1,182,445	305,433
Receivables - Other	-	-	-	-
Total assets	<u>323,389</u>	<u>2,364,735</u>	<u>2,357,729</u>	<u>330,395</u>
LIABILITIES				
Deposits held in trust for others	22,574	1,177,672	1,175,284	24,962
Other liabilities	-	-	-	-
Future taxes collectible	300,815	1,187,063	1,182,445	305,433
Total liabilities	<u>323,389</u>	<u>2,364,735</u>	<u>2,357,729</u>	<u>330,395</u>
VALENCIA COUNTY HOSPITAL FUND 801				
ASSETS				
Cash and investments	25,444,013	319,489	127,039	25,636,463
Receivables - Property taxes	584,814	-	133,017	451,797
Receivables - Other	-	-	-	-
Total assets	<u>26,028,827</u>	<u>319,489</u>	<u>260,056</u>	<u>26,088,260</u>
LIABILITIES				
Deposits held in trust for others	25,444,013	319,489	127,039	25,636,463
Other liabilities	-	-	-	-
Future taxes collectible	584,814	-	133,017	451,797
Total liabilities	<u>26,028,827</u>	<u>319,489</u>	<u>260,056</u>	<u>26,088,260</u>
POOLED CASH FUND 998				
ASSETS				
Cash and investments	696	75	-	771
Receivables - Property taxes	-	-	-	-
Receivables - Other	-	-	-	-
Total assets	<u>696</u>	<u>75</u>	<u>-</u>	<u>771</u>
LIABILITIES				
Deposits held in trust for others	696	75	-	771
Other liabilities	-	-	-	-
Future taxes collectible	-	-	-	-
Total liabilities	<u>696</u>	<u>75</u>	<u>-</u>	<u>771</u>

STATE OF NEW MEXICO
 VALENCIA COUNTY
 AGENCY FUNDS
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 June 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash and investments	27,014,406	31,892,431	31,667,221	27,239,616
Receivables - Property taxes	6,835,504	31,067,159	31,147,516	6,755,147
Receivables - Other	1,447	-	1,447	-
Total assets	<u>33,851,357</u>	<u>62,959,590</u>	<u>62,816,184</u>	<u>33,994,763</u>
LIABILITIES				
Deposits held in trust for others	1,568,491	31,892,431	31,666,564	1,601,908
Deposits held in trust for hospital levy	25,444,013	319,489	127,039	25,636,463
Other liabilities	3,349	-	2,104	1,245
Future taxes collectible	6,835,504	31,067,159	31,147,516	6,755,147
Total liabilities	<u>33,851,357</u>	<u>63,279,079</u>	<u>62,943,223</u>	<u>33,994,763</u>

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

To Mr. Wayne Johnson
New Mexico State Auditor
The Board of Valencia County Commissioners
Valencia County
Los Lunas, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of Valencia 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, and have issued our report thereon dated February 28, 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as items 2017-002, 2017-005, 2016-002 and 2011-004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 2017-001, 2017-003, 2017-004, 2016-001, and 2010-004.

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



Albuquerque, New Mexico
February 28, 2018

**STATE OF NEW MEXICO
VALENCIA COUNTY
Schedule of Findings and Responses
June 30, 2017**

A. FINANCIAL STATEMENT FINDINGS

2011-004 Cash Disbursements Transaction Cycle Control Deficiencies (Significant Deficiency) Repeated and Modified

CONDITION: 3 Out of 25 items sampled for cash disbursements testing, a total of 3 transactions aggregating \$4,626 contained purchase orders that were dated after the invoice date.

The County continues to have challenges resolving this finding and it does not appear that it has been rectified in the current year.

CRITERIA: 6-5-2C NMSA 1978 states that an entity shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

CAUSE: Controls over cash disbursements were not adequate to prevent these exceptions.

EFFECT: The County was not in compliance with controls over disbursements in accordance with aforementioned statute.

RECOMMENDATION: We recommend that management continue to refine the processes required to maintain compliance with statutory requirements.

MANAGEMENT RESPONSE: Valencia County's Finance Department continues to educate directors and staff on requirements regarding purchase orders prior to obligating funds. This is an ongoing challenge that fluctuates with changing staff. We will provide formal training on an annual basis, along with training for new staff members.

RESPONSIBLE PARTY / TIMELINE: County Manager, Finance Director, Department Directors and Purchasing Agent are responsible for ensuring proper supporting documents are produced and that policy is adhered to and enforced. This will be done immediately and continually throughout the fiscal year.

2016-002 – Accounts Payable (Significant Deficiency) Repeated and Modified

CONDITION: The County had 6 disbursements subsequent to year end totaling \$369,497 that were not included in the year end accounts payable balance, but the services/goods were received prior to fiscal year end therefore should have been included.

The County continues to have challenges resolving this finding and it does not appear that it has been rectified in the current year.

CRITERIA: 6-5-2C NMSA 1978 states that an entity shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

EFFECT: The County did not have appropriate internal controls over subsequent disbursements resulting in the accounts payable balances being materially misstated at fiscal year-end.

CAUSE: The County does not have a process in place to timely research checks outstanding more than a year old to determine whether the check represents a valid outstanding obligation of the County.

**STATE OF NEW MEXICO
VALENCIA COUNTY
Schedule of Findings and Responses
June 30, 2017**

2016-002 – Accounts Payable (Significant Deficiency) Repeated and Modified (Continued)

RECOMMENDATION: We recommend that management continue to refine the processes required to maintain compliance with statutory requirements.

MANAGEMENT RESPONSE: The finance department made an effort to automatically accrue transactions in the accounting software for the first time without the finance staff having a complete understanding of the date posting requirements in the software and the effect the different date requirements had on the general ledger postings. During the audit of accrued payables the misstatement was identified and necessary action was taken to properly identify the transactions and provide a restatement of accounts payable for financials. In future fiscal years more comprehensive training will be provided to help all finance staff have a better understanding of accrual transactions. The process for documenting accruals will be evaluated and modified as necessary to ensure the most accurate reporting.

RESPONSIBLE PARTY / TIMELINE: The Finance Director will be responsible for evaluating and modifying the accrual process prior to the end of the third quarter. This will be communicated to all staff in the finance department. The Finance Director will, throughout the fiscal year, look for professional training opportunities that will benefit the staff in the Finance Department to provide a more in depth understanding of modifying the cash basis of accounting at fiscal year-end. These processes will be in place by the end of the fiscal year.

2017-002 Restatement (Significant Deficiency)

CONDITION: The County recorded and reversed fiscal year 2015 prepaid expenditures however the journal entry recording the prepaid expenditures was recorded a second time. This second journal entry was not subsequently reversed. As a result opening prepaid expenditures for fiscal year 2017 were overstated by \$863,215.

CRITERIA: Good accounting practices call for accurate and timely records and NMSA 1978 6-5-2 specifies that agencies shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

EFFECT: Opening balance of fiscal year 2017 prepaid expenditures is overstated.

CAUSE: Prepaid expenditures are not reconciled on a monthly basis. As result a prior period accrual journal entry was not reversed which caused an overstatement of prepaid expenditures in the amount of \$863,215.

RECOMMENDATION: We recommend that the County track and reconcile prepaid expenditures on a monthly basis. This will ensure all amounts are properly recorded and the correct amount of expense is recognized on a monthly basis.

MANAGEMENT RESPONSE: This has been addressed and will be corrected in the current audit.

RESPONSIBLE PARTY / TIMELINE: Finance director will ensure this does not occur for the year ending June 30, 2018.

**STATE OF NEW MEXICO
VALENCIA COUNTY
Schedule of Findings and Responses
June 30, 2017**

2017-005 – IT General Controls (Significant Deficiency)

CONDITION: During our walkthroughs of the County's IT general controls as it relates to financial systems, we noted the following:

- (a) Policies and procedures are not updated with current network and application structure. In addition, there is no IT Security Plan in place.
- (b) Lack of a hot site for the network and financial applications. In event of disaster, it will take the County few days before its systems are back online. This should be incorporated in the County's Disaster Recovery Plan.
- (c) Users are added, removed and updated in the system without a formal user provisioning policy. No formal forms are in place.
- (d) Users access listing are not reviewed for network and financial application. For instance, Tyler has a significant number of inactive accounts related to terminated employees.
- (e) Tyler is a hosted application and the County does not review the SOC report for the service provider.
- (f) The computer room is not equipped with fire suppression system and security cameras.
- (g) Penetration test was last perform few years ago and various changes were made to the system and infrastructure. In addition, the County is reactive in dealing with security incidents.

CRITERIA: IT, including systems and infrastructure are essential and integral part to the efficiency of the County's operations. IT general controls are essential in maintaining 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.

In accordance with ISACA's Control Objectives for Information and related Technology (COBIT) framework (DS4, Continuous Service), a Disaster Recovery Plan needs to be developed and tested to reduce impact of a major disruption on key business functions and processes. Framework DS5 (Ensure System Security) provides the need to maintain integrity of information and protect IT assets requires a security management process. This process includes establishing and maintain IT security and roles and responsibilities, policies, standards, and procedures. Security management also includes performing security monitoring and periodic testing and implementing corrective actions for identified security weakness or incidents.

EFFECT: The absence of a formal Disaster Recovery Plan may pose question as to the County's ability to respond and recover its critical data and applications on a reasonable time period in the event of unforeseen disaster.

Without strong internal controls over the County's IT infrastructure and applications, there a potential for the confidentiality, integrity, and or availability of data to be compromised.

CAUSE: The County's IT Department does not have enough personnel to handle day to day functions including IT security.

RECOMMENDATIONS: We recommend the following:

- (a) Update policies and procedures in line with current network and application structure. In addition, the County needs to cover the areas such as IT Security, change management, remote access and others.

**STATE OF NEW MEXICO
VALENCIA COUNTY
Schedule of Findings and Responses
June 30, 2017**

2017-005 – IT General Controls (Significant Deficiency) (Continued)

- (b) Implement a hot site as an integral part of the County's Disaster Recovery Plan. Alternatively, the County needs to evaluate if the current recovery period of few days is consistent with its expectations.
- (c) Adopt a formal user provisioning policy. This should include formal documentations (use of forms or tickets) in event of new user, termination or modification of users in the system.
- (d) Review users access listing at least once a year for the network and application to ensure that access is consistent with users roles and responsibilities. Inactive accounts should be purged after certain period of time.
- (e) Obtain and review SOC report for Tyler to ensure that controls exist at the service organization level. In addition, users complimentary controls identified in the report should be reviewed and addressed by the County.
- (f) Install suppression system and security cameras in the computer room. The suppression system provide protection to the servers in event of fire and the security cameras provides layer of physical security for the computer room.
- (g) Consider having a third party perform a penetration or vulnerability assessment over the network. In addition, the County should be more proactive in dealing with its security incidents.

MANAGEMENT RESPONSE:

- (a) Valencia County IT Department will work on updating its policies and procedures along with creating an IT Security Plan. *RESPONSIBLE PARTY / TIMELINE:* The IT Administrator will be primarily responsible for this task. Timeline for starting the process will be before the end of this fiscal year (June 30, 2018). Timeline for completion will be December 2018.
- (b) Valencia County IT Department, along with VC Safety Committee and VC Emergency Management, is working on securing an off-site location to set up operations for emergency situations. Once this is secured and fully equipped we will test the premises to ensure we can operate from the location within a "one day" period. *RESPONSIBLE PARTY / TIMELINE:* The IT Administrator will work closely with County Manager with an estimated timeline of 6 months. These procedures will then be added to the County's Disaster Recovery Plan.
- (c) A section has been created within Valencia County's Personal Action Form (PAF), generated from our Human Resources Department, specifically for network and system authorization. This will function as IT's "formal ticket" to add, delete, or change employee access as necessary. *RESPONSIBLE PARTY / TIMELINE:* The IT Administrator is required to sign off on the document indicating the action has been approved and completed. This process is already in place.
- (d) The It Department will review access on an annual basis and purge inactive accounts as recommended. *RESPONSIBLE PARTY / TIMELINE:* The IT Administrator will take the lead on this and assign the task to a member of IT Staff. This will begin prior to FYE June 30, 2018.
- (e) Valencia County hosts its own servers. All Tyler servers are on premises.
- (f) Valencia County IT Department will contact vendors to gather quotes and develop a fire suppression system that will protect all systems and servers within Valencia County's server room. *RESPONSIBLE PARTY / TIMELINE:* IT Administrator, VC Safety Committee, County Manager. Within FY19 Budget.

**STATE OF NEW MEXICO
 VALENCIA COUNTY
 Schedule of Findings and Responses
 June 30, 2017**

2017-005 – IT General Controls (Significant Deficiency) (Continued)

(g) Valencia County IT Department, through a 3rd party named Check Point Software Technologies, performed a Security Checkup August 2017. The IT Department has also looked into and has gathered penetration test quotes in order to budget for a security posture assessment and penetration test next fiscal year. *RESPONSIBLE PARTY / TIMELINE* Daniel Garcia, our in-house security expert, has been addressing and patching security vulnerabilities before we perform a security assessment. This will be budgeted for and accomplished within our FY19 Budget cycle.

B. COMPLIANCE AND OTHER MATTERS

2010-004 – Expenditures in Excess of Budget (Other Matters and Noncompliance) – Repeated

CONDITION: The County over expended its budget at the fund level in the following funds:

<u>Fund</u>	<u>Excess of Expenditures over Appropriations</u>
Other Debt Service (400)	(69,699)
Total Excess of Expenditures over Appropriations	\$ <u>(69,699)</u>

The County did not make any progress in getting this fund budgeted properly.

CRITERIA: Pursuant to NMSA 1978 Article 6-6-11, yearly expenditures are limited to income.

EFFECT: As a result, the County is not in compliance with New Mexico law, and the control established by the use of budgets has been compromised. Continued over-expenditure of budgeted balances may result in unnecessary usage of operating funds to absorb over- expenditures.

CAUSE: Management did not properly budget and monitor this fund for compliance with the budget requirements.

RECOMMENDATION: We recommend that the County monitor its budget closely and prepare budget adjustments as necessary.

MANAGEMENT RESPONSE: These debt service payments are intercepted by NMFA and the expenses and revenues are booked to the general ledger through a reconciliation process. That process has proved to be inefficient based on documented discrepancies including this finding. The process for booking these transactions has been done in the Treasurer’s Office and is now being done as a collaborative effort between the Treasurer’s bookkeepers and the Finance department.

RESPONSIBLE PARTY / TIMELINE: The Senior Accountant will be primarily responsible for the verification and approval of the reconciling entries for these debt service accounts. This process has already begun and will continue for future months and fiscal periods.

**STATE OF NEW MEXICO
VALENCIA COUNTY
Schedule of Findings and Responses
June 30, 2017**

2016-001 – Stale Dated Checks (Other Matters and Non-Compliance) Repeated and Modified

CONDITION: The County had 112 checks outstanding more than one year after the obligation occurred in the amount of \$22,748.

The County did not make any progress in addressing the stale dated checks.

CRITERIA: The Uniform Unclaimed Property Act, (Sections 7-8A-1 through 7-8A-31 NMSA 1978), requires any entity in possession of property that has been unclaimed or abandoned to report the unclaimed property to the State of New Mexico. Presumptions of abandonment, states that "property is presumed abandoned if it is unclaimed by the apparent owner during the time set forth below for the particular property:" Section 7-8A-2(6) - "money or credits owned to a customer as a result of a retail business transaction, three years after the obligation occurred;" Section 7-8A-2(12) - "wages or other compensation for personnel services, one year after the compensation becomes payable."

EFFECT: Additional County staff time and resources are needed to research the outstanding checks, and to resolve errors or other problems that might be associated with them.

CAUSE: The County was not in compliance with controls over disbursements in accordance with aforementioned statute.

RECOMMENDATION: We recommend that checks and other un-cleared reconciling items that are over one year for payroll and inmate trust checks, or three years old for accounts payable checks, be investigated and removed from the bank reconciliation as required. Research should be done periodically to eliminate large numbers of old items being carried from month to month. Any checks that meet the criteria of abandoned property should be escheated to the state as required by the Uniform Unclaimed Property Act.

MANAGEMENT RESPONSE: The finance department had begun working on the notification several fiscal years ago. Due to reorganization of the Finance Department and loss of key personnel, this task was not completed.

RESPONSIBLE PARTY / TIMELINE: The Senior Accountant will be primarily responsible for completing these requirements and working with the Treasurer's Office to ensure compliance by the end of calendar year 2018.

2017-001 Retirement Health Care (RHC) (Other Matters and Non-Compliance)

CONDITION: During our testwork we noted the New Mexico Retiree Health Care (NMRHC) payments were submitted late on 6 different payroll periods after the 10th of the following month.

CRITERIA: Monthly contributions to the Retiree Health Care (NMRHC) are required to be remitted no later than the 10th of the following month per NMSA 1978 10-7C-15.

EFFECT: In accordance with the RHC rules, penalties will be assessed to the administrative unit when contributions and/or reports are not remitted by the due date.

CAUSE: NMRHC payments were submitted late.

RECOMMENDATION: We recommend that the County implement a policy that ensures a follow up review is in place to ensure all NMRHC payments are made by the applicable deadlines.

**STATE OF NEW MEXICO
VALENCIA COUNTY
Schedule of Findings and Responses
June 30, 2017**

2017-001 Retirement Health Care (RHC) (Other Matters and Non-Compliance) (Continued)

MANAGEMENT RESPONSE: Because of the lack of cross training in this area, it did not become apparent that this was happening until late 2017. The Finance Department has submitted all late reports, is submitting current reports on a timely basis, and has cross trained staff to ensure this does not occur in the future.

RESPONSIBLE PARTY / TIMELINE: Payroll Administrator will submit reports each pay period with oversight provided by the Finance Director by the year ending June 30, 2018.

2017-003 Fringe Benefits (Other Non-Compliance)

CONDITION: During our testwork we noted two individuals were found to have not properly reported the fringe benefit of tuition reimbursement on their W-2. The amount reimbursed exceeded IRS threshold of \$5,250 for each individual. The total amount of taxable fringe benefit not reported was \$2,971.01.

CRITERIA: Per the IRS publication 15-B educational assistance in amounts over the threshold of \$5,250 must be reported on the employees W-2.

EFFECT: The County is not in compliance with IRS publication 15-B related to educational assistance fringe benefits.

CAUSE: Educational assistance fringe benefits that exceeded IRS thresholds were not reported on the employee W-2's.

RECOMMENDATION: We recommend that the County review all fringe benefits paid to employees to ensure they are in compliance with applicable IRS compliance.

MANAGEMENT RESPONSE: Due to budgetary restrictions Valencia County no longer provides educational reimbursements to its employees.

RESPONSIBLE PARTY/TIMELINE: Finance director and Senior Accountant will review fringe benefit policy to ensure compliance with IRS regulations by the year ending June 30, 2018.

2017-004 Late Audit Submission (Non-Compliance in Accordance with the New Mexico State audit Rule)

CONDITION: The County's audit report for the year ended June 30, 2017 was not submitted to the State Auditor by the required due date, December 1, 2017.

CRITERIA: Audit reports not received on or before the due date, December 1, are considered to be in non-compliance with requirements of Section 2.2.2.9.A of the State Audit Rule.

EFFECT: The result was the late submission of the County's audit report for the year ended June 30, 2017. The users of the audited financial statements and the County's management do not have timely information. In addition, untimely financial statements may affect federal and state funding.

CAUSE: The County needed additional time to reconcile fixed assets, prepaid expenditures, and unspent grant revenue.

RECOMMENDATION: The County must prepare all necessary reconciliations and schedules to the auditor's timely and accurately.

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VALENCIA COUNTY
Schedule of Findings and Responses
June 30, 2017**

**2017-004 Late Audit Submission (Non-Compliance in Accordance with the New Mexico State audit Rule)
(Continued)**

MANAGEMENT RESPONSE: Due to loss of key personnel, at both Valencia County and our audit firm, at a crucial time in this process staff was unable to meet deadlines.

AUDITORS RESPONSE: The audit firm did lose some staff that had previously worked on the engagement however during the time of audit we had adequate staffing levels in the field.

RESPONSIBLE PARTY/ TIMELINE: The Finance Director, with the support of County Manager, will ensure the department is properly staffed to meet OSA deadlines by the year ending June 20, 2018.

**STATE OF NEW MEXICO
VALENCIA COUNTY
Summary Schedule of Prior Year Findings
June 30, 2017**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding #	Finding	Status
2016-001	Stale Dated Checks	Modified & Repeated
2016-002	Accounts Payable	Modified & Repeated
2011-004	Cash Disbursements Transaction Cycle Control Deficiencies	Modified & Repeated
2010-004	Expenditures in Excess of Budget	Repeated

**STATE OF NEW MEXICO
VALENCIA COUNTY
Exit Conference
June 30, 2017**

Exit Conference

An exit conference was conducted on February 27, 2018 in closed session, in accordance with New Mexico statutes, with the following individuals:

Valencia County

Jhonathan Aragon, Commissioner/Chairman
Danny Monette, County Manager
Loretta Trujillo, Finance Director
Deseri Sichler, Treasurer
Nancy C. Sanchez, Grants Manager
Lisa Storey, Senior Accountant
Andrea Cordova-Wolfe, Accounts Payable
Kendra Kaneshiro, Bookkeeping Admin
Daniel Carbajal, Bookkeeper

Axiom Certified Public Accountants and Business Advisors, LLC

Jaime Rumbaoa, CPA, Partner
Tyler Marshall, Supervisor

Auditor Prepared Financial Statements

Axiom Certified Public Accountants and Business Advisors, LLC prepared the GAAP-basis financial statements, related footnotes and supporting schedules from the original books and records provided to them by the management of the County. The responsibility for the financial statements remains with the County.