

State of New Mexico

**Grant County**  
**FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITORS'**  
**REPORT THEREON**

For The Fiscal Year Ended June 30, 2008

Grant County  
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**DIRECTORY OF OFFICIALS**

*June 30, 2008*

**Elected Officials**

Henry Torres  
Mary Ann Sedillo  
Jovita Gonzales  
Alfred Sedillo  
Randy Villa  
Robert Zamarripa  
Raul Holguin

Commission Chairman  
Commission Member  
Commission Member  
Treasurer  
Assessor  
Clerk  
Sheriff

**Administrative Staff**

Jon Paul Saari

County Manager

MIKE STONE, C.P.A.  
LINDA STONE MCGEE, C.P.A.  
KAY STONE, C.P.A.  
JARROD MASON, C.P.A.

KELLEY WYATT, C.P.A.  
RYAN MONTOYA, C.P.A.

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## INDEPENDENT AUDITORS' REPORT

Hector H. Balderas, State Auditor  
and  
Board of Commissioners  
Grant County  
Silver City, New Mexico

We have audited the accompanying financial statements of the government activities, other than the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Grant County as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the County's nonmajor governmental funds presented as other supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit as of and for the year ended June 30, 2008. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the discretely presented component unit is based solely on the report of other auditors.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Grant County as of June 30, 2008, and the respective changes in financial position, and cash flows, where applicable thereof and the respective budgetary comparisons for the General, Hospital Indigent, and Drug Enforcement funds for the year then

ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of Grant County as of June 30, 2008, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparisons for the nonmajor Special Revenue funds, the Debt Service funds, the Capital Projects funds and the discretely presented component unit for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2008, on our consideration of Grant County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Grant County has not presented management's discussion and analysis that is required by accounting principles generally accepted in the United States of America to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements, and on the combining, individual fund and budgetary comparisons statements presented as other supplementary information. The accompanying Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the County. In addition, the accompanying financial information listed as other supplemental data in the table of contents is also presented for purposes of additional analysis and is not a required part of the financial statements. The Schedule of Expenditures of Federal Awards and the other supplemental data have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Stone, McGee & Co., CPAs*

November 13, 2008

**Stone, McGee & Co.**  
Certified Public Accountants

Grant County  
**STATEMENT OF NET ASSETS**  
June 30, 2008

|  | Primary<br>Government      | Component<br>Unit               |
|--|----------------------------|---------------------------------|
| <b>ASSETS</b>                                  | Governmental<br>Activities | Gila Regional<br>Medical Center |
| Current:                                       |                            |                                 |
| Cash and investments                           | \$ 14,432,697              | \$ 16,991,860                   |
| Inventories                                    | -                          | 1,717,436                       |
| Taxes receivable                               | 2,064,971                  |                                 |
| Receivables, net                               | 986,374                    | 9,602,121                       |
| Prepaid expenses                               | 235,430                    | 753,364                         |
| Current portion of assets limited as to use    | -                          | 1,730,944                       |
| Notes receivable due currently                 | 11,251                     |                                 |
|  | \$ 17,730,723              | \$ 30,795,725                   |
| Noncurrent assets:                             |                            |                                 |
| Assets limited as to use, less current portion | \$ -                       | \$ 490,467                      |
| Notes receivable, net of current amounts       | 147,815                    |                                 |
| Capital assets, net                            | 53,155,676                 | 29,948,982                      |
| Other assets, net                              |                            | 132,575                         |
|  | \$ 53,303,491              | \$ 30,572,024                   |
| Total noncurrent assets                        | \$ 53,303,491              | \$ 30,572,024                   |
| Total assets                                   | \$ 71,034,214              | \$ 61,367,749                   |

**LIABILITIES**

|   |              |              |
|---|--------------|--------------|
| Current:                                |              |              |
| Accounts payable                        | \$ 584,330   | \$ 2,398,990 |
| Accrued liabilities                     | 399,497      | 764,966      |
| Estimated third party payor settlements | -            | 175,000      |
| Deferred revenue                        | 1,546,613    |              |
| Current maturities of long-term debt    | 629,095      | 1,455,662    |
|   | \$ 3,159,535 | \$ 4,794,618 |
| Total current liabilities               | \$ 3,159,535 | \$ 4,794,618 |
| Noncurrent:                             |              |              |
| Bonds payable                           | \$ 5,555,000 | \$ 4,865,000 |
| Notes payable                           | 138,386      |              |



Grant County  
**STATEMENT OF NET ASSETS (concluded)**  
June 30, 2008

|   | Primary<br>Government      | Component<br>Unit               |
|---|----------------------------|---------------------------------|
|   | Governmental<br>Activities | Gila Regional<br>Medical Center |
| Lease payable                                   | 1,293,568                  |                                 |
| Compensated absences                            | 563,169                    | 1,517,370                       |
| Total noncurrent liabilities                    | \$ 7,550,123               | \$ 6,382,370                    |
| Total liabilities                               | \$ 10,709,658              | \$ 11,176,988                   |
| <b>NET ASSETS</b>                               |                            |                                 |
| Invested in capital assets, net of related debt | \$ 51,308,050              | \$ 23,628,320                   |
| Restricted for:                                 |                            |                                 |
| Capital projects                                | 610,513                    |                                 |
| Debt service                                    | 1,554,688                  | 841,416                         |
| Other purposes                                  | 3,610,006                  |                                 |
| Unrestricted                                    | 3,241,299                  | 25,721,025                      |
| Total net assets                                | \$ 60,324,556              | \$ 50,190,761                   |

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

Grant County  
**STATEMENT OF ACTIVITIES**  
For The Year Ended June 30, 2008

| <u>Functions/Programs</u>                | <u>Expenses</u> | <u>Program Revenues</u>             |   |
|--|-----------------|-------------------------------------|---|
|  |                 | <u>Charges<br/>for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> |
| Governmental activities:                 |                 |                                     |   |
| General government                       | \$ 4,186,225    | \$ 327,175                          | \$ 547,966  |
| Public safety                            | 7,886,718       | 222,621                             | 1,972,099   |
| Public works                             | 3,943,000       | 75,880                              | 68,641  |
| Health and welfare                       | 4,248,554       | 527,226                             | 2,284,039   |
| Culture-recreation                       | 127,839         | 7,538                               | 14,498  |
| Unallocated interest expense             | 323,073         |                                     |   |
|  | <hr/>           | <hr/>                               | <hr/>   |
| Total governmental activities            | \$ 20,715,409   | \$ 1,160,440                        | \$ 4,887,243                                      |
|  | <hr/>           | <hr/>                               | <hr/>   |
| Component Unit:                          |                 |                                     |   |
| Gila Regional Medical Center             | \$ 59,985,787   | \$ 61,370,487                       | \$ -  |
|  | <hr/>           | <hr/>                               | <hr/>   |
| General revenues:                        |                 |                                     |   |
| Property taxes                           |                 |                                     |   |
| Gross receipt taxes                      |                 |                                     |   |
| Gas taxes                                |                 |                                     |   |
| Motor vehicle taxes                      |                 |                                     |   |
| Interest and penalties on property taxes |                 |                                     |   |
| Other miscellaneous taxes                |                 |                                     |   |
| Interest and investment earnings         |                 |                                     |   |
| Miscellaneous                            |                 |                                     |   |
| Loss on disposition of assets            |                 |                                     |   |
| Total general revenues                   |                 |                                     |   |
| Change in net assets                     |                 |                                     |   |
| Net assets--beginning                    |                 |                                     |   |
| Net assets--ending                       |                 |                                     |   |

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

Net (Expenses) Revenue  
and Changes in Net Assets

| Capital<br>Grants and<br>Contributions | Governmental<br>Activities | Component<br>Unit    |
|--|----------------------------|----------------------|
| \$ -                                   | \$ (3,311,084)             | \$ -                 |
|  | (5,691,998)                |                      |
| 1,828,661                              | (1,969,818)                |                      |
|  | (1,437,289)                |                      |
|  | (105,803)                  |                      |
|  | (323,073)                  |                      |
| <u>\$ 1,828,661</u>                    | <u>\$ (12,839,065)</u>     | <u>\$ -</u>          |
| <u>\$ -</u>                            | <u>\$ -</u>                | <u>\$ 1,384,700</u>  |
|  | \$ 5,981,395               | \$ -                 |
|  | 4,477,769                  |                      |
|  | 236,945                    |                      |
|  | 421,122                    |                      |
|  | 107,882                    |                      |
|  | 1,394,471                  |                      |
|  | 962,786                    | 765,316              |
|  | 239,850                    | 426,299              |
|  | (1,046)                    |                      |
|  | <u>\$ 13,821,174</u>       | <u>\$ 1,191,615</u>  |
|  | \$ 982,109                 | \$ 2,576,315         |
|  | <u>59,342,447</u>          | <u>47,614,446</u>    |
|  | <u>\$ 60,324,556</u>       | <u>\$ 50,190,761</u> |

Grant County  
**BALANCE SHEETS**  
**GOVERNMENTAL FUNDS**  
June 30, 2008

|   | General<br>Fund | Hospital<br>Indigent | Drug<br>Enforcement |
|---|-----------------|----------------------|---------------------|
| <b>Assets</b>                           |                 |                      |                     |
| Cash and investments                    | \$ 2,782,160    | \$ 12,942            | \$ -                |
| Accounts receivable                     |                 |                      |                     |
| Interest receivable                     | 64,959          |                      |                     |
| Taxes receivable                        | 1,240,176       | 240,690              |                     |
| Prepaid expenses                        | 235,430         |                      |                     |
| Due from other governments              | 335,836         |                      | 91,524              |
| Interfund receivable                    | 1,079,264       |                      |                     |
| Notes receivable                        |                 |                      |                     |
|   |                 |                      |                     |
| Total assets                            | \$ 5,737,825    | \$ 253,632           | \$ 91,524           |
| <br><b>Liabilities and Fund Balance</b> |                 |                      |                     |
| Accounts payable                        | \$ 307,081      | \$ 6,296             | \$ -                |
| Salaries payable                        | 241,346         |                      |                     |
| Interfund payable                       |                 |                      | 771,349             |
| Deferred revenue                        | 1,827,066       |                      | 24,670              |
|   |                 |                      |                     |
| Total liabilities                       | \$ 2,375,493    | \$ 6,296             | \$ 796,019          |
| <br>Fund balance:                       |                 |                      |                     |
| Reserved for:                           |                 |                      |                     |
| Capital projects                        | \$ -            | \$ -                 | \$ -                |
| Debt service                            |                 |                      |                     |
| Unreserved:                             |                 |                      |                     |
| Reported in:                            |                 |                      |                     |
| General fund                            | 3,362,332       |                      |                     |
| Special revenue funds                   |                 | 247,336              | (704,495)           |
|   |                 |                      |                     |
| Total fund balance                      | \$ 3,362,332    | \$ 247,336           | \$ (704,495)        |
| Total liabilities and fund balance      | \$ 5,737,825    | \$ 253,632           | \$ 91,524           |

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

| Jail<br>C onstruction | Other<br>Funds      | Total<br>Governmental<br>Funds |
|-----------------------|---------------------|--------------------------------|
| \$ 6,205,737          | \$ 5,431,858        | \$ 14,432,697                  |
|                       | 180,394             | 180,394                        |
| 32,794                |                     | 97,753                         |
|                       | 584,105             | 2,064,971                      |
|                       |                     | 235,430                        |
|                       | 280,867             | 708,227                        |
| 63,833                | 52,058              | 1,195,155                      |
|                       | 159,066             | 159,066                        |
| <u>\$ 6,302,364</u>   | <u>\$ 6,688,348</u> | <u>\$ 19,073,693</u>           |

|                  |                     |                     |
|------------------|---------------------|---------------------|
| \$ -             | \$ 270,953          | \$ 584,330          |
|                  | 48,180              | 289,526             |
| 52,058           | 371,748             | 1,195,155           |
|                  | 650,599             | 2,502,335           |
| <u>\$ 52,058</u> | <u>\$ 1,341,480</u> | <u>\$ 4,571,346</u> |

|                     |                     |                      |
|---------------------|---------------------|----------------------|
| \$ 6,250,306        | \$ (71,509)         | \$ 6,178,797         |
|                     | 1,617,758           | 1,617,758            |
|                     |                     | 3,362,332            |
|                     | 3,800,619           | 3,343,460            |
| <u>\$ 6,250,306</u> | <u>\$ 5,346,868</u> | <u>\$ 14,502,347</u> |
| <u>\$ 6,302,364</u> | <u>\$ 6,688,348</u> | <u>\$ 19,073,693</u> |

Grant County  
**RECONCILIATION OF TOTAL GOVERNMENTAL  
 FUND BALANCE TO NET ASSETS OF  
 GOVERNMENTAL ACTIVITIES**  
 June 30, 2008

|  |        |                       |
|--|--------|-----------------------|
| Total governmental fund balances   | \$     | 14,502,347            |
| <br><i>Amounts reported for governmental activities in the statement of activities are different because:</i>            |        |                       |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.  |        | 53,155,676            |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds: |        |                       |
| Property taxes subject to the 60 day availability period   |        | 317,945               |
| Receivables subject to the 60 day availability period  |        | 637,777               |
| Long-term liabilities are not reported in the funds:   |        |                       |
| Bonds payable  |        | (5,940,000)           |
| Notes payable  |        | (161,257)             |
| Lease payable  |        | (1,514,792)           |
| Accrued interest payable   |        | (109,971)             |
| Compensated absences   |        | (563,169)             |
|  |        | (563,169)             |
| <br><i>Net assets of governmental activities</i>   | <br>\$ | <br><u>60,324,556</u> |

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

Grant County  
**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**  
For The Fiscal Year Ended June 30, 2008

|  | <u>General<br/>Fund</u>    | <u>Hospital<br/>Indigent</u> | <u>Drug<br/>Enforcement</u> |
|--|----------------------------|------------------------------|-----------------------------|
| <b>Revenues:</b>                       |                            |                              |                             |
| Property taxes                         | \$ 5,472,272               | \$ -                         | \$ -                        |
| Gross receipts taxes                   | 308,915                    | 1,395,093                    |                             |
| Gas taxes                              | 158,439                    |                              |                             |
| Motor vehicle taxes                    | 421,122                    |                              |                             |
| Other taxes                            | 110,419                    |                              |                             |
| Intergovernmental                      | 3,412,789                  | 1,779,573                    | 260,459                     |
| Fines, licenses and permits            | 66,825                     |                              |                             |
| Charges for services                   | 347,124                    |                              |                             |
| Miscellaneous                          | 697,615                    |                              |                             |
|  | <hr/>                      | <hr/>                        | <hr/>                       |
| Total revenues                         | <u>\$ 10,995,520</u>       | <u>\$ 3,174,666</u>          | <u>\$ 260,459</u>           |
| <b>Expenditures:</b>                   |                            |                              |                             |
| <b>Current:</b>                        |                            |                              |                             |
| General government                     | \$ 3,141,946               | \$ 37,032                    | \$ -                        |
| Public safety                          | 4,112,278                  |                              | 278,336                     |
| Public works                           | 2,556,785                  |                              |                             |
| Health and welfare                     | 474,407                    | 3,052,742                    |                             |
| Culture recreation                     | 60,232                     |                              |                             |
| <b>Debt service:</b>                   |                            |                              |                             |
| Principal                              | 35,900                     |                              |                             |
| Interest                               | 21,160                     |                              |                             |
| Capital outlay                         | 568,392                    |                              |                             |
|  | <hr/>                      | <hr/>                        | <hr/>                       |
| Total expenditures                     | <u>\$ 10,971,100</u>       | <u>\$ 3,089,774</u>          | <u>\$ 278,336</u>           |
| Revenues over (under) expenditures     | \$ 24,420                  | \$ 84,892                    | \$ (17,877)                 |
| <b>Other financing sources (uses):</b> |                            |                              |                             |
| Transfer in                            | 1,446,064                  |                              |                             |
| Transfer out                           | (1,688,663)                | (111,375)                    |                             |
| Loan proceeds                          |                            |                              |                             |
|  | <hr/>                      | <hr/>                        | <hr/>                       |
| Net change in fund balances            | \$ (218,179)               | \$ (26,483)                  | \$ (17,877)                 |
| Fund balance, July 1, 2007             | <u>3,580,511</u>           | <u>273,819</u>               | <u>(686,618)</u>            |
| Fund balance, June 30, 2008            | <u><u>\$ 3,362,332</u></u> | <u><u>\$ 247,336</u></u>     | <u><u>\$ (704,495)</u></u>  |

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

| <u>Jail<br/>Construction</u> | <u>Other<br/>Funds</u> | <u>Governmental<br/>Funds Total</u> |
|------------------------------|------------------------|-------------------------------------|
| \$ -                         | \$ 503,570             | \$ 5,975,842                        |
|                              | 2,773,761              | 4,477,769                           |
|                              |                        | 158,439                             |
|                              |                        | 421,122                             |
|                              | 78,506                 | 188,925                             |
|                              | 3,182,827              | 8,635,648                           |
|                              |                        | 66,825                              |
|                              | 731,996                | 1,079,120                           |
| 442,738                      | 62,283                 | 1,202,636                           |
| <u>\$ 442,738</u>            | <u>\$ 7,332,943</u>    | <u>\$ 22,206,326</u>                |
| \$ -                         | \$ 175,515             | \$ 3,354,493                        |
|                              | 2,600,096              | 6,990,710                           |
|                              |                        | 2,556,785                           |
|                              | 601,925                | 4,129,074                           |
|                              | 67,607                 | 127,839                             |
|                              |                        |                                     |
|                              | 492,061                | 527,961                             |
|                              | 296,850                | 318,010                             |
| 85,941                       | 3,629,857              | 4,284,190                           |
| <u>\$ 85,941</u>             | <u>\$ 7,863,911</u>    | <u>\$ 22,289,062</u>                |
| \$ 356,797                   | \$ (530,968)           | \$ (82,736)                         |
|                              |                        |                                     |
|                              | 918,263                | 2,364,327                           |
|                              | (564,289)              | (2,364,327)                         |
|                              | 684,349                | 684,349                             |
| <u>\$ 356,797</u>            | <u>\$ 507,355</u>      | <u>\$ 601,613</u>                   |
| 5,893,509                    | 4,839,513              | 13,900,734                          |
| <u>\$ 6,250,306</u>          | <u>\$ 5,346,868</u>    | <u>\$ 14,502,347</u>                |



Grant County  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES**

For The Fiscal Year Ended June 30, 2008

|  |                   |
|--|-------------------|
| Net change in fund balances-total governmental funds   | \$ 601,613        |
| <i>Amounts reported for governmental activities in the statement of activities are different because:</i>  |                   |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. | 1,101,432         |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.   | (507,762)         |
| Bond and loan proceeds are reported as financing sources in the funds, In the Statement of Activities, however, issuing debt increased long term liabilities   | (684,349)         |
| Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets  | 527,961           |
| In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.   | (5,063)           |
| Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal. This is the loss on the dispositions.   | (1,046)           |
| Some expense reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.  | (50,677)          |
| <i>Change in Net Assets of Governmental Activities</i>   | <b>\$ 982,109</b> |

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

Grant County  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|                                    | Original<br>Budget   | Final<br>Budget      | Actual               | Variance<br>Favorable<br>(Unfavorable) |
|------------------------------------|----------------------|----------------------|----------------------|--|
| Revenues:                          |                      |                      |                      |  |
| Taxes                              | \$ 6,977,917         | \$ 6,977,917         | \$ 6,112,566         | \$ (865,351)                           |
| Intergovernmental                  | 3,372,143            | 5,392,555            | 4,880,600            | (511,955)                              |
| Fines, licenses and permits        | 71,000               | 71,000               | 66,825               | (4,175)                                |
| Charges for services               | 289,500              | 289,500              | 163,526              | (125,974)                              |
| Miscellaneous                      | 223,000              | 223,000              | 734,166              | 511,166                                |
| Total revenues                     | <u>\$ 10,933,560</u> | <u>\$ 12,953,972</u> | <u>\$ 11,957,683</u> | <u>\$ (996,289)</u>                    |
| Expenditures:                      |                      |                      |                      |  |
| Current:                           |                      |                      |                      |  |
| General government                 | \$ 3,243,204         | \$ 3,936,674         | \$ 3,034,262         | \$ 902,412                             |
| Public safety                      | 3,781,061            | 4,779,256            | 4,194,199            | 585,057                                |
| Public works                       | 2,723,800            | 2,731,315            | 2,525,193            | 206,122                                |
| Health and welfare                 | 441,704              | 562,228              | 530,912              | 31,316                                 |
| Culture and recreation             | 25,574               | 59,574               | 58,697               | 877                                    |
| Capital outlay                     | 337,060              | 503,768              | 696,144              | (192,376)                              |
| Total expenditures                 | <u>\$ 10,552,403</u> | <u>\$ 12,572,815</u> | <u>\$ 11,039,407</u> | <u>\$ 1,533,408</u>                    |
| Revenues over (under) expenditures | \$ 381,157           | \$ 381,157           | \$ 918,276           | \$ 537,119                             |
| Other financing sources (uses):    |                      |                      |                      |  |
| Transfer in                        | 980,046              | 980,046              | 980,046              | -                                      |
| Transfer out                       | (1,688,663)          | (1,688,663)          | (1,688,663)          | -                                      |
| Net change in fund balance         | \$ (327,460)         | \$ (327,460)         | \$ 209,659           | \$ 537,119                             |
| Fund balance, July 1, 2007         | 3,544,311            | 3,544,311            | 3,651,765            | 107,454                                |
| Fund balance, June 30, 2008        | <u>\$ 3,216,851</u>  | <u>\$ 3,216,851</u>  | <u>\$ 3,861,424</u>  | <u>\$ 644,573</u>                      |

The accompanying notes are an integral part of these financial statements

Grant County  
**SPECIAL REVENUE FUND - HOSPITAL INDIGENT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|                                    | Original<br>Budget  | Final<br>Budget     | Actual              | Variance<br>Favorable<br>(Unfavorable) |
|------------------------------------|---------------------|---------------------|---------------------|--|
| Revenues:                          |                     |                     |                     |  |
| Taxes                              | \$ 1,475,000        | \$ 1,475,000        | \$ 1,381,450        | \$ (93,550)                            |
| Intergovernmental                  | 1,150,334           | 1,673,081           | 1,779,573           | 106,492                                |
| Miscellaneous                      |                     |                     |                     | -                                      |
| <b>Total revenues</b>              | <b>\$ 2,625,334</b> | <b>\$ 3,148,081</b> | <b>\$ 3,161,023</b> | <b>\$ 12,942</b>                       |
| Expenditures:                      |                     |                     |                     |  |
| Current:                           |                     |                     |                     |  |
| Health and welfare                 | \$ 2,528,387        | \$ 3,051,134        | \$ 3,051,134        | \$ -                                   |
| Capital outlay                     |                     |                     |                     | -                                      |
| <b>Total expenditures</b>          | <b>\$ 2,528,387</b> | <b>\$ 3,051,134</b> | <b>\$ 3,051,134</b> | <b>\$ -</b>                            |
| Revenues over (under) expenditures | \$ 96,947           | \$ 96,947           | \$ 109,889          | \$ 12,942                              |
| Other financing sources (uses):    |                     |                     |                     |  |
| Transfer out                       | (111,375)           | (111,375)           | (111,375)           | -                                      |
| Net change in fund balance         | \$ (14,428)         | \$ (14,428)         | \$ (1,486)          | \$ 12,942                              |
| Fund balance, July 1, 2007         | 14,428              | 14,428              | 14,428              | -                                      |
| Fund balance, June 30, 2008        | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ 12,942</u>    | <u>\$ 12,942</u>                       |

The accompanying notes are an integral part of these financial statements

Grant County  
**SPECIAL REVENUE FUND - DRUG ENFORCEMENT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|                             | Original<br>Budget | Final<br>Budget   | Actual              | Variance<br>Favorable<br>(Unfavorable) |
|-----------------------------|--------------------|-------------------|---------------------|--|
| Revenues:                   |                    |                   |                     |  |
| Intergovernmental           | \$ 980,393         | \$ 980,393        | \$ 199,286          | \$ (781,107)                           |
| Miscellaneous               |                    |                   |                     | -                                      |
| <b>Total revenues</b>       | <b>\$ 980,393</b>  | <b>\$ 980,393</b> | <b>\$ 199,286</b>   | <b>\$ (781,107)</b>                    |
| Expenditures:               |                    |                   |                     |  |
| Current:                    |                    |                   |                     |  |
| Public safety               | \$ 249,183         | \$ 281,228        | \$ 281,008          | \$ 220                                 |
| Capital outlay              |                    |                   |                     | -                                      |
| <b>Total expenditures</b>   | <b>\$ 249,183</b>  | <b>\$ 281,228</b> | <b>\$ 281,008</b>   | <b>\$ 220</b>                          |
| Net change in fund balance  | \$ 731,210         | \$ 699,165        | \$ (81,722)         | \$ (780,887)                           |
| Fund balance, July 1, 2007  | -                  | -                 | (689,627)           | (689,627)                              |
| Fund balance, June 30, 2008 | <u>\$ 731,210</u>  | <u>\$ 699,165</u> | <u>\$ (771,349)</u> | <u>\$ (1,470,514)</u>                  |

The accompanying notes are an integral part of these financial statements

Grant County  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
June 30, 2008

**Assets**

|                      |                     |
|----------------------|---------------------|
| Cash and investments | \$ 336,659          |
| Taxes receivable     | <u>830,617</u>      |
| Total assets         | <u>\$ 1,167,276</u> |

**Liabilities**

|                   |                     |
|-------------------|---------------------|
| Due to others     | <u>\$ 1,167,276</u> |
| Total liabilities | <u>\$ 1,167,276</u> |

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

Grant County  
**COMPONENT UNIT- GILA REGIONAL MEDICAL CENTER**  
**STATEMENT OF CASH FLOWS**  
For the year ended June 30, 2008

|  |                          |
|--|--------------------------|
| Cash flows from operating activities:                                |                          |
| Cash received from patients and third-party payors                   | \$ 64,290,331            |
| Other receipts from operations                                       |                          |
| Cash paid to employees   | (31,765,176)             |
| Cash paid to suppliers   | (28,101,892)             |
|  | <hr/>                    |
| Net cash provided by operating activities                            | \$ 4,423,263             |
| <br>   |                          |
| Cash flows from noncapital financing activities:                     |                          |
| Grants and gifts   | \$ 426,299               |
|  | <hr/>                    |
| Net cash provided (used) by noncapital financing activities          | \$ 426,299               |
| <br>   |                          |
| Cash flows from capital and related financing activities             |                          |
| Change in assets limited as to use                                   | \$ 55,987                |
| Capital grants   |                          |
| Purchase of capital assets   | (2,950,767)              |
| Payment of long-term debt  | (1,360,000)              |
| Interest paid on capital debt  | (331,106)                |
|  | <hr/>                    |
| Net cash provided (used) by capital and related financing activities | \$ (4,585,886)           |
| <br>   |                          |
| Cash flows from investing activities:                                |                          |
| Purchase of certificates of deposit                                  | \$ (1,754,352)           |
| Interest on investments  | 765,316                  |
|  | <hr/>                    |
| Net cash provided (used) by investing activities                     | \$ (989,036)             |
| <br>   |                          |
| Net increase (decrease) in cash and equivalents                      | \$ (725,360)             |
| <br>   |                          |
| Cash and equivalents, beginning of year                              | <hr/> 4,141,736          |
| <br>   |                          |
| Cash and equivalents, end of year                                    | <hr/> <hr/> \$ 3,416,376 |

Grant County  
**COMPONENT UNIT- GILA REGIONAL MEDICAL CENTER**  
**STATEMENT OF CASH FLOWS**  
For the year ended June 30, 2008

|   |              |
|---|--------------|
| Reconciliation of operating income (loss) to<br>net cash provided (used) by operating activities: |              |
| Operating income (loss)   | \$ 1,704,899 |
| Adjustments to reconcile operating income to net cash<br>provided (used) by operating activities: |              |
| Depreciation and amortization expense   | 2,521,453    |
| Provision for bad debts   | 5,415,950    |
| Changes in assets and liabilities:  |              |
| Patient accounts receivable   | (3,476,329)  |
| Other receivables   | 985,223      |
| Estimated third-party settlements   | (5,000)      |
| Inventories   | 213,389      |
| Prepaid expenses and deposits   | (76,558)     |
| Accounts payable and accrued expenses   | (2,859,764)  |
| Net cash provided (used) by operating activities  | \$ 4,423,263 |

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

Grant County  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2008

Note 1 Summary of Significant Accounting Policies

**A. GENERAL**

The County of Grant, a political subdivision of the State of New Mexico, operates under the commissioner-manager form of government. The County provides the following authorized services: public safety, highways and streets, sanitation, health and welfare, social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The County complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements. Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note. For the fiscal year ended June 30, 2004, the County implemented the new financial reporting requirements of GASB Statement No. 34. As a result, an entirely new financial presentation format has been implemented.

**B. FINANCIAL REPORTING ENTITY**

The County's basic financial statements include the accounts of all County operations. The criteria for including organizations as component units within the County's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the County holds the corporate powers of the organization
- the County appoints a voting majority of the organization's board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is fiscal dependency by the organization on the County

Based on the aforementioned criteria, the County has one component unit, Gila Regional Medical Center.

Gila Regional Medical Center is a County owned hospital. The hospital is presented discretely, meaning separate columns are provided for the hospital in the financial statements to distinguish it from the primary government. Separately issued financial statements can be obtained by writing to Gila Regional Medical Center at 1313 East 32<sup>nd</sup> Street Silver City, New Mexico 88061.



## C. BASIS OF PRESENTATION

### Governmental-wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The County has no business-type activities.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are not allocated, but are presented as separate functions. Program revenues include charges paid by recipients of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational and capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which a program is self-financing or draws from the general revenues of the County.

### Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; or
- b. The County believes the fund is particularly important to financial statement users

The funds of the financial reporting entity are described below:

### **Governmental Funds**

#### *General Fund*

The General Fund is the primary operating fund of the County and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

### *Special Revenue Funds*

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

### *Capital Project Fund*

The Capital Project Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items.

### *Debt Service Fund*

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principle on the general obligation bonds of the County other than debt service payments made by enterprise funds. Ad valorem taxes are used for the payment of principal and interest on the County's general obligation bonds.

### **Fiduciary Funds (Not included in government-wide statements)**

#### *Agency Funds*

Agency funds account for assets held by the County in a purely custodial capacity. The reporting entity includes two agency funds. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations. The Agency funds areas follows:

Property Tax Fund – to account for the undistributed property taxes both received and yet to be received which are to be distributed to the various taxing entities at a later date.

#### *Major Funds*

The funds classified as major are as follows:

General – Accounts for all activities except those accounted for in other funds.

#### Special Revenue Funds:

Hospital Indigent – solely for the support of indigent hospital patients who are residents of Grant County. Financing is provided by the imposition of a  $\frac{1}{4}$  of 1% sales tax. The Authority is NMSA 27-5-7.

Drug Enforcement – accounts for federal revenues and expenditures for drug enforcement within Southwest New Mexico. The fund is authorized by County resolution.

#### Capital Projects Funds:

Jail Construction – accounts for the bond proceeds to be used to construct a new jail.

### *Nonmajor Funds*

Fund description for all funds are included in the “Other Supplementary Information” section of this report.

## **D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

### **Measurement Focus**

On the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined in item “b” below.

In the fund financial statements, the “current financial resources” measurement focus is used:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The government-wide financial statements utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

### **Basis of Accounting**

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Derived tax revenues are recognized when the exchange takes place, and grants are recognized when all eligibility requirements are met.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability

is incurred, except for long-term debt principal and interest which are reported when due.

Fiduciary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

#### **E. BUDGETS**

Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are prepared by management and approved by the local County Commission and the New Mexico Department of Finance and Administration.

These budgets are prepared on the NON-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be reappropriated in the budget of the subsequent fiscal year.

Actual expenditures may not exceed the budget on a by fund basis. Budgets may be amended in two ways. If a budget transfer is necessary within a fund, this may be accomplished with only local Commission approval. If a transfer between "funds" or a budget increase is required, approval must also be obtained from the Department of Finance and Administration.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

#### **F. CASH AND INVESTMENTS**

For the purpose of the Statement of Net Assets, "cash and investments" includes all demand, savings accounts, certificates of deposits and short-term investments of the County.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price.

State statutes authorize the government to invest in interest bearing accounts with local financial institutions, direct obligations of the U.S. Treasury or New Mexico political subdivisions, and the state treasurers investment pool.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owner of such public monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the County. The pledged securities remain in the name of the financial institution. Premiums (discounts) on investments are amortized by the interest method, or methods approximating the interest method.

## **G. INTERFUND RECEIVABLES AND PAYABLES**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "interfund receivables or payables". Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

## **H. RECEIVABLES**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include gross receipts and use taxes, franchise taxes, and grants.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as gross receipts tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis.

Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

## **I. CAPITAL ASSETS**

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations and whether they are reported in the government-wide or fund financial statements.

### *Government-wide Statements*

In the government-wide financial statements, capital assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. The County elected to utilize the infrastructure transition option in the implementation of GASB Statement No. 34, and since fiscal year 2004 has capitalized only infrastructure assets acquired each year. Infrastructure assets acquired prior to July 1, 2003 have been measured and evaluated and have been capitalized effective July 1, 2005.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful

lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

- Buildings 25-50 years
- Improvements 10-50 years
- Machinery and Equipment 03-10 years
- Infrastructure 25-75 years
- Software and Library 5-10 years

#### *Fund Financial Statements*

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Assets acquired with an original cost of \$5,000 or more are capitalized.

### **J. LONG-TERM DEBT**

The accounting treatment of long-term debt depends on whether the assets acquired with the debt are used in governmental fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable, accrued compensated absences, and bonds payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures.

### **K. COMPENSATED ABSENCES**

The County's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

### **L. EQUITY CLASSIFICATIONS**

#### *Government-wide Statements*

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt- Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

*Fund Statements*

Equity is classified as fund balance and displayed in two components:

- a. Reserved – Consists of governmental fund balances that are not appropriable, legally segregated for specific usage, or commitments to outside third parties.
- b. Unreserved – Consists of designations of amounts representing tentative management plans for governmental fund balances, but subject to change (Designated), and undesignated, for which no restrictions or designations exist.

**M. REVENUES, EXPENDITURES, AND EXPENSES**

*Gross Receipts Tax*

The County levies a gross receipts tax on taxable gross receipts within the County. The rate includes both County and State assessments. The tax is collected by the New Mexico Taxation and Revenue Department and remitted to the County in the month following receipt by the Department. The Department receives the tax one month after collection by vendors. Included in this tax is amounts dedicated to intercept agreements, and those dedicated amounts are recorded directly in those funds.

Gross receipts tax collected by the State in June and July (which represent May and June transactions) and received by the County in July and August have been accrued and are included under the caption "Taxes Receivable."

*Property Tax*

Property taxes attach as an enforceable lien on property as of January 1. Property tax rates for the year are set no later than September 1 each year by the Secretary of Finance and Administration. The rates of tax are then used by County Assessors to develop the property tax schedule by October 1. Taxes are payable in equal semiannual installments by November 10 and April 10 of the subsequent year and become delinquent 30 days later. Taxes are collected on behalf of the County by the County Treasurer, and are remitted to the County in the month following collection. Because the Treasurer of the County in which the County is located is statutorily required to collect taxes as an intermediary agency for all forms of government, distribution of taxes are made through the applicable county to the County.

The County is permitted to levy taxes for general operating purposes based on a state formula, per \$1,000 of taxable value for both residential and nonresidential property, taxable value being defined as one third of the fully assessed value. In addition, the County is allowed to levy taxes for payments of bond principal and interest in amounts approved by voters of the County. The County's total tax rate to finance

general government services for the year ended June 30, 2008 was \$11.85 per \$1,000 for non-residential property and \$6.108 for residential property. The County's tax rate for debt service was \$.823 per \$1,000 for both residential and nonresidential property.

Property tax receivables are recognized net of estimated refunds and uncollectible amounts in the period for which the taxes are levied, even if they are not available. Property taxes not collected within 60 days of year end are reported as deferred revenue in the fund statements.

#### *Operating Revenues and Expenses*

Operating revenue of governmental funds includes fees to users and license fees. Operating grants include operating-specific and discretionary grants while capital grants reflect capital-specific appropriations.

#### *Expenditures / Expenses*

In the government-wide financial statements, expenses are classified by function for governmental activities.

In the fund financial statements, expenditures are classified as follows:

|                                   |  |
|-----------------------------------|--|
| Governmental Fund – By Character: | Current (further classified by function) |
|                                   | Debt Service                             |
|                                   | Capital Outlay                           |

In the fund financial statements, governmental funds report expenditures of financial resources.

The County first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The County does not allocate indirect expenses.

## **N. INTERFUND TRANSFERS**

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

## **O. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



Note 2 Custodial Credit Risk

Custodial credit risk is the risk in the event of a bank failure the Government's deposits may not be returned to it. The County does not have a deposit policy for credit risk beyond that disclosed in Note 1. As of June 30, 2008, \$1,439,209 of the County's bank balance of \$2,697,458 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized \$ 1,439,209

The State Treasurer Local Government Investment Pool is not SEC registered. The State Treasurer, with the advice and consent of the State Board of Finance, is authorized to invest money held in the short-term investment fund in accordance with Sections 6-10-10I through 6-10-10P and Sections 6-10-10.1 A and E, NMSA 1978. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The pool does not have unit shares. Per Section 6-10-10.IF, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts fund were invested.

Investments are valued at fair value based on quoted market prices as of the valuation date.

Participation in the pool is voluntary. The County had \$100,000 on deposit in the pool at June 30, 2008, which is AAAM rated with a weighted average maturity of 19 days.

The cash on deposit with NMFA is, in effect, loan payments made by the County but not yet disbursed. Such deposits are subject to the collateral requirements of NMFA. Such deposits total \$581,741.

Note 3 Investments

As of June 30, 2008, the County had the following investments:

| <u>Investment Type</u>              | <u>Amortized Cost</u> | <u>Fair Value</u>   | <u>Weighted Average Maturity (Months)</u> |
|-------------------------------------|-----------------------|---------------------|---|
| Freddie Mac Notes                   | \$ 4,054,970          | \$ 4,099,112        | 2.85                                      |
| Federal Home Loan Notes             | 5,985,184             | 6,002,312           | 3.72                                      |
| Fannie Mae Notes                    | 548,815               | 540,062             | 5.00                                      |
| U.S. Government Money Market        | <u>1,990,329</u>      | <u>1,990,329</u>    | N/A                                       |
|                                     | <u>\$12,579,298</u>   | <u>\$12,631,815</u> |   |
| Portfolio weighted average maturity |                       |                     | 3.45                                      |

The County has elected to report its investments at amortized cost, since all investments have a maturity date of less than one year at time of purchase.

*Interest Rate Risk* - The County limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates by limiting the weighted average maturity of its investment portfolio to less than one year.

*Credit Risk* - The County has no investment policy beyond that prescribed by New Mexico law. As of June 30, 2008, the County's investment in Freddie Mac notes was rate A-1+ by Standards & Poors, and P-1 by Moody's. The County's investment in Federal Home Loan Notes was rated A-1+ by Standards & Poors, and P-1 by Moody's. The County's investment in Fannie Mae notes was rated A-1+ by Standard & Poors, and P-1 by Moody's.

*Concentration of Credit Risk* - The County places no limits on the amount it may invest in any one issuer. The County currently has 32% invested in Freddie Mac notes, 48% invested in Federal Home Loan notes, 4% invested in Fannie Mae notes, and 16% invested in U.S. Government securities.

*Custodial Credit Risk* - The County is not subject to custodial credit risk for its investments, since all are held in the name of the County.

| Note 4 | Receivables                 | <u>Governmental<br/>Activities</u> |
|--------|-----------------------------|------------------------------------|
|        | Accounts receivable:        |                                    |
|        | Services (net)              | \$ <u>180,394</u>                  |
|        | Property taxes              | \$ 1,240,176                       |
|        | Gross receipts taxes        | 709,784                            |
|        | Motor vehicle taxes         | 82,613                             |
|        | Gas taxes                   | 29,576                             |
|        | Other miscellaneous taxes   | <u>2,822</u>                       |
|        | Total taxes receivable      | <u>\$ 2,064,971</u>                |
|        | Interest receivable         | <u>\$ 97,753</u>                   |
|        | Due from other governments: |                                    |
|        | Intergovernmental grants    | <u>\$ 708,227</u>                  |
|        | Total                       | <u>\$ 3,051,345</u>                |

The County believes all receivables are collectible, therefore no allowance for doubtful accounts has been established.

Notes receivable are advances to the Solid Waste Authority, payable at \$1,533 per month, including interest at 4.8%, maturing March of 2019. This advance was to provide operating capital to the Authority, which is the entity that operates the Landfill. The balance is \$159,066 at June 30, 2008.

Note 5 Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows:

|   | Balance<br>July 1, 2007 | Increases            | Decreases         | Balance<br>June 30, 2008 |
|---|-------------------------|----------------------|-------------------|--------------------------|
| <b>Governmental Activities:</b>             |                         |                      |                   |                          |
| Capital assets not being depreciated:       |                         |                      |                   |                          |
| Land and land improvements                  | \$ 1,625,598            | \$                   | \$                | \$ 1,625,598             |
| Construction in progress                    | <u>882,799</u>          | <u>1,686,919</u>     | <u>-0-</u>        | <u>2,569,718</u>         |
| Total capital assets not being depreciated  | <u>\$ 2,508,397</u>     | <u>\$ 1,686,919</u>  | <u>\$ -0-</u>     | <u>\$ 4,195,316</u>      |
| Capital assets being depreciated:           |                         |                      |                   |                          |
| Infrastructure                              | \$ 68,782,286           | \$ 613,000           | \$ -0-            | \$ 69,395,286            |
| Buildings & improvements                    | 10,862,140              | 3,000                | 2,368             | 10,862,772               |
| Equipment/vehicles/machinery                | <u>14,387,021</u>       | <u>1,981,272</u>     | <u>424,487</u>    | <u>15,943,806</u>        |
| Total capital assets being depreciated      | <u>\$ 94,031,447</u>    | <u>\$ 2,597,272</u>  | <u>\$ 426,855</u> | <u>\$ 96,201,864</u>     |
| Less accumulated depreciation for:          |                         |                      |                   |                          |
| Infrastructure                              | \$(26,021,031)          | \$(359,245)          | \$ -0-            | \$(27,457,327)           |
| Buildings and improvements                  | (8,253,313)             | (1,436,296)          | 2,368             | (8,610,190)              |
| Equipment/vehicles/machinery                | <u>(10,210,210)</u>     | <u>(1,387,218)</u>   | <u>423,441</u>    | <u>(11,173,987)</u>      |
| Total accumulated depreciation              | <u>\$(44,484,554)</u>   | <u>\$(3,182,759)</u> | <u>\$ 425,809</u> | <u>\$(47,241,504)</u>    |
| Total capital assets being depreciated, net | <u>\$ 49,546,893</u>    | <u>\$ (585,487)</u>  | <u>\$ (1,046)</u> | <u>\$ 48,960,360</u>     |
| Governmental activity, capital assets, net  | <u>\$ 52,055,290</u>    | <u>\$ 1,101,432</u>  | <u>\$ (1,046)</u> | <u>\$ 53,155,676</u>     |

Depreciation was charged to the Governmental Activities as follows:

|   |                     |
|---|---------------------|
| General Government                          | \$ 822,504          |
| Public Safety                               | 855,270             |
| Public Works                                | 1,388,056           |
| Health and Welfare                          | <u>116,929</u>      |
| Prior depreciation on infrastructure assets | <u>\$ 3,182,759</u> |

Note 6 Accrued Expenses

At June 30, 2008, accrued expenses consisted of the following:

|                               | <u>Governmental<br/>Activities</u> |
|-------------------------------|------------------------------------|
| Accruals payroll and benefits | \$ 289,526                         |
| Accrue interest payable       | <u>109,971</u>                     |
|                               | <u>\$ 399,497</u>                  |

Note 7 Long-Term Debt

Long-Term Debt and Other Liabilities

Long-term liabilities activity for the year ended June 30, 2008, was as follows:

|                                 | <u>Balance<br/>July 1, 2007</u> | <u>Additions</u>    | <u>Deletions</u>  | <u>Balance<br/>June 30, 2008</u> | <u>Due In<br/>One Year</u> |
|---------------------------------|---------------------------------|---------------------|-------------------|----------------------------------|----------------------------|
| <b>Governmental Activities:</b> |                                 |                     |                   |                                  |                            |
| <b>Bonds and notes payable</b>  |                                 |                     |                   |                                  |                            |
| 2005 G.O. Bonds                 | \$ 5,560,000                    | \$ -0-              | \$ 175,000        | \$ 5,385,000                     | \$ 185,000                 |
| Revenue bond                    | 755,000                         |                     | 200,000           | 555,000                          | 200,000                    |
| Note payable - Sapillo Creek    | 61,602                          |                     | 8,131             | 53,471                           | 8,308                      |
| Note payable – Fort Bayard      | <u>122,124</u>                  |                     | <u>14,338</u>     | <u>107,786</u>                   | <u>14,563</u>              |
| Total bonds and notes payable   | <u>\$ 6,498,726</u>             | <u>\$ -0-</u>       | <u>\$ 397,469</u> | <u>\$ 6,101,257</u>              | <u>\$ 407,871</u>          |
| <b>Other liabilities:</b>       |                                 |                     |                   |                                  |                            |
| Capital leases                  | \$ 960,935                      | \$ 964,349          | \$ 410,492        | \$ 1,514,792                     | \$ 249,106                 |
| Compensated absences            | <u>512,492</u>                  | <u>228,778</u>      | <u>178,101</u>    | <u>563,169</u>                   | <u>-0-</u>                 |
| Total other liabilities         | <u>\$ 1,473,427</u>             | <u>\$ 1,193,127</u> | <u>\$ 588,593</u> | <u>\$ 2,077,961</u>              | <u>\$ 249,106</u>          |
| Long-term debt                  | <u>\$ 7,972,153</u>             | <u>\$ 1,193,127</u> | <u>\$ 986,062</u> | <u>\$ 8,179,218</u>              | <u>\$ 656,977</u>          |

2001 Gross Receipts Tax Refunding Bonds

2001 Gross Receipts Tax Revenue Bonds, series August 15, 2001, issued in the initial principal amount of \$1,455,000, maturing serially through September 1, 2010. The series bears interest rates of 4.75% to 5.35%. The bonds were sold for the purpose of an advance refunding of the 1996 Gross Receipts Tax Revenue Bonds. Proceeds from the refunding were placed in an escrow account to retire the 1996 bonds.

The 2001 refunding bonds are payable solely from gross receipts collected by the County. The bond ordinance issued by the County requires monthly transfers of the collected gross receipts to the paying agent, for placement in the bond retirement account. Any excess pledged revenues not needed for the current years obligations may be transferred back to the County's general fund.

The bonds maturing on and after September 1, 2007, are subject to price redemption at the option of the County, in whole or in part, in principal amount of \$5,000 or any integral multiple thereof; however, no bond shall be redeemed in part if, following its redemption, the principal of such bond is less than \$100,000. Such bonds may be redeemed on September 1, 2006, or any date thereafter in such order of maturity selected by the County, at the redemption prices (expressed as percentages of principal) set forth below plus accrued interest to the redemption date:

2001 Gross Receipts Tax Refunding Bonds

| <u>Redemption Dates</u>              | <u>Redemption Prices</u> |
|--------------------------------------|--------------------------|
| September 1, 2006 to August 31, 2007 | 101%                     |
| September 1, 2007 to August 31, 2008 | 100.50%                  |
| September 1, 2008 and thereafter     | 100.00%                  |

2005 G.O. Bonds

At the Election, the County was given authority to issue general obligation bonds in a principal amount of up to \$10,000,000. The bonds are a portion of those general obligation bonds and are being issued to finance the demolition of existing structures for and the design, construction, improvement, equipping and furnishing of a County Detention and Law Enforcement Center. The county anticipates issuing an additional series of bonds in the approximate amount of \$4,000,000 in 2006 to finance the completion of the Project.

The Bonds are general obligations bonds to be used by the County in the total principal amount of \$6,000,000 and will be dated as of December 15, 2005. The bonds will be issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof, bearing interest from their date to maturity at varying rates payable annually on September 1 each year, commencing on September 1, 2006, and maturing on specific dates.

The Bonds are being issued pursuant to the County Commission's powers under Sections 6-15-1 et.seq., NMSA 1978, as amended and supplemented, the Constitution and other laws of the State, and the Resolution. The Bonds are issued pursuant to a \$10,000,000 authorization granted by the qualified voters in the County on August 23, 2005. The Bonds are the first series of general obligation bonds of the county authorized at the Election.

The Bonds maturing on or after September 1, 2016, are subject to redemption at the option of the County, on or after March 1, 2016, either in whole or in part on any date, at a redemption price of 100% of their principal amount plus accrued interest to the date of redemption.

The bonds are secured by the County's full faith and credit and are general obligations of the County payable from *ad valorem* taxes to be levied, without limitation as to rate or amount, against all taxable property within the County.

New Mexico Finance Authority Note Payable Sapillo Creek

On March 12, 2004, the County borrowed \$85,000 from the New Mexico Finance Authority for the purchase of fire equipment for the Sapillo Creek Volunteer Fire Department. The loan is to be repaid from the annual distribution of fire protection funds received from the State of New Mexico. The note matures on May 1, 2014. The annual payment is approximately \$10,000 with accrued interest at rates between 1.54% and 4.09% per annum and an administrative charge.

New Mexico Finance Authority Note Payable Fort Bayard

On July 1, 2005, the County borrowed \$150,000 from the New Mexico Finance Authority for the purchase of fire equipment for the Fort Bayard Volunteer Fire Department. The loan is to be repaid from the annual distribution of fire protection funds received from the State of New Mexico. The note matures on May 1, 2015. The annual payment is approximately \$16,500 with accrued interest at rates between 2.34% and 3.73% per annum and an administrative charge.

The following is a schedule of the annual payments required to service the long-term debt of Grant County:

| <u>Due in Fiscal Year Ended June 30</u> | <u>Principal</u>    | <u>Interest</u>     | <u>Total</u>        |
|---|---------------------|---------------------|---------------------|
| 2009                                    | \$ 656,977          | \$ 284,090          | \$ 941,067          |
| 2010                                    | 675,156             | 262,731             | 937,887             |
| 2011                                    | 585,653             | 239,781             | 825,434             |
| 2012                                    | 436,866             | 225,903             | 662,769             |
| 2013                                    | 447,459             | 215,808             | 663,267             |
| 2014-2018                               | 1,848,938           | 776,927             | 2,625,865           |
| 2019-2023                               | 1,725,000           | 427,375             | 2,152,375           |
| 2024-2028                               | <u>1,240,000</u>    | <u>75,407</u>       | <u>1,315,407</u>    |
|   | <u>\$ 7,616,049</u> | <u>\$ 2,508,022</u> | <u>\$10,124,071</u> |

Lease Purchase Payable

The County leases police and fire equipment, along with voting machines, under various capital leases. The economic substance of the leases is that the County is financing the acquisition of the assets through the leases and, accordingly, they are recorded in the County's assets and liabilities. The obligations under capital leases have been recorded in the accompanying financial statements at the present value of future minimum lease payments, discounted at interest rates varying from 4.04% to 8.585%, as stated in the individual contracts. Included in fixed assets is equipment acquired under capital leases at a cost of \$2,105,311 and accumulated depreciation of \$350,400.

The following is a schedule of future minimum lease payments required under the leases, together with their present value as of June 30, 2008:

Fiscal year ended June 30:

|   |                     |
|---|---------------------|
| 2009  | € 288,396           |
| 2010  | 261,126             |
| 2011  | 261,126             |
| 2012  | 231,794             |
| 2013  | 231,794             |
| 2014-2018   | <u>515,584</u>      |
| Total minimum lease payment   | \$ 1,789,820        |
| Less amounts representing imputed<br>Interest necessary to reduce future<br>Lease payments to net present value | <u>(275,028)</u>    |
| Present value of minimum<br>Lease payments  | <u>\$ 1,514,792</u> |

Payments on the bonds payable that pertain to the County's governmental activities are made by the debt service fund. Payments made on the note payable to the New Mexico Finance Authority are made by the Sapillo Creek Volunteer Fire Special Revenue Fund. The Lower Mimbres Fire, County Clerk's Equipment, Fort Bayard Fire, Tyrone Fire, Pinos Altos Fire, and Santa Rita Fire. Special Revenue funds make payments on capital leases that pertain to the County's governmental activities.

#### New Mexico Finance Authority Loan – Note Number 1

On April 19, 2002, the New Mexico Finance Authority Board gave approval for a loan in the amount of \$703,013. The loan agreement is between the Finance Authority and Grant County on behalf of the Grant County Solid Waste Authority. On July 19, 1995, Grant county entered into a joint powers agreement with the Town of Silver City, the Village of Hurley, the Village of Santa Clara, the City of Lordsburg, the county of Hidalgo, and the city of Bayard to exercise common power relating to solid waste disposal. The governments have created the Grant County Solid Waste Authority.

The Solid Waste Authority's governing body determined the need of financing for the purpose to construct administrative offices and to make improvements to the landfill. Grant County did not receive any of the proceeds from the loan. The Authority retained all proceeds. The loan is not a general obligation of the County, or debt or pledge of the faith and credit of Grant County or the State of New Mexico.

The County has pledged environmental gross receipts tax revenue to satisfy the obligation of the loan. The County has authorized the New Mexico Taxation and Revenue Department to intercept the required monthly payment.

The Solid Waste Authority has entered into agreement with the County to reimburse the intercepted gross receipts tax revenues.

## New Mexico Finance Authority Loan – Note Number 2

On November 21, 2003, the New Mexico Finance Authority issued a loan in the amount of \$1,732,951 to Grant County and the Grant County Solid Waste Authority. The interest rates vary between .620% and 3.79% per annum. The note matures on May 1, 2018. The authority's governing body determined the need of financing for the purpose of reimbursing the government members of the authority for amounts previously loaned to the Authority by its members, and refunding outstanding indebtedness of the Authority.

The County has pledged environmental gross receipts tax revenue to satisfy the obligation of the loan. The county has authorized the New Mexico Taxation and Revenue Department to intercept the required monthly payment. The Authority has entered into an agreement with the County to reimburse the intercepted gross receipts tax revenues.

### Compensated Absences

A liability for unused vacation and sick time for all full-time employees is calculated and reported in the government-wide statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

- leave or compensation is attributable to services already rendered.
- leave or compensation is not contingent on a specific event (such as illness).

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e., are due for payment). Compensated absences are accrued in the government-wide statements. The compensated absences liability attributable to the governmental activities will be liquidated primarily by the general fund.

All compensated absences are considered non-current. Compensated absences are paid out of the fund that salaries for the respective employee are paid out of provided there are funds available. Otherwise, they are paid out of the general fund.

## Note 8 Retirement Plan

### *Plan Description*

Substantially all of the County's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan. The plan provides for retirement disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123.

### *Funding Policy*

Plan members are required to contribute 9.15% to 16.30%, depending upon the division, i.e., state general, state hazardous duty of their gross salary. The County is required to contribute 9.15% to 18.50% depending upon the division of the gross covered salary. The contribution requirements of plan members and the County of Grant are established under Chapter 10,



Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The County of Grant's contributions to PERA for the year ending June 30, 2008, 2007 and 2006 were \$630,586, \$576,712, and \$480,625 respectively, equal to the amount of the required contributions for each year.

#### Note 9 Retiree Health Care Act Contributions

The Retiree Health Care Act (Act) (Chapter 10, Article 7C NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Retiree Health Care Authority is the administrator of the plan. The purpose is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into the Retiree Health Care fund and by co-payments or out-of-pocket payments of eligible retirees.

Monies flow to the Retiree Health Care Fund on a pay-as-you-go basis from eligible employers and eligible retirees. Eligible employers consist of institutions of higher education, school districts, or other entities participating in the Public School Insurance Authority, state agencies, state courts, magistrate courts, municipalities or counties, which are affiliated under or covered by the Educational Retirement Act, Public Employees Retirement Act, Volunteer Firefighters Retirement Act, Judicial Retirement Act or the Magistrate Retirement Act.

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the Retiree Health Care Act on the person's behalf, unless that person retires before the employer's NMRHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; (2) retirees defined by the Act who retired prior to July 1, 1990; and former legislators who served at least two years.

Each participating employer makes contributions to the fund in the amount of 1.3 percent of each participating employee's annual salary. Each employee contributes to the fund an employee contribution equal to .65 percent of the employee's salary. Each participating retiree pays a monthly premium for the medical plus basic life plan and an additional participation fee of five dollars (\$5.00) if the eligible participant retired prior to the employer's NMRHCA effective date or is a former legislator. Participants may also enroll in optional plans of coverage.

Contributions from participating employers and participating employees become the property of the Retiree Health Care Fund and are not refundable under any circumstances, including termination of employment or termination of the participating employer's operation or participation in the Retiree Health Care Act. The employer, employee, and retiree contributions are required to be remitted to the Retiree Health Care Authority on a monthly basis.

The Retiree Health Care Authority issues a separate, publicly available audited financial report that includes post employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee, and retiree), and net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan. That report may be obtained by writing to the Retiree Health Care Authority, 4308 Carlisle Blvd., N.E., Suite 104, Albuquerque, New Mexico 87107.

For the fiscal year ended June 30, 2008, Grant County remitted \$75,282 employer contributions and \$37,641 in employee contributions to the Retiree Health Care Authority.

Note 10 Contingent Liabilities

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

Note 11 Subsequent Events

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

Note 12 Risk Management

The County is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has joined together with other agencies in the State and obtained insurance through the New Mexico Self Insurers Fund, a public risk pool currently operating as a common risk management and insurance program for local governments. The County pays an annual premium to New Mexico Self Insurers Fund for its general insurance coverage.

Note 13 Budgetary Reconciliations

The Statements of Revenues, Expenditures and Changes in Fund Balance Budget (NON-GAAP Budgetary Basis) and Actual present comparisons of legally adopted budgets with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of changes in fund balance for the General and major Special Revenue funds for the year ended June 30, 2008 is as follows:

|   | <u>General</u>    | <u>Hospital<br/>Indigent</u> | <u>Drug<br/>Enforcement</u> |
|---|-------------------|------------------------------|-----------------------------|
| Changes in fund balance<br>(GAAP Basis)               | \$ (218,179)      | \$ (26,483)                  | \$ (17,877)                 |
| Revenue accruals                                      | 962,163           | (13,643)                     | (61,173)                    |
| Expenditure accruals                                  | (68,307)          | 38,640                       |                             |
| Other financing sources and uses                      | <u>(466,018)</u>  | <u>                  </u>    | <u>(2,672)</u>              |
| Changes in fund balance<br>(NON-GAAP) Budgetary Basis | <u>\$ 209,659</u> | <u>\$ (1,486)</u>            | <u>\$ (81,722)</u>          |

Note 14 Deficit Fund Balances

The County had the following deficit balances at June 30, 2008: Law Enforcement Protection (\$1,802); Renovations (\$98,711); Capital Road (\$280,224); and Bataan Memorial Park (\$1,126). These deficit fund balances are due to the 60 day revenue recognition policy required by the modified accrual basis of accounting, or the fact that transfers have not yet been made from the General Fund to fund the deficits. As revenue is collected and/or transfers made, the deficit will be reduced.

Note 15 Operating Lease

The County has entered into an agreement to lease a computer system. The agreement includes the use of the computer hardware, software and support. The agreement is renewable annually. The County expects that in the normal course of business, the computer agreement will continue to be required. For the fiscal year ended June 30, 2008, the County expended \$122,827 for the computer agreement.

Note 16 Interfund Activity

Interfund balances at June 30, 2008, consisted of the following:

|                   | Due From             |                     |                   | Total              |
|-------------------|----------------------|---------------------|-------------------|--------------------|
|                   | Jail<br>Construction | Drug<br>Enforcement | Other<br>Funds    |                    |
| <u>Due To</u>     |                      |                     |                   |                    |
| General Fund      | \$                   | \$ 771,349          | \$ 307,915        | \$1,079,264        |
| Jail Construction |                      |                     | 63,833            | 63,833             |
| Other Funds       | <u>52,058</u>        | <u>          </u>   | <u>          </u> | <u>52,058</u>      |
|                   | <u>\$ 52,058</u>     | <u>\$ 771,349</u>   | <u>\$ 371,748</u> | <u>\$1,195,155</u> |

These amounts are expected to be repaid within one year, and the advances were made to meet operating expenses.

Interfund transfers were as follows during the year ended June 30, 2008:

|                     | Transfers From     |                      |                   | Total               |
|---------------------|--------------------|----------------------|-------------------|---------------------|
|                     | General            | Hospital<br>Indigent | Other Funds       |                     |
| <u>Transfers To</u> |                    |                      |                   |                     |
| General Fund        | \$ 835,400         | \$ 111,375           | \$ 499,289        | \$ 1,446,064        |
| Other Funds         | <u>853,263</u>     | <u>          </u>    | <u>65,000</u>     | <u>918,263</u>      |
|                     | <u>\$1,688,663</u> | <u>\$ 111,375</u>    | <u>\$ 564,289</u> | <u>\$ 2,364,327</u> |

The transfers were made to fund debt service payments, fund construction projects and provide operating funds. Transfers within the General Fund result due to transfers between subfunds of the General Fund.

Note 17 Restricted Net Assets

Net assets restricted for other purposes consists of special revenue fund balances which are restricted by legislation to specific purposes. The restricting legislation is listed in the fund descriptions appearing at the beginning of Other Supplementary Information. Major restrictions are as follows:

|                        |                     |
|------------------------|---------------------|
| Fire Protection Fund   | \$ 1,496,296        |
| Solid Waste Fund       | 619,703             |
| Lodger's Tax           | 148,841             |
| Rural Fire Departments | 518,933             |
| Correction Fees        | 411,042             |
| Other                  | <u>415,191</u>      |
|                        | <u>\$ 3,610,006</u> |

## SPECIAL REVENUE FUNDS

Are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

**Farm and Range** – To account for the maintenance, improvements and animal control of federal land under Section 10 of the Taylor Grazing Act of 6-28-34. The Taylor Grazing Co-op Agreement provides financing. Funds received under this agreement are to be used strictly for the maintenance, improvements and animal control of this federal land. The authority for the fund is given by NMSA 6-11-5.

**Recreation** – To account for the operations and maintenance of county-owned recreation facilities. Financing is provided by the County's share of cigarette tax. State law requires the use of these cigarette taxes to be used for recreation purposes. The authority for the fund is given by NMSA 7-12-16.

**Corrections** – To account for proceeds collected for the care of prisoners. The authority for the fund is given by NMSA 33-3-25.

**County Clerk's Equipment** – To account for funds collected to be used for purchase of special equipment. The authority for the fund is given by NMSA 14-8-12.2.

**Law Enforcement** – To account for the County's state distribution of Law Enforcement Protection funds to be used for the repair and/or replacement of law enforcement equipment. The authority for the fund is given by NMSA 29-13-1.

**Lodgers' Tax** – To account for the revenues specifically generated by the tax on transient lodging. Expenditures must be of a culture-recreation nature. The authority for the fund is given by NMSA 3-38-13.

**Airport** – To account for self-generated revenues and the expenditures for the operation of the County airport. The authority for the fund is given by NMSA 3-39-1.

**Re-Appraisal** – To account for the proceeds from property taxes and the one-percent administrative fees assessed by county treasurers to revenue recipients. Authority given by NMSA 7-38-38.1.

**Emergency Medical Service** – To account for the operations and maintenance of medical service equipment in the County. The authority for the fund is given by NMSA 24-10A-6.

**Solid Waste** – To account for grant monies from the New Mexico Energy, Mineral and Natural Resources Department to be used to evaluate a solid waste plan for Grant County. The fund is authorized by County resolution 90-12-27D.

**Regional Dispatch** – To account for the funding of a regional 911 system. The fund is authorized by NMSA 63-9D-1.

**Drug Enforcement** – To account for federal revenues and expenditures for illegal drug enforcement within Southwest New Mexico. The fund is authorized by County resolution.

**Fire Protection** – To account for the proceeds of the state fire allotment, and the expenditures for public safety therefrom. Established by Section 59A-6-5 NMSA 1978 as authorized by Section 59A-53-7.

**Cliff-Gila Fire** – To account for the State revenues allocated to this fire district and the restricted expenditures therefrom. The authority for the fund is given by NMSA 59A-53-1.

**Fort Bayard Fire** – To account for the State revenues allocated to this fire district and the restricted expenditures therefrom. The authority for the fund is given by NMSA 59A-53-1.

**Upper Mimbres Fire** – To account for the State revenues allocated to this fire district and the restricted expenditures therefrom. The authority for the fund is given by NMSA 59A-53-1.

**Lower Mimbres Fire** – To account for the State revenues allocated to this fire district and the restricted expenditures therefrom. The authority for the fund is given by NMSA 59A-53-1.

**Sapillo Fire** – To account for the State revenues allocated to this fire district and the restricted expenditures therefrom. The authority for the fund is given by NMSA 59A-53-1.

**Whiskey Creek Fire** - To account for the State revenues allocated to this fire district and the restricted expenditures therefrom. The authority for the fund is given by NMSA 59A-53-1.

**Pinos Altos Fire** – To account for the State revenues allocated to this fire district and the restricted expenditures therefrom. The authority for the fund is given by NMSA 59A-53-1.

**Tyrone Fire** – To account for the State revenues allocated to this fire district and the restricted expenditures therefrom. The authority for the fund is given by NMSA 59A-53-1.

**Santa Rita Fire** – To account for the State revenues allocated to this fire district and the restricted expenditures therefrom. The authority for the fund is given by NMSA 59A-53-1.

**CDBG – Water Study/Zoning** – To account for the federal (CDBG) revenues and the expenditures therefrom to fund a water study as well as a zoning study.

## DEBT SERVICE FUND

**1992 General Obligation Hospital Refund Bonds** – To accumulate general (ad valorem) taxes for payment of the bonds. These bonds were issued for the purpose of refunding the series February 1, 1982 General Obligation Hospital bonds. The bonds were fully retired at June 30, 1997.

**2001 Refunding Bonds** – To accumulate for gross receipts taxes pledged for payment of the 2001 Refunding Bonds. These bonds were issued for the purpose of an advance refunding of the 1996 gross receipts tax revenue bonds.

**2005 G.O. Bonds** – To accumulate general taxes for payment of the bonds. These bonds were issued for the purpose of construction of a new jail facility.

## CAPITAL PROJECTS FUNDS

**Capital Road Projects** – To account for co-operative agreements with the New Mexico Department of Transportation to construct or improve selected projects.

**Renovation** – To account for various renovations projects within the County.

**Bataan Memorial** – To account for grant revenues and expenditures therefrom to construct a recreation facility for the benefit of the County residents.

**Hachita Recreation Center** – To account for grant revenues and expenditures therefrom to construct a new recreation center for the benefit of County residents.

**Youth Safe House** – To account for grant revenues and expenditures therefrom to construct a Youth Safe House for the benefit of County troubled youth.

**Airport Industrial Park** – To account for grant revenues and expenditures therefrom to complete the airport industrial park facility.



Grant County  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
June 30, 2008

|   | Special Revenue Funds |                   |               |                    |
|---|-----------------------|-------------------|---------------|--------------------|
|   | Fire<br>Protection    | Farm<br>and Range | Recreation    | Correction<br>Fees |
| <b>Assets</b>                             |                       |                   |               |                    |
| Cash and investments                      | \$ 1,418,114          | \$ 16,696         | \$ 414        | \$ 350,937         |
| Interfund receivable                      |                       |                   |               |                    |
| Accounts receivable                       |                       |                   |               |                    |
| Taxes receivable                          | 81,825                |                   | 210           | 119,286            |
| Due from other governments                |                       |                   |               |                    |
| Notes receivable                          |                       |                   |               |                    |
| <b>Total assets</b>                       | <b>\$ 1,499,939</b>   | <b>\$ 16,696</b>  | <b>\$ 624</b> | <b>\$ 470,223</b>  |
| <b>Liabilities and Fund Balance</b>       |                       |                   |               |                    |
| Accounts payable                          | \$ 3,643              | \$ -              | \$ -          | \$ 31,919          |
| Salaries payable                          |                       |                   |               | 27,262             |
| Interfund payable                         |                       |                   |               |                    |
| Deferred revenue                          |                       |                   |               |                    |
| <b>Total liabilities</b>                  | <b>\$ 3,643</b>       | <b>\$ -</b>       | <b>\$ -</b>   | <b>\$ 59,181</b>   |
| <b>Fund balances:</b>                     |                       |                   |               |                    |
| Reserved for:                             |                       |                   |               |                    |
| Capital projects                          | \$ -                  | \$ -              | \$ -          | \$ -               |
| Debt service                              |                       |                   |               |                    |
| Unreserved                                | 1,496,296             | 16,696            | 624           | 411,042            |
| <b>Total fund balance</b>                 | <b>\$ 1,496,296</b>   | <b>\$ 16,696</b>  | <b>\$ 624</b> | <b>\$ 411,042</b>  |
| <b>Total liabilities and fund balance</b> | <b>\$ 1,499,939</b>   | <b>\$ 16,696</b>  | <b>\$ 624</b> | <b>\$ 470,223</b>  |

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

Special Revenue Funds

| <u>Clerk's<br/>Equipment</u> | <u>Law<br/>Enforcement<br/>Protection</u> | <u>Lodgers<br/>Tax</u> | <u>Airport</u>  | <u>Reappraisal</u> | <u>EMS</u>       |
|------------------------------|---|------------------------|-----------------|--------------------|------------------|
| \$ 57,695                    | \$ 693                                    | \$ 136,166             | \$ 9,227        | \$ 229,998         | \$ 53,877        |
|                              |   | 13,604                 |                 |                    |                  |
| <u>\$ 57,695</u>             | <u>\$ 693</u>                             | <u>\$ 149,770</u>      | <u>\$ 9,227</u> | <u>\$ 229,998</u>  | <u>\$ 53,877</u> |
| \$ -                         | \$ 2,495                                  | \$ 929                 | \$ 1,785        | \$ 575             | \$ 116           |
| <u>\$ -</u>                  | <u>\$ 2,495</u>                           | <u>\$ 929</u>          | <u>\$ 1,785</u> | <u>\$ 575</u>      | <u>\$ 116</u>    |
| \$ -                         | \$ -                                      | \$ -                   | \$ -            | \$ -               | \$ -             |
| 57,695                       | (1,802)                                   | 148,841                | 7,442           | 229,423            | 53,761           |
| <u>\$ 57,695</u>             | <u>\$ (1,802)</u>                         | <u>\$ 148,841</u>      | <u>\$ 7,442</u> | <u>\$ 229,423</u>  | <u>\$ 53,761</u> |
| <u>\$ 57,695</u>             | <u>\$ 693</u>                             | <u>\$ 149,770</u>      | <u>\$ 9,227</u> | <u>\$ 229,998</u>  | <u>\$ 53,877</u> |

Grant County  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS (continued)**  
June 30, 2008

|   | Special Revenue Funds |                      |                              |                |
|---|-----------------------|----------------------|------------------------------|----------------|
|   | Solid<br>Waste        | Regional<br>Dispatch | Rural<br>Fire<br>Departments | CDBG<br>Zoning |
| <b>Assets</b>                             |                       |                      |                              |                |
| Cash and investments                      | \$ 500,876            | \$ 151,605           | \$ 739,011                   | \$ 498         |
| Interfund receivable                      |                       |                      |                              |                |
| Accounts receivable                       | 166,790               |                      |                              |                |
| Taxes receivable                          | 40,913                | 119,788              |                              |                |
| Due from other governments                | 53,308                |                      |                              |                |
| Notes receivable                          | 159,066               |                      |                              |                |
| <b>Total assets</b>                       | <b>\$ 920,953</b>     | <b>\$ 271,393</b>    | <b>\$ 739,011</b>            | <b>\$ 498</b>  |
| <b>Liabilities and Fund Balance</b>       |                       |                      |                              |                |
| Accounts payable                          | \$ 57,313             | \$ 11,069            | \$ 58,395                    | \$ -           |
| Salaries payable                          | 2,061                 | 18,857               |                              |                |
| Interfund payable                         |                       |                      |                              |                |
| Deferred revenue                          | 241,876               |                      | 161,683                      |                |
| <b>Total liabilities</b>                  | <b>\$ 301,250</b>     | <b>\$ 29,926</b>     | <b>\$ 220,078</b>            | <b>\$ -</b>    |
| Fund balance:                             |                       |                      |                              |                |
| Reserved for:                             |                       |                      |                              |                |
| Capital projects                          | \$ -                  | \$ -                 | \$ -                         | \$ -           |
| Debt service                              |                       |                      |                              |                |
| Unreserved                                | 619,703               | 241,467              | 518,933                      | 498            |
| <b>Total fund balance</b>                 | <b>\$ 619,703</b>     | <b>\$ 241,467</b>    | <b>\$ 518,933</b>            | <b>\$ 498</b>  |
| <b>Total liabilities and fund balance</b> | <b>\$ 920,953</b>     | <b>\$ 271,393</b>    | <b>\$ 739,011</b>            | <b>\$ 498</b>  |

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

| Debt Service Funds |                      | Capital Projects Funds |                            |                               |
|--------------------|----------------------|------------------------|----------------------------|-------------------------------|
| 2001<br>Refunding  | Jail Revenue<br>Bond | Capital<br>Road        | Bataan<br>Memorial<br>Park | Airport<br>Industrial<br>Park |
| \$ 645,872         | \$ 811,627<br>52,058 | \$ -                   | \$ -                       | \$ 253,132                    |
| 120,345            | 101,738              |                        | 1,126                      |                               |
| <u>\$ 766,217</u>  | <u>\$ 965,423</u>    | <u>\$ -</u>            | <u>\$ 1,126</u>            | <u>\$ 253,132</u>             |
| \$ 3,148           | \$ -                 | \$ 75,439              | \$ -                       | \$ -                          |
|                    | 63,833<br>46,901     | 204,785                | 1,126<br>1,126             |                               |
| <u>\$ 3,148</u>    | <u>\$ 110,734</u>    | <u>\$ 280,224</u>      | <u>\$ 2,252</u>            | <u>\$ -</u>                   |
| \$ -               | \$ -                 | \$ (280,224)           | \$ (1,126)                 | \$ 253,132                    |
| 763,069            | 854,689              |                        |                            |                               |
| <u>\$ 763,069</u>  | <u>\$ 854,689</u>    | <u>\$ (280,224)</u>    | <u>\$ (1,126)</u>          | <u>\$ 253,132</u>             |
| <u>\$ 766,217</u>  | <u>\$ 965,423</u>    | <u>\$ -</u>            | <u>\$ 1,126</u>            | <u>\$ 253,132</u>             |

Grant County  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS (concluded)**  
June 30, 2008

|   | Capital Projects Funds |                       |                              | Total               |
|---|------------------------|-----------------------|------------------------------|---------------------|
|   | Renovations<br>Fund    | Hachita<br>Rec Center | CDBG<br>Child Care<br>Center |                     |
| <b>Assets</b>                             |                        |                       |                              |                     |
| Cash and investments                      | \$ -                   | \$ 420                | \$ 55,000                    | \$ 5,431,858        |
| Interfund receivable                      |                        |                       |                              | 52,058              |
| Accounts receivable                       |                        |                       |                              | 180,394             |
| Taxes receivable                          |                        |                       |                              | 584,105             |
| Due from other governments                | 226,433                |                       |                              | 280,867             |
| Notes receivable                          |                        |                       |                              | 159,066             |
| <b>Total assets</b>                       | <b>\$ 226,433</b>      | <b>\$ 420</b>         | <b>\$ 55,000</b>             | <b>\$ 6,688,348</b> |
| <b>Liabilities and Fund Balance</b>       |                        |                       |                              |                     |
| Accounts payable                          | \$ 24,127              | \$ -                  | \$ -                         | \$ 270,953          |
| Salaries payable                          |                        |                       |                              | 48,180              |
| Interfund payable                         | 102,004                |                       |                              | 371,748             |
| Deferred revenue                          | 199,013                |                       |                              | 650,599             |
| <b>Total liabilities</b>                  | <b>\$ 325,144</b>      | <b>\$ -</b>           | <b>\$ -</b>                  | <b>\$ 1,341,480</b> |
| <b>Fund balance:</b>                      |                        |                       |                              |                     |
| Reserved for:                             |                        |                       |                              |                     |
| Capital projects                          | \$ (98,711)            | \$ 420                | \$ 55,000                    | \$ (71,509)         |
| Debt service                              |                        |                       |                              | 1,617,758           |
| Unreserved                                |                        |                       |                              | 3,800,619           |
| <b>Total fund balance</b>                 | <b>\$ (98,711)</b>     | <b>\$ 420</b>         | <b>\$ 55,000</b>             | <b>\$ 5,346,868</b> |
| <b>Total liabilities and fund balance</b> | <b>\$ 226,433</b>      | <b>\$ 420</b>         | <b>\$ 55,000</b>             | <b>\$ 6,688,348</b> |

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

Grant County  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
For The Fiscal Year Ended June 30, 2008

|                                    | Special Revenue Funds |                   |                 |                     |
|------------------------------------|-----------------------|-------------------|-----------------|---------------------|
|                                    | Fire<br>Protection    | Farm<br>and Range | Recreation      | Correction<br>Fees  |
| Revenues:                          |                       |                   |                 |                     |
| Property taxes                     | \$ -                  | \$ -              | \$ -            | \$ -                |
| Gross receipts taxes               | 480,679               |                   |                 | 670,541             |
| Other taxes                        |                       |                   | 1,274           |                     |
| Intergovernmental                  |                       | 32,221            |                 | 240,758             |
| Charges for services               |                       |                   |                 |                     |
| Miscellaneous                      | 849                   |                   |                 | 4434                |
| <b>Total revenues</b>              | <b>\$ 481,528</b>     | <b>\$ 32,221</b>  | <b>\$ 1,274</b> | <b>\$ 915,733</b>   |
| Expenditures:                      |                       |                   |                 |                     |
| Current:                           |                       |                   |                 |                     |
| General government                 | \$ 14,368             | \$ -              | \$ -            | \$ 17,996           |
| Public safety                      | 182,469               |                   |                 | 1,303,051           |
| Health and welfare                 |                       | 27,500            |                 |                     |
| Culture recreation                 |                       |                   | 6,626           |                     |
| Debt service:                      |                       |                   |                 |                     |
| Principle                          |                       |                   |                 |                     |
| Interest                           |                       |                   |                 |                     |
| Capital outlay                     | 272,367               |                   |                 | 1,779               |
| <b>Total expenditures</b>          | <b>\$ 469,204</b>     | <b>\$ 27,500</b>  | <b>\$ 6,626</b> | <b>\$ 1,322,826</b> |
| Revenues over (under) expenditures | \$ 12,324             | \$ 4,721          | \$ (5,352)      | \$ (407,093)        |
| Other financing sources (uses):    |                       |                   |                 |                     |
| Transfer in                        |                       |                   | 3,200           | 719,610             |
| Transfer (out)                     | (65,000)              |                   |                 |                     |
| Loan proceeds                      |                       |                   |                 |                     |
| Net changes in fund balances       | \$ (52,676)           | \$ 4,721          | \$ (2,152)      | \$ 312,517          |
| Fund balance, July 1, 2007         | 1,548,972             | 11,975            | 2,776           | 98,525              |
| Fund balance, June 30, 2008        | <u>\$ 1,496,296</u>   | <u>\$ 16,696</u>  | <u>\$ 624</u>   | <u>\$ 411,042</u>   |

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

Special Revenue Funds

| Clerk's<br>Equipment | Law<br>Enforcement<br>Protection | Lodgers<br>Tax    | Airport           | Reappraisal       | EMS              |
|----------------------|----------------------------------|-------------------|-------------------|-------------------|------------------|
| \$ -                 | \$ -                             | \$ -              | \$ -              | \$ -              | \$ -             |
|                      | 41,000                           | 77,232            | 69,321            |                   | 98,889           |
| 26,546               |                                  |                   | 45,631            | 126,150           | 246              |
| <u>\$ 26,546</u>     | <u>\$ 41,000</u>                 | <u>\$ 77,232</u>  | <u>\$ 114,952</u> | <u>\$ 126,150</u> | <u>\$ 99,135</u> |
| \$ 10,392            | \$ -<br>19,495                   | \$ -              | \$ 31,309         | \$ 47,476         | \$ -<br>66,486   |
|                      |                                  | 60,981            |                   |                   |                  |
|                      | 40,452                           |                   | 106,401           | 25,447            |                  |
| <u>\$ 10,392</u>     | <u>\$ 59,947</u>                 | <u>\$ 60,981</u>  | <u>\$ 137,710</u> | <u>\$ 72,923</u>  | <u>\$ 66,486</u> |
| \$ 16,154            | \$ (18,947)                      | \$ 16,251         | \$ (22,758)       | \$ 53,227         | \$ 32,649        |
|                      |                                  |                   | 75,453            |                   |                  |
|                      |                                  | (17,000)          |                   |                   |                  |
| <u>\$ 16,154</u>     | <u>\$ (18,947)</u>               | <u>\$ (749)</u>   | <u>\$ 52,695</u>  | <u>\$ 53,227</u>  | <u>\$ 32,649</u> |
| 41,541               | 17,145                           | 149,590           | (45,253)          | 176,196           | 21,112           |
| <u>\$ 57,695</u>     | <u>\$ (1,802)</u>                | <u>\$ 148,841</u> | <u>\$ 7,442</u>   | <u>\$ 229,423</u> | <u>\$ 53,761</u> |

Grant County  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (continued)**  
For The Fiscal Year Ended June 30, 2008

|                                    | Special Revenue Funds |                      |                              |                |
|------------------------------------|-----------------------|----------------------|------------------------------|----------------|
|                                    | Solid<br>Waste        | Regional<br>Dispatch | Rural<br>Fire<br>Departments | CDBG<br>Zoning |
| Revenues:                          |                       |                      |                              |                |
| Property taxes                     | \$ -                  | \$ -                 | \$ -                         | \$ -           |
| Gross receipts taxes               | 238,458               | 686,472              |                              |                |
| Other taxes                        |                       |                      |                              |                |
| Intergovernmental                  |                       | 5,298                | 963,705                      |                |
| Charges for services               | 512,731               |                      | 20,938                       |                |
| Miscellaneous                      | 7,916                 | 3,299                | 36,644                       |                |
| <b>Total revenues</b>              | <b>\$ 759,105</b>     | <b>\$ 695,069</b>    | <b>\$ 1,021,287</b>          | <b>\$ -</b>    |
| Expenditures:                      |                       |                      |                              |                |
| Current:                           |                       |                      |                              |                |
| General government                 | \$ 7,185              | \$ 18,184            | \$ -                         | \$ -           |
| Public safety                      |                       | 655,386              | 371,143                      |                |
| Health and welfare                 | 574,425               |                      |                              |                |
| Culture recreation                 |                       |                      |                              |                |
| Debt service                       |                       |                      |                              |                |
| Principle                          |                       |                      | 117,061                      |                |
| Interest                           |                       |                      | 36,042                       |                |
| Capital outlay                     |                       |                      | 1,171,639                    |                |
| <b>Total expenditures</b>          | <b>\$ 581,610</b>     | <b>\$ 673,570</b>    | <b>\$ 1,695,885</b>          | <b>\$ -</b>    |
| Revenues over (under) expenditures | \$ 177,495            | \$ 21,499            | \$ (674,598)                 | \$ -           |
| Other financing sources (uses):    |                       |                      |                              |                |
| Transfer in                        |                       |                      | 65,000                       |                |
| Transfer (out)                     | (4,765)               | (11,506)             |                              |                |
| Loan proceeds                      |                       |                      | 684,349                      |                |
| Net change in fund balances        | \$ 172,730            | \$ 9,993             | \$ 74,751                    | \$ -           |
| Fund balance, July 1, 2007         | 446,973               | 231,474              | 444,182                      | 498            |
| Fund balance, June 30, 2008        | <u>\$ 619,703</u>     | <u>\$ 241,467</u>    | <u>\$ 518,933</u>            | <u>\$ 498</u>  |

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



| Debt Service Funds |                    | Capital Projects Funds |                      |                         |
|--------------------|--------------------|------------------------|----------------------|-------------------------|
| 2001 Refunding     | Jail Revenue Bond  | Capital Road           | Bataan Memorial Park | Airport Industrial Park |
| \$ -<br>697,611    | \$ 503,570         | \$ -                   | \$ -                 | \$ -                    |
|                    |                    | 331,256                | 6,889                |                         |
| 8,895              |                    |                        |                      |                         |
| <u>\$ 706,506</u>  | <u>\$ 503,570</u>  | <u>\$ 331,256</u>      | <u>\$ 6,889</u>      | <u>\$ -</u>             |
| \$ 20,516          | \$ 8,089           | \$ -                   | \$ -                 | \$ -                    |
| 200,000<br>37,203  | 175,000<br>223,605 | 472,873                | 1,126                | 44,323                  |
| <u>\$ 257,719</u>  | <u>\$ 406,694</u>  | <u>\$ 472,873</u>      | <u>\$ 1,126</u>      | <u>\$ 44,323</u>        |
| \$ 448,787         | \$ 96,876          | \$ (141,617)           | \$ 5,763             | \$ (44,323)             |
| (466,018)          |                    |                        |                      |                         |
| <u>\$ (17,231)</u> | <u>\$ 96,876</u>   | <u>\$ (141,617)</u>    | <u>\$ 5,763</u>      | <u>\$ (44,323)</u>      |
| 780,300            | 757,813            | (138,607)              | (6,889)              | 297,455                 |
| <u>\$ 763,069</u>  | <u>\$ 854,689</u>  | <u>\$ (280,224)</u>    | <u>\$ (1,126)</u>    | <u>\$ 253,132</u>       |

Grant County  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (concluded)**  
For The Fiscal Year Ended June 30, 2008

|                                    | Capital Projects Funds |                        |                              | Total               |
|------------------------------------|------------------------|------------------------|------------------------------|---------------------|
|                                    | Renovations<br>Fund    | Hatchita<br>Rec Center | CDBG<br>Child Care<br>Center |                     |
| Revenues:                          |                        |                        |                              |                     |
| Property taxes                     | \$ -                   | \$ -                   | \$ -                         | \$ 503,570          |
| Gross receipts taxes               |                        |                        |                              | 2,773,761           |
| Other taxes                        |                        |                        |                              | 78,506              |
| Intergovernmental                  | 1,393,490              |                        |                              | 3,182,827           |
| Charges for services               |                        |                        |                              | 731,996             |
| Miscellaneous                      |                        |                        |                              | 62,283              |
| <b>Total revenues</b>              | <b>\$ 1,393,490</b>    | <b>\$ -</b>            | <b>\$ -</b>                  | <b>\$ 7,332,943</b> |
| Expenditures:                      |                        |                        |                              |                     |
| Current:                           |                        |                        |                              |                     |
| General government                 | \$ -                   | \$ -                   | \$ -                         | \$ 175,515          |
| Public safety                      | 2,066                  |                        |                              | 2,600,096           |
| Health and welfare                 |                        |                        |                              | 601,925             |
| Culture recreation                 |                        |                        |                              | 67,607              |
| Debt service                       |                        |                        |                              |                     |
| Principle                          |                        |                        |                              | 492,061             |
| Interest                           |                        |                        |                              | 296,850             |
| Capital outlay                     | 1,493,450              |                        |                              | 3,629,857           |
| <b>Total expenditures</b>          | <b>\$ 1,495,516</b>    | <b>\$ -</b>            | <b>\$ -</b>                  | <b>\$ 7,863,911</b> |
| Revenues over (under) expenditures | \$ (102,026)           | \$ -                   | \$ -                         | \$ (530,968)        |
| Other financing sources (uses):    |                        |                        |                              |                     |
| Transfer in                        |                        |                        | 55,000                       | 918,263             |
| Transfer (out)                     |                        |                        |                              | (564,289)           |
| Loan proceeds                      |                        |                        |                              | 684,349             |
| Net change in fund balances        | \$ (102,026)           | \$ -                   | \$ 55,000                    | \$ 507,355          |
| Fund balance, July 1, 2007         | 3,315                  | 420                    | -                            | 4,839,513           |
| Fund balance, June 30, 2008        | <u>\$ (98,711)</u>     | <u>\$ 420</u>          | <u>\$ 55,000</u>             | <u>\$ 5,346,868</u> |

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

Grant County  
**NONMAJOR SPECIAL REVENUE FUNDS - RURAL FIRE DEPARTMENTS**  
**COMBINING BALANCE SHEET**  
For the Fiscal Year Ended June 30, 2008

|                                     | <u>Gila/Cliff<br/>Fire</u> | <u>Fort Bayard<br/>Fire</u> | <u>Upper<br/>Mimbres<br/>Fire</u> | <u>Lower<br/>Mimbres<br/>Fire</u> |
|-------------------------------------|----------------------------|-----------------------------|-----------------------------------|-----------------------------------|
| <b>Assets</b>                       |                            |                             |                                   |                                   |
| Cash                                | \$ 132,027                 | \$ 29,584                   | \$ 72,930                         | \$ 13,878                         |
| Total assets                        | <u>\$ 132,027</u>          | <u>\$ 29,584</u>            | <u>\$ 72,930</u>                  | <u>\$ 13,878</u>                  |
| <b>Liabilities and Fund Balance</b> |                            |                             |                                   |                                   |
| Accounts payable                    | \$ 544                     | \$ 553                      | \$ 373                            | \$ 62                             |
| Deferred revenue                    |                            |                             |                                   |                                   |
| Total liabilities                   | <u>\$ 544</u>              | <u>\$ 553</u>               | <u>\$ 373</u>                     | <u>\$ 62</u>                      |
| Fund balances:                      |                            |                             |                                   |                                   |
| Unreserved                          | <u>\$ 131,483</u>          | <u>\$ 29,031</u>            | <u>\$ 72,557</u>                  | <u>\$ 13,816</u>                  |
| Total fund balance                  | <u>\$ 131,483</u>          | <u>\$ 29,031</u>            | <u>\$ 72,557</u>                  | <u>\$ 13,816</u>                  |
| Total liabilities and fund balance  | <u>\$ 132,027</u>          | <u>\$ 29,584</u>            | <u>\$ 72,930</u>                  | <u>\$ 13,878</u>                  |

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

| <u>Sapillo<br/>Creek<br/>Fire</u> | <u>Whiskey<br/>Creek<br/>Fire</u> | <u>Pinos<br/>Altos<br/>Fire</u> | <u>Tyrone<br/>Fire</u>  | <u>Santa Rita<br/>Fire</u>      | <u>Total</u>                       |
|-----------------------------------|-----------------------------------|---------------------------------|-------------------------|---------------------------------|------------------------------------|
| <u>\$ 61,584</u>                  | <u>\$ 130,573</u>                 | <u>\$ 88,634</u>                | <u>\$ 14,070</u>        | <u>\$ 195,731</u>               | <u>\$ 739,011</u>                  |
| <u><u>\$ 61,584</u></u>           | <u><u>\$ 130,573</u></u>          | <u><u>\$ 88,634</u></u>         | <u><u>\$ 14,070</u></u> | <u><u>\$ 195,731</u></u>        | <u><u>\$ 739,011</u></u>           |
| <u>\$ 1,464</u><br><u>9,765</u>   | <u>\$ 675</u>                     | <u>\$ 53,154</u>                | <u>\$ 734</u>           | <u>\$ 836</u><br><u>151,918</u> | <u>\$ 58,395</u><br><u>161,683</u> |
| <u>\$ 11,229</u>                  | <u>\$ 675</u>                     | <u>\$ 53,154</u>                | <u>\$ 734</u>           | <u>\$ 152,754</u>               | <u>\$ 220,078</u>                  |
| <u>\$ 50,355</u>                  | <u>\$ 129,898</u>                 | <u>\$ 35,480</u>                | <u>\$ 13,336</u>        | <u>\$ 42,977</u>                | <u>\$ 518,933</u>                  |
| <u>\$ 50,355</u>                  | <u>\$ 129,898</u>                 | <u>\$ 35,480</u>                | <u>\$ 13,336</u>        | <u>\$ 42,977</u>                | <u>\$ 518,933</u>                  |
| <u><u>\$ 61,584</u></u>           | <u><u>\$ 130,573</u></u>          | <u><u>\$ 88,634</u></u>         | <u><u>\$ 14,070</u></u> | <u><u>\$ 195,731</u></u>        | <u><u>\$ 739,011</u></u>           |

Grant County  
**NONMAJOR SPECIAL REVENUE FUNDS - RURAL FIRE DEPARTMENTS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
For the Fiscal Year Ended June 30, 2008

|  | Gila/Cliff<br>Fire | Fort Bayard<br>Fire | Upper<br>Mimbres<br>Fire | Lower<br>Mimbres<br>Fire |
|--|--------------------|---------------------|--------------------------|--------------------------|
| <b>Revenues:</b>                       |                    |                     |                          |                          |
| Intergovernmental                      | \$ 87,256          | \$ 61,995           | \$ 87,256                | \$ 87,256                |
| Charges for services                   | 1,333              | 1,333               | 1,333                    | 4,393                    |
| Miscellaneous                          |                    | 601                 | 598                      | 1,141                    |
| <b>Total revenues</b>                  | <b>\$ 88,589</b>   | <b>\$ 63,929</b>    | <b>\$ 89,187</b>         | <b>\$ 92,790</b>         |
| <b>Expenditures:</b>                   |                    |                     |                          |                          |
| <b>Current</b>                         |                    |                     |                          |                          |
| Public safety                          | \$ 21,258          | \$ 31,327           | \$ 31,725                | \$ 61,040                |
| <b>Debt service:</b>                   |                    |                     |                          |                          |
| Principal                              |                    | 14,338              | 22,588                   | 27,536                   |
| Interest                               |                    | 2,055               | 6,744                    | 5,100                    |
| Capital outlay                         | 871                | 307,134             | 567                      | 18,642                   |
| <b>Total expenditures</b>              | <b>\$ 22,129</b>   | <b>\$ 354,854</b>   | <b>\$ 61,624</b>         | <b>\$ 112,318</b>        |
| Revenues over (under) expenditures     | \$ 66,460          | \$ (290,925)        | \$ 27,563                | \$ (19,528)              |
| <b>Other financing sources (uses):</b> |                    |                     |                          |                          |
| Transfer in                            |                    | 65,000              |                          |                          |
| Transfer (out)                         |                    |                     |                          |                          |
| Loan proceeds                          |                    | 242,134             |                          |                          |
| Net change in fund balances            | \$ 66,460          | \$ 16,209           | \$ 27,563                | \$ (19,528)              |
| Fund balance, July 1, 2007             | 65,023             | 12,822              | 44,994                   | 33,344                   |
| Fund balance, June 30, 2008            | <u>\$ 131,483</u>  | <u>\$ 29,031</u>    | <u>\$ 72,557</u>         | <u>\$ 13,816</u>         |

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

| <u>Sapillo<br/>Creek<br/>Fire</u> | <u>Whiskey<br/>Creek<br/>Fire</u> | <u>Pinos<br/>Altos<br/>Fire</u> | <u>Tyrone<br/>Fire</u> | <u>Santa Rita<br/>Fire</u> | <u>Total</u>        |
|-----------------------------------|-----------------------------------|---------------------------------|------------------------|----------------------------|---------------------|
| \$ 33,863                         | \$ 123,990                        | \$ 167,620                      | \$ 270,841             | \$ 43,628                  | \$ 963,705          |
| 2,183                             | 1,333                             | 2,333                           | 3,324                  | 3,373                      | 20,938              |
| <u>2,269</u>                      | <u>7,102</u>                      | <u>2,844</u>                    | <u>21,452</u>          | <u>637</u>                 | <u>36,644</u>       |
| <u>\$ 38,315</u>                  | <u>\$ 132,425</u>                 | <u>\$ 172,797</u>               | <u>\$ 295,617</u>      | <u>\$ 47,638</u>           | <u>\$ 1,021,287</u> |
| <br>                              |                                   |                                 |                        |                            |                     |
| \$ 20,411                         | \$ 17,812                         | \$ 98,511                       | \$ 60,897              | \$ 28,162                  | \$ 371,143          |
| 8,131                             |                                   | 14,566                          | 24,177                 | 5,725                      | 117,061             |
| 1,657                             |                                   | 5,359                           | 12,535                 | 2,592                      | 36,042              |
| <u></u>                           | <u>7,500</u>                      | <u>315,520</u>                  | <u>521,337</u>         | <u>68</u>                  | <u>1,171,639</u>    |
| <u>\$ 30,199</u>                  | <u>\$ 25,312</u>                  | <u>\$ 433,956</u>               | <u>\$ 618,946</u>      | <u>\$ 36,547</u>           | <u>\$ 1,695,885</u> |
| \$ 8,116                          | \$ 107,113                        | \$ (261,159)                    | \$ (323,329)           | \$ 11,091                  | \$ (674,598)        |
|                                   |                                   |                                 |                        |                            | 65,000              |
|                                   |                                   |                                 |                        |                            | -                   |
|                                   |                                   | <u>112,143</u>                  | <u>330,072</u>         |                            | <u>684,349</u>      |
| \$ 8,116                          | \$ 107,113                        | \$ (149,016)                    | \$ 6,743               | \$ 11,091                  | \$ 74,751           |
| 42,239                            | 22,785                            | 184,496                         | 6,593                  | 31,886                     | 444,182             |
| <u>\$ 50,355</u>                  | <u>\$ 129,898</u>                 | <u>\$ 35,480</u>                | <u>\$ 13,336</u>       | <u>\$ 42,977</u>           | <u>\$ 518,933</u>   |

Grant County  
**SPECIAL REVENUE FUND - FIRE PROTECTION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | Original<br>Budget  | Final<br>Budget     | Actual              | Variance<br>Favorable<br>(Unfavorable) |
|---|---------------------|---------------------|---------------------|--|
| Revenues:   |                     |                     |                     |  |
| Taxes   | \$ 460,000          | \$ 460,000          | \$ 508,896          | \$ 48,896                              |
| Miscellaneous   |                     |                     | 849                 | 849                                    |
| Total revenues  | <u>\$ 460,000</u>   | <u>\$ 460,000</u>   | <u>\$ 509,745</u>   | <u>\$ 49,745</u>                       |
| Expenditures:   |                     |                     |                     |  |
| Current:  |                     |                     |                     |  |
| Public safety   | \$ 1,109,637        | \$ 1,109,637        | \$ 247,266          | \$ 862,371                             |
| Capital outlay  | 318,367             | 318,367             | 272,367             | 46,000                                 |
| Total expenditures                                      | <u>\$ 1,428,004</u> | <u>\$ 1,428,004</u> | <u>\$ 519,633</u>   | <u>\$ 908,371</u>                      |
| Revenues over (under) expenditures                      | \$ (968,004)        | \$ (968,004)        | \$ (9,888)          | \$ 958,116                             |
| Other financing sources (uses):                         |                     |                     |                     |  |
| Transfer out  |                     |                     |                     | -                                      |
| Net change in fund balance                              | \$ (968,004)        | \$ (968,004)        | \$ (9,888)          | \$ 958,116                             |
| Fund balance, July 1, 2007                              | <u>968,004</u>      | <u>968,004</u>      | <u>1,428,002</u>    | <u>459,998</u>                         |
| Fund balance, June 30, 2008                             | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ 1,418,114</u> | <u>\$ 1,418,114</u>                    |
| <br>Budgetary reconciliation:                           |                     |                     |                     |  |
| Net change in fund balance, GAAP basis                  |                     |                     | \$ (52,676)         |  |
| Revenue accruals (net)                                  |                     |                     | 28,217              |  |
| Expenditure accruals (net)                              |                     |                     | (50,429)            |  |
| Other financing uses                                    |                     |                     | <u>65,000</u>       |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                     |                     | <u>\$ (9,888)</u>   |  |

The accompanying notes are an integral part of these financial statements

Grant County  
**SPECIAL REVENUE FUND - FARM AND RANGE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|------------------|---|
| Revenues:   |                            |                         |                  |   |
| Intergovernmental                                       | \$ 27,000                  | \$ 27,000               | \$ 32,221        | \$ 5,221  |
| Expenditures:   |                            |                         |                  |   |
| Current:  |                            |                         |                  |   |
| Health and welfare                                      | \$ 27,500                  | \$ 27,500               | \$ 27,500        | \$ -  |
| Net change in fund balance                              | \$ (500)                   | \$ (500)                | \$ 4,721         | \$ 5,221  |
| Fund balance, July 1, 2007                              | <u>11,975</u>              | <u>11,975</u>           | <u>11,975</u>    | <u>-</u>  |
| Fund balance, June 30, 2008                             | <u>\$ 11,475</u>           | <u>\$ 11,475</u>        | <u>\$ 16,696</u> | <u>\$ 5,221</u>                                 |
| Budgetary reconciliation:                               |                            |                         |                  |   |
| Net change in fund balance, GAAP basis                  |                            |                         | \$ 4,721         |   |
| Revenue accruals (net)                                  |                            |                         | -                |   |
| Expenditure accruals (net)                              |                            |                         | <u>-</u>         |   |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                            |                         | <u>\$ 4,721</u>  |   |

The accompanying notes are an integral part of these financial statements



Grant County  
**SPECIAL REVENUE FUND - RECREATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | Original<br>Budget | Final<br>Budget | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-----------------|-------------------|--|
| Revenues:   |                    |                 |                   |  |
| Taxes   | \$ 1,500           | \$ 1,500        | \$ 1,340          | \$ (160)                               |
| Miscellaneous   |                    |                 |                   | -                                      |
| Total revenues  | <u>\$ 1,500</u>    | <u>\$ 1,500</u> | <u>\$ 1,340</u>   | <u>\$ (160)</u>                        |
| Expenditures:   |                    |                 |                   |  |
| Current:  |                    |                 |                   |  |
| Culture and recreation                                  | \$ 4,000           | \$ 7,200        | \$ 6,626          | \$ 574                                 |
| Capital outlay  |                    |                 |                   | -                                      |
| Total expenditures                                      | <u>\$ 4,000</u>    | <u>\$ 7,200</u> | <u>\$ 6,626</u>   | <u>\$ 574</u>                          |
| Revenues over (under) expenditures                      | \$ (2,500)         | \$ (5,700)      | \$ (5,286)        | \$ 414                                 |
| Other financing sources (uses):                         |                    |                 |                   |  |
| Transfer in   |                    | 3,200           | 3,200             | -                                      |
| Net change in fund balance                              | \$ (2,500)         | \$ (2,500)      | \$ (2,086)        | \$ 414                                 |
| Fund balance, July 1, 2007                              | <u>2,500</u>       | <u>2,500</u>    | <u>2,500</u>      | <u>-</u>                               |
| Fund balance, June 30, 2008                             | <u>\$ -</u>        | <u>\$ -</u>     | <u>\$ 414</u>     | <u>\$ 414</u>                          |
| <br>Budgetary reconciliation:                           |                    |                 |                   |  |
| Net change in fund balance, GAAP basis                  |                    |                 | \$ (2,152)        |  |
| Revenue accruals (net)                                  |                    |                 | 66                |  |
| Expenditure accruals (net)                              |                    |                 | -                 |  |
| Other financing uses                                    |                    |                 | -                 |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                 | <u>\$ (2,086)</u> |  |

The accompanying notes are an integral part of these financial statements

Grant County  
**SPECIAL REVENUE FUND - CORRECTION FEES**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|---------------------|---|
| Revenues:   |                            |                         |                     |   |
| Taxes   | \$ 620,000                 | \$ 620,000              | \$ 663,968          | \$ 43,968                                       |
| Intergovernmental                                       | 129,500                    | 129,500                 | 240,758             | 111,258   |
| Miscellaneous   | 10,000                     | 10,000                  | 4,434               | (5,566)   |
| Total revenues  | <u>\$ 759,500</u>          | <u>\$ 759,500</u>       | <u>\$ 909,160</u>   | <u>\$ 149,660</u>                               |
| Expenditures:   |                            |                         |                     |   |
| Current:  |                            |                         |                     |   |
| Public safety   | \$ 1,442,226               | \$ 1,442,226            | \$ 1,289,171        | \$ 153,055                                      |
| Capital outlay  |                            |                         | 1,779               | (1,779)   |
| Total expenditures                                      | <u>\$ 1,442,226</u>        | <u>\$ 1,442,226</u>     | <u>\$ 1,290,950</u> | <u>\$ 151,276</u>                               |
| Revenues over (under) expenditures                      | \$ (682,726)               | \$ (682,726)            | \$ (381,790)        | \$ 300,936                                      |
| Other financing sources (uses):                         |                            |                         |                     |   |
| Transfer in   | 719,610                    | 719,610                 | 719,610             | -   |
| Net change in fund balance                              | \$ 36,884                  | \$ 36,884               | \$ 337,820          | \$ 300,936                                      |
| Fund balance, July 1, 2007                              | 13,117                     | 13,117                  | 13,117              | -   |
| Fund balance, June 30, 2008                             | <u>\$ 50,001</u>           | <u>\$ 50,001</u>        | <u>\$ 350,937</u>   | <u>\$ 300,936</u>                               |
| Budgetary reconciliation:                               |                            |                         |                     |   |
| Net change in fund balance, GAAP basis                  |                            |                         | \$ 312,517          |   |
| Revenue accruals (net)                                  |                            |                         | (6,573)             |   |
| Expenditure accruals (net)                              |                            |                         | 31,876              |   |
| Other financing uses                                    |                            |                         | -                   |   |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                            |                         | <u>\$ 337,820</u>   |   |

The accompanying notes are an integral part of these financial statements

Grant County  
**SPECIAL REVENUE FUND - COUNTY CLERK'S EQUIPMENT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | Original<br>Budget | Final<br>Budget | Actual    | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-----------------|-----------|--|
| Revenues:   |                    |                 |           |  |
| Charges for services                                    | \$ 30,000          | \$ 30,000       | \$ 26,546 | \$ (3,454)                             |
| Expenditures:   |                    |                 |           |  |
| Current:  |                    |                 |           |  |
| General government                                      | \$ 13,000          | \$ 13,000       | \$ 9,564  | \$ 3,436                               |
| Capital outlay  | 17,000             | 17,000          | 828       | 16,172                                 |
| Total expenditures                                      | \$ 30,000          | \$ 30,000       | \$ 10,392 | \$ 19,608                              |
| Net change in fund balance                              | \$ -               | \$ -            | \$ 16,154 | \$ 16,154                              |
| Fund balance, July 1, 2007                              |                    |                 | 41,541    | 41,541                                 |
| Fund balance, June 30, 2008                             | \$ -               | \$ -            | \$ 57,695 | \$ 57,695                              |
| Budgetary reconciliation:                               |                    |                 |           |  |
| Net change in fund balance, GAAP basis                  |                    |                 | \$ 16,154 |  |
| Revenue accruals (net)                                  |                    |                 | -         |  |
| Expenditure accruals (net)                              |                    |                 | -         |  |
| Other financing sources                                 |                    |                 | -         |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                 | \$ 16,154 |  |

The accompanying notes are an integral part of these financial statements

Grant County  
**SPECIAL REVENUE FUND - LAW ENFORCEMENT PROTECTION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | Original<br>Budget | Final<br>Budget | Actual      | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-----------------|-------------|--|
| Revenues:   |                    |                 |             |  |
| Intergovernmental                                       | \$ 41,000          | \$ 41,000       | \$ 41,000   | \$ -                                   |
| Expenditures:   |                    |                 |             |  |
| Current:  |                    |                 |             |  |
| Public safety   | \$ 26,066          | \$ 26,066       | \$ 17,000   | \$ 9,066                               |
| Capital outlay  | 32,079             | 32,079          | 40,452      | (8,373)                                |
| Total expenditures                                      | \$ 58,145          | \$ 58,145       | \$ 57,452   | \$ 693                                 |
| Net change in fund balance                              | \$ (17,145)        | \$ (17,145)     | \$ (16,452) | \$ 693                                 |
| Fund balance, July 1, 2007                              | 17,145             | 17,145          | 17,145      | -                                      |
| Fund balance, June 30, 2008                             | \$ -               | \$ -            | \$ 693      | \$ 693                                 |
| Budgetary reconciliation:                               |                    |                 |             |  |
| Net change in fund balance, GAAP basis                  |                    |                 | \$ (18,947) |  |
| Revenue accruals (net)                                  |                    |                 | -           |  |
| Expenditure accruals (net)                              |                    |                 | 2,495       |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                 | \$ (16,452) |  |

The accompanying notes are an integral part of these financial statements

Grant County  
**SPECIAL REVENUE FUND - LODGERS TAX**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|-------------------|---|
| Revenues:   |                            |                         |                   |   |
| Taxes   | \$ 70,000                  | \$ 70,000               | \$ 76,659         | \$ 6,659  |
| Expenditures:   |                            |                         |                   |   |
| Current:  |                            |                         |                   |   |
| Culture and recreation                                  | <u>70,000</u>              | <u>70,000</u>           | <u>64,141</u>     | <u>5,859</u>                                    |
| Revenues over (under) expenditures                      | \$ -                       | \$ -                    | \$ 12,518         | \$ 12,518                                       |
| Other financing sources (uses):                         |                            |                         |                   |   |
| Transfer out  |                            |                         | <u>(17,000)</u>   | <u>(17,000)</u>                                 |
| Net change in fund balance                              | \$ -                       | \$ -                    | \$ (4,482)        | \$ (4,482)                                      |
| Fund balance, July 1, 2007                              |                            |                         | <u>140,648</u>    | <u>140,648</u>                                  |
| Fund balance, June 30, 2008                             | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 136,166</u> | <u>\$ 136,166</u>                               |
| <br>Budgetary reconciliation:                           |                            |                         |                   |   |
| Net change in fund balance, GAAP basis                  |                            |                         | \$ (749)          |   |
| Revenue accruals (net)                                  |                            |                         | (573)             |   |
| Expenditure accruals (net)                              |                            |                         | <u>(3,160)</u>    |   |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                            |                         | <u>\$ (4,482)</u> |   |

The accompanying notes are an integral part of these financial statements

Grant County  
**SPECIAL REVENUE FUND - AIRPORT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|-------------------|---|
| Revenues:   |                            |                         |                   |   |
| Intergovernmental                                       | \$ 482,188                 | \$ 482,188              | \$ 467,009        | \$ (15,179)                                     |
| Charges for services                                    |                            |                         | 45,631            | 45,631  |
|   | <u>\$ 482,188</u>          | <u>\$ 482,188</u>       | <u>\$ 512,640</u> | <u>\$ 30,452</u>                                |
| Total revenues  |                            |                         |                   |   |
| Expenditures:   |                            |                         |                   |   |
| Current:  |                            |                         |                   |   |
| General government                                      | \$ 112,537                 | \$ 112,537              | \$ 44,117         | \$ 68,420                                       |
| Capital outlay  | 53,758                     | 170,491                 | 106,401           | 64,090  |
|   | <u>\$ 166,295</u>          | <u>\$ 283,028</u>       | <u>\$ 150,518</u> | <u>\$ 132,510</u>                               |
| Total expenditures                                      |                            |                         |                   |   |
| Revenues over (under) expenditures                      | \$ 315,893                 | \$ 199,160              | \$ 362,122        | \$ 162,962                                      |
| Other financing sources (uses):                         |                            |                         |                   |   |
| Transfer in   |                            |                         | \$ 75,453         | \$ 75,453                                       |
| Net change in fund balance                              | \$ 315,893                 | \$ 199,160              | \$ 437,575        | \$ 238,415                                      |
| Fund balance, July 1, 2007                              |                            |                         | <u>(428,348)</u>  | <u>(428,348)</u>                                |
| Fund balance, June 30, 2008                             | <u>\$ 315,893</u>          | <u>\$ 199,160</u>       | <u>\$ 9,227</u>   | <u>\$ (189,933)</u>                             |
| <br>Budgetary reconciliation:                           |                            |                         |                   |   |
| Net change in fund balance, GAAP basis                  |                            |                         | \$ 52,695         |   |
| Revenue accruals (net)                                  |                            |                         | 397,688           |   |
| Expenditure accruals (net)                              |                            |                         | <u>(12,808)</u>   |   |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                            |                         | <u>\$ 437,575</u> |   |

The accompanying notes are an integral part of these financial statements

Grant County  
**SPECIAL REVENUE FUND - REAPPRAISAL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | Original<br>Budget | Final<br>Budget   | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-------------------|-------------------|--|
| Revenues:   |                    |                   |                   |  |
| Charges for services                                    | \$ 100,000         | \$ 100,000        | \$ 126,150        | \$ 26,150                              |
| Expenditures:   |                    |                   |                   |  |
| Current:  |                    |                   |                   |  |
| General government                                      | \$ 80,248          | \$ 80,248         | \$ 47,268         | \$ 32,980                              |
| Capital outlay  | 25,000             | 25,000            | 25,447            | (447)                                  |
| Total expenditures                                      | \$ 105,248         | \$ 105,248        | \$ 72,715         | \$ 32,533                              |
| Net change in fund balance                              | \$ (5,248)         | \$ (5,248)        | \$ 53,435         | \$ 58,683                              |
| Fund balance, July 1, 2007                              | 176,563            | 176,563           | 176,563           | -                                      |
| Fund balance, June 30, 2008                             | <u>\$ 171,315</u>  | <u>\$ 171,315</u> | <u>\$ 229,998</u> | <u>\$ 58,683</u>                       |
| Budgetary reconciliation:                               |                    |                   |                   |  |
| Net change in fund balance, GAAP basis                  |                    |                   | \$ 53,227         |  |
| Revenue accruals (net)                                  |                    |                   | -                 |  |
| Expenditure accruals (net)                              |                    |                   | <u>208</u>        |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                   | <u>\$ 53,435</u>  |  |

The accompanying notes are an integral part of these financial statements

Grant County  
**SPECIAL REVENUE FUND - EMS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | Original<br>Budget | Final<br>Budget | Actual    | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-----------------|-----------|--|
| Revenues:   |                    |                 |           |  |
| Intergovernmental                                       | \$ 79,628          | \$ 79,628       | \$ 79,955 | \$ 327                                 |
| Miscellaneous   |                    |                 | 246       | 246                                    |
| Total revenues  | \$ 79,628          | \$ 79,628       | \$ 80,201 | \$ 573                                 |
| Expenditures:   |                    |                 |           |  |
| Current:  |                    |                 |           |  |
| Public Safety   | \$ 100,746         | \$ 100,746      | \$ 47,442 | \$ 53,304                              |
| Capital outlay  |                    |                 |           | -                                      |
| Total expenditures                                      | \$ 100,746         | \$ 100,746      | \$ 47,442 | \$ 53,304                              |
| Revenues over (under) expenditures                      | \$ (21,118)        | \$ (21,118)     | \$ 32,759 | \$ 53,877                              |
| Other financing sources (uses):                         |                    |                 |           |  |
| Transfer in   |                    |                 |           | \$ -                                   |
| Net change in fund balance                              | \$ (21,118)        | \$ (21,118)     | \$ 32,759 | \$ 53,877                              |
| Fund balance, July 1, 2007                              | 21,118             | 21,118          | 21,118    | -                                      |
| Fund balance, June 30, 2008                             | \$ -               | \$ -            | \$ 53,877 | \$ 53,877                              |
| <br>Budgetary reconciliation:                           |                    |                 |           |  |
| Net change in fund balance, GAAP basis                  |                    |                 | \$ 32,649 |  |
| Revenue accruals (net)                                  |                    |                 | (18,934)  |  |
| Expenditure accruals (net)                              |                    |                 | 19,044    |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                 | \$ 32,759 |  |

The accompanying notes are an integral part of these financial statements



Grant County  
**SPECIAL REVENUE FUND - SOLID WASTE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | Original<br>Budget | Final<br>Budget   | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-------------------|-------------------|--|
| Revenues:   |                    |                   |                   |  |
| Taxes   | \$ 15,738          | \$ 15,738         | \$ 51,584         | \$ 35,846                              |
| Charges for services                                    | 406,702            | 406,702           | 506,354           | 99,652                                 |
| Total revenues  | <u>\$ 422,440</u>  | <u>\$ 422,440</u> | <u>\$ 557,938</u> | <u>\$ 135,498</u>                      |
| Expenditures:   |                    |                   |                   |  |
| Current:  |                    |                   |                   |  |
| Health and welfare                                      | \$ 496,847         | \$ 496,847        | \$ 330,290        | \$ 166,557                             |
| Revenues over (under) expenditures                      | \$ (74,407)        | \$ (74,407)       | \$ 227,648        | \$ 302,055                             |
| Other financing sources (uses):                         |                    |                   |                   |  |
| Transfer out  |                    |                   | (4,765)           | (4,765)                                |
| Net change in fund balance                              | \$ (74,407)        | \$ (74,407)       | \$ 222,883        | \$ 297,290                             |
| Fund balance, July 1, 2007                              | <u>277,993</u>     | <u>277,993</u>    | <u>277,993</u>    | <u>-</u>                               |
| Fund balance, June 30, 2008                             | <u>\$ 203,586</u>  | <u>\$ 203,586</u> | <u>\$ 500,876</u> | <u>\$ 297,290</u>                      |
| <br>Budgetary reconciliation:                           |                    |                   |                   |  |
| Net change in fund balance, GAAP basis                  |                    |                   | \$ 172,730        |  |
| Revenue accruals (net)                                  |                    |                   | (201,167)         |  |
| Expenditure accruals (net)                              |                    |                   | 251,320           |  |
| Other financing uses (net)                              |                    |                   | -                 |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                   | <u>\$ 222,883</u> |  |

The accompanying notes are an integral part of these financial statements

Grant County  
**SPECIAL REVENUE FUND - REGIONAL DISPATCH**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | Original<br>Budget      | Final<br>Budget         | Actual                   | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------------|-------------------------|--------------------------|--|
| Revenues:   |                         |                         |                          |  |
| Taxes   | \$ 635,000              | \$ 635,000              | \$ 680,313               | \$ 45,313                              |
| Intergovernmental                                       |                         |                         | 5,298                    | 5,298                                  |
| Miscellaneous   |                         |                         | 3,299                    | 3,299                                  |
| Total revenues  | <u>\$ 635,000</u>       | <u>\$ 635,000</u>       | <u>\$ 688,910</u>        | <u>\$ 53,910</u>                       |
| Expenditures:   |                         |                         |                          |  |
| Current:  |                         |                         |                          |  |
| Public safety   | \$ 701,532              | \$ 701,532              | \$ 645,393               | \$ 56,139                              |
| Capital outlay  | 5,000                   | 5,000                   | 2,180                    | 2,820                                  |
| Total expenditures                                      | <u>\$ 706,532</u>       | <u>\$ 706,532</u>       | <u>\$ 647,573</u>        | <u>\$ 58,959</u>                       |
| Revenues over (under) expenditures                      | \$ (71,532)             | \$ (71,532)             | \$ 41,337                | \$ 112,869                             |
| Other financing sources (uses):                         |                         |                         |                          |  |
| Transfer out  | <u>\$ (11,506)</u>      | <u>\$ (11,506)</u>      | <u>\$ (11,506)</u>       | <u>\$ -</u>                            |
| Net change in fund balance                              | \$ (83,038)             | \$ (83,038)             | \$ 29,831                | \$ 112,869                             |
| Fund balance, July 1, 2007                              | <u>121,774</u>          | <u>121,774</u>          | <u>121,774</u>           | <u>-</u>                               |
| Fund balance, June 30, 2008                             | <u><u>\$ 38,736</u></u> | <u><u>\$ 38,736</u></u> | <u><u>\$ 151,605</u></u> | <u><u>\$ 112,869</u></u>               |
| Budgetary reconciliation:                               |                         |                         |                          |  |
| Net change in fund balance, GAAP basis                  |                         |                         | \$ 9,993                 |  |
| Revenue accruals (net)                                  |                         |                         | (6,159)                  |  |
| Expenditure accruals (net)                              |                         |                         | <u>25,997</u>            |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                         |                         | <u><u>\$ 29,831</u></u>  |  |

The accompanying notes are an integral part of these financial statements

Grant County  
**SPECIAL REVENUE FUND - GILA/CLIFF FIRE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | Original<br>Budget | Final<br>Budget  | Actual           | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|------------------|------------------|--|
| Revenues:   |                    |                  |                  |  |
| Intergovernmental                                       | \$ 87,256          | \$ 87,256        | \$ 87,256        | \$ -                                   |
| Charges for services                                    |                    |                  | 1,333            | 1,333                                  |
| <b>Total revenues</b>                                   | <b>\$ 87,256</b>   | <b>\$ 87,256</b> | <b>\$ 88,589</b> | <b>\$ 1,333</b>                        |
| Expenditures:   |                    |                  |                  |  |
| Current:  |                    |                  |                  |  |
| Public safety   | \$ 39,058          | \$ 39,058        | \$ 20,818        | \$ 18,240                              |
| Capital outlay  | 48,198             | 48,198           | 870              | 47,328                                 |
| <b>Total expenditures</b>                               | <b>\$ 87,256</b>   | <b>\$ 87,256</b> | <b>\$ 21,688</b> | <b>\$ 65,568</b>                       |
| Net change in fund balance                              | \$ -               | \$ -             | \$ 66,901        | \$ 66,901                              |
| Fund balance, July 1, 2007                              |                    |                  | 65,126           | 65,126                                 |
| Fund balance, June 30, 2008                             | \$ -               | \$ -             | \$ 132,027       | \$ 132,027                             |
| Budgetary reconciliation:                               |                    |                  |                  |  |
| Net change in fund balance, GAAP basis                  |                    |                  | \$ 66,460        |  |
| Revenue accruals (net)                                  |                    |                  | -                |  |
| Expenditure accruals (net)                              |                    |                  | 441              |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                  | \$ 66,901        |  |

The accompanying notes are an integral part of these financial statements

Grant County  
**SPECIAL REVENUE FUND - FORT BAYARD FIRE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | Original<br>Budget | Final<br>Budget  | Actual           | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|------------------|------------------|--|
| Revenues:   |                    |                  |                  |  |
| Intergovernmental                                       | \$ 61,995          | \$ 61,995        | \$ 61,995        | \$ -                                   |
| Charges for services                                    |                    |                  | 1,333            | 1,333                                  |
| Miscellaneous   |                    |                  |                  | -                                      |
| Total revenues  | <u>\$ 61,995</u>   | <u>\$ 61,995</u> | <u>\$ 63,328</u> | <u>\$ 1,333</u>                        |
| Expenditures:   |                    |                  |                  |  |
| Current:  |                    |                  |                  |  |
| Public safety   | \$ 37,995          | \$ 37,995        | \$ 30,715        | \$ 7,280                               |
| Capital outlay  | 24,000             | 24,000           | 15,510           | 8,490                                  |
| Total expenditures                                      | <u>\$ 61,995</u>   | <u>\$ 61,995</u> | <u>\$ 46,225</u> | <u>\$ 15,770</u>                       |
| Net change in fund balance                              | \$ -               | \$ -             | \$ 17,103        | \$ 17,103                              |
| Fund balance, July 1, 2007                              |                    |                  | 11,874           | 11,874                                 |
| Fund balance, June 30, 2008                             | <u>\$ -</u>        | <u>\$ -</u>      | <u>\$ 28,977</u> | <u>\$ 28,977</u>                       |
| Budgetary reconciliation:                               |                    |                  |                  |  |
| Net change in fund balance, GAAP basis                  |                    |                  | \$ 16,209        |  |
| Revenue accruals (net)                                  |                    |                  | (601)            |  |
| Expenditure accruals (net)                              |                    |                  | 308,629          |  |
| Other financing sources                                 |                    |                  | <u>(307,134)</u> |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                  | <u>\$ 17,103</u> |  |

The accompanying notes are an integral part of these financial statements

Grant County  
**SPECIAL REVENUE FUND - UPPER MIMBRES FIRE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | Original<br>Budget | Final<br>Budget | Actual           | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-----------------|------------------|--|
| Revenues:   |                    |                 |                  |  |
| Intergovernmental                                       | \$ 87,256          | \$ 87,256       | \$ 87,256        | \$ -                                   |
| Charges for services                                    |                    |                 | 1,333            | 1,333                                  |
| Miscellaneous   |                    |                 | 598              | 598                                    |
|   | <u>87,256</u>      | <u>87,256</u>   | <u>89,187</u>    | <u>1,931</u>                           |
| Total revenues  | \$ 87,256          | \$ 87,256       | \$ 89,187        | \$ 1,931                               |
| Expenditures:   |                    |                 |                  |  |
| Current:  |                    |                 |                  |  |
| Public safety   | \$ 27,240          | \$ 27,240       | \$ 31,579        | \$ (4,339)                             |
| Capital outlay  | 60,016             | 60,016          | 32,899           | 27,117                                 |
|   | <u>87,256</u>      | <u>87,256</u>   | <u>64,478</u>    | <u>22,778</u>                          |
| Total expenditures                                      | \$ 87,256          | \$ 87,256       | \$ 64,478        | \$ 22,778                              |
| Net change in fund balance                              | \$ -               | \$ -            | \$ 24,709        | \$ 24,709                              |
| Fund balance, July 1, 2007                              |                    |                 | <u>48,221</u>    | <u>48,221</u>                          |
| Fund balance, June 30, 2008                             | <u>\$ -</u>        | <u>\$ -</u>     | <u>\$ 72,930</u> | <u>\$ 72,930</u>                       |
| Budgetary reconciliation:                               |                    |                 |                  |  |
| Net change in fund balance, GAAP basis                  |                    |                 | \$ 27,563        |  |
| Revenue accruals (net)                                  |                    |                 | -                |  |
| Expenditure accruals (net)                              |                    |                 | (2,854)          |  |
| Other financing sources (net)                           |                    |                 | <u>-</u>         |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                 | <u>\$ 24,709</u> |  |

The accompanying notes are an integral part of these financial statements

Grant County  
**SPECIAL REVENUE FUND - LOWER MIMBRES FIRE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>      | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|--------------------|---|
| Revenues:   |                            |                         |                    |   |
| Intergovernmental                                       | \$ 87,256                  | \$ 87,256               | \$ 87,256          | \$ -  |
| Charges for services                                    |                            |                         | 4,393              | 4,393   |
| Miscellaneous   |                            |                         | 1,141              | 1,141   |
|   | <u>\$ 87,256</u>           | <u>\$ 87,256</u>        | <u>\$ 92,790</u>   | <u>\$ 5,534</u>                                 |
| Total revenues  |                            |                         |                    |   |
| Expenditures:   |                            |                         |                    |   |
| Current:  |                            |                         |                    |   |
| Public safety   | \$ 27,240                  | \$ 53,340               | \$ 62,068          | \$ (8,728)                                      |
| Capital outlay  | 60,016                     | 60,016                  | 51,278             | 8,738   |
|   | <u>\$ 87,256</u>           | <u>\$ 113,356</u>       | <u>\$ 113,346</u>  | <u>\$ 10</u>                                    |
| Total expenditures                                      |                            |                         |                    |   |
| Net change in fund balance                              | \$ -                       | \$ (26,100)             | \$ (20,556)        | \$ 5,544  |
| Fund balance, July 1, 2007                              |                            | 26,100                  | 34,434             | 8,334   |
| Fund balance, June 30, 2008                             | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 13,878</u>   | <u>\$ 13,878</u>                                |
| Budgetary reconciliation:                               |                            |                         |                    |   |
| Net change in fund balance, GAAP basis                  |                            |                         | \$ (19,528)        |   |
| Revenue accruals (net)                                  |                            |                         | -                  |   |
| Expenditure accruals (net)                              |                            |                         | (1,028)            |   |
| Other financing sources                                 |                            |                         | -                  |   |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                            |                         | <u>\$ (20,556)</u> |   |

The accompanying notes are an integral part of these financial statements

Grant County  
**SPECIAL REVENUE FUND - SAPILO CREEK FIRE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | Original<br>Budget | Final<br>Budget  | Actual           | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|------------------|------------------|--|
| Revenues:   |                    |                  |                  |  |
| Intergovernmental                                       | \$ 43,628          | \$ 43,628        | \$ 43,628        | \$ -                                   |
| Charges for services                                    |                    |                  | 2,183            | 2,183                                  |
| Miscellaneous   |                    |                  | 1,901            | 1,901                                  |
| <b>Total revenues</b>                                   | <b>\$ 43,628</b>   | <b>\$ 43,628</b> | <b>\$ 47,712</b> | <b>\$ 4,084</b>                        |
| Expenditures:   |                    |                  |                  |  |
| Current:  |                    |                  |                  |  |
| Public safety   | \$ 20,754          | \$ 20,754        | \$ 18,894        | \$ 1,860                               |
| Capital outlay  | 22,874             | 22,874           | 9,077            | 13,797                                 |
| <b>Total expenditures</b>                               | <b>\$ 43,628</b>   | <b>\$ 43,628</b> | <b>\$ 27,971</b> | <b>\$ 15,657</b>                       |
| Revenues over (under) expenditures                      | \$ -               | \$ -             | \$ 19,741        | \$ 19,741                              |
| Other financing sources (uses):                         |                    |                  |                  |  |
| Transfer out  |                    |                  |                  | \$ -                                   |
| Net change in fund balance                              | \$ -               | \$ -             | \$ 19,741        | \$ 19,741                              |
| Fund balance, July 1, 2007                              |                    |                  | 41,086           | 41,086                                 |
| Fund balance, June 30, 2008                             | <u>\$ -</u>        | <u>\$ -</u>      | <u>\$ 60,827</u> | <u>\$ 60,827</u>                       |
| Budgetary reconciliation:                               |                    |                  |                  |  |
| Net change in fund balance, GAAP basis                  |                    |                  | \$ 8,116         |  |
| Revenue accruals (net)                                  |                    |                  | 9,397            |  |
| Expenditure accruals (net)                              |                    |                  | 2,228            |  |
| Other financing sources (net)                           |                    |                  | <u>-</u>         |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                  | <u>\$ 19,741</u> |  |

The accompanying notes are an integral part of these financial statements

Grant County  
**SPECIAL REVENUE FUND - WHISKEY CREEK FIRE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | Original<br>Budget | Final<br>Budget   | Actual                  | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-------------------|-------------------------|--|
| Revenues:   |                    |                   |                         |  |
| Intergovernmental                                       | \$ 123,990         | \$ 123,990        | \$ 123,990              | \$ -                                   |
| Charges for services                                    |                    |                   | 1,333                   | 1,333                                  |
| Miscellaneous   |                    |                   | 7,102                   | 7,102                                  |
|   | <hr/>              | <hr/>             | <hr/>                   | <hr/>                                  |
| Total revenues  | \$ 123,990         | \$ 123,990        | \$ 132,425              | \$ 8,435                               |
| Expenditures:   |                    |                   |                         |  |
| Current:  |                    |                   |                         |  |
| Public safety   | \$ 35,500          | \$ 35,500         | \$ 17,501               | \$ 17,999                              |
| Capital outlay  | 88,490             | 88,490            | 7,500                   | 80,990                                 |
|   | <hr/>              | <hr/>             | <hr/>                   | <hr/>                                  |
| Total expenditures                                      | \$ 123,990         | \$ 123,990        | \$ 25,001               | \$ 98,989                              |
| Net change in fund balance                              | \$ -               | \$ -              | \$ 107,424              | \$ 107,424                             |
| Fund balance, July 1, 2007                              | <hr/>              | <hr/>             | 23,149                  | 23,149                                 |
| Fund balance, June 30, 2008                             | <hr/> <u>\$ -</u>  | <hr/> <u>\$ -</u> | <hr/> <u>\$ 130,573</u> | <hr/> <u>\$ 130,573</u>                |
| Budgetary reconciliation:                               |                    |                   |                         |  |
| Net change in fund balance, GAAP basis                  |                    |                   | \$ 107,113              |  |
| Revenue accruals (net)                                  |                    |                   | -                       |  |
| Expenditure accruals (net)                              |                    |                   | 311                     |  |
|   |                    |                   | <hr/>                   |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                   | <hr/> <u>\$ 107,424</u> |  |

The accompanying notes are an integral part of these financial statements



Grant County  
**SPECIAL REVENUE FUND - PINOS ALTOS FIRE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>      | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|--------------------|---|
| Revenues:   |                            |                         |                    |   |
| Intergovernmental                                       | \$ 167,620                 | \$ 167,620              | \$ 167,620         | \$ -  |
| Charges for services                                    |                            |                         | 2,333              | 2,333   |
| Miscellaneous   |                            |                         | 2,844              | 2,844   |
|   | <u>\$ 167,620</u>          | <u>\$ 167,620</u>       | <u>\$ 172,797</u>  | <u>\$ 5,177</u>                                 |
| Total revenues  |                            |                         |                    |   |
| Expenditures:   |                            |                         |                    |   |
| Current:  |                            |                         |                    |   |
| Public safety   | \$ 46,806                  | \$ 99,506               | \$ 99,154          | \$ 352  |
| Capital outlay  | 120,814                    | 170,714                 | 170,692            | 22  |
|   | <u>\$ 167,620</u>          | <u>\$ 270,220</u>       | <u>\$ 269,846</u>  | <u>\$ 374</u>                                   |
| Total expenditures                                      |                            |                         |                    |   |
| Revenues over (under) expenditures                      | \$ -                       | \$ (102,600)            | \$ (97,049)        | \$ 5,551  |
| Other financing sources (uses):                         |                            |                         |                    |   |
| Transfer out  |                            |                         |                    | <u>\$ -</u>                                     |
| Net change in fund balance                              | \$ -                       | \$ (102,600)            | \$ (97,049)        | \$ 5,551  |
| Fund balance, July 1, 2007                              |                            | <u>102,600</u>          | <u>185,683</u>     | <u>83,083</u>                                   |
| Fund balance, June 30, 2008                             | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 88,634</u>   | <u>\$ 88,634</u>                                |
| Budgetary reconciliation:                               |                            |                         |                    |   |
| Net change in fund balance, GAAP basis                  |                            |                         | \$ (149,016)       |   |
| Revenue accruals (net)                                  |                            |                         | -                  |   |
| Expenditure accruals (net)                              |                            |                         | 164,110            |   |
| Other financing sources (net)                           |                            |                         | <u>(112,143)</u>   |   |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                            |                         | <u>\$ (97,049)</u> |   |

The accompanying notes are an integral part of these financial statements

Grant County  
**SPECIAL REVENUE FUND - TYRONE FIRE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | Original<br>Budget | Final<br>Budget   | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-------------------|-------------------|--|
| Revenues:   |                    |                   |                   |  |
| Intergovernmental                                       | \$ 261,752         | \$ 297,116        | \$ 270,841        | \$ (26,275)                            |
| Charges for services                                    |                    |                   | 3,324             | 3,324                                  |
| Miscellaneous   |                    |                   | 21,452            | 21,452                                 |
|   | <u>\$ 261,752</u>  | <u>\$ 297,116</u> | <u>\$ 295,617</u> | <u>\$ (1,499)</u>                      |
| Total revenues  |                    |                   |                   |  |
| Expenditures:   |                    |                   |                   |  |
| Current:  |                    |                   |                   |  |
| Public safety   | \$ 46,290          | \$ 118,800        | \$ 105,846        | \$ 12,954                              |
| Capital outlay  | 215,462            | 178,316           | 191,265           | (12,949)                               |
|   | <u>\$ 261,752</u>  | <u>\$ 297,116</u> | <u>\$ 297,111</u> | <u>\$ 5</u>                            |
| Total expenditures                                      |                    |                   |                   |  |
| Revenues over (under) expenditures                      | \$ -               | \$ -              | \$ (1,494)        | \$ (1,494)                             |
| Other financing sources (uses):                         |                    |                   |                   |  |
| Transfer out  |                    |                   |                   | \$ -                                   |
| Net change in fund balance                              | \$ -               | \$ -              | \$ (1,494)        | \$ (1,494)                             |
| Fund balance, July 1, 2007                              |                    |                   | 15,564            | 15,564                                 |
| Fund balance, June 30, 2008                             | <u>\$ -</u>        | <u>\$ -</u>       | <u>\$ 14,070</u>  | <u>\$ 14,070</u>                       |
| <br>Budgetary reconciliation:                           |                    |                   |                   |  |
| Net change in fund balance, GAAP basis                  |                    |                   | \$ 6,743          |  |
| Revenue accruals (net)                                  |                    |                   | -                 |  |
| Expenditure accruals (net)                              |                    |                   | 321,835           |  |
| Other financing sources (net)                           |                    |                   | <u>(330,072)</u>  |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                   | <u>\$ (1,494)</u> |  |

The accompanying notes are an integral part of these financial statements

Grant County  
**SPECIAL REVENUE FUND - SANTA RITA FIRE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | Original<br>Budget | Final<br>Budget  | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|------------------|-------------------|--|
| Revenues:   |                    |                  |                   |  |
| Intergovernmental                                       | \$ 43,628          | \$ 43,988        | \$ 195,546        | \$ 151,558                             |
| Charges for services                                    |                    |                  | 3,373             | 3,373                                  |
| Miscellaneous   |                    |                  | 637               | 637                                    |
|   | <u>\$ 43,628</u>   | <u>\$ 43,988</u> | <u>\$ 199,556</u> | <u>\$ 155,568</u>                      |
| Total revenues  |                    |                  |                   |  |
| Expenditures:   |                    |                  |                   |  |
| Current:  |                    |                  |                   |  |
| Public safety   | \$ 27,261          | \$ 27,621        | \$ 27,517         | \$ 104                                 |
| Capital outlay  | 16,367             | 16,367           | 8,385             | 7,982                                  |
|   | <u>\$ 43,628</u>   | <u>\$ 43,988</u> | <u>\$ 35,902</u>  | <u>\$ 8,086</u>                        |
| Total expenditures                                      |                    |                  |                   |  |
| Net change in fund balance                              | \$ -               | \$ -             | \$ 163,654        | \$ 163,654                             |
| Fund balance, July 1, 2007                              |                    |                  | 32,077            | 32,077                                 |
| Fund balance, June 30, 2008                             | <u>\$ -</u>        | <u>\$ -</u>      | <u>\$ 195,731</u> | <u>\$ 195,731</u>                      |
| Budgetary reconciliation:                               |                    |                  |                   |  |
| Net change in fund balance, GAAP basis                  |                    |                  | \$ 11,091         |  |
| Revenue accruals (net)                                  |                    |                  | 151,918           |  |
| Expenditure accruals (net)                              |                    |                  | 645               |  |
| Other financing sources                                 |                    |                  | <u>-</u>          |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                  | <u>\$ 163,654</u> |  |

The accompanying notes are an integral part of these financial statements

Grant County  
**SPECIAL REVENUE FUND - CDBG ZONING**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|---------------|---|
| Revenues:   |                            |                         |               |   |
| Intergovernmental                                       | \$ 4,696                   | \$ 4,696                | \$ -          | \$ (4,696)                                      |
| Expenditures:   |                            |                         |               |   |
| Current:  |                            |                         |               |   |
| General government                                      | <u>5,194</u>               | <u>5,194</u>            | <u>-</u>      | <u>5,194</u>                                    |
| Net change in fund balance                              | \$ (498)                   | \$ (498)                | \$ -          | \$ 498  |
| Fund balance, July 1, 2007                              | <u>498</u>                 | <u>498</u>              | <u>498</u>    | <u>-</u>  |
| Fund balance, June 30, 2008                             | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 498</u> | <u>\$ 498</u>                                   |
| <br>Budgetary reconciliation:                           |                            |                         |               |   |
| Net change in fund balance, GAAP basis                  |                            |                         | \$ -          |   |
| Revenue accruals (net)                                  |                            |                         | -             |   |
| Expenditure accruals (net)                              |                            |                         | <u>-</u>      |   |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                            |                         | <u>\$ -</u>   |   |

The accompanying notes are an integral part of these financial statements

Grant County  
**SPECIAL REVENUE FUND - CHILD CARE CENTER**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | Original<br>Budget | Final<br>Budget | Actual           | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-----------------|------------------|--|
| Revenues:   |                    |                 |                  |  |
| Miscellaneous   | \$ -               | \$ -            | \$ -             | \$ -                                   |
| Expenditures:   |                    |                 |                  |  |
| Capital outlay  |                    |                 |                  | -                                      |
| Revenues over (under) expenditures                      | \$ -               | \$ -            | \$ -             | \$ -                                   |
| Other financing sources (uses):                         |                    |                 |                  |  |
| Transfer in   | -                  | -               | 55,000           | 55,000                                 |
| Net change in fund balance                              | \$ -               | \$ -            | \$ 55,000        | \$ 55,000                              |
| Fund balance, July 1, 2007                              |                    |                 |                  | -                                      |
| Fund balance, June 30, 2008                             | <u>\$ -</u>        | <u>\$ -</u>     | <u>\$ 55,000</u> | <u>\$ 55,000</u>                       |
| Budgetary reconciliation:                               |                    |                 |                  |  |
| Net change in fund balance, GAAP basis                  |                    |                 | 55,000           |  |
| Revenue accruals (net)                                  |                    |                 | -                |  |
| Expenditure accruals (net)                              |                    |                 | -                |  |
| Net change in transfers                                 |                    |                 | -                |  |
| Net change in fund balance,<br>NON-GAAP budgetary basis |                    |                 | <u>\$ 55,000</u> |  |

The accompanying notes are an integral part of these financial statements

Grant County  
**DEBT SERVICE FUND - 2001 REFUNDING**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|-------------------|---|
| Revenues:   |                            |                         |                   |   |
| Taxes   | \$ 640,000                 | \$ 640,000              | \$ 690,790        | \$ 50,790                                       |
| Expenditures:   |                            |                         |                   |   |
| Debt service:   |                            |                         |                   |   |
| Principle   | <u>640,000</u>             | <u>692,700</u>          | <u>692,696</u>    | <u>4</u>  |
| Net change in fund balance                              | \$ -                       | \$ (52,700)             | \$ (1,906)        | \$ 50,794                                       |
| Fund balance, July 1, 2007                              | <u>67,401</u>              | <u>67,401</u>           | <u>67,401</u>     | <u>-</u>  |
| Fund balance, June 30, 2008                             | <u>\$ 67,401</u>           | <u>\$ 14,701</u>        | <u>\$ 65,495</u>  | <u>\$ 50,794</u>                                |
| <br>Budgetary reconciliation:                           |                            |                         |                   |   |
| Net change in fund balance, GAAP basis                  |                            |                         | \$ (17,231)       |   |
| Revenue accruals (net)                                  |                            |                         | (15,716)          |   |
| Expenditure accruals (net)                              |                            |                         | (434,977)         |   |
| Other financing uses                                    |                            |                         | <u>466,018</u>    |   |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                            |                         | <u>\$ (1,906)</u> |   |

The accompanying notes are an integral part of these financial statements

Grant County  
**DEBT SERVICE FUND - JAIL REVENUE BOND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | <u>Original<br/>Budget</u>  | <u>Final<br/>Budget</u>     | <u>Actual</u>     | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|-----------------------------|-----------------------------|-------------------|---|
| Revenues:   |                             |                             |                   |   |
| Taxes   | \$ 1,000,000                | \$ 1,000,000                | \$ 445,202        | \$ (554,798)                                    |
| Expenditures:   |                             |                             |                   |   |
| Current:  |                             |                             |                   |   |
| Debt service  | <u>1,000,000</u>            | <u>1,000,000</u>            | <u>398,841</u>    | <u>601,159</u>                                  |
| Net change in fund balance                              | \$ -                        | \$ -                        | \$ 46,361         | \$ 46,361                                       |
| Fund balance, July 1, 2007                              | <u>                    </u> | <u>                    </u> | <u>765,266</u>    | <u>765,266</u>                                  |
| Fund balance, June 30, 2008                             | <u>\$ -</u>                 | <u>\$ -</u>                 | <u>\$ 811,627</u> | <u>\$ 811,627</u>                               |
| <br>Budgetary reconciliation:                           |                             |                             |                   |   |
| Net change in fund balance, GAAP basis                  |                             |                             | \$ 96,876         |   |
| Revenue accruals (net)                                  |                             |                             | (58,368)          |   |
| Expenditure accruals (net)                              |                             |                             | 7,853             |   |
| Other financing sources                                 |                             |                             | <u>-</u>          |   |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                             |                             | <u>\$ 46,361</u>  |   |

The accompanying notes are an integral part of these financial statements

Grant County  
**CAPITAL PROJECT FUND - CAPITAL ROAD**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | Original<br>Budget | Final<br>Budget | Actual              | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-----------------|---------------------|--|
| Revenues:   |                    |                 |                     |  |
| Intergovernmental                                       | \$ 346,728         | \$ 661,724      | \$ 331,256          | \$ (330,468)                           |
| Expenditures:   |                    |                 |                     |  |
| Capital outlay  | 262,732            | 577,728         | 452,045             | 125,683                                |
| Revenues over (under) expenditures                      | \$ 83,996          | \$ 83,996       | \$ (120,789)        | \$ (204,785)                           |
| Other financing sources (uses):                         |                    |                 |                     |  |
| Transfer out  |                    |                 |                     | -                                      |
| Net change in fund balance                              | \$ 83,996          | \$ 83,996       | \$ (120,789)        | \$ (204,785)                           |
| Fund balance, July 1, 2007                              | (83,996)           | (83,996)        | (83,996)            | -                                      |
| Fund balance, June 30, 2008                             | <u>\$ -</u>        | <u>\$ -</u>     | <u>\$ (204,785)</u> | <u>\$ (204,785)</u>                    |
| <br>Budgetary reconciliation:                           |                    |                 |                     |  |
| Net change in fund balance, GAAP basis                  |                    |                 | \$ (141,617)        |  |
| Revenue accruals (net)                                  |                    |                 | -                   |  |
| Expenditure accruals (net)                              |                    |                 | <u>20,828</u>       |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                 | <u>\$ (120,789)</u> |  |

The accompanying notes are an integral part of these financial statements



Grant County  
**CAPITAL PROJECT FUND - BATAAN MEMORIAL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>            | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|--------------------------|---|
| Revenues:   |                            |                         |                          |   |
| Intergovernmental                                       | \$ 105,648                 | \$ 105,648              | \$ 9,144                 | \$ (96,504)                                     |
| Expenditures:   |                            |                         |                          |   |
| Capital outlay  | <u>\$ 50,120</u>           | <u>\$ 50,120</u>        | <u>\$ 1,126</u>          | <u>\$ 48,994</u>                                |
| Net change in fund balance                              | \$ 55,528                  | \$ 55,528               | \$ 8,018                 | \$ (47,510)                                     |
| Fund balance, July 1, 2007                              | <u>(5,528)</u>             | <u>(5,528)</u>          | <u>(9,144)</u>           | <u>(3,616)</u>                                  |
| Fund balance, June 30, 2008                             | <u><u>\$ 50,000</u></u>    | <u><u>\$ 50,000</u></u> | <u><u>\$ (1,126)</u></u> | <u><u>\$ (51,126)</u></u>                       |
| Budgetary reconciliation:                               |                            |                         |                          |   |
| Net change in fund balance, GAAP basis                  |                            |                         | \$ 5,763                 |   |
| Revenue accruals (net)                                  |                            |                         | 2,255                    |   |
| Expenditure accruals (net)                              |                            |                         | <u>-</u>                 |   |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                            |                         | <u><u>\$ 8,018</u></u>   |   |

The accompanying notes are an integral part of these financial statements

Grant County  
**CAPITAL PROJECT FUND - RENOVATIONS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>              | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|----------------------------|---|
| Revenues:   |                            |                         |                            |   |
| Intergovernmental                                       | \$ 1,685,052               | \$ 6,835,952            | \$ 1,360,891               | \$ (5,475,061)                                  |
| Expenditures:   |                            |                         |                            |   |
| Capital outlay  | <u>\$ 1,639,483</u>        | <u>\$ 6,790,383</u>     | <u>\$ 1,430,350</u>        | <u>\$ 5,360,033</u>                             |
| Net change in fund balance                              | \$ 45,569                  | \$ 45,569               | \$ (69,459)                | \$ (115,028)                                    |
| Fund balance, July 1, 2007                              | <u>(32,545)</u>            | <u>(32,545)</u>         | <u>(32,545)</u>            | <u>-</u>  |
| Fund balance, June 30, 2008                             | <u><u>\$ 13,024</u></u>    | <u><u>\$ 13,024</u></u> | <u><u>\$ (102,004)</u></u> | <u><u>\$ (115,028)</u></u>                      |
| Budgetary reconciliation:                               |                            |                         |                            |   |
| Net change in fund balance, GAAP basis                  |                            |                         | \$ (102,026)               |   |
| Revenue accruals (net)                                  |                            |                         | (32,599)                   |   |
| Expenditure accruals (net)                              |                            |                         | <u>65,166</u>              |   |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                            |                         | <u><u>\$ (69,459)</u></u>  |   |

The accompanying notes are an integral part of these financial statements

Grant County  
**CAPITAL PROJECT FUND - HACHITA RECREATION CENTER**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|---------------|---|
| Revenues:   |                            |                         |               |   |
| Miscellaneous   | \$ -                       | \$ -                    | \$ -          | \$ -  |
| Expenditures:   |                            |                         |               |   |
| Capital outlay  | <u>-</u>                   | <u>-</u>                | <u>-</u>      | <u>-</u>  |
| Net change in fund balance                              | \$ -                       | \$ -                    | \$ -          | \$ -  |
| Fund balance, July 1, 2007                              | <u>          </u>          | <u>          </u>       | <u>420</u>    | <u>420</u>                                      |
| Fund balance, June 30, 2008                             | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 420</u> | <u>\$ 420</u>                                   |
| Budgetary reconciliation:                               |                            |                         |               |   |
| Net change in fund balance, GAAP basis                  |                            |                         | \$ -          |   |
| Revenue accruals (net)                                  |                            |                         | -             |   |
| Expenditure accruals (net)                              |                            |                         | <u>-</u>      |   |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                            |                         | <u>\$ -</u>   |   |

The accompanying notes are an integral part of these financial statements

Grant County  
**CAPITAL PROJECT FUND - AIRPORT INDUSTRIAL PARK**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>             | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|---------------------------|---|
| Revenues:   |                            |                         |                           |   |
| Intergovernmental                                       | \$ -                       | \$ -                    | \$ -                      | \$ -  |
| Expenditures:   |                            |                         |                           |   |
| Capital outlay  | <u>297,455</u>             | <u>297,455</u>          | <u>44,323</u>             | <u>253,132</u>                                  |
| Revenues over (under) expenditures                      | \$ (297,455)               | \$ (297,455)            | \$ (44,323)               | \$ 253,132                                      |
| Other financing sources (uses):                         |                            |                         |                           |   |
| Transfer in   | <u>-</u>                   | <u>-</u>                | <u>-</u>                  | <u>-</u>  |
| Net change in fund balance                              | \$ (297,455)               | \$ (297,455)            | \$ (44,323)               | \$ 253,132                                      |
| Fund balance, July 1, 2007                              | <u>297,455</u>             | <u>297,455</u>          | <u>297,455</u>            | <u>-</u>  |
| Fund balance, June 30, 2008                             | <u><u>\$ -</u></u>         | <u><u>\$ -</u></u>      | <u><u>\$ 253,132</u></u>  | <u><u>\$ 253,132</u></u>                        |
| Budgetary reconciliation:                               |                            |                         |                           |   |
| Net change in fund balance, GAAP basis                  |                            |                         | \$ (44,323)               |   |
| Revenue accruals (net)                                  |                            |                         | -                         |   |
| Expenditure accruals (net)                              |                            |                         | <u>-</u>                  |   |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                            |                         | <u><u>\$ (44,323)</u></u> |   |

The accompanying notes are an integral part of these financial statements

Grant County  
**SPECIAL REVENUE FUND - JAIL CONSTRUCTION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|---------------------|---|
| Revenues:   |                            |                         |                     |   |
| Miscellaneous   | \$ -                       | \$ -                    | \$ 479,212          | \$ 479,212                                      |
| Expenditures:   |                            |                         |                     |   |
| Capital outlay  | <u>5,811,182</u>           | <u>5,811,182</u>        | <u>85,941</u>       | <u>5,725,241</u>                                |
| Revenues over (under) expenditures                      | \$ (5,811,182)             | \$ (5,811,182)          | \$ 393,271          | \$ 6,204,453                                    |
| Other financing sources (uses):                         |                            |                         |                     |   |
| Bond proceeds   | <u>-</u>                   | <u>-</u>                | <u>-</u>            | <u>-</u>  |
| Net change in fund balance                              | \$ (5,811,182)             | \$ (5,811,182)          | \$ 393,271          | \$ 6,204,453                                    |
| Fund balance, July 1, 2007                              | <u>5,811,182</u>           | <u>5,811,182</u>        | <u>5,812,466</u>    | <u>1,284</u>                                    |
| Fund balance, June 30, 2008                             | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 6,205,737</u> | <u>\$ 6,205,737</u>                             |
| Budgetary reconciliation:                               |                            |                         |                     |   |
| Net change in fund balance, GAAP basis                  |                            |                         | 356,797             |   |
| Revenue accruals (net)                                  |                            |                         | 36,474              |   |
| Expenditure accruals (net)                              |                            |                         | -                   |   |
| Net change in transfers                                 |                            |                         | <u>-</u>            |   |
| Net change in fund balance,<br>NON-GAAP budgetary basis |                            |                         | <u>\$ 393,271</u>   |   |

The accompanying notes are an integral part of these financial statements

Grant County  
**COMPONENT UNIT - GILA REGIONAL MEDICAL CENTER**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

|                                     | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>        | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|-------------------------------------|----------------------------|-------------------------|----------------------|---|
| Revenues:                           |                            |                         |                      |   |
| Operating revenue                   | \$ 59,208,387              | \$ 59,833,743           | \$ 61,370,487        | \$ 1,536,744                                    |
| Operating expenses:                 |                            |                         |                      |   |
| Salaries, wages, taxes and benefits | \$ 31,591,876              | \$ 31,514,572           | \$ 31,890,269        | \$ (375,697)                                    |
| Supplies and other                  | 13,315,653                 | 14,012,620              | 14,861,487           | (848,867)                                       |
| Purchased services                  | 7,728,967                  | 8,158,457               | 8,535,168            | (376,711)                                       |
| Depreciation and amortization       | 2,345,082                  | 2,345,082               | 2,521,453            | (176,371)                                       |
| Rentals and leases                  | 2,049,039                  | 2,049,039               | 1,857,211            | 191,828   |
| Total operating expenses            | <u>\$ 57,030,617</u>       | <u>\$ 58,079,770</u>    | <u>\$ 59,665,588</u> | <u>\$ (1,585,818)</u>                           |
| Operating income                    | \$ 2,177,770               | \$ 1,753,973            | \$ 1,704,899         | \$ (49,074)                                     |
| Nonoperating income                 | <u>509,239</u>             | <u>639,239</u>          | <u>871,416</u>       | <u>232,177</u>                                  |
| Change in net assets                | <u>\$ 2,687,009</u>        | <u>\$ 2,393,212</u>     | <u>\$ 2,576,315</u>  | <u>\$ 183,103</u>                               |
| Net assets, beginning of year       |                            |                         | <u>47,614,446</u>    |   |
| Net assets, end of year             |                            |                         | <u>\$ 50,190,761</u> |   |

The accompanying notes are an integral part of these financial statements

Grant County  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
For the Fiscal Year Ended June 30, 2008

|                          | <u>Balance</u><br><u>July 1, 2007</u> | <u>Receipts</u>      | <u>Disbursements</u> | <u>Balance</u><br><u>June 30, 2008</u> |
|--------------------------|---------------------------------------|----------------------|----------------------|--|
| <b>Property Tax Fund</b> |                                       |                      |                      |  |
| <b>Assets</b>            |                                       |                      |                      |  |
| Cash and investments     | \$ (25,420)                           | \$ 5,129,285         | \$ 4,767,206         | \$ 336,659                             |
| Taxes receivable         | <u>424,488</u>                        | <u>5,535,414</u>     | <u>5,129,285</u>     | <u>830,617</u>                         |
| Total assets             | <u>\$ 399,068</u>                     | <u>\$ 10,664,699</u> | <u>\$ 9,896,491</u>  | <u>\$ 1,167,276</u>                    |
| <b>Liabilities</b>       |                                       |                      |                      |  |
| Due to others            | <u>\$ 399,068</u>                     | <u>\$ 10,664,699</u> | <u>\$ 9,896,491</u>  | <u>\$ 1,167,276</u>                    |

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

Grant County  
**SCHEDULE OF DEPOSITORY COLLATERAL**  
June 30, 2008

|   | Wells<br>Fargo                 | Ambank          | Western<br>Bank | Total                          |
|---|--------------------------------|-----------------|-----------------|--------------------------------|
| Checking and CD's<br>Repurchase deposits                    | \$ 728,896<br><u>1,930,723</u> | \$ 18,820       | \$ 19,019       | \$ 766,735<br><u>1,930,723</u> |
| Total on deposit  | \$ 2,659,619                   | \$ 18,820       | \$ 19,019       | \$ 2,697,458                   |
| Less: FDIC insurance  | <u>(129,855)</u>               | <u>(18,820)</u> | <u>(19,019)</u> | <u>(167,694)</u>               |
| Total uninsured public funds                                | <u>\$ 2,529,764</u>            | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ 2,529,764</u>            |
| 102% collateralization requirement                          | \$ 1,969,337                   | \$ -            | \$ -            | \$ 1,969,337                   |
| 50% collateralization requirement<br>(Section 6-10-17 NMSA) | <u>299,521</u>                 | <u>-</u>        | <u>-</u>        | <u>299,521</u>                 |
|   | <u>\$ 2,268,858</u>            | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ 2,268,858</u>            |
| Plledged Securities:<br>WFBS 31371MVU8 7-1-36               | <u>\$ 1,090,555</u>            | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ 1,090,555</u>            |
| Total pledged securities                                    | <u>\$ 1,090,555</u>            | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ 1,090,555</u>            |
| Pledged securities over<br>(under) requirement              | <u>\$ (1,178,303)</u>          | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ (1,178,303)</u>          |

Securities pledged by Wells fargo are held by the Wells Fargo trust department in Minneapolis, Minnesota.



Grant County  
**SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS**  
June 30, 2008

|  | Type of<br>Account | Bank<br>Balance      | Reconciled<br>Balance |
|--|--------------------|----------------------|-----------------------|
| <u>Wells Fargo</u>                         |                    |                      |                       |
| Grant County Treasurer                     | Checking           | \$ 26,520            | \$ (847,799)          |
| Grant County Treasurer                     | Repurchase         | 1,930,723            | 1,981,054             |
| Dos Griegos                                | Savings            | 11,040               | 11,040                |
| SWNMTF DCSI                                | Savings            | 1,483                | 1,483                 |
| HIDTA                                      | Checking           | 786                  | 786                   |
| SWNMTF Treasury                            | Savings            | 38,056               | 38,056                |
| SWNMTF Justice                             | Savings            | 1,254                | 1,254                 |
| IRS Tax Bank                               | Checking           | 1                    | 1                     |
| HIDTA                                      | Savings            | -                    | -                     |
| Detention Center Construction              | Checking           | 630,940              | 630,940               |
| General                                    | CD                 | 18,815               | 18,815                |
| Total Wells Fargo                          |                    | <u>\$ 2,659,618</u>  | <u>\$ 1,835,630</u>   |
| <u>Ambank</u>                              |                    |                      |                       |
| General                                    | CD                 | \$ 18,820            | \$ 18,820             |
| <u>Western Bank</u>                        |                    |                      |                       |
| General                                    | CD                 | \$ 19,019            | \$ 19,019             |
| <u>Wells Fargo Brokerage</u>               |                    |                      |                       |
| General                                    | Govt Money Mkt     | \$ 528,397           | \$ 528,397            |
|  | Freddie Mac Notes  | 2,064,641            | 2,064,641             |
|  | Fannie Mae Notes   | 548,815              | 548,815               |
|  | FHLB Notes         | 2,526,632            | 2,526,632             |
| Detention Center Bond                      | Govt Money Mkt     | 1,089,366            | 1,089,366             |
|  | FHLB Notes         | 3,458,552            | 3,458,552             |
|  | Freddie Mac Notes  | 1,990,329            | 1,990,329             |
| Total Wells Fargo Brokerage                |                    | <u>\$ 12,206,732</u> | <u>\$ 12,206,732</u>  |
| <u>NM Local Government Investment Pool</u> |                    |                      |                       |
| General                                    | Investment         | \$ 100,000           | \$ 100,000            |
| <u>NMFA</u>                                |                    |                      |                       |
| Cash on deposit with paying agent          | NMFA               | \$ 581,741           | \$ 581,741            |
| Cash and bad checks on hand                |                    |                      | <u>\$ 7,414</u>       |
| Total cash and investments                 |                    | <u>\$ 15,585,930</u> | <u>\$ 14,769,356</u>  |

Grant County  
**SCHEDULE OF JOINT POWERS AGREEMENTS**  
 For the Fiscal Year ended June 30, 2008

Silver Schools

|                      |  |
|----------------------|--|
| Participants         | Grant County, Silver Consolidated School District No.1 |
| Responsible party    | Both agencies  |
| Description          | Remodel little league field                            |
| Dates of agreement   | Indefinite   |
| Amount of project    | Unknown  |
| Agency contribution  | Matching costs   |
| Audit responsibility | Both agencies  |

Municipal

|                      |   |
|----------------------|---|
| Participants         | Grant County, Town of Silver City, City of Bayard, Town of Hurley, and the Village of Santa Clara |
| Responsible party    | Grant County  |
| Description          | Central dispatch of emergency personnel   |
| Dates of agreement   | Indefinite  |
| Amount of agreement  | On-going operations   |
| Agency contribution  | Proportionate   |
| Audit responsibility | Grant County  |

Southwest Solid Waste Authority

|                   |   |
|-------------------|---|
| Participants      | Grant County, Town of Silver City, Town of Hurley, City of Bayard, and Village of Santa Clara |
| Responsible party | Solid Waste Authority   |
| Description       | Landfill Operation  |

Grant County  
**SCHEDULE OF JOINT POWERS AGREEMENTS (concluded)**  
 For the Fiscal Year ended June 30, 2008

|                      |                       |
|----------------------|-----------------------|
| Dates of agreement   | Indefinite            |
| Amount of project    | On-going operations   |
| Agency contribution  | None                  |
| Audit responsibility | Solid Waste Authority |

Southwest Water Planning Group

|                      |  |
|----------------------|--|
| Participants         | Grant County, Hidalgo County, Luna County, Catron County and all municipalities within these counties borders except the Town of Silver City |
| Responsible party    | All entities   |
| Description          | Water planning group   |
| Dates of agreements  | Indefinite   |
| Amount of project    | Not applicable   |
| Agency contribution  | Non-monetary expertise   |
| Audit responsibility | Not applicable   |

Grant County  
**TAX ROLL RECONCILIATION**  
 For the Fiscal Year Ended June 30, 2008

|   |    |                       |
|---|----|-----------------------|
| Property taxes receivable, July 1, 2007     | \$ | 787,342               |
| Net taxes charged to the Treasurer for 2008 |    | 5,585,079             |
| Collections/Distributions/Changes           |    | <u>(5,383,918)</u>    |
| Property taxes receivable, June 30, 2008    | \$ | <u><u>988,503</u></u> |
|   |    |                       |
| Property taxes receivable, by year          |    |                       |
| 2007  | \$ | 468,446               |
| 2006  |    | 146,321               |
| 2005  |    | 85,954                |
| 2004  |    | 10,950                |
| 2003  |    | 4,592                 |
| 2002  |    | 2,554                 |
| 2001  |    | 1,299                 |
| 2000  |    | 1,062                 |
| 1999  |    | 1,056                 |
| 1998  |    | <u>808</u>            |
|   | \$ | <u><u>723,042</u></u> |

Grant County  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For The Fiscal Year Ended June 30, 2008

| <u>Federal Grantor/Pass-through Grantor/<br/>Program Title</u> | <u>Federal<br/>CFDA<br/>Number</u> | <u>Pass-through<br/>Grantor's<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|--|------------------------------------|--|---------------------------------|
| <br><b><u>U.S. DEPARTMENT OF TREASURY</u></b>                  |                                    |  |                                 |
| Direct:  |                                    |  |                                 |
| Border Operations Task Force                                   | 21.052                             | N/A  | \$ <u>174,645</u>               |
| <br><b><u>U.S. DEPARTMENT OF JUSTICE</u></b>                   |                                    |  |                                 |
| Passed through N.M Department of Public Safety:                |                                    |  |                                 |
| Byrne Formula Grant Program                                    | 16.579                             | N/A  | \$ 278,454                      |
| Passed through N.M. Dept. of Children, Youth & Families:       |                                    |  |                                 |
| Juvenile Justice and Delinquency Prevention                    | 16.540                             | 633J8  | <u>6,250</u>                    |
| Total U.S. Department of Justice                               |                                    |  | \$ <u>284,704</u>               |
| <br><b><u>U.S. DEPARTMENT OF THE INTERIOR</u></b>              |                                    |  |                                 |
| Direct:  |                                    |  |                                 |
| Distribution of receipts                                       | 15.227                             | N/A  | \$ <u>20,492</u>                |
| <br><b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>         |                                    |  |                                 |
| Direct:  |                                    |  |                                 |
| Assistance to Firefighters                                     | 97.044                             | N/A  | \$ 25,096                       |
| Passed through NM Department of Health:                        |                                    |  |                                 |
| State Homeland Security Program                                | 97.073                             | 800K6  | 13,631                          |
| Passed through NM Dept of Public Safety:                       |                                    |  |                                 |
| Emergency Management Performance Grants                        | 97.042                             | 571VE  | <u>114892</u>                   |
| Total U.S. Department of Homeland Security                     |                                    |  | \$ <u>153,619</u>               |

Grant County  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS(concluded)**  
For The Fiscal Year Ended June 30, 2008

| <u>Federal Grantor/Pass-through Grantor/<br/>Program Title</u> | <u>Federal<br/>CFDA<br/>Number</u> | <u>Pass-through<br/>Grantor's<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|--|------------------------------------|--|---------------------------------|
| <b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>                |                                    |  |                                 |
| Direct:  |                                    |  |                                 |
| Airport lighting   | 20.106                             | N/A  | \$ 69,321                       |
| Passed Through N.M. Department of Transportation:              |                                    |  |                                 |
| Job Access   | 20.516                             | 464W-5-8                                     | 114,081                         |
| Public Transportation Formula Grants                           | 20.509                             | A05-06 27                                    | <u>346,308</u>                  |
| Total U.S. Department of Transportation                        |                                    |  | <u>\$ 529,710</u>               |
| <b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>                   |                                    |  |                                 |
| Direct:  |                                    |  |                                 |
| Schools and Roads - Grants to States                           | 10.665                             | N/A  | <u>\$ 68,642</u>                |
| <b><u>U.S. DEPT. OF HEALTH AND HUMAN SERVICES</u></b>          |                                    |  |                                 |
| Direct:  |                                    |  |                                 |
| KD & A Program   | 93.230                             | N/A  | <u>\$ 385,160</u>               |
| Total expenditures of federal awards                           |                                    |  | <u>\$ 1,616,972</u>             |

See the accompanying notes to Schedule of Expenditures of Federal Awards.

Grant County  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For The Fiscal Year Ended June 30, 2008

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Grant County, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 Insurance

The County had the following insurance coverages during the year ended June 30, 2008:

|                                |             |
|--------------------------------|-------------|
| Worker's Compensation          | Unlimited   |
| Employer's Liability           | \$1,050,000 |
| Personal Injury:               |             |
| Per person                     | \$ 400,000  |
| Per occurrence                 | \$ 750,000  |
| Per Occurrence Property Damage | \$ 100,000  |
| Auto Liability                 | Limits      |
| Auto Physical Damage           | Per Auto    |

Grant County  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
 For the Fiscal Year Ended June 30, 2008

**Findings – Financial Statement Audit**

|      | <u><b>Finding</b></u>   | <u><b>Current Status</b></u> |
|------|---|------------------------------|
| 07-1 | Pooled cash not reconciled to fund cash balances                          | Repeated                     |
| 07-2 | Cash not deposited daily  | Resolved                     |
| 07-3 | Property tax schedule not presented in accordance with State Auditor Rule | Repeated                     |
| 07-4 | Purchasing procedures not sufficient                                      | Repeated                     |
| 07-5 | Wells Fargo Bank Depository collateral insufficient                       | Repeated                     |

**Findings Related to the Component Unit**

|      |                                    |          |
|------|------------------------------------|----------|
| 07-1 | Unrecorded Audit Adjustments       | Resolved |
| 07-2 | Recorded Audit Adjustments         | Resolved |
| 07-3 | Audit Report Due Date              | Resolved |
| 07-4 | Segregation of Duties              | Repeated |
| 07-5 | Recording of Lease Agreements      | Resolved |
| 07-6 | Compliance with Credit Card Policy | Resolved |
| 07-7 | Accounting for Investments         | Resolved |
| 07-8 | Actual vs. Budgeted Expenditures   | Repeated |

**Findings – Major Federal Award Programs**

None



MIKE STONE, C.P.A.  
LINDA STONE McGEE, C.P.A.  
KAY STONE, C.P.A.  
JARROD MASON, C.P.A.

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**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**

Hector H. Balderas, State Auditor  
and  
Board of Commissioners  
Grant County  
Silver City, New Mexico

We have audited the financial statements of the governmental activities, other than the discretely presented component unit, each major fund, and the aggregate remaining fund information of Grant County as of and for the year ended June 30, 2008, which collectively comprise Grant County's basic financial statements and have issued our report thereon dated November 13, 2008. We have also audited the financial statements of each of the County's nonmajor governmental funds presented as other supplementary information as of and for the year ended June 30, 2008 and have issued our report thereon dated November 13, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Grant County's internal control over financial reporting as a basis for designing our auditing procedures 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 Grant County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Grant County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Grant County's ability to initiate, authorize, record, process, or report

financial data reliably in accordance with generally accepted accounting principles such that there is a more than a remote likelihood that a misstatement of Grant County's financial statements that is more than inconsequential will not be prevented or detected by Grant County's internal control. We consider deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. The findings are identified in the accompanying Schedule of Findings and Questioned Costs as 07-1, and for the component unit as FS 08-1 through FS 08-5.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Grant County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly would not necessarily disclose all significant deficiencies that are also considered material weaknesses. However, of the significant deficiencies describe above, we consider item 07-1 to be a material weakness.

#### Compliance And Other Matters

As part of obtaining reasonable assurance about whether Grant County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that are required to be reported under *Government Auditing Standards January 2007 Revision* paragraphs 5.14 and 5.16 and Section 12-6-5, NMSA 1978, which are described in the accompanying Schedule of Findings and Questioned Costs as findings 07-3 through 07-5 and 08-1 through 08-2 for the primary government, and as findings SA 08-1 through SA 08-5 for the component unit.

Grant County's and the component unit's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Grant County's or the component unit responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization, the New Mexico State Auditor, the New Mexico Legislature, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Stone, McGee & Co., CPAs

November 13, 2008

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Certified Public Accountants

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Hector H. Balderas, State Auditor  
and  
Board of Commissioners  
Grant County  
Silver City, New Mexico

**Compliance**

We have audited the compliance of the Grant County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Grant County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Grant County's management. Our responsibility is to express an opinion on Grant County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Grant County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Grant County's compliance with those requirements.

In our opinion, Grant County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

## Internal Control Over Compliance

The management of Grant County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Grant County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Grant County's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is a more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the organization, the New Mexico State Auditor, the New Mexico Legislature, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Stone, McGee & Co., CPAs*

November 13, 2008

Grant County  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Fiscal Year Ended June 30, 2008

**SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of Grant County.
2. One significant deficiency relating to the audit of the financial statements is reported in the "Findings-Financial Statement Audit" section of this report. The condition is reported as a material weakness.
3. No instances of noncompliance material to the financial statements of Grant County, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal awards programs expresses an unqualified opinion on all major programs.
6. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 were noted during the audit.
7. The Programs tested as major programs included: KD& A Program, CFDA NO. 93.230 and Schools and Roads-Grants to States, CFDA NO.10.665.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Grant County qualified as a low-risk auditee.

**FINDINGS-FINANCIAL STATEMENT AUDIT**

**SIGNIFICANT DEFICIENCIES**

07-1 Cash Reconciliations

Condition – The County did not reconcile actual cash in bank to general ledger amounts in a timely manner. Individual fund amounts were not reconciled to pooled cash on a monthly basis. The reconciled cash was \$1,123,974 more than general ledger amounts at June 30, 2008. This condition was originally reported in 2005.

Criteria – Sound financial accounting requires that cash be reconciled to general ledger amounts on a monthly basis.

Effect – The County is unable to determine actual cash balances from general ledger reports, making budgeting and cash flow planning difficult. Treasurer's reports presented to the

County Commission were not reliable, therefore Commission decisions based on this report could be affected.

Cause - The County Treasurer has been unable to balance reconciled cash to cash balances reported on the Treasurer's Report.

Recommendation – We recommend that the aforementioned reconciliations be performed on a monthly basis, and that adjustments be made to insure the Treasurer's Report is accurate.

Agency Response – The County Treasurer was unaware that earnings on investments retained and reinvested by outside agencies was required to be recorded. The county commission will now review these reports prior to each Commission meeting, and attempt to insure that the Treasurers report accurately reflects the County's cash balance.

## OTHER INSTANCES OF NONCOMPLIANCE

### 08-1 Travel Reimbursements

Condition – Commissioner Mary Ann Sedillo, on four occasions, requested and was reimbursed by both the New Mexico Association of Counties and Grant County for travel to the same meeting.

Criteria – Sections 10-8-1 through 10-8-8 NMSA 1978, commonly called the Per Diem and Mileage Act, strictly forbids reimbursement from two different sources for the same meeting.

Effect – Commissioner Sedillo was over-reimbursed by the County \$1,122, and violated the Mileage and Per Diem Act.

Cause – Commissioner Sedillo indicated that she was confused by the New Mexico Association of Counties reimbursement policies.

Recommendation – We recommend that all employees and elected officials be reminded that reimbursement from two sources for the same travel is illegal, and when serving in more than one capacity, do not request reimbursement from both parties.

Agency response – We will, through memo, remind all employees and elected officials that double reimbursement for the same travel is illegal. In addition, Commissioner Sedillo reimbursed the County immediately upon notification of the double payment.

### 07-3 Property Tax Schedule

Condition – The County Treasurer's property tax schedule does not include ten years of information in the format required by the New Mexico State Auditor.

Criteria – Section 2.2.2.12D(2) of NMAC 2005 requires that property tax information be presented in a specific format.

Effect – The County has not complied with 2.2.2 NMAC 2005, and records related to amounts due to other taxing entities is not available in the preferred format.

Cause – The County Treasurer has been unable to compile the information in the requested format.

Recommendation – We recommend that the County compile the information in the format required by the New Mexico State Auditor.

Agency response – The recommendation will be considered, subject to manpower availability.

#### 07-4 Purchasing

Condition – Of two-hundred-nine (209) expenditure transactions tested, we noted nine (9) instances where the purchase order was dated after the invoice; three (3) instances where the purchase order differed in content from the invoice; six (6) instances where there was no purchase order present; and twenty three (23) instances where the invoice was not approved for payment before disbursement was made.

Criteria – Section 13-1-97 of NMSA 1978 requires that purchases be made through a central purchasing office which properly approves the purchase prior to payment; Section 13-1-125 of NMSA 1978 requires that small purchases be made in accordance with purchasing regulations of the purchasing office, which in this case requires both purchase orders and invoice approval prior to disbursement; and Section 13-1-158 (A) NMSA 1978 requires that the central purchasing office certify that goods or services have been received prior to disbursement.

Effect – New Mexico Statutes have been violated, and there is an increased likelihood that expenditures can be made for non-priority items.

Cause – The County's internal controls over purchasing are not functioning in a manner sufficient to alleviate these instances of noncompliance.

Recommendation – We recommend that the County follow the purchasing policy already in place, and that a review of purchases prior to cash disbursement be emphasized.

Agency response – Purchasing procedures will be reviewed, and improved as necessary. The County is continuing to upgrade purchasing procedures for small purchases, and it is believed that these new procedures will alleviate the problem.

#### 07-5 Depository Collateral

Condition – The County's cash deposits at Wells Fargo Bank are under collateralized by \$1,178,303 at June 30, 2008.

Criteria – Section 6-10-17 NMSA 1978 requires that financial institutions holding public funds pledge collateral sufficient to collateralize at least 50% of the public funds on deposit.

Effect – The County's cash deposits are at a higher risk of loss, and New Mexico Statutes have been violated.

Cause – The County does not currently have a policy requiring the Treasurer to review depository collateral on a monthly basis, to insure financial institution compliance with collateral requirements.

Recommendation – We recommend that the County establish a policy requiring monthly review of pledged collateral from financial institutions, to insure compliance with state statutes.

Agency Response – The County has such a policy, but bank compliance has been an issue. The County Treasurer is charged with compliance with Section 6-10-17 NMSA 1978, and has met with bank officials but has been unable to alleviate this problem. The County Manager will become an active participant to attempt to alleviate this problem.

#### 08-2 Solid Waste Receipts

Condition – The County writes receipts to customers when solid waste payments are made, but the County's copy of these receipts is not retained.

Criteria – Sound accounting principles require that source documents be retained as proof of transactions, and be reconciled to daily deposits.

Effect – Source documents related to solid waste receipts are not available for verification by outside sources or as a reference in the case of payment disputes.

Cause – Since the receipt number is listed on the computer generated daily report, County personnel did not believe that retention of the source document was necessary.

Recommendation – We recommend that the County establish a retention policy related to these receipts, and instruct County personnel to follow this policy.

Agency Response -- The recommendation will be adopted immediately.

### **FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM**

None

### **FINDINGS RELATED TO COMPONENT UNIT**

#### **OTHER INSTANCES OF NONCOMPLIANCE**

##### **FS 08-01 Capital Asset Itemization – Information Technology Systems**

###### Criteria or Specific Requirements

The preparation of detailed capital asset records aids in the accounting for property disposals, substantiates insurance claims for lost or damage items, provides information for proper recording of depreciation expense, and provides controls to safeguard the assets.

###### Condition



The Medical Center maintains detailed capital asset records; however, the records for information technology systems are summarized. Sufficient detail is not maintained to identify with specific systems or projects.

Cause

The information systems capital asset listing is not listed by project or in detail item form. Capital assets purchases are totaled by month purchased and depreciated by this lump sum. Projects are not tracked as a whole or by date in service for depreciation.

Effect

Without the detail listing and pricing of information systems based on the type of equipment and software, it is difficult to ascertain the true value of the systems. This may also affect the Medical Center's ability to record and safeguard its information system capital assets.

Auditors' Recommendation

We recommend that the Medical Center itemized its information technology system capital assets by grouping similar assets together, complete with acquisition and disposal dates. The Medical Center could also group the assets based on specific projects or systems.

Management Response

Although the Informations Systems Department maintains accurate, complete inventory records on all IT items purchased, we agree that the items should be listed individually on the Capital Equipment schedule rather than aggregated, and have started accounting for them in this way in fiscal ear 2009.

FS 08-02 Capital Asset Inventory

Criteria or Specific Requirement

A periodic physical inventory of capital assets is necessary to plan for capital expenditures, determine accurate amounts and values of insurable assets, determine whether capital assets are impaired and help detect the loss or unauthorized use of property and equipment. New Mexico State Statute Section 12-6-10, NMSA 1978, requires all organizations to conduct an annual physical inventory of equipment.

Condition

The Medical Center did not take a physical inventory of its capital assets in 2008.

Cause

The Medical Center does not have a process or policy in place to take a physical inventory of its capital assets, or to assess capital assets for impairment.

Effect

Without a periodic physical inventory of its capital assets, the Medical Center may be exposed to the risk of loss or unauthorized use of property and equipment. It may also fail to identify capital assets whose use has been impaired.

#### Auditors' Recommendation

We recommend that periodic physical counts of property, especially removable equipment items, be taken and compared to the detailed capital asset subsidiary ledger. Affixing identifying tags with numbers as assigned in the subsidiary ledger will aid in making this comparison. Capital assets whose use has been impaired should be identified at this time, and appropriate adjustments made to carrying values in the general ledger.

#### Management's Response

Management agrees and will take a complete physical inventory of all items over \$25,000 in fiscal year 2009.

### FS 08-3 Allowance for Doubtful Accounts

#### Criteria or Specific Requirement

The methodology used to estimate the allowance for uncollectible patient accounts receivable is critical to the appropriate valuation of accounts receivable on the balance sheet. The methodology should be updated regularly and based on actual historical collection data as available.

#### Condition

During our tests of the allowance for doubtful accounts, we noted that the Medical Center is adhering to its policy for recording those amounts. However, the policy and related percentages have not been updated since September 2006.

#### Cause

The Medical Center has not updated its policy for developing an allowance for doubtful accounts. The Medical Center should regularly compare actual historical collection data to the stated policy to ensure that the percentages and allowance methodologies are appropriate.

#### Effect

Without periodic verification against actual data, the allowance estimates made by management may not reflect actual collection results.

#### Auditors' Recommendation

The Medical Center should measure actual historical collection data against the stated policy to ensure that the percentages and allowance methodologies are appropriate.

#### Management's Response

This policy and the allowance percentages were extensively reviewed during the 2006 audit, with recommendations made and put into place. Management agrees that this needs to be updated, and will work with the Business Office Director during the 2009 fiscal year to ensure that the percentages and allowance methodologies are appropriate and current.

#### FS 08-4 Segregation of Duties – Cash Receipts

##### Criteria or Specific Requirement

A good system of internal control requires that adequate segregation of duties be maintained between the receipt of cash and the ability to adjust patient accounts in the system.

##### Condition

Cash processors are able to both receive payments and post adjustments to patient accounts.

##### Cause

The two cash processors have access to receive all mail, enter the receipts into the MediTech System, which posts to patient accounts, and scan the checks into the bank directly.

##### Effect

The ability of the cash processors to receive cash and checks and post to patient accounts exposes the Medical Center to potential theft and misappropriation of patient cash receipts. The cash processors could potentially steal cash and checks, then cover up the theft by making fraudulent adjustments to patient accounts.

##### Auditors' Recommendations

The duties of opening the mail and scanning the checks should be delegated to one person, and the other individual should be solely responsible for posting the information to the patient account (which subsequently posts to the accounts receivable sub-ledger). The individual posting to patient accounts should not handle cash and checks, but rather post to the system using check copies, explanations of benefits and other remittance information.

##### Management's Response

Management agrees that these two functions should be separated for good internal control and this will be done immediately. One person will open the mail and scan the checks in the bank file and will not have the ability to adjust patient accounts. The other person will post the cash receipts to the patient accounts.

#### FS 08-5 Journal Entry Approval

##### Criteria or Specific Requirement

To help prevent error or fraud, all journal entries should be initialed by the preparer and the individual approving them in order to attribute responsibility to the appropriate individuals.

##### Condition

We noted three instances where transactions were posted to the accounting system without an approving initial or signature on the face of the journal entry.

Cause

Journal entries are not always being approved before posting to the general ledger.

Effect

By not obtaining appropriate approval of all journal entries, the Medical Center could fail to detect erroneous or fraudulent entries to the accounting system.

Auditors' Recommendations

Review current policies and develop a process to ensure that journal entries are properly approved by knowledgeable personnel prior to entry into the accounting system.

Management's Response

All journal entries done by the AVP/Finance are reviewed by the CFO. The entries done by the Staff Accountant are now reviewed by the AVP/Finance. Although 99% of all journal entries were signed, we will carefully review all future entries to make sure there is a double check that all journal entries are properly signed and approved.

SA 08-1 Budget Compliance

Criteria or Specific Requirement

The New Mexico State Auditor Rule requires a finding to be reported if actual expenses exceed budgeted expenses (6-3-1 to 6-3-25 NMSA 1978).

Condition

The Medical Center exceeded its budgeted expenses for fiscal year 2008 by \$1.6 million.

Cause

Operational expenses exceeded expected amounts.

Effect

The Medical Center exceeded its budgeted expenses and is not in compliance with State statutes.

Auditors' Recommendations

Due to nature of the Medical Center's business, fluctuations in its expenses is not unusual; however, management should align its expectations with actual business results. Appropriate revisions to the budget should be made and approved by the State.

#### Management's Response

Because actual revenue is over budgeted revenue, actual expense also exceeded budget as outlined on pages 7 to 9 of the Management's Discussions and Analysis. The Medical Center is not on a fixed budget as are many of the State agencies, so actual revenue and expense items will almost never match budget exactly.

### SA 08-2 Asset Capitalization

#### Criteria or Specific Requirement

New Mexico State Statute Section 12-6-10, NMSA 1978, requires organizations to capitalize equipment that costs over \$5,000, which is also the Medical Center's policy.

#### Condition

One item in the amount of \$9,135 for a new water heater was expensed when it should have been capitalized.

#### Cause

The Medical Center did not catch the water heater during its process of reviewing items for capitalization.

#### Effect

Although the item we received was not material to the financial statements taken as a whole, failure to capitalize purchases exceeding the capitalization threshold could affect the Medical Center's ability to properly record capital assets.

#### Auditors' Recommendations

We recommend that periodic reviews be performed of the repairs and maintenance accounts to ensure that all items meeting the Medical Center's capitalization guidelines are appropriately capitalized.

#### Management's Response

Although we regularly check all repair and maintenance accounts for items which may have been miscoded, we missed the water heater and it was erroneously expensed. We will continue to review monthly and quarterly to avoid missing items in the future.

### SA 08-3 Classification and Accounting for Leases

#### Criteria or Specific Requirement

All significant new leases should be analyzed to determine if they meet the criteria for capitalization under Statement of Financial Accounting Standard (SFAS) No. 13, *Accounting for Leases*.

Condition

We noted that the Medical Center has financed certain equipment acquisitions through the use of leases. We also noted that certain of the leases provided for the purchase of the equipment at the end of the lease term for a bargain purchase price. Because of the purchase options, these assets meet the criteria for capital lease treatment. However, the net effect was not determined to be material to record an audit adjustment.

Cause

The Medical Center does not have a process in place to determine whether significant new leases meet the criteria for capitalization.

Effect

Failure to assess the classification of leases hinders the Medical Center's ability to accurately record capital assets and the associated capital lease payable.

Auditors' Recommendations

We recommend that all significant future equipment leases be analyzed prior to the commencement of the lease term in order to determine the required accounting treatment, based on SFAS No. 13. Doing so will avoid potentially significant unexpected year-end adjustments to the financial statements. Also, it is more efficient to determine the proper accounting at the start than to spend time making adjustments at year-end.

Management's Response

Management agrees to review the criteria and adopt a policy for review of leased items over a set amount, to be determined, which will appropriately place large dollar leased equipment under Capital Lease accounting treatment.

SA 08-4 Documentation of Annual Pay Raises

Criteria or specific Requirement

All employee pay rate changes should have proper authorization and approval.

Condition

Annual pay increases are not documented in the employee files maintained by human resources.

Cause

The Medical Center does not have a set policy for documenting annual pay increases in employee files. There were several instances where a document detailing the percentage increase and signatures from the CEO, CFO, and HR Director were found in employee files;

however, this document was not consistently found in employee files who received the annual pay increase. The annual increases are for all eligible individuals of the Medical Center. In order to be eligible, an employee must have been working during the fiscal year before March 31, and cannot be a per diem employee. This issue is limited to the annual increases. The Medical Center does use personnel action notices for all other related raises/pay cuts such as transfers, new hires, terminations, and new positions. Documentation of the approved annual increases can be found in the board minutes towards the end of the year.

#### Effect

Pay rates should have proper authorization and approval. Without such documentation, the Medical Center is susceptible to unauthorized pay rate changes.

#### Auditors' Recommendations

The Medical Center should have a set procedure for documenting the annual increases like any other pay raise. If the annual increases are blanket increase, we recommend that an authoritative memorandum be included in the employee's file to document the annual increase.

#### Management's Response

Across-the-board cost of living pay increases have not been documented in Caregiver files, which will be done in the future. Documentation approved by Senior Administration will be placed in each Caregiver file for any future Cost of Living increases.

### SA 08-5 Deposit in Transit

#### Criteria or Specific Requirement

Cash account reconciliations are a critical component of a strong internal control system.

#### Condition

In the course of performing our audit, we noted that the cash account reconciliation included an in-transit item for a lost deposit. The item we reviewed was not material to the financial statements taken as a whole.

#### Cause

In the June 30, 2008, bank reconciliation for the operating account, there was a "lost" deposit in transit used to reconcile the bank balance. The deposit in transit was received by the accounting department and credit was given to the customer, but the check was subsequently lost before deposited. The Medical Center is waiting on a replacement check from the customer instead of voiding the deposit in transit until the replacement check is received.

#### Effect

Without proper review, in-transit items could be placed in the bank reconciliations and misstate the cash accounts. This also presents a fraud risk to the Medical Center if proper oversight and review is not completed.

Auditors' Recommendations

Management should review and approve reconciling items in the bank reconciliations to ensure the items are appropriate. Extra care should be taken to protect all checks received.

Management's Response

This was an unusual circumstance where a check had been issued to the Medical Center, but mailed to the attention of a Department Director who had it in his desk and had not followed up with either Finance or the Business Department to get it deposited. In the meantime, both Finance and the Business Office Director were working with the payer as the remittance advice had been received and the patient account credited, but we had not located the check. Reconciling items will be extensively reviewed by the AVP/Finance and patient accounts adjusted as necessary to prevent this from happening again.

**OTHER – FINANCIAL STATEMENT PREPARATION**

The financial statements were prepared by Stone, McGee & Co, CPA's.

**EXIT CONFERENCE**

A closed meeting exit conference was held with the County Commission on November 7, 2008. Attendance at this meeting was as follows:

| <u>Name</u>      | <u>Title</u>        | <u>Affiliation</u>       |
|------------------|---------------------|--------------------------|
| Henry Torres     | Commission Chairman | Grant County             |
| Jovita Gonzales  | Commissioner        | Grant County             |
| Mary Ann Sedillo | Commissioner        | Grant County             |
| Jon Saari        | County Manager      | Grant County             |
| Mike Stone       | Shareholder         | Stone, McGee & Co, CPA's |