

State of New Mexico

Grant County
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT THEREON

For the Fiscal Year ended June 30 , 2010

Grant County
TABLE OF CONTENTS
 June 30, 2010

	PAGE
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
Corre Caminos	15
Statement of Fiduciary Assets and Liabilities--Agency Funds	16
Statement of Cash Flows--Component Unit	17-18
Notes to Basic Financial Statements	19-57
OTHER SUPPLEMENTARY INFORMATION:	
Fund Descriptions	58-59
Combining Balance Sheet--Nonmajor Governmental Funds	60-64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances--Nonmajor Governmental Funds	65-70
Combining Balance Sheet--Nonmajor Fire Funds	71-72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances--Nonmajor Fire Funds	73-74

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

Special Revenue Funds:

Hospital Indigent	75
Fire Protection	76
Farm and Range	77
Recreation	78
Correction Fees	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
Agency on Aging	99
Debt Service Funds:	
Jail Revenue Bond	100
Fort Bayard Medical Facility	101
Capital Projects Funds:	
Renovation Fund	102
Hachita Recreation Center	103
Airport Industrial Park	104
Jail Construction	105
Childcare Center	106
Fort Bayard Medical Facility	107
Fort Bayard	108
Capital Road	109
Component unit:	
Gila Regional Medical Center	110

OTHER SUPPLEMENTAL DATA:

Schedule of Changes in Assets and Liabilities--Agency Funds	111
Schedule of Depository Collateral	112
Schedule of Individual Deposit Accounts and Investments	113-114
Schedule of Joint Powers Agreements	115-116
Schedule of Legislative Grants	117-120

Tax Roll Reconciliation	121
Schedule of Expenditures of Federal Awards	122-123
Notes to Schedule of Expenditures of Federal Awards	124

ADDITIONAL REPORTING REQUIREMENTS:

Summary Schedule of Prior Audit Findings	125
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>	126-127
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	128-129
Schedule of Findings and Questioned Costs	130-134

Grant County
DIRECTORY OF OFFICIALS
June 30, 2010

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 Villanueva	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: stonemogee@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, 2010, 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, 2010, 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, 2010. 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 statement 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, 2010, and the respective changes in financial position and cash flows, where applicable thereof, and the respective budgetary comparison for the

General and Corre Caminos 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, 2010, 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 1, 2012, 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. 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Stone, McGee & Co., CPAs

November 1, 2012

Stone, McGee & Co.
Certified Public Accountants

Grant County
STATEMENT OF NET ASSETS
June 30, 2010

	Primary Government	Component Unit
	Governmental Activities	Gila Regional Medical Center
ASSETS		
Current:		
Cash and investments	\$ 32,227,406	\$ -
Cash		5,937,413
Investments		15,947,608
Inventories		2,742,915
Taxes receivable	1,404,651	
Receivables, net	811,114	13,351,586
Prepaid expenses	250,430	585,200
Current portion of assets limited as to use		1,470,943
Notes receivable due currently	12,382	
Total current assets	\$ 34,705,983	\$ 40,035,665
Noncurrent assets:		
Bond issue costs	\$ 425,760	\$ -
Bond discounts	30,687	
Assets limited as to use, less current portion		
Notes receivable, net of current amounts	123,630	
Capital assets, net	108,828,025	31,163,568
Other assets, net		322,527
Total noncurrent assets	\$ 109,408,102	\$ 31,486,095
Total assets	\$ 144,114,085	\$ 71,521,760

LIABILITIES

Current:		
Accounts payable	\$ 570,497	\$ 3,543,115
Accrued liabilities	2,067,137	2,644,134
Estimated third party payor settlements		769,760
Deferred revenue	1,654,713	55,054
Current maturities of long-term debt	2,333,755	1,176,573
Total current liabilities	\$ 6,626,102	\$ 8,188,636
Noncurrent:		
Bonds payable	\$ 67,225,000	\$ 2,260,000
Notes payable	4,431,758	

Grant County
STATEMENT OF NET ASSETS (concluded)
 June 30, 2010

	Primary Government	Component Unit
	Governmental Activities	Gila Regional Medical Center
Lease payable	963,433	379,251
Compensated absences	639,417	
Total noncurrent liabilities	\$ 73,259,608	\$ 2,639,251
Total liabilities	\$ 79,885,710	\$ 10,827,887
NET ASSETS		
Invested in capital assets, net of related debt	\$ 51,053,273	\$ 27,347,744
Restricted for:		
Capital projects	2,474,255	
Debt service	1,182,317	335,540
Other purposes	3,254,267	
Unrestricted	6,264,263	33,010,589
Total net assets	\$ 64,228,375	\$ 60,693,873

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

Grant County
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2010

<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	\$ 4,242,035	\$ 247,035	\$ 1,446,455
Public safety	8,998,064	159,300	3,116,082
Public works	2,662,099	65,909	754,445
Health and welfare	3,922,046	428,458	1,732,701
Culture-recreation	228,315	8,384	37,375
Unallocated interest expense	<u>3,602,344</u>		
Total governmental activities	<u>\$ 23,654,903</u>	<u>\$ 909,086</u>	<u>\$ 7,087,058</u>
Component Unit:			
Gila Regional Medical Center	<u>\$ 65,408,842</u>	<u>\$ 69,108,380</u>	<u>\$ 707,386</u>
General revenues:			
Property taxes			
Gross receipt taxes			
Gas taxes			
Motor vehicle taxes			
Interest and penalties on property taxes			
Payments in lieu of taxes			
Other miscellaneous taxes			
Interest and investment earnings			
Miscellaneous			
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
\$ -	\$ (2,548,545)	\$ -
	(5,722,682)	
4,243,758	2,402,013	
	(1,760,887)	
	(182,556)	
	(3,602,344)	
<u>\$ 4,243,758</u>	<u>\$ (11,415,001)</u>	<u>\$ -</u>
<u>\$ 52,091</u>	<u>\$ -</u>	<u>\$ 4,459,015</u>
	\$ 7,547,250	\$ -
	3,600,945	
	177,160	
	458,646	
	95,191	
	2,274,133	
	45,051	
	422,607	272,374
	673,549	
	<u>\$ 15,294,532</u>	<u>\$ 272,374</u>
	\$ 3,879,531	\$ 4,731,389
	<u>60,348,844</u>	<u>55,962,484</u>
	<u>\$ 64,228,375</u>	<u>\$ 60,693,873</u>

Grant County
BALANCE SHEETS
GOVERNMENTAL FUNDS
June 30, 2010

	General Fund	Corre Caminos	Jail Construction
Assets			
Cash and investments	\$ 6,116,392	\$ -	\$ 9,236,174
Accounts receivable			
Interest receivable	13,202		788
Taxes receivable	895,442		
Prepaid expenses	250,430		
Due from other governments	285,528	130,972	
Interfund receivable	1,226,986		63,833
Notes receivable			
Total assets	\$ 8,787,980	\$ 130,972	\$ 9,300,795
 Liabilities and Fund Balance			
Accounts payable	\$ 345,976	\$ -	\$ 22,359
Salaries payable	340,058		
Interfund payable		516,140	52,058
Deferred revenue	2,558,008	130,972	
Total liabilities	\$ 3,244,042	\$ 647,112	\$ 74,417
 Fund balance:			
Reserved for:			
Capital projects	\$ -	\$ -	\$ 9,226,378
Debt service			
Unreserved:			
Reported in:			
General fund	5,543,938		
Special revenue funds		(516,140)	
Total fund balance	\$ 5,543,938	\$ (516,140)	\$ 9,226,378
Total liabilities and fund balance	\$ 8,787,980	\$ 130,972	\$ 9,300,795

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

<u>Renovations Fund</u>	<u>Fort Bayard Medical Facility</u>	<u>Fort Bayard Medical Facility Debt Service</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 1,696,068	\$ 7,738,812	\$ 7,439,960	\$ 32,227,406
			224,960	224,960
	4,808	28,034		46,832
			509,209	1,404,651
112,565				250,430
			10,257	539,322
			52,058	1,342,877
			136,012	136,012
<u>\$ 112,565</u>	<u>\$ 1,700,876</u>	<u>\$ 7,766,846</u>	<u>\$ 8,372,456</u>	<u>\$ 36,172,490</u>
\$ -	\$ -	\$ -	\$ 202,162	\$ 570,497
			66,535	406,593
49,159			725,520	1,342,877
216			365,519	3,054,715
<u>\$ 49,375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,359,736</u>	<u>\$ 5,374,682</u>
\$ 63,190	\$ 1,700,876	\$ -	\$ 1,005,258	\$ 11,995,702
		7,766,846	2,036,496	9,803,342
				5,543,938
			3,970,966	3,454,826
<u>\$ 63,190</u>	<u>\$ 1,700,876</u>	<u>\$ 7,766,846</u>	<u>\$ 7,012,720</u>	<u>\$ 30,797,808</u>
<u>\$ 112,565</u>	<u>\$ 1,700,876</u>	<u>\$ 7,766,846</u>	<u>\$ 8,372,456</u>	<u>\$ 36,172,490</u>

Grant County
**RECONCILIATION OF TOTAL GOVERNMENTAL
 FUND BALANCE TO NET ASSETS OF
 GOVERNMENTAL ACTIVITIES**
 June 30, 2010

Total governmental fund balances	\$	30,797,808
<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.		108,828,025
Bond issue costs and discounts capitalized and amortized over the life of the bond		
Bond issue costs		425,760
Bond discounts		30,687
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		700,773
Receivables subject to the 60 day availability period		699,229
Long-term liabilities are not reported in the funds:		
Bonds payable		(69,000,000)
Notes payable		(4,703,718)
Lease payable		(1,250,228)
Accrued interest payable		(1,660,544)
Compensated absences		(639,417)
		(639,417)
<i>Net assets of governmental activities</i>	\$	<u>64,228,375</u>

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

Grant County
**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2010

	General Fund	Corre Caminos	Jail Construction
Revenues:			
Property taxes	\$ 6,436,178	\$ -	\$ -
Gross receipts taxes	938,255		
Gas taxes	177,160		
Motor vehicle taxes	458,646		
Other taxes	3,290		
Intergovernmental	4,977,080	718,134	
Fines, licenses and permits	11,025		
Charges for services	209,750		
Miscellaneous	572,114		4,892
	<u>\$ 13,783,498</u>	<u>\$ 718,134</u>	<u>\$ 4,892</u>
Total revenues			
Expenditures:			
Current:			
General government	\$ 2,503,328	\$ 922,439	\$ -
Public safety	4,346,830		
Public works	2,374,526		
Health and welfare	203,813		
Culture recreation	64,197		
Debt service:			
Principal	326,685		
Interest	212,824		
Loan issue costs			
Capital outlay	1,978,151		759,297
	<u>\$ 12,010,354</u>	<u>\$ 922,439</u>	<u>\$ 759,297</u>
Total expenditures			
Revenues over (under) expenditures	\$ 1,773,144	\$ (204,305)	\$ (754,405)
Other financing sources (uses):			
Transfer in	138,740	30,000	
Transfer out	(2,256,314)		
Bond proceeds			4,000,000
Loan proceeds	725,596		
	<u>\$ 381,166</u>	<u>\$ (174,305)</u>	<u>\$ 3,245,595</u>
Net change in fund balances			
Fund balance, July 1, 2009, as originally stated	\$ 4,539,510	\$ -	\$ 5,980,783
Restatement (Note 18)	623,262	(341,835)	
Fund balance, July 1, 2009 as restated	\$ 5,162,772	\$ (341,835)	\$ 5,980,783
Net change in fund balance	<u>381,166</u>	<u>(174,305)</u>	<u>3,245,595</u>
Fund balance, June 20, 2010	<u>\$ 5,543,938</u>	<u>\$ (516,140)</u>	<u>\$ 9,226,378</u>

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

<u>Renovations Fund</u>	<u>Fort Bayard Medical Facility</u>	<u>Fort Bayard Medical Facility Debt Service</u>	<u>Other Funds</u>	<u>Governmental Funds Total</u>
\$ -	\$ -	\$ -	\$ 1,072,248 2,662,690	\$ 7,508,426 3,600,945 177,160 458,646
3,427,646			41,761 4,719,687	45,051 13,842,547 11,025
	121,395	226,789	610,212 170,936	819,962 1,096,126
<u>\$ 3,427,646</u>	<u>\$ 121,395</u>	<u>\$ 226,789</u>	<u>\$ 9,277,534</u>	<u>\$ 27,559,888</u>
\$ -	\$ 52,965	\$ -	\$ 230,754 3,775,258	\$ 3,709,486 8,122,088 2,374,526
			3,222,694 73,197	3,426,507 137,394
2,989,873	29,664,590	2,986,831	614,071 323,472 18,122	940,756 3,523,127 18,122
<u>\$ 2,989,873</u>	<u>\$ 29,717,555</u>	<u>\$ 2,986,831</u>	<u>\$ 11,259,507</u>	<u>\$ 60,645,856</u>
\$ 437,773	\$ (29,596,160)	\$ (2,760,042)	\$ (1,981,973)	\$ (33,085,968)
	(918,073)	13	3,166,040 (160,406)	3,334,793 (3,334,793) 4,000,000
			1,226,159	1,951,755
<u>\$ 437,773</u>	<u>\$ (30,514,233)</u>	<u>\$ (2,760,029)</u>	<u>\$ 2,249,820</u>	<u>\$ (27,134,213)</u>
\$ (374,583)	\$ 32,215,109	\$ 10,526,875	\$ 5,044,327	\$ 57,932,021
			(281,427)	-
\$ (374,583)	\$ 32,215,109	\$ 10,526,875	\$ 4,762,900	\$ 57,932,021
437,773	(30,514,233)	(2,760,029)	2,249,820	(27,134,213)
<u>\$ 63,190</u>	<u>\$ 1,700,876</u>	<u>\$ 7,766,846</u>	<u>\$ 7,012,720</u>	<u>\$ 30,797,808</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, 2010

Net change in fund balances-total governmental funds \$ (27,134,213)

*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.	36,120,814
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(25,454)
Bond and loan proceeds are reported as financing sources in the funds, In the Statement of Activities, however, issuing debt increased long term liabilities	(5,951,755)
Bond issue costs and discounts capitalized and amortized over the life of the bond	
Bond issue costs	18,122
Amortization	4,845
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets	940,756
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(84,062)
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.	
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.	(9,522)
<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$ 3,879,531</u></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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 6,418,979	\$ 6,418,979	\$ 7,977,585	\$ 1,558,606
Intergovernmental	3,256,863	3,382,408	4,402,404	1,019,996
Fines, licenses and permits	12,500	12,500	11,025	(1,475)
Charges for services	150,000	208,000	209,750	1,750
Miscellaneous	468,300	468,300	607,849	139,549
Total revenues	\$ 10,306,642	\$ 10,490,187	\$ 13,208,613	\$ 2,718,426
Expenditures:				
Current:				
General government	\$ 4,189,254	\$ 3,950,705	\$ 2,698,155	\$ 1,252,550
Public safety	3,389,949	3,571,239	4,338,758	(767,519)
Public works	2,462,783	2,611,023	2,401,160	209,863
Health and welfare	71,517	159,012	166,335	(7,323)
Culture and recreation	34,500	57,325	65,792	(8,467)
Capital outlay	1,679,849	1,583,874	1,270,476	313,398
Total expenditures	\$ 11,827,852	\$ 11,933,178	\$ 10,940,676	\$ 992,502
Revenues over (under) expenditures	\$ (1,521,210)	\$ (1,442,991)	\$ 2,267,937	\$ 3,710,928
Other financing sources (uses):				
Transfer in	1,861,338	1,831,997	2,357,324	525,327
Transfer out	(3,967,935)	(3,969,935)	(4,474,897)	(504,962)
Net change in fund balance	\$ (3,627,807)	\$ (3,580,929)	\$ 150,364	\$ 3,731,293
Fund balance, July 1, 2009	7,004,150	6,888,461	6,888,461	-
Fund balance, June 30, 2010	<u>\$ 3,376,343</u>	<u>\$ 3,307,532</u>	<u>\$ 7,038,825</u>	<u>\$ 3,731,293</u>

The accompanying notes are an integral part of these financial statements

Grant County
SPECIAL REVENUE FUND - CORRE CAMINOS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 1,070,596	\$ 2,121,266	\$ 718,134	\$ (1,403,132)
Charges for services				-
Miscellaneous				-
Total revenues	\$ 1,070,596	\$ 2,121,266	\$ 718,134	\$ (1,403,132)
Expenditures:				
Current:				
General government	\$ 609,119	\$ 1,659,789	\$ 922,439	\$ 737,350
Capital outlay				-
Total expenditures	\$ 609,119	\$ 1,659,789	\$ 922,439	\$ 737,350
Revenues over (under) expenditures	\$ 461,477	\$ 461,477	\$ (204,305)	\$ (665,782)
Other financing sources (uses):				
Transfer in			30,000	30,000
Net change in fund balance	\$ 461,477	\$ 461,477	\$ (174,305)	\$ (635,782)
Fund balance, July 1, 2009	(341,835)	(341,835)	(341,835)	-
Fund balance, June 30, 2010	<u>\$ 119,642</u>	<u>\$ 119,642</u>	<u>\$ (516,140)</u>	<u>\$ (635,782)</u>

The accompanying notes are an integral part of these financial statements

Grant County
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2010

Assets

Cash and investments	\$ 255,620
Taxes receivable	<u>670,400</u>
Total assets	<u><u>\$ 926,020</u></u>

Liabilities

Due to others	<u>\$ 926,020</u>
Total liabilities	<u><u>\$ 926,020</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, 2010

Cash flows from operating activities:	
Cash received from patients and third-party payors	\$ 69,353,758
Cash paid to employees	(33,062,994)
Cash paid to suppliers and contractors	(28,912,157)
	\$ 7,378,607
Cash flows from noncapital financing activities:	
Grants and gifts	\$ 707,386
	\$ 707,386
Cash flows from capital and related financing activities	
Change in assets limited as to use	\$ 3,104
Capital grants	52,091
Purchase of capital assets	(2,400,068)
Payment of long-term debt	(1,520,000)
Interest paid on capital debt	(191,388)
	\$ (4,056,261)
Cash flows from investing activities:	
Purchase of certificates of deposit	\$ (1,734,751)
Interest on investments	272,374
	\$ (1,462,377)
Net increase (decrease) in cash and equivalents	\$ 2,567,355
Cash and equivalents, beginning of year	3,370,058
Cash and equivalents, end of year	\$ 5,937,413

Grant County
COMPONENT UNIT- GILA REGIONAL MEDICAL CENTER
STATEMENT OF CASH FLOWS
For the year ended June 30, 2010

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

Operating income (loss)	\$	3,881,529
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation and amortization expense		3,046,309
Provision for bad debts		6,710,434
Changes in assets and liabilities:		
Patient accounts receivable		(6,769,008)
Other receivables		(98,782)
Sole provider receivable		(411,418)
Estimated third-party settlements		759,098
Inventories		(440,748)
Deferred revenue		55,054
Prepaid expenses and deposits		153,602
Accounts payable and accrued expenses		492,537
Net cash provided (used) by operating activities	\$	<u>7,378,607</u>
Noncash capital and related financing activities		
Equipment acquired through capital lease	\$	<u>509,968</u>

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

Grant County
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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.

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.

B. 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 three major categories: governmental, proprietary 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. Total assets, liabilities, revenues, or expenditures/expenses of the individual Governmental Fund or Enterprise Fund are at least five percent of the corresponding total for all Governmental and Enterprise Funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Capital Project Fund

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

Debt Service Fund

The Debt Service Fund 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:

Corre Caminos – to account for buses and vans used for public transportation.

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

Capital Projects:

Renovations Fund – to account for various renovation projects within the County.

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

Debt Service:

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

Non-major Funds

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

C. 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 not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

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

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

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

D. 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.

E. 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.

F. 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, 2010 was \$11.85 per \$1,000 for non-residential property and \$6.39 for residential property. The County's tax rate for debt service was \$1.57 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, 2010, \$2,269,824 of the County's bank balance of \$8,855,725 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 2,269,824</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, 2010, which is AAAM rated with a weighted average maturity of 50 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 \$966,530.

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, 2010, 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	\$ 10,632,752	\$ 10,632,752	N/A
Freddie Mac Notes	2,860,387	2,870,734	33.90
Federal Home Loan Notes	4,447,832	4,477,868	18.86
Fannie Mae Notes	3,672,811	3,802,789	38.50
Federal Farm Credit Bank	392,778	380,523	6.00
U.S. Treasury Bonds	806,284	811,035	22.98
Federal H.2. Mortgage	<u>249,804</u>	<u>251,767</u>	<u>1.00</u>
	<u>\$ 23,062,648</u>	<u>\$ 23,227,468</u>	

Portfolio weighted average maturity (months) 15.02

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, 2010, 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 46% invested in government money markets, 12% invested in Freddie Mac notes, 19% invested in Federal Home Loan notes, 16% invested in Fannie Mae notes, 2% invested in Federal Farm Credit Bank, and 4% in U.S. Treasury Bonds, and 1% invested in federal home loan mortgages.

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	Governmental <u>Activities</u>
	Accounts receivables:	
	Services (net)	\$ <u>224,960</u>
	Property taxes	\$ 799,557
	Gross receipts taxes	550,905
	Motor vehicle taxes	35,814
	Gas taxes	17,193
	Other miscellaneous taxes	<u>1,181</u>
	Total taxes receivable	<u>\$ 1,404,651</u>
	Interest receivable	<u>\$ 46,832</u>
	Due from other governments:	
	Intergovernmental grants	<u>\$ 539,322</u>
	Total receivables	<u>\$ 2,215,765</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 \$136,012 at June 30, 2010.

Note 5 Capital asset activity for the year ended June 30, 2010, was as follows:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2010</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 1,858,918	\$ 50,000	\$ -0-	\$ 1,908,918

Construction in progress	<u>18,001,198</u>	<u>30,601,963</u>	<u>487,061</u>	<u>48,116,100</u>
Total capital assets not being depreciation	<u>\$ 19,860,116</u>	<u>\$30,651,963</u>	<u>\$ 487,061</u>	<u>\$ 50,025,018</u>
Capital assets being depreciated:				
Infrastructure	69,374,053	\$ 3,184,934	\$ -0-	\$ 72,558,987
Building and improvements	16,504,063	667,918	-0-	17,171,981
Equipment/vehicles/machinery	<u>16,706,328</u>	<u>4,376,096</u>	<u>-0-</u>	<u>21,082,424</u>
Total capital assets being depreciated	<u>\$102,584,444</u>	<u>\$ 8,228,948</u>	<u>\$ -0-</u>	<u>\$110,813,392</u>
Less accumulated depreciation for:				
Infrastructure	\$(28,789,917)	\$ (135,269)	\$ -0-	\$ (28,925,186)
Buildings and improvements	(9,172,304)	(353,499)	-0-	(9,525,803)
Equipment/vehicles/machinery	<u>(11,775,128)</u>	<u>(1,784,268)</u>	<u>-0-</u>	<u>(13,559,396)</u>
Total accumulated depreciation	<u>\$(49,737,349)</u>	<u>\$ (2,273,036)</u>	<u>\$ -0-</u>	<u>\$ (52,010,385)</u>
Total capital assets being depreciated, net	<u>\$ 52,847,095</u>	<u>\$ 5,955,912</u>	<u>\$ -0-</u>	<u>\$ 58,803,007</u>
Governmental activity, capital assets, net	<u>\$ 72,707,211</u>	<u>\$36,607,875</u>	<u>\$ 487,061</u>	<u>\$108,828,025</u>

Depreciation was charged to the Governmental Activities as follows:

General Government	\$ 500,068
Public Safety	886,484
Public Works	318,225
Health and Welfare	477,338
Culture/Recreation	<u>90,921</u>
	<u>\$ 2,273,036</u>

Note 6 Accrued Liabilities

At June 30, 2010, accrued expenses consisted of the following:

Accruals payroll and benefits	\$ 406,593
Accrue interest payable	<u>1,660,544</u>
	<u>\$ 2,067,137</u>

Note 7 Long-Term Debt

Long-Term Debt and Other Liabilities

Long-term liabilities activity for the year ended June 30, 2010, was as follows:

	Balance <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2010</u>	Due in <u>One Year</u>
Governmental Activities:					
Bonds					
2005 G.O. Bonds	\$ 5,200,000	\$	\$ 200,000	\$ 5,000,000	\$ 215,000
2009 G.O. Bonds		4,000,000		4,000,000	500,000
Ft. Bayard Bonds	60,000,000			60,000,000	1,060,000
Notes Payable					
Sapillo Creek	45,163		8,512	36,651	8,843
Ft. Bayard Fire	93,223		14,808	78,415	15,080
Civic Center	3,440,712		78,219	3,362,493	116,055
Lower Mimbres		92,411		92,411	11,638
Upper Mimbres		126,875		126,875	19,582
Tyrone/Wind Canyon		504,891		504,891	25,334
Tyrone/WC Water		149,343		149,343	7,239
Cliff/Gila Pumper		202,400		202,400	28,520
Sapillo Brush Truck		67,978		67,978	25,143
Total bonds and notes payable	<u>\$68,779,098</u>	<u>\$ 5,143,898</u>	<u>\$ 301,539</u>	<u>\$ 73,621,457</u>	<u>\$ 2,032,434</u>
Other liabilities:					
Capital leases	\$ 1,163,849	\$ 807,857	\$ 639,217	\$ 1,332,489	\$ 301,321
Compensated absences	<u>629,895</u>	<u>268,883</u>	<u>259,361</u>	<u>639,417</u>	<u>-0-</u>
Total other liabilities	<u>\$ 1,793,744</u>	<u>\$ 1,076,740</u>	<u>\$ 898,578</u>	<u>\$ 1,971,906</u>	<u>\$ 301,321</u>
Long-term debt	<u>\$70,572,842</u>	<u>\$ 6,106,638</u>	<u>\$ 1,200,117</u>	<u>\$ 75,593,363</u>	<u>\$ 2,333,755</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 issued an additional series of bonds in the amount of \$4,000,000 in 2010 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.

The revenues pledged totaled \$11,173,961 at June 30, 2010, which is 100% of advelorum taxes assessed specifically to retire the debt. Maturity dates range from 2011-2026. During the year ended June 30, 2010, the County recognized \$1,072,248 in pledged revenues, and retired \$471,058 in principal and interest.

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 revenues pledged totaled \$39,551 at June 30, 2010, which is 19% of the future state fire allotments at their current rate. Interest rates vary from 3.47% to 4.09% for individually scheduled retirements, and maturity dates range from 2011 to 2014. During the year ended June 30, 2010, the County recognized \$51,636 in pledged revenues, and retired \$9,831 in loan principal and interest.

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 revenues pledged totaled \$92,743 at June 30, 2010, which is 25% of the future state fire allotments at their current rate. Interest rates vary from 3.69% to 4.30% for individually scheduled retirements, and maturity dates range from 2011 to 2015. During the year ended June 30, 2010, the County recognized \$73,375 in pledged revenues, and retired \$16,468 in loan principal and interest.

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 revenues pledged totaled \$5,535,459 at June 30, 2010, which is 25% of the future revenues at their current rate. Interest rates vary from 4.24% to 6.11% for individually scheduled retirements, and maturity dates range from 2011 to 2028. During the year ended June 30, 2010, the County recognized \$568,571 in pledged revenues, and retired \$120,851 in loan principal and interest. The County has pledged gross receipts tax for payment of this note.

New Mexico Finance Authority Note Payable Lower Mimbres

On February 2, 2010, the County borrowed \$92,411 from the New Mexico Finance Authority for the purchase of fire equipment for the Lower Mimbres 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 revenues pledged totaled \$99,853 at June 30, 2010, which is 16% of the future state fire allotments at their current rate. Interest rates vary from .92% to 2.72% for individually scheduled retirements, and maturity dates range from 2011 to 2016. During the year ended June 30, 2010, the County recognized \$103,272 in pledged revenues, and retired \$.00 in loan principal and interest.

New Mexico Finance Authority Note Payable Upper Mimbres

On February 19, 2010, the County borrowed \$126,875 from the New Mexico Finance Authority for the purchase of fire equipment for the Upper Mimbres 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 revenues pledged totaled \$136,806 at June 30, 2010, which is 23% of the future state fire allotments at their current rate. Interest rates vary from .92% to 2.72% for individually scheduled retirements, and maturity dates range from 2011 to 2016. During the year ended June 30, 2010, the County recognized \$103,272 in pledged revenues, and retired \$.00 in loan principal and interest.

New Mexico Finance Authority Note Payable Tyrone/Wind Canyon

On February 19, 2010, the County borrowed \$504,891 from the New Mexico Finance Authority for the construction of a new fire station for the Tyrone/Wind Canyon 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 revenues pledged totaled \$652,196 at June 30 2010, which is 21% of the future state fire allotments at their current rate. Interest rates vary from .92% to 4.17% for individually scheduled retirements, and maturity dates range from 2011 to 2025. During the year ended June 30, 2010, the County recognized \$309,804 in pledged revenues, and retired \$.00 in loan principal and interest.

New Mexico Finance Authority Note Payable Tyrone/Wind Canyon Water

On February 19, 2010 the County borrowed \$149,343 from the New Mexico Finance Authority for water system improvements for the Tyrone/Wind Canyon 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 revenues pledged totaled \$195,788 at June 30, 2010, which is 6% of the future state fire allotments at their current rate. Interest rates vary from .92% to 4.17% for individually scheduled retirements, and maturity dates range from 2011 to 2025. During the year ended June 30, 2010, the County recognized \$309,804 in pledged revenues, and retired \$.00 in loan principal and interest.

New Mexico Finance Authority Note Payable Cliff/Gila

On July 10, 2009, the County borrowed \$202,400 from the New Mexico Finance Authority for the purchase of fire equipment for the Cliff/Gila 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 revenues pledged totaled \$221,758 at June 30, 2010, which is 36% of the future state fire allotments at their current rate. Interest rates vary from 1.18% to 2.64% for individually scheduled retirements, and maturity dates range from 2011 to 2016. During the year ended June 30, 2010, the County recognized \$103,272 in pledged revenues, and retired \$.00 in loan principal and interest.

New Mexico Finance Authority Note Payable Sapillo

On September 18, 2009, the County borrowed \$67,978 from the New Mexico Finance Authority for the purchase of fire equipment for the Sapillo 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 revenues pledged totaled \$69,901 at June 30, 2010, which is 45% of the future state fire allotments at their current rate. Interest rates vary from .68% to 1.38% for individually scheduled retirements, and maturity dates range from 2011 to 2013. During the year ended June 30, 2010, the County recognized \$51,636 in pledged revenues, and retired \$.00 in loan principal and interest.

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>
2011	\$ 2,032,434	\$ 3,527,540	\$ 5,559,974
2012	2,193,287	3,464,472	5,657,759
2013	2,237,802	3,392,228	5,630,030
2014	2,288,831	3,317,889	5,606,720
2015	2,243,573	3,238,610	5,482,183
2016-2020	10,935,165	14,710,027	25,645,192
2021-2025	12,509,719	12,028,910	24,538,629
2026-2030	13,020,646	8,819,962	21,840,608

2031-2035	15,140,000	5,474,006	20,614,006
2035-2039	<u>11,020,000</u>	<u>1,478,750</u>	<u>12,498,750</u>
	<u>\$73,621,457</u>	<u>\$59,452,394</u>	<u>\$133,073,851</u>

Lease Purchase Payable

The County leases police and fire equipment, along with computer hardware and software, 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 \$2,830,907 and accumulated depreciation of \$916,581.

The following is a schedule of future minimum lease payments required under the leases, together with their present value as of June 30, 2010:

Fiscal year ended June 30:

2011	\$ 351,211
2012	351,818
2013	351,819
2014	202,908
2015	132,052
2016	<u>90,497</u>
Total minimum lease payment	\$1,480,305
Less amounts representing imputed interest necessary to reduce future lease payments to net present value	<u>(147,816)</u>
Present value of minimum lease payments	<u>\$1,332,489</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, which is a cost sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, 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 for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy

Plan members are required to contribute 9.15% to 16.30% of their gross salary. The County is required to contribute 9.15% to 18.50% of the gross covered salary. The contribution requirements of plan members and the County of Grant are established in State statute 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 fiscal year's ending June 30, 2010, 2009 and 2008 were \$727,914, \$656,546, and \$630,586 respectively, which equal the amount of the required contributions for each year.

Note 9 Post Employment Benefits – State Retiree Health Care Plan

Plan Description – The County contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term policies.

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 plan on the person's behalf, unless that person retires before the employer's RHCA 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; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The Retiree Health Care Authority issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the post-employment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority, 4308 Carlisle Blvd., N.E., Suite 104, Albuquerque, New Mexico 87107.

Funding Policy – The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer’s RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2010, the statute required each participating employer to contribute 1.3% of each participating employee’s annual salary; each participating employee was required to contribution .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	1.666%	.833%
FY12	1.834%	.917%
FY13	2.000%	1.000%

Also, employers joining the program after January 1, 1998 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The County of Grant’s contributions to RHCA for the year ending June 30, 2010, 2009 and 2008 were \$92,707, \$81,196, and \$75,282 respectively, which equal 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 \$30,000,000.

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, and risk of loss is transferred.

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, 2010 is as follows:

	<u>Corre Caminos</u>	<u>General</u>
Changes in fund balance (GAAP Basis)	\$ (174,305)	\$ 381,166
Revenue accruals	-0-	(321,551)
Expenditure accruals	-0-	90,749
Other financing sources and uses	<u>-0-</u>	<u>-0-</u>
Changes in fund balance (NON-GAAP) Budgetary Basis	<u>\$ (174,305)</u>	<u>\$ 150,364</u>

Note 14 Deficit Fund Balances

The County had the following deficit balances at June 30, 2010: Corre Caminos (\$516,140), Recreation (\$3,373); Law Enforcement Protection (\$3,855), Airport (\$107,547), Drug Enforcement (\$39,324), Agency on Aging (\$23,295), CDBG Childcare Center (\$38,292), Fort Bayard Fire (\$2,281); and Upper Mimbres Fire (\$7,799). 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, 2010, the County expended \$152,457 for the computer agreement.

Note 16 Inter-fund Activity

Inter-fund balances at June 30, 2010, consisted of the following:

	<u>Inter-Fund Payable</u>				<u>Total</u>
	<u>Corre Caminos</u>	<u>Jail Construction</u>	<u>Renovations Fund</u>	<u>Other Funds</u>	
<u>Inter-Fund Receivable</u>					
General Fund	\$516,140	\$	\$	\$ 710,846	\$ 1,226,986
Jail Construction			49,159	14,674	63,833
Other Funds		<u>52,058</u>			<u>52,058</u>
	<u>\$516,140</u>	<u>\$ 52,058</u>	<u>\$ 49,159</u>	<u>\$ 725,520</u>	<u>\$ 1,342,877</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>Fort Bayard Med Facility</u>	<u>Other Funds</u>	
<u>Transfers To</u>				
General Fund	\$	\$	\$ 138,740	\$ 138,740
Corre Caminos	30,000			30,000
Ft. Bayard Med Facility Debt Service			13	13

Other Funds	<u>2,226,314</u>	<u>918,060</u>	<u>21,666</u>	<u>3,166,040</u>
	<u>\$ 2,256,314</u>	<u>\$ 918,073</u>	<u>\$ 160,406</u>	<u>\$ 3,334,793</u>

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	\$ 1,197,840
Solid Waste Fund	524,837
Lodger's Tax	54,359
Rural Fire Departments	1,170,568
Other	<u>306,663</u>
	<u>\$ 3,254,267</u>

Note 18 Restatement

Prior to the year ended June 30, 2010, the County carried the Corre Caminos and Agency on Aging Special Revenue Funds, as well as the Capital Fund Capital Project Fund as Supplemental General Fund Operations. During the year ended June 30, 2010, in order to satisfy funding sources and more accurately reflect current operations, The County reclassified these funds as stand-alone operations. Prior year fund balances have been restated to show the effects of the restatements, where necessary, as follows:

General Fund	\$ 623,262
Corre Caminos	(341,835)
Agency on Aging	(51,214)
Capital Road	(230,213)

Note 19 Expenditures in Excess of Budgetary Authority

The County had expenditures in excess of budgetary authority in the following funds:

Recreation	\$ 3,039
Law Enforcement protection	2,642
Cliff-Gila Fire	23,074
Ft. Bayard Fire	7,743
Jail Revenue Bond	74,428

The County has implemented controls to alleviate budget overruns in the future.

**NOTES TO BASIC FINANCIAL STATEMENTS
RELATED TO COMPONENT UNIT
June 30, 2010 and 2009**

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 \$372,000 and \$367,000 in 2010 and 2009, 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 consist primarily of medical and pharmaceutical and 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 2010 and 2009.

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 reduced 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 \$1,219,000 and \$1,041,000 in 2010 and 2009, respectively.

Income Taxes

As 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 receivables (liabilities) are as follows:

	<u>June 30, 2010</u> <u>Amount</u>	<u>June 30, 2010</u> <u>Status</u>	<u>June 30, 2009</u> <u>Amount</u>
Medicare			
2006	\$ -0-	Final	\$ 80,981
2008	-0-	Final	133,995
2009	(49,760)	Final	(50,000)
2010	<u>(420,000)</u>	Estimate, Unaudited	<u>-0-</u>
	<u>\$ (469,760)</u>		<u>\$ 164,976</u>
Medicaid			
2005	\$ -0-	Final	\$ 61,231
2006	-0-	Final	(10,440)
2008	(50,000)	Filed, Unaudited	(25,000)
2009	(50,000)	Filed, Unaudited	(201,429)

2010	<u>(200,000)</u>	Estimate Unaudited	<u>-0-</u>
	<u>\$ (300,000)</u>		<u>\$ (175,638)</u>
Estimated third-party payor settlements	<u>\$ (769,760)</u>		<u>\$ (10,662)</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 \$137,000 and \$2,000 for the years ended June 30, 2010 and 2009, respectively.

Sole Community Provider Indigent Care Program – The Medical Center, due to its isolated location and service to indigent patients, participates in a sole community provider indigent care program that is administered by the State of New Mexico. The program is funded by Grant County which pays the County share amount to the State that is required to draw down federal monies. New Mexico’s federal and state shares are approximately 71% and 29%, respectively. The program consists of two components, the regular quarterly payments and a supplemental payment. The supplemental payments are based on service to indigent and Medicaid patients as well as consideration of the Medical Center’s Medicaid contractual write-offs. Revenues from the quarterly payments in 2010 and 2009 totaled \$9.8 million and \$8.1 million, respectively. Approximately \$2.0 million and \$1.5 million for the years ended June 30, 2010 and 2009, respectively, are included in patient revenue for the supplemental payments.

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

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

	<u>2010</u>	<u>2009</u>
Gross patient revenue		
Inpatient	\$ 42,553,369	\$ 38,034,711
Outpatient	<u>92,014,349</u>	<u>83,723,579</u>
Total gross patient revenue	<u>\$ 134,567,718</u>	<u>\$ 121,758,290</u>
Less contractual adjustments and provision		

for uncollectible accounts		
Third-party payor contractual allowances, discounts, and adjustments	\$ 59,353,369	\$ 51,105,306
Provision for uncollectible accounts	<u>6,710,434</u>	<u>6,386,295</u>
Total contractual adjustments and provision for uncollectible accounts	<u>\$ 66,063,803</u>	<u>\$ 57,491,601</u>
Net patient service revenue	<u>\$ 68,503,915</u>	<u>\$ 64,266,689</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, 2010, the Medical Center was in compliance with state collateralization requirements. As of June 30, 2009, the Medical Center was short of the state collateralization requirements at one financial institution by \$17,009.

As of June 30, 2010, the Medical Center had deposits with a bank balance of \$17,096,517, of which \$3,814,201 was uninsured and uncollateralized, and therefore subject to custodial credit risk. As of June 30, 2009, the Medical Center had deposits with a bank balance of \$15,188,619, of which \$4,107,189 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, 2010, is as follows:

June 30, 2010				
<i>New MexiGrow</i> LGIP	AAAm rated	\$ 1,054		55 day WAM

At June 30, 2010 and 2009, the Medical Center had the following investments and maturities:

<u>Type</u>	<u>June 30, 2010</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	\$1,469,889	\$1,469,889	\$ -0-	\$	\$
Repurchase agreement	5,034,711	5,034,711			
State Treasurer's investment pool	<u>1,054</u>	<u>1,054</u>			
	<u>\$6,505,654</u>	<u>\$6,505,654</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

<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	\$ -0-	\$ -0-
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>\$ -0-</u>	<u>\$ -0-</u>

The repurchase agreement was fully collateralized at June 30, 2010 and 2009 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>2010</u>	<u>2009</u>
Carrying value:		
Deposits	\$16,850,310	\$14,821,101
Investments	<u>6,505,654</u>	<u>4,235,861</u>
	<u>\$23,355,964</u>	<u>\$19,056,962</u>
Included in the following balance sheets captions		
Cash and cash equivalents	\$ 5,937,413	\$ 3,370,058
Certificates of deposit, current	15,947,608	14,212,857
Investments held by trustee for debt service, current	<u>1,470,943</u>	<u>1,474,047</u>
	<u>\$23,355,964</u>	<u>\$19,056,962</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, 2010 and 2009, consisted of the items shown below:

	<u>2010</u>	<u>2009</u>
Medicare	\$ 8,323,888	\$ 8,907,421
Medicaid	3,569,623	3,105,390
Other third-party payers	4,828,553	4,124,706
Patients	<u>6,618,432</u>	<u>5,738,036</u>
	\$23,340,496	\$21,875,553
Less allowance for contractual adjustments	<u>8,775,003</u>	<u>8,285,770</u>
	\$14,565,493	\$13,589,783

Less allowance for uncollectible accounts	<u>4,604,849</u>	<u>3,687,713</u>
	<u>\$ 9,960,644</u>	<u>\$ 9,902,070</u>

Note E **Capital Assets**

Capital asset activity of the Medical Center for the years ended June 30, 2010 and 2009, was as follows:

	<u>June 30, 2010</u>				
	<u>Beginning</u>	<u>Disposals and</u>		<u>Ending</u>	
	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u>
Capital assets not being depreciated:					
Land	\$ 642,700	\$ 163,500	\$	\$	\$ 806,200
Construction in progress	<u>1,609,056</u>	<u>380,428</u>	<u> </u>	<u>(1,567,106)</u>	<u>422,378</u>
Total capital assets not being depreciated	<u>\$ 2,251,756</u>	<u>\$ 543,928</u>	<u>\$ -0-</u>	<u>\$(1,567,106)</u>	<u>\$ 1,228,578</u>
Capital assets being depreciated:					
Land improvements	\$ 85,399	\$	\$	\$	\$ 85,399
Buildings	29,242,335	13,004	<u> </u>	1,567,106	30,822,445
Equipment	<u>29,825,084</u>	<u>2,313,960</u>	<u>-0-</u>	<u>-0-</u>	<u>32,139,044</u>
	<u>\$ 59,152,818</u>	<u>\$ 2,326,964</u>	<u>\$ -0-</u>	<u>\$ 1,567,106</u>	<u>\$ 63,046,888</u>
Less accumulated depreciation:					
Land improvements	\$ 10,870	\$ 5,185	\$ -0-	\$ -0-	\$ 16,055
Buildings	10,189,530	819,397	-0-	-0-	11,008,927
Equipment	<u>19,865,189</u>	<u>2,221,727</u>	<u>-0-</u>	<u>-0-</u>	<u>22,086,916</u>
	<u>\$ 30,065,589</u>	<u>\$ 3,046,309</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 33,111,898</u>
Capital assets, net	<u>\$ 31,338,985</u>	<u>\$ (175,417)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 31,163,568</u>

	<u>June 30, 2009</u>				
	<u>Beginning</u>	<u>Disposals and</u>		<u>Ending</u>	
	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u>
Capital assets not being depreciated:					
Land	\$ 642,700	\$	\$	\$	\$ 642,700
Construction in progress	<u>342,216</u>	<u>1,499,287</u>	<u> </u>	<u>(232,447)</u>	<u>1,609,056</u>

Total	\$ 984,916	\$ 1,499,287	\$ -0-	\$ (232,447)	\$ 2,251,756
Capital assets being depreciated:					
Land improvements	\$ 82,560	\$ 2,839	\$	\$	\$ 85,399
Buildings	29,118,422	123,913			29,242,335
Equipment	<u>27,672,030</u>	<u>2,664,511</u>	<u>(743,904)</u>	<u>232,447</u>	<u>29,825,084</u>
Total capital assets being depreciated	<u>\$56,873,012</u>	<u>\$ 2,791,263</u>	<u>\$ (743,904)</u>	<u>\$ 232,447</u>	<u>\$ 59,152,818</u>
Less accumulated depreciation:					
Land improvements	\$ 7,046	\$ 3,824	\$ -0-	\$ -0-	\$ 10,870
Buildings	9,413,507	776,023	-0-	-0-	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>

The Medical Center received capital grants from the State of New Mexico totaling approximately \$52,000 and \$2.5 million during 2010 and 2009, respectively 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, 2010 and 2009:

	June 30, 2010				
	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Long-term debt:					
Revenue bonds:					
Series 2004	\$ 2,815,000	\$	\$ 170,000	\$ 2,645,000	\$ 385,000
Series 2000	<u>2,050,000</u>		<u>1,350,000</u>	<u>700,000</u>	<u>700,000</u>
	\$ 4,865,000	\$	\$1,520,000	\$ 3,345,000	\$ 1,085,000
Plus unamortized bond premium	<u>9,397</u>		<u>9,397</u>	<u>-0-</u>	<u>-0-</u>
Total long-term debt	\$ 4,874,397	\$	\$1,529,397	\$ 3,345,000	\$ 1,085,000
Capital lease obligation	-0-	509,968	39,144	470,824	91,573
Other long-term liabilities					
Accrued compensated					

absences	<u>1,652,587</u>	<u>1,728,349</u>	<u>1,652,587</u>	<u>1,728,349</u>	<u>1,728,349</u>
Total long-term debt	<u>\$ 6,526,984</u>	<u>\$ 2,238,317</u>	<u>\$3,221,128</u>	<u>\$ 5,544,173</u>	<u>\$ 2,904,922</u>

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	\$ 2,815,000	\$ 170,000
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>-0-</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>

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 bond issue 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, 2010, are as follows:

<u>Year Ending June 30,</u>	<u>Total to be Paid</u>	<u>Principal</u>	<u>Interest</u>
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>\$ 3,680,540</u>	<u>\$ 3,345,000</u>	<u>\$ 335,540</u>

Capital Lease Obligation

During 2010, the Medical Center entered into a capital lease agreement for a blood chemistry analyzer for the lab. The terms of the lease agreement provide an option to purchase the equipment at a price substantially less than fair market value, which qualifies it as a capital lease. Capital assets, acquired by lease, have been capitalized in the amount of \$509,968, and a capital lease obligation recorded. Accumulated depreciation on the equipment totaled \$35,414 at June 30, 2010.

The following schedule presents the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2010:

<u>Year Ending June 30,</u>	
2011	\$ 118,405
2012	118,405
2013	118,405
2014	118,405
2015	<u>69,070</u>
Total minimum lease payments	\$ 542,690
Less: amount representing interest	<u>71,866</u>
Present value of future minimum lease payments	<u>\$ 470,824</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. Beginning the fifth year of employment, 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 \$635,000 and \$650,000 for the years ended June 30, 2010 and 2009, respectively. Employee contributions to the plan were approximately \$1,036,000 and \$942,000 for 2010 and 2009, 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. Under the Health Information Technology for Economic and Clinical Health (HITECH) Act, several of the HIPAA security and privacy requirements have been expanded, including business associates being subject to civil and criminal penalties and enforcement proceedings for violations of HIPAA. Management believes that the Medical Center is in compliance with all applicable provisions of HIPAA and HITECH.

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 \$1,896,000 and \$1,941,000 for 2010 and 2009, respectively. Future minimum lease payments for non-cancelable operating leases with lease terms exceeding one year at June 30, 2010, were as follows:

2011	\$ 1,212,587
2012	756,195
2013	<u>432,506</u>
Future minimum lease payments	<u>\$ 2,401,288</u>

SPECIAL REVENUE FUNDS

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, 2010

	Special Revenue Funds			
	Fire Protection	Hospital Indigent	Farn and Range	Recreation
Assets				
Cash and investments	\$ 1,151,635	\$ 146,377	\$ 22,670	\$ -
Interfund receivable				
Accounts receivable				
Interest receivable				
Taxes receivable	48,868	191,301		368
Due from other governments				
Notes receivable				
Total assets	\$ 1,200,503	\$ 337,678	\$ 22,670	\$ 368
Liabilities and Fund Balance				
Accounts payable	\$ 2,663	\$ 136,730	\$ -	\$ -
Salaries payable				
Interfund payable				3,741
Deferred revenue				
Total liabilities	\$ 2,663	\$ 136,730	\$ -	\$ 3,741
Fund balances:				
Reserved for:				
Capital projects	\$ -	\$ -	\$ -	\$ -
Debt service				
Unreserved	1,197,840	200,948	22,670	(3,373)
Total fund balance	\$ 1,197,840	\$ 200,948	\$ 22,670	\$ (3,373)
Total liabilities and fund balance	\$ 1,200,503	\$ 337,678	\$ 22,670	\$ 368

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

Special Revenue Funds

Law Enforcement Protection	Lodgers Tax	Corrections	County Clerks Equipment	Airport	Reappraisal
\$ -	\$ 54,359	\$ 516,389	\$ 155,677	\$ -	\$ 148,391
		95,179			
<u>\$ -</u>	<u>\$ 54,359</u>	<u>\$ 611,568</u>	<u>\$ 155,677</u>	<u>\$ -</u>	<u>\$ 148,391</u>
\$ 613	\$ -	\$ 21,564	\$ -	\$ 2,185	\$ 46
3,242		42,393		105,362	
<u>\$ 3,855</u>	<u>\$ -</u>	<u>\$ 63,957</u>	<u>\$ -</u>	<u>\$ 107,547</u>	<u>\$ 46</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>(3,855)</u>	<u>54,359</u>	<u>547,611</u>	<u>155,677</u>	<u>(107,547)</u>	<u>148,345</u>
<u>\$ (3,855)</u>	<u>\$ 54,359</u>	<u>\$ 547,611</u>	<u>\$ 155,677</u>	<u>\$ (107,547)</u>	<u>\$ 148,345</u>
<u>\$ -</u>	<u>\$ 54,359</u>	<u>\$ 611,568</u>	<u>\$ 155,677</u>	<u>\$ -</u>	<u>\$ 148,391</u>

Grant County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (continued)
June 30, 2010

	Special Revenue Funds			
	EMS Fund	Solid Waste	Regional Dispatch	Drug Enforcement
Assets				
Cash and investments	\$ 32,825	\$ 464,825	\$ 31,167	\$ -
Interfund receivable				
Accounts receivable		224,960		
Interest receivable				
Taxes receivable		24,433	95,554	
Due from other governments				
Notes receivable		136,012		
	<u>\$ 32,825</u>	<u>\$ 850,230</u>	<u>\$ 126,721</u>	<u>\$ -</u>
Total assets	\$ 32,825	\$ 850,230	\$ 126,721	\$ -
Liabilities and Fund Balance				
Accounts payable	\$ 6,808	\$ 9,984	\$ 5,964	\$ -
Salaries payable		2,381	21,761	
Interfund payable				39,324
Deferred revenue		313,034		
	<u>\$ 6,808</u>	<u>\$ 325,399</u>	<u>\$ 27,725</u>	<u>\$ 39,324</u>
Total liabilities	\$ 6,808	\$ 325,399	\$ 27,725	\$ 39,324
Fund balance:				
Reserved for:				
Capital projects	\$ -	\$ -	\$ -	\$ -
Debt service				
Unreserved	26,017	524,831	98,996	(39,324)
	<u>26,017</u>	<u>524,831</u>	<u>98,996</u>	<u>(39,324)</u>
Total fund balance	\$ 26,017	\$ 524,831	\$ 98,996	\$ (39,324)
Total liabilities and fund balance	\$ 32,825	\$ 850,230	\$ 126,721	\$ -

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

Special Revenue Funds			Debt Service Fund	Capital Projects Funds	
Agency on Aging	CDBG Zoning	Rural Fire Departments	Jail Revenue Bond	Capital Road	Airport Industrial Park
\$ -	\$ 498	\$ 1,300,656	\$ 2,042,550	\$ -	\$ 582,292
			52,058		
			53,506		
5,557			4,700		
<u>\$ 5,557</u>	<u>\$ 498</u>	<u>\$ 1,300,656</u>	<u>\$ 2,152,814</u>	<u>\$ -</u>	<u>\$ 582,292</u>
\$ -	\$ -	\$ 15,605	\$ -	\$ -	\$ -
28,852		114,483	63,833	328,391	
			52,485		
<u>\$ 28,852</u>	<u>\$ -</u>	<u>\$ 130,088</u>	<u>\$ 116,318</u>	<u>\$ 328,391</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ (328,391)	\$ 582,292
(23,295)	498	1,170,568	2,036,496		
<u>\$ (23,295)</u>	<u>\$ 498</u>	<u>\$ 1,170,568</u>	<u>\$ 2,036,496</u>	<u>\$ (328,391)</u>	<u>\$ 582,292</u>
<u>\$ 5,557</u>	<u>\$ 498</u>	<u>\$ 1,300,656</u>	<u>\$ 2,152,814</u>	<u>\$ -</u>	<u>\$ 582,292</u>

Grant County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (concluded)
June 30, 2010

	Capital Projects Funds			Total
	Hatchita Rec Center	CDBG Child Care Center	Fort Bayard	
Assets				
Cash and investments	\$ 420	\$ -	\$ 789,229	\$ 7,439,960
Interfund receivable				52,058
Accounts receivable				224,960
Interest receivable				-
Taxes receivable				509,209
Due from other governments				10,257
Notes receivable				136,012
Total assets	\$ 420	\$ -	\$ 789,229	\$ 8,372,456
Liabilities and Fund Balance				
Accounts payable	\$ -	\$ -	\$ -	\$ 202,162
Salaries payable				66,535
Interfund payable		38,292		725,520
Deferred revenue				365,519
Total liabilities	\$ -	\$ 38,292	\$ -	\$ 1,359,736
Fund balance:				
Reserved for:				
Capital projects	\$ 420	\$ (38,292)	\$ 789,229	\$ 1,005,258
Debt service				2,036,496
Unreserved				3,970,966
Total fund balance	\$ 420	\$ (38,292)	\$ 789,229	\$ 7,012,720
Total liabilities and fund balance	\$ 420	\$ -	\$ 789,229	\$ 8,372,456

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

Grant County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For The Fiscal Year Ended June 30, 2010

Special Revenue Funds

	Fire Protection	Hospital Indigent	Farm and Range	Recreation
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	260,748	1,137,141		
Other taxes				1,651
Intergovernmental		1,294,643	20,715	5,957
Charges for services				
Miscellaneous	24	400	12,467	
Total revenues	\$ 260,772	\$ 2,432,184	\$ 33,182	\$ 7,608
Expenditures:				
Current:				
General government	\$ 265	\$ -	\$ -	\$ -
Public safety	386,423			
Health and welfare		2,335,645	28,500	
Culture recreation				4,000
Debt service:				
Principle				
Interest				
Interest				
Capital outlay				7,053
Total expenditures	\$ 386,688	\$ 2,335,645	\$ 28,500	\$ 11,053
Revenues over (under) expenditures	\$ (125,916)	\$ 96,539	\$ 4,682	\$ (3,445)
Other financing sources (uses):				
Transfer in				2,250
Transfer (out)	(16,806)	(108,000)		
Loan proceeds				
Net changes in fund balances	\$ (142,722)	\$ (11,461)	\$ 4,682	\$ (1,195)
Fund balance, July 1, 2009, as originally stated	\$ 1,340,562	\$ 212,409	\$ 17,988	\$ (2,178)
Restatement (Note 18)				
Fund balance, July 1, 2009, as restated	\$ 1,340,562	\$ 212,409	\$ 17,988	\$ (2,178)
Net change in fund balances	(142,722)	(11,461)	4,682	(1,195)
Fund balance, June 30, 2010	\$ 1,197,840	\$ 200,948	\$ 22,670	\$ (3,373)

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

Special Revenue Funds

Law Enforcement Protection	Lodgers Tax	Corrections	County Clerks Equipment	Airport	Reappraisal
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
42,800	40,110	566,446	56,743	498,186	96,127
42,800	40,110	217,106	56,743	36,690	96,127
42,800	40,110	403	56,743	534,876	96,127
\$ 42,800	\$ 40,110	\$ 783,955	\$ 56,743	\$ 534,876	\$ 96,127
\$ -	\$ -	\$ -	\$ 789	\$ 134,388	\$ 68,224
62,978	69,197	2,055,285	8,779	566,684	9,388
62,978	69,197	2,055,285	9,568	701,072	77,612
(20,178)	(29,087)	(1,271,330)	47,175	(166,196)	18,515
(20,178)	(46,587)	1,770,643	47,175	121,540	18,515
(20,178)	(46,587)	499,313	47,175	(44,656)	18,515
16,323	100,946	48,298	108,502	(62,891)	129,830
16,323	100,946	48,298	108,502	(62,891)	129,830
(20,178)	(46,587)	499,313	47,175	(44,656)	18,515
(3,855)	54,359	547,611	155,677	(107,547)	148,345

Grant County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)

For The Fiscal Year Ended June 30, 2010

Special Revenue Funds

	EMS Fund	Solid Waste	Regional Dispatch
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Gross receipts taxes		130,372	567,983
Other taxes			
Intergovernmental	170,164		
Charges for services		299,983	
Miscellaneous	2,515	36,020	789
	<u>172,679</u>	<u>466,375</u>	<u>568,772</u>
Total revenues	\$ 172,679	\$ 466,375	\$ 568,772
Expenditures:			
Current:			
General government	\$ -	\$ 19,018	\$ -
Public safety	89,655		688,469
Health and welfare		579,278	
Culture recreation			
Debt service			
Principle			
Interest			
Loan issue costs			
Capital outlay	69,839		
	<u>159,494</u>	<u>598,296</u>	<u>688,469</u>
Total expenditures	\$ 159,494	\$ 598,296	\$ 688,469
Revenues over (under) expenditures	\$ 13,185	\$ (131,921)	\$ (119,697)
Other financing sources (uses):			
Transfer in			
Transfer (out)		(10,450)	
Loan proceeds			
	<u>13,185</u>	<u>(142,371)</u>	<u>(119,697)</u>
Net change in fund balances	\$ 13,185	\$ (142,371)	\$ (119,697)
Fund balance, July 1, 2009, as originally stated	\$ 12,832	\$ 667,202	\$ 218,693
Restatement (Note 18)			
Fund balance, July 1, 2009, as restated	\$ 12,832	\$ 667,202	\$ 218,693
Net change in fund balances	<u>13,185</u>	<u>(142,371)</u>	<u>(119,697)</u>
Fund balance, June 30, 2010	<u>\$ 26,017</u>	<u>\$ 524,831</u>	<u>\$ 98,996</u>

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

Special Revenue Funds

Drug Enforcement	Agency on Aging	CDBG Zoning	Rural Fire Departments
\$ -	\$ -	\$ -	\$ -
4,065	285,997 50,376		1,341,405 70,293 111,267
<u>\$ 4,065</u>	<u>\$ 336,373</u>	<u>\$ -</u>	<u>\$ 1,522,965</u>
\$ -	\$ -	\$ -	\$ -
	279,271		492,448
	29,183		414,071 52,414 18,122 1,569,579
<u>\$ -</u>	<u>\$ 308,454</u>	<u>\$ -</u>	<u>\$ 2,546,634</u>
\$ 4,065	\$ 27,919	\$ -	\$ (1,023,669)
			21,666 (7,650) 1,226,159
<u>\$ 4,065</u>	<u>\$ 27,919</u>	<u>\$ -</u>	<u>\$ 216,506</u>
\$ (43,389)	\$ -	\$ 498	\$ 954,062
	(51,214)		
\$ (43,389)	\$ (51,214)	\$ 498	\$ 954,062
4,065	27,919	-	216,506
<u>\$ (39,324)</u>	<u>\$ (23,295)</u>	<u>\$ 498</u>	<u>\$ 1,170,568</u>

Grant County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (concluded)

For The Fiscal Year Ended June 30, 2010

	Debt Service Fund		Ca
	Jail Revenue Bond	Capital Road	Airport Industrial Park
Revenues:			
Property taxes	\$ 1,072,248	\$ -	\$ -
Gross receipts taxes			
Other taxes			
Intergovernmental		391,142	85,619
Charges for services			
Miscellaneous	7,051		
Total revenues	\$ 1,079,299	\$ 391,142	\$ 85,619
Expenditures:			
Current:			
General government	\$ 8,070	\$ -	\$ -
Public safety			
Health and welfare			
Culture recreation			
Debt service			
Principle	200,000		
Interest	271,058		
Interest			
Capital outlay		489,321	17,954
Total expenditures	\$ 479,128	\$ 489,321	\$ 17,954
Revenues over (under) expenditures	\$ 600,171	\$ (98,179)	\$ 67,665
Other financing sources (uses):			
Transfer in			300,000
Transfer (out)			
Loan proceeds			
Net change in fund balances	\$ 600,171	\$ (98,179)	\$ 367,665
Fund balance, July 1, 2009, as originally stated	\$ 1,436,325	\$ 1	\$ 214,627
Restatement (Note 18)		(230,213)	
Fund balance, July 1, 2009, as restated	\$ 1,436,325	\$ (230,212)	\$ 214,627
Net change in fund balances	600,171	(98,179)	367,665
Fund balance, June 30, 2010	\$ 2,036,496	\$ (328,391)	\$ 582,292

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

Capital Projects Funds

Hachita Rec Center	CDBG Child Care Center	Fort Bayard	Total
\$ -	\$ -	\$ -	\$ 1,072,248
			2,662,690
	361,888		41,761
			4,719,687
			610,212
			170,936
<u>\$ -</u>	<u>\$ 361,888</u>	<u>\$ -</u>	<u>\$ 9,277,534</u>
\$ -	\$ -	\$ -	\$ 230,754
			3,775,258
			3,222,694
			73,197
			614,071
			323,472
			18,122
	127,120	107,039	3,001,939
<u>\$ -</u>	<u>\$ 127,120</u>	<u>\$ 107,039</u>	<u>\$ 11,259,507</u>
\$ -	\$ 234,768	\$ (107,039)	\$ (1,981,973)
	31,881	918,060	3,166,040
			(160,406)
			1,226,159
<u>\$ -</u>	<u>\$ 266,649</u>	<u>\$ 811,021</u>	<u>\$ 2,249,820</u>
\$ 420	\$ (304,941)	\$ (21,792)	\$ 5,044,327
			(281,427)
\$ 420	\$ (304,941)	\$ (21,792)	\$ 4,762,900
<u>-</u>	<u>266,649</u>	<u>811,021</u>	<u>2,249,820</u>
<u>\$ 420</u>	<u>\$ (38,292)</u>	<u>\$ 789,229</u>	<u>\$ 7,012,720</u>

Grant County
NONMAJOR SPECIAL REVENUE FUNDS - RURAL FIRE DEPARTMENTS
COMBINING BALANCE SHEET
For the Fiscal Year Ended June 30, 2010

	<u>Gila/Cliff Fire</u>	<u>Fort Bayard Fire</u>	<u>Upper Mimbres Fire</u>	<u>Lower Mimbres Fire</u>
Assets				
Cash	\$ 161,344	\$ 20	\$ 1,477	\$ 52,222
Total assets	<u>\$ 161,344</u>	<u>\$ 20</u>	<u>\$ 1,477</u>	<u>\$ 52,222</u>
Liabilities and Fund Balance				
Accounts payable	\$ 342	\$ 264	\$ 9,276	\$ 330
Interfund payable		2,037		
Deferred revenue				
Total liabilities	<u>\$ 342</u>	<u>\$ 2,301</u>	<u>\$ 9,276</u>	<u>\$ 330</u>
Fund balances:				
Unreserved	<u>\$ 161,002</u>	<u>\$ (2,281)</u>	<u>\$ (7,799)</u>	<u>\$ 51,892</u>
Total fund balance	<u>\$ 161,002</u>	<u>\$ (2,281)</u>	<u>\$ (7,799)</u>	<u>\$ 51,892</u>
Total liabilities and fund balance	<u>\$ 161,344</u>	<u>\$ 20</u>	<u>\$ 1,477</u>	<u>\$ 52,222</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>
\$ 93,028	\$ 107,727	\$ 196,468	\$ 647,597	\$ 40,773	\$ 1,300,656
<u>\$ 93,028</u>	<u>\$ 107,727</u>	<u>\$ 196,468</u>	<u>\$ 647,597</u>	<u>\$ 40,773</u>	<u>\$ 1,300,656</u>
\$ 65	\$ 583	\$ 353	\$ 2,749 112,446	\$ 1,643	\$ 15,605 114,483
<u>\$ 65</u>	<u>\$ 583</u>	<u>\$ 353</u>	<u>\$ 115,195</u>	<u>\$ 1,643</u>	<u>\$ 130,088</u>
\$ 92,963	\$ 107,144	\$ 196,115	\$ 532,402	\$ 39,130	\$ 1,170,568
<u>\$ 92,963</u>	<u>\$ 107,144</u>	<u>\$ 196,115</u>	<u>\$ 532,402</u>	<u>\$ 39,130</u>	<u>\$ 1,170,568</u>
<u>\$ 93,028</u>	<u>\$ 107,727</u>	<u>\$ 196,468</u>	<u>\$ 647,597</u>	<u>\$ 40,773</u>	<u>\$ 1,300,656</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, 2010

	<u>Gila/Cliff Fire</u>	<u>Fort Bayard Fire</u>	<u>Upper Mimbres Fire</u>	<u>Lower Mimbres Fire</u>
Revenues:				
Intergovernmental	\$ 103,272	\$ 73,375	\$ 203,272	\$ 203,272
Charges for services		4,369	7,390	2,477
Miscellaneous	<u>5,110</u>	<u>20</u>	<u>12</u>	<u>92,751</u>
Total revenues	<u>\$ 108,382</u>	<u>\$ 77,764</u>	<u>\$ 210,674</u>	<u>\$ 298,500</u>
Expenditures:				
Current				
Public safety	\$ 25,962	\$ 31,506	\$ 48,861	\$ 30,755
Debt service:				
Principal		35,621	154,043	112,040
Interest		11,013	4,621	2,606
Loan issue costs	2,991		1,875	2,582
Capital outlay	<u>299,877</u>	<u>6,677</u>	<u>317,823</u>	<u>430,760</u>
Total expenditures	<u>\$ 328,830</u>	<u>\$ 84,817</u>	<u>\$ 527,223</u>	<u>\$ 578,743</u>
Revenues over (under) expenditures	\$ (220,448)	\$ (7,053)	\$ (316,549)	\$ (280,243)
Other financing sources (uses):				
Transfer in				
Transfer (out)				
Loan proceeds	<u>202,400</u>	<u></u>	<u>126,875</u>	<u>174,672</u>
Net change in fund balances	\$ (18,048)	\$ (7,053)	\$ (189,674)	\$ (105,571)
Fund balance, July 1, 2009	<u>179,050</u>	<u>4,772</u>	<u>181,875</u>	<u>157,463</u>
Fund balance, June 30, 2010	<u>\$ 161,002</u>	<u>\$ (2,281)</u>	<u>\$ (7,799)</u>	<u>\$ 51,892</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>
\$ 51,636	\$ 146,750	\$ 198,388	\$ 309,804	\$ 51,636	\$ 1,341,405
3,029	2,252	2,910	33,075	14,791	70,293
<u>1,686</u>	<u>1,667</u>	<u>3,659</u>	<u>3,760</u>	<u>2,602</u>	<u>111,267</u>
<u>\$ 56,351</u>	<u>\$ 150,669</u>	<u>\$ 204,957</u>	<u>\$ 346,639</u>	<u>\$ 69,029</u>	<u>\$ 1,522,965</u>
\$ 26,323	\$ 40,713	\$ 42,258	\$ 206,838	\$ 39,232	\$ 492,448
8,512		45,110	52,460	6,285	414,071
1,319		12,885	17,938	2,032	52,414
1,005			9,669		18,122
<u>66,973</u>	<u>173,841</u>		<u>266,768</u>	<u>6,860</u>	<u>1,569,579</u>
<u>\$ 104,132</u>	<u>\$ 214,554</u>	<u>\$ 100,253</u>	<u>\$ 553,673</u>	<u>\$ 54,409</u>	<u>\$ 2,546,634</u>
\$ (47,781)	\$ (63,885)	\$ 104,704	\$ (207,034)	\$ 14,620	\$ (1,023,669)
13,876			7,790		21,666
			(7,650)		(7,650)
<u>67,978</u>			<u>654,234</u>		<u>1,226,159</u>
\$ 34,073	\$ (63,885)	\$ 104,704	\$ 447,340	\$ 14,620	\$ 216,506
<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>\$ 92,963</u>	<u>\$ 107,144</u>	<u>\$ 196,115</u>	<u>\$ 532,402</u>	<u>\$ 39,130</u>	<u>\$ 1,170,568</u>

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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 1,750,000	\$ 1,750,000	\$ 1,516,578	\$ (233,422)
Intergovernmental	1,575,000	1,575,000	881,091	(693,909)
Miscellaneous	<u>400</u>	<u>400</u>	<u>400</u>	<u>400</u>
Total revenues	<u>\$ 3,325,000</u>	<u>\$ 3,325,000</u>	<u>\$ 2,398,069</u>	<u>\$ (926,931)</u>
Expenditures:				
Current:				
Health and welfare	\$ 3,245,353	\$ 3,245,353	\$ 2,172,045	\$ 1,073,308
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 3,245,353</u>	<u>\$ 3,245,353</u>	<u>\$ 2,172,045</u>	<u>\$ 1,073,308</u>
Revenues over (under) expenditures	\$ 79,647	\$ 79,647	\$ 226,024	\$ 146,377
Other financing sources (uses):				
Transfer out	<u>(108,000)</u>	<u>(108,000)</u>	<u>(108,000)</u>	<u>-</u>
Net change in fund balance	\$ (28,353)	\$ (28,353)	\$ 118,024	\$ 146,377
Fund balance, July 1, 2009	<u>28,353</u>	<u>28,353</u>	<u>28,353</u>	<u>-</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,377</u>	<u>\$ 146,377</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (11,461)	
Revenue accruals (net)			(34,115)	
Expenditure accruals (net)			163,600	
Other financing uses			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 118,024</u>	

The accompanying notes are an integral part of these financial statements

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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 460,200	\$ 460,200	\$ 351,880	\$ (108,320)
Miscellaneous			24	24
Total revenues	\$ 460,200	\$ 460,200	\$ 351,904	\$ (108,296)
Expenditures:				
Current:				
Public safety	\$ 5,595	\$ 5,595	\$ 265	\$ 5,330
Capital outlay	1,298,910	1,298,910	504,509	794,401
Total expenditures	\$ 1,304,505	\$ 1,304,505	\$ 504,774	\$ 799,731
Revenues over (under) expenditures	\$ (844,305)	\$ (844,305)	\$ (152,870)	\$ 691,435
Other financing sources (uses):				
Transfer out			-	-
Net change in fund balance	\$ (844,305)	\$ (844,305)	\$ (152,870)	\$ 691,435
Fund balance, July 1, 2009	1,304,505	1,304,505	1,304,505	-
Fund balance, June 30, 2010	\$ 460,200	\$ 460,200	\$ 1,151,635	\$ 691,435
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (142,722)	
Revenue accruals (net)			91,132	
Expenditure accruals (net)			(118,086)	
Other financing uses			16,806	
Net change in fund balance, NON-GAAP budgetary basis			\$ (152,870)	

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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 27,000	\$ 27,000	\$ 33,182	\$ 6,182
Expenditures:				
Current:				
Health and welfare	<u>\$ 28,500</u>	<u>\$ 28,500</u>	<u>\$ 28,500</u>	<u>\$ -</u>
Net change in fund balance	\$ (1,500)	\$ (1,500)	\$ 4,682	\$ 6,182
Fund balance, July 1, 2009	<u>17,988</u>	<u>17,988</u>	<u>17,988</u>	<u>-</u>
Fund balance, June 30, 2010	<u><u>\$ 16,488</u></u>	<u><u>\$ 16,488</u></u>	<u><u>\$ 22,670</u></u>	<u><u>\$ 6,182</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 4,682	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 4,682</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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 2,700	\$ 2,700	\$ 1,546	\$ (1,154)
Intergovernmental	5,957	5,957	5,957	-
Total revenues	\$ 8,657	\$ 8,657	\$ 7,503	\$ (1,154)
Expenditures:				
Current:				
Culture and recreation	\$ 3,000	\$ 8,014	\$ 4,000	\$ 4,014
Capital outlay	615		7,053	(7,053)
Total expenditures	\$ 3,615	\$ 8,014	\$ 11,053	\$ (3,039)
Revenues over (under) expenditures	\$ 5,042	\$ 643	\$ (3,550)	\$ (4,193)
Other financing sources (uses):				
Transfer in		2,250	2,250	-
Net change in fund balance	\$ 5,042	\$ 2,893	\$ (1,300)	\$ (4,193)
Fund balance, July 1, 2009	(2,441)	(2,441)	(2,441)	-
Fund balance, June 30, 2010	\$ 2,601	\$ 452	\$ (3,741)	\$ (4,193)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (1,195)	
Revenue accruals (net)			(105)	
Expenditure accruals (net)			-	
Other financing uses			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (1,300)	

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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 650,000	\$ 650,000	\$ 457,884	\$ (192,116)
Intergovernmental	170,000	170,000	308,714	138,714
Miscellaneous	<u>403</u>	<u>403</u>	<u>403</u>	<u>403</u>
Total revenues	<u>\$ 820,000</u>	<u>\$ 820,000</u>	<u>\$ 767,001</u>	<u>\$ (52,999)</u>
Expenditures:				
Current:				
Public safety	\$ 2,328,785	\$ 2,328,785	\$ 2,021,255	\$ 307,530
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 2,328,785</u>	<u>\$ 2,328,785</u>	<u>\$ 2,021,255</u>	<u>\$ 307,530</u>
Revenues over (under) expenditures	\$ (1,508,785)	\$ (1,508,785)	\$ (1,254,254)	\$ 254,531
Other financing sources (uses):				
Transfer in	<u>1,770,643</u>	<u>1,770,643</u>	<u>1,770,643</u>	<u>-</u>
Net change in fund balance	\$ 261,858	\$ 261,858	\$ 516,389	\$ 254,531
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2010	<u><u>\$ 261,858</u></u>	<u><u>\$ 261,858</u></u>	<u><u>\$ 516,389</u></u>	<u><u>\$ 254,531</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 499,313	
Revenue accruals (net)			(16,954)	
Expenditure accruals (net)			34,030	
Other financing uses			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 516,389</u></u>	

The accompanying notes are an integral part of these financial statements

Grant County
SPECIAL REVENUE FUND - COUNTY CLERK'S EQUIPMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Charges for services	\$ 50,000	\$ 50,000	\$ 56,743	\$ 6,743
Expenditures:				
Current:				
General government	\$ 3,000	\$ 3,000	\$ 789	\$ 2,211
Capital outlay	30,000	30,000	8,779	21,221
Total expenditures	\$ 33,000	\$ 33,000	\$ 9,568	\$ 23,432
Net change in fund balance	\$ 17,000	\$ 17,000	\$ 47,175	\$ 30,175
Fund balance, July 1, 2009	108,502	108,502	108,502	-
Fund balance, June 30, 2010	<u>\$ 125,502</u>	<u>\$ 125,502</u>	<u>\$ 155,677</u>	<u>\$ 30,175</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 47,175	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Other financing sources			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 47,175</u>	

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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 43,400	\$ 43,400	\$ 42,800	\$ (600)
Expenditures:				
Current:				
Public safety	\$ 43,400	\$ 43,400	\$ 62,365	\$ (18,965)
Capital outlay	16,323	16,323		16,323
Total expenditures	\$ 59,723	\$ 59,723	\$ 62,365	\$ (2,642)
Net change in fund balance	\$ (16,323)	\$ (16,323)	\$ (19,565)	\$ (3,242)
Fund balance, July 1, 2009	16,323	16,323	16,323	-
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,242)</u>	<u>\$ (3,242)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (20,178)	
Revenue accruals (net)				
Expenditure accruals (net)			<u>613</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (19,565)</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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 60,000	\$ 60,000	\$ 40,110	\$ (19,890)
Expenditures:				
Current:				
Culture and recreation	62,000	87,000	72,912	14,088
Revenues over (under) expenditures	\$ (2,000)	\$ (27,000)	\$ (32,802)	\$ (5,802)
Other financing sources (uses):				
Transfer out	(17,500)	(17,500)	(17,500)	-
Net change in fund balance	\$ (19,500)	\$ (44,500)	\$ (50,302)	\$ (5,802)
Fund balance, July 1, 2009	104,661	104,661	104,661	-
Fund balance, June 30, 2010	\$ 85,161	\$ 60,161	\$ 54,359	\$ (5,802)
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (46,587)	
Revenue accruals (net)			(3,715)	
Expenditure accruals (net)				
Net change in fund balance, NON-GAAP budgetary basis			\$ (50,302)	

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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 162,679	\$ 785,641	\$ 520,244	\$ (265,397)
Charges for services	45,000	45,000	158,230	113,230
Total revenues	\$ 207,679	\$ 830,641	\$ 678,474	\$ (152,167)
Expenditures:				
Current:				
General government	\$ 164,401	\$ 164,401	\$ 133,213	\$ 31,188
Capital outlay	56,198	745,134	566,684	178,450
Total expenditures	\$ 220,599	\$ 909,535	\$ 699,897	\$ 209,638
Revenues over (under) expenditures	\$ (12,920)	\$ (78,894)	\$ (21,423)	\$ 57,471
Other financing sources (uses):				
Transfer in	\$ 121,540	\$ 71,540		\$ (71,540)
Net change in fund balance	\$ 108,620	\$ (7,354)	\$ (21,423)	\$ (14,069)
Fund balance, July 1, 2009	(83,939)	7,354	(83,939)	(91,293)
Fund balance, June 30, 2010	\$ 24,681	\$ -	\$ (105,362)	\$ (105,362)
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (44,656)	
Revenue accruals (net)			143,598	
Expenditure accruals (net)			1,175	
Other financing sources (net)			(121,540)	
Net change in fund balance, NON-GAAP budgetary basis			\$ (21,423)	

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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Charges for services	\$ 119,000	\$ 119,000	\$ 96,127	\$ (22,873)
Expenditures:				
Current:				
General government	\$ 82,228	\$ 82,228	\$ 68,446	\$ 13,782
Capital outlay	30,000	30,000	9,388	20,612
Total expenditures	\$ 112,228	\$ 112,228	\$ 77,834	\$ 34,394
Net change in fund balance	\$ 6,772	\$ 6,772	\$ 18,293	\$ 11,521
Fund balance, July 1, 2009	130,098	130,098	130,098	-
Fund balance, June 30, 2010	\$ 136,870	\$ 136,870	\$ 148,391	\$ 11,521
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 18,515	
Revenue accruals (net)				
Expenditure accruals (net)			(222)	
Net change in fund balance, NON-GAAP budgetary basis			\$ 18,293	

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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 93,628	\$ 174,913	\$ 170,164	\$ (4,749)
Miscellaneous			2,515	2,515
Total revenues	\$ 93,628	\$ 174,913	\$ 172,679	\$ (2,234)
Expenditures:				
Current:				
Public Safety	\$ 104,520	\$ 113,135	\$ 82,847	\$ 30,288
Capital outlay	1,519	69,889	69,839	50
Total expenditures	\$ 106,039	\$ 183,024	\$ 152,686	\$ 30,338
Revenues over (under) expenditures	\$ (12,411)	\$ (8,111)	\$ 19,993	\$ 28,104
Other financing sources (uses):				
Transfer in			\$ -	\$ -
Net change in fund balance	\$ (12,411)	\$ (8,111)	\$ 19,993	\$ 28,104
Fund balance, July 1, 2009	12,832	12,832	12,832	-
Fund balance, June 30, 2010	\$ 421	\$ 4,721	\$ 32,825	\$ 28,104
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 13,185	
Revenue accruals (net)				
Expenditure accruals (net)			6,808	
Net change in fund balance, NON-GAAP budgetary basis			\$ 19,993	

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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	448,000	448,000	318,462	(129,538)
Total revenues	\$ 448,000	\$ 448,000	\$ 318,462	\$ (129,538)
Expenditures:				
Current:				
Health and welfare	\$ 443,125	\$ 463,125	\$ 386,336	\$ 76,789
Revenues over (under) expenditures	\$ 4,875	\$ (15,125)	\$ (67,874)	\$ (52,749)
Other financing sources (uses):				
Transfer out	(10,450)	(10,450)	(10,450)	-
Net change in fund balance	\$ (5,575)	\$ (25,575)	\$ (78,324)	\$ (52,749)
Fund balance, July 1, 2009	543,149	543,149	543,149	-
Fund balance, June 30, 2010	\$ 537,574	\$ 517,574	\$ 464,825	\$ (52,749)
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (142,371)	
Revenue accruals (net)			(147,913)	
Expenditure accruals (net)			211,960	
Other financing uses (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (78,324)	

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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 650,000	\$ 650,000	\$ 459,010	\$ (190,990)
Intergovernmental			92,102	92,102
Miscellaneous			789	789
Total revenues	<u>\$ 650,000</u>	<u>\$ 650,000</u>	<u>\$ 551,901</u>	<u>\$ (98,099)</u>
Expenditures:				
Current:				
Public safety	\$ 702,086	\$ 702,086	\$ 670,705	\$ 31,381
Capital outlay				-
Total expenditures	<u>\$ 702,086</u>	<u>\$ 702,086</u>	<u>\$ 670,705</u>	<u>\$ 31,381</u>
Revenues over (under) expenditures	\$ (52,086)	\$ (52,086)	\$ (118,804)	\$ (66,718)
Other financing sources (uses):				
Transfer out			\$ -	\$ -
Net change in fund balance	\$ (52,086)	\$ (52,086)	\$ (118,804)	\$ (66,718)
Fund balance, July 1, 2009	<u>149,971</u>	<u>149,971</u>	<u>149,971</u>	<u>-</u>
Fund balance, June 30, 2010	<u>\$ 97,885</u>	<u>\$ 97,885</u>	<u>\$ 31,167</u>	<u>\$ (66,718)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (119,697)	
Revenue accruals (net)			(16,871)	
Expenditure accruals (net)			<u>17,764</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (118,804)</u>	

The accompanying notes are an integral part of these financial statements

Grant County
SPECIAL REVENUE FUND - GILA/CLIFF FIRE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 103,272	\$ 103,272	\$ 103,272	\$ -
Charges for services			5,071	5,071
Total revenues	<u>\$ 103,272</u>	<u>\$ 103,272</u>	<u>\$ 108,343</u>	<u>\$ 5,071</u>
Expenditures:				
Current:				
Public safety	\$ 39,158	\$ 39,158	\$ 25,878	\$ 13,280
Capital outlay	64,114	64,114	100,468	(36,354)
Total expenditures	<u>\$ 103,272</u>	<u>\$ 103,272</u>	<u>\$ 126,346</u>	<u>\$ (23,074)</u>
Net change in fund balance	\$ -	\$ -	\$ (18,003)	\$ (18,003)
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	179,308	179,308
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 161,305</u></u>	<u><u>\$ 161,305</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (18,048)	
Revenue accruals (net)			(39)	
Expenditure accruals (net)			202,484	
Other financing sources (net)			<u>(202,400)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (18,003)</u></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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 55,501	\$ 55,501	\$ 56,839	\$ 1,338
Charges for services			4,369	4,369
Miscellaneous				-
Total revenues	\$ 55,501	\$ 55,501	\$ 61,208	\$ 5,707
Expenditures:				
Current:				
Public safety	\$ 24,800	\$ 24,800	\$ 31,420	\$ (6,620)
Capital outlay	35,720	35,720	36,843	(1,123)
Total expenditures	\$ 60,520	\$ 60,520	\$ 68,263	\$ (7,743)
Net change in fund balance	\$ (5,019)	\$ (5,019)	\$ (7,055)	\$ (2,036)
Fund balance, July 1, 2009	5,019	5,019	5,018	(1)
Fund balance, June 30, 2010	\$ -	\$ -	\$ (2,037)	\$ (2,037)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (7,053)	
Revenue accruals (net)			(16,556)	
Expenditure accruals (net)			16,554	
Other financing sources				
Net change in fund balance, NON-GAAP budgetary basis			\$ (7,055)	

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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 130,272	\$ 103,272	\$ 103,272	\$ -
Charges for services		2,444	7,390	4,946
Miscellaneous				-
Total revenues	\$ 130,272	\$ 105,716	\$ 110,662	\$ 4,946
Expenditures:				
Current:				
Public safety	\$ 36,900	\$ 36,900	\$ 36,462	\$ 438
Capital outlay	66,372	251,042	251,480	(438)
Total expenditures	\$ 103,272	\$ 287,942	\$ 287,942	\$ -
Net change in fund balance	\$ 27,000	\$ (182,226)	\$ (177,280)	\$ 4,946
Fund balance, July 1, 2009	182,226	182,226	182,226	-
Fund balance, June 30, 2010	<u>\$ 209,226</u>	<u>\$ -</u>	<u>\$ 4,946</u>	<u>\$ 4,946</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (189,674)	
Revenue accruals (net)			(12)	
Expenditure accruals (net)			139,281	
Other financing sources (net)			<u>(126,875)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (177,280)</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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 103,272	\$ 103,272	\$ 103,272	\$ -
Charges for services			2,477	2,477
Miscellaneous		42,997	92,720	49,723
Total revenues	<u>\$ 103,272</u>	<u>\$ 146,269</u>	<u>\$ 198,469</u>	<u>\$ 52,200</u>
Expenditures:				
Current:				
Public safety	\$ 42,440	\$ 42,440	\$ 36,092	\$ 6,348
Capital outlay	188,512	266,959	273,307	(6,348)
Total expenditures	<u>\$ 230,952</u>	<u>\$ 309,399</u>	<u>\$ 309,399</u>	<u>\$ -</u>
Net change in fund balance	\$ (127,680)	\$ (163,130)	\$ (110,930)	\$ 52,200
Fund balance, July 1, 2009	163,130	163,130	163,130	-
Fund balance, June 30, 2010	<u>\$ 35,450</u>	<u>\$ -</u>	<u>\$ 52,200</u>	<u>\$ 52,200</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (105,571)	
Revenue accruals (net)			(31)	
Expenditure accruals (net)			169,344	
Other financing sources			<u>(174,672)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (110,930)</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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 41,789	\$ 41,789	\$ 41,789	\$ -
Charges for services			3,029	3,029
Miscellaneous			1,667	1,667
Total revenues	<u>\$ 41,789</u>	<u>\$ 41,789</u>	<u>\$ 46,485</u>	<u>\$ 4,696</u>
Expenditures:				
Current:				
Public safety	\$ 24,000	\$ 41,789	\$ 26,313	\$ 15,476
Capital outlay	17,789			-
Total expenditures	<u>\$ 41,789</u>	<u>\$ 41,789</u>	<u>\$ 26,313</u>	<u>\$ 15,476</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ 20,172	\$ 20,172
Other financing sources (uses):				
Transfer out	-			-
Net change in fund balance	\$ -	\$ -	\$ 20,172	\$ 20,172
Fund balance, July 1, 2009			58,562	58,562
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,734</u>	<u>\$ 78,734</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 34,073	
Revenue accruals (net)			(19)	
Expenditure accruals (net)			67,972	
Other financing sources (net)			<u>(81,854)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 20,172</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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 146,750	\$ 146,750	\$ 146,750	\$ -
Charges for services			2,252	2,252
Miscellaneous			1,667	1,667
Total revenues	\$ 146,750	\$ 146,750	\$ 150,669	\$ 3,919
Expenditures:				
Current:				
Public safety	\$ 35,500	\$ 40,700	\$ 40,670	\$ 30
Capital outlay	111,250	188,250	173,841	14,409
Total expenditures	\$ 146,750	\$ 228,950	\$ 214,511	\$ 14,439
Net change in fund balance	\$ -	\$ (82,200)	\$ (63,842)	\$ 18,358
Fund balance, July 1, 2009	-	171,569	171,569	-
Fund balance, June 30, 2010	\$ -	\$ 89,369	\$ 107,727	\$ 18,358
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (63,885)	
Revenue accruals (net)				
Expenditure accruals (net)			43	
Net change in fund balance, NON-GAAP budgetary basis			\$ (63,842)	

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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 198,388	\$ 198,388	\$ 198,388	\$ -
Charges for services			2,910	2,910
Miscellaneous			3,659	3,659
Total revenues	<u>\$ 198,388</u>	<u>\$ 198,388</u>	<u>\$ 204,957</u>	<u>\$ 6,569</u>
Expenditures:				
Current:				
Public safety	\$ 57,653	\$ 57,653	\$ 42,538	\$ 15,115
Capital outlay	140,735	140,735	57,995	82,740
Total expenditures	<u>\$ 198,388</u>	<u>\$ 198,388</u>	<u>\$ 100,533</u>	<u>\$ 97,855</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ 104,424	\$ 104,424
Other financing sources (uses):				
Transfer out				<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ 104,424	\$ 104,424
Fund balance, July 1, 2009			92,044	92,044
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,468</u>	<u>\$ 196,468</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 104,704	
Revenue accruals (net)				
Expenditure accruals (net)			(280)	
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 104,424</u>	

The accompanying notes are an integral part of these financial statements

Grant County
SPECIAL REVENUE FUND - TYRONE FIRE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 309,804	\$ 309,804	\$ 309,804	\$ -
Charges for services			33,075	33,075
Miscellaneous			3,658	3,658
Total revenues	<u>\$ 309,804</u>	<u>\$ 309,804</u>	<u>\$ 346,537</u>	<u>\$ 36,733</u>
Expenditures:				
Current:				
Public safety	\$ 47,595	\$ 298,004	\$ 206,766	\$ 91,238
Capital outlay	262,209	262,209	337,166	(74,957)
Total expenditures	<u>\$ 309,804</u>	<u>\$ 560,213</u>	<u>\$ 543,932</u>	<u>\$ 16,281</u>
Revenues over (under) expenditures	\$ -	\$ (250,409)	\$ (197,395)	\$ 53,014
Other financing sources (uses):				
Transfer out		\$ (7,650)	\$ (2,790)	\$ 4,860
Net change in fund balance	\$ -	\$ (258,059)	\$ (200,185)	\$ 57,874
Fund balance, July 1, 2009		258,059	87,739	(170,320)
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (112,446)</u>	<u>\$ (112,446)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 447,340	
Revenue accruals (net)			(102)	
Expenditure accruals (net)			9,741	
Other financing sources (net)			<u>(654,374)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (197,395)</u>	

The accompanying notes are an integral part of these financial statements

Grant County
SPECIAL REVENUE FUND - SANTA RITA FIRE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental		\$ 51,636	\$ 51,636	\$ -
Charges for services			14,791	14,791
Miscellaneous			2,602	2,602
Total revenues	\$ -	\$ 51,636	\$ 69,029	\$ 17,393
Expenditures:				
Current:				
Public safety		\$ 33,100	\$ 38,360	\$ (5,260)
Capital outlay		21,036	15,177	5,859
Total expenditures	\$ -	\$ 54,136	\$ 53,537	\$ 599
Net change in fund balance	\$ -	\$ (2,500)	\$ 15,492	\$ 17,992
Fund balance, July 1, 2009	-	25,281	25,281	-
Fund balance, June 30, 2010	\$ -	\$ 22,781	\$ 40,773	\$ 17,992
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 14,620	
Revenue accruals (net)			872	
Expenditure accruals (net)			-	
Other financing sources				
Net change in fund balance, NON-GAAP budgetary basis			\$ 15,492	

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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
General government	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	-	-	498	498
Fund balance, June 30, 2010	\$ -	\$ -	\$ 498	\$ 498
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	4,065	4,065
Total revenues	\$ -	\$ -	\$ 4,065	\$ 4,065
Expenditures:				
Current:				
Public safety	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ -	\$ -	\$ 4,065	\$ 4,065
Fund balance, July 1, 2009	-	-	(43,389)	(43,389)
Fund balance, June 30, 2010	\$ -	\$ -	\$ (39,324)	\$ (39,324)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 4,065	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 4,065	

The accompanying notes are an integral part of these financial statements

Grant County
SPECIAL REVENUE FUND - AGENCY ON AGING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 100,014	\$ 694,838	\$ 285,997	\$ (408,841)
Charges for services		69,275	50,376	(18,899)
Miscellaneous				-
	<u>\$ 100,014</u>	<u>\$ 764,113</u>	<u>\$ 336,373</u>	<u>\$ (427,740)</u>
Expenditures:				
Current:				
Health and welfare	\$ 48,800	\$ 671,952	\$ 279,271	\$ 392,681
Capital outlay		40,947	29,183	11,764
	<u>\$ 48,800</u>	<u>\$ 712,899</u>	<u>\$ 308,454</u>	<u>\$ 404,445</u>
Revenues over (under) expenditures	\$ 51,214	\$ 51,214	\$ 27,919	\$ (23,295)
Other financing sources (uses):				
Transfer out			<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance	\$ 51,214	\$ 51,214	\$ 27,919	\$ (23,295)
Fund balance, July 1, 2009	<u>(51,214)</u>	<u>(51,214)</u>	<u>(56,771)</u>	<u>(5,557)</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (28,852)</u>	<u>\$ (28,852)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 27,919	
Revenue accruals (net)				
Expenditure accruals (net)				
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 27,919</u>	

The accompanying notes are an integral part of these financial statements

Grant County
DEBT SERVICE FUND - JAIL REVENUE BOND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 904,700	\$ 900,000	\$ 1,079,242	\$ 179,242
Expenditures:				
Current:				
Debt service	<u>400,000</u>	<u>404,700</u>	<u>479,128</u>	<u>(74,428)</u>
Net change in fund balance	\$ 504,700	\$ 495,300	\$ 600,114	\$ 104,814
Fund balance, July 1, 2009	<u>1,442,436</u>	<u>1,442,436</u>	<u>1,442,436</u>	<u>-</u>
Fund balance, June 30, 2010	<u>\$ 1,947,136</u>	<u>\$ 1,937,736</u>	<u>\$ 2,042,550</u>	<u>\$ 104,814</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 600,171	
Revenue accruals (net)			(57)	
Expenditure accruals (net)				
Other financing sources			<u> </u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 600,114</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (2,760,029)	
Revenue accruals (net)			(226,789)	
Expenditure accruals (net)			2,986,831	
Other financing sources			<u>(13)</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
CAPITAL PROJECT FUND - RENOVATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 5,726,636	\$ 5,694,756	\$ 710,901	\$ (4,983,855)
Expenditures:				
Capital outlay	5,318,156	5,319,830	3,008,337	2,311,493
Revenues over (under) expenditures	\$ 408,480	\$ 374,926	\$ (2,297,436)	\$ (2,672,362)
Other financing sources (uses):				
Loan proceeds	-	-	2,803,569	2,803,569
Net change in fund balance	\$ 408,480	\$ 374,926	\$ 506,133	\$ 131,207
Fund balance, July 1, 2009	(408,480)	(374,926)	(555,292)	(180,366)
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (49,159)</u>	<u>\$ (49,159)</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 437,773	
Revenue accruals (net)			(2,716,745)	
Expenditure accruals (net)			(18,464)	
Other financing sources (net)			<u>2,803,569</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 506,133</u>	

The accompanying notes are an integral part of these financial statements

Grant County
CAPITAL PROJECT FUND - HACHITA RECREATION CENTER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	<u> </u>	<u> </u>	<u>420</u>	<u>420</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 420</u></u>	<u><u>\$ 420</u></u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ -</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 85,619	\$ 85,619
Expenditures:				
Capital outlay	<u>250,000</u>	<u>250,000</u>	<u>31,043</u>	<u>218,957</u>
Revenues over (under) expenditures	\$ (250,000)	\$ (250,000)	\$ 54,576	\$ 304,576
Other financing sources (uses):				
Transfer in	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Net change in fund balance	\$ 50,000	\$ 50,000	\$ 354,576	\$ 304,576
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>227,716</u>	<u>227,716</u>
Fund balance, June 30, 2010	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 582,292</u>	<u>\$ 532,292</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 367,665	
Revenue accruals (net)				
Expenditure accruals (net)			<u>(13,089)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 354,576</u>	

The accompanying notes are an integral part of these financial statements

Grant County
CAPITAL PROJECT 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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Miscellaneous	\$ 50,000	\$ 50,000	\$ 4,687	\$ (45,313)
Expenditures:				
Capital outlay	<u>5,391,586</u>	<u>5,391,586</u>	<u>771,860</u>	<u>4,619,726</u>
Revenues over (under) expenditures	\$ (5,341,586)	\$ (5,341,586)	\$ (767,173)	\$ 4,574,413
Other financing sources (uses):				
Loan proceeds	<u>-</u>	<u>-</u>	<u>4,000,000</u>	<u>4,000,000</u>
Net change in fund balance	\$ (5,341,586)	\$ (5,341,586)	\$ 3,232,827	\$ 8,574,413
Fund balance, July 1, 2009	<u>6,003,347</u>	<u>6,003,347</u>	<u>6,003,347</u>	<u>-</u>
Fund balance, June 30, 2010	<u>\$ 661,761</u>	<u>\$ 661,761</u>	<u>\$ 9,236,174</u>	<u>\$ 8,574,413</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			3,245,595	
Revenue accruals (net)			(205)	
Expenditure accruals (net)			(12,563)	
Net change in transfers			<u> </u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 3,232,827</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Miscellaneous	\$ 400,000	\$ 400,000	\$ 361,888	\$ (38,112)
Expenditures:				
Capital outlay	<u>326,138</u>	<u>358,599</u>	<u>358,199</u>	<u>400</u>
Revenues over (under) expenditures	\$ 73,862	\$ 41,401	\$ 3,689	\$ (37,712)
Other financing sources (uses):				
Transfer in	<u>-</u>	<u>31,881</u>	<u>31,881</u>	<u>-</u>
Net change in fund balance	\$ 73,862	\$ 73,282	\$ 35,570	\$ (37,712)
Fund balance, July 1, 2009	<u>(73,862)</u>	<u>(73,282)</u>	<u>(73,862)</u>	<u>(580)</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (38,292)</u></u>	<u><u>\$ (38,292)</u></u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			266,649	
Revenue accruals (net)				
Expenditure accruals (net)			(231,079)	
Net change in transfers			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 35,570</u></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, 2010

	<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, 2009			-	-
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Budgetary reconciliation:			
Net change in fund balance, GAAP basis			\$ (30,514,233)
Revenue accruals (net)			(121,395)
Expenditure accruals (net)			29,717,555
Other financing sources (net)			<u>918,073</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ -	\$ 918,060	\$ 918,060	\$ -
Expenditures:				
Capital outlay		<u>719,374</u>	<u>128,831</u>	<u>590,543</u>
Revenues over (under) expenditures	\$ -	\$ 198,686	\$ 789,229	\$ 590,543
Other financing sources (uses):				
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ -	\$ 198,686	\$ 789,229	\$ 590,543
Fund balance, July 1, 2009			<u>-</u>	<u>-</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ 198,686</u>	<u>\$ 789,229</u>	<u>\$ 590,543</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 811,021	
Revenue accruals (net)			918,060	
Expenditure accruals (net)			(21,792)	
Other financing sources (net)			<u>(918,060)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 789,229</u>	

The accompanying notes are an integral part of these financial statements

Grant County
CAPITAL PROJECT FUND - CAPITAL ROAD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 1,273,827	\$ 1,526,883	\$ 391,142	\$ (1,135,741)
Expenditures:				
Capital outlay	1,043,614	1,296,670	489,321	807,349
Revenues over (under) expenditures	\$ 230,213	\$ 230,213	\$ (98,179)	\$ (328,392)
Other financing sources (uses):				
Transfer in				-
Net change in fund balance	\$ 230,213	\$ 230,213	\$ (98,179)	\$ (328,392)
Fund balance, July 1, 2009	(230,213)	(230,213)	(230,212)	1
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (328,391)</u>	<u>\$ (328,391)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (98,179)	
Revenue accruals (net)				
Expenditure accruals (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (98,179)</u>	

The accompanying notes are an integral part of these financial statements

Grant County
COMPONENT UNIT - GILA REGIONAL MEDICAL CENTER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Operating revenue	\$ 64,392,149	\$ 64,392,149	\$ 69,108,380	\$ 4,716,231
Operating expenses:				
Salaries, wages, taxes and benefits	\$ 33,082,386	\$ 33,082,386	\$ 33,226,786	\$ (144,400)
Supplies and other	14,106,050	14,106,050	15,572,185	(1,466,135)
Purchased services	10,902,060	10,902,060	11,485,140	(583,080)
Depreciation and amortization	2,757,467	2,757,467	3,046,309	(288,842)
Rentals and leases	1,987,910	1,987,910	1,896,431	91,479
Total operating expenses	\$ 62,835,873	\$ 62,835,873	\$ 65,226,851	\$ (2,390,978)
Operating income	\$ 1,556,276	\$ 1,556,276	\$ 3,881,529	\$ 2,325,253
Nonoperating income	253,803	253,803	797,769	543,966
Change in net assets	\$ 1,810,079	\$ 1,810,079	\$ 4,679,298	\$ 2,869,219
Capital grant from State of New Mexico for Cancer Center and EMS building			52,091	
Net assets, beginning of year			55,962,484	
Net assets, end of year			\$ 60,693,873	

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, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2010</u>
Property Tax Fund				
Assets				
Cash and investments	\$ 82,927	\$ 9,571,071	\$ 9,398,378	\$ 255,620
Taxes receivable	512,539	5,896,056	5,738,195	670,400
Total assets	<u>\$ 595,466</u>	<u>\$ 15,467,127</u>	<u>\$ 15,136,573</u>	<u>\$ 926,020</u>
Liabilities				
Due to others	<u>\$ 595,466</u>	<u>\$ 15,467,127</u>	<u>\$ 15,136,573</u>	<u>\$ 926,020</u>

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

Grant County
SCHEDULE OF DEPOSITORY COLLATERAL
June 30, 2010

	<u>Wells Fargo</u>	<u>Ambank</u>	<u>Wells Fargo Brokerage</u>	<u>Total</u>
Checking and CD's	\$ 7,060,608	\$ 45,117	\$ 1,750,000	\$ 8,855,725
Total on deposit	\$ 7,060,608	\$ 45,117	\$ 1,750,000	\$ 8,855,725
Less: FDIC insurance	<u>(250,000)</u>	<u>(45,117)</u>	<u>(1,750,000)</u>	<u>(2,045,117)</u>
Total uninsured public funds	<u>\$ 6,810,608</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,810,608</u>
 50% collateralization requirement (Section 6-10-17 NMSA)	 <u>\$ 3,406,304</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 3,406,304</u>
 Pledged Securities:				
FHLM 3128M1PC7 6-1-21	\$ 1,551,865	\$ -	\$ -	\$ 1,551,865
FHLM 31371MU96 7-1-36	\$ 345,911			
FHLM 31371MV48 7-1-36	\$ 1,494,805			
FHLM 31411VFP9 4-1-37	<u>1,148,203</u>			<u>1,148,203</u>
Total pledged securities	<u>\$ 4,540,784</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,700,068</u>
 Pledged securities over (under) requirement	 <u>\$ 1,134,480</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 1,134,480</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, 2010

	<u>Type of Account</u>	<u>Bank Balance</u>	<u>Reconciled Balance</u>
<u>Wells Fargo</u>			
Grant County Treasurer	Checking	\$ 5,948,904	\$ 5,130,634
Dos Griegos	Savings	11,071	11,071
SWNMTF DCSI	Checking	1,484	1,484
SWNMTF Treasury	Checking	10,104	10,104
SWNMTF Justice	Savings	3,226	3,226
IRS Tax Bank	Checking	1	1
HIDTA	Checking	10,990	10,990
Detention Center Construction	Checking	1,066,604	1,066,604
Detention Center Construction	Checking	8,224	8,224
		<u>7,060,608</u>	<u>6,242,338</u>
<u>Ambank</u>			
General	CD	\$ 19,527	\$ 19,527
General	CD	25,590	25,590
		<u>45,117</u>	<u>45,117</u>
<u>Wells Fargo Brokerage</u>			
General	Govt Money Mkt	\$ 653,640	\$ 653,640
	Freddie Mac Notes	2,575,000	2,075,000
	Fannie Mae Notes	1,000,000	500,000
	FHLB Notes	1,500,000	1,500,000
Detention Center Bond	Govt Money Mkt	8,214,516	8,214,516
	CD	1,750,000	1,750,000
		<u>15,693,156</u>	<u>14,693,156</u>
<u>NM Local Government Investment Pool</u>			
General	Investment	\$ 100,000	\$ 100,000

Grant County
SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS (concluded)
 June 30, 2010

	Type of Account	Bank Balance	Reconciled Balance
<u>US Bank</u>			
Fort Bayard Medical Facility			
	FHLB Notes	\$ 1,106,688	\$ 1,106,688
	Fed Farm Cr Notes	380,522	380,522
	1St American Gov't Obligation	1,764,596	1,764,596
		\$ 3,251,806	\$ 3,251,806
<u>RBC Public Funds Service</u>			
Fort Bayard Medical Facility			
	Freddie Mac Notes	\$ 289,824	\$ 277,800
	Fannie Mae Notes	2,267,944	2,267,944
	FHLB Notes	1,865,246	1,865,246
	Fed Nat'l Mortgage Notes	531,625	531,625
	US Treasury Notes	811,034	811,034
	FHLM Notes	250,030	250,030
	Cash USD	167,371	167,371
		\$ 6,183,074	\$ 6,171,050
<u>NMFA</u>			
Cash on deposit with paying agent	NMFA	\$ 966,530	\$ 966,530
Cash on hand			\$ 1,005
Total cash and investments		\$ 33,300,291	\$ 31,471,002

Grant County
SCHEDULE OF JOINT POWERS AGREEMENT
For the Fiscal Year ended June 30, 2010

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, 2010

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, 2010

	Ft Bayard Economic Dev <u>07-L-G-3875</u>	Detention Center <u>05-6-5-1737</u>	Civic Center <u>07-L-G-6481</u>	MIA <u>08-L-G-5195</u>	Gila Library <u>08-L-G-5192</u>	Bataan Park <u>06-L-G-433</u>
Original appropriation	\$ 100,000	\$ -	\$ 1,000,000	\$ -	\$ 100,000	\$ 75,000
Funds reverted	<u>(90,000)</u>					
Appropriation remaining	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 75,000</u>
Expended through June 30, 2010	\$ 10,000	\$ 15,230	\$ 1,000,000	\$ 1,639	\$ 1,326	\$ 75,000
Encumbrances						
Total committed	<u>\$ 10,000</u>	<u>\$ 15,230</u>	<u>\$ 1,000,000</u>	<u>\$ 1,639</u>	<u>\$ 1,326</u>	<u>\$ 75,000</u>
Project expiration date	06/30/11	06/30/12	06/30/12	06/30/12	06/30/12	06/30/10

DWI Program 08-L-G-1081	Mem Pk Water Erosion 04-L-G-1602	Court House Renov 04-L-G-284	Court House Historical 07-L-G-3428	Civic Center 07-L-G-5273	Memorial Park 08-L-G-5191	Memorial Park 08-L-G-4314
\$ 18,500	\$ 50,000	\$ 150,000	\$ 27,000	\$ 1,500,000	\$ 91,292	\$ 145,000
		(147,079)				
<u>\$ 18,500</u>	<u>\$ 50,000</u>	<u>\$ 2,921</u>	<u>\$ 27,000</u>	<u>\$ 1,500,000</u>	<u>\$ 91,292</u>	<u>\$ 145,000</u>
\$ 18,500	\$ 50,000	\$ 2,921	\$ 27,000	\$ 1,425,003	91,292	133,983
<u>\$ 18,500</u>	<u>\$ 50,000</u>	<u>\$ 2,921</u>	<u>\$ 27,000</u>	<u>\$ 1,425,003</u>	<u>\$ 91,292</u>	<u>\$ 133,983</u>
06/30/12	06/30/09	06/30/09	06/30/11	06/30/11	06/30/12	06/30/12

Grant County
SCHEDULE OF LEGISLATIVE GRANTS
 June 30, 2010

	Court House Renov <u>04-L-G-917</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>	Dispatch Equip <u>08-L-G-4321</u>	Court House Renov <u>07-L-G-5271</u>
Original appropriation	\$ 75,000	\$ 250,000	\$ 125,000	\$ 75,000	\$ 150,000	\$ 100,000
Funds reverted	_____	_____	_____	_____	_____	_____
Appropriation remaining	<u>\$ 75,000</u>	<u>\$ 250,000</u>	<u>\$ 125,000</u>	<u>\$ 75,000</u>	<u>\$ 150,000</u>	<u>\$ 100,000</u>
Expended through June 30, 2010	\$ 73,738	\$ 173,355	\$ 125,000	\$ 75,000	147,048	36,993
Encumbrances	_____	_____	_____	_____	_____	_____
Total committed	<u><u>\$ 73,738</u></u>	<u><u>\$ 173,355</u></u>	<u><u>\$ 125,000</u></u>	<u><u>\$ 75,000</u></u>	<u><u>\$ 147,048</u></u>	<u><u>\$ 36,993</u></u>
Project expiration date	06/30/09	06/30/11	06/30/12	06/30/11	06/30/12	06/30/11

Bus Terminal 07-L-G-3425	Industrial Park 06-L-G-1669	Industrial Park 06-L-G-434
\$ 100,000	\$ 250,000	\$ 200,000
<hr/>	<hr/>	<hr/>
<u>\$ 100,000</u>	<u>\$ 250,000</u>	<u>\$ 200,000</u>
100,000	60,434	198,000
<hr/>	<hr/>	<hr/>
<u>\$ 100,000</u>	<u>\$ 60,434</u>	<u>\$ 198,000</u>

06/30/11

06/30/10

06/30/10

Grant County
TAX ROLL RECONCILIATION
 For the Fiscal Year Ended June 30, 2010

Property taxes receivable, July 1, 2008	\$	1,179,353
Net taxes charged to the Treasurer for 2009		13,309,684
Collections/Distributions/Changes		<u>(13,019,080)</u>
Property taxes receivable, June 30, 2009	\$	<u><u>1,469,957</u></u>
Property taxes receivable, by year		
2009	\$	910,798
2008		273,539
2007		125,333
2006		50,716
2005		34,316
2004		25,979
2003		16,402
2002		13,175
2001		12,109
2000		<u>7,590</u>
	\$	<u><u>1,469,957</u></u>

Grant County
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2010

<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 JUSTICE</u>			
Direct:			
Edward Byrne Justice Assistance Grant	16.738	N/A	\$ 16,260
ARRA Border Operations Task Force	16.809	N/A	530,487
Passed through N.M. Dept. of Children, Youth & Families:			
Juvenile Justice and Delinquency Prevention	16.540	633J9	<u>61,581</u>
Total U.S. Department of Justice			<u>\$ 608,328</u>
<u>U.S. DEPARTMENT OF THE INTERIOR</u>			
Direct:			
Distribution of receipts	15.227	N/A	<u>\$ 20,715</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed through NM Dept of Emergency Management:			
Emergency Management Performance Grants	97.042	571V	<u>\$ 75,952</u>
<u>U.S. DEPARTMENT OF LABOR</u>			
Direct:			
WIA Youth Activities	17.259	464W	<u>\$ 52,117</u>

Grant County
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS(concluded)
For The Fiscal Year Ended June 30, 2010

<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 Improvement Grants	20.106	N/A	\$ 569,215
Passed Through N.M. Department of Transportation:			
Public Transportation Formula Grants	20.509	A06-09	<u>491,971</u>
Total Department of Transportation			<u>\$ 1,061,186</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Direct:			
Schools and Roads - Grants to States	10.665	N/A	<u>\$ 715,167</u>
<u>U.S. DEPT. OF HEALTH AND HUMAN SERVICES</u>			
Passed through New Mexico Aging Department:			
Special Programs for Aging-Nutrition Services	93.045	2009-010	<u>\$ 78,167</u>
Total expenditures of federal awards			<u><u>\$ 2,611,632</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, 2010

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 coverage during the year ended June 30, 2010:

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, 2010

Findings – Financial Statement Audit	<u>Current Status</u>
---	-----------------------

07-3 Property tax schedule not presented in the State Auditor required format	Repeated
---	----------

07-4 Purchase orders dated after the invoice	Repeated
--	----------

FINDINGS RELATED TO THE COMPONENT UNIT

FS 09-1 Cash Collateralization	Resolved
--------------------------------	----------

FS 09-2 Disposition of property	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, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Grant County as of and for the year ended June 30, 2010, which collectively comprise Grant County's basic financial statements and have issued our report thereon dated November 1, 2012. We have also audited the financial statements of each of the County's non-major governmental funds, and the respective budgetary comparisons for the non-major special revenue funds, the debt service funds, and the capital projects funds presented as other supplementary information as of and for the year ended June 30, 2010 and have issued our report thereon dated November 1, 2012. 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

Management of Grant County is responsible for establishing and maintaining effective 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been

identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as finding 10-1 to be a material weakness.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as finding 10-2 to be a significant deficiency.

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 other matters that are required to be reported pursuant to *Government Auditing Standards* paragraphs 5.14 and 5.16 and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying Schedule of Findings and Questioned Costs as findings 10-3, 07-4 and 07-3, and for the component unit finding FS 10-1.

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 management, the Board of Commissioners, others within the organization, the New Mexico Department of Finance and Administration, 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 1, 2012

Stone, McGee & Co.
Certified Public Accountants

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 ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 Grant County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Grant County's major federal programs for the year ended June 30, 2010. 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 of 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, 2010.

Internal Control Over Compliance

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 10-4 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 10-5 to be a significant deficiency.

Grant County'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 responses, and accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the organization, the N.M. Department of Finance and Administration, 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 1, 2012

Stone, McGee & Co.
Certified Public Accountants

Grant County
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2010

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Grant County.
2. Two 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*. One is reported as a material weakness.
3. No instances of noncompliance material to the financial statements of Grant County, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. Two 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*. One is reported as a material weakness.
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. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs included: Border Operations Task Force, CFDA No. 16.809, Airport Improvement Grants, CFDA No. 20.106, and Public Transportation Formula Grants, CFDA No. 20.509.
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

10-1 Cash Reconciliation (Material weakness)

Condition – The County did not reconcile cash balances reported by fund to the actual reconciled cash on deposit with financial institutions. The actual cash on deposit exceeded the cash identified by fund by approximately \$1,000,000.

Criteria – Generally accepted accounting principles and N.M. Department of Finance and Administration regulations require that all cash on deposit with financial institutions be identified with the fund that owns the cash.

Effect – The County, prior to the extended work performed to identify cash by fund, was unable to report the actual cash balances by fund. Reports to the N.M. Department of Finance and Administration were incorrect, and the budgeting process was flawed due to a lack of information on beginning cash balances.

Cause – Effective September 1, 2009, the County converted to a new accounting system, provided by a vendor different from that of its prior computer software. The County did not run dual systems for any extended period of time, and personnel were unfamiliar with the new system. As a result, certain revenue amounts were either omitted from the system, or were reported twice in the system, causing significant differences between actual cash in the bank and cash reported by fund.

Recommendation – We recommend that the County develop a system whereby cash in bank is reconciled and compared to cash reported by fund each month. Any discrepancies should be investigated and corrected on a timely basis.

Agency response – The reconciliation process is now in place. The computer conversion caused a loss of internal control over cash reporting. Once the beginning balances for the 2010-2011 fiscal year are established, we believe that the process will be operational going forward.

10-2 Audit Report Deadline (Significant deficiency)

Condition – The audit report was sent to the New Mexico State Auditor by common carrier on November 1, 2012.

Criteria – Section 2.2.2.9 of NMAC, commonly called the State Auditor’s Rule, required delivery of the report by November 15, 2010.

Effect – The County has violated section 2.2.2.9 of NMAC. Furthermore, the New Mexico Legislatures use of the report for evaluation purposes has been delayed. Finally, lack of timely audit reports has jeopardized future discretionary funding from various funding sources.

Cause – As stated in comment 10-1, the County was unable, on a timely basis, to reconcile cash in bank to individual fund balances. This deficiency was caused primarily due to the conversion to a new accounting system.

Recommendation – We recommend that the County comply with the audit report submission deadlines established by the New Mexico State Auditor.

Agency Response – We believe that once cash balances have been reestablished, we will be able to comply with the stated deadlines.

10-3 Expenditures in Excess of Budgetary Authority (Other)

Condition – The County had expenditures in excess of budgetary authority in the following funds: Recreation (\$3,039), Law Enforcement Protection (\$2,642), Cliff-Gila Fire (\$23,074), Fort Bayard Fire (\$7,743), and Jail Revenue Bond (\$74,428).

Criteria – Sections 6-3-1 through 6-3-25 NMSA 1978 require, in part, that expenditures not exceed budgetary authority. The fund is the legal level of control.

Effect – The internal controls established by adherence to budgets has been compromised, and excess spending could result. In addition, New Mexico statutes have been violated.

Cause – Budget adjustments were not made to allow for the increased expenditures.

Recommendation – We recommend that the County develop a policy that includes reviewing expenditures prior to year-end, and making the appropriate budget adjustments, if necessary.

Agency Response – The above recommendation will be adopted.

07-4 Purchasing (Other)

Condition – Of 215 expenditure transactions tested, we noted 28 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 (Other)

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 2010 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 2010.

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 2010.

Agency Response – The County believes that with the conversion to a new accounting system, the required information will now be available to provide the necessary information in the required format.

FINDINGS RELATED TO THE COMPONENT UNIT

FS 10-1 Capital Lease (Other)

Condition – At June 30, 2010, the Medical Center had incorrectly classified a capital lease as an operating lease.

Criteria – The Medical Center is required to account for capital leases according to FASB ASC Section 840-30, Leases.

Effect – A material lease was not correctly classified, resulting in the understatement of capital assets and long-term obligations.

Cause – The Medical Center’s controls are not adequate to correctly classify leases.

Recommendation – Review all material leases for classification in accordance with FASB ASC Section 840-30, Leases.

Agency Response – All material leases will be reviewed to see if they qualify as a capital lease or an operating lease.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

Department of Transportation

10-4 Airport Improvement Grants – CFDA No. 20.106, Grant No. SVC 10-001, Year ended June 30, 2010

Material Weakness – As discussed in finding 10-1, actual cash in bank was not reconciled to general ledger reporting of cash by fund, including cash allocated to federal grants. Because cash was not reconciled to general ledger amounts, the possibility existed that federal grant cash balances in the general ledger were incorrect. Procedures should be implemented to reconcile cash in bank to general ledger amounts in a timely manner.

10-5 Airport Improvement Grants – CFDA No. 20.106, Grant No. SVC 10-001, Year ended June 30, 2010 (Significant Deficiency)

Condition – The Data Collection Form, the online submission required by OMB Circular A-133 to report federal funds expended was not submitted until November, 2012.

Criteria – The Data Collection Form is required to be filed no later than the earlier of 30 days after receipt of the auditor’s report or nine months after the fiscal year end.

Effect – The County has violated federal regulations, and could jeopardize future federal funding.

Cause – The County’s audit report was delayed pending reconciliation of cash in bank and general ledger cash as reported in finding 10-4.

Recommendation – We recommend that the Data Collection Form be filed timely in future years.

Agency Response – The County agrees with the finding and believes that now that cash is balanced, future reports will be timely filed.

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 on October 2, 2012. Present at this exit conference were:

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
Brett Kasten	Commission Chairman	Grant County
John Paul Saari	County Manager	Grant County
Linda Vasquez	Accountant	Grant County
Mike Stone	Shareholder	Stone, McGee & Co., CPA’s