

State of New Mexico

Grant County
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT THEREON

For the Fiscal Year ended June 30 , 2009

Grant County
TABLE OF CONTENTS
 June 30, 2009

	<u>PAGE</u>
INTRODUCTORY SECTION:	
Directory of officials	1
FINANCIAL SECTION:	
INDEPENDENT AUDITORS' REPORT	2-3
BASIC FINANCIAL STATEMENTS:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Assets	4-5
Statement of Activities	6-7
<i>Fund Financial Statements:</i>	
Balance Sheet--Governmental Funds	8-9
Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities	10
Statement of Revenues, Expenditures, and Changes in Fund Balances--Governmental Funds	11-12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (NON-GAAP Budgetary Basis)	
General Fund	14
Hospital Indigent	15
Statement of Fiduciary Assets and Liabilities--Agency Funds	16
Statement of Cash Flows--Component Unit	17-18
Notes to Basic Financial Statements	19-55
OTHER SUPPLEMENTARY INFORMATION:	
Fund Descriptions	56-59
Combining Balance Sheet--Nonmajor Governmental Funds	60-65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances--Nonmajor Governmental Funds	66-71
Combining Balance Sheet--Nonmajor Fire Funds	72-73
Combining Statement of Revenues, Expenditures and Changes in Fund Balances--Nonmajor Fire Funds	74-75

Statements of Revenues, Expenditures and Changes in Fund
Balances--Budget and Actual (NON-GAAP Budgetary Basis):

Special Revenue Funds:

Fire Protection	76
Farm and Range	77
Recreation	78
Corrections	79
County Clerk's Equipment	80
Law Enforcement Protection	81
Lodgers Tax	82
Airport	83
Reappraisal	84
EMS	85
Solid Waste	86
Regional Dispatch	87
Gila/Cliff Fire	88
Fort Bayard Fire	89
Upper Mimbres Fire	90
Lower Mimbres Fire	91
Sapillo Creek Fire	92
Whiskey Creek Fire	93
Pinos Altos Fire	94
Tyrone Fire	95
Santa Rita Fire	96
CDBG Zoning	97
Drug Enforcement	98
Debt Service Funds:	
2001 Refunding Bond	99
Jail Revenue Bond	100
Fort Bayard Medical Facility	101
Capital Projects Funds:	
Capital Road	102
Bataan Memorial	103
Renovations	104
Hachita Recreation Center	105
Airport Industrial Park	106
Jail Construction	107
Childcare Center	108
Fort Bayard Medical Facility	109
Fort Bayard	110
Component unit:	
Gila Regional Medical Center	111

OTHER SUPPLEMENTAL DATA:

Schedule of Changes in Assets and Liabilities--Agency Funds	112
Schedule of Depository Collateral	113
Schedule of Individual Deposit Accounts and Investments	114-115
Schedule of Joint Powers Agreements	116-117
Schedule of Legislative Grants	118-121

Tax Roll Reconciliation	122
Schedule of Expenditures of Federal Awards	123-124
Notes to Schedule of Expenditures of Federal Awards	125

ADDITIONAL REPORTING REQUIREMENTS:

Summary Schedule of Prior Audit Findings	126
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	127-128
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	129-130
Schedule of Findings and Questioned Costs	131-134

Grant County
DIRECTORY OF OFFICIALS
June 30, 2009

ELECTED OFFICIALS

Jovita Gonzales	Commission Chairwoman
Mary Ann Sedillo	Commission Member
Christy Miller	Commission Member
Alfred Sedillo	Treasurer
Randy Villa	Assessor
Robert Zamarripa	Clerk
Raul Holguin	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.

1311 N. GRANT ST.
P.O. BOX 2828
SILVER CITY, NEW MEXICO 88062
TELEPHONE (575) 388-1777
(575) 538-3795
FAX (575) 388-5040
E-MAIL: stonemcgee@qwestoffice.net

INDEPENDENT AUDITOR'S 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 governmental activities, other than the discretely presented component unit, each major fund, and the aggregate remaining fund information of Grant County (County) as of and for the year ended June 30, 2009, 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 non-major 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, 2009, 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, 2009. 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 *Governmental 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 statements presentation. We believe that our audit provides a reasonable basis for our opinions.

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 the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Grant County as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable thereof, and the respective budgetary comparison for the

General and Hospital Indigent 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 non-major governmental fund of Grant County as of June 30, 2009, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparisons for the non-major 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, 2009, 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 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, 2009

Grant County
STATEMENT OF NET ASSETS
June 30, 2009

	Primary Government	Component Unit
ASSETS	Governmental Activities	Gila Regional Medical Center
Current:		
Cash and investments	\$ 63,466,864	\$ 17,582,915
Inventories		2,302,167
Taxes receivable	1,256,999	
Receivables, net	1,350,935	12,782,812
Prepaid expenses	235,430	680,605
Current portion of assets limited as to use		1,474,047
Notes receivable due currently	11,803	
 Total current assets	\$ 66,322,031	\$ 34,822,546
Noncurrent assets:		
Bond issue costs	\$ 400,834	\$ -
Bond discounts	32,646	
Assets limited as to use, less current portion	-	-
Notes receivable, net of current amounts	136,012	
Capital assets, net	72,707,211	31,338,985
Other assets, net		380,724
 Total noncurrent assets	\$ 73,276,703	\$ 31,719,709
 Total assets	\$ 139,598,734	\$ 66,542,255

LIABILITIES

Current:		
Accounts payable	\$ 4,440,346	\$ 3,214,370
Accrued liabilities	1,954,886	2,480,342
Estimated third party payor settlements		10,662
Deferred revenue	2,281,806	
Current maturities of long-term debt	464,526	1,529,397
 Total current liabilities	\$ 9,141,564	\$ 7,234,771
Noncurrent:		
Bonds payable	\$ 65,000,000	\$ 3,345,000
Notes payable	3,477,559	

Grant County
STATEMENT OF NET ASSETS (concluded)
 June 30, 2009

	Primary Government	Component Unit
	Governmental Activities	Gila Regional Medical Center
Lease payable	1,000,862	-
Compensated absences	629,895	
Total noncurrent liabilities	\$ 70,108,316	\$ 3,345,000
Total liabilities	\$ 79,249,880	\$ 10,579,771
NET ASSETS		
Invested in capital assets, net of related debt	\$ 50,328,065	\$ 26,464,588
Restricted for:		
Capital projects	941,399	
Debt service	473,096	550,473
Other purposes	3,754,622	
Unrestricted	4,851,672	28,947,423
Total net assets	\$ 60,348,854	\$ 55,962,484

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

Grant County
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental activities:			
General government	\$ 5,200,353	\$ 383,323	\$ 797,376
Public safety	9,151,072	79,389	3,929,844
Public works	3,410,923	119,748	586,396
Health and welfare	5,118,035	421,870	2,242,288
Culture-recreation	250,378	7,270	7,092
Unallocated interest expense	<u>2,671,877</u>		
 Total governmental activities	 <u>\$ 25,802,638</u>	 <u>\$ 1,011,600</u>	 <u>\$ 7,562,996</u>
 Component Unit:			
Gila Regional Medical Center	 <u>\$ 62,798,815</u>	 <u>\$ 64,968,249</u>	 <u>\$ 779,368</u>
 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 Grants and Contributions	Governmental Activities	Component Unit
\$ -	\$ (4,019,654)	\$ -
	(5,141,839)	
897,569	(1,807,210)	
	(2,453,877)	
	(236,016)	
	(2,671,877)	
<u>\$ 897,569</u>	<u>\$ (16,330,473)</u>	<u>\$ -</u>
<u>\$ 2,498,862</u>	<u>\$ -</u>	<u>\$ 5,447,664</u>
	\$ 7,028,702	\$ -
	4,286,413	
	189,804	
	446,667	
	103,185	
	2,273,275	
	1,769,338	484,371
	455,621	
	(198,234)	(160,312)
	<u>\$ 16,354,771</u>	<u>\$ 324,059</u>
	\$ 24,298	\$ 5,771,723
	<u>60,324,556</u>	<u>50,190,761</u>
	<u>\$ 60,348,854</u>	<u>\$ 55,962,484</u>

Grant County
BALANCE SHEETS
GOVERNMENTAL FUNDS
June 30, 2009

	<u>General Fund</u>	<u>Hospital Indigent</u>
Assets		
Cash and investments	\$ 5,871,994	\$ 28,353
Accounts receivable		
Interest receivable	23,503	
Taxes receivable	731,233	189,515
Prepaid expenses	235,430	
Due from other governments	576,847	
Interfund receivable	802,269	
Notes receivable		
	<hr/>	<hr/>
Total assets	<u>\$ 8,241,276</u>	<u>\$ 217,868</u>
 Liabilities and Fund Balance		
Accounts payable	\$ 142,760	\$ 5,459
Salaries payable	321,207	
Interfund payable		
Deferred revenue	3,237,799	
	<hr/>	<hr/>
Total liabilities	<u>\$ 3,701,766</u>	<u>\$ 5,459</u>
 Fund balance:		
Reserved for:		
Capital projects	\$ -	\$ -
Debt service		
Unreserved:		
Reported in:		
General fund	4,539,510	
Special revenue funds		212,409
	<hr/>	<hr/>
Total fund balance	<u>\$ 4,539,510</u>	<u>\$ 212,409</u>
Total liabilities and fund balance	<u>\$ 8,241,276</u>	<u>\$ 217,868</u>

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

Fort Bayard Medical Facility Debt Service	Fort Bayard Medical Facility	Other Funds	Total Governmental Funds
\$ 10,503,036	\$ 36,035,496	\$ 11,027,985	\$ 63,466,864
		176,745	176,745
23,839	62,813	583	110,738
		336,251	1,256,999
		486,605	235,430
		115,891	1,063,452
		147,815	918,160
<u>\$ 10,526,875</u>	<u>\$ 36,098,309</u>	<u>\$ 12,291,875</u>	<u>\$ 67,376,203</u>
\$ -	\$ 3,883,200	\$ 408,927	\$ 4,440,346
		57,197	378,404
		918,160	918,160
		469,463	3,707,262
<u>\$ -</u>	<u>\$ 3,883,200</u>	<u>\$ 1,853,747</u>	<u>\$ 9,444,172</u>
\$ -	\$ 32,215,109	\$ 5,494,525	\$ 37,709,634
10,526,875		1,436,325	11,963,200
		3,507,278	4,539,510
			3,719,687
<u>\$ 10,526,875</u>	<u>\$ 32,215,109</u>	<u>\$ 10,438,128</u>	<u>\$ 57,932,031</u>
<u>\$ 10,526,875</u>	<u>\$ 36,098,309</u>	<u>\$ 12,291,875</u>	<u>\$ 67,376,203</u>

Grant County
**RECONCILIATION OF TOTAL GOVERNMENTAL
 FUND BALANCE TO NET ASSETS OF
 GOVERNMENTAL ACTIVITIES**
 June 30, 2009

Total governmental fund balances	\$	57,932,031
<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.		72,707,211
Bond issue costs and discounts capitalized and amortized over the life of the bond		
Bond issue costs		400,834
Bond discounts		32,646
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		566,758
Receivables subject to the 60 day availability period		858,698
Long-term liabilities are not reported in the funds:		
Bonds payable		(65,200,000)
Notes payable		(3,579,098)
Lease payable		(1,163,849)
Accrued interest payable		(1,576,482)
Compensated absences		(629,895)
		(629,895)
<i>Net assets of governmental activities</i>	\$	60,348,854

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, 2009

	<u>General Fund</u>	<u>Hospital Indigent</u>	<u>Fort Bayard Medical Facility Debt Service</u>
Revenues:			
Property taxes	\$ 5,801,564	\$ -	\$ -
Gross receipts taxes	911,809	1,306,173	
Gas taxes	189,804		
Motor vehicle taxes	446,667		
Other taxes	108,971		
Intergovernmental	4,972,883	2,025,831	
Fines, licenses and permits	68,396		
Charges for services	408,624		
Miscellaneous	587,197		527,078
	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 13,495,915</u>	<u>\$ 3,332,004</u>	<u>\$ 527,078</u>
Expenditures:			
Current:			
General government	\$ 4,058,667	\$ 35,522	\$ -
Public safety	4,565,796		
Public works	2,903,760		
Health and welfare	513,508	3,223,409	
Culture recreation	25,475		
Debt service:			
Principal	395,367		
Interest	100,120		813,082
Bond issue costs	50,848		
Capital outlay	3,280,624		
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 15,894,165</u>	<u>\$ 3,258,931</u>	<u>\$ 813,082</u>
Revenues over (under) expenditures	\$ (2,398,250)	\$ 73,073	\$ (286,004)
Other financing sources (uses):			
Transfer in	1,717,240		
Transfer out	(1,582,524)	(108,000)	(25,425)
Bond discounts			
Loan proceeds	3,440,712		
Bond proceeds			10,838,304
	<u> </u>	<u> </u>	<u> </u>
Net change in fund balances	\$ 1,177,178	\$ (34,927)	\$ 10,526,875
Fund balance, July 1, 2008	<u>3,362,332</u>	<u>247,336</u>	<u>-</u>
Fund balance, June 30, 2009	<u>\$ 4,539,510</u>	<u>\$ 212,409</u>	<u>\$ 10,526,875</u>

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

<u>Fort Bayard Medical Facility</u>	<u>Other Funds</u>	<u>Governmental Funds Total</u>
\$ -	\$ 978,325	\$ 6,779,889
	2,068,431	4,286,413
		189,804
		446,667
	57,136	166,107
	3,444,342	10,443,056
		68,396
	541,521	950,145
<u>1,051,877</u>	<u>58,807</u>	<u>2,224,959</u>
<u>\$ 1,051,877</u>	<u>\$ 7,148,562</u>	<u>\$ 25,555,436</u>
\$ -	\$ 309,491	\$ 4,403,680
	3,201,139	7,766,935
		2,903,760
	620,095	4,357,012
	187,783	213,258
	924,246	1,319,613
	292,164	1,205,366
349,986		400,834
<u>17,641,257</u>	<u>2,321,518</u>	<u>23,243,399</u>
<u>\$ 17,991,243</u>	<u>\$ 7,856,436</u>	<u>\$ 45,813,857</u>
\$ (16,939,366)	\$ (707,874)	\$ (20,258,421)
25,425	519,787	2,262,452
	(546,503)	(2,262,452)
(32,646)		(32,646)
	280,039	3,720,751
<u>49,161,696</u>	<u></u>	<u>60,000,000</u>
\$ 32,215,109	\$ (454,551)	\$ 43,429,684
<u>-</u>	<u>10,892,679</u>	<u>14,502,347</u>
<u>\$ 32,215,109</u>	<u>\$ 10,438,128</u>	<u>\$ 57,932,031</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, 2009

Net change in fund balances-total governmental funds	\$ 43,429,684
--	---------------

*Amounts reported for governmental activities in the statement
of activities are different because:*

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.	19,824,009
--	------------

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	469,734
--	---------

Bond and loan proceeds are reported as financing sources in the funds, In the Statement of Activities, however, issuing debt increased long term liabilities	(63,720,751)
--	--------------

Bond issue costs and discounts capitalized and amortized over the life of the bond	
Bond issue costs	400,834
Bond discounts	32,646
Amortization	

Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets	1,319,613
---	-----------

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(1,466,511)
--	-------------

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.	(198,234)
--	-----------

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.	(66,726)
---	----------

<i>Change in Net Assets of Governmental Activities</i>	<u>\$ 24,298</u>
--	------------------

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 7,914,767	\$ 7,269,767	\$ 8,717,539	\$ 1,447,772
Intergovernmental	2,569,940	6,999,498	6,122,837	(876,661)
Fines, licenses and permits	12,000	12,000	68,396	56,396
Charges for services	134,120	136,170	219,142	82,972
Miscellaneous	507,940	507,940	473,977	(33,963)
Total revenues	\$ 11,138,767	\$ 14,925,375	\$ 15,601,891	\$ 676,516
Expenditures:				
Current:				
General government	\$ 3,542,235	\$ 4,597,165	\$ 3,991,146	\$ 606,019
Public safety	4,441,404	6,287,156	4,560,473	1,726,683
Public works	2,423,379	2,514,429	2,762,479	(248,050)
Health and welfare	69,430	267,980	513,004	(245,024)
Culture and recreation	252,300	66,433	25,475	40,958
Capital outlay	420,224	2,226,584	1,014,050	1,212,534
Total expenditures	\$ 11,148,972	\$ 15,959,747	\$ 12,866,627	\$ 3,093,120
Revenues over (under) expenditures	\$ (10,205)	\$ (1,034,372)	\$ 2,735,264	\$ 3,769,636
Other financing sources (uses):				
Transfer in	108,000	108,000	1,251,035	1,143,035
Transfer out	(1,389,529)	(1,389,529)	(1,582,524)	(192,995)
Net change in fund balance	\$ (1,291,734)	\$ (2,315,901)	\$ 2,403,775	\$ 4,719,676
Fund balance, July 1, 2008	3,861,424	3,861,424	3,861,424	-
Fund balance, June 30, 2009	<u>\$ 2,569,690</u>	<u>\$ 1,545,523</u>	<u>\$ 6,265,199</u>	<u>\$ 4,719,676</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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 1,400,000	\$ 1,400,000	\$ 1,320,989	\$ (79,011)
Intergovernmental	1,975,000	1,975,000	2,025,831	50,831
Miscellaneous				-
Total revenues	\$ 3,375,000	\$ 3,375,000	\$ 3,346,820	\$ (28,180)
Expenditures:				
Current:				
Health and welfare	\$ 3,200,696	\$ 3,223,411	\$ 3,223,409	\$ 2
Capital outlay	-	-		-
Total expenditures	\$ 3,200,696	\$ 3,223,411	\$ 3,223,409	\$ 2
Revenues over (under) expenditures	\$ 174,304	\$ 151,589	\$ 123,411	\$ (28,178)
Other financing sources (uses):				
Transfer out			(108,000)	(108,000)
Net change in fund balance	\$ 174,304	\$ 151,589	\$ 15,411	\$ (136,178)
Fund balance, July 1, 2008	12,942	12,942	12,942	-
Fund balance, June 30, 2009	\$ 187,246	\$ 164,531	\$ 28,353	\$ (136,178)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (34,927)	
Revenue accruals (net)			14,816	
Expenditure accruals (net)			35,522	
Other financing uses			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 15,411	

The accompanying notes are an integral part of these financial statements

Grant County
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2009

Assets

Cash and investments	\$ 82,927
Taxes receivable	<u>512,539</u>
Total assets	<u><u>\$ 595,466</u></u>

Liabilities

Due to others	<u>\$ 595,466</u>
Total liabilities	<u><u>\$ 595,466</u></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, 2009

Cash flows from operating activities:	
Cash received from patients and third-party payors	\$ 61,623,219
Cash paid to employees	(31,936,653)
Cash paid to suppliers	<u>(27,616,248)</u>
Net cash provided by operating activities	<u>\$ 2,070,318</u>
Cash flows from noncapital financing activities:	
Grants and gifts	<u>\$ 779,368</u>
Net cash provided (used) by noncapital financing activities	<u>\$ 779,368</u>
Cash flows from capital and related financing activities	
Change in assets limited as to use	
Capital grants	2,498,862
Purchase of capital assets	(4,290,550)
Changes in assets limited as to use	747,364
Other	1,625
Payment of long-term debt	(1,440,000)
Interest paid on capital debt	<u>(260,303)</u>
Net cash provided (used) by capital and related financing activities	<u>\$ (2,743,002)</u>
Cash flows from investing activities:	
Purchase of certificates of deposit	\$ (637,373)
Interest on investments	<u>484,371</u>
Net cash provided (used) by investing activities	<u>\$ (153,002)</u>
Net increase (decrease) in cash and equivalents	\$ (46,318)
Cash and equivalents, beginning of year	<u>3,416,376</u>
Cash and equivalents, end of year	<u><u>\$ 3,370,058</u></u>

Grant County
COMPONENT UNIT- GILA REGIONAL MEDICAL CENTER
STATEMENT OF CASH FLOWS
For the year ended June 30, 2009

Reconciliation of operating income (loss) to
net cash provided (used) by operating activities:

Operating income (loss)	\$	2,423,472
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation and amortization expense		2,738,611
Provision for bad debts		6,386,295
Changes in assets and liabilities:		
Patient accounts receivable		(7,370,890)
Other receivables		(147,926)
Sole provider receivable		(2,048,170)
Estimated third-party settlements		(164,338)
Inventories		(584,731)
Prepaid expenses and deposits		(175,391)
Accounts payable and accrued expenses		1,013,386
		1,013,386
Net cash provided (used) by operating activities	\$	2,070,318

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

Grant County
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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 32nd 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 non-exchange 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 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 principle 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 are as 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 the 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 ¼ of 1% sales tax. The Authority is NMSA 27-5-7.

Debt Service Funds:

Fort Bayard Medical Facility – to account for the payment of bond interest and principal for the Fort Bayard Medical Facility.

Capital Projects Funds:

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

Fort Bayard Medical Facility – to account for the bond proceeds to be used to construct a new medical facility at Fort Bayard.

Non-major 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 used 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 objective 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 no 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 expensed 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 re-appropriated 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, certificate 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. INTER-FUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Short-term inter-fund loans are reported as “inter-fund receivables or payables”. Inter-fund 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. Non-exchange 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 investments 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 receivables.

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 principles 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 expenditures 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, 2009 was \$11.536 per \$1,000 for non-residential property and \$6.265 for residential property. The County's tax rate for debt service was \$1.506 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 inter-fund transfers. For the purposes of the Statement of Activities, all inter-fund 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, 2009, \$230,327 of the County's bank balance of \$6,946,971 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 230,327</u>
--------------------------------	-------------------

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 has \$100,000 on deposit in the pool at June 30, 2009, which is AAAM rated with a weighted average maturity of 41 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 \$403,867.

The cash and investments with U.S. Bank and RBC Public Funds Service are solely for the construction and Debt Service requirements of the new Fort Bayard medical facility, and are controlled by the N.M. Department of Health, and are subject to their collateral requirements.

Note 3 Investments

As of June 30, 2009, the County had the following investments:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Months)</u>
U.S. Government Money Market	\$ 7,160,215	\$ 7,160,215	N/A
Freddie Mac Notes	12,025,608	12,115,497	4.84
Federal Home Loan Notes	5,667,527	5,756,734	1.03
Fannie Mae Notes	22,227,149	22,363,113	3.55
Federal National Mortgage	254,784	270,002	.04
Federal Farm Credit Bank	956,257	973,213	.42
U.S. Treasury Bonds	<u>4,473,989</u>	<u>4,473,193</u>	<u>.24</u>
	<u>\$ 52,765,529</u>	<u>\$ 53,111,967</u>	

Portfolio weighted average maturity 4.05

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 five years.

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. The County’s investment in Federal National Mortgage and Federal Farm Credit Bank 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 13% invested in government money markets, 23% invested in Freddie Mac notes, 11% invested in Federal Home Loan notes, 42% invested in Fannie Mae notes, 1% invested in Federal National mortgage notes, 2% invested in Federal Farm Credit Bank, and 8% in U.S. Treasury Bonds.

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 Activities</u>
Accounts receivables:	
Services (net)	<u>\$ 176,745</u>
Property taxes	\$ 666,814
Gross receipts taxes	533,122
Motor vehicle taxes	41,110
Gas taxes	15,166

Other miscellaneous taxes	<u>787</u>
Total taxes receivable	<u>\$ 1,256,999</u>
Interest receivable	<u>\$ 110,738</u>
Due from other governments:	
Intergovernmental grants	<u>\$ 1,063,452</u>
Total receivables	<u>\$ 2,607,934</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 \$147,815 at June 30, 2009.

Note 5 Capital asset activity for the year ended June 30, 2009, was as follows:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2009</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 1,625,598	\$ 233,320	\$ -0-	\$ 1,858,918
Construction in progress	<u>2,569,718</u>	<u>18,001,198</u>	<u>2,569,718</u>	<u>18,001,198</u>
Total capital assets not being depreciated	<u>\$ 4,195,316</u>	<u>\$18,234,518</u>	<u>\$ 2,569,718</u>	<u>\$ 19,860,116</u>
Capital assets being depreciated:				
Infrastructure	\$ 69,395,286	\$ 108,401	\$ 129,634	\$ 69,374,053
Building and improvements	10,862,772	5,667,297	26,006	16,504,063
Equipment/vehicles/machinery	<u>15,943,806</u>	<u>1,802,901</u>	<u>1,040,379</u>	<u>16,706,328</u>
Total capital assets being depreciated	<u>\$96,201,864</u>	<u>\$ 7,578,599</u>	<u>\$ 1,196,019</u>	<u>\$102,584,444</u>
Less accumulated depreciation for:				
Infrastructure	\$(27,457,327)	\$(1,355,363)	\$ 22,773	\$(28,789,917)
Buildings and improvements	(8,610,190)	(570,132)	8,018	(9,172,304)
Equipment/vehicles/machinery	<u>(11,173,987)</u>	<u>(1,493,895)</u>	<u>892,754</u>	<u>(11,775,128)</u>
Total accumulated depreciation	<u>\$(47,241,504)</u>	<u>\$ (3,419,390)</u>	<u>\$ 923,545</u>	<u>\$ (49,737,349)</u>

Total capital assets being depreciated, net	\$ 48,960,360	\$ 4,159,209	\$ 272,474	\$ 52,847,095
Governmental activity, capital assets, net	\$ 53,155,676	\$ 22,393,727	\$ 2,842,192	\$ 72,707,211

Depreciation was charged to the Governmental Activities as follows:

General Government	\$ 766,514
Public Safety	1,351,930
Public Works	505,435
Health and Welfare	758,391
Culture/Recreation	37,120
	<u>\$ 3,419,390</u>

Note 6 Accrued Liabilities

At June 30, 2009, accrued expenses consisted of the following:

Accruals payroll and benefits	\$ 378,404
Accrue interest payable	<u>1,576,482</u>
	<u>\$ 1,954,886</u>

Note 7 Long-Term Debt

Long-Term Debt and Other Liabilities

Long-term liabilities activity for the year ended June 30, 2009, was as follows:

	Balance <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2009</u>	Due in <u>One Year</u>
Governmental Activities:					
Bonds and notes payable					
2005 G.O. Bonds	\$ 5,385,000	\$	\$ 185,000	\$ 5,200,000	\$ 200,000
Revenue bond	555,000	-0-	555,000	-0-	-0-
Note payable – Sapillo Creek	53,471		8,308	45,163	8,512
Note payable – Fort Bayard	107,786		14,563	93,223	14,808
Ft. Bayard Bonds	-0-	60,000,000	-0-	60,000,000	-0-
Civic Center	<u>-0-</u>	<u>3,440,712</u>	<u>-0-</u>	<u>3,440,712</u>	<u>78,219</u>
Total bonds and notes payable	<u>\$ 6,101,257</u>	<u>\$ 63,440,712</u>	<u>\$ 762,871</u>	<u>\$ 68,779,098</u>	<u>\$ 301,539</u>

Other liabilities:

Capital leases	\$ 1,514,792	\$ 280,039	\$ 630,982	\$ 1,163,849	\$ 162,987
Compensated absences	<u>563,169</u>	<u>260,318</u>	<u>193,592</u>	<u>629,895</u>	<u>-0-</u>
Total other liabilities	<u>\$ 2,077,961</u>	<u>\$ 540,357</u>	<u>\$ 824,574</u>	<u>\$ 1,793,744</u>	<u>\$ 162,987</u>
Long-term debt	<u>\$ 8,179,218</u>	<u>\$ 63,981,069</u>	<u>\$ 1,587,445</u>	<u>\$ 70,572,842</u>	<u>\$ 464,526</u>

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 obligation 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 Commissioner'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.

Lease Appropriation Bonds

The Series 2008 Bonds will be special, limited obligations of the County, payable solely from and secured by funds appropriated annually by the New Mexico State Legislature for basic rent payments under a lease-purchase agreement by and between Grant County, New Mexico and the Department of Health for the operation of the Fort Bayard Facility. The lien of the Series 2008 Bonds on the pledged revenues will be on parity with future Parity Bonds, if any, of the County. There are no outstanding Parity Bonds at the time of delivery of the Series 2008 Bonds. The issuance of the Series 2008 Bonds shall not directly, indirectly or contingently obligate the State or any political subdivision thereof to levy any form of taxation or to make any appropriation for their payment. The County is not pledging any of its taxing authority toward payment of the Series 2008 Bonds.

New Mexico Finance Authority Note Payable Civic Center

On May 1, 2009, the County borrowed \$3,440,712 from the New Mexico Finance Authority for the purchase and renovation of a civic center for the residents of the County. The note bears interest at rates from 3.47% to 6.11% and matures May 1, 2028. The County has pledged gross receipts tax for payment of this note.

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

Due in Fiscal Year Ended June 30:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 301,539	\$ 3,292,034	\$ 3,593,573
2011	1,414,871	3,375,449	4,790,320
2012	1,460,337	3,328,194	4,788,531
2013	1,511,508	3,276,935	4,788,443
2014	2,714,650	3,753,051	6,467,701
2015-2019	9,281,908	14,653,849	23,935,757
2020-2024	11,010,647	12,089,143	23,099,790
2025-2029	12,323,638	9,151,578	21,475,216
2030-2034	14,405,000	5,840,925	20,245,925
2035-2039	<u>14,355,000</u>	<u>1,838,000</u>	<u>16,193,000</u>
	<u>\$68,779,098</u>	<u>\$60,599,158</u>	<u>\$129,378,256</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, 2009:

Fiscal year ended June 30:

2010	\$ 210,555
2011	210,538
2012	181,191
2013	181,177
2014	146,590
2015-2019	<u>404,331</u>
Total minimum lease payment	\$1,334,382
Less amounts representing imputed interest necessary to reduce future lease payments to net present value	<u>(170,533)</u>
Present value of minimum lease payments	<u>\$1,163,849</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, 2009, 2008 and 2007 were \$656,546, \$630,586, and \$576,712 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.

The County of Grant's contributions to RHCA for the year ending June 30, 2009, 2008 and 2007 were \$81,196, \$75,282, and \$31,996 respectively, equal to the amount of the required contributions for each year.

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, and total approximately \$50,000,000.

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, 2009 is as follows:

	<u>General</u>	Hospital <u>Indigent</u>
Changes in fund balance (GAAP Basis)	\$ 1,177,178	\$ (34,927)
Revenue accruals	2,105,976	14,816
Expenditure accruals	3,027,538	35,522
Other financing sources and uses	<u>(3,906,917)</u>	<u>-0-</u>
Changes in fund balance (NON-GAAP) Budgetary Basis	<u>\$ 2,403,775</u>	<u>\$ 15,411</u>

Note 14 Deficit Fund Balances

The County had the following deficit balances at June 30, 2009: Recreation (\$2,178); Airport (\$62,891); Drug Enforcement (\$43,389); Childcare Center (\$304,941), Fort Bayard (\$21,792); and Renovation (\$374,583). 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, 2009, the County expended \$269,844 for the computer agreement.

Note 16 Inter-fund Activity

Inter-fund balances at June 30, 2009, consisted of the following:

<u>Inter-Fund Receivable</u>	<u>Inter-Fund Payable</u>	
	<u>Other Funds</u>	<u>Total</u>
General Fund	\$ 802,269	\$ 802,269
Other Funds	<u>115,891</u>	<u>115,891</u>
	<u>\$ 918,160</u>	<u>\$ 918,160</u>

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

	<u>Transfers From</u>				<u>Total</u>
	<u>General</u>	<u>Hospital Indigent</u>	<u>Fort Bayard Med Facility Debt Service</u>	<u>Other Funds</u>	
<u>Transfers To</u>					
General Fund	\$ 1,170,737	\$	\$	\$ 546,503	\$ 1,717,240
Ft. Bayard Med Facility			25,425		25,425
Other Funds	<u>411,787</u>	<u>108,000</u>			<u>519,787</u>
	<u>\$ 1,582,524</u>	<u>\$ 108,000</u>	<u>\$ 25,425</u>	<u>\$ 546,503</u>	<u>\$ 2,262,452</u>

Transfers from the General Fund to the General Fund are due to the fact that the County carries many programs separately that are all reported in the General Fund. This amount \$1,170,737 reflects the transfers between these General Fund programs.

The transfers were made to fund debt service payments, fund construction projects and provide operating funds.

Note 17 Restricted Net Assets

Net assets restricted for other purposes consist 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	\$ 1,340,562
Solid Waste Fund	667,202
Lodger's Tax	100,946
Rural Fire Departments	954,062
Correction Fees	48,298
Other	<u>643,552</u>
	<u>\$ 3,754,622</u>

**NOTES TO BASIC FINANCIAL STATEMENTS
RELATED TO COMPONENT UNIT
June 30, 2009 and 2008**

Note A **Nature of Operations and Summary of Significant Accounting Policies**

Nature of Operations and Reporting Entity

Gila Regional Medical Center (the "Medical Center") is a sixty-eight (68) bed acute care hospital located in Silver City, New Mexico. The Medical Center is a component unit of Grant County (the "County") and the Board of County Commissioners appoints members to the Board of Trustees of the Medical Center. The Medical Center primarily earns revenues by providing inpatient, outpatient and emergency care services to patients in the Grant County area. There are no component units of the Medical Center.

The Medical Center had a management agreement with Quorum Health Resources (QHR), a healthcare management company, to supervise and direct the Medical Center's daily operations. On August 1, 2007, the Medical Center converted its relationship with QHR to a management advisory services agreement (MASA). The Chief Executive Officer and Chief Financial Officer became employees of the Medical Center as a result of this agreement. The MASA was renewed on August 1, 2009 and will expire on August 1, 2013. Management fees approximated \$367,000 and \$355,000 in 2009 and 2008, respectively.

Basis of Accounting and Presentation

The Medical Center's financial statements have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated non-exchange transactions (principally federal and state grants and county appropriations) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated non-exchange transactions. Government-mandated non-exchange transactions that are not program-specific (such as county appropriations), investment income, and interest on capital assets-related debt are included in non-operating revenues and expenses. The Medical Center first applies restricted net assets when an expense or outlay is incurred for purposes for which both restricted and unrestricted net assets are available.

The Medical Center prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB). Pursuant to GASB Statement No. 20, the Medical Center has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB) that were issued after November 30, 1989, unless those pronouncements conflict with GASB pronouncements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Medical Center considers all liquid investments, other than investments of cash limited as to use, with original maturities of three months or less, to be cash equivalents.

Patient Accounts Receivable and Allowances

The Medical Center reports patient accounts receivable for services rendered at net realizable amounts from third-party payors, patients, and others. Contractual allowances represent the amounts which reduce patient accounts receivable to amounts that are considered to be collectible from third-party payors based on existing contracts the Medical Center has with these payors.

The allowance for doubtful patient accounts receivable is that amount which, in management's judgment, is considered adequate to reduce patient accounts receivable to an amount that is considered to be ultimately collectible. The Medical Center calculates both the contractual allowance and allowance for doubtful accounts based on percentages of accounts receivable aging categories that consider historical contractual adjustments and write-offs by major payor categories. Allowances are deducted from gross patient accounts receivable on the balance sheets.

Management believes that the allowances for doubtful accounts and contractual allowances are adequate. Because of the uncertainty regarding the ultimate collectability of patient accounts receivable, there is a possibility that recorded estimates of the allowance for doubtful accounts and contractual allowances will change by a material amount in the near term.

On a monthly basis, the Medical Center evaluates patient accounts receivable balances older than six months to determine collectability. Accounts are considered uncollectible when there has been no recent payment activity and no other indication that payment will be received. Those balances that are considered uncollectible are written off upon approval from the Director of Patient Financial Services, Assistant Vice President of Finance and Chief Financial Officer, depending on the balance of the account.

Net Patient Service Revenue

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and other for services rendered and includes estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are

accrued on the estimated basis in the period the related services are rendered and adjusted in future periods as more information is available to improve estimates or final settlements are determined.

Investments

Investments in U.S. Treasury, agency and instrumentality obligations with a remaining maturity of one year or less at time of acquisition and in non-negotiable certificates of deposit are carried at fair value.

Inventories

Supply inventories are stated at the lower of cost, determined using the first-in, first-out method, or market.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. The Medical Center's policy is to expense items with costs less than \$5,000, in accordance with Section 12-6-10 NMSA 1978. Costs incurred for repair and maintenance are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. The following estimated useful lives are being used by the Medical Center:

Land improvements	15-20 years
Buildings and Leasehold improvements	20-40 years
Equipment	3-10 years

The Medical Center capitalizes interest costs as a component of construction in progress, based on interest costs of borrowing specifically for the project, net of interest earned on investments acquired with the proceeds of the borrowing. All interest was charged to expense in 2009 and 2008.

Bond Issuance Costs

Bond issuances costs represent costs incurred in connection with the issuance of long-term debt. Such costs are being amortized over the term of the respective debt using the straight-line method.

Compensated Absences

The Medical Center's policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off

are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned, but not yet realized. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments, such as social security and Medicare taxes computed, using rates in effect at that date. The estimated compensated absences liability expected to be paid more than one year after the balance sheet date is included in other long-term liabilities.

Net Assets

Net assets of the Medical Center are classified in three components. Net assets invested in capital assets, net of related debt, consist of capital assets net of accumulated depreciation and reduce by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable net assets are non-capital assets that must be used for a particular purpose as specified by creditors, grantors or donors external to the Medical Center, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Unrestricted net assets are remaining assets less remaining liabilities that do not meet the definition of invested in capital assets, net of related debt or restricted expendable.

Charity Care

The Medical Center provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue. The Medical Center maintains records to identify and monitor the level of charity care provided. Those records include the amount of charges foregone for services and supplies furnished under the Medical Center's charity care policy and aggregated approximately \$1,041,000 and \$936,000 in 2009 and 2008, respectively.

Income Taxes

As the Medical Center is a political subdivision of the County, the Medical Center is exempt from federal and state income tax.

The Foundation

Gila Regional Medical Center Foundation (the "Foundation") is a legally separate, tax-exempt organization under Internal Revenue Code Section 501©(3) established primarily to raise and hold funds to support the Medical Center and its programs. Although the Medical Center does not control the timing or amount of receipts from the Foundation, the majority of the Foundation's resources and related income are restricted by donors for the benefit of the Medical Center. The resources and operations were determined not to be significant to the Medical Center and, therefore, the Foundation is not reported as a component unit of the Medical Center in the accompanying financial statements.

Note B **Net Patient Service Revenue**

A summary of payment arrangements with major third-party payors follows:

Medicare – Services rendered to Medical program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient non-acute services, certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Medical Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medical fiscal intermediary.

Medicaid - The State of New Mexico (the “State”) administers its Medicaid program through contracts with several Managed Care Organizations (MCO’s). Medicaid beneficiaries are required to enroll with one of the MCO’s. The State pays each MCO a per member, per month rate based on their current enrollment. These amounts are allocated by each MCO to separate pools for the hospital, physicians, and ancillary providers. As a result, the MCO’s assume the financial risk of providing health care to its members. This arrangement is commonly referred to as “SALUD!”.

Through the Medical Center’s contracts with MCO’s, inpatient acute care services and outpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge and discounted fee schedules. These rates vary accordingly to a patient classification system that is based on clinical, diagnostic, and other factors. Behavioral and home health services rendered to Medicaid program beneficiaries are paid using a cost reimbursement methodology. The Medical Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicaid fiscal intermediary.

Medicare and Medicaid cost report liabilities are as follows:

	<u>June 30, 2009</u> <u>Amount</u>	<u>June 30, 2009</u> <u>Status</u>	<u>June 30, 2008</u> <u>Amount</u>
Medicare			
2006	\$ 80,981	Expected Payment	\$
2007		Final	(25,000)
2008	133,995	Estimate Unaudited	(50,000)
2009	<u>(50,000)</u>	Estimate Unaudited	<u> </u>
	<u>\$ 164,976</u>		<u>\$ (75,000)</u>
Medicaid			
2004	\$	Final	\$ 22,760
2005	61,231	Expected Payment	
2006	(10,440)	Expected Payment	
2007		Final	

2008	(25,000)	Estimate Unaudited	(122,760)
2009	<u>(201,429)</u>	Estimate Unaudited	<u> </u>
	<u>\$ (175,638)</u>		<u>\$ (100,000)</u>
Estimated third-party payor settlements	<u>\$ (10,662)</u>		<u>\$ (175,000)</u>

Management believes that these estimates are adequate. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Estimates are continually monitored and reviewed, and as settlements are made or more information is available to improve estimates, differences are reflected in current operations.

Settlements of prior-year cost reports and changes in estimates resulted in a decrease to net patient service revenue of approximately \$2,000 for the year ended June 30, 2009 and an increase to net patient service revenue of \$369,000 for the year ended June 30, 2008.

Other Third-Party Payors - The Medical Center has also entered into payment agreements with certain commercial insurance carriers. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

The following summary details the components of net patient service revenue for the years ended June 30:

	<u>2009</u>	<u>2008</u>
Gross patient revenue		
Inpatient	\$ 38,034,711	\$ 37,133,194
Outpatient	<u>83,723,579</u>	<u>72,752,547</u>
Total gross patient revenue	<u>\$ 121,758,290</u>	<u>\$ 109,885,741</u>
Less contractual adjustments and provision or uncollectible accounts		
Third-party payor contractual allowances, discounts, and adjustments	\$ 51,105,306	\$ 43,604,242
Provision for uncollectible accounts	<u>6,386,295</u>	<u>5,415,950</u>
Total contractual adjustments and Provision for uncollectible accounts	<u>\$ 57,491,601</u>	<u>\$ 49,020,192</u>
Net patient service revenue	<u>\$ 64,266,689</u>	<u>\$ 60,865,549</u>

Note C **Deposits and Investments**

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Medical Center's deposits may not be returned to it. In accordance with Section 6-10-17, NMSA, 1978 compilation, the Medical Center is required to obtain collateral in an amount equal to one-half of the deposited public money in excess of \$250,000. The Medical Center's policy is to require collateral in accordance with state statutes. As of June 30, 2009, the Medical Center was short of the state collateralization requirements at one financial institution. As of June 30, 2008, the Medical Center was in compliance with the state collateralization requirements. As of June 30, 2009, the Medical Center had deposits with a bank balance of \$15,188,619, of which \$4,107,189 was uninsured and uncollateralized, and therefore subject to custodial credit risk. As of June 30, 2008, the Medical Center had deposits with a bank balance of \$14,669,530, of which \$4,779,183 were uninsured and uncollateralized, and therefore subject to custodial credit risk.

Investments

The Medical Center may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities, commercial paper rated not less than Grade "A" by a national rating service; bonds or other obligations issued by the State of New Mexico; the State Treasurer's *New MexiGrow* Local Government Investment Pool (the "Pool"); and in bank repurchase agreements. It may also invest, to a limited extent, in corporate bonds and equity securities.

The Pool is not Securities and Exchange Commission registered. Section 6-10-10-I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or agencies sponsored by the United States government. The Pool's 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. According to Section 6-10-10.1F, 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 funds' amounts were invested. Participation in the Pool is voluntary.

The Medical Center's value of its investment in the Pool, the credit rating of the Pool, and the weighted-average maturity (WAM) at June 30, 2009, is as follows:

June 30, 2009				
<i>New MexiGrow</i> LGIP	AAAm rated	\$ 1,052	24 day WAM	

At June 30, 2009 and 2008, the Medical Center had the following investments and maturities:

<u>Type</u>	<u>June 30, 2009</u>				
	<u>Maturities in Years</u>				
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
U.S. Treasury securities and money market	\$1,472,995	\$1,140,915	\$ 332,080	\$	\$
Repurchase agreement	2,761,814	2,761,814			
State Treasurer's investment pool	<u>1,052</u>	<u>1,052</u>			
	<u>\$4,235,861</u>	<u>\$3,903,781</u>	<u>\$ 332,080</u>	<u>\$</u>	<u>\$</u>

	<u>June 30, 2008</u>				
	<u>Maturities in Years</u>				
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
U.S. Treasury securities and money market	\$2,220,371	\$1,874,578	\$ 345,793	\$ -0-	\$ -0-
Repurchase agreement	2,782,613	2,782,613			
State Treasurer's investment pool	<u>1,040</u>	<u>1,040</u>			
	<u>\$5,004,024</u>	<u>\$4,658,231</u>	<u>\$ 345,793</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

The repurchase agreement was fully collateralized at June 30, 2009 and 2008 by U.S. Government agency securities.

- *Interest Rate Risk* – As a means of limiting its exposure to fair value losses arising from rising interest rates, the Medical Center's practice is to invest in certificates of deposits and repurchase agreements with maturities of less than one year, except for funds held by a trustee for debt service.
- *Custodial Credit Risk* – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Medical Center will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.
- *Concentration of Credit Risk* – The Medical Center places no limit on the amount that may be invested in any one issuer.

Reconciliation to Balance Sheets

The carrying values of deposits and investments are included in the balance sheets as follows:

	<u>2009</u>	<u>2008</u>
Carrying value:		
Deposits	\$14,821,101	\$14,209,247
Investments	<u>4,235,861</u>	<u>5,004,024</u>
	<u>\$19,056,962</u>	<u>\$19,213,271</u>
Included in the following balance sheets captions		
Cash and cash equivalents	\$ 3,370,058	\$ 3,416,376
Certificates of deposit, current	14,212,857	13,575,484
Investments held by trustee for debt service, current	1,474,047	1,730,944
Investments held by trustee for debt service, non-current	<u>-0-</u>	<u>490,467</u>
	<u>\$19,056,962</u>	<u>\$19,213,271</u>

Note D **Patient Accounts Receivable**

The Medical Center grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payor agreements. Patient accounts receivable at June 30, 2009 and 2008, consisted of the items shown below:

	<u>2009</u>	<u>2008</u>
Medicare	\$ 8,907,421	\$ 6,595,512
Medicaid	3,105,390	3,798,894
Other third-party payers	4,124,706	4,236,999
Patients	<u>5,738,036</u>	<u>5,714,925</u>
	\$21,875,553	\$20,346,330
Less allowance for contractual adjustments	<u>8,285,770</u>	<u>6,609,983</u>
	\$13,589,783	\$13,736,347
Less allowance for uncollectible accounts	<u>3,687,713</u>	<u>4,818,872</u>
	<u>\$ 9,902,070</u>	<u>\$ 8,917,475</u>

Note E **Capital Assets**

Capital asset activity of the Medical Center for the years ended June 30, 2009 and 2008, was as follows:

	<u>June 30, 2009</u>				<u>Ending Balance</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals and Retirements</u>	<u>Transfers</u>	
Land	\$ 642,700	\$	\$	\$	\$ 642,700
Land improvements	82,560	2,839			85,399
Buildings	29,118,422	123,913			29,242,335
Equipment	27,672,030	2,664,511	(743,904)	232,447	29,825,084
Construction in progress	<u>342,216</u>	<u>1,499,287</u>		<u>(232,447)</u>	<u>1,609,056</u>
Total	<u>\$57,857,928</u>	<u>\$ 4,290,550</u>	<u>\$ (743,904)</u>	<u>\$ -0-</u>	<u>\$ 61,404,574</u>
Less accumulated depreciation:					
Land improvements	\$ 7,046	\$ 3,824	\$	\$	\$ 10,870
Buildings	9,413,507	776,023			10,189,530
Equipment	<u>18,488,393</u>	<u>1,958,763</u>	<u>(581,967)</u>	<u>-0-</u>	<u>19,865,189</u>
	<u>\$ 27,908,946</u>	<u>\$ 2,738,610</u>	<u>\$ (581,967)</u>	<u>\$ -0-</u>	<u>\$ 30,065,589</u>
Capital assets, net	<u>\$ 29,948,982</u>	<u>\$ 1,551,940</u>	<u>\$ (161,937)</u>	<u>\$ -0-</u>	<u>\$ 31,338,985</u>

	<u>June 30, 2008</u>				<u>Ending Balance</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals and Retirements</u>	<u>Transfers</u>	
Land	\$ 642,700	\$	\$	\$	\$ 642,700
Land improvements	48,356	34,204			82,560
Buildings	29,099,435	18,987			29,118,422
Equipment	25,151,742	2,555,360	(314,808)	279,736	27,672,030
Construction in progress	<u>279,736</u>	<u>342,216</u>		<u>(279,736)</u>	<u>342,216</u>
Total	<u>\$55,221,969</u>	<u>\$ 2,950,767</u>	<u>\$ (314,808)</u>	<u>\$</u>	<u>\$ 57,857,928</u>

Less accumulated depreciation					
Land improvements	\$ 4,600	\$ 2,446	\$	\$	\$ 7,046
Buildings	8,640,443	773,064			9,413,507
Equipment	<u>17,083,028</u>	<u>1,720,173</u>	<u>(314,808)</u>		<u>18,488,393</u>
	<u>\$25,728,071</u>	<u>\$ 2,495,683</u>	<u>\$ (314,808)</u>		<u>\$ 27,908,946</u>
Capital assets, net	<u>\$29,493,898</u>	<u>\$ 455,084</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 29,948,982</u>

The Medical Center received capital grants from the State of New Mexico totaling approximately \$2.5 million during 2009 for construction of the cancer center and an emergency medical services (EMS) building.

Note F **Long-Term Obligations**

The following is a summary of long-term obligation transactions for the Medical Center for the years ended June 30, 2009 and 2008:

	June 30, 2009				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Long-term debt:					
Revenue bonds:					
Series 2004	\$ 2,980,000	\$	\$ 165,000	\$ 2,980,000	\$ 165,000
Series 2000	<u>3,325,000</u>		<u>1,275,000</u>	<u>2,050,000</u>	<u>1,350,000</u>
	\$ 6,305,000	\$	\$ 1,440,000	\$ 4,865,000	\$ 1,520,000
Plus unamortized bond premium	<u>15,662</u>		<u>6,265</u>	<u>9,397</u>	<u>9,397</u>
Total long-term debt	\$ 6,320,662	\$	\$ 1,446,265	\$ 4,874,397	\$ 1,529,397
Other long-term liabilities:					
Accrued compensated absences	<u>1,517,370</u>	<u>1,652,587</u>	<u>1,517,370</u>	<u>1,652,587</u>	<u>1,652,587</u>
Total long-term obligations	<u>\$ 7,838,032</u>	<u>\$ 1,652,587</u>	<u>\$ 2,963,635</u>	<u>\$ 6,526,984</u>	<u>\$ 3,181,984</u>

	June 30, 2008				
	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Long-term debt:					
Revenue bonds:					
Series 2004	\$ 3,155,000	\$	\$ 175,000	\$ 2,980,000	\$ 165,000
Series 2000	3,980,000		655,000	3,325,000	1,275,000
Series 1996	<u>530,000</u>	<u> </u>	<u>530,000</u>	<u> </u>	<u> </u>
	\$ 7,665,000	\$	\$1,360,000	\$ 6,305,000	\$ 1,440,000
Plus unamortized bond premium	<u>26,569</u>	<u>-0-</u>	<u>10,907</u>	<u>15,662</u>	<u>15,662</u>
Total long-term debt	\$7,691,569	\$	\$1,370,907	\$ 6,320,662	\$ 1,455,662
Other long-term liabilities:					
Accrued compensa- ted absences	<u>1,411,625</u>	<u>1,517,370</u>	<u>1,411,625</u>	<u>1,517,370</u>	<u>1,517,370</u>
Total long-term obli- gations	<u>\$9,103,194</u>	<u>\$ 1,517,370</u>	<u>\$2,782,532</u>	<u>\$ 7,838,032</u>	<u>\$ 2,973,032</u>

Revenue Bonds Payable

The revenue bonds payable consist of the following:

- Subordinated Hospital Revenue Bonds, Series 2004, issued in the amount of \$3,850,000 with various maturity dates through August 1, 2014. Interest is payable semiannually on each February 1 and August 1 at interest rates ranging from 3.90% to 4.40%.

The proceeds from the bond issue were used to construct and equip an ambulatory surgical center addition to the Medical Center. The Series 2004 Bonds are subordinated to the Series 2000 and 1996 bond issues and are secured by net revenues.

- Hospital Refunding Revenue Bonds, Series 2000, issued in the amount of \$4,500,000 with various maturity dates through August 1, 2010. Interest is payable semiannually on each February 1 and August 1 at interest rates ranging from 4.90% to 5.50%. The proceeds from the bond issue were used to renovate and to construct an addition to the Medical Center. The bonds are secured by net revenues and payments of bond principal are also secured by an insurance policy issued by a commercial insurer.

The bond indenture agreements require that certain funds be established with the trustee. Accordingly, these funds are included as assets held by trustee for debt service in the balance sheets. The indenture agreements also require the Medical Center to comply with certain restrictive covenants including minimum debt service requirements and liquidity requirements.

The debt service requirements as of June 30, 2009, are as follows:

<u>Year Ending June 30.</u>	<u>Total to be Paid</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,734,933	\$ 1,520,000	\$ 214,933
2011	1,217,962	1,085,000	132,962
2012	692,437	600,000	92,437
2013	720,562	655,000	65,562
2014	696,989	660,000	36,989
2015	<u>352,590</u>	<u>345,000</u>	<u>7,590</u>
	<u>\$ 5,415,473</u>	<u>\$ 4,865,000</u>	<u>\$ 550,473</u>

Note G Tax Sheltered Annuity Plan

The Medical Center contributes to a tax sheltered retirement plan covering all eligible employees. The plan is a 403(b) plan under the Internal Revenue Code and is administered by Met Life. Eligible employees may participate in the Medical Center's retirement plan after 12 months of continuous employment on a regular full-time or part-time status. The Medical Center will contribute 2.5% of the employee's annual salary provided the employee is a participant in the plan. The Medical Center will match an additional 2.5% of the employee's contribution up to a maximum of 5.0% of the employee's annual salary. Employees may contribute a maximum of 20.0% of their annual salary. The Medical Center's contributions for each employee are vested immediately upon contribution. The Medical Center's contributions to the plan were approximately \$650,000 and \$633,000 for the years ended June 30, 2009 and 2008, respectively. Employee contributions to the plan were approximately \$942,000 and \$1,358,000 for 2009 and 2008, respectively. There are no stand-alone financial reports available to the public for the plan.

Note H Commitments and Contingencies

Healthcare Regulatory Environment – The healthcare industry is subject to laws and regulations of federal, state and local governments. These laws and regulations include, but are not limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs, the

imposition of significant fines and penalties and significant repayments for patient services previously billed.

Management believes that the Medical Center is in compliance with applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

The Health Insurance Portability and Accountability Act (HIPAA) was enacted August 21, 1996, to assure health insurance portability, guarantee security and privacy of health information, enforce standards for health information and establish administrative simplification provisions. Management feels that the Medical Center is in compliance with all applicable provisions of HIPAA.

Risk Management – The Medical Center is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Medical Malpractice Claims - The Medical Center purchases medical malpractice insurance under a claims-made policy on a fixed premium basis. Accounting principles generally accepted in the United States of America require a healthcare provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the Medical Center's claim experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

Litigation – In the normal course of business, the Medical Center is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Medical Center's commercial insurance; for example, allegations regarding employment practices or performance of contracts. The Medical Center evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Medical Center's future financial position or results of operations. However, events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Operating Leases - The Medical Center leases equipment through operating lease agreements expiring in various years through 2013. Total rent expense for all operating

leases was approximately \$1,603,000 and \$1,857,000 for 2009 and 2008, respectively. Future minimum lease payments for non-cancelable operating leases with lease terms exceeding one year at June 30, 2009, were as follows:

2010	\$ 1,597,530
2011	813,223
2012	562,098
2013	<u>252,501</u>
Future minimum lease payments	<u>\$ 3,225,352</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.

Lodger's 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

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.

Fort Bayard Medical Facility – To account for the payment of principal and interest on the bond issue used to construct the Fort Bayard Medical Facility.

CAPITAL PROJECTS FUNDS

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

Renovation – To account for various renovation 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.

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

Fort Bayard Medical Facility – To account for the bond proceeds and expenditures therefrom to construct the new medical facility.

Childcare Center – To account for the grant revenues and expenditures therefrom to construct a new childcare center.

Jail Construction – To account for the bond proceeds and expenditures therefrom to construct a new jail facility.

Grant County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2009

	Special Revenue Funds			
	Fire Protection	Farm and Range	Recreation	Correction Fees
Assets				
Cash and investments	\$ 1,304,505	\$ 17,988	\$ -	\$ -
Interfund receivable				
Accounts receivable				
Interest receivable				
Taxes receivable	39,833		263	94,323
Due from other governments				
Notes receivable				
Total assets	\$ 1,344,338	\$ 17,988	\$ 263	\$ 94,323
Liabilities and Fund Balance				
Accounts payable	\$ 3,776	\$ -	\$ -	\$ 12,851
Salaries payable				33,174
Interfund payable			2,441	
Deferred revenue				
Total liabilities	\$ 3,776	\$ -	\$ 2,441	\$ 46,025
Fund balances:				
Reserved for:				
Capital projects	\$ -	\$ -	\$ -	\$ -
Debt service				
Unreserved	1,340,562	17,988	(2,178)	48,298
Total fund balance	\$ 1,340,562	\$ 17,988	\$ (2,178)	\$ 48,298
Total liabilities and fund balance	\$ 1,344,338	\$ 17,988	\$ 263	\$ 94,323

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

Special Revenue Funds

Clerk's Equipment	Law Enforcement Protection	Lodgers Tax	Airport	Reappraisal	EMS
\$ 108,502	\$ 16,323	\$ 104,661	\$ -	\$ 130,098	\$ 12,832
			22,058		
<u>\$ 108,502</u>	<u>\$ 16,323</u>	<u>\$ 104,661</u>	<u>\$ 22,058</u>	<u>\$ 130,098</u>	<u>\$ 12,832</u>
\$ -	\$ -	\$ 3,715	\$ 1,010	\$ 268	\$ -
			83,939		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,715</u>	<u>\$ 84,949</u>	<u>\$ 268</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>108,502</u>	<u>16,323</u>	<u>100,946</u>	<u>(62,891)</u>	<u>129,830</u>	<u>12,832</u>
<u>\$ 108,502</u>	<u>\$ 16,323</u>	<u>\$ 100,946</u>	<u>\$ (62,891)</u>	<u>\$ 129,830</u>	<u>\$ 12,832</u>
<u>\$ 108,502</u>	<u>\$ 16,323</u>	<u>\$ 104,661</u>	<u>\$ 22,058</u>	<u>\$ 130,098</u>	<u>\$ 12,832</u>

Grant County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (continued)
June 30, 2009

	Special Revenue Funds			
	Solid Waste	Regional Dispatch	Drug Enforcement	Rural Fire Departments
Assets				
Cash and investments	\$ 543,149	\$ 149,971	\$ -	\$ 965,538
Interfund receivable				
Accounts receivable	176,745			
Interest receivable				
Taxes receivable	19,916	94,777		
Due from other governments	68,975			
Notes receivable	147,815			
Total assets	\$ 956,600	\$ 244,748	\$ -	\$ 965,538
Liabilities and Fund Balance				
Accounts payable	\$ 52,098	\$ 4,397	\$ -	\$ 11,476
Salaries payable	2,365	21,658		
Interfund payable			43,389	
Deferred revenue	234,935			
Total liabilities	\$ 289,398	\$ 26,055	\$ 43,389	\$ 11,476
Fund balance:				
Reserved for:				
Capital projects	\$ -	\$ -	\$ -	\$ -
Debt service				
Unreserved	667,202	218,693	(43,389)	954,062
Total fund balance	\$ 667,202	\$ 218,693	\$ (43,389)	\$ 954,062
Total liabilities and fund balance	\$ 956,600	\$ 244,748	\$ -	\$ 965,538

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

Special Revenue Funds	Debt Service Funds		Capital Projects Fund	
CDBG Zoning	2001 Refunding	Jail Revenue Bond	Airport Industrial Park	Jail Construction
\$ 498	\$ -	\$ 1,442,436 52,058	\$ 227,716	\$ 6,003,347 63,833
		87,139 4,700		\$ 583
<u>\$ 498</u>	<u>\$ -</u>	<u>\$ 1,586,333</u>	<u>\$ 227,716</u>	<u>\$ 6,067,763</u>
\$ -	\$ -	\$ -	\$ 13,089	\$ 34,912
		63,833 86,175		52,058
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,008</u>	<u>\$ 13,089</u>	<u>\$ 86,970</u>
\$ -	\$ -	\$ -	\$ 214,627	\$ 5,980,793
498		1,436,325		
<u>\$ 498</u>	<u>\$ -</u>	<u>\$ 1,436,325</u>	<u>\$ 214,627</u>	<u>\$ 5,980,793</u>
<u>\$ 498</u>	<u>\$ -</u>	<u>\$ 1,586,333</u>	<u>\$ 227,716</u>	<u>\$ 6,067,763</u>

Grant County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (concluded)
June 30, 2009

ls	Capital Road		Bataan Memorial	Renovations Fund	Capital Projects Funds Hachita Rec Center
Assets					
\$	1	Cash and investments	\$ -	\$ -	\$ 420
		Interfund receivable			
		Accounts receivable			
		Interest receivable			
		Taxes receivable			
		Due from other governments	43,346	347,526	
		Notes receivable			
<u>\$</u>	<u>1</u>	Total assets	<u>\$ 43,346</u>	<u>\$ 347,526</u>	<u>\$ 420</u>
Liabilities and Fund Balance					
\$	-	Accounts payable	\$ -	\$ 18,464	\$ -
		Salaries payable			
		Interfund payable	43,346	555,292	
		Deferred revenue		148,353	
<u>\$</u>	<u>-</u>	Total liabilities	<u>\$ 43,346</u>	<u>\$ 722,109</u>	<u>\$ -</u>
		Fund balance:			
		Reserved for:			
\$	1	Capital projects	\$ -	\$ (374,583)	\$ 420
		Debt service			
		Unreserved			
<u>\$</u>	<u>1</u>	Total fund balance	<u>\$ -</u>	<u>\$ (374,583)</u>	<u>\$ 420</u>
<u>\$</u>	<u>1</u>	Total liabilities and fund balance	<u>\$ 43,346</u>	<u>\$ 347,526</u>	<u>\$ 420</u>

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

Capital
Projects Funds

CDBG Child Care Center	Fort Bayard	Total
\$ -	\$ -	\$ 11,027,985
		115,891
		176,745
		583
		336,251
		486,605
		147,815
\$ -	\$ -	\$ 12,291,875
\$ 231,079	\$ 21,792	\$ 408,927
73,862		57,197
		918,160
		469,463
\$ 304,941	\$ 21,792	\$ 1,853,747
\$ (304,941)	\$ (21,792)	\$ 5,494,525
		1,436,325
		3,507,278
\$ (304,941)	\$ (21,792)	\$ 10,438,128
\$ -	\$ -	\$ 12,291,875

Grant County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For The Fiscal Year Ended June 30, 2009

	Special Revenue Funds			
	Fire Protection	Farm and Range	Recreation	Correction Fees
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	433,847			649,741
Other taxes			2,903	
Intergovernmental		28,792		253,051
Charges for services				
Miscellaneous	1,726			
Total revenues	\$ 435,573	\$ 28,792	\$ 2,903	\$ 902,792
Expenditures:				
Current:				
General government	\$ 13,066	\$ -	\$ -	\$ 17,614
Public safety	567,407			1,434,527
Health and welfare		27,500		
Culture recreation			4,000	
Debt service:				
Principle				
Interest				
Capital outlay			4,052	
Total expenditures	\$ 580,473	\$ 27,500	\$ 8,052	\$ 1,452,141
Revenues over (under) expenditures	\$ (144,900)	\$ 1,292	\$ (5,149)	\$ (549,349)
Other financing sources (uses):				
Transfer in			2,347	186,605
Transfer (out)	(10,834)			
Loan proceeds				
Net changes in fund balances	\$ (155,734)	\$ 1,292	\$ (2,802)	\$ (362,744)
Fund balance, July 1, 2008	1,496,296	16,696	624	411,042
Fund balance, June 30, 2009	<u>\$ 1,340,562</u>	<u>\$ 17,988</u>	<u>\$ (2,178)</u>	<u>\$ 48,298</u>

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

Special Revenue Funds

Clerk's Equipment	Law Enforcement Protection	Lodgers Tax	Airport	Reappraisal	EMS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	42,200	54,233	266,081		122,560
58,120			47,359		815
			6,468		
<u>\$ 58,120</u>	<u>\$ 42,200</u>	<u>\$ 54,233</u>	<u>\$ 319,908</u>	<u>\$ -</u>	<u>\$ 123,375</u>
\$ 3,013	\$ - 23,354	\$ -	\$ 158,352	\$ 91,001	\$ - 110,104
		84,628			
4,300	721		280,086	8,592	54,200
<u>\$ 7,313</u>	<u>\$ 24,075</u>	<u>\$ 84,628</u>	<u>\$ 438,438</u>	<u>\$ 99,593</u>	<u>\$ 164,304</u>
\$ 50,807	\$ 18,125	\$ (30,395)	\$ (118,530)	\$ (99,593)	\$ (40,929)
			48,197		
		(17,500)			
<u>\$ 50,807</u>	<u>\$ 18,125</u>	<u>\$ (47,895)</u>	<u>\$ (70,333)</u>	<u>\$ (99,593)</u>	<u>\$ (40,929)</u>
57,695	(1,802)	148,841	7,442	229,423	53,761
<u>\$ 108,502</u>	<u>\$ 16,323</u>	<u>\$ 100,946</u>	<u>\$ (62,891)</u>	<u>\$ 129,830</u>	<u>\$ 12,832</u>

Grant County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)
For The Fiscal Year Ended June 30, 2009

	Special Revenue Funds			
	Solid Waste	Regional Dispatch	Drug Enforcement	Rural Fire Departments
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	216,925	651,663		
Other taxes				
Intergovernmental			662,337	1,171,752
Charges for services	428,811			7,231
Miscellaneous	7,390	2,088	5	261
	<u>653,126</u>	<u>653,751</u>	<u>662,342</u>	<u>1,179,244</u>
Total revenues	<u>\$ 653,126</u>	<u>\$ 653,751</u>	<u>\$ 662,342</u>	<u>\$ 1,179,244</u>
Expenditures:				
Current:				
General government	\$ 6,532	\$ 17,719	\$ -	\$ -
Public safety		658,424		407,255
Health and welfare	592,595			
Culture recreation				
Debt service				
Principle				184,246
Interest				54,769
Capital outlay		382		376,156
	<u>599,127</u>	<u>676,525</u>	<u>-</u>	<u>1,022,426</u>
Total expenditures	<u>\$ 599,127</u>	<u>\$ 676,525</u>	<u>\$ -</u>	<u>\$ 1,022,426</u>
Revenues over (under) expenditures	\$ 53,999	\$ (22,774)	\$ 662,342	\$ 156,818
Other financing sources (uses):				
Transfer in				
Transfer (out)	(6,500)		(1,236)	(1,728)
Loan proceeds				280,039
	<u>47,499</u>	<u>(22,774)</u>	<u>661,106</u>	<u>435,129</u>
Net change in fund balances	<u>\$ 47,499</u>	<u>\$ (22,774)</u>	<u>\$ 661,106</u>	<u>\$ 435,129</u>
Fund balance, July 1, 2008	<u>619,703</u>	<u>241,467</u>	<u>(704,495)</u>	<u>518,933</u>
Fund balance, June 30, 2009	<u>\$ 667,202</u>	<u>\$ 218,693</u>	<u>\$ (43,389)</u>	<u>\$ 954,062</u>

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

Special Revenue Funds	Debt Service Funds		Capital Projects Funds		
CDBG Zoning	2001 Refunding	Jail Revenue Bond	Airport Industrial Park	Jail Construction	Capital Road
\$ -	\$ - 116,255	\$ 978,325	\$ -	\$ -	\$ -
	1,385	2,979		35,690	314,997
<u>\$ -</u>	<u>\$ 117,640</u>	<u>\$ 981,304</u>	<u>\$ -</u>	<u>\$ 35,690</u>	<u>\$ 314,997</u>
\$ -	\$ 2,131	\$ 63	\$ -	\$ -	\$ -
	555,000 22,790	185,000 214,605	38,505	372,274	84,605
<u>\$ -</u>	<u>\$ 579,921</u>	<u>\$ 399,668</u>	<u>\$ 38,505</u>	<u>\$ 372,274</u>	<u>\$ 84,605</u>
\$ -	\$ (462,281)	\$ 581,636	\$ (38,505)	\$ (336,584)	\$ 230,392
	165,417 (466,205)			67,071	49,833
<u>\$ -</u>	<u>\$ (763,069)</u>	<u>\$ 581,636</u>	<u>\$ (38,505)</u>	<u>\$ (269,513)</u>	<u>\$ 280,225</u>
498	763,069	854,689	253,132	6,250,306	(280,224)
<u>\$ 498</u>	<u>\$ -</u>	<u>\$ 1,436,325</u>	<u>\$ 214,627</u>	<u>\$ 5,980,793</u>	<u>\$ 1</u>

Grant County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (concluded)
For The Fiscal Year Ended June 30, 2009

	Capital Projects Funds			
	Bataan Memorial	Renovations Fund	Hachita Rec Center	CDBG Child Care Center
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes				
Other taxes				
Intergovernmental	44,472	538,100		
Charges for services				
Miscellaneous				
Total revenues	\$ 44,472	\$ 538,100	\$ -	\$ -
Expenditures:				
Current:				
General government	\$ -	\$ -	\$ -	\$ -
Public safety		68		
Health and welfare				
Culture recreation		99,155		
Debt service				
Principle				
Interest				
Capital outlay	43,346	672,566		359,941
Total expenditures	\$ 43,346	\$ 771,789	\$ -	\$ 359,941
Revenues over (under) expenditures	\$ 1,126	\$ (233,689)	\$ -	\$ (359,941)
Other financing sources (uses):				
Transfer in		317		
Transfer (out)		(42,500)		
Loan proceeds				
Net change in fund balances	\$ 1,126	\$ (275,872)	\$ -	\$ (359,941)
Fund balance, July 1, 2008	(1,126)	(98,711)	420	55,000
Fund balance, June 30, 2009	\$ -	\$ (374,583)	\$ 420	\$ (304,941)

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

Capital Projects	
Funds	
CDBG	Total
Child Care	
Center	
\$ -	\$ 978,325
	2,068,431
	57,136
	3,444,342
	541,521
	58,807
<u>\$ -</u>	<u>\$ 7,148,562</u>
\$ -	\$ 309,491
	3,201,139
	620,095
	187,783
	924,246
	292,164
21,792	2,321,518
<u>\$ 21,792</u>	<u>\$ 7,856,436</u>
\$ (21,792)	\$ (707,874)
	519,787
	(546,503)
	280,039
\$ (21,792)	\$ (454,551)
<u>-</u>	<u>10,892,679</u>
<u>\$ (21,792)</u>	<u>\$ 10,438,128</u>

Grant County
NONMAJOR SPECIAL REVENUE FUNDS - RURAL FIRE DEPARTMENTS
COMBINING BALANCE SHEET
For the Fiscal Year Ended June 30, 2009

	<u>Gila/Cliff Fire</u>	<u>Fort Bayard Fire</u>	<u>Upper Mimbres Fire</u>	<u>Lower Mimbres Fire</u>
Assets				
Cash	\$ 179,308	\$ 5,183	\$ 182,226	\$ 163,130
Total assets	<u>\$ 179,308</u>	<u>\$ 5,183</u>	<u>\$ 182,226</u>	<u>\$ 163,130</u>
Liabilities and Fund Balance				
Accounts payable	\$ 258	\$ 411	\$ 351	\$ 5,667
Deferred revenue				
Total liabilities	<u>\$ 258</u>	<u>\$ 411</u>	<u>\$ 351</u>	<u>\$ 5,667</u>
Fund balances:				
Unreserved	\$ 179,050	\$ 4,772	\$ 181,875	\$ 157,463
Total fund balance	<u>\$ 179,050</u>	<u>\$ 4,772</u>	<u>\$ 181,875</u>	<u>\$ 157,463</u>
Total liabilities and fund balance	<u>\$ 179,308</u>	<u>\$ 5,183</u>	<u>\$ 182,226</u>	<u>\$ 163,130</u>

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

<u>Sapillo Creek Fire</u>	<u>Whiskey Creek Fire</u>	<u>Pinos Altos Fire</u>	<u>Tyrone Fire</u>	<u>Santa Rita Fire</u>	<u>Total</u>
\$ 59,058	\$ 171,569	\$ 92,044	\$ 87,739	\$ 25,281	\$ 965,538
<u>\$ 59,058</u>	<u>\$ 171,569</u>	<u>\$ 92,044</u>	<u>\$ 87,739</u>	<u>\$ 25,281</u>	<u>\$ 965,538</u>
\$ 168	\$ 540	\$ 633	\$ 2,677	\$ 771	\$ 11,476
<u>\$ 168</u>	<u>\$ 540</u>	<u>\$ 633</u>	<u>\$ 2,677</u>	<u>\$ 771</u>	<u>\$ 11,476</u>
\$ 58,890	\$ 171,029	\$ 91,411	\$ 85,062	\$ 24,510	\$ 954,062
<u>\$ 58,890</u>	<u>\$ 171,029</u>	<u>\$ 91,411</u>	<u>\$ 85,062</u>	<u>\$ 24,510</u>	<u>\$ 954,062</u>
<u>\$ 59,058</u>	<u>\$ 171,569</u>	<u>\$ 92,044</u>	<u>\$ 87,739</u>	<u>\$ 25,281</u>	<u>\$ 965,538</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, 2009

	Gila/Cliff Fire	Fort Bayard Fire	Upper Mimbres Fire	Lower Mimbres Fire
Revenues:				
Intergovernmental	\$ 89,502	\$ 60,579	\$ 89,815	\$ 86,608
Charges for services		3,220		
Miscellaneous		163		
Total revenues	\$ 89,502	\$ 63,962	\$ 89,815	\$ 86,608
Expenditures:				
Current				
Public safety	\$ 19,411	\$ 41,308	\$ 40,572	\$ 10,325
Debt service:				
Principal		34,535	24,874	28,756
Interest		12,060	4,458	3,880
Capital outlay	22,524	318	10,593	
Total expenditures	\$ 41,935	\$ 88,221	\$ 80,497	\$ 42,961
Revenues over (under) expenditures	\$ 47,567	\$ (24,259)	\$ 9,318	\$ 43,647
Other financing sources (uses):				
Transfer in				
Transfer (out)				
Loan proceeds			100,000	100,000
Net change in fund balances	\$ 47,567	\$ (24,259)	\$ 109,318	\$ 143,647
Fund balance, July 1, 2008	131,483	29,031	72,557	13,816
Fund balance, June 30, 2009	<u>\$ 179,050</u>	<u>\$ 4,772</u>	<u>\$ 181,875</u>	<u>\$ 157,463</u>

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

<u>Sapillo Creek Fire</u>	<u>Whiskey Creek Fire</u>	<u>Pinos Altos Fire</u>	<u>Tyrone Fire</u>	<u>Santa Rita Fire</u>	<u>Total</u>
\$ 52,397 4,011 98	\$ 128,178	\$ 170,207	\$ 295,508	\$ 198,958	\$ 1,171,752 7,231 261
<u>\$ 56,506</u>	<u>\$ 128,178</u>	<u>\$ 170,207</u>	<u>\$ 295,508</u>	<u>\$ 198,958</u>	<u>\$ 1,179,244</u>
\$ 17,351	\$ 59,095	\$ 55,156	\$ 133,796	\$ 30,241	\$ 407,255
8,308 1,502 20,810	27,952	31,888 10,039 97,232	49,887 20,511 17,860	5,998 2,319 178,867	184,246 54,769 376,156
<u>\$ 47,971</u>	<u>\$ 87,047</u>	<u>\$ 194,315</u>	<u>\$ 222,054</u>	<u>\$ 217,425</u>	<u>\$ 1,022,426</u>
\$ 8,535	\$ 41,131	\$ (24,108)	\$ 73,454	\$ (18,467)	\$ 156,818
			(1,728)		- (1,728)
		<u>80,039</u>			<u>280,039</u>
\$ 8,535	\$ 41,131	\$ 55,931	\$ 71,726	\$ (18,467)	\$ 435,129
<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>\$ 58,890</u>	<u>\$ 171,029</u>	<u>\$ 91,411</u>	<u>\$ 85,062</u>	<u>\$ 24,510</u>	<u>\$ 954,062</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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 942,365	\$ 942,365	\$ 463,345	\$ (479,020)
Miscellaneous				-
Total revenues	<u>\$ 942,365</u>	<u>\$ 942,365</u>	<u>\$ 463,345</u>	<u>\$ (479,020)</u>
Expenditures:				
Current:				
Public safety	\$ 1,407,282	\$ 1,407,282	\$ 566,120	\$ 841,162
Capital outlay				-
Total expenditures	<u>\$ 1,407,282</u>	<u>\$ 1,407,282</u>	<u>\$ 566,120</u>	<u>\$ 841,162</u>
Revenues over (under) expenditures	\$ (464,917)	\$ (464,917)	\$ (102,775)	\$ 362,142
Other financing sources (uses):				
Transfer out			(10,834)	(10,834)
Net change in fund balance	\$ (464,917)	\$ (464,917)	\$ (113,609)	\$ 351,308
Fund balance, July 1, 2008	<u>585,728</u>	<u>585,728</u>	<u>1,418,114</u>	<u>832,386</u>
Fund balance, June 30, 2009	<u><u>\$ 120,811</u></u>	<u><u>\$ 120,811</u></u>	<u><u>\$ 1,304,505</u></u>	<u><u>\$ 1,183,694</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (155,734)	
Revenue accruals (net)			27,772	
Expenditure accruals (net)			14,353	
Other financing uses			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (113,609)</u></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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 29,000	\$ 29,000	\$ 28,792	\$ (208)
Expenditures:				
Current:				
Health and welfare	<u>\$ 27,500</u>	<u>\$ 27,500</u>	<u>\$ 27,500</u>	<u>\$ -</u>
Net change in fund balance	\$ 1,500	\$ 1,500	\$ 1,292	\$ (208)
Fund balance, July 1, 2008	<u>16,696</u>	<u>16,696</u>	<u>16,696</u>	<u>-</u>
Fund balance, June 30, 2009	<u><u>\$ 18,196</u></u>	<u><u>\$ 18,196</u></u>	<u><u>\$ 17,988</u></u>	<u><u>\$ (208)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 1,292	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 1,292</u></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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 1,300	\$ 7,257	\$ 2,850	\$ (4,407)
Miscellaneous				-
Total revenues	\$ 1,300	\$ 7,257	\$ 2,850	\$ (4,407)
Expenditures:				
Current:				
Culture and recreation	\$ 4,000	\$ 4,000	\$ 4,000	\$ -
Capital outlay		5,957	4,052	1,905
Total expenditures	\$ 4,000	\$ 9,957	\$ 8,052	\$ 1,905
Revenues over (under) expenditures	\$ (2,700)	\$ (2,700)	\$ (5,202)	\$ (2,502)
Other financing sources (uses):				
Transfer in	2,286	2,286	2,347	61
Net change in fund balance	\$ (414)	\$ (414)	\$ (2,855)	\$ (2,441)
Fund balance, July 1, 2008	414	414	414	-
Fund balance, June 30, 2009	\$ -	\$ -	\$ (2,441)	\$ (2,441)
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (2,802)	
Revenue accruals (net)			(53)	
Expenditure accruals (net)			-	
Other financing uses			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (2,855)	

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 860,000	\$ 860,000	\$ 656,689	\$ (203,311)
Intergovernmental		82,000	253,051	171,051
Miscellaneous				-
Total revenues	\$ 860,000	\$ 942,000	\$ 909,740	\$ (32,260)
Expenditures:				
Current:				
Public safety	\$ 1,365,595	\$ 1,447,595	\$ 1,447,282	\$ 313
Capital outlay				-
Total expenditures	\$ 1,365,595	\$ 1,447,595	\$ 1,447,282	\$ 313
Revenues over (under) expenditures	\$ (505,595)	\$ (505,595)	\$ (537,542)	\$ (31,947)
Other financing sources (uses):				
Transfer in	154,658	154,658	186,605	31,947
Net change in fund balance	\$ (350,937)	\$ (350,937)	\$ (350,937)	\$ -
Fund balance, July 1, 2008	350,937	350,937	350,937	-
Fund balance, June 30, 2009	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (362,744)	
Revenue accruals (net)			6,948	
Expenditure accruals (net)			4,859	
Other financing uses			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (350,937)	

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Charges for services	\$ 26,000	\$ 26,000	\$ 58,120	\$ 32,120
Expenditures:				
Current:				
General government	\$ 3,000	\$ 3,000	\$ 3,013	\$ (13)
Capital outlay	40,000	40,000	4,300	35,700
Total expenditures	\$ 43,000	\$ 43,000	\$ 7,313	\$ 35,687
Net change in fund balance	\$ (17,000)	\$ (17,000)	\$ 50,807	\$ 67,807
Fund balance, July 1, 2008	57,695	57,695	57,695	-
Fund balance, June 30, 2009	\$ 40,695	\$ 40,695	\$ 108,502	\$ 67,807
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 50,807	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Other financing sources			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 50,807	

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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 42,200	\$ 42,200	\$ 42,200	\$ -
Expenditures:				
Current:				
Public safety	\$ 42,200	\$ 42,200	\$ 25,849	\$ 16,351
Capital outlay	693	693	721	(28)
Total expenditures	<u>\$ 42,893</u>	<u>\$ 42,893</u>	<u>\$ 26,570</u>	<u>\$ 16,323</u>
Net change in fund balance	\$ (693)	\$ (693)	\$ 15,630	\$ 16,323
Fund balance, July 1, 2008	<u>693</u>	<u>693</u>	<u>693</u>	<u>-</u>
Fund balance, June 30, 2009	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 16,323</u></u>	<u><u>\$ 16,323</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 18,125	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>(2,495)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 15,630</u></u>	

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 75,000	\$ 75,000	\$ 67,837	\$ (7,163)
Expenditures:				
Current:				
Culture and recreation	77,187	81,842	81,842	-
Revenues over (under) expenditures	\$ (2,187)	\$ (6,842)	\$ (14,005)	\$ (7,163)
Other financing sources (uses):				
Transfer out	(17,500)	(17,500)	(17,500)	-
Net change in fund balance	\$ (19,687)	\$ (24,342)	\$ (31,505)	\$ (7,163)
Fund balance, July 1, 2008	136,166	136,166	136,166	-
Fund balance, June 30, 2009	\$ 116,479	\$ 111,824	\$ 104,661	\$ (7,163)
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (47,895)	
Revenue accruals (net)			13,604	
Expenditure accruals (net)			2,786	
Net change in fund balance, NON-GAAP budgetary basis			\$ (31,505)	

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 61,890	\$ 398,081	\$ 297,850	\$ (100,231)
Charges for services	40,000	40,000		(40,000)
Total revenues	\$ 101,890	\$ 438,081	\$ 297,850	\$ (140,231)
Expenditures:				
Current:				
General government	\$ 118,098	\$ 159,221	\$ 159,127	\$ 94
Capital outlay	41,216	336,284	280,086	56,198
Total expenditures	\$ 159,314	\$ 495,505	\$ 439,213	\$ 56,292
Revenues over (under) expenditures	\$ (57,424)	\$ (57,424)	\$ (141,363)	\$ (83,939)
Other financing sources (uses):				
Transfer in	\$ 48,197	\$ 48,197	\$ 48,197	\$ -
Net change in fund balance	\$ (9,227)	\$ (9,227)	\$ (93,166)	\$ (83,939)
Fund balance, July 1, 2008	9,227	9,227	9,227	-
Fund balance, June 30, 2009	\$ -	\$ -	\$ (83,939)	\$ (83,939)
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (70,333)	
Revenue accruals (net)			(22,058)	
Expenditure accruals (net)			(775)	
Net change in fund balance, NON-GAAP budgetary basis			\$ (93,166)	

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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Charges for services	\$ 120,000	\$ 120,000	\$ -	\$ (120,000)
Expenditures:				
Current:				
General government	\$ 120,000	\$ 120,000	\$ 91,308	\$ 28,692
Capital outlay	25,000	25,000	8,592	16,408
Total expenditures	<u>\$ 145,000</u>	<u>\$ 145,000</u>	<u>\$ 99,900</u>	<u>\$ 45,100</u>
Net change in fund balance	\$ (25,000)	\$ (25,000)	\$ (99,900)	\$ (74,900)
Fund balance, July 1, 2008	<u>229,998</u>	<u>229,998</u>	<u>229,998</u>	<u>-</u>
Fund balance, June 30, 2009	<u>\$ 204,998</u>	<u>\$ 204,998</u>	<u>\$ 130,098</u>	<u>\$ (74,900)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (99,593)	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>(307)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (99,900)</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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 119,294	\$ 139,903	\$ 123,075	\$ (16,828)
Miscellaneous	-		300	300
Total revenues	<u>\$ 119,294</u>	<u>\$ 139,903</u>	<u>\$ 123,375</u>	<u>\$ (16,528)</u>
Expenditures:				
Current:				
Public Safety	\$ 134,775	\$ 138,041	\$ 110,220	\$ 27,821
Capital outlay	38,396	55,739	54,200	1,539
Total expenditures	<u>\$ 173,171</u>	<u>\$ 193,780</u>	<u>\$ 164,420</u>	<u>\$ 29,360</u>
Revenues over (under) expenditures	\$ (53,877)	\$ (53,877)	\$ (41,045)	\$ 12,832
Other financing sources (uses):				
Transfer in			\$ -	\$ -
Net change in fund balance	\$ (53,877)	\$ (53,877)	\$ (41,045)	\$ 12,832
Fund balance, July 1, 2008	53,877	53,877	53,877	-
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,832</u>	<u>\$ 12,832</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (40,929)	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>(116)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (41,045)</u>	

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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 50,000	\$ 50,000	\$ 54,972	\$ 4,972
Charges for services	<u>403,000</u>	<u>403,000</u>	<u>411,915</u>	<u>8,915</u>
Total revenues	<u>\$ 453,000</u>	<u>\$ 453,000</u>	<u>\$ 466,887</u>	<u>\$ 13,887</u>
Expenditures:				
Current:				
Health and welfare	<u>\$ 461,393</u>	<u>\$ 461,393</u>	<u>\$ 418,114</u>	<u>\$ 43,279</u>
Revenues over (under) expenditures	\$ (8,393)	\$ (8,393)	\$ 48,773	\$ 57,166
Other financing sources (uses):				
Transfer out	<u>(6,500)</u>	<u>(6,500)</u>	<u>(6,500)</u>	<u>-</u>
Net change in fund balance	\$ (14,893)	\$ (14,893)	\$ 42,273	\$ 57,166
Fund balance, July 1, 2008	<u>500,876</u>	<u>500,876</u>	<u>500,876</u>	<u>-</u>
Fund balance, June 30, 2009	<u><u>\$ 485,983</u></u>	<u><u>\$ 485,983</u></u>	<u><u>\$ 543,149</u></u>	<u><u>\$ 57,166</u></u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 47,499	
Revenue accruals (net)			(186,239)	
Expenditure accruals (net)			181,013	
Other financing uses (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 42,273</u></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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 665,000	\$ 665,000	\$ 658,554	\$ (6,446)
Intergovernmental				-
Miscellaneous			2,088	2,088
Total revenues	\$ 665,000	\$ 665,000	\$ 660,642	\$ (4,358)
Expenditures:				
Current:				
Public safety	\$ 701,532	\$ 701,532	\$ 661,894	\$ 39,638
Capital outlay	5,000	5,000	382	4,618
Total expenditures	\$ 706,532	\$ 706,532	\$ 662,276	\$ 44,256
Revenues over (under) expenditures	\$ (41,532)	\$ (41,532)	\$ (1,634)	\$ 39,898
Other financing sources (uses):				
Transfer out			\$ -	\$ -
Net change in fund balance	\$ (41,532)	\$ (41,532)	\$ (1,634)	\$ 39,898
Fund balance, July 1, 2008	151,605	151,605	151,605	-
Fund balance, June 30, 2009	\$ 110,073	\$ 110,073	\$ 149,971	\$ 39,898
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (22,774)	
Revenue accruals (net)			6,891	
Expenditure accruals (net)			14,249	
Net change in fund balance, NON-GAAP budgetary basis			\$ (1,634)	

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 89,502	\$ 89,502	\$ 89,502	\$ -
Charges for services				-
Total revenues	\$ 89,502	\$ 89,502	\$ 89,502	\$ -
Expenditures:				
Current:				
Public safety	\$ 39,158	\$ 39,158	\$ 19,697	\$ 19,461
Capital outlay	46,106	46,106	22,524	23,582
Total expenditures	\$ 85,264	\$ 85,264	\$ 42,221	\$ 43,043
Net change in fund balance	\$ 4,238	\$ 4,238	\$ 47,281	\$ 43,043
Fund balance, July 1, 2008	132,027	132,027	132,027	-
Fund balance, June 30, 2009	<u>\$ 136,265</u>	<u>\$ 136,265</u>	<u>\$ 179,308</u>	<u>\$ 43,043</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 47,567	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>(286)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 47,281</u>	

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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 44,486	\$ 44,486	\$ 44,486	\$ -
Charges for services			3,220	3,220
Miscellaneous				-
Total revenues	<u>\$ 44,486</u>	<u>\$ 44,486</u>	<u>\$ 47,706</u>	<u>\$ 3,220</u>
Expenditures:				
Current:				
Public safety	\$ 24,800	\$ 36,800	\$ 41,181	\$ (4,381)
Capital outlay	35,779	35,779	30,484	5,295
Total expenditures	<u>\$ 60,579</u>	<u>\$ 72,579</u>	<u>\$ 71,665</u>	<u>\$ 914</u>
Net change in fund balance	\$ (16,093)	\$ (28,093)	\$ (23,959)	\$ 4,134
Fund balance, July 1, 2008	<u>28,977</u>	<u>28,977</u>	<u>28,977</u>	<u>-</u>
Fund balance, June 30, 2009	<u>\$ 12,884</u>	<u>\$ 884</u>	<u>\$ 5,018</u>	<u>\$ 4,134</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (24,259)	
Revenue accruals (net)			(16,256)	
Expenditure accruals (net)			16,556	
Other financing sources				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (23,959)</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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 89,815	\$ 189,815	\$ 189,815	\$ -
Charges for services				-
Miscellaneous				-
Total revenues	<u>\$ 89,815</u>	<u>\$ 189,815</u>	<u>\$ 189,815</u>	<u>\$ -</u>
Expenditures:				
Current:				
Public safety	\$ 36,900	\$ 36,900	\$ 40,594	\$ (3,694)
Capital outlay	48,364	148,364	39,925	108,439
Total expenditures	<u>\$ 85,264</u>	<u>\$ 185,264</u>	<u>\$ 80,519</u>	<u>\$ 104,745</u>
Net change in fund balance	\$ 4,551	\$ 4,551	\$ 109,296	\$ 104,745
Fund balance, July 1, 2008	<u>72,930</u>	<u>72,930</u>	<u>72,930</u>	<u>-</u>
Fund balance, June 30, 2009	<u><u>\$ 77,481</u></u>	<u><u>\$ 77,481</u></u>	<u><u>\$ 182,226</u></u>	<u><u>\$ 104,745</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 109,318	
Revenue accruals (net)			100,000	
Expenditure accruals (net)			(22)	
Other financing sources (net)			<u>(100,000)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 109,296</u></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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 86,608	\$ 186,608	\$ 186,608	\$ -
Charges for services				-
Miscellaneous				-
Total revenues	<u>\$ 86,608</u>	<u>\$ 186,608</u>	<u>\$ 186,608</u>	<u>\$ -</u>
Expenditures:				
Current:				
Public safety	\$ 27,240	\$ 27,240	\$ 22,710	\$ 4,530
Capital outlay	<u>58,024</u>	<u>158,024</u>	<u>14,646</u>	<u>143,378</u>
Total expenditures	<u>\$ 85,264</u>	<u>\$ 185,264</u>	<u>\$ 37,356</u>	<u>\$ 147,908</u>
Net change in fund balance	\$ 1,344	\$ 1,344	\$ 149,252	\$ 147,908
Fund balance, July 1, 2008	<u>13,878</u>	<u>13,878</u>	<u>13,878</u>	<u>-</u>
Fund balance, June 30, 2009	<u><u>\$ 15,222</u></u>	<u><u>\$ 15,222</u></u>	<u><u>\$ 163,130</u></u>	<u><u>\$ 147,908</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 143,647	
Revenue accruals (net)			100,000	
Expenditure accruals (net)			5,605	
Other financing sources			<u>(100,000)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 149,252</u></u>	

The accompanying notes are an integral part of these financial statements

Grant County
SPECIAL REVENUE FUND - SAPILLO 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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 33,047	\$ 33,047	\$ 33,047	\$ -
Charges for services			4,011	4,011
Miscellaneous				-
Total revenues	<u>\$ 33,047</u>	<u>\$ 33,047</u>	<u>\$ 37,058</u>	<u>\$ 4,011</u>
Expenditures:				
Current:				
Public safety	\$ 24,270	\$ 24,270	\$ 18,513	\$ 5,757
Capital outlay	<u>18,362</u>	<u>18,362</u>	<u>20,810</u>	<u>(2,448)</u>
Total expenditures	<u>\$ 42,632</u>	<u>\$ 42,632</u>	<u>\$ 39,323</u>	<u>\$ 3,309</u>
Revenues over (under) expenditures	\$ (9,585)	\$ (9,585)	\$ (2,265)	\$ 7,320
Other financing sources (uses):				
Transfer out				<u>\$ -</u>
Net change in fund balance	\$ (9,585)	\$ (9,585)	\$ (2,265)	\$ 7,320
Fund balance, July 1, 2008	<u>60,827</u>	<u>60,827</u>	<u>60,827</u>	<u>-</u>
Fund balance, June 30, 2009	<u><u>\$ 51,242</u></u>	<u><u>\$ 51,242</u></u>	<u><u>\$ 58,562</u></u>	<u><u>\$ 7,320</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 8,535	
Revenue accruals (net)			(19,448)	
Expenditure accruals (net)			8,648	
Other financing sources (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (2,265)</u></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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 128,178	\$ 128,178	\$ 128,178	\$ -
Charges for services				-
Miscellaneous				-
Total revenues	\$ 128,178	\$ 128,178	\$ 128,178	\$ -
Expenditures:				
Current:				
Public safety	\$ 68,500	\$ 68,500	\$ 59,230	\$ 9,270
Capital outlay	80,658	80,658	27,952	52,706
Total expenditures	\$ 149,158	\$ 149,158	\$ 87,182	\$ 61,976
Net change in fund balance	\$ (20,980)	\$ (20,980)	\$ 40,996	\$ 61,976
Fund balance, July 1, 2008	130,573	130,573	130,573	-
Fund balance, June 30, 2009	<u>\$ 109,593</u>	<u>\$ 109,593</u>	<u>\$ 171,569</u>	<u>\$ 61,976</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 41,131	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>(135)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 40,996</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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 170,207	\$ 170,207	\$ 170,207	\$ -
Charges for services				-
Miscellaneous				-
Total revenues	\$ 170,207	\$ 170,207	\$ 170,207	\$ -
Expenditures:				
Current:				
Public safety	\$ 57,653	\$ 60,753	\$ 96,994	\$ (36,241)
Capital outlay	106,139	106,139	69,803	36,336
Total expenditures	\$ 163,792	\$ 166,892	\$ 166,797	\$ 95
Revenues over (under) expenditures	\$ 6,415	\$ 3,315	\$ 3,410	\$ 95
Other financing sources (uses):				
Transfer out				\$ -
Net change in fund balance	\$ 6,415	\$ 3,315	\$ 3,410	\$ 95
Fund balance, July 1, 2008	88,364	88,634	88,634	-
Fund balance, June 30, 2009	\$ 94,779	\$ 91,949	\$ 92,044	\$ 95
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 55,931	
Revenue accruals (net)			-	
Expenditure accruals (net)			27,518	
Other financing sources (net)			(80,039)	
Net change in fund balance, NON-GAAP budgetary basis			\$ 3,410	

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 295,508	\$ 295,508	\$ 295,508	\$ -
Charges for services				-
Miscellaneous				-
Total revenues	\$ 295,508	\$ 295,508	\$ 295,508	\$ -
Expenditures:				
Current:				
Public safety	\$ 47,595	\$ 111,500	\$ 131,853	\$ (20,353)
Capital outlay	208,185	144,280	88,258	56,022
Total expenditures	\$ 255,780	\$ 255,780	\$ 220,111	\$ 35,669
Revenues over (under) expenditures	\$ 39,728	\$ 39,728	\$ 75,397	\$ 35,669
Other financing sources (uses):				
Transfer out			\$ (1,728)	\$ (1,728)
Net change in fund balance	\$ 39,728	\$ 39,728	\$ 73,669	\$ 33,941
Fund balance, July 1, 2008	14,070	14,070	14,070	-
Fund balance, June 30, 2009	\$ 53,798	\$ 53,798	\$ 87,739	\$ 33,941
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 71,726	
Revenue accruals (net)			-	
Expenditure accruals (net)			1,943	
Other financing sources (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 73,669	

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 47,040	\$ 47,040	\$ 47,040	\$ -
Charges for services				-
Miscellaneous				-
Total revenues	\$ 47,040	\$ 47,040	\$ 47,040	\$ -
Expenditures:				
Current:				
Public safety	\$ 30,600	\$ 30,600	\$ 30,306	\$ 294
Capital outlay	163,950	206,950	187,184	19,766
Total expenditures	\$ 194,550	\$ 237,550	\$ 217,490	\$ 20,060
Net change in fund balance	\$ (147,510)	\$ (190,510)	\$ (170,450)	\$ 20,060
Fund balance, July 1, 2008	195,731	195,731	195,731	-
Fund balance, June 30, 2009	\$ 48,221	\$ 5,221	\$ 25,281	\$ 20,060
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (18,467)	
Revenue accruals (net)			(151,918)	
Expenditure accruals (net)			(65)	
Other financing sources			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (170,450)	

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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
General government	<u> </u>	<u> </u>	<u> </u>	<u> </u> -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2008	<u> </u>	<u> </u>	<u> </u> 498	<u> </u> 498
Fund balance, June 30, 2009	<u><u> </u></u> \$ -	<u><u> </u></u> \$ -	<u><u> </u></u> \$ 498	<u><u> </u></u> \$ 498
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u> </u> -	
Net change in fund balance, NON-GAAP budgetary basis			<u><u> </u></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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 782,156	\$ 782,156	\$ 727,955	\$ (54,201)
Miscellaneous			5	5
Total revenues	\$ 782,156	\$ 782,156	\$ 727,960	\$ (54,196)
Expenditures:				
Current:				
Public safety	\$ -	\$ -	\$ -	\$ -
Capital outlay				-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ 782,156	\$ 782,156	\$ 727,960	\$ (54,196)
Fund balance, July 1, 2008	(771,349)	(771,349)	(771,349)	-
Fund balance, June 30, 2009	\$ 10,807	\$ 10,807	\$ (43,389)	\$ (54,196)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 661,106	
Revenue accruals (net)			66,854	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 727,960	

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, 2009

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 690,000	\$ 698,262	\$ 233,320
Miscellaneous			234,029
Total revenues	\$ 690,000	\$ 698,262	\$ 467,349
Expenditures:			
Current:			
Debt service	690,000	698,262	698,261
Total expenditures	\$ 690,000	\$ 698,262	\$ 698,261
Revenues over (under) expenditures	\$ -	\$ -	\$ (230,912)
Other financing sources (uses):			
Transfer in	\$ -	\$ -	\$ 165,417
Net change in fund balance	\$ -	\$ -	\$ (65,495)
Fund balance, July 1, 2008	65,495	65,495	65,495
Fund balance, June 30, 2009	\$ 65,495	\$ 65,495	\$ -
 Budgetary reconciliation:			
Net change in fund balance, GAAP basis			\$ (763,069)
Revenue accruals (net)			349,709
Expenditure accruals (net)			(118,340)
Other financing sources (net)			466,205
Net change in fund balance, NON-GAAP budgetary basis			\$ (65,495)

The accompanying notes are an integral part of these financial statements

Variance Favorable (Unfavorable)
\$ (464,942)
<u>234,029</u>
<u>\$ (230,913)</u>
<u>1</u>
<u>\$ 1</u>
\$ (230,912)
<u>\$ 165,417</u>
\$ (65,495)
<u>-</u>
<u><u>\$ (65,495)</u></u>

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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 400,000	\$ 404,700	\$ 1,030,478	\$ 625,778
Expenditures:				
Current:				
Debt service	<u>400,000</u>	<u>404,700</u>	<u>399,669</u>	<u>5,031</u>
Net change in fund balance	\$ -	\$ -	\$ 630,809	\$ 630,809
Fund balance, July 1, 2008	<u>811,627</u>	<u>811,627</u>	<u>811,627</u>	<u>-</u>
Fund balance, June 30, 2009	<u>\$ 811,627</u>	<u>\$ 811,627</u>	<u>\$ 1,442,436</u>	<u>\$ 630,809</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 581,636	
Revenue accruals (net)			49,174	
Expenditure accruals (net)			(1)	
Other financing sources			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 630,809</u>	

The accompanying notes are an integral part of these financial statements

Grant County
DEBT SERVICE FUND - FORT BAYARD MEDICAL FACILITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Debt service	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2008	-	-	-	-
Fund balance, June 30, 2009	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 10,526,875	
Revenue accruals (net)			(527,078)	
Expenditure accruals (net)			813,082	
Other financing sources			(10,812,879)	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 314,996	\$ 1,638,656	\$ 314,997	\$ (1,323,659)
Expenditures:				
Capital outlay	110,211	1,433,871	160,044	1,273,827
Revenues over (under) expenditures	\$ 204,785	\$ 204,785	\$ 154,953	\$ (49,832)
Other financing sources (uses):				
Transfer in			49,833	49,833
Net change in fund balance	\$ 204,785	\$ 204,785	\$ 204,786	\$ 1
Fund balance, July 1, 2008	(204,785)	(204,785)	(204,785)	-
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 280,225	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>(75,439)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 204,786</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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 44,473	\$ 44,473	\$ 1,126	\$ (43,347)
Expenditures:				
Capital outlay	<u>\$ 43,346</u>	<u>\$ 43,346</u>	<u>\$ 43,346</u>	<u>\$ -</u>
Net change in fund balance	\$ 1,127	\$ 1,127	\$ (42,220)	\$ (43,347)
Fund balance, July 1, 2008	<u>(1,126)</u>	<u>(1,126)</u>	<u>(1,126)</u>	<u>-</u>
Fund balance, June 30, 2009	<u><u>\$ 1</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ (43,346)</u></u>	<u><u>\$ (43,347)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 1,126	
Revenue accruals (net)			(43,346)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (42,220)</u></u>	

The accompanying notes are an integral part of these financial statements

Grant County
CAPITAL PROJECT FUND - RENOVATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 5,552,850	\$ 5,552,850	\$ 366,347	\$ (5,186,503)
Expenditures:				
Capital outlay	5,349,536	5,303,492	777,452	4,526,040
Revenues over (under) expenditures	\$ 203,314	\$ 249,358	\$ (411,105)	\$ (660,463)
Other financing sources (uses):				
Transfer out	-	-	(42,183)	(42,183)
Net change in fund balance	\$ 203,314	\$ 249,358	\$ (453,288)	\$ (702,646)
Fund balance, July 1, 2008	(102,004)	(102,004)	(102,004)	-
Fund balance, June 30, 2009	\$ 101,310	\$ 147,354	\$ (555,292)	\$ (702,646)
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (275,872)	
Revenue accruals (net)			(171,753)	
Expenditure accruals (net)			(5,663)	
Net change in fund balance, NON-GAAP budgetary basis			\$ (453,288)	

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2008	-	-	420	420
Fund balance, June 30, 2009	<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)			-	
Net change in fund balance, NON-GAAP 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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay	<u>253,132</u>	<u>253,132</u>	<u>25,416</u>	<u>227,716</u>
Revenues over (under) expenditures	\$ (253,132)	\$ (253,132)	\$ (25,416)	\$ 227,716
Other financing sources (uses):				
Transfer in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ (253,132)	\$ (253,132)	\$ (25,416)	\$ 227,716
Fund balance, July 1, 2008	<u>253,132</u>	<u>253,132</u>	<u>253,132</u>	<u>-</u>
Fund balance, June 30, 2009	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 227,716</u></u>	<u><u>\$ 227,716</u></u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (38,505)	
Revenue accruals (net)			13,089	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (25,416)</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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Miscellaneous			\$ 67,901	\$ 67,901
Expenditures:				
Capital outlay	<u>5,728,948</u>	<u>5,728,948</u>	<u>337,362</u>	<u>5,391,586</u>
Revenues over (under) expenditures	\$ (5,728,948)	\$ (5,728,948)	\$ (269,461)	\$ 5,459,487
Other financing sources (uses):				
Transfer in	<u>-</u>	<u>-</u>	<u>67,071</u>	<u>67,071</u>
Net change in fund balance	\$ (5,728,948)	\$ (5,728,948)	\$ (202,390)	\$ 5,526,558
Fund balance, July 1, 2008	<u>6,205,737</u>	<u>6,205,737</u>	<u>6,205,737</u>	<u>-</u>
Fund balance, June 30, 2009	<u>\$ 476,789</u>	<u>\$ 476,789</u>	<u>\$ 6,003,347</u>	<u>\$ 5,526,558</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			(269,513)	
Revenue accruals (net)			32,211	
Expenditure accruals (net)			34,912	
Net change in transfers			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (202,390)</u>	

The accompanying notes are an integral part of these financial statements

Grant County
CAPITAL PROJECTS 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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Miscellaneous	\$ 400,000	\$ 400,000	\$ -	\$ (400,000)
Expenditures:				
Capital outlay	<u>455,000</u>	<u>455,000</u>	<u>128,862</u>	<u>326,138</u>
Revenues over (under) expenditures	\$ (55,000)	\$ (55,000)	\$ (128,862)	\$ (73,862)
Other financing sources (uses):				
Transfer in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ (55,000)	\$ (55,000)	\$ (128,862)	\$ (73,862)
Fund balance, July 1, 2008	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>	<u>-</u>
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (73,862)</u>	<u>\$ (73,862)</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			(359,941)	
Revenue accruals (net)			231,079	
Expenditure accruals (net)			-	
Net change in transfers			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (128,862)</u>	

The accompanying notes are an integral part of these financial statements

Grant County
CAPITAL PROJECT FUND - FORT BAYARD MEDICAL FACILITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay				-
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfer out	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2008			-	-
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Budgetary reconciliation:			
Net change in fund balance, GAAP basis			\$ 32,215,109
Revenue accruals (net)			(1,051,877)
Expenditure accruals (net)			18,023,889
Other financing sources (net)			<u>(49,187,121)</u>
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Grant County
CAPITAL PROJECT FUND - FORT BAYARD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay				-
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfer out	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2008			-	-
Fund balance, June 30, 2009	\$ -	\$ -	\$ -	\$ -
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (21,792)	
Revenue accruals (net)			-	
Expenditure accruals (net)			21,792	
Other financing sources (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Operating revenue	\$ 66,040,496	\$ 66,040,496	\$ 64,968,249	\$ (1,072,247)
Operating expenses:				
Salaries, wages, taxes and benefits	\$ 33,002,497	\$ 33,002,497	\$ 32,134,659	\$ 867,838
Supplies and other	14,684,682	14,684,682	14,582,125	102,557
Purchased services	11,410,118	11,410,118	11,148,110	262,008
Depreciation and amortization	2,744,472	2,744,472	2,738,610	5,862
Rentals and leases	2,224,535	2,224,535	1,941,273	283,262
Total operating expenses	\$ 64,066,304	\$ 64,066,304	\$ 62,544,777	\$ 1,521,527
Operating income	\$ 1,974,192	\$ 1,974,192	\$ 2,423,472	\$ 449,280
Nonoperating income	158,000	158,000	849,389	691,389
Change in net assets	\$ 2,132,192	\$ 2,132,192	\$ 3,272,861	\$ 1,140,669
Capital grant from State of New Mexico for Cancer Center and EMS building			2,498,862	
Net assets, beginning of year			<u>50,190,761</u>	
Net assets, end of year			<u>\$ 55,962,484</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, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2009</u>
Property Tax Fund				
Assets				
Cash and investments	\$ 336,659	\$ 6,498,057	\$ 6,751,789	\$ 82,927
Taxes receivable	830,617	424,488	742,566	512,539
Total assets	<u>\$ 1,167,276</u>	<u>\$ 6,922,545</u>	<u>\$ 7,494,355</u>	<u>\$ 595,466</u>
Liabilities				
Due to others	<u>\$ 1,167,276</u>	<u>\$ 6,922,545</u>	<u>\$ 7,494,355</u>	<u>\$ 595,466</u>

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

Grant County
SCHEDULE OF DEPOSITORY COLLATERAL
June 30, 2009

	<u>Wells Fargo</u>	<u>Ambank</u>	<u>Wells Fargo Brokerage</u>	<u>Total</u>
Checking and CD's	\$ 6,652,747	\$ 44,224	\$ 250,000	\$ 6,946,971
Total on deposit	\$ 6,652,747	\$ 44,224	\$ 250,000	\$ 6,946,971
Less: FDIC insurance	<u>(250,000)</u>	<u>(44,224)</u>	<u>(250,000)</u>	<u>(544,224)</u>
Total uninsured public funds	<u>\$ 6,402,747</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,402,747</u>
 50% collateralization requirement (Section 6-10-17 NMSA)	 <u>\$ 3,201,374</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 3,201,374</u>
 Pledged Securities:				
WFBS 31371MVU8 7-1-36	\$ 999,431	\$ -	\$ -	\$ 999,431
Account guarantee program:				
Non-interest account fully guaranteed	<u>5,172,989</u>	<u>-</u>	<u>-</u>	<u>5,172,989</u>
Total pledged securities	<u>\$ 6,172,420</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,172,420</u>
 Pledged securities over (under) requirement	 <u>\$ 2,971,046</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 2,971,046</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, 2009

	<u>Type of Account</u>	<u>Bank Balance</u>	<u>Reconciled Balance</u>
<u>Wells Fargo</u>			
Grant County Treasurer	Checking	\$ 5,172,989	\$ 3,325,444
Dos Griegos	Savings	11,047	11,047
SWNMTF DCSI	Checking	1,484	1,484
HIDTA	Checking	-	-
SWNMTF Treasury	Checking	6,060	6,060
SWNMTF Justice	Savings	3,226	3,226
IRS Tax Bank	Checking	1	1
HIDTA	Checking	10,967	10,967
Detention Center Construction	Checking	1,401,079	1,401,079
Detention Center Construction	Checking	45,894	45,894
		<hr/>	<hr/>
Total Wells Fargo		\$ 6,652,747	\$ 4,805,202
<u>Ambank</u>			
General	CD	\$ 19,140	\$ 19,140
General	CD	25,084	25,084
		<hr/>	<hr/>
		\$ 44,224	\$ 44,224
<u>Wells Fargo Brokerage</u>			
General	Govt Money Mkt	\$ 1,098,043	\$ 1,098,043
	Freddie Mac Notes	2,494,055	2,494,055
	Fannie Mae Notes	499,600	499,600
	FHLB Notes	1,026,312	1,026,312
	Fed Farm Cr Note	575,000	575,000
Detention Center Bond	Govt Money Mkt	5,707,623	5,707,623
	CD	250,000	250,000
		<hr/>	<hr/>
Total Wells Fargo Brokerage		\$ 11,650,633	\$ 11,650,633
<u>NM Local Government Investment Pool</u>			
General	Investment	\$ 100,000	\$ 100,000
		<hr/>	<hr/>

Grant County
SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS (concluded)
June 30, 2009

	Type of Account	Bank Balance	Reconciled Balance
<u>US Bank</u>			
Fort Bayard Medical Facility	FHLMC Notes	\$ 2,041,675	\$ 2,041,675
	FHLB Notes	1,133,262	1,133,262
	Fed Farm Cr Notes	398,213	398,213
	1St American		
	Gov't Obligation	354,549	354,549
	Fannie Mae Note	2,280,576	2,280,576
		\$ 6,208,275	\$ 6,208,275
<u>RBC Public Funds Service</u>			
Fort Bayard Medical Facility	Freddie Mac Notes	\$ 9,621,442	\$ 9,621,442
	Fannie Mae Notes	19,582,937	19,582,937
	FHLB Notes	1,555,485	1,555,485
	Gen Nat'l		
	Mortgage Notes	270,002	270,002
	US Treasury Bonds	4,473,193	4,473,193
	Cash USD	4,827,198	4,827,198
		\$ 40,330,257	\$ 40,330,257
<u>NMFA</u>			
Cash on deposit with paying agent	NMFA	\$ 403,867	\$ 403,867
Cash and bad checks on hand			\$ 7,333
Total cash and investments		\$ 65,390,003	\$ 63,549,791

Grant County
SCHEDULE OF JOINT POWERS AGREEMENT
For the Fiscal Year ended June 30, 2009

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

Grant County
SCHEDULE OF JOINT POWERS AGREEMENT (concluded)
For the Fiscal Year ended June 30, 2009

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

Southwest Water Planning Group

Participant	Grant County, Hidalgo County, Luna County, Catron County and all municipalities within these county 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
SCHEDULE OF LEGISLATIVE GRANTS
 June 30, 2009

	Ft Bayard Economic Dev 07-L-G-3875	Memorial Park 07-L-G-5270	Cliff/ Gila Cemetery 07-L-G-3426	Memorial Park Gazebo 08-L-G-4316	Bus & Equip Purchase 07-L-G-3424	Memorial Park 07-L-G-3427
Original appropriation	\$ 100,000	\$ 150,000	\$ 70,000	\$ 80,000	\$ 100,000	\$ 113,900
Funds reverted	<u>(90,000)</u>	<u>(91,292)</u>	<u>(66,286)</u>	<u>-</u>	<u>(1,400)</u>	<u>-</u>
Appropriation remaining	<u>\$ 10,000</u>	<u>\$ 58,708</u>	<u>\$ 3,714</u>	<u>\$ 80,000</u>	<u>\$ 98,600</u>	<u>\$ 113,900</u>
Expended through June 30, 2009	\$ 10,000	\$ 59,424	\$ 3,714	\$ 80,000	\$ 98,600	\$ 113,900
Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total committed	<u><u>\$ 10,000</u></u>	<u><u>\$ 59,424</u></u>	<u><u>\$ 3,714</u></u>	<u><u>\$ 80,000</u></u>	<u><u>\$ 98,600</u></u>	<u><u>\$ 113,900</u></u>
Project expiration date	06/30/11	06/30/11	06/30/11	06/30/12	06/30/11	06/30/11

Corre Camino Vehiculos	Gila Library	Bataan Park	DWI Program	Mem Pk Water Erosion	Court House Renov	Court House Historical
06-L-G-1662	08-L-G-5192	06-L-G-433	08-L-G-1081	04-L-G-1602	04-L-G-284	07-L-G-3428
\$ 28,000	\$ 100,000	\$ 75,000	\$ 18,500	\$ 50,000	\$ 150,000	\$ 27,000
-	-	-	-	-	(147,079)	-
<u>\$ 28,000</u>	<u>\$ 100,000</u>	<u>\$ 75,000</u>	<u>\$ 18,500</u>	<u>\$ 50,000</u>	<u>\$ 2,921</u>	<u>\$ 27,000</u>
\$ -	\$ 1,326	\$ 64,027	\$ 18,500	\$ 50,000	\$ 2,921	\$ 27,000
-	-	7,713	-	-	-	-
# <u>\$ -</u>	<u>\$ 1,326</u>	<u>\$ 71,740</u>	<u>\$ 18,500</u>	<u>\$ 50,000</u>	<u>\$ 2,921</u>	<u>\$ 27,000</u>
06/30/10	06/30/12	06/30/10	06/30/12	06/30/09	06/30/09	06/30/11

Grant County
SCHEDULE OF LEGISLATIVE GRANTS
 June 30, 2009

	Civic Center <u>07-L-G-5273</u>	Court House Renov <u>04-L-G-917</u>	Bataan Lighting <u>07-L-G-5266</u>	Fair Ground Imp <u>07-L-G-5263</u>	Civic Center Land <u>08-L-G-4315</u>	Dispatch Equip & Imp <u>07-L-G-5272</u>
Original appropriation	\$ 150,000	\$ 75,000	\$ 400,000	\$ 250,000	\$ 125,000	\$ 75,000
Funds reverted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Appropriation remaining	<u>\$ 150,000</u>	<u>\$ 75,000</u>	<u>\$ 400,000</u>	<u>\$ 250,000</u>	<u>\$ 125,000</u>	<u>\$ 75,000</u>
Expended through June 30, 2009	\$ 14,003	\$ 73,738	\$ 400,000	\$ 18,730	\$ 6,500	\$ 73,327
Encumbrances	<u>1,458</u>	<u>-</u>	<u>-</u>	<u>1,431</u>	<u>-</u>	<u>-</u>
Total committed	<u>\$ 15,461</u>	<u>\$ 73,738</u>	<u>\$ 400,000</u>	<u>\$ 20,161</u>	<u>\$ 6,500</u>	<u>\$ 73,327</u>
Project expiration date	06/30/11	06/30/09	06/30/11	06/30/11	06/30/12	06/30/11

Dispatch Equip 08-L-G-4321	Court House Renov 07-L-G-5271	Bus Terminal 07-L-G-3425	Industrial Park 06-L-G-1669	Industrial Park 06-L-G-434	Memorial Park 08-L-G-4314	Memorial Park 08-L-G-5191
\$ 150,000	\$ 100,000	\$ 100,000	\$ 250,000	\$ 200,000	\$ 145,000	\$ 91,292
-	-	-	-	-	-	-
<u>\$ 150,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 250,000</u>	<u>\$ 200,000</u>	<u>\$ 145,000</u>	<u>\$ 91,292</u>
145,403	33,622	-	60,434	17,197	130,332	86,066
69	-	-	-	-	2,567	5,226
<u>\$ 145,472</u>	<u>\$ 33,622</u>	<u>\$ -</u>	<u>\$ 60,434</u>	<u>\$ 17,197</u>	<u>\$ 132,899</u>	<u>\$ 91,292</u>

06/30/12	06/30/11	06/30/11	06/30/10	06/30/10	06/30/12	06/30/12
----------	----------	----------	----------	----------	----------	----------

Grant County
TAX ROLL RECONCILIATION
For the Fiscal Year Ended June 30, 2009

Property taxes receivable, July 1, 2008	\$	2,543,043
Net taxes charged to the Treasurer for 2009		9,056,603
Collections/Distributions/Changes		<u>(10,420,293)</u>
Property taxes receivable, June 30, 2009	\$	<u><u>1,179,353</u></u>

Property taxes receivable, by year		
	2008	\$ 703,922
	2007	232,616
	2006	83,377
	2005	42,032
	2004	47,738
	2003	23,960
	2002	15,114
	2001	15,420
	2000	9,039
	1999	6,135
		<u>1,179,353</u>
		<u><u>\$ 1,179,353</u></u>

Grant County
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2009

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF TREASURY</u>			
Direct:			
Border Operations Task Force	21.052	N/A	<u>\$ 547,882</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Passed through N.M. Dept. of Children, Youth & Families:			
Juvenile Justice and Delinquency Prevention	16.540	633J8	<u>\$ 58,056</u>
Total U.S. Department of Justice			<u>\$ 58,056</u>
<u>U.S. DEPARTMENT OF THE INTERIOR</u>			
Direct:			
Distribution of receipts	15.227	N/A	<u>\$ 21,681</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct:			
Assistance to Firefighters	97.044	N/A	\$ 193,835
Passed through NM Dept of Public Safety:			
Emergency Management Performance Grants	97.042	571VE	<u>59,657</u>
Total U.S. Department of Homeland Security			<u>\$ 253,492</u>

Grant County
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS(concluded)
For The Fiscal Year Ended June 30, 2009

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Direct:			
Airport lighting	20.106	N/A	\$ 266,081
Passed Through N.M. Department of Transportation:			
Job Access	20.516	464W-5-8	90,212
Public Transportation Formula Grants	20.509	A05-06 27	<u>255,129</u>
Total U.S. Department of Transportation			<u>\$ 611,422</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Direct:			
Schools and Roads - Grants to States	10.665	N/A	\$ 743,294
Integrated Programs	10.303	N/A	<u>26,451</u>
Total U.S. Department of Agriculture			<u>\$ 769,745</u>
<u>U.S. DEPT. OF HEALTH AND HUMAN SERVICES</u>			
Direct:			
KD & A Program	93.230	N/A	<u>\$ 361,859</u>
Total expenditures of federal awards			<u><u>\$ 2,624,137</u></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, 2009

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 State, 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, 2009:

Workers compensation	\$ Unlimited
Employer's liability	1,050,000
Persona 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, 2009

Findings – Financial Statement Audit	<u>Current Status</u>
07-1 General ledger cash amounts do not agree to reconciled cash in bank	Resolved
07-3 Property tax schedule not presented in the State Auditor required format	Repeated
08-1 Travel reimbursements provided to a Commissioner From two sources for the same travel	Resolved
07-4 Purchase orders dated after the invoice	Repeated
07-5 depository collateral insufficient	Resolved
08-2 Solid waste receipt copies not maintained	Resolved
FINDINGS RELATED TO THE COMPONENT UNIT	
FS 08-01 Capital asset itemization	Resolved
FS 08-02 Capital asset inventory	Resolved
FS 08-03 Allowance for doubtful accounts	Resolved
FS 08-04 Segregation of duties – cash receipts	Resolved
FS 08-05 Journal entry approval	Resolved
SA 08-01 Budget compliance	Resolved
SA 08-02 Asset capitalization	Resolved
SA 08-03 Classification and accounting for leases	Resolved
SA 08-04 Documentation of annual pay raises	Resolved
SA 08-05 Deposits in transit	Resolved
Findings and Questioned Costs – 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.
KELLEY WYATT, C.P.A.

RYAN MONTOYA, C.P.A.

1311 N. GRANT ST.
P.O. BOX 2828
SILVER CITY, NEW MEXICO 88062
TELEPHONE (575) 388-1777
(575) 538-3795
FAX (575) 388-5040
E-MAIL: stonemcgee@qwestoffice.net

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENTAL 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, 2009, which collectively comprise Grant County's basic financial statements and have issued our report thereon dated November 13, 2009. We have also audited the financial statements of each of the County's non-major governmental funds presented as other supplementary information as of and for the year ended June 30, 2009 and have issued our report thereon dated November 13, 2009. 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 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.

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.

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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 07-4 and 07-3, and for the component unit findings SA 09-1 and SA 09-2.

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's 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, 2009

MIKE STONE, C.P.A.
LINDA STONE MCGEE, C.P.A.
KAY STONE, C.P.A.
JAHROD MASON, C.P.A.
KELLEY WYATT, C.P.A.

RYAN MONTUÑA, C.P.A.

1311 N. GRANT ST
P.O. BOX 2828
SILVER CITY, NEW MEXICO 88062
TELEPHONE (575) 388-1777
(575) 538-3795
FAX (575) 388-5040
E-MAIL: stonemcgee@sqwestoffice.net

**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 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, 2009. 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, 2009.

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, 2009

Grant County
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2009

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Grant County.
2. No significant deficiencies relating to the audit of the financial statements are reported in the *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*.
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 related 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 award programs for Grant County 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: Border Operations Task Force, CFDA No. 21.052, Schools and Roads – Grants to States, CFDA NO. 10.665, and Assistance to Firefighters, CFDA No. 97.044.
8. The threshold for distinguishing types A and B programs was \$300,000.
9. Grant County did not qualify as a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

OTHER INSTANCES OF NONCOMPLIANCE

07-4 Purchasing

Condition – Of 212 expenditure transactions tested, we noted 16 instances where the purchase order was dated after the invoice or the purchase order was not approved, and 18 instances where the voucher was not approved for payment.

Criteria – Section 13-1-97 of NMSA 1978 requires that purchases be made through a central purchasing office which properly authorizes and approves the purchase prior to payment.

Effect – The budgetary controls established by the use of purchase orders has been compromised, there is an increased likelihood of expenditures for non-priority items, and New Mexico statutes have been violated.

Cause – The County 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 effect, and that a review of purchases prior to cash disbursement be emphasized.

Agency Response – Purchasing procedures are constantly reviewed, and changed as necessary. The County will continue to monitor the purchasing function to eliminate these instances of noncompliance.

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 2009 requires property tax information be presented in a specific format.

Effect – Records relating to amounts due to other taxing entities is not available in a by-year format, and the County has not complied with 2.2.2 NMAC 2009.

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

Recommendation – We recommend that the County compile the information necessary to comply with 2.2.2 NMAC 2009.

Agency Response – The County does not currently have the manpower available to dedicate the time necessary to compile the information in the required format. We are aware that this information is required, and will compile it as manpower becomes available.

FINDINGS RELATED TO THE COMPONENT UNIT

SA 09-1 Cash Collateralizations

Condition – At June 30, 2009, the Medical Center had uninsured bank deposits of \$6,262,126 at one financial institution. State law requires that \$3,131,063 be collateralized. The Medical Center did not insure that adequate collateral was in place to cover this balance.

Criteria - Section 6-10-17 NMSA 1978 requires collateralization of one-half of the public money on deposit in excess of \$250,000 at each financial institution.

Effect – The deposits are at an increased risk of loss, and the Medical Center was not in compliance with Section 6-10-17 NMSA 1978.

Cause – The Medical Center's bank did not maintain adequate collateral for the Medical Center's deposits.

Recommendation – We recommend that the Center either obtain from the bank sufficient collateralization or transfer the monies to multiple banks, and maintain a balance of less than \$250,000 in each bank.

Agency Response – When the collateral was assigned by the financial institution, it exceeded the 50% requirement. However, due to changing market conditions, the market value declined, and at June 30, 2009, was \$17,009 (or 0.5%) under the required amount at 49.5%, instead of 50%. Management will monitor the market value of the collateral each month and make sure each financial institution has collateral with a market value that meets the 50% requirement.

SA 09-2 Disposition of Property

Condition – During the fiscal year 2009, the Medical Center had several property dispositions, but did not provide written notification to the State Auditor.

Criteria – Sections 13-6-1 and 13-6-2 NMSA 1978 require that written notification of property dispositions be provided to the State Auditor at least 30 days prior to any disposition.

Effect – The Medical Center was not in compliance with the property disposition requirements of the State Auditor.

Cause – Management was unaware of this requirement.

Recommendation – The Center should adopt a policy to ensure written notification is provided to the State Auditor prior to disposition of property.

Agency Response - Management will ensure the State Auditor is properly notified of all property dispositions.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

None

OTHER – FINANCIAL STATEMENT PREPARATION

The financial statements were prepared by Stone, McGee & Co., C.P.A.'s.

EXIT CONFERENCE

The contents of this report were discussed in a closed meeting November 10, 2009. Present at this exit conference were:

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
Christy Miller	Commissioner	Grant County
Mary Ann Sedillo	Commissioner	Grant County
John Paul Saari	County Manager	Grant County
Linda Vasquez	Accountant	Grant County
Alfred Sedillo	Treasurer	Grant County
Mike Stone	Shareholder	Stone, McGee & Co., CPA's