

**NEW MEXICO COUNTY INSURANCE AUTHORITY:  
MULTI-LINE POOL**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2016**

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2016**

<b>OFFICIAL ROSTER</b>	<b>1</b>
<b>INDEPENDENT AUDITORS' REPORT</b>	<b>2</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>5</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION – ENTERPRISE FUNDS</b>	<b>8</b>
<b>STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – ENTERPRISE FUNDS</b>	<b>9</b>
<b>STATEMENT OF CASH FLOWS – ENTERPRISE FUNDS</b>	<b>10</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>11</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>NOTES TO TEN YEAR CLAIMS DEVELOPMENT INFORMATION (UNAUDITED)</b>	<b>26</b>
<b>TEN YEAR CLAIMS DEVELOPMENT INFORMATION (UNAUDITED)</b>	<b>27</b>
<b>SUPPLEMENTARY BUDGETARY COMPARISONS</b>	
<b>SCHEDULE OF REVENUES AND EXPENSES – BUDGET AND ACTUAL – MULTI-LINE PROGRAM</b>	<b>28</b>
<b>SCHEDULE OF REVENUES AND EXPENSES – BUDGET AND ACTUAL – LAW ENFORCEMENT PROGRAM</b>	<b>29</b>
<b>OTHER SUPPLEMENTARY INFORMATION</b>	
<b>CASH AND CASH EQUIVALENTS RECONCILIATION FROM BOOKS TO FINANCIAL STATEMENTS</b>	<b>30</b>
<b>SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)</b>	<b>31</b>
<b>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>32</b>
<b>SCHEDULE OF FINDINGS AND RESPONSES</b>	<b>34</b>
<b>SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS</b>	<b>35</b>
<b>EXIT CONFERENCE</b>	<b>36</b>

**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL  
OFFICIAL ROSTER  
DECEMBER 31, 2016**

**Board of Directors**

Ron Lethgo	Chair
Katherine Miller	Vice Chair
Rick Rudometkin	Secretary/Treasurer
Lloyd Felipe	Member
Patrick Snedeker	Member
Javier Diaz	Member
Shirley Ragin	Member
Billy G. Garrett	Member
James Dominquez	Member
Bruce Swingle	Member
Wendell Bostwick	Member
Tyler Massey	Ex-officio Member
Doug Decker	Ex-officio Member

**Administrative Officers**

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

**Multi-Line Program Member Counties as of December 31, 2016**

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

**Law Enforcement Program Member Counties as of December 31, 2016**

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



# CliftonLarsonAllen

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
New Mexico County Insurance Authority: Multi-Line Pool  
Santa Fe, New Mexico and  
Mr. Timothy Keller  
New Mexico State Auditor  
Santa Fe, New Mexico

### **Report on the 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, 2016, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements as listed in the table of contents. We also have audited the Schedules of Revenues and Expenses – Budget and Actual presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying financial statements as of and for the year ended December 31, 2016, 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.

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

Board of Directors  
New Mexico County Insurance Authority: Multi-Line Pool and  
Mr. Timothy Keller  
New Mexico State Auditor

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **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, 2016, and the respective changes in financial position and cash flows thereof and the Schedules of Revenues and Expenses – Budget and Actual 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 7 and the ten year claims development information on pages 26 through 27 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 accompanying schedule of cash and cash equivalents reconciliation from books to financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying cash and cash equivalents reconciliation from books to financial statements, listed as other supplementary information in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying cash and cash equivalents reconciliation from books to financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Directors  
New Mexico County Insurance Authority: Multi-Line Pool and  
Mr. Timothy Keller  
New Mexico State Auditor

The Schedule of Vendor Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated May 30, 2017, 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 result of that testing, and not to provide an opinion on 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.



**CliftonLarsonAllen LLP**

Albuquerque, New Mexico  
May 30, 2017

**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2016**

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, 2016.

**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, 2016. 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**

	<u>2016</u>	<u>2015</u>
Total Assets (Cash, Investments, Receivables and Prepaids) \$	45,627,093	\$ 37,537,762
Total Liabilities (Accounts Payable and Claims and Claim Adjustment Expenses)	<u>35,319,056</u>	<u>37,165,438</u>
<b>POOL NET POSITION</b>	<u>\$ 10,308,037</u>	<u>\$ 372,324</u>
<b>REVENUES</b>		
Member Contributions	\$ 23,304,098	\$ 20,165,469
Investment and Other Income	<u>1,100,656</u>	<u>107,763</u>
Total Revenues	24,404,754	20,273,232
<b>EXPENSES</b>		
Claims and Claim Adjustment Expenses	6,869,670	20,650,632
Excess Insurance and Brokerage Fees	4,652,697	3,178,777
General and Administrative	<u>2,946,674</u>	<u>2,852,677</u>
Total Expenses	14,469,041	26,682,086
<b>EXCESS OF REVENUES OVER EXPENSES</b>	9,935,713	(6,408,854)
Net Position - Beginning of Year	<u>372,324</u>	<u>6,781,178</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 10,308,037</u>	<u>\$ 372,324</u>

**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2016**

**Financial Highlights**

- Multi-Line Program assets increased by \$1,555,294, and net position increased by \$4,208,033.
- Law Enforcement Program assets increased by \$6,534,037 and net position increased by \$5,727,680.

**Underwriting Results**

Contributions to the Multi-Line Program increased from \$9,504,463 in 2015 to \$10,080,444 in 2016. Law Enforcement Program contributions increased from \$10,661,006 in 2015 to \$13,223,654 in 2016. 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 \$9,935,713 (a \$4,208,033 increase for Multi-Line and a \$5,727,680 increase for Law Enforcement).

**Excess Insurance Premiums**

Reinsurance expenses for the Multi-Line Program increased by \$384,252 from \$912,608 in 2015 to \$1,296,860 in 2016. Reinsurance expenses for the Law Enforcement Program increased by \$1,084,668, from \$2,156,169 to \$3,240,837 in 2016. This is due to exposures and current losses.

**Investments**

At the end of 2016, the Pools' current assets totaled \$42,739,982. Of this amount, \$4,566,401 was in cash and cash equivalents earning less than 1% interest. Most of the remaining amount was invested primarily in a fixed income portfolio of government and corporate bonds.

**Property, Plant and Equipment**

The Pool had no purchases or disposals of property, plant and equipment during 2016.

**Long-term Debt**

The Pool had no long-term debt during 2016.

**Change in Net Position**

For the year ended December 31, 2016, the Multi-Line Program's net position increased by \$4,208,033. The Law Enforcement Program's net position increased by \$5,727,680. The change in net position for the Multi-Line Program included an operating profit of \$3,710,787 and investment income of \$497,246. The change in net position for the Law Enforcement Program included an operating profit of \$5,135,870 and investment income of \$591,810.



**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2016**

**Net Position**

The Pool had a combined net position of \$10,308,037 at the close of its most recent fiscal year. The Multi-Line Program net position increased from \$2,419,633 to \$6,627,666 and the Law Enforcement Program net position (deficit) increased from (\$2,047,309) to \$3,680,371.

**Budget**

There were no budget overages in the Multi-line and Law Enforcement Pools for 2016.

**Pool Trends and Conditions**

The Multi-Line and the Law Enforcement Pool's continue to see an increased frequency and severity of claims from member counties. Actuarial projections have negatively impacted the Fund Balance in each of the Pools. 2016 saw an increase in deductible levels offered to members across both Pools and a change in the minimum required deductible for each member, thereby shifting more of the first dollar risk to the member and off of the Pools. The Law Enforcement Pool is feeling pressure from public opinion regarding law enforcement activities as well as experiencing substantial claims arising from detention center activities. Management continues to take steps to mitigate these increases; including having the Loss Prevention staff meet more frequently with county staff and increasing training tools available to county employees. The Risk Management department is continuing to focus on sexual misconduct policies and procedures for all Law Enforcement Pool members that are running a detention center. Additionally NMAC has been developing an internal legal bureau to help control legal costs and improve outcomes.

**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL  
STATEMENT OF NET POSITION – ENTERPRISE FUNDS  
DECEMBER 31, 2016**

	Multi-Line Program	Law Enforcement Program	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ 1,984,747	\$ 2,581,654	\$ 4,566,401
Investment in the Local Government Investment Pool	402	578	980
Investments	13,802,086	21,087,078	34,889,164
Accounts Receivable - Subrogation, Deductibles	280,696	265,744	546,440
Accounts Receivable - Other	10,000	2,304,797	2,314,797
Due from New Mexico Association of Counties, Current Portion	99,475	-	99,475
Prepays	322,725	-	322,725
Total Current Assets	16,500,131	26,239,851	42,739,982
<b>NON-CURRENT ASSETS</b>			
Restricted Cash	100,645	100,645	201,290
Due from New Mexico Association of Counties, Net of Current Portion	2,400,233	-	2,400,233
Investment in County Reinsurance Limited	285,588	-	285,588
Total Non-Current Assets	2,786,466	100,645	2,887,111
Total Assets	\$ 19,286,597	\$ 26,340,496	\$ 45,627,093
<b>LIABILITIES AND POOL NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$ 59,945	\$ 65,287	\$ 125,232
Claims and Claim Adjustment Expenses	4,807,162	8,973,493	13,780,655
Total Current Liabilities	4,867,107	9,038,780	13,905,887
<b>LONG-TERM LIABILITIES</b>			
Claims and Claim Adjustment Expenses	7,791,824	13,621,345	21,413,169
Total Long-Term Liabilities	7,791,824	13,621,345	21,413,169
<b>POOL NET POSITION HELD FOR MEMBERS' BENEFITS</b>			
Unrestricted	6,627,666	3,680,371	10,308,037
Total Pool Net Position Held for Members' Benefits	6,627,666	3,680,371	10,308,037
Total Liabilities and Pool Net Position	\$ 19,286,597	\$ 26,340,496	\$ 45,627,093

See accompanying Notes to Financial Statements.

**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION – ENTERPRISE FUNDS  
YEAR ENDED DECEMBER 31, 2016**

	<u>Multi-Line Program</u>	<u>Law Enforcement Program</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Member Contributions	\$ 10,080,444	\$ 13,223,654	\$ 23,304,098
Other Operating Income	11,600	-	11,600
Total Operating Revenues	<u>10,092,044</u>	<u>13,223,654</u>	<u>23,315,698</u>
<b>OPERATING EXPENSES</b>			
Claims and Claim Adjustment Expenses	3,590,859	3,278,811	6,869,670
Excess Insurance Premiums	1,296,860	3,240,837	4,537,697
Brokerage Fees (Insurance)	75,000	40,000	115,000
General and Administrative	1,418,538	1,528,136	2,946,674
Total Operating Expenses	<u>6,381,257</u>	<u>8,087,784</u>	<u>14,469,041</u>
<b>OPERATING INCOME</b>	3,710,787	5,135,870	8,846,657
<b>NON-OPERATING REVENUES</b>			
Investment Income	330,573	591,810	922,383
Interest Income	126,287	-	126,287
Interest in Change in Net Position of County Reinsurance Limited	40,386	-	40,386
Total Non-Operating Revenue	<u>497,246</u>	<u>591,810</u>	<u>1,089,056</u>
<b>CHANGE IN NET POSITION</b>	4,208,033	5,727,680	9,935,713
Pool Net Position (Deficit) Held for Members' Benefits - Beginning of Year	<u>2,419,633</u>	<u>(2,047,309)</u>	<u>372,324</u>
<b>POOL NET POSITION HELD FOR MEMBERS' BENEFITS - END OF YEAR</b>	<u>\$ 6,627,666</u>	<u>\$ 3,680,371</u>	<u>\$ 10,308,037</u>

See accompanying Notes to Financial Statements.

**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL  
STATEMENT OF CASH FLOWS – ENTERPRISE FUNDS  
YEAR ENDED DECEMBER 31, 2016**

	Multi-Line Program	Law Enforcement Program	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Members	\$ 10,102,828	\$ 10,865,331	\$ 20,968,159
Cash Paid to Vendors	(1,543,127)	(1,648,758)	(3,191,885)
Cash Paid on Claims and Claims Adjustments Expenses	(6,119,007)	(2,351,832)	(8,470,839)
Cash Paid for Insurance Brokerage Fees	(75,000)	(40,000)	(115,000)
Cash Paid for Excess Insurance	(1,296,860)	(3,240,837)	(4,537,697)
Cash Received from Others	8,222	-	8,222
Net Cash Provided by Operating Activities	<u>1,077,056</u>	<u>3,583,904</u>	<u>4,660,960</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment Income Received	318,973	476,114	795,087
Interest Income on Notes Receivable Received	137,887	-	137,887
Repayments Received on Notes Receivable	95,448	-	95,448
Investment in County Reinsurance Limited	(40,386)	-	(40,386)
Proceeds from Sale or Maturity of Investments	425,986	901,254	1,327,240
Purchases of Investments	<u>(530,872)</u>	<u>(5,540,409)</u>	<u>(6,071,281)</u>
Net Cash Provided (Used) by Investing Activities	<u>407,036</u>	<u>(4,163,041)</u>	<u>(3,756,005)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
	1,484,092	(579,137)	904,955
Cash and Cash Equivalents - Beginning of Year	<u>500,655</u>	<u>3,160,791</u>	<u>3,661,446</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 1,984,747</u></u>	<u><u>\$ 2,581,654</u></u>	<u><u>\$ 4,566,401</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating Income	\$ 3,710,787	\$ 5,135,870	\$ 8,846,657
Changes in Assets and Liabilities			
Accounts Receivable	22,386	(2,358,323)	(2,335,937)
Prepays	(3,378)	-	(3,378)
Accounts Payable	18,410	22,380	40,790
Claims and Claim Adjustment Expenses	<u>(2,671,149)</u>	<u>783,977</u>	<u>(1,887,172)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 1,077,056</u></u>	<u><u>\$ 3,583,904</u></u>	<u><u>\$ 4,660,960</u></u>
<b>NONCASH AMOUNTS</b>			
Unrealized Gains (Losses) on Investments	<u><u>\$ (40,220)</u></u>	<u><u>\$ 115,677</u></u>	<u><u>\$ 75,457</u></u>

See accompanying Notes to Financial Statements.

**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**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. 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

**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting (Continued)**

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 LPL Financial and the Sandia Investment Group 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 commercial paper and corporate bonds; asset backed obligations; repurchase agreements; certificates of deposit; mutual funds; 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.

**Investment in County Reinsurance Limited**

County Reinsurance Limited (CRL) is a member-owned reinsurance company, consisting of 24 members at December 31, 2016. 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 \$40,386 during the year ended December 31, 2016. Additional contributions may be required from the Pool and other members as determined by CRL.

**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investment in County Reinsurance Limited (Continued)**

During the year ended December 31, 2016, 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.

**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.

**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Claims and Claim Adjustment Expenses (Continued)**

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, 2016 and, accordingly, the net position is reported as unrestricted.

**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.



**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**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, 2016:

Multi-Line Program:			Average			Unrealized	Estimated
Investment	Rate	Maturity Date	Effective Maturity (Years)	Moody Rating	Cost	Holding Gain (Loss)	Fair Value
Dodge & Cox Income Fd	N/A	N/A	N/A	N/A	\$ 1,549,787	\$ (18,161)	\$ 1,531,627
Metropolitan West Fds	N/A	N/A	N/A	N/A	1,536,872	(44,265)	1,492,606
Doubleline Fds Total Return	N/A	N/A	N/A	N/A	1,500,363	(54,375)	1,445,989
Delaware Ltd Term Divers Inc	6.00%	1/15/2018	N/A	N/A	1,049,563	(28,908)	1,020,655
Pimco Pac Invnt Mortgage Ser Total	N/A	4/28/2016	5.7	N/A	935,279	(20,638)	914,641
Federated Inc Trust Sh Ben Int	5.50%	2/20/2038	N/A	N/A	893,320	(39,556)	853,764
Federated Total Ret Bond	N/A	N/A	7.2	N/A	834,211	(32,667)	801,544
Loomis Sayles Ltd Term Gov	N/A	N/A	N/A	N/A	709,720	(17,449)	692,271
Delaware Ltd Term Divers Inc	N/A	N/A	N/A	N/A	545,502	(28,522)	516,981
Federal Farm Credit Bank Bonds	2.88%	2/10/2017	N/A	AAA	501,273	72	501,250
Us Treasury Note	1.00%	3/31/2017	N/A	AAA	500,548	54	500,470
Loomis Sayles Ltd Term Gov	N/A	N/A	3.47	N/A	430,964	(20,421)	410,543
Pimco Low Duration Fund CI P	N/A	3/20/2038	2.42	N/A	392,310	(21,061)	371,249
Franklin Invs Secs Adj Us Govt Sec	N/A	N/A	N/A	N/A	304,546	(19,280)	285,266
Vanguard Fixed Inc Short Term	N/A	N/A	N/A	N/A	277,688	(2,596)	275,093
Vanguard Short Term Infl-Prot Secs Et	N/A	N/A	3.15	N/A	263,327	(4,450)	258,877
Prudential Short Term Corp Bd Fd	N/A	N/A	N/A	N/A	250,013	(10,644)	239,370
Jp Morgan Chase 6.00% 1/15/18	6.00%	1/15/2018	N/A	AAA	207,256	1,244	208,500
Vanguard S/T Bond	N/A	N/A	N/A	N/A	160,885	(2,535)	158,349
Thompson Im Fds Inc Bond Fund	N/A	N/A	N/A	N/A	167,520	(9,679)	157,841
Delaware Diversified Floating	N/A	N/A	6.16	N/A	150,000	2,002	152,002
GNMA	5.50%	2/20/38	N/A	N/A	143,709	(20,208)	123,501
Natl Rural Util Coop 10.375% 11/01/18	10.375%	11/1/2018	N/A	A	129,007	(13,573)	115,434
Goldman Sachs 5.95% 1/18/18	5.95%	1/18/2018	N/A	AAA	103,136	1,064	104,200
Goldman Sachs 6.25% 9/01/17	6.25%	9/1/2017	N/A	AAA	105,130	(2,062)	103,068
Ibm Corp Sr Notes 5.7% 9/14/17	5.70%	9/14/2017	N/A	AAA	104,535	(1,522)	103,013
GNMA	5.00%	3/20/38	N/A	N/A	123,487	(21,082)	102,405
GNMA	5.00%	2/20/39	N/A	N/A	117,397	(18,148)	99,249
GNMA	5.50%	03/15/32	N/A	N/A	145,534	(69,814)	75,720
GNMA	6.00%	5/20/36	N/A	N/A	79,415	(12,007)	67,408
GNMA	6.00%	3/20/37	N/A	N/A	79,541	(14,802)	64,739
GNMA	6.00%	08/20/33	N/A	N/A	47,369	(15,762)	31,606
GNMA	5.50%	10/15/33	N/A	N/A	24,819	(6,178)	18,641
GNMA	6.00%	06/20/31	N/A	N/A	9,897	(5,683)	4,214
					<u>\$14,373,921</u>	<u>\$ (571,610)</u>	<u>\$13,802,086</u>

**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

Law Enforcement Program:	Rate	Maturity Date	Average Effective Maturity (Years)	Moody Rating	Cost	Unrealized Holding Gain (Loss)	Estimated Fair Value
				N/A			
Delaware Diversified Floating Rate	N/A	N/A	6.16	N/A	\$ 2,500,000	\$ 35,839	\$ 2,535,839
Federated Sers Inc Total Ret Bond	N/A	N/A	N/A	N/A	2,418,633	(100,892)	2,317,742
Delaware Ltd Term Divers Inc Fd	N/A	N/A	5.02	N/A	1,689,908	(48,383)	1,641,524
Loomis Sayles Bond	N/A	N/A	N/A	N/A	1,550,684	(137,060)	1,413,624
Doubleline Fds Total Return	N/A	N/A	N/A	N/A	1,456,406	(51,667)	1,404,738
Federated Inc Tr Sho Ben Int	N/A	N/A	N/A	N/A	1,299,153	(53,062)	1,246,091
Metropolitan West Fds	N/A	N/A	N/A	N/A	1,219,456	(32,279)	1,187,178
US Treasury Strips	N/A	N/A	N/A	NR	999,361	(91)	999,270
Fpa New Income Inc	N/A	N/A	N/A	N/A	735,387	(17,354)	718,034
Delaware Diversified	N/A	N/A	N/A	N/A	755,420	(56,875)	698,545
Dodge & Cox Income Fd	N/A	N/A	8.09	N/A	692,235	(8,658)	683,577
Loomis Sayles Limited	N/A	N/A	N/A	N/A	583,314	(15,894)	567,420
Vanguard Short Term	N/A	N/A	3.15	N/A	541,713	(5,700)	536,013
Thompson Im Fds Inc Bond Fd	N/A	N/A	N/A	N/A	558,521	(31,284)	527,237
Fidelity Advisor Floating Rate	N/A	N/A	N/A	N/A	540,790	(21,345)	519,446
Prudential Short Term Corp Fd	N/A	N/A	N/A	N/A	537,899	(19,133)	518,766
Federal Home Loan Bank	1.00%	3/10/2017	N/A	AAA	500,401	(1)	500,400
Fed National Mtg Association	0.75%	4/20/2017	N/A	AAA	500,331	(181)	500,150
Federal Home Loan Bank	0.63%	1/2/2017	N/A	AAA	365,029	(29)	365,000
Vanguard Short Term Infl-Prot Secs Et	N/A	N/A	N/A	N/A	299,376	(4,563)	294,813
Vanguard S/T Bond	N/A	N/A	N/A	N/A	268,141	(4,226)	263,915
US Treasury Bill	N/A	N/A	N/A	N/A	199,568	78	199,646
Gnma li Pass Thru 5.0% 8/20/35	N/A	N/A	N/A	N/A	224,161	(34,892)	189,269
Fed National Mtg Association	1.00%	3/8/2017	N/A	AAA	180,217	(73)	180,144
Caterpillar Notes 7.15% 2/15/19	7.15%	2/15/2019	N/A	AAA	163,393	2,862	166,254
Gnma li Pass Thru 5.0% 7/20/35	5.00%	7/20/2035	N/A	N/A	184,221	(21,713)	162,508
Federal Farm Credit Bank	4.88%	1/17/2017	N/A	AAA	112,215	(14)	112,201
Jp Morgan Chase 6.0% 1/15/18	6.00%	1/15/2018	N/A	AAA	102,898	1,352	104,250
Verizon Comm Bonds 5.5% 2/15/18	5.50%	2/15/2018	N/A	BAA	103,411	826	104,237
Fed National Mtg Association	N/A	1/15/2017	N/A	NR	103,977	(4)	103,973
Federal Farm Credit Bank Bonds	4.95%	1/3/2017	N/A	AAA	70,026	(19)	70,007
Ibm Corp Notes 5.7% Due 9/14/17	5.70%	9/14/2017	N/A	AAA	52,270	(764)	51,507
Federal Farm Credit Bank	2.70%	1/27/2017	N/A	AAA	50,076	(1)	50,075
Gnma 6.0% Dtd 5/1/06 5/20/36	6.00%	5/20/2036	N/A	N/A	39,711	(6,007)	33,704
Gnma 6.0% Dtd 3/1/07 3/20/37	6.00%	3/20/2037	N/A	N/A	39,774	(7,405)	32,370
Fed National Mtg Association	1.25%	1/30/2017	N/A	AAA	31,035	(20)	31,015
Federal Farm Credit Bank	5.13%	1/23/2017	N/A	AAA	30,084	(2)	30,082
Gnma li Pass Thru 5.50% 06/20/33	5.50%	6/20/2033	N/A	N/A	51,040	(24,526)	26,514
					<u>\$21,750,236</u>	<u>\$ (663,158)</u>	<u>\$21,087,078</u>

Investment income is summarized as follows for the year ended December 31, 2016:

Multi-Line Program:	
Interest Income	\$ 379,773
Loss on Sale of Investments	(8,980)
Unrealized Loss	(40,220)
Total Investment Income	<u>\$ 330,573</u>

Law Enforcement Program:	
Interest Income	\$ 476,114
Gain on Sale of Investments	19
Unrealized Gain	115,677
Total Investment Income	<u>\$ 591,810</u>

**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

As of December 31, 2016, the Pool's cash and cash equivalents and investments were as follows:

<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>
<b><u>Multi-Line Program</u></b>		
Cash and Cash Equivalents:		
Checking and Money Market	\$ 1,984,747	\$ 1,984,747
Total	<u>\$ 1,984,747</u>	<u>\$ 1,984,747</u>
Investment in the State General Fund Investment Pool	\$ 402	\$ 402
Total	<u>\$ 402</u>	<u>\$ 402</u>
Restricted Cash	\$ 100,645	\$ 100,645
Total	<u>\$ 100,645</u>	<u>\$ 100,645</u>
Investments:		
Stocks and ETFs	\$ 263,327	\$ 258,877
Corporate Notes	649,065	634,215
Government Asset-Backed Securities	1,772,987	1,589,202
Mutual Funds	11,688,542	11,319,792
Total	<u>\$ 14,373,921</u>	<u>\$ 13,802,086</u>
<b><u>Law Enforcement Program</u></b>		
Cash and Cash Equivalents:		
Checking and Money Market	\$ 2,581,654	\$ 2,581,654
Total	<u>\$ 2,581,654</u>	<u>\$ 2,581,654</u>
Investment in the State General Fund Investment Pool	\$ 578	\$ 578
Total	<u>\$ 578</u>	<u>\$ 578</u>
Restricted Cash	\$ 100,645	\$ 100,645
Total	<u>\$ 100,645</u>	<u>\$ 100,645</u>
Investments:		
Stocks and ETFs	\$ 299,376	\$ 294,813
Corporate Notes	421,971	426,248
Government Asset-Backed Securities	3,681,228	3,586,327
Mutual Funds	17,347,661	16,779,690
Total	<u>\$ 21,750,236</u>	<u>\$ 21,087,078</u>

**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>
<b><u>Both Programs</u></b>		
Cash and Cash Equivalents:		
Checking and Money Market	\$ 4,566,401	\$ 4,566,401
Total	<u>\$ 4,566,401</u>	<u>\$ 4,566,401</u>
Investment in the State General Fund Investment Pool	\$ 980	\$ 980
Total	<u>\$ 980</u>	<u>\$ 980</u>
Restricted Cash	\$ 201,290	\$ 201,290
Total	<u>\$ 201,290</u>	<u>\$ 201,290</u>
Investments:		
Stocks and ETFs	\$ 562,703	\$ 553,690
Corporate Notes	1,071,036	1,060,463
Government Asset-backed Securities	5,454,215	5,175,529
Mutual Funds	29,036,203	28,099,482
Total	<u>\$ 36,124,157</u>	<u>\$ 34,889,164</u>

**Collateral Requirements**

First National Bank of Santa Fe:

Total Amount on Deposit in Bank:			
Multi-Line Checking		\$	678,271
Law Enforcement Checking			2,385,917
Other Funds Administered by the New Mexico Association of Counties (Not Held by the Pool)			691,782
Total Deposit in Bank			<u>3,755,970</u>
FDIC Coverage			(250,000)
Total Uninsured Funds		<u>\$</u>	<u>3,505,970</u>
50% Pledged Collateral Requirement		\$	1,752,985

Pledged Collateral:

<u>Description</u>	<u>Maturity</u>	<u>Par</u>	<u>Market</u>	
CUSIP #3137G1AL1	9/25/2045	\$ 3,329,400	\$3,338,207	\$ 3,338,207
CUSIP # 889855VA7	2/15/2028	500,000	521,525	521,525
Total Pledged Collateral				<u>3,859,732</u>
Over-Collateralized				<u>\$ 2,106,747</u>

**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Custodial Credit Risk**

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, 2016, 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.

**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.

**Commercial Paper.** Unsecured obligations with maturity up to 270 days issued by corporations organized and operating within the United States. The commercial paper shall be assigned the highest rating by 3 of the 4 national rating services (A1, P1, D1 or F1).

**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.

**Asset-backed Obligations.** Debt instruments which are backed by defined cash flows or receivables with a final maturity not exceeding five years and AAA by Standard & Poor's and Moody's.

**Repurchase Agreements.** Contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor.

**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Credit Risk (Continued)**

**Certificates of Deposit.** Limited to \$250,000 per financial institution or bank, unless collateralization requirements within the investment policy are met.

**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's Local Government State 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	11.10%
Metropolitan West Fds	10.81%
Doubleline Fds Total Return	10.48%
Delaware Ltd Term Divers Inc	7.39%
Pimco Pac Invt Mortgage Ser Total	6.63%
Federated Inc Trust Sh Ben Int	6.19%
Federated Total Ret Bond	5.81%
Loomis Sayles Ltd Term Gov	5.02%

**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Concentration of Credit Risk (Continued)**

**Law Enforcement Program:**

Delaware Diversified Floating Rate	12.03%
Federated Sers Inc Total Ret Bond	10.99%
Delaware Ltd Term Divers Inc Fd	7.78%
Loomis Sayles Bond	6.70%
Doubleline Fds Total Return	6.66%
Federated Inc Tr Sho Ben Int	5.91%
Metropolitan West Fds	5.63%

**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, 2016**

	Quoted Prices in Active Markets for Identical Assets (Level 1)
Mutual Funds	\$ 28,099,482
Government Asset Backed Securities	5,175,529
Stocks and ETFs	553,690
Corporate Notes	1,060,463
Total	34,889,164

**NAV Investment - December 31, 2016**

Investment in County Reinsurance Limited	285,588
--	---------

**Investments Not Requiring Fair Value - December 31, 2016**

Money Market	2,022,297
State Treasurer LGIP	402
	2,022,699
Total Investments and Cash Equivalents	\$ 37,197,451

**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**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 \$109,053 in 2016.

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 \$78,568 in 2016.

**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, 2016 and 2015 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.



**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 4 CLAIMS AND CLAIM ADJUSTMENT EXPENSES (CONTINUED)**

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

<b>Multi-Line Program:</b>	2016	2015
Liability for Claims and Claim Adjustment Expenses -		
Beginning of Year	\$ 15,270,135	\$ 13,385,923
Incurred Claims and Claim Adjustment Expenses Related to:		
Current Year	5,053,773	6,079,264
Prior Years	(1,462,914)	1,769,982
Total Incurred	3,590,859	7,849,246
Payments (Net of Amounts Received Pursuant to		
Excess Insurance Contracts) Related to:		
Current Year	(683,011)	(601,088)
Prior Years	(5,578,997)	(5,363,946)
Total Payments	(6,262,008)	(5,965,034)
Liability for Claims and Claim Adjustment Expenses -		
End of Year	12,598,986	15,270,135
 <b>Law Enforcement Program:</b>		
Liability for Claims and Claim Adjustment Expenses -		
Beginning of Year	37,080,996	18,951,446
Incurred Claims and Claim Adjustment Expenses Related to:		
Current Year	9,997,105	10,763,452
Prior Years	(6,718,294)	2,037,934
Total Incurred	3,278,811	12,801,386
Payments (Net of Amounts Received Pursuant to		
Excess Insurance Contracts) Related to:		
Current Year	(481,206)	(933,289)
Prior Years	(17,283,763)	(9,008,682)
Total Payments	(17,764,969)	(9,941,971)
Liability for Claims and Claim Adjustment Expenses -		
End of Year	22,594,838	21,810,861
Total Liability Claims and Claim Adjustment Expenses -		
End of Year	\$ 35,193,824	\$ 37,080,996

As of December 31, 2016, the liability for unpaid claims and claim adjustment expenses of \$13,261,400 for the Multi-Line Program and \$23,764,176 for the Law Enforcement Program are presented at their net present value of \$12,598,986, and \$22,594,838 respectively. These claims are discounted at a rate of 3.0%. For the year ended December 31, 2016, the Multi-Line Program experienced positive development on prior policy year claims, resulting in a decrease to claim expense of \$1,605,916 from the prior year. For the year ended December 31, 2016, the Law Enforcement Program experienced positive development on prior policy year claims, resulting in a decrease to claim expense of \$6,861,296 from the prior year.

**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 5 REINSURANCE AND EXCESS INSURANCE**

The Multi-Line Program and the Law Enforcement Program have purchased commercial reinsurance. The Multi-Line Program's excess coverage layer begins at \$250,000 for property claims, \$150,000 for claims involving certain crimes (with a limit of \$2,000,000 per occurrence), and \$1,000,000 for liability claims, while the Law Enforcement Program's reinsurance coverage layer begins at \$100,000 for individual claims.

Reinsurance coverage on property claims is provided by Munich Reinsurance America Inc. (Munich Re). Munich Re provides \$4,000,000 in liability coverage above the \$1,000,000 retention on each claim in the Multi-Line and Law Enforcement Pools.

These limits are on a per-member basis, and reinsurance coverage in the aggregate is limited to \$10,000,000 each for the Multi-Line and Law Enforcement Pools.

For the year ended December 31, 2016, the Multi-Line and Law Enforcement Pools paid a total of \$1,337,368 and \$3,263,898 respectively for excess insurance premiums.

**NOTE 6 BROKERAGE SERVICE FEE**

Commission/brokerage service fees were \$115,000 for the year ended December 31, 2016.

**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 \$2,550,000 in 2016 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, 2016**

**NOTE 7 GENERAL AND ADMINISTRATIVE (CONTINUED)**

The Pool's general and administrative expenses for the year ended December 31, 2016 consisted of the following:

	Multi-Line Program	Law Enforcement Program	Total
Administrative Fees	\$ 1,200,000	\$ 1,350,000	\$ 2,550,000
Software Support and Licensing	49,313	49,313	98,626
Appraisal Fees	83,515	-	83,515
Insurance	40,508	23,061	63,569
Miscellaneous	1,665	58,409	60,074
Accounting and Auditing	19,855	19,855	39,710
Actuarial	9,250	13,250	22,500
Consulting and Training	3,200	12,938	16,138
Legal	11,232	1,310	12,542
Total	<u>\$ 1,418,538</u>	<u>\$ 1,528,136</u>	<u>\$ 2,946,674</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.

**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL**  
**NOTES TO TEN YEAR CLAIMS DEVELOPMENT INFORMATION (UNAUDITED)**  
**DECEMBER 31, 2016**

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.

**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL  
TEN YEAR CLAIMS DEVELOPMENT INFORMATION (UNAUDITED)  
TEN YEARS ENDED DECEMBER 31, 2016**

(in thousands)	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Net Earned Required Contribution and Investment Revenues	\$ 16,063	\$ 16,323	\$ 17,796	\$ 17,301	\$ 17,483	\$ 17,759	\$ 16,416	\$ 19,807	\$ 20,096
2. Unallocated Claim Expenses	1,768	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	3,397	5,443	6,357	11,685	13,601	12,687	12,888	19,479	16,813
4. Paid (Cumulative) as of:									
Year One	756	918	1,663	985	1,839	1,566	1,781	3,998	1,534
Year Two	2,905	1,856	3,751	3,659	5,771	4,476	5,204	7,378	5,171
Year Three	5,300	4,160	7,522	6,570	8,910	8,183	5,485	8,966	-
Year Four	7,439	6,289	9,689	7,826	10,922	7,787	6,884	-	-
Year Five	8,963	7,255	10,348	8,366	10,498	8,971	-	-	-
Year Six	9,766	7,403	10,785	7,781	11,780	-	-	-	-
Year Seven	10,081	7,574	9,610	8,015	-	-	-	-	-
Year Eight	10,178	6,464	9,610	-	-	-	-	-	-
Year Nine	9,081	6,487	-	-	-	-	-	-	-
Year Ten	9,087	-	-	-	-	-	-	-	-
5. Re-Estimated Incurred Claims and Expense									
Year One	3,397	5,443	6,357	11,685	13,601	12,687	12,888	19,479	16,813
Year Two	6,335	6,050	8,767	10,622	14,908	12,179	12,071	15,573	15,357
Year Three	8,707	6,754	11,586	11,849	14,341	13,323	9,428	13,162	-
Year Four	9,090	8,280	12,332	10,452	13,333	12,616	9,392	-	-
Year Five	10,344	8,299	12,248	9,954	13,116	11,236	-	-	-
Year Six	10,345	7,880	11,222	8,094	12,710	-	-	-	-
Year Seven	10,245	7,673	9,712	8,050	-	-	-	-	-
Year Eight	10,280	6,519	9,610	-	-	-	-	-	-
Year Nine	9,182	6,525	-	-	-	-	-	-	-
Year Ten	9,144	-	-	-	-	-	-	-	-
6. Increase (Decrease) in Estimated Incurred Claims and Expense from End of Policy Year	5,747	1,082	3,253	(3,635)	(891)	(1,451)	(3,496)	(6,317)	(1,456)

**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL  
SCHEDULE OF REVENUES AND EXPENSES –  
BUDGET AND ACTUAL – MULTI-LINE PROGRAM  
YEAR ENDED DECEMBER 31, 2016**

**Multi-Line Program**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts - Budgetary Basis	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Member Contributions	\$11,200,000	\$11,200,000	\$10,080,444	\$ (1,119,556)
Investment Income	400,000	400,000	497,246	97,246
Other Operating Income	-	-	11,600	11,600
Total Revenues	<u>11,600,000</u>	<u>11,600,000</u>	<u>10,589,290</u>	<u>(1,010,710)</u>
<b>EXPENSES</b>				
Claims and Claim Adjustment Expenses	8,500,647	8,500,647	3,590,859	4,909,788
Excess Insurance Premiums	1,485,853	1,485,853	1,296,860	188,993
General and Administrative	1,538,500	1,538,500	1,418,538	119,962
Brokerage Fees	75,000	75,000	75,000	-
Total Expenses	<u>11,600,000</u>	<u>11,600,000</u>	<u>6,381,257</u>	<u>5,218,743</u>
<b>EXCESS OF REVENUE OVER EXPENSES - BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,208,033</u>	<u>\$ 4,208,033</u>

**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL  
SCHEDULE OF REVENUES AND EXPENSES –  
BUDGET AND ACTUAL – LAW ENFORCEMENT PROGRAM  
YEAR ENDED DECEMBER 31, 2016**

**Law Enforcement Program**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts - Budgetary Basis	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Member Contributions	\$15,082,337	\$15,082,337	\$13,223,654	\$ (1,858,683)
Investment Income	400,000	400,000	591,810	191,810
Total Revenues	<u>15,482,337</u>	<u>15,482,337</u>	<u>13,815,464</u>	<u>(1,666,873)</u>
<b>EXPENSES</b>				
Claims and Claim Adjustment Expenses	10,175,000	10,175,000	3,278,811	6,896,189
Excess Insurance Premiums	3,240,837	3,240,837	3,240,837	-
General and Administrative	1,626,500	1,626,500	1,528,136	98,364
Brokerage Fees	40,000	40,000	40,000	-
Total Expenses	<u>15,082,337</u>	<u>15,082,337</u>	<u>8,087,784</u>	<u>6,994,553</u>
<b>EXCESS OF REVENUE OVER EXPENSES - BUDGETARY BASIS</b>	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ 5,727,680</u>	<u>\$ 5,327,680</u>

**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL  
CASH AND CASH EQUIVALENTS RECONCILIATION  
FROM BOOKS TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

	<u>Multi-Line Program</u>	<u>Law Enforcement Program</u>	<u>Total</u>
Interest-Bearing Checking Accounts:			
First National Bank of Santa Fe	\$ 678,271	\$ 2,385,917	\$ 3,064,188
Money Market Wells Fargo Advisors	1,530,125	505,271	2,035,396
Money Market Fidelity Investments	62,376	127,066	189,442
	<u>2,270,772</u>	<u>3,018,254</u>	<u>5,289,026</u>
Reconciling Items:			
Outstanding Checks	(224,063)	(335,955)	(560,018)
Deposits in Transit	38,683	-	-
Restricted Cash	-	-	-
Financial Statement Balance	<u>2,085,392</u>	<u>2,682,299</u>	<u>4,729,008</u>
Cash Held with the State Treasurer Local Government			
Investment Fund	402	578	980
Financial Statement Balance	<u>402</u>	<u>578</u>	<u>980</u>
<b>TOTAL CASH AND CASH EQUIVALENTS, RESTRICTED CASH, AND INVESTMENT IN THE STATE LOCAL GOVERNMENT INVESTMENT POOL</b>	<u><u>\$ 2,085,794</u></u>	<u><u>\$ 2,682,877</u></u>	<u><u>\$ 4,768,671</u></u>



**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL  
 SCHEDULE OF VENDOR INFORMATION FOR PURCHASES  
 EXCEEDING \$60,000 (EXCLUDING GRT)  
 DECEMBER 31, 2016**

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the Procurement Documentation, of ALL Vendor(s) that Responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the Vendor In-State and Chose Veteran's Preference? (Y or N) For Federal Funds, Answer N/A.</i>	<i>Brief Description of the Scope of Work</i>
None	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A



**INDEPENDENT AUDITORS' 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. Timothy Keller  
New Mexico State Auditor  
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the 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, 2016, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements, and the related Schedules of Revenues and Expenses – Budget and Actual presented as supplemental information, and have issued our report thereon dated May 30, 2017.

**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 opinions 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 in this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any

Board of Directors  
New Mexico County Insurance Authority: Multi-Line Pool and  
Mr. Timothy Keller  
New Mexico State Auditor

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Albuquerque, New Mexico  
May 30, 2017

**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2016**

**SECTION I – FINANCIAL STATEMENT FINDINGS**

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

**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2016**

**SECTION I – FINANCIAL STATEMENT FINDINGS**

There were no financial statement findings for the year ended December 31, 2015.

**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL  
EXIT CONFERENCE  
YEAR ENDED DECEMBER 31, 2016**

An exit conference was held on Thursday, May 25, 2017. In attendance were:

**NEW MEXICO COUNTY INSURANCE AUTHORITY: MULTI-LINE POOL**

Ron Lethgo, Board Chair  
Taylor Horst, Risk Management Director  
Santiago Chavez, Finance Director  
Carolin Rios, Controller

**CLIFTONLARSONALLEN LLP**

Raul Anaya, CPA, CFE, CGFM, Principal  
Ryan Jones, CPA, Director

**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 Auditors' Report.