



NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2017

MORTON
ACCOUNTING, LLC

certified public accountants | consultants

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**NM COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
OFFICIAL ROSTER
December 31, 2017**

BOARD OF DIRECTORS

Ron Lethgo	Chair
Katherine Miller	Vice Chair
Rick Rudometkin	Secretary/Treasurer
Jim Fambro	Member
Lance Pyle	Member
Kate Fletcher	Member
Shirley Ragin	Member
John Vasquez	Member
J.F. Holden-Rhodes	Member
Bruce Swingle	Member
Susan Flores	Ex-Officio Member
Doug Decker	Ex-Officio Member

ADMINISTRATION

Steve Kopelman	Executive Director
Taylor Horst	Risk Management Director
Santiago Chavez	Finance Director

MEMBER COUNTIES

Bernalillo	McKinley
Catron	Mora
Chaves	Otero
Cibola	Quay
Colfax	Roosevelt
Curry	San Miguel
De Baca	Sandoval
Dona ana	Santa Fe
Eddy	Sierra
Grant	Socorro
Guadalupe	Taos
Harding	Torrence
Hidalgo	Union
Lincoln	Valencia
Luna	



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
New Mexico County Insurance Authority Multi-Line Pool
Santa Fe, New Mexico
Mr. Wayne Johnson
New Mexico State Auditor

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of New Mexico County Insurance Authority Multi-Line Pool (the Pool) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or

error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Pool as of December 31, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 9 and, the Notes to Ten Year Claims Development Information and the Ten Year Claims Development Information on pages 32 and 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pool's basic financial statements. The Schedules of Revenue and Expenses - Budget and Actual, Schedule of Cash and Cash Equivalents Reconciliation from Bank to Financial Statements and the Schedule of Cash Collateral are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules of Revenue and Expenses - Budget and Actual and the Schedule of Cash and Cash Equivalents Reconciliation from Bank to Financial Statements 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 audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenue and Expenses - Budget and Actual and the Schedule of Cash and Cash Equivalents Reconciliation from Bank to Financial Statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 29, 2018 on our consideration of the Pool'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 Pool's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Morton Accounting Services, LLC". The signature is written in a cursive, flowing style.

Santa Fe, New Mexico

May 29, 2018

**NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

As management of the New Mexico County Insurance Authority: Multi-Line Pool (the Pool), we offer readers of the Pool's financial statements this narrative overview and analysis of the financial activities of the Pool for the fiscal year ended December 31, 2017.

Overview of the Financial Statements

The Pool is a self-insurance pool for New Mexico counties created pursuant to joint powers agreements. The Pool is composed of two separate county self-insurance pools: the Multi-Line Program and the Law Enforcement Program (the Programs). Both programs had 29 member counties as of December 31, 2017. Members pay annual contributions to the Programs. The other source of income is investments. The Programs then pay all administrative, claims and excess insurance costs. The Programs' basic financial statements are composed of three components: 1) government-wide financial statements, 2) separate pool financial statements, and 3) notes to the financial statements.

Condensed Comparative Data

	2017	2016
Total Assets (Cash, Investments, Receivables, Due from New Mexico Association of Counties, and Prepaid Expenses)	\$ 47,365,829	\$ 45,627,093
Total Liabilities (Accounts Payable, Claims and Claim Adjustment Expenses)	34,344,972	35,319,056
Total Net Position	\$ 13,020,857	\$ 10,308,037
Revenues:		
Member Contributions	\$ 25,139,777	\$ 23,304,098
Investment and Other Income	1,114,684	1,100,656
Total Revenues	26,254,461	24,404,754
Expenses		
Claims and Claim Adjustment Expenses	15,447,878	6,869,670
Excess Insurance Premiums	4,891,329	4,537,697
General, Administrative & Brokerage	3,202,434	3,061,674
Total Expenses	23,541,641	14,469,041
Excess (Deficiency) of Revenues Over Expenses	2,712,820	9,935,713

**NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

Condensed Comparative Data (Continue)

	<u>2017</u>	<u>2016</u>
Pool Net Position Held for Member Benefits - Beginning of Year	<u>10,308,037</u>	<u>372,324</u>
Pool Net Position Held for Member Benefits - End of Year	<u>\$ 13,063,957</u>	<u>\$ 10,308,037</u>

Financial Highlights

1. Multi-Line Program assets increased by \$1,892,920, and net position increased by \$2,993,293.
2. Law Enforcement Program assets decreased by \$154,184 and net position decreased by \$280,473.

Underwriting Results

Contributions to the Multi-Line Program increased from \$10,080,444 in 2016 to \$10,724,554 in 2017. Law Enforcement Program contributions increased from \$13,223,654 in 2016 to \$14,415,223 in 2017. Individual counties' contributions to the Multi-Line and Law Enforcement Programs are based on each county's loss experience and risk exposure.

The Pools' pricing and budgeting approach includes investment income and interest income. Adding in investment and interest income, the Pools had an increase in net position of \$2,712,820 (a \$2,993,293 increase for Multi-Line and a \$280,473 decrease for Law Enforcement).

Excess Insurance Premiums

Reinsurance expenses for the Multi-Line Program increased by \$69,469 from \$1,296,860 in 2016 to \$1,366,329 in 2017. Reinsurance expenses for the Law Enforcement Program increased by \$284,163, from \$3,240,837 to \$3,525,000 in 2017. This is due to exposures and current losses.

**NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

Investments

As of 12/31/2017, cash balances decreased \$223,576 for Multi-Line and \$1,018,196 for Law Enforcement and investments increased \$1,946,584 and \$2,563,267 respectively. Due to market conditions and cash flow needs, investments were made by laddering short term government bonds and notes and brokered certificates of deposit. This allowed the Pools to keep less in cash and cash equivalents for claim payments due to the liquidity of the funds within these instruments. Overall portfolio duration is kept short due to market conditions and the unpredictability of claim payments. The Pools have two independent investment advisors that are consulted regularly on the changing market and the best strategies to invest Pool funds for maximum return and liquidity. There was an increase of \$23,862 in the Multi-Line Pool's equity with County Reinsurance Limited, the excess insurance carrier for property coverage.

Property, Plant and Equipment

The Pool had no purchases or disposals of property, plant and equipment during 2017.

Long-term Debt

The Pool had no long-term debt during 2017.

Change in Net Position

For the year ended December 31, 2017, the Multi-Line Program's net position increased by \$2,993,293. The Law Enforcement Program's net position decreased by \$280,473. The change in net position for the Multi-Line Program included an operating profit of \$2,488,886 and investment and interest income of \$504,407. The change in net position for the Law Enforcement Program included an operating loss of \$888,930 and investment income of \$608,457.

Net Position

The Pool had a combined net position of \$13,020,857 at the close of its most recent fiscal year. The Multi-Line Program net position increased from \$6,627,666 to \$9,620,959 and the Law Enforcement Program net position decreased from \$3,680,371 to \$3,399,898.

**NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

Budget

There was a budget overage in the Law Enforcement Pool for 2017. This was due to a higher than budgeted claims expense over which management has little control. There was no overage in general and administrative expenses. There was no budget overage in the Multi-Line Pool for 2017.

Pool Trends and Conditions

The Multi-Line Pool claims experience is beginning to trend in a positive direction. Loss prevention efforts focusing on employment practices and auto collisions is having an impact on the frequency and severity of claims. The in-house legal bureau is making an impact by consulting with counties prior to employment actions and in defending claims that were heretofore not cost effective to fight. Member deductibles and the Pool Self Insured Retention both remained at the same levels in 2017 that existed previously.

The Law Enforcement Pool claims experience is still a mixed bag. While loss prevention efforts in member detention centers targeted at policies, procedures and practices in high liability areas such as special management detainees have been having a material impact in claim trends, we are seeing an increase in sheriff's department claims that warrants attention. Further loss prevention efforts are being focused on law enforcement agencies to mitigate the variety of risks that exist.

**NM COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
STATEMENT OF NET POSITION - ENTERPRISE FUNDS
DECEMBER 31, 2017**

ASSETS

	<u>Multi-Line Program</u>	<u>Law Enforcement Program</u>	<u>Total</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 1,761,170	\$ 1,563,458	\$ 3,324,628
Investments in the Local Government			
Investment Pool	405	582	987
Investments	15,724,808	23,650,346	39,375,154
Accounts Receivable - Subrogation, Deductibles	656,981	859,204	1,516,185
Accounts Receivable - Contributions	-	112,722	112,722
Due from New Mexico Association of Counties,			
Current Portion	86,635	-	86,635
Prepays	326,486	-	326,486
	<u>18,556,485</u>	<u>26,186,312</u>	<u>44,742,797</u>
NONCURRENT ASSETS			
Due from New Mexico Association of Counties,			
Net of Current Portion	2,313,582	-	2,313,582
Investment in County Reinsurance Limited	309,450	-	309,450
	<u>2,623,032</u>	<u>-</u>	<u>2,623,032</u>
TOTAL ASSETS	<u><u>\$ 21,179,517</u></u>	<u><u>\$ 26,186,312</u></u>	<u><u>\$ 47,365,829</u></u>

See auditor's report and accompanying notes to financial statements

**NM COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
STATEMENT OF NET POSITION - ENTERPRISE FUNDS
DECEMBER 31, 2017**

LIABILITIES AND POOL NET POSITION

	Multi-Line Program	Law Enforcement Program	Total
	<u> </u>	<u> </u>	<u> </u>
CURRENT LIABILITIES			
Accounts payable	\$ 97,540	\$ 103,644	\$ 201,184
Claims and Claim Adjustment Expenses	<u>4,203,036</u>	<u>6,110,456</u>	<u>10,313,492</u>
 TOTAL CURRENT LIABILITIES	 4,300,576	 6,214,100	 10,514,676
 LONG-TERM LIABILITIES			
Claims and Claim Adjustment Expenses	<u>7,257,982</u>	<u>16,572,314</u>	<u>23,830,296</u>
 TOTAL LONG-TERM LIABILITIES	 <u>7,257,982</u>	 <u>16,572,314</u>	 <u>23,830,296</u>
 TOTAL LIABILITIES	 11,558,558	 22,786,414	 34,344,972
 POOL NET POSITION HELD FOR MEMBERS' BENEFITS			
Unrestricted	<u>9,620,959</u>	<u>3,399,898</u>	<u>13,020,857</u>
 TOTAL POOL NET POSITION HELD FOR MEMBERS' BENEFITS	 <u>9,620,959</u>	 <u>3,399,898</u>	 <u>13,020,857</u>
 TOTAL LIABILITIES AND POOL NET POSITION	 <u><u>\$ 21,179,517</u></u>	 <u><u>\$ 26,186,312</u></u>	 <u><u>\$ 47,365,829</u></u>

See auditor's report and accompanying notes to financial statements

**NM COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION – ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2017**

	Multi-Line Program	Law Enforcement Program	Total
OPERATING REVENUE			
Member Contributions	\$ 10,724,554	\$ 14,415,223	\$ 25,139,777
Other Operating Income	1,820	-	1,820
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING REVENUE	10,726,374	14,415,223	25,141,597
OPERATING EXPENSES			
Claims and Claim Adjustment Expenses	5,299,056	10,148,822	15,447,878
Excess Insurance Premiums	1,366,329	3,525,000	4,891,329
Brokerage Fees (Insurance)	85,000	45,000	130,000
General and Administrative	1,487,103	1,585,331	3,072,434
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	8,237,488	15,304,153	23,541,641
OPERATING INCOME (LOSS)	2,488,886	(888,930)	1,599,956
NON-OPERATING REVENUES			
Investment Income	358,301	608,457	966,758
Interest Income	122,244	-	122,244
Interest in Change in Net Position of County Reinsurance Limited	23,862	-	23,862
	<hr/>	<hr/>	<hr/>
TOTAL NON-OPERATING REVENUE	504,407	608,457	1,112,864
CHANGE IN NET POSITION	2,993,293	(280,473)	2,712,820
Pool Net Position - Beginning of Year	6,627,666	3,680,371	10,308,037
	<hr/>	<hr/>	<hr/>
POOL NET POSITION HELD FOR MEMBERS' BENEFITS - END OF YEAR	<u>\$ 9,620,959</u>	<u>\$ 3,399,898</u>	<u>\$ 13,020,857</u>

See auditor's report and accompanying notes to financial statements

**NM COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2017**

	Multi-Line Program	Law Enforcement Program	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Members	\$ 10,358,269	\$ 16,013,838	\$ 26,372,107
Cash Paid to Vendors	(1,453,269)	(1,546,974)	(3,000,243)
Cash Paid on Claims and Claim Adjustment Expenses	(6,437,024)	(10,060,890)	(16,497,914)
Cash Paid for Insurance Brokerage Fees	(85,000)	(45,000)	(130,000)
Cash Paid for Excess Insurance	(1,366,329)	(3,525,000)	(4,891,329)
Cash Received from Others	1,820	-	1,820
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,018,467	835,974	1,854,441
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Income Received	359,474	556,129	915,603
Interest Income on Notes Receivable Received	122,244	-	122,244
Repayments Received on Notes Receivable	99,491	-	99,491
Purchase of Investments	(7,356,382)	(8,989,490)	(16,345,872)
Proceeds from Sale or Maturity of Investments	5,533,129	6,579,191	12,112,320
NET CASH USED FOR INVESTING ACTIVITIES	(1,242,044)	(1,854,170)	(3,096,214)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	(223,577)	(1,018,196)	(1,241,773)
Cash and Cash Equivalents - Beginning of Year	1,984,747	2,581,654	4,566,401
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,761,170	\$ 1,563,458	\$ 3,324,628
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 2,488,886	\$ (888,930)	\$ 1,599,956
Changes in Assets and Liabilities:			
Accounts Receivable	(366,285)	1,598,615	1,232,330
Prepays	(3,761)	-	(3,761)
Accounts Payable	37,595	38,357	75,952
Claims and Claim Adjustment Expenses	(1,137,968)	87,932	(1,050,036)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,018,467	\$ 835,974	\$ 1,854,441
NONCASH INVESTING ACTIVITIES			
Unrealized Gains on Investments	\$ 32,579	\$ 54,686	\$ 87,265
Increase in County Reinsurance Limited	\$ 23,862	\$ -	\$ 23,862

See auditor's report and accompanying notes to financial statements

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The New Mexico County Insurance Authority: Multi-Line Pool (the Pool) was formed January 1, 1989, pursuant to the New Mexico Joint Powers Agreement Act (11-1-1 NMSA 1978), as amended. The Pool operates two self-insurance pools: a Multi-Line Program and a Law Enforcement Program (collectively referred to as the Programs). As a self-insurance fund under Section 3-62-2 NMSA 1978, the Pool is not considered to be in the insurance business and, as such, is not subject to New Mexico laws regulating insurance operations.

The Law Enforcement Program was formed August 1, 1995, by the Pool as a self-insurance program for law enforcement employees, detention officers and sheriff reserve officers. Members of the Law Enforcement Program include various counties within the State of New Mexico.

Membership in the Programs is voluntary and members may withdraw at the end of any fiscal year upon sixty days' written notice to the Pool's Board of Directors. Members may be expelled for failure to make timely contributions to the Pool, or failure to institute loss reduction and prevention procedures. Upon withdrawal or expulsion, a member is not entitled to reimbursement of contributions made to the Pool, and continues to be obligated to make payment for obligations that arose prior to withdrawal.

Members agree to contribute amounts determined by the Pool's Board of Directors to be necessary to protect the solvency of the Pool after considering investment income. The Pool is responsible for paying all claims and for administering the funds.

No entities were noted that should be considered component units of the Pool. No entities were specifically excluded, as none were noted as meeting any of the criteria for inclusion set forth by Governmental Accounting Standards Board (GASB) Statements 39 and 61. The Pool has no component units.

Use of Estimates in Preparing Financial Statements. 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.

Basis of Accounting. The Pool uses fund accounting. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All operations of the Pool are accounted for as proprietary funds. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to outside parties. The only proprietary fund types the Pool has are enterprise funds. Enterprise funds are required to account for operations for which a fee is charged to external users for goods and services, and the activity is financed with debt that is: a) solely secured by a pledge of the net revenues; b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or c) has a pricing policy designed for the fees and charges to recover similar costs. The Multi-Line Program and Law Enforcement Program are considered major enterprise funds.

Cash and Cash Equivalents. For purposes of the statement of cash flows, cash and cash equivalents include demand and money market accounts. Cash in bank accounts is insured up to \$250,000 per bank by the Federal Deposit Insurance Corporation (FDIC). The Pool has all cash and cash equivalents secured by pledges of qualifying securities held by the depository. Cash held by First American Financial Advisors with Fidelity and Hauger/Salmon/Salmon of Wells Fargo Advisors is insured by the Securities Protection Investors Corporation up to \$500,000 per institution. This coverage does not protect against losses from any change in the market values of securities.

Investments. The Pool reports certain investments at fair value in the statement of net position and recognizes the corresponding change in the fair value of investments in the year in which the change occurred. Fair value is based on the quoted market value at year-end. Investment transactions are recorded on the trade date. Dividends are recognized as income when declared. In accordance with the Pools' investment policy, allowable investments include securities of the United States government and certain state and local governments; securities guaranteed by the United States Government; certain corporate bonds; certificates of deposit; mutual funds; exchange traded products and the New Mexico Office of the State Treasurer State Investment Pool (State Investment Pool).

Participation in the State Local Government Investment Pool is not required and the State Investment Pool is not registered with the SEC. Also, the State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10 I through 610-10 P and Sections 6-10-10.1 A and E, NMSA 1978.

The State Investment Pool does not have unit shares, and all interest earned is distributed by the State Treasurer to contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested.

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in County Reinsurance, Limited. County Reinsurance Limited (CRL) is a member-owned reinsurance company, consisting of 29 members at December 31, 2017. The Pool accounts for its investment in CRL on the equity method of accounting. The initial capital contribution of \$172,079 to obtain membership in CRL was accounted for at cost, and annually the carrying amount of the investment is adjusted to reflect the Pool's proportionate share in CRL's earnings or losses. These annual adjustments are reflected in the statement of revenues, expenses, and changes in net position as interest in change in net position of County Reinsurance Limited, and totaled \$23,862 during the year ended December 31, 2017. Additional contributions may be required from the Pool and other members as determined by CRL. During the year ended December 31, 2017, there were no additional contributions requested from the Pool by CRL. Upon withdrawal from CRL, the Pool may request repayment of the original contribution plus the Pool's proportionate earnings in CRL accumulated during membership.

Accounting Method. The Pool's books are maintained on the accrual basis of accounting using the economic resources measurement focus. Billings for contributions are recognized as revenue in the period of the insurance coverage.

Operating Revenues. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal ongoing operations of the Pool is risk financing and, accordingly, premiums paid by participants and members for risk and benefits coverage are classified as operating revenues. Other income, including investment income, is outside of the Pool's principal ongoing operations and, therefore, is classified as non-operating income. The principal operating expenses of the Pool include the cost of claims and adjustment, as well as excess insurance premiums and general and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Participant Premiums. Participant premiums for insurance coverage are recognized as revenue on a pro rata basis over the contract period (coincides with fiscal year).

Excess Insurance Premiums. Excess insurance premiums for risk coverage are recognized as an expense on a pro rata basis over the contract period (coincides with the fiscal year). Premium adjustments for retrospectively adjusted excess insurance policies are estimated and recorded as revenue or expense over the period of policy coverage.

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Claims and Claim Adjustment Expenses. Insurance losses and related loss adjustment expenses are charged to operations as incurred. The reserves for losses and loss adjustment expenses are determined based upon case-basis evaluations and actuarial projections, and include a provision for claims incurred but not reported. The actuarial projections of ultimate losses on reported claims and the estimate of claims incurred but not reported are based on a composite of the Pool's experience and benefits, as well as property and casualty insurance industry data, which supplements the Pool's limited historical experience and includes the effects of inflation and other factors. Losses are reported net of estimated amounts recoverable from excess insurance, salvage and subrogations, and the deductible portion of claims. Adjustments to the probable ultimate liability for losses and loss adjustment expenses are made continually, based on subsequent developments and experience, and are included in operating income.

Exemption from Income Taxes. The Pool has not requested a ruling from the Internal Revenue Service regarding its tax status. Management of the Pool considers the organization exempt from income taxes under Section 115 of the Internal Revenue Code. Accordingly, no liability for income taxes is included in the accompanying financial statements.

Credit Risk. The Pool transacts the majority of its business with its members. Credit losses relating to member receivables have been within management's expectations and there is no allowance for doubtful accounts. Generally, collateral is not required on receivables.

Budget. In accordance with by-laws, the Pool prepares the budget that is controlled at the Pool level. The level of budgetary control is at the total fund level. Amendments affecting the overall Pool must be approved by the Board and members. The budget is adopted on a special purpose framework. GAAP differences in budgeted amounts arise from non-budgeted depreciation expense on capital assets, when applicable. There were no differences between GAAP and this budgetary basis for the current fiscal year. The Pool budgets claims and claim adjustment expenses based on actuarial estimates. Overages on this specific line item are only considered deficiencies if the cash and investment balances within the Pool cannot support the overage.

Unrestricted Net Position. Net position is restricted to the extent external constraints place restrictions on the use of the net position, such as restrictions by contributors or laws and regulations. Usage of the Pool's net position was not externally restricted at December 31, 2017 and, accordingly, the net position is reported as unrestricted.

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standard. The Pool adopted the provisions of GASB Statement No. 72 Fair Value Measurement and Application (Statement No. 72) effective January 1, 2016. Statement No. 72 generally requires investments to be measured at fair value. It also establishes a hierarchy of inputs to valuation techniques used to measure fair value and changes required footnote disclosures. For the Pool, the adoption of Statement No. 72 had no prior period impact on reported investment balances as the standard altered disclosures only.

NOTE 2 - CASH AND INVESTMENTS

The Pool deposits its funds with various financial institutions. New Mexico statutes provide that deposits of public monies in financial institutions must be secured by pledged collateral in an aggregate value equal to one-half of the amount of the public monies deposited after deducting the amount of Federal Deposit Insurance Corporation insurance coverage for each financial institution. The Pool does not engage in any securities lending arrangements or derivatives.

Investments consisted of the following at December 31, 2017:

MULTI-LINE PROGRAM:						
Investment	Rate	Maturity Date	Moody Rating	Cost	Market Gain (Loss)	Estimated Fair Value
CORPORATE BONDS:						
JP MORGAN CHASE & CO	6.00%	1/15/2018	A3	\$ 207,747	\$ (7,469)	\$ 200,278
NATIONAL RURAL UTIL COOP	10.38%	11/01/2018	A1	129,007	(22,176)	106,831
GOLDMAN SACHS GROUP INC	5.95%	1/18/2018	A3	103,344	(3,187)	100,157
TOTAL CORPORATE BONDS				440,098	(32,832)	407,266

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

MULTI-LINE PROGRAM (CONTINUED):						
Investment	Rate	Maturity Date	Moody Rating	Cost	Market Gain (Loss)	Estimated Fair Value
MUTUAL FUNDS:						
DODGE & COX INCOME FD	2.76%	N/A	N/A	1,597,321	1,085	1,598,406
METROPOLITAN WEST FDS	2.09%	N/A	N/A	1,569,030	(25,760)	1,543,270
DOUBLELINE FDS TOTAL RETURN	3.69%	N/A	N/A	1,554,678	(53,226)	1,501,452
FIDELITY FUNDS	0.68%	N/A	N/A	1,142,703	-	1,142,703
DELAWARE LTD TERM DIVERS INC	2.60%	N/A	N/A	1,048,074	(28,624)	1,019,450
PIMCO PAC INVT MORTGAGE SER TOTAL	2.58%	N/A	N/A	935,279	(9,194)	926,085
FEDERATED INC TRUST SH BEN INT	2.36%	N/A	N/A	893,320	(43,762)	849,558
FEDERATED TOTAL RET BOND	3.21%	N/A	N/A	834,211	(23,744)	810,467
LOOMIS SAYLES LTD TERM GOV	1.93%	N/A	N/A	723,061	(23,631)	699,430
DELAWARE LTD TERM DIVERS INC	2.45%	N/A	N/A	557,127	(29,099)	528,028
LOOMIS SAYLES LTD TERM GOV	1.93%	N/A	N/A	430,964	(24,025)	406,939
PIMCO LOW DURATION FUND CL P	1.68%	N/A	N/A	390,989	(19,363)	371,626
VANGUARD FIXED INC SHORT TERM	2.06%	N/A	N/A	283,458	(2,621)	280,837
PRUDENTIAL SHORT TERM CORP BD FD	2.65%	N/A	N/A	256,534	(11,998)	244,536
THOMPSON IM FDS INC BOND FUND	3.06%	N/A	N/A	172,490	(7,146)	165,344
VANGUARD S/T BOND	1.65%	N/A	N/A	163,500	(3,313)	160,187
DELAWARE DIVERSIFIED FLOATING	3.66%	N/A	N/A	149,954	2,231	152,185
TOTAL MUTUAL FUNDS				12,702,693	(302,190)	12,400,503
GOVERNMENT BONDS:						
US TREASURY	0.88%	3/31/2018	AAA	399,313	188	399,501
FEDERAL HOME LOAN BANK	1.13%	6/05/2018	AAA	349,495	(160)	349,335
TOTAL GOVERNMENT BONDS				748,808	28	748,836
GOVT. ASSET BACKED SECURITIES:						
GNMA	5.50%	3/15/2032	N/A	135,447	(71,323)	64,124
GNMA II	5.50%	2/20/2038	N/A	119,510	(22,155)	97,355
GNMA II	5.00%	3/20/2038	N/A	97,741	(22,133)	75,608
GNMA II	5.00%	2/20/2039	N/A	94,233	(18,577)	75,656
GNMA	6.00%	5/20/2036	N/A	67,182	(13,749)	53,433
GNMA	6.00%	3/20/2037	N/A	66,498	(17,030)	49,468
GNMA	6.00%	8/20/2033	N/A	42,341	(16,494)	25,847
GNMA	5.50%	10/15/2033	N/A	18,806	(7,004)	11,802
GNMA	6.00%	6/20/2031	N/A	9,177	(5,813)	3,364
TOTAL GOVT. ASSET BACKED SECURITIES				650,935	(194,278)	456,657
EXCHANGE-TRADED FUNDS (ETF)						
VANGUARD MALVERN FDS	1.52%	N/A	N/A	263,327	(6,241)	257,086
TOTAL EXCHANGE TRADED FUNDS				263,327	(6,241)	257,086
CERTIFICATES OF DEPOSIT						
CERTIFICATES OF DEPOSIT	1.39%	N/A	N/A	1,454,044	416	1,454,460
TOTAL MULTI-LINE PROGRAM INVESTMENTS				\$ 16,259,905	(535,098)	\$ 15,724,808

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

LAW ENFORCEMENT PROGRAM:						
Investment	Rate	Maturity Date	Moody Rating	Cost	Market Gain (Loss)	Estimated Fair Value
CORPORATE BONDS:						
JP MORGAN CHASE & CO	6.00%	1/15/2018	A3	\$ 103,094	\$ (2,955)	\$ 100,139
CATERPILLAR FINANCIAL SE	7.15%	2/15/2019	A3	163,393	(5,026)	158,367
TOTAL CORPORATE BONDS				266,487	(7,981)	258,506
MUTUAL FUNDS:						
FIDELITY FUNDS	0.68%	N/A	N/A	2,652,703	-	2,652,703
DELAWARE DIVERSIFIED FLOATING RATE	3.66%	N/A	N/A	2,495,972	42,905	2,538,877
FEDERATED SERS INC TOTAL RET BOND	3.21%	N/A	N/A	2,418,633	(75,091)	2,343,542
DELAWARE LTD TERM DIVERS INC FD	2.60%	N/A	N/A	1,687,513	(47,927)	1,639,586
DOUBLELINE FDS TOTAL RETURN	3.69%	N/A	N/A	1,509,171	(50,551)	1,458,620
LOOMIS SAYLES BOND	3.71%	N/A	N/A	1,550,684	(116,210)	1,434,474
FEDERATED INC TR SHO BEN INT	2.26%	N/A	N/A	1,299,153	(59,200)	1,239,953
METROPOLITAN WEST FDS	2.09%	N/A	N/A	1,245,034	(17,560)	1,227,474
FPA NEW INCOME INC	2.84%	N/A	N/A	755,987	(18,810)	737,177
DODGE & COX INCOME FD	2.76%	N/A	N/A	713,450	(69)	713,381
DELAWARE DIVERSIFIED	3.89%	N/A	N/A	754,246	(45,153)	709,093
LOOMIS SAYLES LIMITED	1.93%	N/A	N/A	594,249	(20,962)	573,287
THOMPSON IM FDS INC BOND FD	3.06%	N/A	N/A	575,124	(22,823)	552,301
VANGUARD SHORT TERM	2.06%	N/A	N/A	552,955	(5,749)	547,206
PRUDENTIAL SHORT TERM CORP FD	2.65%	N/A	N/A	552,032	(22,067)	529,965
FIDELITY ADVISOR FLOATING RATE	3.84%	N/A	N/A	540,790	(22,424)	518,366
VANGUARD S/T BOND	1.65%	N/A	N/A	272,499	(5,521)	266,978
TOTAL MUTUAL FUNDS				20,170,195	(487,212)	19,682,983
GOVERNMENT BONDS:						
US TREASURY	1.38%	6/30/2018	AAA	400,110	(362)	399,748
FEDERAL FARM CREDIT BANK	1.05%	3/01/2018	AAA	249,752	152	249,904
US TREASURY	0.88%	5/31/2018	AAA	249,346	87	249,433
FEDERAL NATL MTG ASSN	1.13%	7/20/2018	AAA	249,528	(245)	249,283
US TREASURY	1.00%	12/31/2017	AAA	149,965	35	150,000
FEDERAL NATL MTG ASSN	0.88%	2/08/2018	AAA	149,801	126	149,927
TOTAL GOVERNMENT BONDS				1,448,502	(207)	1,448,295
GOVT. ASSET BACKED SECURITIES:						
GNMA II	5.00%	8/20/2035	N/A	189,745	(36,132)	153,613
GNMA II	5.00%	7/20/2035	N/A	156,805	(22,635)	134,170
GNMA	6.00%	5/20/2036	N/A	33,595	(6,878)	26,717
GNMA	6.00%	3/20/2037	N/A	33,253	(8,519)	24,734
GNMA II	5.50%	6/20/2033	N/A	46,643	(24,606)	22,037
TOTAL GOVT. ASSET BACKED SECURITIES				460,041	(98,770)	361,271

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

LAW ENFORCEMENT (CONTINUED):						
Investment	Rate	Maturity Date	Moody Rating	Cost	Market Gain (Loss)	Estimated Fair Value
EXCHANGE-TRADED FUNDS (ETF)						
VANGUARD MALVERN FDS	1.52%	N/A	N/A	\$ 299,376	\$ (6,602)	\$ 292,774
TOTAL EXCHANGE TRADED FUNDS				<u>299,376</u>	<u>(6,602)</u>	<u>292,774</u>
CERTIFICATES OF DEPOSIT						
CERTIFICATES OF DEPOSIT	1.29%	N/A	N/A	1,606,937	(420)	1,606,517
TOTAL LAW ENFORCEMENT PROGRAM INVESTMENTS				<u>\$ 24,251,538</u>	<u>(601,192)</u>	<u>\$ 23,650,346</u>

Investment income is summarized as follows for the year ended December 31, 2017:

Multi-Line Program:

Interest Income	\$ 359,474
Loss on Sale of Investments	(33,752)
Unrealized Gain	32,579
Total Investment Income	<u>\$ 358,301</u>

Law Enforcement Program:

Interest Income	\$ 556,129
Loss on Sale of Investments	(2,358)
Unrealized Gain	54,686
Total Investment Income	<u>\$ 608,457</u>

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2017, the Pool's cash and cash equivalents and investments were as follows:

<u>Investment Type</u>	<u>Cost</u>	<u>Estimated Fair Value</u>
<i>Multi-Line Program</i>		
Cash and Cash Equivalents:		
Checking and Money Market	\$ 1,761,170	\$ 1,761,170
Total	<u>\$ 1,761,170</u>	<u>\$ 1,761,170</u>
Investment in the State General Fund Investment Pool	\$ 405	\$ 405
Total	<u>\$ 405</u>	<u>\$ 405</u>
Investments:		
Exchange Traded Funds	\$ 263,327	\$ 257,086
Corporate Bonds	440,098	407,266
Government Bonds	748,808	748,836
Government Asset-Backed Securities	650,935	456,657
Certificate of Deposits	1,454,044	1,454,460
Mutual Funds	12,702,693	12,400,503
Total	<u>\$ 16,259,905</u>	<u>\$ 15,724,808</u>
<i>Law Enforcement Program</i>		
Cash and Cash Equivalents:		
Checking and Money Market	\$ 1,563,458	\$ 1,563,458
Total	<u>\$ 1,563,458</u>	<u>\$ 1,563,458</u>
Investment in the State General Fund Investment Pool	\$ 582	\$ 582
Total	<u>\$ 582</u>	<u>\$ 582</u>

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investment Type	Cost	Estimated Fair Value
Investments:		
Exchange Traded Funds	\$ 299,376	\$ 292,774
Corporate Bonds	266,487	258,506
Government Bonds	1,448,502	1,448,295
Government Asset-Backed Securities	460,041	361,271
Certificate of Deposits	1,606,937	1,606,517
Mutual Funds	20,170,195	19,682,983
Total	<u>\$ 24,251,538</u>	<u>\$ 23,650,346</u>
 <i>Both Programs</i>		
Cash and Cash Equivalents:		
Checking and Money Market	\$ 3,324,628	\$ 3,324,628
Total	<u>\$ 3,324,628</u>	<u>\$ 3,324,628</u>
 Investment in the State General Fund Investment Pool	 \$ 987	 \$ 987
Total	<u>\$ 987</u>	<u>\$ 987</u>
 Investments:		
Exchange Traded Funds	\$ 562,703	\$ 549,860
Corporate Bonds	706,585	665,772
Government Bonds	2,197,310	2,197,131
Government Asset-Backed Securities	1,110,976	817,928
Certificate of Deposits	3,060,981	3,060,977
Mutual Funds	32,872,888	32,083,486
Total	<u>\$ 40,511,443</u>	<u>\$ 39,375,154</u>

Custodial Credit Risks. Custodial credit risk is the risk that, in the event of a bank failure, the Pool's deposits may not be returned to it. As of December 31, 2017, none of the Pool's deposits were exposed to custodial credit risk; the total of demand deposits was covered by FDIC or by collateral held by the Pool's agent in the Pool's name.

Interest Rate Risk. The Pool does not have an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Credit Risk.

The Pool's investment policy states that investments are limited to the following:

Government Bonds. Bonds or negotiable securities of the United States, the state or any municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars 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 five years last preceding. Such investments shall have aggregate durations or maturities of no more than five years.

Government Securities. Securities 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 or the Student Loan Marketing Association, or are backed by the full faith and credit of the United States government. Such investments shall have aggregate durations or maturities of no more than five years.

Corporate Bonds. The Pool is no longer purchasing corporate bonds. Such investments currently held by the Pool will be sold if management believes that the sale will be beneficial. Otherwise, investments in corporate bonds will be held until maturity.

Certificates of Deposit in New Mexico Financial Institutions. Limited to the current FDIC or NCUSIF limit per financial institution or bank, unless collateralization requirements are met. Federally insured obligations, including brokered certificates of deposit, certificates of deposit account registry service and federally insured cash accounts outside of New Mexico financial institutions shall be eligible as long as the FDIC or NCUSIF insures the instrument from the date the investment is made until the date of maturity. Furthermore, returns on such deposits determined by investment returns linked to the stock markets, commodities markets or other non-interest rate markets or any index or basket thereof, shall not be eligible for investment under this Policy. No commission, mark-up or other remuneration shall be paid for the purchase of any asset in this section.

Exchange-traded Funds (ETFs). The majority of ETPs are typically structured as registered unit investments trusts (UITs) or open-end investment companies (commonly referred to as "funds") whose shares represent an interest in a portfolio of securities that track an underlying benchmark or index. These products are the most common type of ETP, and typically hold a basket of equity or fixed income securities constructed to track an index.

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Credit Risk (Continued).

Mutual Funds. Shares of a diversified investment company registered pursuant to the federal Investment Company Act of 1940 that invests in fixed-income securities or debt instruments that are listed in a nationally recognized, broad-market, fixed-income-securities market index; provided that the investment company or manager has total assets under management of at least one billion dollars and provided that the board of finance of the county or municipality may allow reasonable administrative and investment expenses to be paid directly from the income or assets of these investments or individual, common or collective trust funds of banks or trust companies that invest in fixed-income securities or debt instruments that are listed in a nationally recognized, broad-market, fixed-income-securities market index; provided that the investment company or manager has total assets under management of at least one billion dollars and provided that the board of finance of the county or municipality may allow reasonable administrative and investment expenses to be paid directly from the income or assets of these investments. Such investments shall have aggregate durations or maturities of no more than five years.

New Mexico State Treasurer Local Government Investment Pool ((State Investment Pool as defined in Note 1). This fund is rated AAA by Standard and Poor's.

Concentration of Credit Risk.

The Pool places no limit on the amount the Pool may invest in any one issuer. Excluding investments that are implicitly backed by the full faith and credit of the United States, investments in the following issuers represent more than 5 percent of the Pool's investments, and are therefore considered to have a concentration of credit risk.

Multi-Line Program:

Dodge & Cox Income Fd	13%
Delaware Ltd Term Divers Inc	13%
Metropolitan West Fds	12%
Doubleline Fds Total Return	12%
Loomis Sayles Ltd Term Gov	9%
Fidelity Funds	9%
Pimco Pac Invt Mortgage Ser Total	7%
Federated Inc Trust Sh Ben Int	7%
Federated Total Ret Bond	7%

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Law Enforcement Program:

Fidelity Funds	21%
Delaware Diversified Floating Rate	20%
Federated Sers Inc Total Ret Bond	19%
Delaware Ltd Term Divers Inc	13%
Doubleline Fds Total Return	12%
Loomis Sayles Bond	12%
Federated Inc Trust Sh Ben Int	10%
Metropolitan West Fds	10%
FPA New Income Inc	6%
Dodge & Cox Income Fd	6%

Fair Value Measurements. The Pool categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles (GAAP). Under GASB statement No. 72 fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Investments classified in Level 1 of the fair value hierarchy are valued using prices in active markets for those investments.

The Pool owns an interest in County Reinsurance Limited, a risk pool which provides reinsurance coverage to member counties. The unit of account for this investment is the Pool's ownership interest in CRL, rather than a percentage of individual assets held by CRL. The assets could be sold at an amount different than the Net Asset Value (NAV) per share (or its equivalent) due to the liquidation policies of CRL and its member counties.

Investments by Fair Value Level - December 31, 2017

	Quoted Prices in Active Markets for Identical Assets (Level 1)
Mutual Funds	\$ 32,083,486
Certificate of Deposits	3,060,977
Government Bonds	2,197,131
Government Asset-Backed Securities	817,928
Corporate Bonds	665,772
Exchange Traded Funds	549,860
Total	<u>39,375,154</u>

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

NAV Investment - December 31, 2017

Investment in County Reinsurance Limited	309,450
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Investments Not Requiring Fair Value - December 31, 2017

Money Market	1,590,942
State Treasurer LGIP	987
	1,591,929
Total Investments and Cash Equivalents	\$ 41,276,533

NOTE 3 - NOTE RECEIVABLE

During 2012, the Multi-Line Program loaned the New Mexico Association of Counties, a related party, \$1,850,257 in return for a promissory note carrying an annual interest rate of 5%. Principal and interest payments in the amount of \$9,914 are due monthly from September 24, 2012 through August 24, 2019, for a total of 84 payments. This note matures on August 24, 2019, at which point the remainder of the balance will become due. This loan funded the purchase of a new building for the New Mexico Association of Counties, which performs administrative functions for the Multi-Line Program and the Law Enforcement Program (Note 7). Payments received on this note totaled \$118,967 in 2017.

During 2013, the Multi-Line Program loaned the New Mexico Association of Counties, a related party, \$903,213 in return for a promissory note carrying annual interest at 5%. Six interest-only payments of \$3,763 were required beginning May 24, 2013. Principal and interest payments in the amount of \$7,143 are due monthly from November 24, 2013 through April 24, 2020, for a total of 78 payments. The note matures on April 24, 2020, at which point the remainder of the balance will become due. This loan funded the purchase of furniture and fixtures, including renovations on a new building for the New Mexico Association of Counties, which performs administrative functions for the Multi-Line Program and the Law Enforcement Program. Payments received on this note totaled \$85,711 in 2017.

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4 - CLAIMS AND CLAIM ADJUSTMENT EXPENSES

The liability for claims and claims adjustment expenses, which is reported on an ultimate development basis, includes an amount determined from claims reports and individual cases, and an amount for claims incurred but not reported.

Estimates of the liability for amounts incurred but not reported as of December 31, 2017 and 2016 have been based on an actuarial evaluation of the Pool's historical claims experience, industry data and other factors. While management believes that these estimates are adequate, actual incurred but unpaid claims may vary significantly from the amount provided.

Changes in reserves for claims and claim adjustment expenses were as follows for the years ended December 31:

<i>Multi-Line Program:</i>	2017	2016
Liability for Claims and Claim Adjustment Expenses		
Beginning of Year	\$ 12,598,986	\$ 15,270,135
Incurred Claims and Claim Adjustment Expenses Related to:		
Current Year	5,255,700	5,053,773
Prior Years	43,355	(1,462,914)
Total Incurred	5,299,055	3,590,859
Payments (Net of Amounts Received Pursuant to Excess Insurance Contracts) Related to:		
Current Year	(912,346)	(683,011)
Prior Years	(5,524,677)	(5,578,997)
Total Payments	(6,437,023)	(6,262,008)
Liability for Claims and Claim Adjustment Expenses -		
End of Year	11,461,018	12,598,986

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4 - CLAIMS AND CLAIM ADJUSTMENT EXPENSES (CONTINUED)

Law Enforcement Program:

	2017	2016
Liability for Claims and Claim Adjustment Expenses		
Beginning of Year	\$ 22,594,838	\$ 37,080,996
Incurred Claims and Claim Adjustment Expenses Related to:		
Current Year	9,711,179	9,997,105
Prior Years	437,643	(6,718,294)
Total Incurred	10,148,822	3,278,811
Payments (Net of Amounts Received Pursuant to Excess Insurance Contracts) Related to:		
Current Year	(525,857)	(481,206)
Prior Years	(9,535,033)	(17,283,763)
Total Payments	(10,060,890)	(17,764,969)
Liability for Claims and Claims Adjustment Expenses - End of Year	22,682,770	22,594,838
 Total Liability Claims and Claim Adjustment - Expenses End of Year	 \$ 34,143,788	 \$ 35,193,824

As of December 31, 2017, the liability for unpaid claims and claim adjustment expenses of \$12,048,270 for the Multi-Line Program and \$23,827,128 for the Law Enforcement Program are presented at their net present value of \$11,461,018, and \$22,682,770 respectively. These claims are discounted at a rate of 3.0%. For the year ended December 31, 2017, the Multi-Line Program experienced negative development on prior policy year claims, resulting in a increase to claim expense of \$1,708,197 from the prior year. For the year ended December 31, 2017, the Law Enforcement Program experienced negative development on prior policy year claims, resulting in a increase to claim expense of \$6,870,011 from the prior year.

NOTE 5 - REINSURANCE AND EXCESS INSURANCE

The Multi-Line Program and the Law Enforcement Program purchase commercial re-insurance.

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5 - REINSURANCE AND EXCESS INSURANCE (CONTINUED)

The Multi-Line Program's property coverage has a limit of \$750,000,000 per occurrence. The Multi-Line pool's self-insured retention for property coverage is \$250,000 per occurrence, then County Reinsurance Limited provides the next \$1,750,000 in coverage, then Lloyds of London Syndicates provides coverage up to \$750,000,000.

The Multi-Line Program's liability coverage has a limit of \$5,000,000 per occurrence, with an annual aggregate of \$10,000,000 per member. The Multi-Line pool's self-insured retention for liability coverage is \$1,000,000 per occurrence, then Munich Re provides the next \$4,000,000 in coverage on a per occurrence basis. There is a \$10,000,000 annual aggregate limit on liability reinsurance coverage in the Multi-Line Program.

The Law Enforcement Program's liability coverage has a limit of \$5,000,000 per occurrence with an annual aggregate of \$10,000,000 per member. The Law Enforcement pool's self-insured retention for liability coverage is \$1,000,000 per occurrence, then Munich Re provides the next \$4,000,000 in coverage on a per occurrence basis. There is a \$10,000,000 annual aggregate limit on liability reinsurance coverage in the Law Enforcement Program.

For the year ended December 31, 2017, the Multi-Line and Law Enforcement Pools paid a total of \$1,366,329 and \$3,525,000 respectively for excess insurance premiums.

NOTE 6 - BROKERAGE SERVICE FEE

Commission/brokerage service fees were \$130,000 for the year ended December 31, 2017.

NOTE 7 - GENERAL AND ADMINISTRATIVE

The New Mexico Association of Counties provides risk management, general and administrative services, office space, equipment and supplies to the Pool. These services include general administration and consulting, financial management and risk management.

The Pool expensed \$2,660,000 in 2017 under this arrangement. The fees to be paid to the New Mexico Association of Counties for such services are approved by the Pool's Board of Directors when the Pool's annual operating budget is reviewed and approved. The Pool also engages other related third parties to provide legal, actuarial and other services.

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 7 - GENERAL AND ADMINISTRATIVE (CONTINUED)

The Pool's general and administrative expenses for the year ended December 31, 2017 consisted of the following:

	Multi-Line Program	Law Enforcement Program	Total
Administrative Fees	\$ 1,260,000	\$ 1,400,000	\$ 2,660,000
Software Support and Licensing	40,857	40,857	81,714
Appraisal Fees	113,785	-	113,785
Insurance	38,540	22,924	61,464
Miscellaneous	2,192	75,000	77,192
Accounting and Auditing	10,495	10,495	20,990
Actuarial	11,750	13,500	25,250
Consulting and Training	-	3,010	3,010
Legal	9,484	19,545	29,029
Total	<u>\$ 1,487,103</u>	<u>\$ 1,585,331</u>	<u>\$ 3,072,434</u>

NOTE 8 - LITIGATION

The Pool is subject to various legal proceedings, claims and liabilities which arise in the ordinary course of the Pool's operations. In the opinion of the Pool's management and legal counsel, the ultimate resolution of these matters will not have a material adverse impact on the financial position or results of operation of the Pool.

NM COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
NOTES TO TEN YEAR CLAIMS DEVELOPMENT INFORMATION (UNAUDITED)
December 31, 2017

The following illustrates how the Pool's earned revenues and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Pool as of the end of each of the last nine years. The rows of the table are defined as follows:

(1) This line shows the total of each fiscal year's earned contribution revenues and investment revenues, net of contribution revenue ceded to reinsurers.

(2) This line shows each fiscal year's other operation costs of the Pool, including overhead and claims expenses not allocable to individual claims.

(3) This line shows the Pool's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).

(4) This section of ten rows shows the cumulative net amounts paid at of the end of successive years for each policy year.

(5) This section of ten rows shows how each policy year's incurred claims increased or decreased as of the end of the successive years. (These annual re-estimations result from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.)

(6) This line compares the latest re-estimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years matures, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

NM COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
TEN YEAR CLAIMS DEVELOPMENT INFORMATION (UNAUDITED)
TEN YEARS ENDED DECEMBER 31, 2017
(Dollars in Thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1. Net Earned Required Contribution and Investment Revenues	\$ 16,323	\$ 17,796	\$ 17,301	\$ 17,486	\$ 17,759	\$ 16,416	\$ 19,807	\$ 20,096	\$ -	\$ -
2. Unallocated Expenses	2,027	2,203	2,296	2,358	2,522	2,408	2,712	2,963	-	-
3. Estimated Incurred Claims and Expense, End of Policy Year	5,443	6,357	11,685	13,601	12,687	12,888	19,479	16,813	-	-
4. Paid (Cumulative) as of:										
Year One	918	1,663	985	1,839	1,566	1,781	3,998	1,534	-	614
Year Two	1,856	3,751	3,659	5,771	4,476	5,204	7,378	5,171	1,655	
Year Three	4,160	7,522	6,570	8,910	8,183	5,485	8,966	3,187		
Year Four	6,289	9,689	7,826	10,922	7,787	6,884	4,281			
Year Five	7,255	10,348	8,366	10,498	8,971	3,961				
Year Six	7,403	10,785	7,781	11,780	4,743					
Year Seven	7,574	9,610	8,015	6,240						
Year Eight	6,464	9,610	4,275							
Year Nine	6,487	4,192								
Year Ten	2,039									
5. Re-Estimated Incurred Claims and Expense										
Year One	5,443	6,357	11,685	13,601	12,687	12,888	19,479	16,813	-	4,345
Year Two	6,050	8,767	10,622	14,908	12,179	12,071	15,573	15,357	4,781	
Year Three	5,764	11,586	11,849	14,341	13,323	9,428	13,162	4,418		
Year Four	8,280	12,332	10,452	13,333	12,616	9,392	5,345			
Year Five	8,299	12,248	9,954	13,116	11,236	5,088				
Year Six	7,880	11,222	8,094	12,710	4,823					
Year Seven	7,673	9,712	8,050	6,398						
Year Eight	6,519	9,610	4,295							
Year Nine	6,525	4,192								
Year Ten	2,039									
6. Increase (Decrease) in Estimated Incurred Claims and Expense from End of Policy Year	(3,404)	(2,165)	(7,390)	(7,203)	(7,864)	(7,800)	(14,134)	(12,395)	4,781	4,345

NM COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
SCHEDULES OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGETARY BASIS)
DECEMBER 31, 2017

Multi-Line Program

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts - (Budgetary Basis)	Variance With Final Budget Positive (Negative)
REVENUES				
Member Contributions	\$ 10,512,500	\$ 10,512,500	\$ 10,724,554	\$ 212,054
Investment Income	400,000	400,000	504,407	104,407
Other Operating Income	-	-	1,820	1,820
Total Revenues	<u>10,912,500</u>	<u>10,912,500</u>	<u>11,230,781</u>	<u>318,281</u>
EXPENSES				
Claims and Claim				
Adjustment Expenses	7,505,855	7,505,855	5,299,056	2,206,799
Excess Insurance Premiums	1,560,145	1,560,145	1,366,329	193,816
General and Administrative	1,771,500	1,771,500	1,487,103	284,397
Brokerage Fees	75,000	75,000	85,000	(10,000)
Total Expenses	<u>10,912,500</u>	<u>10,912,500</u>	<u>8,237,488</u>	<u>2,675,012</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,993,293</u>	<u>\$ 2,993,293</u>
EXCESS OF REVENUES OVER EXPENSES PER ACCOMPANYING GAAP FINANCIAL STATEMENTS			<u>\$ 2,993,293</u>	

NM COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
SCHEDULES OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGETARY BASIS)
DECEMBER 31, 2017

Law Enforcement Program

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts - (Budgetary Basis)	Variance With Final Budget Positive (Negative)
REVENUES				
Member Contributions	\$ 14,080,995	\$ 14,080,995	\$ 14,415,223	\$ 334,228
Investment Income	400,000	400,000	608,457	208,457
Total Revenues	14,480,995	14,480,995	15,023,680	542,685
EXPENSES				
Claims and Claim				
Adjustment Expenses	9,064,495	9,064,495	10,148,822	(1,084,327)
Excess Insurance Premiums	3,525,000	3,525,000	3,525,000	-
General and Administrative	1,846,500	1,846,500	1,585,331	261,169
Brokerage Fees	45,000	45,000	45,000	-
Total Expenses	14,480,995	14,480,995	15,304,153	(823,158)
EXCESS OF REVENUES OVER EXPENSES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (280,473)</u>	<u>\$ (280,473)</u>
EXCESS OF REVENUES OVER EXPENSES PER ACCOMPANYING GAAP FINANCIAL STATEMENTS			<u>\$ (280,473)</u>	

**NM COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
SCHEDULE OF CASH AND CASH EQUIVALENTS RECONCILIATION
FROM BANK TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

	<u>Multi-Line Program</u>	<u>Law Enforcement Program</u>	<u>Total</u>
Interest-Bearing Checking Accounts:			
First National Bank of Santa Fe	\$ 942,656	\$ 632,184	\$ 1,574,840
Money Market Wells Fargo Advisors	204,752	767,637	972,389
Money Market Fidelity Investments	162,946	455,607	618,553
	<u>1,310,354</u>	<u>1,855,428</u>	<u>3,165,782</u>
Reconciling Items:			
Outstanding Checks	(199,184)	(291,970)	(491,154)
Deposits in Transit	650,000	-	650,000
Financial Statement Balance	<u>1,761,170</u>	<u>1,563,458</u>	<u>3,324,628</u>
Cash Held with the State Treasurer			
Local Government			
Investment Fund	405	582	987
Financial Statement Balance	<u>405</u>	<u>582</u>	<u>987</u>
TOTAL CASH AND CASH EQUIVALENTS, RESTRICTED CASH, AND INVESTMENT IN THE STATE LOCAL GOVERNMENT INVESTMENT POOL	<u><u>\$ 1,761,575</u></u>	<u><u>\$ 1,564,040</u></u>	<u><u>\$ 3,325,615</u></u>

**NM COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
SCHEDULE OF CASH COLLATERAL
DECEMBER 31, 2017**

SUNFLOWER BANK

Multi-Line Checking	\$	942,656
Law Enforcement Checking		632,184
Other Checking Accounts Administered by the New Mexico Association of Counties (Not Held by the Pool)		1,071,058
Total Deposit in Bank		2,645,898
FDIC Coverage		(250,000)
Total Uninsured Funds		2,395,898
50% Pledged Collateral Requirement		1,197,949

Pledged Collateral:

FHR - Series 4328 Class BH - Held with Sunflower Bank; Cusip #3137B9RC1, Maturity Date: 12/15/2026		1,002,397
FHR - Series 4700 Class PB - Held with Sunflower Bank; Cusip #313F1TC2, Maturity Date: 1/15/2045		2,515,376
GNMA II - Pool#: MA142 - Held with Sunflower Bank; Cusip #36179NSN9, Maturity Date: 11/20/2028		723,969
GNR 2013 - 168 Class CE - Held with Sunflower Bank; Cusip #38378YQV4, Maturity Date: 11/26/2028		455,545
Total Pledged Collateral		4,697,287

OVER-COLLATERALIZED

\$ 3,499,338



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**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 Directors
New Mexico County Insurance Authority Multi-Line Pool
Santa Fe, New Mexico and
Mr. Wayne Johnson
New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New Mexico County Insurance Authority Multi-Line Pool (the Pool), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements and have issued our report thereon dated May 29, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Pool'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pool's internal control.

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

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

Compliance and Other Matters

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

The Pool's Response to Finding

The Pool's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Pool's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of This Report

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

A handwritten signature in blue ink that reads "Morton Accounting Services, LLC".

Santa Fe, New Mexico

May 29, 2018

**NM COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2017**

SECTION I – FINANCIAL STATEMENT FINDINGS

Finding 2017-001 – Underpayment of Claim Disbursement Invoice

Condition: Out of 25 claims disbursements tested, one disbursement was underpaid by \$3.00, based on underlying supporting documentation (invoice).

Criteria: Disbursements must match underlying expenditures/invoices.

Cause: The underpayment appears to be a typographical error that was not identified during review and approval process.

Effect: Underpayment of \$3.00.

Recommendation: We recommend that, during the review and approval process, disbursements are mathematically footed to underlying invoices to ensure proper payment is disbursed.

Management Response: Invoices are entered into the system by the ML administrative assistant or the ML claims examiner and approved by the ML claims examiner (if within limits of approval) or appropriate level of management. Management will now create new procedures that will insure that the ML administrative assistant will enter all invoices into the system, then the claims examiner will approve before the invoices and transactions cross over to the Finance Department for processing. If a disbursement is overly complex, it will be entered by the claims examiner and approved by a different claims examiner, manager or director within approval limits.

During the time of this particular transaction (April 2017), the Front Desk administrative assistant was processing the disbursements along with the front desk duties. Currently, the accounting specialist processes the review and approval procedures to ensure proper payment of the disbursement. Having a separate employee who is not distracted with the duties of the front desk has made for improved workflow. This improved personnel situation has been in place since July 2017.

Management will create new processes that will include a two person review by the claims department of invoices entered. This will also include a second review by the accounting specialist. These new processes will be in place for the 2018 fiscal year.

In October of 2018, The Claims Department will be utilizing a new Risk Management Information System called Origami. Management will review processes and integrate new controls to coincide with new system specifications.

**NM COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
DECEMBER 31, 2017**

SECTION I – FINANCIAL STATEMENT FINDINGS

There were no financial statement findings for the year ended December 31, 2016.

**NM COUNTY INSURANCE AUTHORITY MULTI-LINE POOL
EXIT CONFERENCE
YEAR ENDED DECEMBER 31, 2017**

An exit conference was held on May 29, 2018. The conference was held at the offices of New Mexico Association of Counties in Santa Fe, New Mexico. The conference was held in a closed meeting to preserve the confidentiality of the audit information prior to the official release of the financial statements by the State Auditor. In attendance were:

NEW MEXICO COUNTY INSURANCE AUTHORITY MULTI-LINE POOL

Kathryn Miller, Board Chair
Ron Lethgo, Board Member (By Phone)
Taylor Horst, Risk Manager
Santiago Chavez, Finance Director
Carolin Rios, Controller

MORTON ACCOUNTING SERVICES, LLC

Janet Pacheco-Morton, Principal

PREPARATION OF FINANCIAL STATEMENTS

The financial statements presented in this report have been prepared by the independent auditor. However, they are the responsibility of management, as addressed in the Independent Auditor's Report.