



**STATE OF NEW MEXICO
CIBOLA COUNTY**

**FINANCIAL STATEMENT AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2018

INTRODUCTORY SECTION

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CIBOLA COUNTY
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CIBOLA COUNTY
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**STATE OF NEW MEXICO
CIBOLA COUNTY
OFFICIAL ROSTER
JUNE 30, 2018**

ELECTED OFFICIALS

Jack R. Moler	Commission Chairman
Robert J. Armijo	Commission Vice-Chairman 1st
Robert Windhorst	Commissioner Vice-Chairman 2nd
Daniel J. Torrez	County Commissioner
Martha Garcia	County Commissioner
Michelle Dominguez	County Clerk
Kathy Gonzales	County Treasurer
Geraldine A. Rael	County Assessor
Tony Mace	County Sheriff

ADMINISTRATIVE OFFICIALS

Kate Fletcher	County Manager
Paul Ludi	Finance Director

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Cibola County
Grants, New Mexico and
Mr. Wayne Johnson
New Mexico State Auditor
Santa Fe, New Mexico

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of the Cibola County, New Mexico (the "County"), as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the County's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Cibola General Hospital Corporation (the "Hospital"), a material discretely presented component unit of Cibola County. Those statements will be audited by other auditors; however, management has not included those financial statements as part of the reporting entity. 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. Because of the matters described in the Basis for the Adverse Opinion paragraph on the omitted discretely presented component unit, we have obtained sufficient and appropriate evidence for our adverse opinion. Because the matters described in the Basis for Disclaimer of Opinion paragraph, we have obtained sufficient and appropriate evidence for our disclaimer of opinion.

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

County Commissioners of
Cibola County and
Mr. Wayne Johnson
New Mexico State Auditor

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 which we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion and disclaimer of audit opinion.

Summary of Opinions

Governmental Activities	Disclaimer
Business-Type Activities	Disclaimer
Discretely Presented Component Unit	Adverse
Each Major Fund	Disclaimer
Aggregate Remaining Fund Information	Disclaimer

Basis for Adverse Opinion on the Omitted Discretely Presented Component Unit

Management has not included Cibola General Hospital (a discretely presented component unit) in the County's financial statements. Accounting principles generally accepted in the United States of America require Cibola General Hospital to be presented as a discretely presented component unit and financial information about the discretely presented component unit to be part of the reporting entity, thus increasing that activity's assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses, and changes in its net position. The amount by which this departure would affect the assets, deferred outflows of resources, fund balances, liabilities, deferred inflows of resources, net position, revenues, and expenses of the discretely presented component unit has not been determined.

Basis for Disclaimer of Opinion

Management was unable to provide sufficient evidential matter in support of certain transactions and account balances, as presented in the County's financial statements as of and for the year ended June 30, 2018, particularly with respect to the fiduciary fund cash balances, revenue/receivables, expenditures/payables, capital assets and depreciation, and equity interest in component unit.

It was impracticable to extend our audit procedures sufficiently to determine the extent to which Cibola County's financial statements as of and for the year ended June 30, 2018 may have been affected by the matters discussed in the preceding paragraph; accordingly, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the accompanying financial statements as of and for the year ended June 30, 2018.

County Commissioners of
Cibola County
and Mr. Wayne Johnson
New Mexico State Auditor

Adverse Opinion

In our opinion, because of the significance of the matter described in the “Basis for Adverse Opinion on the Omitted Discretely Presented Component Unit” paragraph, the financial statements referred to above do not present fairly, the financial position of the discretely presented component unit of the County, as of June 30, 2018, or the changes in financial position or cash flows thereof for the year then ended.

Disclaimer of Opinion

Because of the significance of the matters described in the “Basis for Disclaimer of Opinion” paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matters

Required Supplementary Information

Management has omitted the Management’s Discussion and Analysis that *Government Accounting Standards* 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 Government 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 the Schedule of the County’s Proportionate Share of the Net Pension Liability, Schedule of the County’s Pension Contributions, Schedule of the County’s Proportionate Share of the Net OPEB Liability, Schedule of the County’s OPEB Contributions, and the Notes to Required Supplementary Information on pages 56-60 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 the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

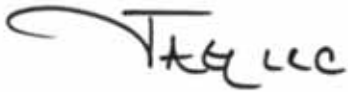
We were engaged for the purpose of forming opinions on the financial statements that collectively comprise the County’s basic financial statements. The combining and individual fund financial statements and the other supplementary information required by 2.2.2 NMAC are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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and Mr. Wayne Johnson
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The combining and individual fund financial statements and the other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, it is inappropriate to, and we do not, express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 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.



Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
December 3, 2018

BASIC FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
CIBOLA COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2018**

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 6,318,076	\$ -	\$ 6,318,076
Restricted cash	-	2,073	2,073
Investments	5,102,911	-	5,102,911
Receivables	1,605,614	75,061	1,680,675
Equity interest in component unit	40,398,419	-	40,398,419
Total current assets	53,425,020	77,134	53,502,154
Non-current assets			
Capital assets, net	22,109,517	4,991,977	27,101,494
Total assets	75,534,537	5,069,111	80,603,648
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	301,104	-	301,104
Related to pensions and OPEB	1,857,490	508,336	2,365,826
Total deferred outflows of resources	2,158,594	508,336	2,666,930
Total assets & deferred outflows of resources	77,693,131	5,577,447	83,270,578
LIABILITIES			
Current liabilities			
Accounts payable	64,902	17,755	82,657
Accrued payroll and taxes	23,712	-	23,712
Accrued interest	56,636	-	56,636
Funds held for other	-	2,073	2,073
Compensated absences, current portion	173,471	3,578	177,049
Long-term debt-due within one year	795,819	-	795,819
Total current liabilities	1,114,540	23,406	1,137,946
Non-current liabilities			
Compensated absences, non-current portion	43,368	1,533	44,901
Long-term debt-due in more than one year	17,447,834	-	17,447,834
Net pension liability	6,985,127	1,706,255	8,691,382
Net OPEB liability	4,629,706	861,322	5,491,028
Total non-current liabilities	29,106,035	2,569,110	31,675,145
Total liabilities	30,220,575	2,592,516	32,813,091
DEFERRED INFLOWS OF RESOURCES			
Related to pensions and OPEB	1,948,727	348,440	2,297,167
Total liabilities & deferred inflows of resources	32,169,302	2,940,956	35,110,258
NET POSITION			
Net investment in capital assets	3,865,864	4,991,977	8,857,841
Restricted for:			
Debt service	873,895	-	873,895
Special revenue fund	3,181,421	-	3,181,421
Others	-	2,073	2,073
Unrestricted (deficit)	37,602,649	(2,357,559)	35,245,090
Total net position	\$ 45,523,829	\$ 2,636,491	\$ 48,160,320

See Notes to Financial Statements.

**STATE OF NEW MEXICO
CIBOLA COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expenses), Revenues, and Changes in Net Position		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Program Revenues		Total
					Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental activities							
General government	\$ 3,282,536	\$ 644,678	\$ 357,707	\$ -	\$ (2,280,151)	\$ -	\$ (2,280,151)
Public safety	4,463,260	53,444	1,066,456	-	(3,343,360)	-	(3,343,360)
Public works	2,171,478	-	1,017,646	23,175	(1,130,657)	-	(1,130,657)
Culture and recreation	251,250	-	-	-	(251,250)	-	(251,250)
Health and welfare	1,867,406	12,122	-	-	(1,855,284)	-	(1,855,284)
Interest on long-term debt	714,696	-	-	-	(714,696)	-	(714,696)
Total governmental activities	\$ 12,750,626	\$ 710,244	\$ 2,441,809	\$ 23,175	(9,575,398)	-	(9,575,398)
Business-type Activities:							
Detention center	4,094,542	716,490	-	-	-	(3,378,052)	(3,378,052)
Total business-type activities	4,094,542	716,490	-	-	-	(3,378,052)	(3,378,052)
Total primary government	\$ 16,845,168	\$ 1,426,734	\$ 2,441,809	\$ 23,175	(9,575,398)	(3,378,052)	(12,953,450)
General Revenues:							
Taxes							
Property taxes					3,643,471	-	3,643,471
Gross receipts taxes					4,827,315	492,283	5,319,598
Payment in lieu of taxes					2,110,699	-	2,110,699
Change in equity interest in component unit					-	-	-
Interest income					48,621	-	48,621
Miscellaneous income					1,083,586	9,726	1,093,312
Transfers in (out)					(2,751,517)	2,751,517	-
Total general revenues and transfers					8,962,175	3,253,526	12,215,701
Change in net position					(613,223)	(124,526)	(737,749)
Net position - beginning					51,636,404	3,784,130	55,420,534
Adoption of new accounting standard (Note 13)					(5,499,352)	(1,023,113)	(6,522,465)
Net position - beginning, as restated					46,137,052	2,761,017	48,898,069
Net position - end of year					\$ 45,523,829	\$ 2,636,491	\$ 48,160,320

**STATE OF NEW MEXICO
CIBOLA COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018**

	General	Volunteer Fire Districts	Revenue Bond Debt Service Funds
ASSETS			
Cash and cash equivalents	\$ 2,768,736	\$ 634,193	\$ 120,922
Investments	5,102,911	-	-
Receivables			
Property taxes	972,837	-	-
Gross receipt taxes	114,807	-	247,346
Accounts receivable	5,868	-	-
Total assets	<u>\$ 8,965,159</u>	<u>\$ 634,193</u>	<u>\$ 368,268</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Current liabilities			
Accounts payable	\$ 58,776	\$ 1,684	\$ -
Accrued payroll and taxes	23,712	-	-
Unearned revenues	782,406	-	-
Funds held for other	-	-	-
Total liabilities	<u>864,894</u>	<u>1,684</u>	<u>-</u>
FUND BALANCES			
Restricted	-	632,509	368,268
Unassigned	8,100,265	-	-
Total fund balances	<u>8,100,265</u>	<u>632,509</u>	<u>368,268</u>
Total liabilities and fund balances	<u>\$ 8,965,159</u>	<u>\$ 634,193</u>	<u>\$ 368,268</u>

**STATE OF NEW MEXICO
CIBOLA COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018**

	NMFA Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 505,627	\$ 2,288,598	\$ 6,318,076
Investments	-	-	5,102,911
Receivables			
Property taxes	-	-	972,837
Gross receipt taxes	-	233,179	595,332
Accounts receivable	-	31,577	37,445
	<u>\$ 505,627</u>	<u>\$ 2,553,354</u>	<u>\$ 13,026,601</u>
Total assets			
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Current liabilities			
Accounts payable	\$ -	\$ 4,442	\$ 64,902
Accrued payroll and taxes	-	-	23,712
Unearned revenues	-	-	782,406
Funds held for other	-	-	-
	<u>-</u>	<u>4,442</u>	<u>871,020</u>
Total liabilities			
FUND BALANCES			
Restricted	505,627	2,548,912	4,055,316
Unassigned	-	-	8,100,265
	<u>505,627</u>	<u>2,548,912</u>	<u>12,155,581</u>
Total fund balances			
Total liabilities and fund balances	<u>\$ 505,627</u>	<u>\$ 2,553,354</u>	<u>\$ 13,026,601</u>

**STATE OF NEW MEXICO
CIBOLA COUNTY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

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

Fund balances - total governmental funds	\$	12,155,581
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets, net of accumulated depreciation		22,109,517
Deferred inflows and outflows of resources related to pensions, OPEB, and deferred charge on refunding are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions and OPEB		1,857,490
Deferred inflows of resources related to pensions and OPEB		(1,948,727)
Deferred charge on refunding		301,104
The County has an equity interest in the Cibola General Hospital. This investment is not a current financial resources and, therefore, is not reported in the funds.		
		40,398,419
Property taxes levied but not collected within sixty days after year-end are not considered revenue in the fund financial statements, but are considered revenue in the Statement of Activities.		
		782,406
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued interest payable		(56,636)
Accrued compensated absences payable		(216,839)
Bond premium payable		(859,862)
Loan premium payable		-
Bonds payable		(16,960,000)
Notes payable		(423,791)
Net pension liability		(6,985,127)
Net OPEB liability		(4,629,706)
Net position - total governmental activities	\$	<u>45,523,829</u>

**STATE OF NEW MEXICO
CIBOLA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	General Funds	Volunteer Fire Districts	Revenue Bond Debt Service Funds
REVENUES			
Property taxes	\$ 3,715,621	\$ -	\$ -
Gross receipts tax	717,566	-	2,343,616
Payment in lieu of taxes	2,110,699	-	-
State and local sources	350,148	754,644	-
Federal sources	-	-	-
Charges for services	446,071	-	-
Licenses and fees	92,749	-	-
Investment income	41,524	-	-
Other	394,399	30,804	-
Total revenues	<u>7,868,777</u>	<u>785,448</u>	<u>2,343,616</u>
EXPENDITURES			
Current			
General government	2,662,315	2	-
Public safety	1,941,129	1,016,710	-
Public works	152,264	-	-
Culture and recreation	91,257	-	-
Health and welfare	222,757	-	-
Capital outlay	-	335,161	-
Debt service			
Principal	-	-	565,000
Interest and fees	-	-	702,789
Total expenditures	<u>5,069,722</u>	<u>1,351,873</u>	<u>1,267,789</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,799,055</u>	<u>(566,425)</u>	<u>1,075,827</u>
Other financing sources (uses)			
Transfers in	3,704,256	41,000	1,261,588
Transfers out	(5,428,853)	(54,860)	(3,298,950)
Total other financing sources (uses)	<u>(1,724,597)</u>	<u>(13,860)</u>	<u>(2,037,362)</u>
Change in fund balances	<u>1,074,458</u>	<u>(580,285)</u>	<u>(961,535)</u>
Fund balances, beginning of year	7,024,314	1,186,878	1,369,651
Restatement	1,493	25,916	(39,848)
Fund balance, beginning, as restated	<u>7,025,807</u>	<u>1,212,794</u>	<u>1,329,803</u>
Fund balances, end of year	<u>\$ 8,100,265</u>	<u>\$ 632,509</u>	<u>\$ 368,268</u>

**STATE OF NEW MEXICO
CIBOLA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	NMFA Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ -	\$ -	\$ 3,715,621
Gross receipts tax	-	1,766,133	4,827,315
Payment in lieu of taxes	-	-	2,110,699
State and local sources	-	1,130,160	2,234,952
Federal sources	-	230,032	230,032
Charges for services	-	65	446,136
Licenses and fees	-	171,359	264,108
Investment income	5,584	1,513	48,621
Other	463,477	194,906	1,083,586
Total revenues	<u>469,061</u>	<u>3,494,168</u>	<u>14,961,070</u>
EXPENDITURES			
Current			
General government	4,610	184,902	2,851,829
Public safety	-	588,039	3,545,878
Public works	-	1,527,904	1,680,168
Culture and recreation	-	-	91,257
Health and welfare	-	1,549,976	1,772,733
Capital outlay	-	24,117	359,278
Debt service			
Principal	43,248	-	608,248
Interest and fees	10,284	-	713,073
Total expenditures	<u>58,142</u>	<u>3,874,938</u>	<u>11,622,464</u>
Excess (deficiency) of revenues over (under) expenditures	<u>410,919</u>	<u>(380,770)</u>	<u>3,338,606</u>
Other financing sources (uses)			
Transfers in	54,860	1,012,326	6,074,030
Transfers out	-	(42,884)	(8,825,547)
Total other financing sources (uses)	<u>54,860</u>	<u>969,442</u>	<u>(2,751,517)</u>
Change in fund balances	<u>465,779</u>	<u>588,672</u>	<u>587,089</u>
Fund balances, beginning of year	-	1,987,649	11,568,492
Restatement	39,848	(27,409)	-
Fund balance, beginning, as restated	<u>39,848</u>	<u>1,960,240</u>	<u>11,568,492</u>
Fund balances, end of year	<u>\$ 505,627</u>	<u>\$ 2,548,912</u>	<u>\$ 12,155,581</u>

**STATE OF NEW MEXICO
CIBOLA COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Net change in fund balances - total governmental funds	\$ 587,089
<p>Amounts reported for <i>governmental activities</i> in the Statement of Activities are different because:</p>	
<p>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 as depreciation expense.</p>	
Capital outlay	344,951
Depreciation expense	(1,233,724)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Decrease in unearned property taxes	(72,150)
<p>The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>	
Compensated absences payable	(37,582)
Principal payments on bonds and notes payable	608,248
Accrued interest on long-term debt	(56,635)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this difference are as follows:</p>	
Amortization of premium	55,012
Amortization of deferred charge on refunding	(25,092)
<p>Governmental funds report the County's pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense</p>	
Pension expense	(1,025,542)
Pension contributions	360,545
OPEB expense	(184,063)
OPEB contributions	65,720
	65,720
Change in net position of governmental activities	\$ (613,223)

STATE OF NEW MEXICO
CIBOLA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
Property taxes	\$ 3,417,359	\$ 3,417,359	\$ 3,637,079	\$ 219,720
Gross receipts taxes	593,034	593,034	783,686	190,652
Payment in lieu of taxes	1,600,000	1,600,000	2,110,699	510,699
State and local sources	-	-	344,280	344,280
Licenses and fees	7,700	7,700	92,749	85,049
Charges for services	466,754	466,754	446,071	(20,683)
Interest income	3,000	3,000	41,524	38,524
Other	362,500	441,500	394,399	(47,101)
Total revenues	6,450,347	6,529,347	7,850,487	1,321,140
EXPENDITURES				
Current				
General government	2,882,334	2,900,353	2,762,012	138,341
Public safety	1,702,810	1,702,810	1,939,249	(236,439)
Public Works	20,000	20,000	152,264	(132,264)
Culture and recreation	55,905	55,905	91,257	(35,352)
Health and welfare	225,520	225,520	211,344	14,176
Capital outlay	-	-	-	-
Other	363,561	363,561	-	363,561
Total expenditures	5,250,130	5,268,149	5,156,126	112,023
Excess (deficiency) of revenues over (under) expenditures	1,200,217	1,261,198	2,694,361	1,433,163
Other financing sources (uses)				
Transfers in	908,413	3,704,256	3,704,256	-
Transfers out	(3,139,616)	(5,428,852)	(5,428,852)	-
Total other financing sources (uses)	\$ (2,231,203)	\$ (1,724,596)	(1,724,596)	\$ -
Net changes in fund balances - budgetary basis			969,765	
Reconciliation to change in fund balance - GAAP Basis				
Unbudgeted revenue accruals			18,290	
Unbudgeted expenditure accruals			86,403	
Change in fund balance - GAAP Basis			\$ 1,074,458	

STATE OF NEW MEXICO
CIBOLA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
VOLUNTEER FIRE DISTRICTS FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
State and local sources	\$ 747,862	\$ 747,862	\$ 754,642	\$ 6,780
Other	-	-	30,804	30,804
Total revenues	<u>747,862</u>	<u>747,862</u>	<u>785,446</u>	<u>37,584</u>
EXPENDITURES				
Current				
General government	-	-	2	(2)
Public safety	1,967,240	1,804,242	1,015,026	789,216
Capital outlay	-	-	335,161	(335,161)
Total expenditures	<u>1,967,240</u>	<u>1,804,242</u>	<u>1,350,187</u>	<u>454,055</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,219,378)</u>	<u>(1,056,380)</u>	<u>(564,741)</u>	<u>491,639</u>
Other financing sources (uses)				
Transfers in	41,000	41,000	41,000	-
Transfers out	(54,925)	(54,860)	(54,860)	-
Total other financing sources (uses)	<u>\$ (13,925)</u>	<u>\$ (13,860)</u>	<u>(13,860)</u>	<u>\$ -</u>
Net changes in fund balances - budgetary basis			<u>(578,601)</u>	
Reconciliation to change in fund balance - GAAP Basis				
Unbudgeted revenue accruals			-	
Unbudgeted expenditure accruals			<u>(1,684)</u>	
Change in fund balance - GAAP Basis			<u>\$ (580,285)</u>	

**STATE OF NEW MEXICO
CIBOLA COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2018**

	Detention Center
ASSETS	
Current Assets	
Restricted cash	\$ 2,073
Receivables	75,061
Prepaid expenses	-
Total current assets	77,134
Non-current assets	
Capital assets	8,513,054
Less accumulated depreciation	(3,521,077)
Total non-current assets	4,991,977
Total assets	5,069,111
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pension and OPEB	508,336
 LIABILITIES	
Current Liabilities	
Accounts payable	17,755
Accrued payroll and taxes	-
Funds held for others	2,073
Unearned revenues	-
Current portion of accrued compensated absences	3,578
Total current liabilities	23,406
Non-current liabilities	
Non-current portion of accrued compensated absences	1,533
Net pension liability	1,706,255
Net OPEB liability	861,322
Total non-current liabilities	2,569,110
Total liabilities	2,592,516
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pension and OPEB	348,440
 NET POSITION	
Net investment in capital assets	4,991,977
Restricted	2,073
Unrestricted	(2,357,559)
Total net position	\$ 2,636,491

STATE OF NEW MEXICO
CIBOLA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Detention Center
OPERATING REVENUES	
Gross receipts taxes	\$ 492,283
Charges for services	628,132
Licenses and fees	88,358
Other	9,726
Total operating revenues	1,218,499
OPERATING EXPENSES	
Personal services	1,040,692
Contractual services	21,192
Maintenance and materials	83,853
Other operating expenses	2,804,805
Depreciation	144,000
Total operating expenses	4,094,542
Operating income (loss)	(2,876,043)
Other financing sources	
Transfer in	2,751,517
Gain (loss) on disposal of assets	-
Total other financing sources	2,751,517
Change in net position	(124,526)
Total net position, beginning of year	3,784,130
Adoption of new accounting standard (Note 13)	(1,023,113)
Total net position, beginning of year, restated	2,761,017
Total net position, end of year	\$ 2,636,491

**STATE OF NEW MEXICO
CIBOLA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Detention Center</u>
Cash flows from operating activities	
Cash received from customers and grantors	\$ 1,146,365
Cash payments to suppliers	(2,660,152)
Cash payments to employees	<u>(1,279,782)</u>
Net cash used in operating activities	<u>(2,793,569)</u>
 Cash flows from non-capital financing activities	
Net transfers in (out)	<u>2,751,517</u>
 Cash flows from capital and related financing activities	
Purchase of capital assets	<u>-</u>
 Net change in cash and cash equivalents	(42,052)
Cash and cash equivalents, beginning of year	<u>44,125</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,073</u></u>
 Reconciliation of operating loss to cash provided by (used in) operating activities	
Operating loss	\$ (2,876,043)
Adjustments to reconcile operating loss to net cash flows:	
Depreciation	144,000
Pension expense/contribution	107,680
OPEB expense/contribution	22,017
Changes in operating assets and liabilities:	
Receivable	(30,082)
Accounts payable	15,153
Accrued payroll taxes	(95,090)
Funds held for others	(42,052)
Unearned revenues	-
Accrued compensated absences	<u>(39,152)</u>
 Net cash used in operating activities	<u><u>\$ (2,793,569)</u></u>

STATE OF NEW MEXICO
CIBOLA COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
JUNE 30, 2018

ASSETS

Cash and cash equivalents	\$ 576,105
Taxes receivable	<u>2,018,097</u>

Total assets	\$ <u>2,594,202</u>
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LIABILITIES

Due to taxing entities	\$ 2,343,783
Undistributed tax	<u>250,419</u>

Total liabilities	\$ <u>2,594,202</u>
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**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cibola County (the “County”) is a political sub-division of the State of New Mexico established in 1981 under the provisions of Section 4-3A-1 of NMSA, 1978 compilation and regulated by the constitution of the State of New Mexico. The County operates under a commission-manager form of government and provides the following services as authorized by public law: public safety, public works, culture and recreation, health and welfare, and general government services.

The financial statements of Cibola County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the County’s accounting policies are described below.

A. Reporting Entity

GASB Statement No. 14, The Financial Reporting Entity, established criteria for determining the government reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the County is considered a *primary government*, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the County may, without the approval or consent of another government entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The County also has one *component unit*, as defined by GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61. The component unit which the County is financially accountable for is the Cibola General Hospital Corporation (a New Mexico not-for-profit corporation). The Hospital is built on County property, and the County holds title to all assets except personal property and is a discrete component unit of the County.

The Hospital provides medical services to the residents of Grants, Cibola County, and the surrounding area. Complete financial statements for the component unit may be obtained at the entity’s administrative County: Cibola General Hospital, 1016 East Roosevelt Avenue, Grants, New Mexico 87020. There are no other primary governments with which the County is financially accountable. There are no other primary governments with which the County has a significant relationship or other component units for the year ended June 30, 2018.

Management of Cibola County has not included Cibola General Hospital as a discrete component unit in these financial statements. The impact of not disclosing the County’s on discrete component unit is more fully described in the Independent Auditor’s Report.

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

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

GASB No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and GASB No. 65, Items Previously Reported as Assets and Liabilities, amend GASB No. 34, Basic Financial Statements – and Management’s Discussion and Analysis for State and Local Governments, to incorporate deferred outflows of resources and deferred inflows of resources in the financial reporting model: assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position.

Deferred outflows of resources—a consumption of net assets by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets. At June 30, 2018, the County had pension, OPEB, and deferred charges on refunding bonds related to deferred outflows of resource items that qualify for reporting in this category.

Deferred inflows of resources—an acquisition of net assets by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities. At June 30, 2018, the County had pension and OPEB related deferred inflows of resources items that qualify for reporting in this category.

Net position—the residual of the net effects of assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The County’s net position is reported in three parts – net investment in capital assets, restricted, and unrestricted.

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Property taxes, 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. Ad valorem taxes (property taxes), 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.

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. The *agency fund* is custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the County holds for others in an agency capacity.

Governmental funds are used to account for the County's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt. Governmental funds include:

- The General Fund is the primary operating fund of the County, and accounts for all financial resources, except those required to be accounted for in other funds.
- The Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- The Capital Projects Funds account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or non-expendable trust funds.
- The Debt Service Fund accounts for the services of general long-term debt not being financed by proprietary or non-expendable trust funds.

Under the requirements of GASB 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

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

following (in addition to the General Fund), which also includes funds that were not required to be presented as major but were at the discretion of management:

- Volunteer Fire Districts (VFD) is used to accounts for the expenditure of funds received from the State under the State's Fire Allotment Program. This money is used in support of county volunteer fire departments. Such revenue provides for payment of all current operating costs and may be used only for that purpose. Authority is NMSA 59-53-1.
- The Revenue Bond Debt Service Fund accounts for the services of general long-term debt of the County, related to revenue bonds.
- The NMFA Debt Service Fund accounts for the services of debt of the County related to NMFA loans.

The County reports the following major proprietary fund:

The proprietary fund operating revenues, such as charges for services, results from exchange transactions associated with the principal activities of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values.

- The Detention Center Fund accounts for the activities of the County's prison facility.

Additionally, the government reports the following fund type:

The fiduciary fund is purely custodial (assets equal liabilities) and does not involve measurement of results of operations. The County's fiduciary fund is used to account for the collection and payment of property taxes to other governmental agencies.

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

The proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of the County's enterprise fund is charges for services related to the care of prisoners. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position

Cash, Cash Equivalents, 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.

Investments for the County are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The State Treasurer’s Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

The County has an investment policy which provides for the following investments in accordance with State Statutes 6-10-10 and 6-10-10.1 NMSA 1978:

- A. U.S. Government Obligations. Securities that are issued by the United States government or by its agencies or instrumentalities, and that are either direct obligations of the United States, the federal home loan mortgage association, the federal national mortgage association, the federal farm credit bank, the federal home loan bank or the student loan marketing association or are backed by the full faith and credit of the U.S. Government.
- B. Bonds or negotiable securities of the State of New Mexico or a county, municipality or school district that has a taxable valuation of real property for the last preceding year of at least one million dollars (\$1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within the last preceding five years.
- C. Repurchase Agreements. Contracts for the present purchased and resold at a specified time in the future of specific prices at a price differential representing the interest income to be earned by the County. No such contract shall be invested in unless the contract is fully secured by having a market value of at least one hundred two percent (102%) of the amount of the contract.
- D. Bank, Savings and Loan Association or Credit Union Deposits are allowed in certified and designated financial institutions whose deposits are insured by an agency of the United States. A deposit in any credit union shall be limited to the amount insured by an agency of the United States.

Reserve Requirements - The New Mexico Department of Finance and Administration (DFA) requires New Mexico counties to maintain a reserve balance in the General Fund of at least 25% of the expenditures and Road Fund of at least 1/12th of the expenditures. The General Fund’s cash reserve at June 30, 2018 was \$2,768,736, which exceeds the 25% of the expenditures reserve requirement. The Road Fund’s cash reserve at June 30, 2018 was \$503,481, which exceeds the 1/12th of the expenditures reserve requirement.

Accounts Receivable—All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied.

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position (Continued)

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 days thereafter, at which time they become delinquent. Collections and remittance of County property taxes are accounted for in the Agency Fund.

Certain Special Revenue funds are administered on a reimbursement method of funding; other funds are operated on a cash advance method of funding. The funds incur the cost and submitted the necessary request for reimbursement or advance, respectively.

Capital Assets—Capital assets, which include infrastructure, property, plant, and equipment, are reported in the applicable governmental column 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, 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. Information technology equipment, including software, is being capitalized and included in furniture and equipment, as the County did not maintain internally developed software.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2018.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings and improvements	30
Furniture and equipment	5-10
Vehicles	5-10
Infrastructure	30

Capital assets of the proprietary fund are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	30
Furniture and equipment	5-10
Vehicles	5-10

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position (Continued)

Interfund Transactions—Lending and borrowing arrangements between funds that are not expected to be paid back within a year are referred to as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Unearned Revenues—The County recognizes grant revenue at the time the related expenditure is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended are shown as unearned revenues.

Amounts receivable from property taxes levied for the current year that are not considered to be “available” under the current financial resources measurement focus are reported as unearned revenues in the governmental fund financial statements.

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

Compensated Absences—County employees may accumulate limited amounts of vacation pay which are payable to the employee upon termination or retirement. For governmental funds, expenditures are recognized during the period in which vacation costs are recognized as a liability when earned. For proprietary funds, vacation costs are recognized as a liability when earned.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan’s fiduciary net position and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Fund Equity—Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position (Continued)

In the governmental financial statements, fund balances are classified and displayed in five components:

Nonspendable—Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted—Consists of amounts that are restricted to specific purposes as a result of a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed—Consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Assigned—Consist of amounts that are constrained by the government’s intent to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned—Represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The constraints on fund balance are detailed in the table below:

	General Fund	Volunteer Fire Districts	Revenue Bond Debt Service Funds	NMFA Debt	Nonmajor Governmental Funds	Total Primary Government
Restricted for						
Volunteer Fire Districts	\$ -	\$ 632,509	\$ -	\$ -	\$ -	\$ 632,509
Debt Service	-	-	368,268	505,627	-	873,895
Grant	-	-	-	-	153,447	153,447
DWI Program	-	-	-	-	129,325	129,325
Road	-	-	-	-	597,281	597,281
Care of Indigents	-	-	-	-	584,990	584,990
Consolidated Dispatch	-	-	-	-	136,942	136,942
County Fire Protection	-	-	-	-	503,612	503,612
County Clerk	-	-	-	-	83,127	83,127
Law Enforcement	-	-	-	-	320	320
Property Reappraisal	-	-	-	-	359,868	359,868
Unassigned	<u>8,100,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,100,265</u>
Total fund balances	<u>\$ 8,100,265</u>	<u>\$ 632,509</u>	<u>\$ 368,268</u>	<u>\$ 505,627</u>	<u>\$ 2,548,912</u>	<u>\$ 12,155,581</u>

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position (Continued)

Equity Classifications—In the government-wide financial statements, equity is classified as net position and displayed in three components:

(a) *Net investment in capital assets* is equity that is equal to the value of capital assets net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

(b) *Restricted* is equity with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

(c) *Unrestricted* is residual amount of equity that does not meet the definition of “restricted” or “investment in capital assets.”

The County’s policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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 affecting the County’s financial statements include management’s estimate of the useful lives of capital assets. Another such estimate is the amount of gross receipts and other taxes collected by the State Taxation and Revenue Department (the Department) for the County. The Department does not track the total receivable or uncollectible amounts. As an alternative, the County estimated the net receivable based on the Department’s historical delinquent payment information.

Pension—For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA’s fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due, and payable in accordance with the benefit terms. Investments are reported at fair value.

Reclassifications—Certain reclassifications of prior year information have been made to conform to the current period.

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - Annual budgets of the County are prepared prior to June 1 and must be approved by resolution of the 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. The County may not over-expend at the function level.

These budgets are prepared on a cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds. Cibola General Hospital does not have a legally binding budget. In addition, due to the lack of activity, the Computer Equipment and Software Capital Projects Fund, and the Computer Equipment and Software Debt Capital Projects Fund do not have budgets for the year.

The County is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, the legal level of budgetary control is the fund level. Expenditures may not legally exceed budgeted appropriations at the fund level.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis.

NOTE 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the County consisted of the following at June 30, 2018:

Bank deposits	\$ 6,123,922
Money markets/certificates of deposit	4,029,683
Cash held with New Mexico Finance Authority	505,627
State Local Government Investment Pool	763,428
Petty cash	<u>400</u>
Total County cash and cash equivalents according to the Statement of Net Position (including restricted cash and investments)	<u>\$ 11,423,060</u>

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3. CASH AND CASH EQUIVALENTS (CONTINUED)

In addition, the Agency Fund held the following cash balance at June 30, 2018:

Bank deposits	\$ <u>576,105</u>
Total agency fund cash and cash equivalents according to the Statement of Fiduciary Assets and Liabilities	\$ <u>576,105</u>

State statutes authorize the investment of County funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the County properly followed State investment requirements as of June 30, 2018. Deposits of funds may be made in interest or non-interest-bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the County. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bonds given by the financial institution. 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 asking price on United States treasury bills of the same maturity on the day of deposit.

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

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest-bearing accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

Deposits - The County utilizes pooled accounts for their funds. Therefore, individual fund cash balances are held in multiple accounts. NM 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. The pledged collateral by the bank at June 30, 2018 was as follows:

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3. CASH AND CASH EQUIVALENTS (CONTINUED)

	<u>Wells Fargo Bank</u>	<u>Bank of New Mexico</u>	<u>U.S. Bank</u>	<u>Total</u>
Total amounts of deposits	\$ 7,079,584	\$ 1,008,645	\$ 3,026,581	\$ 11,114,810
FDIC coverage	<u>(500,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(1,000,000)</u>
Total uninsured public funds	6,579,584	758,645	2,776,581	<u>\$ 10,114,810</u>
Pledged collateral held by pledging bank's trust department or by agent in County's name	<u>3,940,687</u>	<u>1,367,943</u>	<u>2,500,000</u>	<u>7,808,630</u>
Uninsured and uncollateralized	<u>2,638,897</u>	<u>-</u>	<u>276,581</u>	<u>2,915,478</u>
Collateral requirement (50% of uninsured public funds Line of credit held by County)	3,289,792	379,323	1,388,291	5,057,406
Pledged collateral held by pledging bank's trust department or by agent in County's name	<u>3,940,687</u>	<u>1,367,943</u>	<u>2,500,000</u>	<u>7,808,630</u>
Total under (over) collateralized	<u>\$ (650,895)</u>	<u>\$ (988,620)</u>	<u>\$ (1,111,709)</u>	<u>\$ (2,751,224)</u>

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2017, \$2,915,478 of the County's bank balance of \$11,114,810 was exposed to custodial credit risk as uninsured and uncollateralized.

Local Government Investment Pool. GASB Statement No. 40, Deposit and Investment Risk Disclosures, relates to how deposits and investments are reported in the annual financial statements of government entities. GASB Statement No. 40 disclosures inform financial statement users about deposit and investment risks that could affect a government's ability to provide services and meet its obligations as they become due. GASB Statement No. 40 requires governments to disclose deposit and investment risks related to credit (including custodial credit risk), concentration of credit risk, interest rate risk, and foreign currency risk.

The State Treasurer's Office provides the following information regarding the LGIP:

Credit Risk - With respect to credit risk, the LGIP is rated AAAM by Standard & Poor's. Therefore, the LGIP reports AAAM for credit risk. Public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3. CASH AND CASH EQUIVALENTS (CONTINUED)

Concentration Risk - GASB Statement No. 40 defines concentration of credit risk as investments of more than 5% in any one issuer. External investment pools, such as the LGIP, are excluded from the requirement of disclosing concentration of credit risk. Therefore, the LGIP is exempt from this disclosure.

Foreign Currency Risk - GASB Statement No. 40 defines foreign currency risk as the potential that changes in exchange rates may adversely affect the fair value of an investment or deposit. The LGIP does not have any foreign currency risk as all investments are denominated in US dollars.

Interest Rate Risk - GASB Statement No. 40 defines interest rate risk as the potential that interest rate changes may adversely affect the fair value of an investment.

According to the Statement, an acceptable method for reporting interest rate risk is weighted average maturity ("WAM"). The State Treasurer's Office (STO) uses this method for reporting purposes for the LGIP. The WAM of the LGIP is identified on the monthly LGIP investment report found on the State Treasurer's Office website at www.nmsto.gov. As of June 30, 2018, the LGIP WAM (R) was 50 days and the WAM (F) was 100 days. The value of the investment in the LGIP as of June 30, 2018, is the ending balance on the LGIP statements. The District Court's June 30, 2018 balance is as follows:

New Mexico LGIP AAAM Rated \$763,428 [50] day WAM (R); [100] day WAM (F)

STO's investment portfolio is posted on the STO website, www.nmsto.gov, and available for review by participants at any time.

NOTE 4. RECEIVABLES

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

	Revenue	Other	Total			
	General	Bond Debt	Governmental	Governmental	Proprietary	
	Fund	Service Funds	Funds	Activities	Funds	
					Total Primary	
					Government	
Property taxes	\$ 972,837	\$ -	\$ -	\$ 972,837	\$ -	\$ 972,837
Gross receipts taxes	114,807	247,346	233,179	595,332	75,061	670,393
Accounts receivable	5,868	-	31,577	37,445	-	37,445
Total receivables	<u>\$ 1,093,512</u>	<u>\$ 247,346</u>	<u>\$ 264,756</u>	<u>\$ 1,605,614</u>	<u>\$ 75,061</u>	<u>\$ 1,680,675</u>

The above receivables are deemed 100% collectible. In accordance with GASB No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, property tax receivables are presented net of deferred revenues in the governmental balance sheet. Unearned revenue – property taxes totaled \$782,406 as presented in the general fund.

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5. TRANSFERS

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

<u>Transfer In</u>	<u>Amount</u>	<u>Transfer Out</u>	<u>Amount</u>
Major governmental funds:		Major governmental funds:	
General Fund	\$ 3,704,256	General Fund	\$ 5,428,853
Volunteer Fire Districts	41,000	Volunteer Fire Districts	54,860
Revenue Bond Debt Service Funds	1,261,588	Revenue Bond Debt Service Funds	3,298,950
NMFA Debt Service Fund	<u>54,860</u>	NMFA Debt Service Fund	<u>-</u>
Total major governmental funds	<u>5,061,704</u>	Total major governmental funds	<u>8,782,663</u>
Total nonmajor governmental funds	1,012,326	Total nonmajor governmental funds	42,884
Business-type activities - Detention Center fund	<u>2,751,517</u>		<u>-</u>
Grand Total	<u>\$ 8,825,547</u>	Grand Total	<u>\$ 8,825,547</u>

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6. CAPITAL ASSETS

The County does not have sufficient accounting records to substantiate the capital asset or depreciation balances in the roll-forward below. The County is in the process of updating its capital asset listing so that complete and accurate capital asset balances, including accumulated depreciation and depreciation expense can be presented in the Statement of Net Position and Statement of Activities in future years. Below is the activity of capital assets for the year ended June 30, 2018:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 716,912	\$ -	\$ -	\$ 716,912
Land - infrastructure	3,181,657	-	-	3,181,657
Construction in progress	<u>6,141,251</u>	-	-	<u>6,141,251</u>
Total capital assets, not being depreciated	<u>10,039,820</u>	-	-	<u>10,039,820</u>
Capital assets, being depreciated:				
Land improvements	56,634	-	-	56,634
Buildings and improvements	21,587,871	-	-	21,587,871
Furniture and equipment	4,050,615	104,771	-	4,155,386
Vehicles, furniture, and equipment	5,270,741	240,180	-	5,510,921
Infrastructure	<u>13,779,679</u>	-	-	<u>13,779,679</u>
Total capital assets being depreciated	<u>44,745,540</u>	<u>344,951</u>	-	<u>45,090,491</u>
Less accumulated depreciation for:				
Land improvements	(8,967)	(46,585)	-	(55,552)
Buildings and improvements	(9,982,501)	(686,343)	-	(10,668,844)
Furniture and equipment	(4,050,615)	(98,479)	-	(4,149,094)
Vehicles, furniture, and equipment	(4,015,523)	(352,102)	-	(4,367,625)
Infrastructure	<u>(13,729,464)</u>	<u>(50,215)</u>	-	<u>(13,779,679)</u>
Total accumulated depreciation	<u>(31,787,070)</u>	<u>(1,233,724)</u>	-	<u>(33,020,794)</u>
Total capital assets, being depreciated, net	<u>12,958,470</u>	<u>(888,773)</u>	-	<u>12,069,697</u>
Governmental activities capital assets, net	<u>\$ 22,998,290</u>	<u>\$ (888,773)</u>	<u>\$ -</u>	<u>\$ 22,109,517</u>

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

General government	\$ 142,118
Public safety	546,744
Health and welfare	378,723
Public works	159,993
Culture and recreation	<u>6,146</u>
Total	<u>\$ 1,233,724</u>

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6. CAPITAL ASSETS (CONTINUED)

Other business-type activity for the year ending June 30, 2018 was as follows:

Business-type Activities:	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land and easements	\$ 124,966	\$ -	\$ -	\$ 124,966
Total capital assets, not being depreciated	<u>124,966</u>	<u>-</u>	<u>-</u>	<u>124,966</u>
Capital assets, being depreciated:				
Buildings and improvements	7,850,078	-	-	7,850,078
Furniture and equipment	354,961	-	-	354,961
Vehicles	183,049	-	-	183,049
Total capital assets being depreciated	<u>8,388,088</u>	<u>-</u>	<u>-</u>	<u>8,388,088</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,142,355)	(110,104)	-	(3,252,459)
Furniture and equipment	(121,533)	(14,800)	-	(136,333)
Vehicles	(113,189)	(19,096)	-	(132,285)
Total accumulated depreciation	<u>(3,377,077)</u>	<u>(144,000)</u>	<u>-</u>	<u>(3,521,077)</u>
Total capital assets, being depreciated, net	<u>5,011,011</u>	<u>(144,000)</u>	<u>-</u>	<u>4,867,011</u>
Total capital assets	<u>\$ 5,135,977</u>	<u>\$ (144,000)</u>	<u>\$ -</u>	<u>\$ 4,991,977</u>

Depreciation expense charged to business-type activities for the year ended June 30, 2018 was \$144,000.

NOTE 7. LONG-TERM DEBT

During the year ended June 30, 2018, the following changes occurred in the long-term liabilities reported in the government-wide Statement of Net Position:

	Beginning Balance	Additions	Retirements	Ending Balance	Current Maturities
Governmental Activities:					
Bonds payable	\$ 17,525,000	\$ -	\$ (565,000)	\$ 16,960,000	\$ 696,588
Notes payable	467,039	-	(43,248)	423,791	44,219
Deferred bond premium	914,874	-	(55,012)	859,862	55,012
Total	18,906,913	-	(663,260)	18,243,653	795,819
Compensated absences	179,257	276,990	(239,408)	216,839	173,471
Total long-term debt	<u>\$ 19,086,170</u>	<u>\$ 276,990</u>	<u>\$ (902,668)</u>	<u>\$ 18,460,492</u>	<u>\$ 969,290</u>

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7. LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the bonds, notes payable, and bond premium as of June 30, 2018, including interest payments are as follows:

Year ending June 30,	Principal	Interest	Total Debt Service
2019	\$ 679,231	\$ 690,349	\$ 1,369,580
2020	705,254	666,129	1,371,383
2021	731,330	640,853	1,372,183
2022	762,469	608,216	1,370,685
2023	795,718	574,024	1,369,742
2024-2028	4,499,909	2,294,588	6,794,497
2029-2033	3,382,777	1,504,736	4,887,513
2034-2038	2,716,255	1,055,638	3,771,893
2039-2043	3,246,255	528,075	3,774,330
2044-2045	724,455	28,400	752,855
Total	<u>\$ 18,243,653</u>	<u>\$ 8,591,008</u>	<u>\$26,834,661</u>

Interest expense paid on long-term debt totaled \$713,073 for the year ended June 30, 2018.

Bonds Payable—At June 30, 2018, the County had the following bonds outstanding:

Bond Issuance: On January 23, 2015, the County issued \$12,995,000 of General Obligation Bonds, Series 2014B with interest rates ranging from 3.00% to 5.00%. The bonds were issued at a premium of \$420,298 and incurred underwriting discounts and issuance costs of \$272,897. The purpose of the bonds is to finance the renovation, remodeling, and furnishing of public buildings.

Current and Advance Refunding: On January 23, 2015, the County issued \$6,045,000 of General Obligation Bonds, Series 2014A with interest rates ranging from 3.00% to 5.00%. The bonds were issued at a premium of \$631,337 and incurred underwriting discounts and issuance costs of \$117,857. The \$6,170,000 bond proceeds were used to current refund \$230,000 and advance refund of \$5,940,000 for the series of 2006B bond for the purpose of achieving debt service savings.

The net bond proceeds were deposited with the escrow agent in an amount necessary to accomplish on their scheduled redemption dates, the discharge and final payment of the refunded bonds.

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7. LONG-TERM DEBT (CONTINUED)

The gross receipts tax revenue bonds outstanding as of June 30, 2018 are comprised of the following issues:

Issue	Maturity Date	Interest Date	Amount Issued	Outstanding June 30, 2018
Series 2014A	6/1/2030	3.00% to 5.00 %	\$ 6,045,000	\$ 4,870,000
Series 2014B	6/1/2044	3.00% to 5.00 %	<u>12,995,000</u>	<u>12,090,000</u>
			<u>\$ 19,040,000</u>	<u>\$ 16,960,000</u>

Notes Payable—The County maintains multiple loans through NMFA. Loan principal and interest payments (and intercept payments) are made on an annual basis to the New Mexico Finance Authority (NMFA) as is required per the loan’s debt schedules. Interest rates on the loans vary from 1.05% to 3.99%, and loan payments are scheduled through 2027.

At June 30, 2018, the County had the following notes outstanding:

NMFA Loan—Volunteer Fire Districts

The County has pledged future fire allotment revenues, net of specified operating expenses, to repay \$893,032 in loans issued June 2006 through June 2011. Proceeds from the loans provided financing for the purchase of equipment. The loans are payable solely from fire allotment revenues and are payable through May 2027. The total principal remaining to be paid on the loans is \$423,791. Principal and interest (including administrative fees) paid for the current year were \$64,251 and \$11,725, respectively.

Issue	Maturity Date	Interest Date	Amount Issued	Outstanding June 30, 2018
Candy Kitchen Fire Station-12	5/1/2027	3.00% to 4.50%	\$ 554,529	\$ 295,757
Cubero VFD (Cibola 11)	5/1/2027	3.00% to 4.50%	245,425	117,177
Lobo Canyon Fire Truck-15	5/1/2022	2.00% to 3.00%	<u>23,375</u>	<u>10,857</u>
			<u>\$ 823,329</u>	<u>\$ 423,791</u>

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, the accrual for compensated absences increased by \$37,582.

During the year ended June 30, 2018, the following changes occurred in the long-term liabilities reported in the business-type activities and proprietary fund statement of net position:

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7. LONG-TERM DEBT (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Current Maturities</u>
Business-Type Activities					
Compensated absences	\$ 44,263	\$ 7,517	\$ (46,669)	\$ 5,111	\$ 3,578

Compensated Absences—Employees of the County are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2018, the accrual for compensated absences decreased by \$39,152.

NOTE 8. UNEARNED REVENUE

In accordance with the terms of certain grant agreements, revenues received in excess of expenditures carry over to subsequent years, unless such excess revenues are requested to be returned to the grantor. As of June 30, 2018, Cibola County had no unearned revenues related to special revenue funds.

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the fiscal year, unearned revenue reported in the governmental funds was attributed to property tax revenues, and totaled \$782,406.

NOTE 9. RISK MANAGEMENT

Cibola County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disasters; and law enforcement liabilities. The County joined with other governments to form a Workers' Compensation Pool in July 1987 and a Multiline Pool in January 1989. These public entity risk pools operate as a common risk management and insurance program for workers' compensation and property and casualty coverage. The County pays an annual premium to the pools for general insurance coverage.

The pools are authorized by joint powers agreements entered into by each county as a separate and independent governmental and legal entity pursuant to the provisions of NMSA 1978 Sections 11-1-1 et. seq. The agreements for formation of the Workers' Compensation Pool and Multi-line Pool provide that the pools be self-sustaining through member premiums, and reinsure through commercial companies for claims in excess of \$300,000 and \$250,000 respectively, for each insured event. Both pools are funded entirely by member contributions, and are administered by the New Mexico County Insurance Authority.

The Workers' Compensation Pool provides workers' compensation coverage for all Cibola County employees, including temporary and part-time workers. There are 31 counties in this pool. The premium that each county pays depends upon the payroll total and the loss experience specific to that county. For fiscal year ended 2018, Cibola County contributed \$132,114 to the Workers' Compensation Pool. The self-insured retention level for the pool during the period of coverage July 01, 2017 through June 30, 2018 was \$300,000 (that is, the maximum

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9. RISK MANAGEMENT (CONTINUED)

amount of coverage for each insured event before obtaining reinsurance). The pool has reinsurance coverage for losses above that amount from County Reinsurance Limited, to a statutory limit of \$2,000,000.

The multi-line pool provides property and casualty coverage for 29 counties. The coverage includes buildings and contents, automobile physical damage, general liability, personal injury (including civil rights), host and liquor liability, automotive liability, public officials' errors and omissions, money and securities, commercial blanket bond (employee fidelity) and depositor's forgery.

The self-insured retention level for this pool during the period of coverage January 1, 2018 through December 31, 2018 is \$150,000 for property and \$500,000 for liability per occurrence (that is the maximum amount of coverage for each insured event before obtaining reinsurance).

The pool has reinsurance coverage for losses above that amount from County Reinsurance Limited, to a statutory limit of \$2,000,000.

The pooling agreements require the pools to be self-sustaining; it is not possible to estimate the range of contingent losses to be borne by the County. The pool boards retain \$2,500,000 equity prior to evaluating any refunds to the participating counties based upon losses expensed and losses incurred.

The pools retain the risk of loss to be shared proportionately by pool participants. The County does not retain the sole risk of losses incurred by the County. There were no payments in excess of insurance coverage for the years ended June 30, 2018, 2017, and 2016.

The New Mexico County Insurance Authority has published its own financial reports for the fiscal year ended June 30, 2018, which can be obtained from the New Mexico Association of Counties, 613 Old Santa Fe Trail, Santa Fe, New Mexico, 87501.

The County continues to carry commercial insurance for all other risks of loss, including law enforcement liability, emergency medical, foreign jurisdiction and excess liability, boiler and machinery, and sheriff reserve and rescue personnel. There were no payments in excess of insurance coverage for the years ended June 30, 2018, 2017 and 2016.

NOTE 10. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosures as part of the combined statements - overview of certain information concerning individual funds including:

Deficit fund balance of individual funds: No funds reflected a deficit fund balance as of June 30, 2018.

Excess expenditures over appropriations: Budgetary authority is at the fund level. Expenditures may not legally exceed budgeted appropriations at the fund level. The following funds exceeded appropriations for the year ended June 30, 2018:

Nonmajor Governmental Funds:

Farm & Range Fund	\$ <u>500</u>
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**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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. The County participates in two PERA plans: Municipal General Plan 2 and Municipal Police Plan 5.

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% and effective July 1, 2014 employer contributions were raised .05%. The computation of final average salary increased as the average of salary for 60 consecutive months.

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

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

PERA Contribution Rates and Pension Factors as of July 1, 2017						
Coverage Plan	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per Years 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%	3.00%	2.50%	90%
Municipal Plan 1 (plan open to new employers)	7.00%	8.50%	7.40%	2.00%	2.00%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.55%	2.50%	2.00%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.55%	3.00%	2.50%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.05%	3.00%	2.50%	90%
Municipal Police Plan 1	7.00%	8.50%	10.40%	2.00%	2.00%	90.00%
Municipal Police Plan 2	7.00%	8.50%	15.40%	2.50%	2.00%	90.00%
Municipal Police Plan 3	7.00%	8.50%	18.90%	2.50%	2.00%	90.00%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.00%	2.50%	90.00%
Municipal Police Plan 5	16.30%	17.80%	18.90%	3.50%	3.00%	90.00%
Municipal Fire Plan 1	8.00%	9.50%	11.40%	2.00%	2.00%	90.00%
Municipal Fire Plan 2	8.00%	9.50%	17.90%	2.50%	2.00%	90.00%
Municipal Fire Plan 3	8.00%	9.50%	21.65%	2.50%	2.00%	90.00%
Municipal Fire Plan 4	12.80%	14.30%	21.65%	3.00%	2.50%	90.00%
Municipal Fire Plan 5	16.20%	17.70%	21.65%	3.50%	3.00%	90.00%
Municipal Detention Officer Plan	16.65%	18.15%	17.05%	3.00%	3.00%	90.00%
State Police and Audit Correction Officer Plan 1	7.60%	9.10%	25.50%	3.00%	3.00%	90.00%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.00%	3.00%	90.00%
Juvenile Correctional Officer Plan	4.78%	6.28%	26.12%	3.00%	3.00%	90.00%

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2017. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2017. 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.

The assets of the PERA Fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to Chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows of resources were performed separately for each of the membership groups.

The County’s proportionate share of the net pension liability for each of the County’s membership groups is based on the share of the County’s employer contributions relative to each membership group’s total employer contributions for the fiscal year ended June 30, 2017. Only employer contributions for the pay period end dates that fell within the period of July 1, 2016 to June 30, 2017 were included in the total contributions for a specific employer. Employer contributions on behalf of the employee were excluded from the calculation. In the event that a participating employer is behind in its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions for the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

The County’s proportionate share of each PERA plan’s net pension liability, and each plan’s annual pension expense, as of and for the year ended June 30, 2018 are shown in the table below. The County’s proportionate share in the Municipal General Plan 2 decreased 0.01080% from the prior year and the County’s proportionate share in the Municipal Police Plan 5 decreased 0.02700% from the prior year.

PERA Plan	Net Pension Liability and Pension Expense		
	Proportionate Share of Net Pension Liability	Percent of Net Pension Liability	Pension Expense
Municipal General Plan 2	\$ 6,733,014	13.2204%	\$ 890,130
Municipal Police Plan 5	<u>1,958,368</u>	15.3941%	<u>301,473</u>
	<u>\$ 8,691,382</u>		<u>\$ 1,191,603</u>

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for each of the County’s PERA Fund divisions:

	Municipal General Plan 2		Municipal Police Plan 5	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 264,562	\$ 344,845	\$ 118,942	\$ 365,902
Net difference between projected and actual earnings on pension plan investments	552,403	-	157,720	-
Changes of assumptions or other inputs	310,492	69,577	116,516	45,539
Changes in proportion and differences between between contributions and proportionate share of contributions	225,519	115,154	122,798	106,406
Contributions subsequent to the measurement date	<u>272,574</u>	<u>-</u>	<u>146,352</u>	<u>-</u>
Total	<u>\$ 1,625,550</u>	<u>\$ 529,576</u>	<u>\$ 662,328</u>	<u>\$ 517,847</u>

\$272,574 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date 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 Ending June 30,	Municipal General Plan 2	Municipal Police Plan 5
	2019	\$ 248,530
2020	664,038	101,396
2021	72,269	(87,470)
2022	(161,437)	(46,115)
2023	<u>-</u>	<u>-</u>
	<u>\$ 823,400</u>	<u>\$ (1,870)</u>

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Actuarial Assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

PERA FUND:

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	4 Year smoothed Market Value
Actuarial assumptions:	
Investment rate of return	7.51% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	2.75% for first 9 years, then 3.25% annual rate
Projected salary increases	2.75% to 14% annual rate
Includes inflation at	2.25% annual rate for first 9 years, then 2.75% all other yea
Mortality Assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirement, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA.
Experience study dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 30, 2016 (economic) 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, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2017. These assumptions were adopted by the Board use in the June 30, 2016 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:

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

<u>ALL FUNDS- Asset Class</u>	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	43.5%	7.39%
Risk reduction and mitigation	21.5	1.79
Credit oriented fixed income	15	5.77
Real assets	<u>20</u>	7.35
Total	<u><u>100%</u></u>	

Discount Rate. A single discount rate of 7.51% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.51%, 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 Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.51 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.51 percent) or 1 percentage-point higher (8.51 percent) than the current rate:

<u>Proportionate Share of Net Pension Liability:</u>	<u>1% Decrease (6.51%)</u>	<u>Current Discount Rate (7.51%)</u>	<u>1% Increase (8.51%)</u>
Municipal General Plan 2	\$ 10,552,857	\$ 6,733,014	\$ 3,556,284
Municipal Police Plan 5	<u>3,123,054</u>	<u>1,958,368</u>	<u>1,002,571</u>
Total	<u><u>\$ 13,675,911</u></u>	<u><u>\$ 8,691,382</u></u>	<u><u>\$ 4,558,855</u></u>

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERA financial report. The report is available on the PERA website at <http://www.pera.state.nm.us/>.

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS (OPEB) – STATE RETIREE HEALTHCARE PLAN

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

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

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

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

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

Contributions. Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the County were \$77,948 for the year ended June 30, 2018.

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS (OPEB) – STATE RETIREE HEALTHCARE PLAN (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2018, the County reported a liability of \$5,491,028 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2017, the County's proportion was 0.12117%.

For the year ended June 30, 2018, the County recognized OPEB expense of \$184,063. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>Resources</u>	<u>Resources</u>
Difference between expected and actual experience	\$ -	\$ 210,717
Differences between actual and projected earnings on OPEB plan investments	-	78,992
Changes of assumptions	-	960,036
Contributions made after the measurement date	<u>77,948</u>	<u>-</u>
Total	<u>\$ 77,948</u>	<u>\$ 1,249,745</u>

Deferred outflows of resources totaling \$77,948 represent County contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ending June 30,	
2019	\$ (265,705)
2020	(265,705)
2021	(265,705)
2022	(265,705)
2023	<u>(186,925)</u>
Total	<u>\$ (1,249,745)</u>

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS (OPEB) – STATE RETIREE HEALTHCARE PLAN (CONTINUED)

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Rate of Return</u>
U.S. core fixed income	20%	4.1%
U.S. equity - large cap	20%	9.1%
Non U.S. - emerging markets	15%	12.2%
Non U.S. - developed equities	12%	9.8%
Private equity	10%	13.8%
Credit and structured finance	10%	7.3%
Real estate	5%	6.9%
Absolute return	5%	6.1%
U.S. equity - small/mid cap	3%	9.1%

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS (OPEB) – STATE RETIREE HEALTHCARE PLAN (CONTINUED)

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

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

1% Decrease (2.81%)	Current Discount (3.81%)	1% Increase (4.81%)
\$ 6,660,532	\$ 5,491,028	\$ 4,573,448

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

1% Decrease	Current Trend Rates	1% Increase
\$ 4,670,498	\$ 5,491,028	\$ 6,130,839

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

NOTE 13. RESTATEMENT OF NET POSITION AND FUND BALANCES

Restatement of net position due to the adoption of new accounting standard. The governmental Accounting Standards Board (GASB) issued a new accounting pronouncement (Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*) effective for the year ended June 30, 2018. The implementation of GASB 75 has created a restatement of the County’s beginning net position.

As a cost-share employer participating the Retiree Health Care Authority (Plan or “RHCA”) (see Note 12), the County is required to, and has included, in its June 30, 2018 financial statements, the pro rata share of the Plan’s collective “Net Retiree Healthcare Liability”. This share represents the difference between the Plan’s “Total Plan Liability” and the Plan’s “Net Plan Position”, reported at the market value of the investment assets.

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 13. RESTATEMENT OF NET POSITION AND FUND BALANCES (CONTINUED)

With the adoption of the new accounting pronouncement, the County has reduced its Unrestricted Net Position the beginning of the fiscal year in the amount of \$6,522,465, as shown on the government-wide Statement of Activities. Unrestricted Net Position was reduced by \$5,499,352 and \$1,023,113 in governmental activities and business-type activities, respectively.

Restatements of fund balances. The fund financial statements present governmental funds for which there is a legally adopted budget. The County maintains internal funds which are subsets of the budgeted funds. For the year ended June 30, 2018, there are certain internal funds that were reclassified to a different budgeted fund than was presented in the June 30, 2017 financial statements. As the sum of the fund restatements of beginning fund balance net to zero, there is no change to beginning fund balance for total governmental funds. A summary of these restatements is shown below:

Major Governmental Funds:	
General Fund	\$ 1,493
Volunteer Fire Districts	25,916
Revenue Bond Debt Service Fund	(39,848)
NMFA Debt Service Fund	<u>39,848</u>
Total Major Governmental Funds	<u>27,409</u>
Nonmajor Governmental Funds:	
EMS	(2,228)
Grant Fund	(52,001)
DWI Program	31,060
Reappraisal Fund	<u>(4,240)</u>
Total Nonmajor Governmental Funds	<u>(27,409)</u>
Total governmental funds	<u><u>\$ -</u></u>

NOTE 14. CONTINGENT LIABILITIES

The County is party to various claims and lawsuits arising in the normal course of business. The County is insured through the New Mexico County Insurance Authority.

NOTE 15. SUBSEQUENT EVENTS

The County has evaluated subsequent events through December 3, 2018, the date the financial statements were available to be issued. There were no material subsequent events.

NOTE 16. SUBSEQUENT ACCOUNTING STANDARD PRONOUNCEMENTS

GASB has issued the following statements, which are applicable in future years. At this time, management has not determined the impact, if any, on the County.

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 16. SUBSEQUENT ACCOUNTING STANDARD PRONOUNCEMENTS (CONTINUED)

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

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

In June 2017, GASB Statement No. 87, *Leases* was issued. Effective Date: For reporting periods beginning after December 15, 2019. The County is still evaluating how this pronouncement will affect future financial statements.

In March 2018, GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The County is still evaluating how this pronouncement will affect future financial statements.

In June 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The County is still evaluating how this pronouncement will affect future financial statements.

In August 2018, GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and 61* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The County is still evaluating how this pronouncement will affect future financial statements.

NOTE 17. TAX ABATEMENTS

Industrial Revenue Bonds. Under the Industrial Revenue Bond Act [3-32 NMSA 1978], the Board of Commissioners or the City Council can vote to induce an industrial revenue bond in order to induce a manufacturing, industrial, or commercial enterprise to locate or expand in that region, by financing a specified project. The County or the City may include in the agreement a stipulation of an amount or a percentage reduction of property taxes, which can be as much as 100%. This reduction or exemption is applicable for the life of the bond issue, not to exceed 30 years from the date the bonds were issued and is a significant benefit for borrowers that would not otherwise qualify for a property tax exemption under other constitutional or statutory provisions. Information relevant to disclosure of those programs for the fiscal year ended June 30, 2018 are presented on the following pages:

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 17. TAX ABATEMENTS (CONTINUED)

Description	RED Mesa Wind, LLC / Cibola County & County Schools - IRB
Agency Number	5033
Agency Name	Cibola
Agency Type	County
Tax Abatement Agreement Name	Red Mesa Wind Project
Recipient(s) of tax abatement	Red Mesa Wind, LLC
Parent company(ies) of recipient(s) of tax abatement	NEXtera Energy Resources
Tax abatement program (name and brief description)	Industrial Revenue Bond
Specific Tax(es) Being Abated	Real Property Taxes
Legal authority under which tax abatement agreement was entered into	NMSA 3-32
Criteria that make a recipient eligible to receive a tax abatement	Green Energy, provide Cibola with Electricity
How are the tax abatement recipient's taxes reduced? (For example: through a reduction of assessed value)	Property tax in project area foregone on structures but land is still taxed. PILT is paid to County and County schools
How is the amount of the tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc.	Notwithstanding the foregoing, for so long as the Bond is outstanding, the Company will pay to the issuer a payment in lieu of property tax (PILOT) in the amount of \$425,000 per year for the first five years and \$625,000 per year thereafter. Such payments will be due on June 1 during the term, beginning on June 1, 2011 after the completion date. 50% goes to Cibola Schools and 50% to the County
Are there provisions for recapturing abated taxes? (Yes or No)	Yes
taxes, describe them, including the conditions under which abated taxes become eligible for recapture.	Liens may be imposed to "clawback" payments.
List each specific commitment made by the recipient of the abatement.	Cibola County gets 95% of electricity from this project, adds tax base to county, delivers landowner lease payments, creates no air or water pollution, uses no water, all land can be used agriculturally, supports economy through purchase of regional goods and services.
Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement.	Property tax of \$1,963,359.00 for structures and land minus property tax of just land of \$4,679.20 minus payments of \$625,000.00= \$1,333,679.80 foregone by County
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency or another agency in association with the foregone tax revenue, list the authority for and describe the payment, including the agency that is supposed to receive the payment	Cibola County schools \$312,500.00 and Cibola County \$312,500 per NMSA 1978 Section 7-37-3 and IRB
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	2 in the amount of \$312,500 each (One for County and one for County Schools)
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by a different agency in association with the foregone tax revenue, list the name of the agency and the amount of payments received in the current fiscal year	2 in the amount of \$312,500 each (One for County and one for County Schools)
List each specific commitment made by your agency or any other government, other than the tax abatement.	None
Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such	Yes, Cibola County Schools
If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.	NA

**STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 18. CIBOLA GENERAL HOSPITAL – COMPONENT UNIT

Nature of Operations and Reporting Entity

Cibola General Hospital Corporation (Hospital or Corporation) is a New Mexico not-for-profit corporation as described in Section 501(c) (3) of the Internal Revenue Code (Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Hospital is located in Grants, New Mexico. The primary interest of the Hospital is to provide medical services to the residents of Grants, Cibola County, and the surrounding area. The Hospital is a component unit of Cibola County (County) and the Board of County Commissioners appoints four out of nine members to the Board of Trustees of the Hospital. The Hospital does not have component units as defined by Governmental Accounting Standards Board (GASB) Codification, Section 2300.106(a) (2). The Hospital primarily earns revenues by providing inpatient, outpatient, and emergency care services to patients in the Cibola County area.

The Hospital meets the criteria set forth in accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB) for inclusion as a component unit of the County of Cibola (County) based on the financial accountability criteria as it relates to the following items: 1) while the agreement between the Hospital and the County does not directly address financial accountability, the County owns, and is obligated for the related debt, with respect to the building which the Hospital is entitled to use, for a quarterly fee and other consideration under the terms of the agreement and 2) the County assesses and remits to the Hospital a 4.25 mill property tax levy which was approved by the voters of Cibola County for the sole purpose of supporting the Hospital's operations.

As more fully described in Note 1 and the Independent Auditor's Report, management has not presented Cibola General Hospital Corporation in its Statement of Net Position or Statement of Activities.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

**STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN
LAST 10 FISCAL YEARS* (UNAUDITED)
JUNE 30, 2018**

	June 30,				
	Fiscal Year Measurement Date	2018 2017	2017 2016	2016 2015	2015 2014
Municipal General Plan					
County's proportion of the net pension liability		0.49000%	0.50080%	0.45860%	0.46600%
County's proportionate share of the net pension liability		\$ 6,733,014	\$ 8,001,098	\$ 4,675,824	\$ 3,635,300
County's covered employee payroll		\$ 4,490,510	\$ 4,277,482	\$ 4,291,030	\$ 2,966,184
County's proportionate share of the net pension liability as a percentage of its covered employee payroll		149.94%	187.05%	108.97%	122.56%
Municipal Police Plan					
County's proportion of the net pension liability		0.35250%	0.37950%	0.34840%	0.31330%
County's proportionate share of the net pension liability		\$ 1,958,368	\$ 2,800,064	\$ 1,675,303	\$ 1,021,324
County's covered employee payroll		\$ 847,611	\$ 752,346	\$ 754,729	\$ 1,343,394
County's proportionate share of the net pension liability as a percentage of its covered employee payroll		231.05%	372.18%	221.97%	76.03%
County Total					
County's proportionate share of the net pension liability		\$ 8,691,382	\$ 10,801,162	\$ 6,351,127	\$ 4,656,624
County's covered employee payroll		\$ 5,338,121	\$ 5,029,828	\$ 5,045,759	\$ 4,309,578
County's proportionate share of the net pension liability as a percentage of its covered employee payroll		162.82%	214.74%	125.87%	108.05%
Plan fiduciary net position as a percentage of total pension liability		69.18%	61.58%	76.99%	81.29%

* The amounts presented were determined as of June 30. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years which information is available. The first year available is fiscal year 2015.

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF THE COUNTY'S PENSION CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN
LAST 10 FISCAL YEARS* (UNAUDITED)
JUNE 30, 2018

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Municipal General Plan				
Contractually required contributions	\$ 272,574	\$ 428,844	\$ 409,793	\$ 342,523
Contributions in relation to contractually required contributions	\$ 272,574	\$ 428,844	\$ 409,793	\$ 342,523
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Municipal Police Plan				
Contractually required contributions	\$ 146,352	\$ 160,198	\$ 142,644	\$ 342,523
Contributions in relation to contractually required contributions	\$ 146,352	\$ 160,198	\$ 142,644	\$ 342,523
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
County Total				
Contractually required contributions	\$ 418,926	\$ 589,042	\$ 552,437	\$ 685,046
Contributions in relation to contractually required contributions	\$ 418,926	\$ 589,042	\$ 552,437	\$ 685,046
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -

* The amounts presented were determined as of June 30. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years which information is available. The first year available is fiscal year 2015.

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
NEW MEXICO RETIREEE HEALTH CARE AUTHORITY (RHCA) PLAN
LAST 10 FISCAL YEARS* (UNAUDITED)
JUNE 30, 2018

	June 30,
Fiscal Year	2018
Measurement Date	2017
Proportion of the net OPEB liability	0.12117%
Proportionate share of the net OPEB liability	\$ 5,491,028
Covered employee payroll	\$ 5,047,515
Proportionate share of the net OPEB liability as a percentage of covered employee payroll	108.79%
Plan fiduciary net position as a percentage of the total OPEB liability	11.34%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available. The first year available is fiscal year 2018.

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF THE COUNTY'S OPEB CONTRIBUTIONS
NEW MEXICO RETIREEE HEALTH CARE AUTHORITY (RHCA) PLAN
LAST 10 FISCAL YEARS* (UNAUDITED)
JUNE 30, 2018

	June 30, 2018
Contractually required contribution	\$ 384,772
Contributions in relation to the contractually required contribution	\$ 193,113
Contribution deficiency	\$ 191,659
Covered employee payroll	\$ 5,047,515
Contributions as a percentage of covered employee payroll	3.83%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available. The first year available is fiscal year 2018.

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2018

NOTE 1. PENSION PLAN SCHEDULES

PERA PLAN

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

Changes of benefit assumptions. The PERA Annual Actuarial Valuations as of the June 2017 report is available at <http://www.nmpera.org>.

RHCA PLAN

Changes in benefit provisions. There were no modifications to the benefit provisions as this is the first year of adoption of the OPEB accounting standard.

Changes in assumptions and methods. There were no modifications to the assumptions and methods as this is the first year of adoption of the OPEB accounting standard.

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
CIBOLA COUNTY
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 2,288,598	\$ -	\$ 2,288,598
Receivables			
Gross receipt taxes	233,179	-	233,179
Accounts receivable	31,577	-	31,577
Total assets	<u>\$ 2,553,354</u>	<u>\$ -</u>	<u>\$ 2,553,354</u>
LIABILITIES AND FUND BALANCES			
Accounts payable	\$ 4,442	\$ -	\$ 4,442
Accrued payroll and taxes	-	-	-
Interfund advances payable	-	-	-
Total liabilities	<u>4,442</u>	<u>-</u>	<u>4,442</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	2,548,912	-	2,548,912
Unassigned	-	-	-
Total fund balances	<u>2,548,912</u>	<u>-</u>	<u>2,548,912</u>
Total liabilities and fund balances	<u>\$ 2,553,354</u>	<u>\$ -</u>	<u>\$ 2,553,354</u>

**STATE OF NEW MEXICO
CIBOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
REVENUES			
Property taxes	\$ -	-	\$ -
Gross receipts tax	1,766,133	-	1,766,133
Payment in lieu of taxes	-	-	-
State and local sources	1,106,985	23,175	1,130,160
Federal sources	230,032	-	230,032
Charges for services	65	-	65
Licenses and fees	171,359	-	171,359
Investment income	1,513	-	1,513
Other	194,906	-	194,906
Total revenues	<u>3,470,993</u>	<u>23,175</u>	<u>3,494,168</u>
EXPENDITURES			
Current			
General government	184,902	-	184,902
Public safety	566,748	21,291	588,039
Public works	1,527,904	-	1,527,904
Health and welfare	1,549,976	-	1,549,976
Capital outlay	24,117	-	24,117
Total expenditures	<u>3,853,647</u>	<u>21,291</u>	<u>3,874,938</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(382,654)</u>	<u>1,884</u>	<u>(380,770)</u>
Other financing sources (uses)			
Transfers in	1,012,326	-	1,012,326
Transfers out	(41,000)	(1,884)	(42,884)
Total other financing sources (uses)	<u>971,326</u>	<u>(1,884)</u>	<u>969,442</u>
Change in fund balances	<u>588,672</u>	<u>-</u>	<u>588,672</u>
Fund balances, beginning of year	1,987,649	-	1,987,649
Restatement	(27,409)	-	(27,409)
Fund balance, beginning, as restated	<u>1,960,240</u>	<u>-</u>	<u>1,960,240</u>
Fund balances, end of year	<u>\$ 2,548,912</u>	<u>\$ -</u>	<u>\$ 2,548,912</u>

**STATE OF NEW MEXICO
CIBOLA COUNTY
DESCRIPTION OF NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018**

Road Fund—Accounts for the activities of the County’s road and highways, which provides service to the residents of the County, authorized by sections 66-2-3, 7-1-6.19, 67-3-28.2, and Chapter 113, Laws of 1992, NMSA. Funds are used to maintain County roads, including but not limited to administration, operation, maintenance, and capital outlay. Revenues are provided by motor vehicle fees, gas taxes, State appropriations, and State severance tax bonds.

Emergency Medical Services (EMS)—Accounts for the expenditure of grant monies received for emergency medical services within the County. See Section 24-10A-6, NMSA 1978.

Farm and Range—Accounts for revenues and expenditures relating to predatory animal control and secondary road maintenance. Financing is provided by the County’s share of state grazing fees. Such fees are provided for payment of all current operating costs and may be used for that purpose only. Authority is NMSA 6-11-6.

County Clerk Record and Filing—Accounts for funds created by the State requiring a two-dollar fee added to service provided by the County Clerk. This money must be set aside for capital outlay, rent, purchase lease or lease purchase equipment associated with recording, filing, maintaining documents and training on County procedures and equipment. See Section 14-8-12.2 NMSA 1978.

Law Enforcement Protection—Accounts for the expenditure of grant monies received to enhance the law enforcement function within the County. Financing is provided from the state under Section 29-13-4, NMSA 1978.

County Fire Protection—Accounts for the expenditure of funds received from a percentage of gross receipts. This money is used in support of County volunteer fire departments and is distributed by the County Manager based on the need for the fire district.

Reappraisal—Accounts for the funds from property taxes allotted for the reappraisal of property within the County pursuant to Section 7-38-38.1 NMSA.

Indigent fund - is used to accounts for revenues received from state shared gross receipts taxes for hospital service for indigent citizens of the County. The fund was created by authority of state statute (see Section 7-20E-9, NMSA 1978 Compilations).

Grant Fund - is used to account for the various federal, state and other grant funding sources received by the County. The grants are restricted to specific purposes as agreed to between the County and the funding source as enumerated in the grant agreement/document.

DWI Program – To account for federal funds received through the State of New Mexico Children, Youth and Families Department (CYFD) to combat underage drinking. (Authorized by Commission and Budget Approval)

Consolidated Dispatch – To account for revenues and expenditures related to contracts of emergency services provided to districts within the County. (Authorized by Commission and Budget Approval)

Emergency Management – Is used to account for the various federal, state and other grant funding sources for emergency management received by the County. (Authorized by Commission and Budget Approval)

**STATE OF NEW MEXICO
CIBOLA COUNTY
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2018**

	Emergency Medical Services	Grant Fund	DWI Program	Road
ASSETS				
Cash and cash equivalents	\$ -	\$ 149,381	\$ 130,267	\$ 503,481
Receivables				
Gross receipt taxes	-	-	-	70,678
Accounts receivable	-	4,066	-	24,811
	<u>-</u>	<u>4,066</u>	<u>-</u>	<u>24,811</u>
Total assets	<u>\$ -</u>	<u>\$ 153,447</u>	<u>\$ 130,267</u>	<u>\$ 598,970</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 942	\$ 1,689
Accrued payroll and taxes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>942</u>	<u>1,689</u>
FUND BALANCES				
Restricted	-	153,447	129,325	597,281
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>153,447</u>	<u>129,325</u>	<u>597,281</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 153,447</u>	<u>\$ 130,267</u>	<u>\$ 598,970</u>

**STATE OF NEW MEXICO
CIBOLA COUNTY
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2018**

	Farm & Range	Indigent	Consolidated Dispatch	County Fire Protection
ASSETS				
Cash and cash equivalents	\$ -	\$ 584,990	\$ -	\$ 477,164
Receivables				
Gross receipt taxes	-	-	136,053	26,448
Accounts receivable	-	-	2,700	-
	<u>-</u>	<u>-</u>	<u>138,753</u>	<u>-</u>
Total assets	<u>\$ -</u>	<u>\$ 584,990</u>	<u>\$ 138,753</u>	<u>\$ 503,612</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 1,811	\$ -
Accrued payroll and taxes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>1,811</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>1,811</u>	<u>-</u>
FUND BALANCES				
Restricted	-	584,990	136,942	503,612
Unassigned	-	-	-	-
	<u>-</u>	<u>584,990</u>	<u>136,942</u>	<u>503,612</u>
Total fund balances	<u>-</u>	<u>584,990</u>	<u>136,942</u>	<u>503,612</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 584,990</u>	<u>\$ 138,753</u>	<u>\$ 503,612</u>

**STATE OF NEW MEXICO
CIBOLA COUNTY
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2018**

	County Clerk Recording and Filing	Emergency Management	Law Enforcement Protection	Reappraisal Fund
ASSETS				
Cash and cash equivalents	\$ 83,127	\$ -	\$ 320	\$ 359,868
Receivables				
Gross receipt taxes	-	-	-	-
Accounts receivable	-	-	-	-
	<u>\$ 83,127</u>	<u>\$ -</u>	<u>\$ 320</u>	<u>\$ 359,868</u>
Total assets				
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll and taxes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities				
FUND BALANCES				
Restricted	83,127	-	320	359,868
Unassigned	-	-	-	-
	<u>83,127</u>	<u>-</u>	<u>320</u>	<u>359,868</u>
Total fund balances				
Total liabilities and fund balances	<u>\$ 83,127</u>	<u>\$ -</u>	<u>\$ 320</u>	<u>\$ 359,868</u>

STATE OF NEW MEXICO
CIBOLA COUNTY
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2018

	Totals
ASSETS	
Cash and cash equivalents	\$ 2,288,598
Receivables	-
Gross receipt taxes	233,179
Accounts receivable	31,577
Total assets	\$ 2,553,354
 LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable	\$ 4,442
Accrued payroll and taxes	-
Total liabilities	4,442
 FUND BALANCES	
Restricted	2,548,912
Unassigned	-
Total fund balances	2,548,912
Total liabilities and fund balances	\$ 2,553,354

STATE OF NEW MEXICO
CIBOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Emergency Medical Services	Grant Fund	DWI Program	Road	Farm & Range
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts tax	-	-	-	426,273	-
Payment in lieu of taxes	-	-	-	-	-
State and local sources	37,052	7,559	226,451	790,242	-
Federal sources	-	-	2,628	227,404	-
Charges for services	-	-	-	-	-
Licenses and fees	-	-	53,056	-	12,122
Investment income	-	1,513	-	-	-
Other	150	176,605	-	602	5,000
Total revenues	<u>37,202</u>	<u>185,677</u>	<u>282,135</u>	<u>1,444,521</u>	<u>17,122</u>
EXPENDITURES					
Current					
General government	17,862	613	25,366	-	-
Public safety	64,318	86,653	197,465	-	-
Public works	-	-	-	1,423,759	22,500
Health and welfare	16,258	30,078	-	-	-
Capital outlay	24,117	-	-	-	-
Total expenditures	<u>122,555</u>	<u>117,344</u>	<u>222,831</u>	<u>1,423,759</u>	<u>22,500</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(85,353)</u>	<u>68,333</u>	<u>59,304</u>	<u>20,762</u>	<u>(5,378)</u>
Other financing sources (uses)					
Transfers in	-	119,576	38,961	608,881	5,378
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>119,576</u>	<u>38,961</u>	<u>608,881</u>	<u>5,378</u>
Change in fund balances	<u>(85,353)</u>	<u>187,909</u>	<u>98,265</u>	<u>629,643</u>	<u>-</u>
Fund balances, beginning of year	87,581	17,539	-	(32,362)	-
Restatement	(2,228)	(52,001)	31,060	-	-
Fund balance, beginning, as restated	<u>85,353</u>	<u>(34,462)</u>	<u>31,060</u>	<u>(32,362)</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 153,447</u>	<u>\$ 129,325</u>	<u>\$ 597,281</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
CIBOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	Indigent	Consolidated Dispatch	County Fire Protection	County Clerk Recording and Filing	Emergency Management
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts tax	343,354	841,895	154,611	-	-
Payment in lieu of taxes	-	-	-	-	-
State and local sources	-	-	-	-	16,081
Federal sources	-	-	-	-	-
Charges for services	-	65	-	-	-
Licenses and fees	-	-	-	30,228	-
Investment income	-	-	-	-	-
Other	-	10,000	-	-	49
Total revenues	<u>343,354</u>	<u>851,960</u>	<u>154,611</u>	<u>30,228</u>	<u>16,130</u>
EXPENDITURES					
Current					
General government	-	-	42,777	-	-
Public safety	-	-	-	5,112	133,735
Public works	-	-	-	81,645	-
Health and welfare	666,697	836,943	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>666,697</u>	<u>836,943</u>	<u>42,777</u>	<u>86,757</u>	<u>133,735</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(323,343)</u>	<u>15,017</u>	<u>111,834</u>	<u>(56,529)</u>	<u>(117,605)</u>
Other financing sources (uses)					
Transfers in	-	121,925	-	-	117,605
Transfers out	-	-	(41,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>121,925</u>	<u>(41,000)</u>	<u>-</u>	<u>117,605</u>
Change in fund balances	<u>(323,343)</u>	<u>136,942</u>	<u>70,834</u>	<u>(56,529)</u>	<u>-</u>
Fund balances, beginning of year	908,333	-	432,778	139,656	-
Restatement	-	-	-	-	-
Fund balance, beginning, as restated	<u>908,333</u>	<u>-</u>	<u>432,778</u>	<u>139,656</u>	<u>-</u>
Fund balances, end of year	<u>\$ 584,990</u>	<u>\$ 136,942</u>	<u>\$ 503,612</u>	<u>\$ 83,127</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
CIBOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	Law Enforcement Protection	Reappraisal Fund	Totals
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Gross receipts tax	-	-	1,766,133
Payment in lieu of taxes	-	-	-
State and local sources	29,600	-	1,106,985
Federal sources	-	-	230,032
Charges for services	-	-	65
Licenses and fees	-	75,953	171,359
Investment income	-	-	1,513
Other	2,500	-	194,906
Total revenues	<u>32,100</u>	<u>75,953</u>	<u>3,470,993</u>
EXPENDITURES			
Current			
General government	-	98,284	184,902
Public safety	79,465	-	566,748
Public works	-	-	1,527,904
Health and welfare	-	-	1,549,976
Capital outlay	-	-	24,117
Total expenditures	<u>79,465</u>	<u>98,284</u>	<u>3,853,647</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(47,365)</u>	<u>(22,331)</u>	<u>(382,654)</u>
Other financing sources (uses)			
Transfers in	-	-	1,012,326
Transfers out	-	-	(41,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>971,326</u>
Change in fund balances	<u>(47,365)</u>	<u>(22,331)</u>	<u>588,672</u>
Fund balances, beginning of year	47,685	386,439	1,987,649
Restatement	-	(4,240)	(27,409)
Fund balance, beginning, as restated	<u>47,685</u>	<u>382,199</u>	<u>1,960,240</u>
Fund balances, end of year	<u>\$ 320</u>	<u>\$ 359,868</u>	<u>\$ 2,548,912</u>

**STATE OF NEW MEXICO
CIBOLA COUNTY
DESCRIPTION OF NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2018**

Capital Outlay —Accounts for the construction, repair and purchase of equipment and vehicles for various projects. Funding is from a combination of state and local funding.

STATE OF NEW MEXICO
 CIBOLA COUNTY
 BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUND
 JUNE 30, 2018

	Capital Outlay Projects	Totals
ASSETS		
Cash and cash equivalents	\$ -	\$ -
Total assets	\$ -	\$ -
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ -	\$ -
Interfund payables	-	-
Total liabilities	-	-
FUND BALANCES		
Restricted	-	-
Unassigned	-	-
Total fund balances	-	-
Total liabilities and fund balances	\$ -	\$ -

STATE OF NEW MEXICO
CIBOLA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Capital Outlay Projects	Totals
REVENUES		
State grants and contributions	\$ 23,175	\$ 23,175
Other	-	-
Total revenues	23,175	23,175
EXPENDITURES		
Current		
General government	-	-
Public safety	21,291	21,291
Public works	-	-
Health and welfare	-	-
Capital outlay	-	-
Total expenditures	21,291	21,291
Excess (deficiency) of revenues over (under) expenditures	1,884	1,884
Other financing sources (uses)		
Transfers in	-	-
Transfers out	(1,884)	(1,884)
Total other financing sources (uses)	(1,884)	(1,884)
Change in fund balances	-	-
Fund balances, beginning of year	-	-
Restatement	-	-
Fund balance, beginning, as restated	-	-
Fund balances, end of year	\$ -	\$ -

OTHER SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF DEPOSITS AND INVESTMENT ACCOUNTS
JUNE 30, 2018**

Banking Institution	Account Type	Bank Balance	Reconciling Items	Carrying Balance
<u>Wells Fargo Bank</u>				
Operational	Checking *	\$ 6,042,624	\$ (379,553)	\$ 5,663,071
Savings	Savings	149,380	-	149,380
Property tax account	Savings	576,105	-	576,105
Brokerage	Money Market	311,473	-	311,473
Subtotal Wells Fargo Bank		<u>7,079,582</u>	<u>(379,553)</u>	<u>6,700,029</u>
<u>Bank of New Mexico</u>				
Inmate trust account	Checking *	7,617	(5,544)	2,073
Certificate of deposit	CD	1,001,027	-	1,001,027
Subtotal Bank of NM		<u>1,008,644</u>	<u>(5,544)</u>	<u>1,003,100</u>
<u>U.S. Bank</u>				
Certificate of deposit	CD	324,346	-	324,346
Certificate of deposit	CDARS	2,702,235	-	2,702,235
Subtotal U.S. Bank		<u>3,026,581</u>	<u>-</u>	<u>3,026,581</u>
Total cash in bank		<u>\$ 11,114,807</u>	<u>\$ (385,097)</u>	<u>\$ 10,729,710</u>
Add: Petty Cash				400
Add: State Treasurer's Office LGIP Fund				763,428
Add: New Mexico Finance Authority Cash				505,627
Total				<u>\$ 11,999,165</u>
Governmental funds cash and temporary investments				\$ 11,420,987
Proprietary funds cash				2,073
Agency funds cash				576,105
Total				<u>\$ 11,999,165</u>

* Interest bearing checking account

**STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2018**

Security Description	CUSIP Number	Fair Market Value	Maturity Date	Name and Location of Safe Keeper
<u>Wells Fargo Bank</u>				
FNMA FNMS 3.000%	3138ECVE0	\$ 3,940,687	4/1/2042	Bank of New York Mellon, New York, NY
<u>Bank of New Mexico</u>				
FNMA #AH9688 4.50%	3138ABXS3	129,366	4/1/2026	The Independent Banker's Bank, Irving, TX
FNMA #AI1806 4.50%	3138AFAG5	116,539	4/1/2026	The Independent Banker's Bank, Irving, TX
FNMA #AL4952 3.00%	3138AJQE5	139,971	11/1/2026	The Independent Banker's Bank, Irving, TX
FNMA #AL0846 3.50%	3138EG5G5	80,301	10/1/2026	The Independent Banker's Bank, Irving, TX
FNMA #AB4090 3.00%	31417ARL5	123,733	12/1/2026	The Independent Banker's Bank, Irving, TX
<u>Grants and Cibola County</u>				
SD #1 BQ GO 2.00%	388240GL1	250,063	10/1/2022	The Independent Banker's Bank, Irving, TX
<u>Artesia NM WTR &</u>				
SWR REV BQ 4.00%	04310LAR1	254,280	6/1/2025	The Independent Banker's Bank, Irving, TX
<u>Silver City NM Gross</u>				
Receipt Rev 3.375%	82750PAN4	273,690	6/1/2024	The Independent Banker's Bank, Irving, TX
Subtotal Bank of NM		<u>1,367,943</u>		
<u>U.S. Bank</u>				
Letter of credit	525734	<u>2,500,000</u>	6/3/2019	Cibola County, Grants, NM
Grand total all banks		<u>\$ 7,808,630</u>		

**STATE OF NEW MEXICO
CIBOLA COUNTY
TAX ROLL RECONCILIATION OF CHANGES IN PROPERTY TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2018**

Property taxes receivable, beginning of year	\$ 2,928,022
Changes to tax roll:	
Net taxes charged to Treasurer for fiscal year	11,242,396
Adjustments:	
Increases in taxes receivable	86,227
Charge off of taxes receivable	59,253
Adjustments to tax roll	<u>(1,215,758)</u>
Total receivables prior to collections	13,100,140
 Collections for fiscal year ended June 30, 2018	 <u>(10,109,206)</u>
 Property taxes receivable, end of year	 <u>\$ 2,990,934</u>
 <u>Property taxes receivable as of year-end, by year:</u>	
2007	\$ 112,430
2008	137,243
2009	119,307
2010	177,843
2011	148,360
2012	168,128
2013	241,567
2014	306,883
2015	551,309
2016	<u>1,027,864</u>
Total taxes receivable, net	<u>\$ 2,990,934</u>

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF EXPENDITURES OF STATE APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2018

<u>NM Legislative Appropriation - Capital Outlay</u>	<u>Original Appropriation Amount</u>	<u>Appropriation Period</u>	<u>Reversion Date</u>	<u>Fiscal Agent and Responsibility Reporting Entity</u>	<u>Expenditures to Date</u>	<u>Remaining Balance</u>
Cibola County	<u>350,000</u>	FY 2015	6/30/2018	Cibola County	<u>350,000</u>	<u>-</u>
Total	<u>\$ 350,000</u>				<u>\$ 350,000</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF JOINT POWERS AGREEMENTS
JUNE 30, 2018**

Joint Power Agreement	Participants	Responsible Party	Description	Beginning and Ending Dates	Total Estimated Project Amount and Amount Applicable to County	Amount Contributed by County During Fiscal Year	Fiscal Agent and Responsible Reporting Entity
Northwest New Mexico Regional Solid Waste	Cibola County, City of Grants, Village of Milan, City of Gallup, and County of McKinley	Northwest New Mexico Regional Solid Waste Authority	Provide for the disposition of solid waste by establishing modern solid waste facilities.	05/06 to Indefinite	The County is required to contribute 100% of its Environment Gross Receipts Tax.	\$ 122,584	Northwest New Mexico Regional Solid Waste
Joint Communications center	Cibola County, City of grants, and Village of Milan	Cibola County	Establish and operates a combined communication and dispatch center for Cibola.	11/04 to Indefinite	The County is required to provide one half of the yearly operating costs.	\$ -	Cibola County
Cibola Transit Authority	Cibola County, City of grants, and Village of Milan	Village of Milan	Established a transit system to provide transportation to residents and visitors.	09/06 to Indefinite	The County contributes 43% of operating costs.	\$ 9,357	Village of Milan
Senior Citizens Program	Cibola County, City of grants, and Village of Milan	City of Grants	Establishes a service area of senior citizens.	6/81 to Indefinite	The County contributes \$28,000 annually.	\$ 28,000	City of Grants
Mother Whiteside Memorial Library	Cibola County, City of grants, and Village of Milan	City of Grants	Provides capital and operating funds to establish a library.	6/81 to Indefinite	The County contributes \$5,000 annually.	\$ 5,000	City of Grants
Animal Control and Shelter	Cibola County, City of Grants	City of Grants	Provides sheltering for caputres animals for the purpose of preventing nuisance, disease, and animal cruelty.	12/97 to Indefinite	The County contributes \$32,500 annually.	\$ 30,000	City of Grants
Tax and revenue Department	Cibola County, State of New Mexico Taxation & Revenue Dept.	Cibola County Clerk's Office	Enables the County to register taxpayers with TRD and assign TRD identification numbers to taxpayers engaging in business in the County whose business obtain licenses from the County.	8/2010 to Indefinite	Free Service	\$ -	Cibola County Clerk's Office

**STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
ASSETS				
Cash and cash equivalents	\$ 243,642	\$ 6,795,886	\$ (6,463,423)	\$ 576,105
Taxes receivable	<u>1,968,355</u>	<u>7,557,670</u>	<u>(7,507,928)</u>	<u>2,018,097</u>
Total assets	<u>\$ 2,211,997</u>	<u>\$ 14,353,556</u>	<u>\$ (13,971,351)</u>	<u>\$ 2,594,202</u>
LIABILITIES				
Due to taxing entities	\$ 1,961,578	\$ 14,353,556	\$ (13,971,351)	\$ 2,343,783
Undistributed tax	<u>250,419</u>	<u>-</u>	<u>-</u>	<u>250,419</u>
Total liabilities	<u>\$ 2,211,997</u>	<u>\$ 14,353,556</u>	<u>\$ (13,971,351)</u>	<u>\$ 2,594,202</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**

Board of Commissioners
Cibola County
Grants, New Mexico and
Mr. Wayne Johnson
New Mexico State Auditor
Santa Fe, New Mexico

We were engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue fund of the Cibola County, New Mexico (County) as of and for the year ended June 30, 2018, and related notes to the financial statements, which collectively comprise the County's basic financial statements, and the combining and individual funds of the County's, presented as supplemental information, and have issued our report thereon dated December 3, 2018. Our report disclaims an opinion on such financial statements because Cibola County was unable to provide sufficient evidential matter in support of certain transactions and account balances, as presented in the County's financial statements as of and for the year ended June 30, 2018, particularly with respect to the cash balances, equity interest in component unit, revenue/receivables, capital assets and depreciation, and current year activities.

Internal Control Over Financial Reporting

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

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

County Commissioners of
Cibola County and
Mr. Wayne Johnson
New Mexico State Auditor

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2013-001, 2014-001, 2015-002, 2017-002, 2017-004, 2017-005, 2018-001, and 2018-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2013-011, 2017-003, 2017-006, 2017-007, 2018-003, 2018-004, and 2018-005 to be significant deficiencies.

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, non-compliance 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 non-compliance 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 2013-001, 2013-011, 2017-003, 2017-004, 2017-005, 2018-001, and 2018-006.

We noted certain matters that are required to be reported per Section 12-6-5 NMSA 1978 that we have described in the Schedule of Section 12-6-5 NMSA 1978 Findings as items 2013-005, 2014-007, and 2017-001.

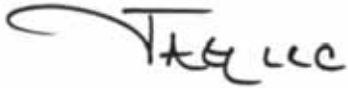
The County's Response to Findings

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

County Commissioners of
Cibola County and
Mr. Wayne Johnson
New Mexico State Auditor

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "JAG LLC". The signature is stylized with a large, sweeping initial letter.

Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
December 3, 2018

**STATE OF NEW MEXICO
CIBOLA COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

2011-002	Late Audit Report	Resolved
2013-001	Capital Assets	Repeated and Modified
2013-005	Travel and Per Diem	Repeated and Modified
2013-006	Credit Cards	Resolved
2013-010	Timeliness of Deposits	Resolved
2013-011	Exceeded Budget Authority	Repeated and Modified
2014-001	Journal Entries	Repeated and Modified
2014-007	Property Tax Schedule Not Included	Repeated
2015-002	Bank reconciliation	Repeated and Modified
2015-003	Fixed Asset Disposals	Resolved
2016-001	Internal Controls over Receipts	Resolved
2017-001	Payroll	Repeated and Modified
2017-002	Preparation of Accounts Payable	Repeated and Modified
2017-003	Internal Control Over Cash Disbursements	Repeated and Modified
2017-004	Compliance with Procurement Code – Bids	Repeated and Modified
2017-005	Property Taxes Receivable	Repeated and Modified
2017-006	GASB Statement 77 Tax Abatement Disclosures	Repeated and Modified
2017-007	Receivables/Receipts	Repeated and Modified
2017-008	Proper Payment of Payroll Taxes	Resolved

**STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

2013-001 CAPITAL ASSETS

TYPE OF FINDING: Material Weakness, Material Non-Compliance

CONDITION

The County could not provide a capital asset listing that agreed to the trial balance for governmental or business type activities. The County also did not conduct a count or governance certification of physical inventory in fiscal year 2018, and is unsure as to the date of the last count of physical inventory. Capital assets as presented at June 30, 2018 were identified to not be in proper existence prior to fiscal year 2018.

The County did not make progress in resolving this finding, but plans to hire a contractor to assist them in fiscal year 2019.

CRITERIA

Section 12-6-10(A) NMSA 1978 and NMAC 2.20.1.16 require each agency to conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year. The agency shall certify the correctness of the inventory after the physical inventory. This certification should be provided to the agency's auditors. In addition, the County should have detailed capital asset records to support the reported balance on the financial statements. These detailed records should include information such as description (including serial number or other identification number), source, acquisition date and cost, depreciable life, percentage of federal participation in the cost, location, and condition of the asset.

EFFECT

The County is non-compliant with Section 12-6-10, NMSA, 1978 and NMAC 2.20.1.16. There are limited internal controls implemented for safeguarding assets, and no internal controls for establishing accountability for their custody and use. In addition, as the County was unable to provide a capital asset listing that agreed to their records, the audit opinion that was given was a disclaimer of opinion for both governmental and business-type capital assets.

CAUSE

The County does not have a process in place to ensure that the capital assets reported on their financial statements are tracked on an ongoing basis. They also do not have a formal closing process in place to ensure that the assets are inventoried and certified by the Commission at least yearly.

RECOMMENDATIONS

The County needs to implement a formal policy relating to capital assets. The policy should require tagging of capital assets and an annual inventory count to be performed at year end. The County should also ensure that the capital assets listings, including additions, agree to the general ledger and are certified by the governing authority.

MANAGEMENT'S RESPONSE

Corrective Action: The County has addressed this material weaknesses. An RFP will be submitted to have a contractor create a list. After we have the initial listing, we will then make new policies and procedures to add and delete and have good reporting to move ahead.

Estimated Completion Date: FY 2020

Responsible Party: Procurement Agent

**STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

2013-011 EXCEEDED BUDGET AUTHORITY

TYPE OF FINDING: Significant Deficiency, Other Non-Compliance

CONDITION

The County had the following expenditure functions where actual expenditures exceeded budgetary authority:

Nonmajor Governmental Funds:

Farm & Range Fund	<u>\$</u> <u>500</u>
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The County made progress in this area; there were many funds over budget last year.

CRITERIA

Sound financial management requires that budgets not be exceeded at the legal level of control. The County's level of control is at the fund level.

NMSA 1978 Section 6-6-6. Approved budgets; claims or warrants in excess of budget; liability. When any budget for a local public body has been approved and received by a local public body, it is binding upon all officials and governing authorities, and no governing authority or official shall allow or approve claims in excess thereof, and no official shall pay any check or warrant in excess thereof, and the allowances or claims or checks or warrants so allowed or paid shall be a liability against the officials so allowing or paying those claims or checks or warrants, and recovery for the excess amounts so allowed or paid may be had against the bondsmen of those officials.

EFFECT

The County is not in compliance with New Mexico law, and the control established by the use of budgets has been compromised. Funds could be over-spent.

CAUSE

The County did not make the appropriate budgetary transfers to alleviate the over expenditures.

RECOMMENDATIONS

The County should establish a policy of budgetary review throughout the year and make the necessary budget adjustments.

MANAGEMENT'S RESPONSE

Corrective Action: The County has already addressed this finding. We have hired a Finance Director who has extensive knowledge and experience with local government. The Finance Director has enacted new policies with all the departments and is planning on having monthly budget meetings. The County has addressed this issue and is confident that this finding has been resolved.

Estimated Completion Date: June 30, 2019

Responsible Party: Collaborate effort with all heads of departments and their budgets, County Manager, Finance Director

**STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

2014-001 JOURNAL ENTRIES

TYPE OF FINDING: Material Weakness

CONDITION

Journal Entries are being posted to the County's accounting system without review or approval from an independent source. The County needs to continue to work with staff to ensure they are following policies and procedures. Of the 40 journal entries we tested, none contained a proper review and approval for posting to the books. Additionally, the County was unable to provide backup support for 13 of the 40 journal entries selected for testing.

The County did not make progress with this requirement.

CRITERIA

Good accounting policies and procedures require manual journal entries posted to the accounting system be reviewed and approved by someone other than the employee preparing the journal entry.

EFFECT

The lack of approval of non-routine journal entries leaves the County open to errors or fraud not being identified in a timely manner.

CAUSE

The County's policy only requires journal entries to be reviewed if they are initiated at the department level. The Finance Director is allowed to post entries to the accounting system without any review or approval from another employee.

RECOMMENDATIONS

We recommend the County implement a policy where all non-routine journal entries must be initiated by one employee and be approved by another, independent of the process.

MANAGEMENT'S RESPONSE

Corrective Action: Journal entries will only be through approval of the Finance Director. Only the Finance Director will be able to approve any journal entry. The procurement agent and Finance will have this ability with both signatures. We are confident that this will not be a finding next year.

Estimated Completion Date: June 30, 2019

Responsible Party: Procurement Agent, Finance Director

**STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

2015-002 BANK RECONCILIATION

TYPE OF FINDING: Material Weakness

CONDITION

During our audit, we noted that material audit adjustments were necessary to fairly present cash balances.

The property tax account of the County has not been reconciled with the general ledger, and this resulted in a difference of \$332,463. This difference was adjusted in the property tax account.

The County did make progress in resolving this finding, as the operating account of the County was properly reconciled with the assistance of outside services.

CRITERIA

NMSA Section 6-5-2C (Internal Accounting Controls) provides that agencies shall implement internal accounting controls in order to prevent accounting errors and violations of state and federal laws and rules.

All bank accounts should be reconciled on a monthly basis and all balances included in the general ledger. It is important that all accounts are reconciled and that differences between the bank statements, treasurer reports, and the general ledger are investigated.

EFFECT

When bank statements are not reconciled to the general ledger, there is an opportunity for misappropriation of cash assets and incorrect financial reporting. This also caused a disclaimer of opinion on the aggregate remaining fund information of the financial statements.

CAUSE

The cash balance and cash equivalents contained in the property tax account were not reconciled to the general ledger in a timely manner as the County treasurer believed the finance department had been reconciling the account.

RECOMMENDATIONS

A procedure should be established to research and correct the cash balances, which may include contracting outside services. We recommend designing and implementing strong controls over cash accounts with monitoring of corrective action.

MANAGEMENT'S RESPONSE

Corrective Action: This finding has been addressed. The Treasurer's office and management will continue to submit the reconciliation every month. Management is aware that the monthly reconciliations will be closely monitored in the management office and the by the Finance Director. With the new procedures that we have initiated, management is confident that this finding will be resolved.

Estimated Completion Date: June 30, 2019

Responsible Party: County Manager, Finance Director, County Treasurer

**STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

2017-002 PREPARATION OF ACCOUNTS PAYABLE

TYPE OF FINDING: Material Weakness

CONDITION

During our performance of audit procedures relating to accounts payable, we noted that the County did not produce a listing of accounts payable that were considered due and payable at year end. This resulted in audit journal entries totaling \$123,167.

The County did not make progress in resolving this finding.

CRITERIA

According to the American Institute of Certified Public Accountant's Statement on Auditing Standards No. 115, a system of internal control over financial reporting does not stop at the general ledger. Well-designed systems include controls over financial statement preparation, including GAAP-Basis accruals, and any footnote disclosures. Generally Accepted Accounting Principles (GAAP) state that expense recognition is recognized in the period in which the transaction is incurred.

EFFECT

Preparing accurate accounts payable subledgers, as well as properly posting transactions, is essential to the County's operational and management decisions. Incorrect preparation of the accounts payable could lead to misstating the balances and the related expenditures in the proper periods of funds.

CAUSE

The County did not prepare its accounts payable listing at year end.

RECOMMENDATIONS

We recommend that the County review all invoices when they are received to verify that the expenses are being properly listed as accounts payable or as expenses of the subsequent period.

MANAGEMENT'S RESPONSE

Corrective Action: The County will compile a spreadsheet to identify every journal entry for the accounts payable. The finance Director will also approve the journal entries. The journal entry list will be submitted to the auditor to assure that the County will be in compliance.

Estimated Completion Date: June 30, 2019

Responsible Party: Finance Director

**STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

2017-003 INTERNAL CONTROL OVER CASH DISBURSEMENTS

TYPE OF FINDING: Significant Deficiency, Other Non-Compliance

CONDITION

During our testing of disbursements, we noted the following deficiencies:

- For 21 out of 40 items sampled, totaling \$130,161, no purchase order or purchase requisition was issued.
- For 2 out of 40 items sampled, totaling \$1,913, the PO was issued and approved after the purchase.

The County made progress toward resolving this finding, as they were able to provide support for all of the items selected for testing.

CRITERIA

Section 6-6-2.J NMSA 1978 states that expenditures must be monitored to ensure expenditures are made within budgetary constraints and to ensure expenditures are legal.

Good accounting and internal control practices require that all disbursements must originate with authorizing documents and be supported by properly approved documents such as purchase orders, bills, petty cash reimbursement forms, payroll and time records, leases, contracts, or other supporting documents.

CAUSE

The County's staff did not ensure that all of the required documentation and procedures were in place prior to final disbursement of funds. Completing the purchase order after the purchase has been made defeats the purpose of having the purchase order and purchase requisition. Such documents should be completed prior to the purchase.

EFFECT

The lack of implementing adequate policies and procedures over disbursements and not enforcing proper segregation of duties may result in a non-authorized or incorrect calculation of invoices. In addition, when purchases are made without proper authorization, items could be procured that are inappropriate and/or unallowed, and the risk of misappropriation or spending over budget is increased.

RECOMMENDATION

The County must develop and enforce policies and procedures for the purchase of goods and/or services and ensure that the vendor invoices are being checked for accuracy prior to payment.

MANAGEMENT'S RESPONSE

Corrective Action: The County has addressed this and has implemented internal controls to enforce new policies and procedures for all purchases. Effective immediately, prior to payment, there shall be three management signatures with the third being the Finance Director who will check and approve before payment is processed.

Estimated Completion Date: June 30, 2019

Responsible Party: Finance Director

**STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

2017-004 COMPLIANCE WITH PROCUREMENT CODE - BIDS

TYPE OF FINDING: Material Weakness, Material Non-Compliance

CONDITION

We selected 15 purchase orders to test for compliance with the New Mexico State Procurement Code: 8 with a value above \$60,000 and 7 below \$60,000. Included in this sample were 3 requests for proposals (RFPs), 3 of which did not contain documentation of a written determination from the central purchasing office or a designee, that the use of competitive sealed bidding for items of tangible personal property or services is either not practicable or not advantageous to the local public body, justifying a procurement effected by competitive sealed proposals. Also, 0 of the 3 RFPs tested contained documentation for the evaluation factors used, nor the evaluation committee report scoring those factors. The above purchase orders had issued amounts of \$202,387, \$159,328, and \$96,718.

The sample included 1 cooperative procurement. The County purchased fire equipment where the procurement was performed by another agency, in a process referred to as "piggybacking." The procurement used was Bernalillo County Request for Bid #0045-13-CS, an agreement between Bernalillo County and the vendor. An approved and signed copy of the cooperative procurement agreements was not on file with the state purchasing agent. The above purchase order had an issued amount of \$81,652.

In one instance, the County failed to obtain 3 quotes in order to determine the most advantageous pricing. These items cost \$22,105 each, totaling \$88,421.

The County did not make progress in resolving this finding.

CRITERIA

Section 13-1-111(A) NMSA 1978 states: "except as provided in Subsection G of Section 13-1-119.1 NMSA 1978, when a state agency or a local public body is procuring professional services or a design and build project delivery system, or when the state purchasing agent, a central purchasing office or a designee of either officer makes a written determination that the use of competitive sealed bidding for items of tangible personal property or services is either not practicable or not advantageous to the state agency or a local public body, a procurement shall be effected by competitive sealed proposals."

Section 13-1-114 NMSA 1978 states: "the request for proposals shall state the relative weight to be given to the factors in evaluating proposals."

Section 13-1-117 NMSA 1978 states: "the award shall be made to the responsible offeror or offerors whose proposal is most advantageous to the state agency or a local public body, taking into consideration the evaluation factors set forth in the request for proposals."

While agencies may make purchases using the terms of a contract already entered into by another agency, a process referred to as "piggybacking," this practice was strongly discouraged in a 2013 memo issued by the General Services Department, which states that doing so "...would be to frustrate the purposes of the Procurement Code (fairness to vendors and transparency of purchasing)."

**STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

2017-004 COMPLIANCE WITH PROCUREMENT CODE - BIDS (CONTINUED)

Section 13-135(A) NMSA 1978 states: "An approved and signed copy of all cooperative procurement agreements entered into pursuant to this subsection shall be filed with the state purchasing agent. A cooperative procurement agreement entered into pursuant to this subsection is limited to the procurement of items of tangible personal property, services or construction."

EFFECT

The County violated the State of New Mexico's Procurement Code and may have not obtained the best price for the goods or services received during the year.

CAUSE

These procurements were all performed under the former Chief Procurement Officer. The County did not properly document the processes for written determinations of the use of an RFP rather than a competitive sealed bid, or of evaluation committee scoring factors. For the cooperative procurement, it did not properly consider if the procurement used was in compliance with the State Procurement Code.

RECOMMENDATION

We recommend the County train all individuals with duties related to procurement in its policies and procedures regarding compliance with the State procurement requirements, to ensure that all items of procurement are handled in a manner consistent with the State Procurement Code.

MANAGEMENT'S RESPONSE

Corrective Action: The County now has three procurement officers and we have had three different training meetings. We are confident this will not be a finding next year. The County has implemented stronger internal controls and throughout the finance department to assure that the procurement code will be followed.

Due Date of Completion: December 2018

Responsible Party: Chief Procurement Officer, Finance

**STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

2017-005 PROPERTY TAXES RECEIVABLE

TYPE OF FINDING: Material Weakness, Material Non-Compliance

CONDITION

Delinquent property taxes receivable were not reconciled timely on a monthly basis to the property tax subsidiary ledger.

The County did not make progress in resolving this finding.

CRITERIA

In order to maintain “adequate accounting records” as required by 2.2.2.10 D NMSA, a monthly reconciliation of property taxes receivable is required to ensure the assessment, collection and adjustments are properly applied. 2.2.2.12 D NMSA requires that the financial statements include the County Treasurer’s Property Tax Schedule, including all protested property taxes, which are recorded as deferred revenue in the financial statements.

CAUSE

The County did not have internal control policies or procedures that require the reconciliation of delinquent property taxes receivable to preclude the possibility of misstatements.

EFFECT

The County is at risk that property tax assessment, adjustment and collections could be improperly recorded such that management, in the normal course of business, would not timely detect, prevent or correct errors which could result in misstatement of the financial statements.

RECOMMENDATION

We recommend the preparation of a monthly reconciliation of delinquent property taxes receivable to ensure accuracy. We recommend that the County continues to prepare property taxes receivable reconciliations on a monthly basis as required and prepare the 10-year schedule required under the NM State Audit Rule no less than once a year.

MANAGEMENT’S RESPONSE

Corrective Action: The County will ensure that property taxes receivable reconciliations will be submitted on a monthly basis. The County will prepare the 10-year schedule.

Estimated Completion Date: June 30, 2019

Responsible Party: County Treasurer, Finance Department

**STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

2017-006 GASB STATEMENT 77 TAX ABATEMENT DISCLOSURES

TYPE OF FINDING: Significant Deficiency

CONDITION

During the fiscal year ended June 30, 2018, the County did not maintain all required information relating to the abatement agreements they enter into, nor did they provide required information to the agencies whose tax revenues are affected by the County's tax abatement agreement by September 15, 2018.

The County did not make progress in resolving this finding.

CRITERIA

As per NM State Audit Rule NMAC 2.2.2.10 BB, Governmental Accounting Standards Board (GASB) Statement 77, Tax Abatement Disclosures, is effective for reporting periods beginning after December 15, 2015 (FY17 for agencies with a June 30 fiscal year end). Unaudited, but final, GASB 77 disclosure information in the format prescribed shall be provided to any agency whose tax revenues are affected by the reporting agency's tax abatement agreements no later than September 15, 2018.

CAUSE

The County does not have policies and procedures in place for implementing GASB 77 related requirement under NMAC 2.2.2.10 BB.

EFFECT

The County did not provide all of the required information for tax abatement disclosures, this causes information to be missing or misleading in other note disclosures of other agencies and their own financial statements.

RECOMMENDATION

The County should begin researching all IRB and tax abatement agreements in place. Finance will need to work with the Assessor's Office to provide disclosures timely.

MANAGEMENT'S RESPONSE

Corrective Action: The County did provide the GASB 77 to the Auditor. The County did not submit the GASB 77 before the due date to the State Auditor. The County will send the GASB 77 report before the due date from now on. The County has developed an internal schedule calendar which will ensure the timely submission of the GASB77.

Estimated Completion Date: FY 2020

Responsible Party: Finance Director, County Assessor

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

2017-007 RECEIVABLES/RECEIPTS

TYPE OF FINDING: Significant Deficiency

CONDITION

During our audit procedures over receivables, we noted the County was unable to provide an accounts receivable aging schedule. The total amounts of accounts receivable uncollectible are not known. Additionally, in our sample of 40 cash receipts, the County could not provide supporting documentation for 21 cash receipts.

The County made progress toward resolving this finding by providing proper support for their gross receipts taxes receivable.

CRITERIA

Per NM State Audit Rule 2.2.2.10 D. Preparation of Financial Statements, the financial statements are the responsibility of the agency. The agency shall maintain adequate accounting records, prepare financial statements in accordance with accounting principles generally accepted in the United States of America and provide complete, accurate, and timely information to the IPA as requested to meet the audit report due date imposed in Subsection A of NMAC 2.2.2.9.

CAUSE

The County does not have an appropriate system for identifying and properly recording their allowance for uncollectible accounts receivable.

EFFECT

Because of the lack of accounting education and training by the County staff, management and staff are unsure about what procedures and process is adequate to fulfill governing rules. Consequently, the County does not have sufficient audit evidence to support the financial information being reported.

RECOMMENDATION

The County should design and implement controls over accounts receivable balances, including monitoring corrective action and following up on uncollectible accounts receivable.

MANAGEMENT'S RESPONSE

Corrective Action: The County will monitor and report regularly throughout the fiscal year.

Estimated Completion Date: June 30, 2019

Responsible Party: County Manager, Finance Director

**STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

2018-001 EXCLUSION OF MATERIAL COMPONENT UNIT; LATE COMPONENT UNIT AUDIT

TYPE OF FINDING: Material Weakness, Material Non-Compliance

CONDITION

The County chose not to include the Cibola County General Hospital, a material component unit, in these June 30, 2018 financial statements since the Hospital's audit was not completed timely (its due date is 15 days before the County's deadline of December 1st each year).

Additionally, without the component unit information, the County cannot accurately determine the amount of its equity interest in the component unit is.

CRITERIA

The Hospital meets the definition of a component unit for discretely presented inclusion in the financial reporting entity under *GASBS No. 14, The Financial Reporting Entity*, as amended by *GASBS No. 39, Determining Whether Certain Organizations Are Component Units*, *GASBS No. 61, The Financial Reporting Entity: Omnibus*, and *GASBS No. 80, Blending Requirements for Certain Component Units*. A component unit is a legally separate organization for which the primary government is financially accountable or closely related. A component unit may be a governmental organization (except for a primary government), a non-profit corporation, or a for-profit corporation.

The main reasons for the Hospital meeting the definition of a component unit to be discretely presented are 1) influence (4 of 9 board members are from the County) and 2) financial interdependence (the County is paying on refunded debt related to the Hospital and still owns the building).

NM State Audit Rule 2.2.2.10 GENERAL CRITERIA: A. Scope of annual financial audit: (1) The financial audit shall cover the entire financial reporting entity including the primary government and the component units of the primary government, if any.

(a) The primary government shall determine whether an agency that is a separate legal entity from the primary government is a component unit of the primary government as defined by GASBS 14, 39, 61, and 80 (as amended). The flowchart at GASBS 61.68 may be useful in making this determination. The primary government shall notify all other agencies determined to be component units by September 15 of the subsequent fiscal year. Failure to meet this due date results in a compliance finding. All agencies that meet the criteria to be a component unit of the primary government shall be included with the audited financial statements of the primary government by discrete presentation unless otherwise approved by the state auditor.

NM State Audit Rule 2.2.2.9 A. 1(k) regarding component unit reports (e.g., housing authorities, charter schools, hospitals, foundations, etc.), all separate audit reports prepared by an auditor that is different from the primary government's auditor are due fifteen days before the primary government's audit report is due, unless some other applicable due date requires the report to be submitted earlier.

**STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

2018-001 EXCLUSION OF MATERIAL COMPONENT UNIT; LATE COMPONENT UNIT AUDIT (CONTINUED)

EFFECT

The County's financial statements are not accurately stated and are not in compliance with GASBS and the NM State Audit Rule. This has resulted in an Adverse audit opinion for the exclusion.

CAUSE

The County did not want to submit their audit late. The Hospital's audit was not completed timely.

RECOMMENDATIONS

The County should work with their component unit throughout the year to ensure timely financial close and reporting processes are designed and implemented and completed timely.

MANAGEMENT'S RESPONSE:

Corrective Action: The County has been working with the component unit regularly and is confident that a solution to this issue will be resolved.

Estimated Completion Date: June 30, 2019

Responsible Party: County Manager

**STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

2018-002 FINANCIAL CLOSE AND REPORTING

TYPE OF FINDING: Material Weakness

CONDITION

Finance did not provide for the audit process all modified accrual and full accrual journal entries and did not timely provide the schedules to be audited. Additionally, we identified material journal entries during our audit procedures. There are significant areas in the accounting and financial close and reporting processes which need to be improved. These would assist in Finance in preventing and detecting errors, clearing findings, and creating a smoother audit process:

Designing and implementing controls over compliance and financial reporting of:

- Governmental and business type capital assets
- Property tax receivables and schedules (including deferred portion)
- Gross receipts tax receivable
- Accounts receivable aging reports
- Accounts payable schedules
- Agency fund cash and receivable
- Component units
- GASB 77 – Tax abatements
- GASB 68 – Pension
- Compensated absences
- Budgets
- Long-term debt, including current portion
- Equity interest in component unit
- Full accrual 2016 ending balances were in the County’s accounting system and not updated for 2017 or 2018
- Attending training on Governmental Accounting Standards Board Statements (GASBS) so that Finance employees could prepare the financial statements on their own, should they choose to in the future.

When auditors are catching errors and journal entries or having difficulty auditing, it is an indication that improvements are necessary in the financial close and reporting process. When management or governance cannot obtain information timely in order to make decisions, it is a sign that there are inefficiencies in the financial close and reporting process.

CRITERIA

There are several key underlying accounting standards to an organization designing and implementing an effective financial close and reporting process. Auditors are required to identify and communicate internal control weaknesses according to Statement on Auditing Standards (SAS) AU Section 325 Communication of Internal Control Related Matters Identified in an Audit, which includes:

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CIBOLA COUNTY
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2018-002 FINANCIAL CLOSE AND REPORTING (CONTINUED)

- The auditor cannot be a part of a client’s internal control because becoming part of a client’s internal control impairs auditor independence.
- The auditor’s work is independent of the client’s internal control over financial reporting and the auditor cannot be a compensating control for the client.
- A system of internal control over the financial reporting does not stop at the general ledger; it includes controls over the presentation of the financial statements.
- Financial reporting is considered a significant process of internal control and should be performed by the County’s staff or under the supervision of County’s staff.

The auditing standards require the auditor to obtain the auditees’ agreement to correct material misstatements in their financial statements before the financial statements are issued. This agreement is fulfilled up front in the engagement letter by getting the auditee to agree to doing this. Additionally, at the end of the audit, the auditee also fulfills this obligation when they sign the audit representation letter.

To achieve this, the auditee must provide the auditor cash basis trial balances that are free of material misstatement, all the receivables and payables (modified accrual entries) and then, at a minimum, all the correct supporting information for the full accrual statements (accrued compensated absences, pension accrual, bond debt, capital asset detail along with the accumulated depreciation and depreciation expense, property tax receivable, etc.). The auditee must fully understand how all the adjustments flow through the trial balances that link into the final product (the financial statements).

- **Cash basis.** Have a process in place to give the auditors the correct (free of material adjustments) cash basis trial balances.
- **Modified accrual basis.** Take ownership for and agree that the modified accrual basis adjustments (primarily receivables and payables) made by the auditor from the County’s detail to the cash basis trial balances are materially correct. A modified accrual basis trial balance is simply the cash basis trial balance plus receivables and payables at year-end. The modified accrual basis trial balances are grouped by category and then used to create all the individual funds presented in the annual financial report.
- **Full accrual basis.** Starting with the above final modified accrual basis trial balances then take ownership for the all the adjustments from the total modified basis to the full accrual basis (the entity-wide statements at the very front of the annual financial report).

EFFECT

The County’s account balances may not be reflected accurately and the County has made itself more susceptible to the possibility of financial reporting or management decision errors.

CAUSE

The County’s Finance Department has not maintained consistent, trained accountants with financial reporting experience.

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

2018-002 FINANCIAL CLOSE AND REPORTING (CONTINUED)

RECOMMENDATIONS

We recommend that the County reconcile balances monthly and run complete and accurate reports for management review and approval. The County's financial close and reporting controls should include but not be limited to:

- Identifying all sources of financial and non-financial data (routine and non-routine events and transactions) that will be needed in order to maintain and systematically adjust the County's general ledger.
- Preparing PBCs in the format of the financial statement requirements.
- Preparing schedules and performing work in compliance with all laws, regulations, contracts, and agreements.
- Providing all cash to modified accrual basis journal entries for the fund financial statements.
- Providing cash to full accrual basis journal entries for the government-wide financial statements.
- Establishing and implementing procedures and records to initiate, authorize, record, process, correct, transfer to the general ledger, and report in the financial statements the County's transactions.
- Monitoring the non-audit services provided by the external auditor and reviewing and approving the services provided.
- Timely providing for audit schedules which are complete and accurate.
- Reviewing in detail the financial statements and related reports.

MANAGEMENT RESPONSE

Corrective Action: The County has implemented stronger internal controls with all departments.

Due date of Completion: June 30, 2019

Responsible Party: Treasurer, Finance, Management

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

2018-003 IT ACCESS - SEGREGATION OF DUTIES

TYPE OF FINDING: Significant Deficiency

CONDITION

The County has two primary electronic accounting systems. The Finance Department uses Tyler Incode, and the Treasurer's, Assessor's, and Recorder's offices use Tyler Eagle. In both systems, users had more access than was necessary. We noted individuals with "superuser" (sysadmin, admin, manager) IT system access that does not properly consider segregation of duties. Not including IT or vendor accounts, there were 6 users with a high level of access in the finance department, 6 in the Treasurer's office, 4 in the Assessor's office, and 4 in the Recorder's office. This access included the ability to write to, edit, and delete in many accounting functions, and to configure the system. These users include those responsible over key accounting functions, including purchasing, accounts payable, human resources, and payroll.

CRITERIA

Effective system access controls help prevent and detect unauthorized use, damage, loss, or modification of programs and data, including sensitive and confidential information. No one employee should have the ability to record, review, and approve transactions within the system. Effective change controls should ensure that program changes and changes to data are valid, meet user needs, are reviewed and approved independently, and are implemented accurately.

EFFECT

Without thorough reviews and tight restrictions on access, there is an increased risk of unauthorized or inaccurate changes in the accounting records.

CAUSE

The County has not thoroughly identified risks by position and reviewed security settings with the vendor.

RECOMMENDATION

Finance should work with IT personnel to decrease user access so that users have only those roles that are necessary and do not have any incompatible roles, and to regularly review those roles. The County should consult with the software company to evaluate and re-build user access with greater limitations. Users should never change their own access.

MANAGEMENT'S RESPONSE

Corrective Action: Management will implement stricter policies and procedures.

Due Date of Completion: June 30, 2019

Responsible Party: Information Technology Director, County Manager

**STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

2018-004 FIREARMS ROOM INVENTORY CONTROLS

TYPE OF FINDING: Significant Deficiency

CONDITION

During our testing over controls over the County's inventory, we performed a walkthrough of the County Sheriff's Office arms room. We noted that firearms are tagged properly with capital asset tags, and that firearms are signed in and out with the tag number for each weapon and its serial number on a sign-out sheet, signed by the County Sheriff certifying that individual has the proper training and authorization, per written policy. While firearms are individually tagged, and a list can be generated within the fixed asset management system, no such list has been in use as a method of tracking an inventory of firearm assets. Similarly, there is no formal inventory or tracking of ammunition other than a log of ammunition signed in and out, which is not sufficient to track total counts.

While certain informal controls were noted, the firearms and ammunition rooms lacked formal policies and procedures for proper tracking of inventory and assets, and physical security requirements. We also noted that ammunition was stored in the same cabinet as firearms, which may not in line with best practices.

CRITERIA

The COSO Internal Control Integrated Framework consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication and monitoring. With these elements in place, the County can maximize its potential for achieving its performance targets and reduce the risk of loss of resources.

EFFECT

Without all of the five elements of the COSO Internal Control Integrated Framework present, the County is exposing itself to the risk of misappropriation of assets.

CAUSE

The County has not implemented proper internal controls in order to verify that all inventory is properly safeguarded and not missing or stolen.

RECOMMENDATION

We recommend that the County implement an internal control process for firearm and ammunition inventory, including formal, written policies and procedures, and regular inventory counts, in order to properly safeguard County inventory. An example of a stronger control over ammunition would be: issuing ammunition with a tri-copy ticket with approval signatures, reconciled to the log monthly by a Major. Ammunition is sometimes scarce and difficult to re-order, making it an item of higher risk of theft. We recommend a thorough review of these processes and tightening controls.

MANAGEMENT'S RESPONSE

Corrective Action: Management will address this finding with the administration of the Sheriff's Department and request written policies and procedures to be followed.

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CIBOLA COUNTY
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FOR THE YEAR ENDED JUNE 30, 2018

2018-004 FIREARMS ROOM INVENTORY CONTROLS (CONTINUED)

Due Date of Completion: June 30, 2019

Responsible Party: County Sheriff

**STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

2018-005 STALE DATED CHECKS (CASH ACCOUNT OUTSTANDING RECONCILING ITEMS)

TYPE OF FINDING: Significant Deficiency

CONDITION

The County had 282 outstanding checks, over 1-year old, on their Inmate Trust Account bank reconciliation detail. Items are dated as far back as July of 2013 and total \$4,743.

CRITERIA

Section 7-8A-7d, NMSA 1978 requires the County to provide information about the payees and the related funds (by November 1 of each year and covering the twelve-month period preceding July 1 of that year) to the Unclaimed Property Division of the New Mexico Taxation and Revenue Department for outstanding checks that were distributed but not cashed within one year. Additionally, per Section 7-8A7f, NMSA 1978, the County shall send a written notice to the apparent owner, not more than one hundred twenty days or less than sixty days before filing the report.

EFFECT

Carrying numerous bank reconciling items could result in a misstatement in the accounting records or related misappropriation of funds.

CAUSE

The County did not implement an internal control policy to account for stale dated outstanding checks and did not void or escheat these checks on a timely basis.

RECOMMENDATION

Management should put into place a better mechanism to account for and track stale dated checks. Management should research all outstanding checks more than one year to determine if replacement checks were provided. All checks outstanding over one year should be removed from the bank reconciliation to a liability for escheatment. The County should also send a written notice to the apparent owner, not more than one hundred twenty days or less than sixty days before filing the unclaimed property report. The County should provide information about the payees and the related funds (by November 1 of each year and covering the twelve month period preceding July 1 of that year) to the Unclaimed Property Division of the New Mexico Taxation and Revenue Department for outstanding checks that were distributed but not cashed within one year.

MANAGEMENT'S RESPONSE

Corrective Action: The County shall implement new policies and procedures and have them be approved by the governing body.

Estimated Completion Date: June 30, 2019

Responsible Party: Treasurer, Management

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

2018-006 AGREEMENTS EXECUTED WITHOUT NEW MEXICO DEPARTMENT OF FINANCE ADMINISTRATION LOCAL GOVERNMENT DIVISION'S (DFA) APPROVAL

TYPE OF FINDING: Material Non-Compliance

CONDITION

The County entered into the following agreements without approval of DFA:

- 2014 Hospital Management Agreement by and between Cibola General Hospital Corporation and the County of Cibola, Amended on 3/8/2016, and effective through January 2019
- 1997 Joint Powers Agreement (JPA) Animal Control and Shelter between the County of Cibola and the City of Grants (\$2,500 monthly).
- 1998 JPA Municipal Free Public Library between the County of Cibola, the City of Grants, and the Village of Milan (\$416.66 monthly).
- Year Unknown; JPA Service Area Agency to Serve the Senior Citizens in Cibola County between the County, the City of Grants, and the Village of Milan (\$2,333.37 monthly).

Additionally, we noted the Hospital Agreement requires the County's audit firm to perform the Hospital's audit. Management did not have a waiver from the New Mexico Office of the State Auditor for this requirement.

CRITERIA

Per NMSA 1978 Section 11-1-3. Authority to enter into agreements; approval of the secretary of finance and administration required.

If authorized by their legislative or other governing bodies, two or more public agencies by agreement may jointly exercise any power common to the contracting parties, even though one or more of the contracting parties may be located outside this state; provided, however, nothing contained in this Joint Powers Agreements Act shall authorize any state officer, board, commission, department or any other state agency, institution or authority, or any county, municipality, public corporation or public district to make any agreement without the approval of the secretary of finance and administration as to the terms and conditions thereof. Joint powers agreements approved by the secretary of finance and administration shall be reported to the state board of finance at its next regularly scheduled public meeting. A list of the approved agreements shall be filed with the office of the state board of finance and made a part of the minutes.

Per the NM State Audit Rule 2.2.2.A. 1(c), the state auditor requires component unit(s) to be audited by the same audit firm that audits the primary government (except for public housing authority component units that are statutorily exempt from this requirement, and the statewide CAFR). Requests for exemption from this requirement shall be submitted in writing by the primary government to the state auditor.

CAUSE

The County may not have known of these requirements. The County and the Hospital did not coordinate with each other during the audits' IPA selection and procurement process.

**STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

**2018-006 AGREEMENTS EXECUTED WITHOUT NEW MEXICO DEPARTMENT OF FINANCE ADMINISTRATION
LOCAL GOVERNMENT DIVISION'S (DFA) APPROVAL (CONTINUED)**

EFFECT

Agreements and decisions did not have proper authoritative review.

RECOMMENDATION

We recommend the County ensure contracts and agreements are in compliance with all policies, regulations, and laws. To assist with this process, we recommend maintaining low turnover of employees and additional training where needed.

MANAGEMENT'S RESPONSE

Corrective Action: Management has been working with all entities involved and has been addressing one agreement at a time. This will take a while due to having to address and educate the entities. Future agreements will be approved by DFA and be in compliance.

Estimated Completion Date: June 30, 2019

Responsible Party: Finance, Management

**STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF SECTION 12-6-5 1978 FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

2013-005 TRAVEL AND PER DIEM

TYPE OF FINDING: Other Non-Compliance

CONDITION

During our testing of travel expenditures, we noted the following:

- In one out of 10 instances, totaling \$184, the County could not provide supporting documentation.
- In one out of 10 instances, totaling \$184, the amount for per diem reimbursement was calculated incorrectly.

The County did not make progress in resolving this finding.

CRITERIA

NMSA 1978, Section 6-5-8 requires good documentation practices be maintained, and adequate supporting documentation must be present for all travel & per diem expenses and travel reimbursements. All travel reimbursements must be submitted for authorization and approval by the proper authority.

EFFECT

The County has improperly reimbursed travel and per diem expenses submitted for reimbursement and could not provide the appropriate supporting documentation.

CAUSE

It appears the staff may not have been submitting proper documentation on expenses for travel and per diem due to inadequate training on travel and per diem requirements.

RECOMMENDATIONS

The County should implement procedures to ensure all receipts and supporting documents be provided for all travel and per diem expenses. Management oversight in this area is necessary to ensure records and reimbursements are reasonable, proper, accurate, and supported.

MANAGEMENT'S RESPONSE

Corrective Action: This has been addressed and all employees have been re-trained.

Estimated Completion Date: June 30, 2019

Responsible Party: Finance Director

**STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF SECTION 12-6-5 1978 FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

2014-007 PROPERTY TAX SCHEDULE NOT INCLUDED

TYPE OF FINDING: Other Non-Compliance

CONDITION

The property tax outstanding and receivable, by agency, for the past 10 years was not presented as a supporting schedule of the financial statements. The total amounts owed to recipients of property taxes are not known.

The County did not make progress in resolving this finding. However, the County's management is working with the appropriate personnel to ensure this issue is resolved in subsequent years.

CRITERIA

State Auditor Rule 2.2.2.12D requires property tax outstanding and receivable for the past 10 years to be listed.

EFFECT

The County may not know the property taxes outstanding and receivable for the past 10 years by individual agency, including the County's portion. The collection and reporting process may not be as efficient as they could be if they had the required schedule.

CAUSE

The County Treasurer's software provides the information required for the report, However, the information is not reconciled to the County's accounting software. In addition, the County has not placed alternative procedures in place to capture the information required to complete the schedule.

RECOMMENDATIONS

We recommend the County implement a plan to capture this data for inclusion in their annual financial report and to reconcile the two systems.

MANAGEMENT'S RESPONSE

Corrective Action: Management has reviewed this finding with the county Treasurer; we will be working on the County's software company to establish a plan to address this particular finding. We are concerned that we will be unable to resolve this finding within the next FY. After long discussions, we are hoping that we can have this accomplished within the next two years.

Estimated Completion Date: June 30, 2020

Responsible Party: County Treasurer

**STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF SECTION 12-6-5 1978 FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

2017-001 PAYROLL

TYPE OF FINDING: Other Non-Compliance

CONDITION

During our testing 40 employees' personnel files, we noted that 32 of the employees did not have a documented performance evaluation during the year.

The County made some progress with regards to this finding, as 8 employees did have a documented performance evaluation performed during the fiscal year.

CRITERIA

Per the County's personnel policy; Employees of the County shall be evaluated at least once annually by County Management. Such evaluations may be considered in determining employee pay raises in the annual county budget process.

EFFECT

Without proper feedback, there is a possibility that employees could be performing their duties incorrectly, and without a documented evaluation it would be difficult for the County to correct this.

CAUSE

The County's payroll policies were not adequately enforced. The performance appraisals were not completed due to a lack of oversight.

RECOMMENDATIONS

We recommend that the County perform and document performance evaluations for each employee. Designing and implementing controls over this process, including monitoring corrective action and accountability, is important.

MANAGEMENT'S RESPONSE

Corrective Action: Management will put in place a mandatory evaluation policy for all employees. Management will assist with the new implementation.

Estimated Completion Date: January 1, 2019

Responsible Party: HR Director, Finance Director

**STATE OF NEW MEXICO
CIBOLA COUNTY
EXIT CONFERENCE
JUNE 30, 2018**

The contents of the County's report were discussed on December 3, 2018, The following individuals were in attendance.

County Commissioners

Robert Windhorst Commissioner

Cibola County Administration

Kate Fletcher	County Manager
Paul Ludi	Finance Director
Debi Gomez	HR Director and Accounts Payable Clerk
Wendy Self	CPO Chief Procurement Officer

Jaramillo Accounting Group LLC (JAG)

Audrey J. Jaramillo, CPA, CFE, Managing Partner

Jaramillo Accounting Group LLC (JAG) assisted in the preparation of the financial statements presented in this report. The County's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements.