

State of New Mexico

Grant County
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT THEREON

For the Fiscal Year ended June 30 , 2012

Grant County
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 June 30, 2012

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Grant County
DIRECTORY OF OFFICIALS
June 30, 2012

ELECTED OFFICIALS

Brett Kasten	Commission Chairman
Gabriel Ramos	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
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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.

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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, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Grant County (County) as of and for the year ended June 30, 2012, 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, and the budgetary comparisons for the non-major special revenue funds, the debt service funds, and the capital projects funds presented as other supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012, 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, 2012. 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, 2012, and the respective changes in financial position and cash flows, where applicable thereof, and the respective budgetary comparison for the

General, Hospital Indigent, 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, 2012, 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 December 21, 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. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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 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

December 21, 2012

Stone, McGee & Co.
Certified Public Accountants

Grant County
STATEMENT OF NET ASSETS
June 30, 2012

	Primary Government	Component Unit
ASSETS	Governmental Activities	Gila Regional Medical Center
Current:		
Cash and investments	\$ 17,119,811	\$ 29,252,614
Inventories		2,550,257
Taxes receivable	1,862,038	
Receivables, net	1,243,838	16,983,196
Prepaid expenses	244,567	794,399
Current portion of assets limited as to use		
Notes receivable due currently	13,627	
 Total current assets	\$ 20,483,881	\$ 49,580,466
Noncurrent assets:		
Bond issue costs	\$ 231,449	
Bond discounts	26,769	
Notes receivable, net of current amounts	97,013	
Capital assets, net	119,998,923	30,994,473
Other assets, net		198,453
 Total noncurrent assets	\$ 120,354,154	\$ 31,192,926
 Total assets	\$ 140,838,035	\$ 80,773,392

LIABILITIES

Current:		
Accounts payable	\$ 375,308	\$ 3,775,065
Accrued liabilities	1,749,768	3,405,666
Estimated third party payor settlements		
Deferred revenue	1,954,617	
Current maturities of long-term debt	2,401,656	724,199
 Total current liabilities	\$ 6,481,349	\$ 7,904,930
Noncurrent:		
Bonds payable	\$ 64,480,000	\$ 1,005,000
Notes payable	859,732	

Grant County
STATEMENT OF NET ASSETS (concluded)
 June 30, 2012

	Primary Government	Component Unit
	Governmental Activities	Gila Regional Medical Center
Lease payable	358,411	114,709
Compensated absences	521,900	
Total noncurrent liabilities	\$ 66,220,043	\$ 1,119,709
Total liabilities	\$ 72,701,392	\$ 9,024,639
NET ASSETS		
Invested in capital assets, net of related debt	\$ 51,899,124	\$ 29,150,565
Restricted for:		
Capital projects	672,526	
Debt service	7,822,573	110,141
Other purposes	4,690,296	
Unrestricted	3,052,124	42,488,047
Total net assets	\$ 68,136,643	\$ 71,748,753

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

Grant County
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2012

<u>Functions/Programs</u>	Program Revenues	
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental activities:		
General government	\$ 6,834,448	\$ 653,264
Public safety	9,322,112	1,439,499
Public works	2,953,727	47,191
Health and welfare	7,175,614	7,665,097
Culture-recreation	108,620	5,140,557
Unallocated interest expense	3,325,818	18,544
	<u>\$ 29,720,339</u>	<u>\$ 9,805,051</u>
Total governmental activities	<u>\$ 29,720,339</u>	<u>\$ 9,805,051</u>
Component Unit:		
Gila Regional Medical Center	<u>\$ 73,932,972</u>	<u>\$ 76,717,930</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		
Gain on disposition of assets		
Total general revenues		
Change in net assets		
Net assets--beginning		
Net assets--ending		

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

Net (Expenses) Revenue
and Changes in Net Assets

Capital Grants and Contributions	Governmental Activities	Component Unit
\$ -	\$ (5,785,198)	\$ -
	(5,876,148)	
560,195	(2,127,632)	
	5,630,040	
	(90,076)	
	(3,325,818)	
\$ 560,195	\$ (11,574,832)	\$ -
\$ 450,596	\$ -	\$ 5,297,536
	\$ 7,812,658	
	4,510,927	
	171,796	
	471,883	
	115,214	
	1,707,636	
	68,403	
	94,721	136,281
	693,765	
		(14,615)
	\$ 15,647,003	\$ 121,666
	\$ 4,072,171	\$ 5,419,202
	64,064,472	66,329,551
	\$ 68,136,643	\$ 71,748,753

Grant County
BALANCE SHEETS
GOVERNMENTAL FUNDS
June 30, 2012

	General Fund	Hospital Indigent	Corre Caminos
Assets			
Cash and investments	\$ 3,486,699	\$ 216,860	\$ -
Accounts receivable			
Interest receivable			
Taxes receivable	1,169,138	240,963	
Prepaid expenses	244,567		
Due from other governments	380,077		111,839
Interfund receivable	2,458,690		
Notes receivable			
	<u>\$ 7,739,171</u>	<u>\$ 457,823</u>	<u>\$ 111,839</u>
Total assets	<u>\$ 7,739,171</u>	<u>\$ 457,823</u>	<u>\$ 111,839</u>
 Liabilities and Fund Balance			
Accounts payable	\$ 144,136	\$ 42,336	\$ 22,710
Salaries payable	168,657		13,700
Interfund payable			1,191,986
Deferred revenue	2,834,874		
	<u>\$ 3,147,667</u>	<u>\$ 42,336</u>	<u>\$ 1,228,396</u>
Total liabilities	<u>\$ 3,147,667</u>	<u>\$ 42,336</u>	<u>\$ 1,228,396</u>
 Fund balance:			
Restricted:			
Capital projects	\$ -	\$ -	\$ -
Debt service			
Public safety	187,770		
Health and welfare		415,487	
Public works	552,999		
General government			
Equipment purchases			
Committed to future purchases	50,479		
Assigned:			
Health and welfare			
Capital projects			
Vehicle replacement	423,087		
Unassigned	3,377,169		(1,116,557)
	<u>\$ 4,591,504</u>	<u>\$ 415,487</u>	<u>\$ (1,116,557)</u>
Total fund balance	<u>\$ 4,591,504</u>	<u>\$ 415,487</u>	<u>\$ (1,116,557)</u>
Total liabilities and fund balance	<u>\$ 7,739,171</u>	<u>\$ 457,823</u>	<u>\$ 111,839</u>

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

<u>Jail Revenue Bond</u>	<u>Fort Bayard Medical Facility Debt Service</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
\$ 2,505,281	\$ 6,748,696	\$ 4,162,275	\$ 17,119,811
		295,238	295,238
			-
103,195		348,742	1,862,038
			244,567
4,700		451,984	948,600
52,058		63,833	2,574,581
		110,640	110,640
<u>\$ 2,665,234</u>	<u>\$ 6,748,696</u>	<u>\$ 5,432,712</u>	<u>\$ 23,155,475</u>
\$ -	\$ -	\$ 166,126	\$ 375,308
		37,105	219,462
63,833		1,318,762	2,574,581
60,149		566,690	3,461,713
<u>\$ 123,982</u>	<u>\$ -</u>	<u>\$ 2,088,683</u>	<u>\$ 6,631,064</u>
\$ -	\$ -	\$ 98,104	\$ 98,104
2,541,252	6,748,696		9,289,948
		2,772,432	2,960,202
		151,238	566,725
			552,999
		243,552	243,552
		222,501	222,501
			50,479
		508,024	508,024
		497,171	497,171
			423,087
		(1,148,993)	1,111,619
<u>\$ 2,541,252</u>	<u>\$ 6,748,696</u>	<u>\$ 3,344,029</u>	<u>\$ 16,524,411</u>
<u>\$ 2,665,234</u>	<u>\$ 6,748,696</u>	<u>\$ 5,432,712</u>	<u>\$ 23,155,475</u>

Grant County
**RECONCILIATION OF TOTAL GOVERNMENTAL
 FUND BALANCE TO NET ASSETS OF
 GOVERNMENTAL ACTIVITIES**
 June 30, 2012

Total governmental fund balances	\$	16,524,411
 <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.		119,998,923
Bond issue costs and discounts capitalized and amortized over the life of the bond		
Bond issue costs		231,449
Bond discounts		26,769
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		857,655
Receivables subject to the 60 day availability period		649,441
Long-term liabilities are not reported in the funds:		
Bonds payable		(66,405,000)
Notes payable		(1,028,493)
Lease payable		(666,306)
Accrued interest payable		(1,530,306)
Compensated absences		(521,900)
		(68,152,000)
 <i>Net assets of governmental activities</i>	 \$	 <u><u>68,136,643</u></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, 2012

	<u>General Fund</u>	<u>Hospital Indigent</u>	<u>Corre Caminos</u>
Revenues:			
Property taxes	\$ 6,422,802	\$ -	\$ -
Gross receipts taxes	1,066,924	1,373,823	
Gas taxes	171,796		
Motor vehicle taxes	471,883		
Other taxes	115,216		
Federal intergovernmental	2,427,943		458,875
State intergovernmental	848,135	4,540,851	81,286
Fines, licenses and permits	61,621		
Charges for services	447,274		327,853
Miscellaneous	167,534	9	
	<u>167,534</u>	<u>9</u>	
Total revenues	<u>\$ 12,201,128</u>	<u>\$ 5,914,683</u>	<u>\$ 868,014</u>
Expenditures:			
Current:			
General government	\$ 3,494,514	\$ -	\$ 1,298,962
Public safety	3,788,640		
Public works	2,705,570		
Health and welfare	136,579	5,607,850	
Culture recreation	46,101		
Debt service:			
Principal	147,243		
Interest	6,073		
Loan issue costs			
Capital outlay	521,929		
	<u>521,929</u>	<u></u>	<u></u>
Total expenditures	<u>\$ 10,846,649</u>	<u>\$ 5,607,850</u>	<u>\$ 1,298,962</u>
Revenues over (under) expenditures	<u>\$ 1,354,479</u>	<u>\$ 306,833</u>	<u>\$ (430,948)</u>
Other financing sources (uses):			
Transfer in	124,779		
Transfer out	(2,161,297)	(118,010)	
Loan proceeds	17,600		
	<u>17,600</u>	<u>(118,010)</u>	<u></u>
Net change in fund balances	<u>\$ (664,439)</u>	<u>\$ 188,823</u>	<u>\$ (430,948)</u>
Fund balance, July 1, 2011	<u>5,255,943</u>	<u>226,664</u>	<u>(685,609)</u>
Fund balance, June 20, 2012	<u>\$ 4,591,504</u>	<u>\$ 415,487</u>	<u>\$ (1,116,557)</u>

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

<u>Jail Revenue Bond</u>	<u>Fort Bayard Medical Facility Debt Service</u>	<u>Other Funds</u>	<u>Governmental Funds Total</u>
\$ 1,296,895	\$ -	\$ 12,207	\$ 7,731,904
		2,070,180	4,510,927
			171,796
			471,883
		68,401	183,617
		1,133,611	4,020,429
		2,046,101	7,516,373
			61,621
	6,603,447	780,410	8,158,984
<u>223,824</u>	<u>81,723</u>	<u>315,396</u>	<u>788,486</u>
<u>\$ 1,520,719</u>	<u>\$ 6,685,170</u>	<u>\$ 6,426,306</u>	<u>\$ 33,616,020</u>
\$ 171	\$ -	\$ 420,490	\$ 5,214,137
		4,350,830	8,139,470
			2,705,570
		1,275,963	7,020,392
		61,489	107,590
820,000	1,060,000	324,418	2,351,661
277,755	2,970,931	61,340	3,316,099
			-
		4,685,822	5,207,751
<u>\$ 1,097,926</u>	<u>\$ 4,030,931</u>	<u>\$ 11,180,352</u>	<u>\$ 34,062,670</u>
\$ 422,793	\$ 2,654,239	\$ (4,754,046)	\$ (446,650)
2,600		3,026,461	3,153,840
		(874,533)	(3,153,840)
			17,600
<u>\$ 425,393</u>	<u>\$ 2,654,239</u>	<u>\$ (2,602,118)</u>	<u>\$ (429,050)</u>
<u>2,115,859</u>	<u>4,094,457</u>	<u>5,946,147</u>	<u>16,953,461</u>
<u>\$ 2,541,252</u>	<u>\$ 6,748,696</u>	<u>\$ 3,344,029</u>	<u>\$ 16,524,411</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, 2012

Net change in fund balances-total governmental funds	\$ (429,050)
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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.	1,869,064
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	176,490
Bond and loan proceeds are reported as financing sources in the funds, In the Statement of Activities, however, issuing debt increased long term liabilities	(17,600)
Bond issue costs and discounts capitalized and amortized over the life of the bond	
Bond issue costs	-
Bond discounts	-
Amortization	(90,648)
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets	2,351,661
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. This is the net change for the year.	80,929
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. This is the net change for the year.	131,325

<i>Change in Net Assets of Governmental Activities</i>	<u>\$ 4,072,171</u>
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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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 7,380,000	\$ 7,380,000	\$ 8,193,464	\$ 813,464
State sources	559,975	853,253	780,009	(73,244)
Federal sources	2,258,190	2,684,695	2,553,053	
Fines, licenses and permits	62,500	62,500	61,621	(879)
Charges for services	118,250	162,551	447,274	284,723
Miscellaneous	187,385	187,385	187,740	355
Total revenues	\$ 10,566,300	\$ 11,330,384	\$ 12,223,161	\$ 1,024,419
Expenditures:				
Current:				
General government	\$ 4,231,702	\$ 4,180,301	\$ 3,727,888	\$ 452,413
Public safety	4,082,096	4,450,627	3,863,190	587,437
Public works	2,812,735	2,865,285	2,726,767	138,518
Health and welfare	155,922	257,922	151,745	106,177
Culture and recreation	32,200	35,469	46,101	(10,632)
Capital outlay	57,928	734,367	514,604	219,763
Total expenditures	\$ 11,372,583	\$ 12,523,971	\$ 11,030,295	\$ 1,493,676
Revenues over (under) expenditures	\$ (806,283)	\$ (1,193,587)	\$ 1,192,866	\$ 2,518,095
Other financing sources (uses):				
Transfer in	1,237,920	1,240,597	859,910	(380,687)
Transfer out	(2,883,332)	(2,973,332)	(2,896,428)	76,904
Net change in fund balance	\$ (2,451,695)	\$ (2,926,322)	\$ (843,652)	\$ 2,214,312
Fund balance, July 1, 2011	6,615,797	6,615,797	6,771,441	155,644
Fund balance, June 30, 2012	<u>\$ 4,164,102</u>	<u>\$ 3,689,475</u>	<u>\$ 5,927,789</u>	<u>\$ 2,369,956</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (664,439)	
Revenue accruals (net)			22,033	
Expenditure accruals (net)			(183,646)	
Other financing sources (uses)			(17,600)	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (843,652)</u>	

The accompanying notes are an integral part of these financial statements

Grant County
SPECIAL REVENUE FUND - HOSPITAL INDIGENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 1,900,000	\$ 1,900,000	\$ 1,340,232	\$ (559,768)
State sources	1,265,000	3,765,000	4,540,851	775,851
Miscellaneous	<u> </u>	<u> </u>	<u> 9</u>	<u> 9</u>
Total revenues	<u>\$ 3,165,000</u>	<u>\$ 5,665,000</u>	<u>\$ 5,881,092</u>	<u>\$ 216,092</u>
Expenditures:				
Current:				
Health and welfare	\$ 3,091,627	\$ 5,591,627	\$ 5,590,859	\$ 768
Capital outlay	<u> </u>	<u> </u>	<u> </u>	<u> -</u>
Total expenditures	<u>\$ 3,091,627</u>	<u>\$ 5,591,627</u>	<u>\$ 5,590,859</u>	<u>\$ 768</u>
Revenues over (under) expenditures	\$ 73,373	\$ 73,373	\$ 290,233	\$ 216,860
Other financing sources (uses):				
Transfer out	<u>(118,010)</u>	<u>(118,010)</u>	<u>(118,010)</u>	<u> -</u>
Net change in fund balance	\$ (44,637)	\$ (44,637)	\$ 172,223	\$ 216,860
Fund balance, July 1, 2011	<u>44,637</u>	<u>44,637</u>	<u>44,637</u>	<u> -</u>
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,860</u>	<u>\$ 216,860</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 188,823	
Revenue accruals (net)			(33,591)	
Expenditure accruals (net)			16,991	
Other financing uses			<u> -</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 172,223</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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 390,559	\$ 1,828,680	\$ 391,405	\$ (1,437,275)
Charges for services	406,501	406,501	409,139	2,638
Miscellaneous				-
Total revenues	<u>\$ 797,060</u>	<u>\$ 2,235,181</u>	<u>\$ 800,544</u>	<u>\$ (1,434,637)</u>
Expenditures:				
Current:				
General government	\$ 146,307	\$ 1,583,427	\$ 1,288,454	\$ 294,973
Capital outlay				-
Total expenditures	<u>\$ 146,307</u>	<u>\$ 1,583,427</u>	<u>\$ 1,288,454</u>	<u>\$ 294,973</u>
Revenues over (under) expenditures	\$ 650,753	\$ 651,754	\$ (487,910)	\$ (1,139,664)
Other financing sources (uses):				
Transfer in				<u>\$ -</u>
Net change in fund balance	\$ 650,753	\$ 651,754	\$ (487,910)	\$ (1,139,664)
Fund balance, July 1, 2011	<u>(650,753)</u>	<u>(651,754)</u>	<u>(704,076)</u>	<u>(52,322)</u>
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,191,986)</u>	<u>\$ (1,191,986)</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (430,948)	
Revenue accruals (net)			(67,470)	
Expenditure accruals (net)			10,508	
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (487,910)</u>	

The accompanying notes are an integral part of these financial statements

Grant County
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2012

Assets

Cash and investments	\$ 75,292
Taxes receivable	<u>611,205</u>
Total assets	<u><u>\$ 686,497</u></u>

Liabilities

Due to others	<u>\$ 686,497</u>
Total liabilities	<u><u>\$ 686,497</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, 2012

Cash flows from operating activities:	
Cash received from patients and third-party payors	\$ 76,775,528
Cash paid to employees	(31,749,577)
Cash paid to suppliers	(38,265,165)
	\$ 6,760,786
Cash flows from noncapital financing activities:	
Grants and gifts	\$ 450,596
	\$ 450,596
Cash flows from capital and related financing activities	
Change in assets limited as to use	\$ (10,031)
Capital grants	
Purchase of capital assets	(3,283,499)
Retirement of capital assets	146,414
Other	
Payment of long-term debt	(600,000)
Interest paid on capital debt	(111,881)
	\$ (3,858,997)
Cash flows from investing activities:	
Purchase of certificates of deposit	\$ (116,633)
Interest on investments	136,281
	\$ 19,648
Net increase (decrease) in cash and equivalents	\$ 3,372,033
Cash and equivalents, beginning of year	7,290,522
Cash and equivalents, end of year	\$ 10,662,555

Grant County
COMPONENT UNIT- GILA REGIONAL MEDICAL CENTER
STATEMENT OF CASH FLOWS
For the year ended June 30, 2012

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

Operating income (loss)	\$	4,944,206
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation and amortization expense		3,382,462
Provision for bad debts		6,370,243
Changes in assets and liabilities:		
Patient accounts receivable		(6,758,720)
Other receivables		(70,612)
Sole provider receivable		(838,282)
Estimated third-party settlements		(619,742)
Inventories		175,357
Deferred revenue		(87,271)
Prepaid expenses and deposits		(284,262)
Accounts payable and accrued expenses		547,407
Net cash provided (used) by operating activities	\$	<u><u>6,760,786</u></u>

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

Grant County
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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; and

- 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, including the federal grants expended for that purpose. Authority is the County Commission.

Hospital Indigent – to account for the sole source provider for indigent medical services, and the gross receipts tax dedicated for indigent medical care. Authority is the County Commission.

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.

Jail Revenue Bond Debt Service – to account for the payment of principal and interest on the bond issue used to construct the new detention center, funded principally by property taxes.

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. Revenue not collected within sixty days of year end is recorded as deferred revenue in the fund statements. 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. The Ft. Bayard Medical Facility Debt Service and Capital Project Funds are not budgeted because funds are managed at the State level.

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

During the year ended June 30, 2011, the County implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to remain intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change its constraints.

- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the government body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The County Commission establishes (and modified or rescinds) fund balance commitments by adoption of a resolution or a vote of the Commission. This is typically done through the adoption and amendment of the budget. Assigned fund balance is established by the County Commission through adoption or amendment of the budget as intended for a specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

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, 2012 was \$11.85 per \$1,000 for non-residential property and \$6.11 for residential property. The County’s tax rate for debt service was \$1.75 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, 2012, \$-0- of the County’s bank balance of \$5,061,920 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u> </u> -0-
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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 \$99,757 on deposit in the pool at June 30, 2012, which is AAAM rated with a weighted average maturity of 60 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 \$169,043.

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, 2012, 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	\$ 3,947,642	\$ 3,947,642	N/A
FHLMC Notes	348,235	350,424	28.49
Federal Farm Credit	259,921	259,896	22.50
Fannie Mae Notes	1,967,401	2,004,654	25.17
U.S. Treasury Notes	1,305,480	1,305,697	26.75
FHLB Notes	<u>25,125</u>	<u>25,474</u>	<u>53.00</u>
	<u>\$ 7,853,804</u>	<u>\$ 7,893,787</u>	

Portfolio weighted average maturity (months) 12.98

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, 2012, 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 Mortgages 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 50% invested in government money markets, 1% invested in Federal Home Loan notes, 3% invested in Federal Farm Credit notes, 25% invested in Fannie Mae notes, and 19% in U.S. Treasury notes, and 4% 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>295,237</u>
	Property taxes	\$ 1,045,007
	Gross receipts taxes	710,187
	Motor vehicle taxes	80,460
	Gas taxes	<u>26,385</u>
	Total taxes receivable	<u>\$1,862,039</u>
	Interest receivable	\$ <u>-0-</u>
	Due from other governments:	
	Intergovernmental grants	\$ <u>948,600</u>
	Total receivables	<u>\$3,105,876</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 \$110,640 at June 30, 2012.

Note 5 Capital asset activity for the year ended June 30, 2012, was as follows:

	Balance <u>July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2012</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 1,908,918	\$ -0-	\$ -0-	\$ 1,908,918
Construction in progress	<u>7,542,227</u>	<u>2,954,820</u>	<u>10,236,000</u>	<u>261,047</u>
Total capital assets not being depreciation	<u>\$ 9,451,145</u>	<u>\$ 2,954,820</u>	<u>\$ 10,236,000</u>	<u>\$ 2,169,965</u>
Capital assets being depreciated:				
Building and Infrastructure Improvements	\$121,605,826	\$10,236,000	\$ -0-	\$131,841,826
Equipment/vehicles/machinery	17,356,160	1,289,495	-0-	18,645,655
	<u>24,469,153</u>	<u>963,436</u>	<u>-0-</u>	<u>25,432,589</u>
Total capital assets being depreciated	<u>\$163,431,139</u>	<u>\$12,488,931</u>	<u>\$ -0-</u>	<u>\$175,920,070</u>
Less accumulated depreciation for:				
Buildings and Infrastructure Improvements	\$(29,611,113)	\$ 1,338,093	\$ -0-	\$(30,949,206)
Equipment/vehicles/machinery	(9,704,488)	209,309	-0-	(9,913,797)
	<u>(15,436,824)</u>	<u>1,791,285</u>	<u>-0-</u>	<u>(17,228,109)</u>
Total accumulated depreciation	<u>\$(54,752,425)</u>	<u>\$ 3,338,687</u>	<u>\$ -0-</u>	<u>\$(58,091,112)</u>
Total capital assets being depreciated, net	<u>\$108,678,714</u>	<u>\$ 9,150,244</u>	<u>\$ -0-</u>	<u>\$117,828,958</u>
Governmental activity, capital assets, net	<u>\$118,129,859</u>	<u>\$12,105,064</u>	<u>\$ 10,236,000</u>	<u>\$119,998,923</u>

Depreciation was charged to the Governmental Activities as follows:

General Government	\$ 1,660,477
Public Safety	1,239,408
Public Works	280,872
Health and Welfare	156,900
Culture/Recreation	<u>1,030</u>
	<u>\$ 3,338,687</u>

Note 6 Accrued Liabilities

At June 30, 2012, accrued expenses consisted of the following:

Accruals payroll and benefits	\$ 219,462
Accrued interest payable	<u>1,530,306</u>
	<u>\$ 1,749,768</u>

Note 7 Long-Term Debt

Long-Term Debt and Other Liabilities

Long-term liabilities activity for the year ended June 30, 2012, was as follows:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Due in</u> <u>One Year</u>
Governmental Activities:					
Bonds					
2005 G.O. Bonds	\$ 3,500,000	\$	\$ 600,000	\$ 2,900,000	\$ 600,000
2009 G.O. Bonds	4,785,000		220,000	4,565,000	230,000
Ft. Bayard Bonds	60,000,000		1,060,000	58,940,000	1,095,000
Notes Payable					
Sapillo Creek	27,907		9,005	18,902	9,293
Ft. Bayard Fire	63,343		15,356	47,987	15,740
Gila River		17,600	859	16,741	861
Lower Mimbres	80,773		15,661	65,112	15,849
Upper Mimbres	107,293		20,803	86,490	21,052
Tyrone/Wind Canyon	479,557		28,633	450,924	29,177
Tyrone/WC Water	142,104		8,595	133,509	8,698
Cliff/Gila Pumper	173,880		33,555	140,325	34,051
Sapillo Brush Truck	<u>42,835</u>		<u>25,553</u>	<u>17,282</u>	<u>17,282</u>
Total bonds and notes payable	<u>\$69,402,692</u>	<u>\$ 17,600</u>	<u>\$ 2,038,020</u>	<u>\$67,382,272</u>	<u>\$ 2,077,003</u>
Other liabilities:					
Capital leases	\$ 1,031,168	\$	\$ 313,641	\$ 717,527	\$ 324,653
Compensated absences	<u>653,225</u>	<u>161,050</u>	<u>292,375</u>	<u>521,900</u>	<u>-0-</u>
Total other liabilities	<u>\$ 1,684,393</u>	<u>\$ 161,050</u>	<u>\$ 606,016</u>	<u>\$ 1,239,427</u>	<u>\$ 324,653</u>
Long-term debt	<u>\$71,087,085</u>	<u>\$ 178,650</u>	<u>\$ 2,644,036</u>	<u>\$68,621,699</u>	<u>\$ 2,401,656</u>

2005 and 2009 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 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 \$6,000,000 of these bonds in 2005. The County issued an additional series of bonds in the amount of \$4,000,000 in 2009 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 \$10,000,000. 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 \$9,051,401 at June 30, 2012, which is 100% of *ad valorem* taxes assessed specifically to retire the debt. Maturity dates range from 2013-2026. During the year ended June 30, 2012, the County recognized \$1,296,895 in pledged revenues, and retired \$1,097,755 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 \$19,822 at June 30, 2012, which is 15% 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 2013 to 2014. During the year ended June 30, 2012, the County recognized \$66,198 in pledged revenues, and retired \$9,876 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 \$50,183 at June 30, 2012, which is 24% 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 2013 to 2015. During the year ended June 30, 2012, the County recognized \$70,092 in pledged revenues, and retired \$16,543 in loan principal and interest.

Lease Appropriation Bonds

The Series 2008 Bonds are 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 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 \$68,954 at June 30, 2012, which is 17% 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 2013 to 2016. During the year ended June 30, 2012, the County recognized \$98,652 in pledged revenues, and retired \$17,238 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 \$91,593 at June 30, 2012, 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 2013 to 2016. During the year ended June 30, 2012, the County recognized \$98,652 in pledged revenues, and retired \$22,899 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 \$565,072 at June 30 2012, which is 11% 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 2013 to 2025. During the year ended June 30, 2012, the County recognized \$369,925 in pledged revenues, and retired \$43,467 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 \$170,012 at June 30, 2012, which is 4% 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 2013 to 2025. During the year ended June 30, 2012, the County recognized \$369,925 in pledged revenues, and retired \$13,078 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 \$148,822 at June 30, 2012, which is 37% 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 2013 to 2016. During the year ended June 30, 2012, the County recognized \$98,652 in pledged revenues, and retired \$37,207 in loan principal and interest.

New Mexico Finance Authority Note Payable Sapillo Creek

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 \$17,521 at June 30, 2012, which is 26% of the future state fire allotments at their current rate. Interest rates vary from .68% to 1.38% for individually scheduled retirements, and the maturity date is 2013. During the year ended June 30, 2012, the County recognized \$66,198 in pledged revenues, and retired \$26,090 in loan principal and interest.

New Mexico Finance Authority Note Payable Gila River Stabilization

On August 11, 2011, the County borrowed \$17,600 from the New Mexico Finance Authority for the stabilization project on the Gila River. The loan is to be repaid from general fund revenues, and no revenue stream is pledged to retire the debt.

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>
2013	\$ 2,077,003	\$ 3,211,449	\$ 5,288,452
2014	2,117,295	3,142,897	5,260,192
2015	2,060,043	3,070,953	5,130,996
2016	2,106,684	2,984,299	5,090,983
2017	2,112,500	2,883,991	4,996,491
2018-2022	9,573,162	13,092,703	22,665,865
2023-2027	11,501,994	10,423,377	21,925,371
2028-2032	12,408,591	7,529,881	19,938,472
2033-2037	15,900,000	3,945,750	19,845,750
2038-2042	<u>7,525,000</u>	<u>380,875</u>	<u>7,905,875</u>
	<u>\$67,382,272</u>	<u>\$50,666,175</u>	<u>\$118,048,447</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 \$1,624,317.

The following is a schedule of future minimum lease payments required under the leases, together with their present value as of June 30, 2012:

Fiscal year ended June 30:	
2013	\$ 351,819
2014	202,908
2015	132,052
2016	<u>90,497</u>
Total minimum lease payment	\$ 777,276
Less amounts representing imputed interest necessary to reduce future lease payments to net present value	<u>(59,749)</u>
Present value of minimum lease payments	<u>\$ 717,527</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).

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, 2012, 2011 and 2010 were \$738,129, \$741,620, and \$727,914 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, 2011, 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 year 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>
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, 2012, 2011 and 2010 were \$69,781, \$89,444, and \$92,707 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 \$8,000,000.

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. The County has not incurred any losses in excess of insurance coverage in the last three years.

Note 13 Deficit Fund Balances

The County had the following deficit balances at June 30, 2012: Corre Caminos (\$1,116,557), Homeland Security (\$199,388), Airport (\$50,760), Ft. Bayard Fire (\$285), Capital Road (\$301,610), Conference Center (\$14,495), Economic Development (\$27,241), and Jail Construction (\$555,237). 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 14 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, 2012, the County expended \$370,394 for the computer agreement.

Note 15 Inter-fund Activity

Inter-fund balances at June 30, 2012, consisted of the following:

	<u>Inter-Fund Payable</u>			<u>Total</u>
	<u>Corre Caminos</u>	<u>Jail Revenue Bond</u>	<u>Other Funds</u>	
<u>Inter-Fund Receivable</u>				
General Fund	\$1,191,986	\$	\$1,266,704	\$ 2,458,690
Jail Revenue Bond			52,058	52,058
Other Funds	_____	63,833	_____	63,833
	<u>\$1,191,986</u>	<u>\$ 63,833</u>	<u>\$1,318,762</u>	<u>\$ 2,574,581</u>

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

Interfund transfers are as follows:

	<u>Transfers From</u>			<u>Total</u>
	<u>General</u>	<u>Hospital Indigent</u>	<u>Other Funds</u>	
<u>Transfers To</u>				
General	\$	\$ 118,010	\$ 6,769	\$ 124,779
Jail Revenue Bond			2,600	2,600
Other Funds	2,161,297	_____	865,164	3,026,461
	<u>\$ 2,161,297</u>	<u>\$ 118,010</u>	<u>\$ 874,533</u>	<u>\$ 3,153,840</u>

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

Note 16 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:

Corrections	\$ 479,055
Hospital Indigent	415,487
Fire Protection Fund	1,454,108
Solid Waste Fund	832,043
Clerk's equipment	222,501
Rural Fire Departments	613,225
Reappraisal	197,704
Regional Dispatch	102,591
Other	<u>373,582</u>
	<u>\$ 4,690,296</u>

Note 17 Expenditures in Excess of Budgetary Authority

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

Cliff Gila Fire	\$ 31
Lodgers Tax	94
Whiskey Creek Fire	10,610

The County has implemented controls to alleviate budget overruns in the future, by reviewing expenditures monthly, and making the appropriate budget adjustments.

**NOTES TO BASIC FINANCIAL STATEMENTS
RELATED TO COMPONENT UNIT
June 30, 2012 and 2011**

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.

The Medical Center had a management agreement (MASA) with Quorum Health Resources (QHR), a healthcare management company. The MASA will expire on August 1, 2013. Management fees, included in purchased services and professional fees, approximated \$435,000 and \$409,000 in 2012 and 2011, 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). As permitted by GASB, the Medical Center has elected to apply all relevant Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins that do not conflict with or contradict 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, Cash Equivalents and Certificates of Deposit

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. Certificates of deposit have original maturities in excess of three months and are not considered to be cash equivalents.

Patient Accounts Receivable and Allowances

The Medical Center reports patient accounts receivable for services rendered at estimated 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.

Inventories

Supply inventories consist primarily of medical and pharmaceutical supplies that are stated at the lower of cost, determined using the first-in, first-out method, or market value.

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 2012 and 2011.

Bond Issuance Costs

Bond issuance 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 as 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.

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 \$1,400,000 and \$1,256,000 in 2012 and 2011, respectively.

Income Taxes

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

Budget Process

The Medical Center's budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), using an estimate of the anticipated revenues and expenditures. Budgets are approved and amended by the Finance Committee and the Board of Directors.

The Foundation

Gila Regional Medical Center Foundation (the "Foundation") is a legally separate, tax-exempt organization under Internal Revenue Code Section 501(c)(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.

Subsequent Events

Subsequent events through September 27, 2012, the date which the financial statements were available to be issued, were evaluated for recognition and disclosure in the June 30, 2012, financial statements.

Note B **Net Patient Service Revenue**

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

Medicare – Services rendered to Medicare 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 costs 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!”. These amounts paid by the State, under the traditional Medicaid program, are the same as amounts paid by the MCOs through the SALUD! program.

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. The Medical Center is reimbursed for cost reimbursable items such as depreciation, other capital costs, and bad debts at a tentative rate with final settlement determined after submission of annual costs reports by the Medical Center and audits thereof by the Medicare and Medicaid fiscal intermediaries.

Medicare and Medicaid cost report receivables (liabilities) are as follows:

	<u>June 30, 2012</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
	<u>Amount</u>	<u>Status</u>	<u>Amount</u>
Medicare			
2009	\$ -	Final	\$ 22,248
2010	328,215	Filed, desk audit	50,000
2011	(25,000)	Filed, tentative settlement	(150,000)
2012	<u>150,000</u>	Estimate, unaudited	<u>-</u>

	<u>\$ 453,215</u>		<u>\$ (77,752)</u>
Medicaid			
2010	\$ (25,000)	Filed, pending audit	\$ (50,000)
2011	38,775	Filed, pending audit	(50,000)
2012	<u>(25,000)</u>	Estimate, unaudited	<u>-</u>
	<u>\$ (11,225)</u>		<u>\$ (100,000)</u>
Estimated third-party payor settlements	<u>\$ 441,990</u>		<u>\$ (177,752)</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 increases to net patient service revenue of approximately \$412,000 and \$344,000 for the years ended June 30, 2012 and 2011, 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 2012 and 2011 totaled \$15.7 million and \$12.4 million, respectively. Approximately \$1.3 million and \$2.2 million for the years ended June 30, 2012 and 2011, 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>2012</u>	<u>2011</u>
Gross patient revenue		
Inpatient	\$ 49,274,725	\$ 45,940,564
Outpatient	<u>115,045,083</u>	<u>106,610,321</u>
Total gross patient revenue	<u>\$ 164,319,808</u>	<u>\$ 152,550,885</u>
Less contractual adjustments and provision for uncollectible accounts		
Third-party payor contractual allowances, discounts, and adjustments	\$ 81,231,635	\$ 71,839,069
Provision for uncollectible accounts	<u>6,370,243</u>	<u>6,801,407</u>
Total contractual adjustments and provision for uncollectible accounts	<u>\$ 87,601,878</u>	<u>\$ 78,640,476</u>
Net patient service revenue	<u>\$ 76,717,930</u>	<u>\$ 73,910,409</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 and 102 percent for repurchase agreements. The Medical Center's policy is to require collateral in accordance with state statutes. As of June 30, 2012, the Medical Center was in compliance with State collateralization requirements. As of June 30, 2011, the Medical Center was short of the State collateralization requirements at one financial institution by \$49,596.

As of June 30, 2012, the Medical Center had deposits with a bank balance of \$20,042,561, of which \$3,842,038 was uninsured and uncollateralized, and therefore subject to custodial credit risk. As of June 30, 2011, the Medical Center had deposits with a bank balance of \$19,270,996, of which \$6,045,206 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 6-10-10-1, 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, 2012, is as follows:

June 30, 2012				
<i>New MexiGrow</i> LGIP	AAAm rated	\$ 1,056		55 day WAM

At June 30, 2012 and 2011, the Medical Center had the following investments, reported as cash equivalents, and maturities:

<u>Type</u>	<u>June 30, 2012</u>				
	<u>Fair Value</u>	<u>Maturities in Years</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	\$ 301,282	\$ 301,282	\$ -	\$ -	\$ -
Repurchase agreement	9,344,489	9,344,489	-	-	-
State Treasurer's investment pool	<u>1,056</u>	<u>1,056</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$9,646,827</u>	<u>\$9,646,827</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Type</u>	<u>June 30, 2011</u>				
	<u>Fair Value</u>	<u>Maturities in Years</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	\$ 291,251	\$ 291,251	\$ -	\$ -	\$ -
Repurchase agreement	6,379,824	6,379,824	-	-	-

State Treasurer's investment pool	<u>1,056</u>	<u>1,056</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$6,672,131</u>	<u>\$6,672,131</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The repurchase agreement was fully collateralized at June 30, 2012 and 2011 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>2012</u>	<u>2011</u>
Carrying value:		
Deposits	\$19,605,787	\$19,081,786
Investments	<u>9,646,827</u>	<u>6,672,131</u>
	<u>\$29,252,614</u>	<u>\$25,753,917</u>
Included in the following balance sheets captions		
Cash and cash equivalents	\$10,662,555	\$ 7,290,522
Certificates of deposit	18,287,721	18,171,088
Investments held by trustee for debt service	<u>302,338</u>	<u>292,307</u>
	<u>\$29,252,614</u>	<u>\$25,753,917</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, 2012 and 2011, consisted of the items shown below:

	<u>2012</u>	<u>2011</u>
Medicare	\$ 9,493,622	\$ 8,428,150
Medicaid	4,658,993	4,787,120
Other third-party payers	8,180,195	6,414,299
Patients	<u>5,646,945</u>	<u>5,820,769</u>
	\$27,979,755	\$25,450,338
Less allowance for contractual adjustments	<u>12,880,437</u>	<u>10,678,946</u>
	\$15,099,318	\$14,771,392
Less allowance for uncollectible accounts	<u>3,755,569</u>	<u>3,816,120</u>
	<u>\$11,343,749</u>	<u>\$10,955,272</u>

Note E **Capital Assets**

Capital asset activity of the Medical Center for the years ended June 30, 2012 and 2011, was as follows:

	<u>June 30, 2012</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	\$ 806,200	\$ -	\$ -	\$ -	\$ 806,200
Construction in progress	<u>631,360</u>	<u>483,357</u>	<u>(1,276)</u>	<u>(634,309)</u>	<u>479,132</u>
Total capital assets not being depreciated	<u>\$ 1,437,560</u>	<u>\$ 483,357</u>	<u>\$ (1,276)</u>	<u>\$ (634,309)</u>	<u>\$ 1,285,332</u>
Capital assets being depreciated:					
Land improvements	\$ 85,399	\$ 120,596	\$ -	\$ 335,198	\$ 541,193
Buildings	31,442,224	-	(25,830)	258,100	31,674,494
Equipment	<u>34,591,988</u>	<u>2,614,530</u>	<u>(626,722)</u>	<u>41,011</u>	<u>36,620,807</u>
	<u>\$ 66,119,611</u>	<u>\$ 2,735,126</u>	<u>\$ (652,552)</u>	<u>\$ 634,309</u>	<u>\$ 68,836,494</u>
Less accumulated depreciation:					
Land improvements	\$ 20,100	\$ 26,835	\$ -	\$ -	\$ 46,935
Buildings	11,836,940	857,923	(11,214)	-	12,683,649
Equipment	<u>24,395,265</u>	<u>2,497,704</u>	<u>(496,200)</u>	<u>-</u>	<u>26,396,769</u>

	<u>\$ 36,252,305</u>	<u>\$ 3,382,462</u>	<u>\$ (507,414)</u>	<u>\$ -</u>	<u>\$ 39,127,353</u>
Capital assets, net	<u>\$ 31,304,866</u>	<u>\$ (163,979)</u>	<u>\$ (146,414)</u>	<u>\$ -</u>	<u>\$ 30,994,473</u>

	<u>June 30, 2011</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 not being depreciated:					
Land	\$ 806,200	\$ -	\$ -	\$ -	\$ 806,200
Construction in pro- gress	<u>422,378</u>	<u>1,005,524</u>	<u>-</u>	<u>(796,542)</u>	<u>631,360</u>
Total	<u>\$ 1,228,578</u>	<u>\$ 1,005,524</u>	<u>\$ -</u>	<u>\$ (796,542)</u>	<u>\$ 1,437,560</u>
Capital assets being depreciated:					
Land improvements	\$ 85,399	\$ -	\$ -	\$ -	\$ 85,399
Buildings	30,822,445	278,395	-	341,384	31,442,224
Equipment	<u>32,139,044</u>	<u>2,310,925</u>	<u>(313,139)</u>	<u>455,158</u>	<u>34,591,988</u>
Total capital assets being depreciated	<u>\$63,046,888</u>	<u>\$ 2,589,320</u>	<u>\$ (313,139)</u>	<u>\$ 796,542</u>	<u>\$ 66,119,611</u>
Less accumulated depreciation:					
Land improvements	\$ 16,055	\$ 4,045	\$ -	\$ -	\$ 20,100
Buildings	11,008,927	828,013	-	-	11,836,940
Equipment	<u>22,086,916</u>	<u>2,476,963</u>	<u>(168,614)</u>	<u>-</u>	<u>24,395,265</u>
	<u>\$33,111,898</u>	<u>\$ 3,309,021</u>	<u>\$ (168,614)</u>	<u>\$ -</u>	<u>\$ 36,252,305</u>
Capital assets, net	<u>\$31,163,568</u>	<u>\$ 285,823</u>	<u>\$ (144,525)</u>	<u>\$ -</u>	<u>\$ 31,304,866</u>

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, 2012 and 2011:

	<u>June 30, 2012</u>				
	<u>Beginning</u>			<u>Ending</u>	<u>Due Within</u>
	<u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>	<u>One Year</u>
Long-term debt:					
Revenue bonds:					
Series 2004	\$ 2,260,000	\$ -	\$ 600,000	\$ 1,660,000	\$ 655,000

Total long-term debt	\$ 2,260,000	\$ -	\$ 600,000	\$ 1,660,000	\$ 655,000
Capital lease obligation	248,925	-	65,017	183,908	69,199
Other long-term liabilities					
Accrued compensated absences	<u>1,896,050</u>	<u>2,048,158</u>	<u>1,896,050</u>	<u>2,048,158</u>	<u>2,048,158</u>
Total long-term obligations	<u>\$ 4,404,975</u>	<u>\$ 2,048,158</u>	<u>\$ 2,561,067</u>	<u>\$ 3,892,066</u>	<u>\$ 2,772,357</u>

	<u>June 30, 2011</u>				
	<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	\$ 2,645,000	\$ -	\$ 385,000	\$ 2,260,000	\$ 600,000
Series 2000	<u>700,000</u>	<u>-</u>	<u>700,000</u>	<u>-</u>	<u>-</u>
Total long-term debt	\$ 3,345,000	\$ -	\$ 1,085,000	\$ 2,260,000	\$ 600,000
Capital lease obligation	470,824	-	221,899	248,925	78,733
Other long-term liabilities:					
Accrued compensated absences	<u>1,728,349</u>	<u>1,896,050</u>	<u>1,728,349</u>	<u>1,896,050</u>	<u>1,896,050</u>
Total long-term obligations	<u>\$ 5,544,173</u>	<u>\$ 1,896,050</u>	<u>\$ 3,035,248</u>	<u>\$ 4,404,975</u>	<u>\$ 2,574,783</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 secured by net revenues.

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, 2011, are as follows:

<u>Year Ending June 30,</u>	<u>Total to be Paid</u>	<u>Principal</u>	<u>Interest</u>
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>\$ 1,770,141</u>	<u>\$ 1,660,000</u>	<u>\$ 110,141</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 in 2010 of \$509,969, and a capital lease obligation recorded. In March 2011, the lease was re-negotiated and the value of the capitalized asset and respective capital lease obligation decreased to \$369,269. Accumulated depreciation on the equipment totaled \$181,120 and \$120,343 at June 30, 2012 and 2011, respectively.

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, 2011:

<u>Year Ending June 30,</u>	
2013	\$ 78,733
2014	78,733
2015	<u>41,856</u>
Total minimum lease payments	\$ 199,322
Less: amount representing interest	<u>15,414</u>
Present value of future minimum lease payments	<u>\$ 183,908</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 \$727,000 and \$692,000 for the years ended June 30, 2012 and 2011, respectively. Employee contributions to the plan were approximately \$1,766,000 and \$1,275,000 for 2012 and 2011, 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 2016. Total rent expense for all operating leases was approximately \$1,995,000 and \$1,935,000 for 2012 and 2011, respectively. Future minimum lease payments for non-cancelable operating leases with lease terms exceeding one year at June 30, 2012, are as follows:

2013	\$ 1,124,157
2014	707,839
2015	183,188
2016	<u>10,646</u>
Total future minimum lease payments	<u>\$ 2,025,830</u>

Note I **Electronic Health Record Incentive Payment**

The American Recovery and Reinvestment Act of 2009 provides for Medicare and Medicaid incentive payments beginning in 2011 for eligible hospitals and professionals that adopt and meaningfully use certified electronic health record (EHR) technology. Income related to Medicare and Medicaid incentive payments is recognized using a gain contingency model that is based upon when an eligible hospital has demonstrated meaningful use of certified EHR technology for the applicable period and the cost report information for the full cost report year that will determine the final calculation of the incentive payment is available.

Medicare EHR incentive calculations and related initial payment amounts are based upon the most current filed cost report information available at the time eligible hospitals demonstrate meaningful use of certified EHR technology for the applicable period. This initial payment amount will be adjusted based upon an updated calculation using the annual cost report information for the cost report period that began during the

applicable payment year. Thus, incentive income recognition occurs at the point eligible hospitals demonstrate meaningful use of certified EHR technology for the applicable period and the cost report information for the full cost report year that will determine the final calculation of the incentive payment is available.

The Medical Center recognized \$1,301,533 of electronic health record incentive income related to Medicare incentive programs during the year ended June 30, 2012. At June 30, 2012, the Medical Center has \$243,414 of receivable EHR incentive income, which represents incentive payments not received as of year-end and is included in the line item "Other receivables, net" in the Balance Sheet for the year ended June 30, 2012. The Medical Center reported the EHR incentive program revenue in the line item "Electronic health record incentive income" in the Statements of Revenues, Expenses and Changes in Net Assets for the year ended June 30, 2012.

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

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.

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.

Conference Center—To account for the revenues and expenditures therefrom to make renovations to the existing conference center.

Grant County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2012

	Special Revenue Funds			
	Fire Protection	Farm and Range	Recreation	Correction Fees
Assets				
Cash and investments	\$ 1,385,539	\$ 27,197	\$ 23	\$ 394,379
Interfund receivable				
Accounts receivable				
Interest receivable				
Taxes receivable	72,037			120,257
Due from other governments				
Notes receivable				
Total assets	<u>\$ 1,457,576</u>	<u>\$ 27,197</u>	<u>\$ 23</u>	<u>\$ 514,636</u>
Liabilities and Fund Balance				
Accounts payable	\$ 3,468	\$ -	\$ -	\$ 18,837
Salaries payable				16,744
Interfund payable				
Deferred revenue				
Total liabilities	<u>\$ 3,468</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,581</u>
Fund balances:				
Restricted:				
Capital projects	\$ -	\$ -	\$ -	\$ -
Public safety	1,454,108			479,055
Health and welfare		27,197		
General government				
Equipment purchases				
Assigned:				
Health and welfare				
Capital projects				
Unassigned			23	
Total fund balance	<u>\$ 1,454,108</u>	<u>\$ 27,197</u>	<u>\$ 23</u>	<u>\$ 479,055</u>
Total liabilities and fund balance	<u>\$ 1,457,576</u>	<u>\$ 27,197</u>	<u>\$ 23</u>	<u>\$ 514,636</u>

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

Special Revenue Funds

<u>Clerk's Equipment</u>	<u>Law Enforcement Protection</u>	<u>Lodgers Tax</u>	<u>Airport</u>	<u>Reappraisal</u>	<u>EMS</u>
\$ 222,501	\$ 481	\$ 46,048	\$ -	\$ 198,672	\$ 24,434
			39,570		
<u>\$ 222,501</u>	<u>\$ 481</u>	<u>\$ 46,048</u>	<u>\$ 39,570</u>	<u>\$ 198,672</u>	<u>\$ 24,434</u>
\$ -	\$ -	\$ 200	\$ 13,834	\$ 968	\$ 2,124
			70,946		
			5,550		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 90,330</u>	<u>\$ 968</u>	<u>\$ 2,124</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	481				22,310
222,501		45,848		197,704	
			(50,760)		
<u>\$ 222,501</u>	<u>\$ 481</u>	<u>\$ 45,848</u>	<u>\$ (50,760)</u>	<u>\$ 197,704</u>	<u>\$ 22,310</u>
<u>\$ 222,501</u>	<u>\$ 481</u>	<u>\$ 46,048</u>	<u>\$ 39,570</u>	<u>\$ 198,672</u>	<u>\$ 24,434</u>

Grant County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (continued)
June 30, 2012

	Special Revenue Funds			
	Solid Waste	Regional Dispatch	Drug Enforcement	Rural Fire Departments
Assets				
Cash and investments	\$ 546,000	\$ -	\$ 31	\$ 622,473
Interfund receivable				
Accounts receivable	295,238			
Interest receivable				
Taxes receivable	36,019	120,429		
Due from other governments				
Notes receivable	110,640			
Total assets	\$ 987,897	\$ 120,429	\$ 31	\$ 622,473
Liabilities and Fund Balance				
Accounts payable	\$ 27,601	\$ 4,669	\$ -	\$ 9,248
Salaries payable	1,320	11,946		
Interfund payable		1,223		
Deferred revenue	450,952			
Total liabilities	\$ 479,873	\$ 17,838	\$ -	\$ 9,248
Fund balance:				
Restricted:				
Capital projects	\$ -	\$ -	\$ -	\$ -
Public safety		102,591	31	613,510
Health and welfare				
General government				
Equipment purchases				
Assigned:				
Health and welfare	508,024			
Capital projects				
Unassigned				(285)
Total fund balance	\$ 508,024	\$ 102,591	\$ 31	\$ 613,225
Total liabilities and fund balance	\$ 987,897	\$ 120,429	\$ 31	\$ 622,473

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

Special Revenue Funds				Capital Projects Funds	
CDBG Zoning	Agency on Aging	Grant County Fire Administration	Homeland Security	Conference Center	Economic Development
\$ 498	\$ 42,145	\$ 100,346	\$ -	\$ -	\$ -
	97,482		97,257	16,722	62,931
<u>\$ 498</u>	<u>\$ 139,627</u>	<u>\$ 100,346</u>	<u>\$ 97,257</u>	<u>\$ 16,722</u>	<u>\$ 62,931</u>
\$ -	\$ 8,491 7,095	\$ -	\$ 1,703	\$ 15,920	\$ -
			247,685 47,257	15,297	27,241 62,931
<u>\$ -</u>	<u>\$ 15,586</u>	<u>\$ -</u>	<u>\$ 296,645</u>	<u>\$ 31,217</u>	<u>\$ 90,172</u>
\$ -	\$ - 124,041	\$ - 100,346	\$ -	\$ -	\$ -
498			(199,388)	(14,495)	(27,241)
<u>\$ 498</u>	<u>\$ 124,041</u>	<u>\$ 100,346</u>	<u>\$ (199,388)</u>	<u>\$ (14,495)</u>	<u>\$ (27,241)</u>
<u>\$ 498</u>	<u>\$ 139,627</u>	<u>\$ 100,346</u>	<u>\$ 97,257</u>	<u>\$ 16,722</u>	<u>\$ 62,931</u>

Grant County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (concluded)
June 30, 2012

	Capital Projects Funds			
	Capital Road	Airport Industrial Park	Jail Construction	Renovations
Assets				
Cash and investments	\$ -	\$ 496,673	\$ -	\$ -
Interfund receivable			63,833	
Accounts receivable				
Interest receivable				
Taxes receivable				
Due from other governments				138,022
Notes receivable				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ -</u>	<u>\$ 496,673</u>	<u>\$ 63,833</u>	<u>\$ 138,022</u>
Liabilities and Fund Balance				
Accounts payable	\$ 59,063	\$ -	\$ -	\$ -
Salaries payable				
Interfund payable	242,547		619,070	94,753
Deferred revenue				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 301,610</u>	<u>\$ -</u>	<u>\$ 619,070</u>	<u>\$ 94,753</u>
Fund balance:				
Restricted:				
Capital projects	\$ -	\$ -	\$ -	\$ 43,269
Public safety				
Health and welfare				
General government				
Equipment purchases				
Assigned:				
Health and welfare				
Capital projects		496,673		
Unassigned	(301,610)		(555,237)	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>\$ (301,610)</u>	<u>\$ 496,673</u>	<u>\$ (555,237)</u>	<u>\$ 43,269</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 496,673</u>	<u>\$ 63,833</u>	<u>\$ 138,022</u>

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

Capital Projects Funds	
Fort Bayard	Total
\$ 54,835	\$ 4,162,275
	63,833
	295,238
	-
	348,742
	451,984
	110,640
<u>\$ 54,835</u>	<u>\$ 5,432,712</u>
\$ -	\$ 166,126
	37,105
	1,318,762
	566,690
<u>\$ -</u>	<u>\$ 2,088,683</u>
\$ 54,835	\$ 98,104
	2,772,432
	151,238
	243,552
	222,501
	-
	508,024
	497,171
	(1,148,993)
<u>\$ 54,835</u>	<u>\$ 3,344,029</u>
<u>\$ 54,835</u>	<u>\$ 5,432,712</u>

Grant County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For The Fiscal Year Ended June 30, 2012

	Special Revenue Funds			
	Fire Protection	Farm and Range	Recreation	Corrections
Revenues:				
Property taxes	\$ -	\$ 12,207	\$ -	\$ -
Gross receipts taxes	467,568			682,779
Other taxes			1	
Federal sources		19,017		
State sources			8,015	169,573
Charges for services				
Miscellaneous	44	14		96,720
	<u>44</u>	<u>14</u>		<u>96,720</u>
Total revenues	<u>\$ 467,612</u>	<u>\$ 31,238</u>	<u>\$ 8,016</u>	<u>\$ 949,072</u>
Expenditures:				
Current:				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	287,311			2,339,685
Health and welfare		30,000		
Culture recreation			9,500	
Debt service:				
Principle				
Interest				
Interest				
Capital outlay				
	<u>287,311</u>	<u>30,000</u>	<u>9,500</u>	<u>2,339,685</u>
Total expenditures	<u>\$ 287,311</u>	<u>\$ 30,000</u>	<u>\$ 9,500</u>	<u>\$ 2,339,685</u>
Revenues over (under) expenditures	\$ 180,301	\$ 1,238	\$ (1,484)	\$ (1,390,613)
Other financing sources (uses):				
Transfer in	22,771		9,958	1,790,000
Transfer (out)	(80,217)			
Loan proceeds				
	<u>22,771</u>		<u>9,958</u>	<u>1,790,000</u>
Net changes in fund balances	\$ 122,855	\$ 1,238	\$ 8,474	\$ 399,387
Fund balance, July 1, 2011	<u>1,331,253</u>	<u>25,959</u>	<u>(8,451)</u>	<u>79,668</u>
Fund balance, June 30, 2012	<u>\$ 1,454,108</u>	<u>\$ 27,197</u>	<u>\$ 23</u>	<u>\$ 479,055</u>

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

Special Revenue Funds

County Clerk's Equipment	Law Enforcement Protection	Lodgers Tax	Airport	Reappraisal	EMS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		68,400			
39,098	42,200		225,321		45,572
	480		44,015	110,898	
			22,415		
			33,460		
<u>\$ 39,098</u>	<u>\$ 42,680</u>	<u>\$ 68,400</u>	<u>\$ 325,211</u>	<u>\$ 110,898</u>	<u>\$ 45,572</u>
\$ 1,569	\$ - 47,174	\$ -	\$ 183,518	\$ 65,876	\$ - 48,622
		51,989			
18,767			242,347	28,007	
<u>\$ 20,336</u>	<u>\$ 47,174</u>	<u>\$ 51,989</u>	<u>\$ 425,865</u>	<u>\$ 93,883</u>	<u>\$ 48,622</u>
\$ 18,762	\$ (4,494)	\$ 16,411	\$ (100,654)	\$ 17,015	\$ (3,050)
		17,393	156,000		
\$ 18,762	\$ (4,494)	\$ 33,804	\$ 55,346	\$ 17,015	\$ (3,050)
203,739	4,975	12,044	(106,106)	180,689	25,360
<u>\$ 222,501</u>	<u>\$ 481</u>	<u>\$ 45,848</u>	<u>\$ (50,760)</u>	<u>\$ 197,704</u>	<u>\$ 22,310</u>

Grant County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)
For The Fiscal Year Ended June 30, 2012

	Special Revenue Funds		
	Solid Waste	Regional Dispatch	Drug Enforcement
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Gross receipts taxes	233,780	686,053	
Other taxes			
Federal sources			
State sources			
Charges for services	389,435		
Miscellaneous	45,887	19,202	28
	<u>669,102</u>	<u>705,255</u>	<u>28</u>
Total revenues	<u>\$ 669,102</u>	<u>\$ 705,255</u>	<u>\$ 28</u>
Expenditures:			
Current:			
General government	\$ -	\$ -	\$ -
Public safety		705,699	
Health and welfare	654,758		
Culture recreation			
Debt service			
Principle			
Interest			
Loan issue costs			
Capital outlay		15,592	
	<u>654,758</u>	<u>721,291</u>	<u>-</u>
Total expenditures	<u>\$ 654,758</u>	<u>\$ 721,291</u>	<u>\$ -</u>
Revenues over (under) expenditures	\$ 14,344	\$ (16,036)	\$ 28
Other financing sources (uses):			
Transfer in			
Transfer (out)	(520)		(4,092)
Loan proceeds			
	<u>13,824</u>	<u>(16,036)</u>	<u>(4,064)</u>
Net change in fund balances	\$ 13,824	\$ (16,036)	\$ (4,064)
Fund balance, July 1, 2011	<u>494,200</u>	<u>118,627</u>	<u>4,095</u>
Fund balance, June 30, 2012	<u>\$ 508,024</u>	<u>\$ 102,591</u>	<u>\$ 31</u>

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

Special Revenue Funds					Capital Projects Funds
Rural Fire Departments	CDBG Zoning	Agency on Aging	Grant County Fire Administration	Homeland Security	Conference Center
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10,044		215,337		276,553	126,400
1,181,193		379,410	66,198		
139,688		78,876			
183					
<u>\$ 1,331,108</u>	<u>\$ -</u>	<u>\$ 673,623</u>	<u>\$ 66,198</u>	<u>\$ 276,553</u>	<u>\$ 126,400</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
524,310		591,205	4,555	393,474	
324,418					
61,340					
637,123					140,895
<u>\$ 1,547,191</u>	<u>\$ -</u>	<u>\$ 591,205</u>	<u>\$ 4,555</u>	<u>\$ 393,474</u>	<u>\$ 140,895</u>
\$ (216,083)	\$ -	\$ 82,418	\$ 61,643	\$ (116,921)	\$ (14,495)
82,396		464			
(2,157)			(22,771)		
<u>\$ (135,844)</u>	<u>\$ -</u>	<u>\$ 82,882</u>	<u>\$ 38,872</u>	<u>\$ (116,921)</u>	<u>\$ (14,495)</u>
749,069	498	41,159	61,474	(82,467)	-
<u>\$ 613,225</u>	<u>\$ 498</u>	<u>\$ 124,041</u>	<u>\$ 100,346</u>	<u>\$ (199,388)</u>	<u>\$ (14,495)</u>

Grant County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)
For The Fiscal Year Ended June 30, 2012

	Capital Projects Funds			
	Economic Development	Capital Road	Hachita Rec Center	Airport Industrial Park
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes				
Other taxes				
Federal sources				
State sources		109,925		
Charges for services				
Miscellaneous				
Total revenues	\$ -	\$ 109,925	\$ -	\$ -
Expenditures:				
Current:				
General government	\$ 83,908	\$ -	\$ -	\$ 85,619
Public safety				
Health and welfare				
Culture recreation				
Debt service				
Principle				
Interest				
Loan issue costs				
Capital outlay		271,883		
Total expenditures	\$ 83,908	\$ 271,883	\$ -	\$ 85,619
Revenues over (under) expenditures	\$ (83,908)	\$ (161,958)	\$ -	\$ (85,619)
Other financing sources (uses):				
Transfer in	56,667	67,609		
Transfer (out)			(420)	
Loan proceeds				
Net change in fund balances	\$ (27,241)	\$ (94,349)	\$ (420)	\$ (85,619)
Fund balance, July 1, 2011	-	(207,261)	420	582,292
Fund balance, June 30, 2012	<u>\$ (27,241)</u>	<u>\$ (301,610)</u>	<u>\$ -</u>	<u>\$ 496,673</u>

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

Capital Projects Funds

Jail Construction	Renovations	Fort Bayard Medical Center	CDBG Child Care	Fort Bayard	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,207
	260,939				2,070,180
					68,401
					1,133,611
					2,046,101
					780,410
<u>59</u>				<u>119,319</u>	<u>315,396</u>
<u>\$ 59</u>	<u>\$ 260,939</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119,319</u>	<u>\$ 6,426,306</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 420,490
					4,350,830
					1,275,963
					61,489
					324,418
					61,340
					-
<u>3,025,554</u>	<u>260,939</u>			<u>44,715</u>	<u>4,685,822</u>
<u>\$ 3,025,554</u>	<u>\$ 260,939</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,715</u>	<u>\$ 11,180,352</u>
\$ (3,025,495)	\$ -	\$ -	\$ -	\$ 74,604	\$ (4,754,046)
	23,155		38,292	761,756	3,026,461
(2,600)		(761,756)			(874,533)
					-
<u>\$ (3,028,095)</u>	<u>\$ 23,155</u>	<u>\$ (761,756)</u>	<u>\$ 38,292</u>	<u>\$ 836,360</u>	<u>\$ (2,602,118)</u>
<u>2,472,858</u>	<u>20,114</u>	<u>761,756</u>	<u>(38,292)</u>	<u>(781,525)</u>	<u>5,946,147</u>
<u>\$ (555,237)</u>	<u>\$ 43,269</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,835</u>	<u>\$ 3,344,029</u>

Grant County
NONMAJOR SPECIAL REVENUE FUNDS - RURAL FIRE DEPARTMENTS
COMBINING BALANCE SHEET
For the Fiscal Year Ended June 30, 2012

	Gila/Cliff Fire	Fort Bayard Fire	Upper Mimbres Fire	Lower Mimbres Fire
Assets				
Cash	\$ 140,219	\$ 3	\$ 64,432	\$ 19,999
Interfund receivable				
Total assets	\$ 140,219	\$ 3	\$ 64,432	\$ 19,999
Liabilities and Fund Balance				
Accounts payable	\$ 553	\$ 288	\$ 115	\$ 3,340
Interfund payable				
Deferred revenue				
Total liabilities	\$ 553	\$ 288	\$ 115	\$ 3,340
Fund balances:				
Restricted:				
Public Safety	\$ 139,666	\$ -	\$ 64,317	\$ 16,659
Unassigned		(285)		
Total fund balance	\$ 139,666	\$ (285)	\$ 64,317	\$ 16,659
Total liabilities and fund balance	\$ 140,219	\$ 3	\$ 64,432	\$ 19,999

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>
\$ 112,980	\$ 12,352	\$ 46,374	\$ 173,676	\$ 52,438	\$ 622,473
<u>\$ 112,980</u>	<u>\$ 12,352</u>	<u>\$ 46,374</u>	<u>\$ 173,676</u>	<u>\$ 52,438</u>	<u>\$ 622,473</u>
\$ 62	\$ 438	\$ 394	\$ 3,993	\$ 65	\$ 9,248
<u>\$ 62</u>	<u>\$ 438</u>	<u>\$ 394</u>	<u>\$ 3,993</u>	<u>\$ 65</u>	<u>\$ 9,248</u>
\$ 112,918	\$ 11,914	\$ 45,980	\$ 169,683	\$ 52,373	\$ 613,510 (285)
<u>\$ 112,918</u>	<u>\$ 11,914</u>	<u>\$ 45,980</u>	<u>\$ 169,683</u>	<u>\$ 52,373</u>	<u>\$ 613,225</u>
<u>\$ 112,980</u>	<u>\$ 12,352</u>	<u>\$ 46,374</u>	<u>\$ 173,676</u>	<u>\$ 52,438</u>	<u>\$ 622,473</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, 2012

	Gila/Cliff Fire	Fort Bayard Fire	Upper Mimbres Fire	Lower Mimbres Fire
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
State sources	98,652	70,092	98,652	98,652
Charges for services	3,500	6,102	4,688	3,954
Miscellaneous	5	2	3	5
Total revenues	<u>\$ 102,157</u>	<u>\$ 76,196</u>	<u>\$ 103,343</u>	<u>\$ 102,611</u>
Expenditures:				
Current				
Public safety	\$ 53,977	\$ 25,973	\$ 27,295	\$ 61,210
Debt service:				
Principal	33,555	37,958	20,803	45,454
Interest	3,650	8,751	2,097	4,271
Capital outlay	9,083			
Total expenditures	<u>\$ 100,265</u>	<u>\$ 72,682</u>	<u>\$ 50,195</u>	<u>\$ 110,935</u>
Revenues over (under) expenditures	\$ 1,892	\$ 3,514	\$ 53,148	\$ (8,324)
Other financing sources (uses):				
Transfer in		30,166		
Transfer (out)				
Loan proceeds				
Net change in fund balances	\$ 1,892	\$ 33,680	\$ 53,148	\$ (8,324)
Fund balance, July 1, 2011	<u>137,774</u>	<u>(33,965)</u>	<u>11,169</u>	<u>24,983</u>
Fund balance, June 30, 2012	<u>\$ 139,666</u>	<u>\$ (285)</u>	<u>\$ 64,317</u>	<u>\$ 16,659</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>
\$ -	\$ -	\$ -	\$ 10,044	\$ -	\$ 10,044
66,198	140,184	189,512	369,925	49,326	1,181,193
9,738	5,928	29,619	68,046	8,113	139,688
<u>4</u>			<u>164</u>		<u>183</u>
<u>\$ 75,940</u>	<u>\$ 146,112</u>	<u>\$ 219,131</u>	<u>\$ 448,179</u>	<u>\$ 57,439</u>	<u>\$ 1,331,108</u>
\$ 18,474	\$ 66,921	\$ 61,391	\$ 180,825	\$ 28,244	\$ 524,310
34,558		49,952	95,238	6,900	324,418
1,408		8,043	31,703	1,417	61,340
<u>44,351</u>	<u>239,189</u>	<u>322,085</u>	<u>13,332</u>	<u>9,083</u>	<u>637,123</u>
<u>\$ 98,791</u>	<u>\$ 306,110</u>	<u>\$ 441,471</u>	<u>\$ 321,098</u>	<u>\$ 45,644</u>	<u>\$ 1,547,191</u>
\$ (22,851)	\$ (159,998)	\$ (222,340)	\$ 127,081	\$ 11,795	\$ (216,083)
24,662			27,568		82,396
			(2,157)		(2,157)
<u>-</u>					<u>-</u>
\$ 1,811	\$ (159,998)	\$ (222,340)	\$ 152,492	\$ 11,795	\$ (135,844)
<u>111,107</u>	<u>171,912</u>	<u>268,320</u>	<u>17,191</u>	<u>40,578</u>	<u>749,069</u>
<u>\$ 112,918</u>	<u>\$ 11,914</u>	<u>\$ 45,980</u>	<u>\$ 169,683</u>	<u>\$ 52,373</u>	<u>\$ 613,225</u>

Grant County
SPECIAL REVENUE FUND - FIRE PROTECTION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 250,000	\$ 250,000	\$ 434,189	\$ 184,189
Miscellaneous			44	44
Total revenues	\$ 250,000	\$ 250,000	\$ 434,233	\$ 184,233
Expenditures:				
Current:				
Public safety	\$ 1,251,037	\$ 1,251,037	\$ 315,931	\$ 935,106
Capital outlay	16,200	16,200		16,200
Total expenditures	\$ 1,267,237	\$ 1,267,237	\$ 315,931	\$ 951,306
Revenues over (under) expenditures	\$ (1,017,237)	\$ (1,017,237)	\$ 118,302	\$ 1,135,539
Other financing sources (uses):				
Transfer in/(out)	10,460	10,460	10,460	-
Net change in fund balance	\$ (1,006,777)	\$ (1,006,777)	\$ 128,762	\$ 1,135,539
Fund balance, July 1, 2011	1,256,777	1,256,777	1,256,777	-
Fund balance, June 30, 2012	\$ 250,000	\$ 250,000	\$ 1,385,539	\$ 1,135,539
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 122,855	
Revenue accruals (net)			(33,379)	
Expenditure accruals (net)			1,546	
Other financing uses			37,740	
Net change in fund balance, NON-GAAP budgetary basis			\$ 128,762	

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 10,000	\$ 10,000	\$ 12,207	\$ 2,207
Federal sources	<u>20,000</u>	<u>20,000</u>	<u>19,031</u>	<u>(969)</u>
Total revenues	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 31,238</u>	<u>\$ 1,238</u>
Expenditures:				
Current:				
Culture and recreation	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
Capital outlay				-
Total expenditures	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ -</u>
Revenues over (under) expenditures:	\$ -	\$ -	\$ 1,238	\$ 1,238
Other financing sources (uses):				
Transfer in				-
Net change in fund balance	\$ -	\$ -	\$ 1,238	\$ 1,238
Fund balance, July 1, 2011			<u>25,959</u>	<u>25,959</u>
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,197</u>	<u>\$ 27,197</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 1,238	
Revenue accruals (net)				-
Expenditure accruals (net)				-
Other financing uses				-
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 1,238</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ -	\$ -	\$ 1	\$ 1
State sources	8,014	8,014	8,015	1
Total revenues	<u>\$ 8,014</u>	<u>\$ 8,014</u>	<u>\$ 8,016</u>	<u>\$ 2</u>
Expenditures:				
Current:				
Culture and recreation	\$ -	\$ 8,427	\$ 9,500	\$ (1,073)
Capital outlay	1,094	1,094		1,094
Total expenditures	<u>\$ 1,094</u>	<u>\$ 9,521</u>	<u>\$ 9,500</u>	<u>\$ 21</u>
Revenues over (under) expenditures	\$ 6,920	\$ (1,507)	\$ (1,484)	\$ 23
Other financing sources (uses):				
Transfer in/(out)	(1,531)	6,896	9,958	3,062
Net change in fund balance	\$ 5,389	\$ 5,389	\$ 8,474	\$ 3,085
Fund balance, July 1, 2011	(5,389)	(5,389)	(8,451)	(3,062)
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23</u>	<u>\$ 23</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 8,474	
Revenue accruals (net)				
Expenditure accruals (net)				
Other financing uses			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 8,474</u>	

The accompanying notes are an integral part of these financial statements

Grant County
SPECIAL REVENUE FUND - CORRECTION FEES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 450,000	\$ 450,000	\$ 665,537	\$ 215,537
State sources	154,903	154,903	169,573	14,670
Miscellaneous	<u> </u>	<u> </u>	<u>96,720</u>	<u>96,720</u>
Total revenues	<u>\$ 604,903</u>	<u>\$ 604,903</u>	<u>\$ 931,830</u>	<u>\$ 326,927</u>
Expenditures:				
Current:				
Public safety	\$ 2,340,700	\$ 2,358,799	\$ 2,358,799	\$ -
Capital outlay	<u> </u>	<u> </u>	<u> </u>	<u>-</u>
Total expenditures	<u>\$ 2,340,700</u>	<u>\$ 2,358,799</u>	<u>\$ 2,358,799</u>	<u>\$ -</u>
Revenues over (under) expenditures	\$ (1,735,797)	\$ (1,753,896)	\$ (1,426,969)	\$ 326,927
Other financing sources (uses):				
Transfer in	<u>1,790,000</u>	<u>1,790,000</u>	<u>1,790,000</u>	<u>-</u>
Net change in fund balance	\$ 54,203	\$ 36,104	\$ 363,031	\$ 326,927
Fund balance, July 1, 2011	<u> </u>	<u> </u>	<u>31,348</u>	<u>31,348</u>
Fund balance, June 30, 2012	<u>\$ 54,203</u>	<u>\$ 36,104</u>	<u>\$ 394,379</u>	<u>\$ 358,275</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 399,387	
Revenue accruals (net)			(17,242)	
Expenditure accruals (net)			(19,114)	
Other financing uses			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 363,031</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Charges for services	\$ 50,000	\$ 50,000	\$ 39,098	\$ (10,902)
Expenditures:				
Current:				
General government	\$ 3,000	\$ 3,000	\$ 1,569	\$ 1,431
Capital outlay	30,000	30,000	18,767	11,233
Total expenditures	\$ 33,000	\$ 33,000	\$ 20,336	\$ 12,664
Net change in fund balance	\$ 17,000	\$ 17,000	\$ 18,762	\$ 1,762
Fund balance, July 1, 2011	203,739	203,739	203,739	203,739
Fund balance, June 30, 2012	\$ 17,000	\$ 17,000	\$ 222,501	\$ 205,501
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 18,762	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Other financing sources			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 18,762	

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 42,200	\$ 42,200	\$ 42,680	\$ 480
Expenditures:				
Current:				
Public safety	\$ 47,275	\$ 47,275	\$ 47,274	\$ 1
Capital outlay				-
Total expenditures	<u>\$ 47,275</u>	<u>\$ 47,275</u>	<u>\$ 47,274</u>	<u>\$ 1</u>
Net change in fund balance	\$ (5,075)	\$ (5,075)	\$ (4,594)	\$ 481
Fund balance, July 1, 2011	<u>5,075</u>	<u>5,075</u>	<u>5,075</u>	<u>-</u>
Fund balance, June 30, 2012	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 481</u></u>	<u><u>\$ 481</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (4,494)	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>(100)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (4,594)</u></u>	

The accompanying notes are an integral part of these financial statements

Grant County
SPECIAL REVENUE FUND - LODGERS TAX
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 35,000	\$ 35,000	\$ 68,400	\$ 33,400
Expenditures:				
Current:				
Culture and recreation	30,242	52,393	52,487	(94)
Revenues over (under) expenditures	\$ 4,758	\$ (17,393)	\$ 15,913	\$ 33,306
Other financing sources (uses):				
Transfer in	17,393	17,393	17,393	-
Net change in fund balance	\$ 22,151	\$ -	\$ 33,306	\$ 33,306
Fund balance, July 1, 2011			12,742	12,742
Fund balance, June 30, 2012	\$ 22,151	\$ -	\$ 46,048	\$ 46,048
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 33,804	
Revenue accruals (net)			-	
Expenditure accruals (net)			(498)	
Net change in fund balance, NON-GAAP budgetary basis			\$ 33,306	

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 174,804	\$ 341,054	\$ 273,360	\$ (67,694)
State sources	74,891	248,062	44,015	(204,047)
Charges for services	162,000	163,503	55,875	(107,628)
Total revenues	\$ 411,695	\$ 752,619	\$ 373,250	\$ (379,369)
Expenditures:				
Current:				
General government	\$ 159,059	\$ 169,669	\$ 169,684	\$ (15)
Capital outlay	40,521	474,437	242,347	232,090
Total expenditures	\$ 199,580	\$ 644,106	\$ 412,031	\$ 232,075
Revenues over (under) expenditures	\$ 212,115	\$ 108,513	\$ (38,781)	\$ (147,294)
Other financing sources (uses):				
Transfer in		\$ 48,372	\$ 156,000	\$ 107,628
Net change in fund balance	\$ 212,115	\$ 156,885	\$ 117,219	\$ (39,666)
Fund balance, July 1, 2011	(156,885)	(156,885)	(188,165)	(31,280)
Fund balance, June 30, 2012	\$ 55,230	\$ -	\$ (70,946)	\$ (70,946)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 55,346	
Revenue accruals (net)			48,039	
Expenditure accruals (net)			13,834	
Net change in fund balance, NON-GAAP budgetary basis			\$ 117,219	

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Charges for services	\$ 95,000	\$ 95,000	\$ 110,898	\$ 15,898
Expenditures:				
Current:				
General government	\$ 84,228	\$ 84,228	\$ 76,280	\$ 7,948
Capital outlay	30,000	30,000	28,007	1,993
Total expenditures	<u>\$ 114,228</u>	<u>\$ 114,228</u>	<u>\$ 104,287</u>	<u>\$ 9,941</u>
Net change in fund balance	\$ (19,228)	\$ (19,228)	\$ 6,611	\$ 25,839
Fund balance, July 1, 2011	<u>192,061</u>	<u>192,061</u>	<u>192,061</u>	<u>-</u>
Fund balance, June 30, 2012	<u><u>\$ 172,833</u></u>	<u><u>\$ 172,833</u></u>	<u><u>\$ 198,672</u></u>	<u><u>\$ 25,839</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 17,015	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>(10,404)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 6,611</u></u>	

The accompanying notes are an integral part of these financial statements

Grant County
SPECIAL REVENUE FUND - EMS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 44,840	\$ 44,840	\$ 45,572	\$ 732
Miscellaneous				-
Total revenues	\$ 44,840	\$ 44,840	\$ 45,572	\$ 732
Expenditures:				
Current:				
Public Safety	\$ 67,037	\$ 67,037	\$ 49,836	\$ 17,201
Capital outlay				-
Total expenditures	\$ 67,037	\$ 67,037	\$ 49,836	\$ 17,201
Revenues over (under) expenditures	\$ (22,197)	\$ (22,197)	\$ (4,264)	\$ 17,933
Other financing sources (uses):				
Transfer in			\$ -	\$ -
Net change in fund balance	\$ (22,197)	\$ (22,197)	\$ (4,264)	\$ 17,933
Fund balance, July 1, 2011	28,698	28,698	28,698	-
Fund balance, June 30, 2012	\$ 6,501	\$ 6,501	\$ 24,434	\$ 17,933
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (3,050)	
Revenue accruals (net)			-	
Expenditure accruals (net)			(1,214)	
Net change in fund balance, NON-GAAP budgetary basis			\$ (4,264)	

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 140,000	\$ 140,000	\$ 29,063	\$ (110,937)
Charges for services	280,000	280,000	394,969	114,969
Miscellaneous	<u> </u>	<u> </u>	<u>40,236</u>	<u>40,236</u>
Total revenues	<u>\$ 420,000</u>	<u>\$ 420,000</u>	<u>\$ 464,268</u>	<u>\$ 44,268</u>
Expenditures:				
Current:				
Health and welfare	<u>\$ 430,555</u>	<u>\$ 444,255</u>	<u>\$ 394,226</u>	<u>\$ 50,029</u>
Revenues over (under) expenditures	\$ (10,555)	\$ (24,255)	\$ 70,042	\$ 94,297
Other financing sources (uses):				
Transfer out	<u> </u>	<u>(520)</u>	<u>(520)</u>	<u>-</u>
Net change in fund balance	\$ (10,555)	\$ (24,775)	\$ 69,522	\$ 94,297
Fund balance, July 1, 2011	<u>496,478</u>	<u>496,478</u>	<u>496,478</u>	<u>-</u>
Fund balance, June 30, 2012	<u><u>\$ 485,923</u></u>	<u><u>\$ 471,703</u></u>	<u><u>\$ 566,000</u></u>	<u><u>\$ 94,297</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 13,824	
Revenue accruals (net)			(204,834)	
Expenditure accruals (net)			260,532	
Other financing uses (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 69,522</u></u>	

The accompanying notes are an integral part of these financial statements

Grant County
SPECIAL REVENUE FUND - REGIONAL DISPATCH
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 570,000	\$ 570,000	\$ 666,208	\$ 96,208
State sources	77,000	77,000		(77,000)
Miscellaneous			19,202	19,202
Total revenues	<u>\$ 647,000</u>	<u>\$ 647,000</u>	<u>\$ 685,410</u>	<u>\$ 38,410</u>
Expenditures:				
Current:				
Public safety	\$ 721,285	\$ 721,285	\$ 698,723	\$ 22,562
Capital outlay	2,000	2,000	15,592	(13,592)
Total expenditures	<u>\$ 723,285</u>	<u>\$ 723,285</u>	<u>\$ 714,315</u>	<u>\$ 8,970</u>
Revenues over (under) expenditures	\$ (76,285)	\$ (76,285)	\$ (28,905)	\$ 47,380
Other financing sources (uses):				
Transfer in	<u>\$ 77,000</u>	<u>\$ 77,000</u>		<u>\$ (77,000)</u>
Net change in fund balance	\$ 715	\$ 715	\$ (28,905)	\$ (29,620)
Fund balance, July 1, 2011			<u>27,682</u>	<u>27,682</u>
Fund balance, June 30, 2012	<u>\$ 715</u>	<u>\$ 715</u>	<u>\$ (1,223)</u>	<u>\$ (1,938)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (16,036)	
Revenue accruals (net)			(19,845)	
Expenditure accruals (net)			<u>6,976</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (28,905)</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 61,539	\$ 61,539	\$ 61,539	\$ -
Miscellaneous			3,500	3,500
Total revenues	\$ 61,539	\$ 61,539	\$ 65,039	\$ 3,500
Expenditures:				
Current:				
Public safety	\$ 39,158	\$ 41,158	\$ 54,487	\$ (13,329)
Capital outlay	22,381	22,381	9,083	13,298
Total expenditures	\$ 61,539	\$ 63,539	\$ 63,570	\$ (31)
Revenues over (under) expenditures	\$ -	\$ (2,000)	\$ 1,469	\$ 3,469
Other financing sources (uses):				
Transfer in				\$ -
Net change in fund balance	\$ -	\$ (2,000)	\$ 1,469	\$ 3,469
Fund balance, July 1, 2011		138,745	138,745	-
Fund balance, June 30, 2012	\$ -	\$ 136,745	\$ 140,214	\$ 3,469
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 1,892	
Revenue accruals (net)			(37,118)	
Expenditure accruals (net)			36,695	
Net change in fund balance, NON-GAAP budgetary basis			\$ 1,469	

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 53,418	\$ 53,418	\$ 53,418	\$ -
Charges for services			6,102	6,102
Miscellaneous				-
	<u>\$ 53,418</u>	<u>\$ 53,418</u>	<u>\$ 59,520</u>	<u>\$ 6,102</u>
Total revenues				
Expenditures:				
Current:				
Public safety	\$ 24,800	\$ 24,800	\$ 25,716	\$ (916)
Capital outlay	28,618	28,618		28,618
	<u>\$ 53,418</u>	<u>\$ 53,418</u>	<u>\$ 25,716</u>	<u>\$ 27,702</u>
Total expenditures				
Net change in fund balance	\$ -	\$ -	\$ 33,804	\$ 33,804
Fund balance, July 1, 2011			(33,803)	(33,803)
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 33,680	
Revenue accruals (net)			(16,676)	
Expenditure accruals (net)			16,800	
Other financing sources				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 33,804</u>	

The accompanying notes are an integral part of these financial statements

Grant County
SPECIAL REVENUE FUND - UPPER MIMBRES FIRE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 75,792	\$ 75,792	\$ 75,792	\$ -
Miscellaneous			4,688	4,688
Total revenues	<u>\$ 75,792</u>	<u>\$ 75,792</u>	<u>\$ 80,480</u>	<u>\$ 4,688</u>
Expenditures:				
Current:				
Public safety	\$ 36,900	\$ 36,900	\$ 27,615	\$ 9,285
Capital outlay	38,892	38,892		38,892
Total expenditures	<u>\$ 75,792</u>	<u>\$ 75,792</u>	<u>\$ 27,615</u>	<u>\$ 48,177</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ 52,865	\$ 52,865
Other financing sources (uses):				
Transfer in				<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ 52,865	\$ 52,865
Fund balance, July 1, 2011			<u>11,564</u>	<u>11,564</u>
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,429</u>	<u>\$ 64,429</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 53,148	
Revenue accruals (net)			(22,863)	
Expenditure accruals (net)			22,580	
Other financing sources (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 52,865</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 63,643	\$ 63,643	\$ 63,643	\$ -
Charges for services			3,954	3,954
Miscellaneous				-
Total revenues	\$ 63,643	\$ 63,643	\$ 67,597	\$ 3,954
Expenditures:				
Current:				
Public safety	\$ 27,240	\$ 44,740	\$ 66,364	\$ (21,624)
Capital outlay	36,403	36,403	14,646	21,757
Total expenditures	\$ 63,643	\$ 81,143	\$ 81,010	\$ 133
Net change in fund balance	\$ -	\$ (17,500)	\$ (13,413)	\$ 4,087
Fund balance, July 1, 2011	33,408	33,408	33,408	-
Fund balance, June 30, 2012	\$ -	\$ 15,908	\$ 19,995	\$ 4,087
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (8,324)	
Revenue accruals (net)			(35,014)	
Expenditure accruals (net)			29,925	
Other financing sources			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (13,413)	

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 56,265	\$ 56,265	\$ 56,265	\$ -
Charges for services			9,738	9,738
Miscellaneous				-
Total revenues	<u>\$ 56,265</u>	<u>\$ 56,265</u>	<u>\$ 66,003</u>	<u>\$ 9,738</u>
Expenditures:				
Current:				
Public safety	\$ 24,000	\$ 24,000	\$ 18,620	\$ 5,380
Capital outlay	<u>32,265</u>	<u>38,975</u>	<u>44,351</u>	<u>(5,376)</u>
Total expenditures	<u>\$ 56,265</u>	<u>\$ 62,975</u>	<u>\$ 62,971</u>	<u>\$ 4</u>
Revenues over (under) expenditures	\$ -	\$ (6,710)	\$ 3,032	\$ 9,742
Other financing sources (uses):				
Transfer out				<u>\$ -</u>
Net change in fund balance	\$ -	\$ (6,710)	\$ 3,032	\$ 9,742
Fund balance, July 1, 2011		<u>104,788</u>	<u>104,788</u>	<u>-</u>
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ 98,078</u>	<u>\$ 107,820</u>	<u>\$ 9,742</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 1,811	
Revenue accruals (net)			(9,937)	
Expenditure accruals (net)			35,820	
Other financing sources (net)			<u>(24,662)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 3,032</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 140,184	\$ 140,184	\$ 140,184	\$ -
Charges for services			5,928	5,928
Miscellaneous				-
Total revenues	<u>\$ 140,184</u>	<u>\$ 140,184</u>	<u>\$ 146,112</u>	<u>\$ 5,928</u>
Expenditures:				
Current:				
Public safety	\$ 35,500	\$ 60,778	\$ 71,388	\$ (10,610)
Capital outlay	104,684	239,189	239,189	-
Total expenditures	<u>\$ 140,184</u>	<u>\$ 299,967</u>	<u>\$ 310,577</u>	<u>\$ (10,610)</u>
Net change in fund balance	\$ -	\$ (159,783)	\$ (164,465)	\$ (4,682)
Fund balance, July 1, 2011		176,817	176,817	-
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ 17,034</u>	<u>\$ 12,352</u>	<u>\$ (4,682)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (159,998)	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>(4,467)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (164,465)</u>	

The accompanying notes are an integral part of these financial statements

Grant County
SPECIAL REVENUE FUND - PINOS ALTOS FIRE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 189,512	\$ 189,512	\$ 189,512	\$ -
Charges for services			29,619	29,619
Miscellaneous				-
Total revenues	\$ 189,512	\$ 189,512	\$ 219,131	\$ 29,619
Expenditures:				
Current:				
Public safety	\$ 57,653	\$ 255,323	\$ 67,606	\$ 187,717
Capital outlay	131,859	219,259	402,082	(182,823)
Total expenditures	\$ 189,512	\$ 474,582	\$ 469,688	\$ 4,894
Revenues over (under) expenditures	\$ -	\$ (285,070)	\$ (250,557)	\$ 34,513
Other financing sources (uses):				
Transfer out				\$ -
Net change in fund balance	\$ -	\$ (285,070)	\$ (250,557)	\$ 34,513
Fund balance, July 1, 2011		296,931	296,931	-
Fund balance, June 30, 2012	\$ -	\$ 11,861	\$ 46,374	\$ 34,513
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (222,340)	
Revenue accruals (net)			-	
Expenditure accruals (net)			(28,217)	
Other financing sources (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (250,557)	

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 326,519	\$ 326,519	\$ 326,519	\$ -
Charges for services			68,046	68,046
Miscellaneous	259,144	259,144	121,620	(137,524)
Total revenues	\$ 585,663	\$ 585,663	\$ 516,185	\$ (69,478)
Expenditures:				
Current:				
Public safety	\$ 155,992	\$ 155,992	\$ 181,316	\$ (25,324)
Capital outlay	167,052	187,797	61,727	126,070
Total expenditures	\$ 323,044	\$ 343,789	\$ 243,043	\$ 100,746
Revenues over (under) expenditures	\$ 262,619	\$ 241,874	\$ 273,142	\$ 31,268
Other financing sources (uses):				
Transfer in	\$ 14,490	\$ 12,333	\$ 12,333	\$ -
Net change in fund balance	\$ 277,109	\$ 254,207	\$ 285,475	\$ 31,268
Fund balance, July 1, 2011	(136,448)	(136,448)	(136,448)	-
Fund balance, June 30, 2012	<u>\$ 140,661</u>	<u>\$ 117,759</u>	<u>\$ 149,027</u>	<u>\$ 31,268</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 152,492	
Revenue accruals (net)			68,006	
Expenditure accruals (net)			78,055	
Other financing sources (net)			<u>(13,078)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 285,475</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 49,326	\$ 49,326	\$ 49,326	\$ -
Charges for services			8,113	8,113
Miscellaneous				-
	<u>\$ 49,326</u>	<u>\$ 49,326</u>	<u>\$ 57,439</u>	<u>\$ 8,113</u>
Total revenues				
Expenditures:				
Current:				
Public safety	\$ 30,600	\$ 30,600	\$ 30,037	\$ 563
Capital outlay	18,726	18,726	17,400	1,326
	<u>\$ 49,326</u>	<u>\$ 49,326</u>	<u>\$ 47,437</u>	<u>\$ 1,889</u>
Total expenditures				
Net change in fund balance	\$ -	\$ -	\$ 10,002	\$ 10,002
Fund balance, July 1, 2011			42,436	42,436
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,438</u>	<u>\$ 52,438</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 10,002	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Other financing sources			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 10,002</u>	

The accompanying notes are an integral part of these financial statements

Grant County
SPECIAL REVENUE FUND - CDBG ZONING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
General government	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2011	-	-	498	498
Fund balance, June 30, 2012	\$ -	\$ -	\$ 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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	28	28
Total revenues	\$ -	\$ -	\$ 28	\$ 28
Expenditures:				
Current:				
Public safety	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Revenues over (under) expenditures	\$ -	\$ -	\$ 28	\$ 28
Other financing sources (uses):				
Transfer out	-	-	(4,092)	(4,092)
Net change in fund balance	\$ -	\$ -	\$ (4,064)	\$ (4,064)
Fund balance, July 1, 2011	-	-	4,095	4,095
Fund balance, June 30, 2012	\$ -	\$ -	\$ 31	\$ 31
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (4,064)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (4,064)	

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 148,194	\$ 148,194	\$ 203,619	\$ 55,425
State sources	559,460	562,078	597,089	35,011
Charges for services	90,575	180,997	78,876	(102,121)
Miscellaneous				-
Total revenues	<u>\$ 798,229</u>	<u>\$ 891,269</u>	<u>\$ 879,584</u>	<u>\$ (11,685)</u>
Expenditures:				
Current:				
Health and welfare	\$ 495,310	\$ 595,719	\$ 583,723	\$ 11,996
Capital outlay	928	928		928
Total expenditures	<u>\$ 496,238</u>	<u>\$ 596,647</u>	<u>\$ 583,723</u>	<u>\$ 12,924</u>
Revenues over (under) expenditures	\$ 301,991	\$ 294,622	\$ 295,861	\$ 1,239
Other financing sources (uses):				
Transfer in	\$ 464	\$ 464	\$ 464	\$ -
Net change in fund balance	\$ 302,455	\$ 295,086	\$ 296,325	\$ 1,239
Fund balance, July 1, 2011	<u>(254,180)</u>	<u>(254,180)</u>	<u>(254,180)</u>	<u>-</u>
Fund balance, June 30, 2012	<u>\$ 48,275</u>	<u>\$ 40,906</u>	<u>\$ 42,145</u>	<u>\$ 1,239</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 82,882	
Revenue accruals (net)			205,961	
Expenditure accruals (net)			7,482	
Other financing sources (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 296,325</u>	

The accompanying notes are an integral part of these financial statements

Grant County
SPECIAL REVENUE FUND - GRANT COUNTY FIRE ADMINISTRATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 66,198	\$ 66,198	\$ 66,198	\$ -
Charges for services				-
Miscellaneous				-
Total revenues	<u>\$ 66,198</u>	<u>\$ 66,198</u>	<u>\$ 66,198</u>	<u>\$ -</u>
Expenditures:				
Current:				
Public safety	\$ 27,600	\$ 27,600	\$ 4,555	\$ 23,045
Capital outlay	15,827	15,827		15,827
Total expenditures	<u>\$ 43,427</u>	<u>\$ 43,427</u>	<u>\$ 4,555</u>	<u>\$ 38,872</u>
Revenues over (under) expenditures	\$ 22,771	\$ 22,771	\$ 61,643	\$ 38,872
Other financing sources (uses):				
Transfer out	\$ (22,771)	\$ (22,771)	\$ (22,771)	\$ -
Net change in fund balance	\$ -	\$ -	\$ 38,872	\$ 38,872
Fund balance, July 1, 2011			<u>61,474</u>	<u>61,474</u>
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,346</u>	<u>\$ 100,346</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 38,872	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Other financing sources (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 38,872</u>	

The accompanying notes are an integral part of these financial statements

Grant County
SPECIAL REVENUE FUND - HOMELAND SECURITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 1,112,360	\$ 1,162,360	\$ 306,025	\$ (856,335)
Charges for services				-
Miscellaneous				-
Total revenues	<u>\$ 1,112,360</u>	<u>\$ 1,162,360</u>	<u>\$ 306,025</u>	<u>\$ (856,335)</u>
Expenditures:				
Current:				
Public safety	\$ 880,424	\$ 931,911	\$ 397,737	\$ 534,174
Capital outlay				-
Total expenditures	<u>\$ 880,424</u>	<u>\$ 931,911</u>	<u>\$ 397,737</u>	<u>\$ 534,174</u>
Revenues over (under) expenditures	\$ 231,936	\$ 230,449	\$ (91,712)	\$ (322,161)
Other financing sources (uses):				
Transfer out	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance	\$ 231,936	\$ 230,449	\$ (91,712)	\$ (322,161)
Fund balance, July 1, 2011	<u>(155,973)</u>	<u>(155,973)</u>	<u>(155,973)</u>	<u>-</u>
Fund balance, June 30, 2012	<u><u>\$ 75,963</u></u>	<u><u>\$ 74,476</u></u>	<u><u>\$ (247,685)</u></u>	<u><u>\$ (322,161)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (116,921)	
Revenue accruals (net)			29,472	
Expenditure accruals (net)			(4,263)	
Other financing sources (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (91,712)</u></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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ -	\$ -	\$ 1,253,849	\$ 1,253,849
Miscellaneous			226,424	226,424
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,480,273</u>	<u>\$ 1,480,273</u>
Expenditures:				
Debt service	<u>\$ 3,914,959</u>	<u>\$ 3,914,959</u>	<u>\$ 1,097,926</u>	<u>\$ 2,817,033</u>
Total expenditures	<u>\$ 3,914,959</u>	<u>\$ 3,914,959</u>	<u>\$ 1,097,926</u>	<u>\$ 2,817,033</u>
Revenues over (under) expenditures	\$ (3,914,959)	\$ (3,914,959)	\$ 382,347	\$ 4,297,306
Other financing sources (uses):				
Transfer in	<u>\$ 3,293,792</u>	<u>\$ 3,293,792</u>	<u>\$ 2,565,225</u>	<u>\$ (728,567)</u>
Net change in fund balance	\$ (621,167)	\$ (621,167)	\$ 2,947,572	\$ 3,568,739
Fund balance, July 1, 2011	<u>2,122,934</u>	<u>2,122,934</u>	<u>2,122,934</u>	<u>-</u>
Fund balance, June 30, 2012	<u>\$ 1,501,767</u>	<u>\$ 1,501,767</u>	<u>\$ 5,070,506</u>	<u>\$ 3,568,739</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 425,393	
Revenue accruals (net)			(40,446)	
Expenditure accruals (net)			-	
Other financing sources (net)			<u>2,562,625</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 2,947,572</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 1,106,616	\$ 1,106,616	\$ 109,925	\$ (996,691)
Expenditures:				
Capital outlay	288,117	288,117	212,820	75,297
Revenues over (under) expenditures	\$ 818,499	\$ 818,499	\$ (102,895)	\$ (921,394)
Other financing sources (uses):				
Transfer in	67,609	67,609	67,609	-
Net change in fund balance	\$ 886,108	\$ 886,108	\$ (35,286)	\$ (921,394)
Fund balance, July 1, 2011	(207,261)	(207,261)	(207,261)	-
Fund balance, June 30, 2012	<u>\$ 678,847</u>	<u>\$ 678,847</u>	<u>\$ (242,547)</u>	<u>\$ (921,394)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (94,349)	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>59,063</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (35,286)</u>	

The accompanying notes are an integral part of these financial statements

Grant County
CAPITAL PROJECT FUND - RENOVATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 2,002,061	\$ 122,917	\$ (1,879,144)
Expenditures:				
Capital outlay	-	2,332,391	260,939	2,071,452
Revenues over (under) expenditures	\$ -	\$ (330,330)	\$ (138,022)	\$ 192,308
Other financing sources (uses):				
Transfer in/(out)		(105,901)	23,155	129,056
Net change in fund balance	\$ -	\$ (436,231)	\$ (114,867)	\$ 321,364
Fund balance, July 1, 2011		436,231	20,114	(416,117)
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (94,753)</u>	<u>\$ (94,753)</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 23,155	
Revenue accruals (net)			(138,022)	
Other financing uses (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (114,867)</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay	-	-	-	-
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfer out	(420)	(420)	(420)	-
Net change in fund balance	\$ (420)	\$ (420)	\$ (420)	\$ -
Fund balance, July 1, 2011	420	420	420	-
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (420)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (420)	

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay	<u>85,619</u>	<u>85,619</u>	<u>85,619</u>	<u>-</u>
Revenues over (under) expenditures	\$ (85,619)	\$ (85,619)	\$ (85,619)	\$ -
Other financing sources (uses):				
Transfer out	<u>(382,292)</u>	<u>(382,292)</u>	<u>-</u>	<u>382,292</u>
Net change in fund balance	\$ (467,911)	\$ (467,911)	\$ (85,619)	\$ 382,292
Fund balance, July 1, 2011	<u>582,292</u>	<u>582,292</u>	<u>582,292</u>	<u>-</u>
Fund balance, June 30, 2012	<u>\$ 114,381</u>	<u>\$ 114,381</u>	<u>\$ 496,673</u>	<u>\$ 382,292</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (85,619)	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (85,619)</u>	

The accompanying notes are an integral part of these financial statements

Grant County
SPECIAL REVENUE FUND - JAIL CONSTRUCTION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Miscellaneous	\$ -		\$ 104	\$ 104
Expenditures:				
Capital outlay	<u>3,914,959</u>	<u>3,914,959</u>	<u>3,866,108</u>	<u>48,851</u>
Revenues over (under) expenditures	\$ (3,914,959)	\$ (3,914,959)	\$ (3,866,004)	\$ 48,955
Other financing sources (uses):				
Transfer in/(out)	<u>3,393,792</u>	<u>3,393,792</u>	<u>(3,303,764)</u>	<u>(6,697,556)</u>
Net change in fund balance	\$ (521,167)	\$ (521,167)	\$ (7,169,768)	\$ (6,648,601)
Fund balance, July 1, 2011	<u>3,296,392</u>	<u>3,296,392</u>	<u>3,296,392</u>	<u>-</u>
Fund balance, June 30, 2012	<u>\$ 2,775,225</u>	<u>\$ 2,775,225</u>	<u>\$ (3,873,376)</u>	<u>\$ (6,648,601)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (3,028,095)	
Revenue accruals (net)			45	
Expenditure accruals (net)			(840,554)	
Net change in transfers			<u>(3,301,164)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (7,169,768)</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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay				-
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfer in	<u>38,292</u>	<u>38,292</u>	<u>38,292</u>	<u>-</u>
Net change in fund balance	\$ 38,292	\$ 38,292	\$ 38,292	\$ -
Fund balance, July 1, 2011	<u>(38,292)</u>	<u>(38,292)</u>	<u>(38,292)</u>	<u>-</u>
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 38,292	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in transfers			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 38,292</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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 761,756	\$ 761,756	\$ 119,319	\$ (642,437)
Expenditures:				
Capital outlay		<u>44,720</u>	<u>44,715</u>	<u>5</u>
Revenues over (under) expenditures	\$ 761,756	\$ 717,036	\$ 74,604	\$ (642,432)
Other financing sources (uses):				
Transfer out	<u>-</u>	<u>-</u>	<u>761,756</u>	<u>761,756</u>
Net change in fund balance	\$ 761,756	\$ 717,036	\$ 836,360	\$ 119,324
Fund balance, July 1, 2011	<u>(761,756)</u>	<u>(717,036)</u>	<u>(781,525)</u>	<u>(64,489)</u>
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,835</u>	<u>\$ 54,835</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 836,360	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Other financing sources (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 836,360</u>	

The accompanying notes are an integral part of these financial statements

Grant County
CAPITAL PROJECTS FUND - CONFERENCE CENTER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 126,400	\$ 109,678	\$ (16,722)
Miscellaneous	-	-	-	-
Total revenues	\$ -	\$ 126,400	\$ 109,678	\$ (16,722)
Expenditures:				
Current:				
Public works	\$ -	-	\$ -	\$ -
Capital outlay	-	126,400	124,975	1,425
Total expenditures	\$ -	\$ 126,400	\$ 124,975	\$ 1,425
Revenues over (under) expenditures	\$ -	\$ -	\$ (15,297)	\$ (15,297)
Other financing sources (uses):				
Transfer in	-	-	-	\$ -
Net change in fund balance	\$ -	\$ -	\$ (15,297)	\$ (15,297)
Fund balance, July 1, 2011	-	-	-	-
Fund balance, June 30, 2012	\$ -	\$ -	\$ (15,297)	\$ (15,297)

Budgetary reconciliation:			
Net change in fund balance, GAAP basis		\$ (14,495)	
Revenue accruals (net)		(16,722)	
Expenditure accruals (net)		15,920	
Other financing sources (net)		-	
Net change in fund balance, NON-GAAP budgetary basis		\$ (15,297)	

The accompanying notes are an integral part of these financial statements

Grant County
CAPITAL PROJECTS FUND - ECONOMIC DEVELOPMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ 170,000	\$ -	\$ (170,000)
Miscellaneous				-
Total revenues	<u>\$ -</u>	<u>\$ 170,000</u>	<u>\$ -</u>	<u>\$ (170,000)</u>
Expenditures:				
Current:				
General government	\$ -	\$ 226,667	\$ 83,908	\$ 142,759
Capital outlay				-
Total expenditures	<u>\$ -</u>	<u>\$ 226,667</u>	<u>\$ 83,908</u>	<u>\$ 142,759</u>
Revenues over (under) expenditures	\$ -	\$ (56,667)	\$ (83,908)	\$ (27,241)
Other financing sources (uses):				
Transfer in		<u>\$ 56,667</u>	<u>\$ 56,667</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ (27,241)	\$ (27,241)
Fund balance, July 1, 2011				-
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27,241)</u>	<u>\$ (27,241)</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (27,241)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Other financing sources (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (27,241)</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Operating revenue	\$ 74,209,738	\$ 74,209,738	\$ 78,779,912	\$ 4,570,174
Operating expenses:				
Salaries, wages, and benefits	\$ 37,387,944	\$ 37,387,944	\$ 38,778,379	\$ (1,390,435)
Supplies and other	16,034,549	16,034,549	17,531,692	(1,497,143)
Purchased services	12,303,938	12,303,938	12,147,775	156,163
Depreciation	3,573,848	3,573,848	3,382,462	191,386
Rentals and leases	2,218,478	2,218,478	1,995,398	223,080
Total operating expenses	\$ 71,518,757	\$ 71,518,757	\$ 73,835,706	\$ (2,316,949)
Operating income	\$ 2,690,981	\$ 2,690,981	\$ 4,944,206	\$ 2,253,225
Nonoperating income	112,916	112,916	474,996	362,080
Change in net assets	\$ 2,803,897	\$ 2,803,897	\$ 5,419,202	\$ 2,615,305
Net assets, beginning of year			66,329,551	
Net assets, end of year			\$ 71,748,753	

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, 2012

	<u>Balance</u> <u>July 1, 2010</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2011</u>
Property Tax Fund				
Assets				
Cash and investments	\$ 186,188	\$ 7,000,604	\$ 7,111,500	\$ 75,292
Taxes receivable	400,303	210,902		611,205
Total assets	<u>\$ 586,491</u>	<u>\$ 7,211,506</u>	<u>\$ 7,111,500</u>	<u>\$ 686,497</u>
Liabilities				
Due to others	<u>\$ 586,491</u>	<u>\$ 7,211,506</u>	<u>\$ 7,111,500</u>	<u>\$ 686,497</u>

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

Grant County
SCHEDULE OF DEPOSITORY COLLATERAL
June 30, 2012

	<u>Wells Fargo</u>	<u>Western Bank</u>	<u>Wells Fargo Brokerage</u>	<u>Total</u>
Checking and CD's	\$ 4,961,920	\$ 100,000	\$ 6,655,238	\$ 11,717,158
Total on deposit	\$ 4,961,920	\$ 100,000	\$ 6,655,238	\$ 11,717,158
Less: FDIC insurance	<u>(250,000)</u>	<u>(100,000)</u>	<u>(6,655,238)</u>	<u>(7,005,238)</u>
Total uninsured public funds	<u>\$ 4,711,920</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,711,920</u>
 50% collateralization requirement (Section 6-10-17 NMSA)	 <u>\$ 2,355,960</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 2,355,960</u>
 Pledged Securities:				
FG 3128M6V28 10/1/38	\$ 41,610	\$ -	\$ -	\$ 41,610
FN 3138A1AG8 12/1/40	79,208	-	-	79,208
FN 3138A1BA8 1/1/41	617,677	-	-	617,677
FN 3138A2WW5 1/1/41	18,559	-	-	18,559
FN 3138A77E2 4/1/41	21,427	-	-	21,427
FN 3138A8EL6 2/1/26	18,315	-	-	18,315
FN 3138ARGA6 91/41	35,150	-	-	35,150
FN 3138AULU9 10/1/41	151,770	-	-	151,770
FN 31418AD96 4/1/42	36,710	-	-	36,710
Account guarantee program:				
Non-interest account fully guaranteed	<u>3,759,636</u>	<u>-</u>	<u>-</u>	<u>3,759,636</u>
Total pledged securities	<u>\$ 4,780,062</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,780,062</u>
 Pledged securities over (under) requirement	 <u>\$ 2,424,102</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 2,424,102</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, 2012

	<u>Type of Account</u>	<u>Bank Balance</u>	<u>Reconciled Balance</u>
<u>Wells Fargo</u>			
Grant County Treasurer	Checking	\$ 3,759,635	\$ 1,908,210
Dos Griegos	Savings	11,120	11,120
SWNMTF DCSI	Checking	1,485	1,485
HIDTA	Checking	11,039	11,039
SWNMTF Treasury	Checking	10,107	10,107
SWNMTF Justice	Savings	3,228	3,228
IRS Tax Bank	Checking	1	1
Detention Center Issuance Cost	Checking	1,165,305	1,476,180
Total Wells Fargo		<u>\$ 4,961,920</u>	<u>\$ 3,421,370</u>
<u>Western Bank</u>			
General	CD	\$ 100,000	\$ 100,000
		<u>\$ 100,000</u>	<u>\$ 100,000</u>
<u>Wells Fargo Brokerage</u>			
General	Govt Money Mkt CD's	\$ 1,145,092	\$ 1,145,092
		<u>5,510,146</u>	<u>5,510,146</u>
Total Wells Fargo Brokerage		<u>\$ 6,655,238</u>	<u>\$ 6,655,238</u>
<u>NM Local Government Investment Pool</u>			
General	Investment	\$ 99,757	\$ 99,757

Grant County
SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS (concluded)
 June 30, 2012

	Type of Account	Bank Balance	Reconciled Balance
<u>US Bank</u>			
Fort Bayard Medical Facility	FHLMC Notes	\$ 350,424	\$ 350,424
	FHLB Notes	25,474	25,474
	Government Oblig		
	Money Market	2,802,550	2,802,550
	Federal Farm Credit	259,896	259,896
	US Treasury Notes	1,305,697	1,305,697
	Fannie Mae Note	2,004,654	2,004,654
		\$ 6,748,695	\$ 6,748,695
<u>NMFA</u>			
Cash on deposit with paying agent	NMFA	\$ 169,043	\$ 169,043
Cash and bad checks on hand			\$ 1,000
Total cash and investments		\$ 18,734,653	\$ 17,195,103

Grant County
SCHEDULE OF JOINT POWERS AGREEMENT
For the Fiscal Year ended June 30, 2012

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, 2012

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, 2012

	Civic Center <u>07-L-G-5273</u>	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 <u>08-L-G-4321</u>
Original appropriation	\$ 1,500,000	\$ 75,000	\$ 250,000	\$ 125,000	\$ 150,000
Funds reverted	<u> </u>	<u>(1,262)</u>	<u>(76,645)</u>	<u> </u>	<u>(2,952)</u>
Appropriation remaining	<u>\$ 1,500,000</u>	<u>\$ 73,738</u>	<u>\$ 173,355</u>	<u>\$ 125,000</u>	<u>\$ 147,048</u>
Expended through June 30, 2012	\$ 1,500,000	\$ 73,738	\$ 173,355	\$ 125,000	147,048
Encumbrances	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total committed	<u><u>\$ 1,500,000</u></u>	<u><u>\$ 73,738</u></u>	<u><u>\$ 173,355</u></u>	<u><u>\$ 125,000</u></u>	<u><u>\$ 147,048</u></u>
Project expiration date	06/30/11	06/30/09	06/30/11	06/30/12	06/30/12

Court House Renov 07-L-G-5271	Bus Terminal 07-L-G-3425	Industrial Park 06-L-G-1669	Industrial Park 06-L-G-434
\$ 100,000	\$ 100,000	\$ 250,000	\$ 200,000
<u>(63,007)</u>	<u> </u>	<u>(189,566)</u>	<u>(2,000)</u>
<u>\$ 36,993</u>	<u>\$ 100,000</u>	<u>\$ 60,434</u>	<u>\$ 198,000</u>
36,993	100,000	60,434	198,000
<u><u>\$ 36,993</u></u>	<u><u>\$ 100,000</u></u>	<u><u>\$ 60,434</u></u>	<u><u>\$ 198,000</u></u>

06/30/11

06/30/11

06/30/10

06/30/10

Grant County
TAX ROLL RECONCILIATION
For the Fiscal Year Ended June 30, 2012

Property taxes receivable, July 1, 2011	\$	1,283,238
Net taxes charged to the Treasurer for 2012		14,924,824
Collections/Distributions/Changes		<u>(14,551,851)</u>
Property taxes receivable, June 30, 2012	\$	<u><u>1,656,211</u></u>

Property taxes receivable, by year		
	\$	
2011		945,098
2010		341,674
2009		143,688
2008		77,386
2007		55,404
2006		27,217
2005		25,183
2004		19,717
2003		11,698
2002		<u>9,146</u>
	\$	<u><u>1,656,211</u></u>

Grant County
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2012

<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:			
ARRA Border Operations Task Force	16.809	N/A	\$ 309,142
Edward Byrne Justice Assistance Grant	16.738	N/A	34,112
Passed through N.M. Dept. of Children, Youth & Families:			
Juvenile Justice and Delinquency Prevention	16.540	633J10	<u>48,365</u>
Total U.S. Department of Justice			<u>\$ 391,619</u>
<u>U.S. DEPARTMENT OF THE INTERIOR</u>			
Direct:			
Distribution of receipts	15.227	N/A	\$ 19,017
National Fire Plan - Rural Fire Assistance	15.242	N/A	<u>42,416</u>
Total U.S. Department of the Interior			<u>\$ 61,433</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct:			
Homeland Security Grant Program	97.067	N/A	\$ 12,238
Passed through NM Dept of Emergency Management:			
Emergency Management Performance Grants	97.042	571V	<u>22,208</u>
Total U.S. Department of Homeland Security			<u>\$ 34,446</u>
<u>U.S. DEPARTMENT OF LABOR</u>			
Direct:			
WIA Youth Activities	17.259	N/A	<u>\$ 68,338</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	2010-010	<u>\$ 215,337</u>

Grant County
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS(concluded)
For The Fiscal Year Ended June 30, 2012

<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	\$ 172,415
Federal Transit-Capital Improvement Grants	20.500	N/A	76,051
Passed Through N.M. Department of Transportation:			
Public Transportation Formula Grants	20.509	N/A	<u>366,848</u>
Total Department of Transportation			<u>\$ 615,314</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Direct:			
Schools and Roads - Grants to States	10.665	N/A	\$ 524,768
Passed Through N.M. Dept. of Energy and Minerals:			
Cooperative Forest Assistance Grants	10.664	2010	<u>19,931</u>
Total Department of Agriculture			<u>\$ 544,699</u>
<u>U.S. DEPARTMENT OF COMMERCE</u>			
Direct:			
Community Trade Adjustment Assistance	11.010	N/A	\$ 62,931
Economic Adjustment Assistance	11.307	N/A	<u>184,888</u>
Total Department of Commerce			<u>\$ 247,819</u>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Direct:			
ARRA Energy Efficiency and Conservation Block Grant	81.128	N/A	<u>\$ 126,400</u>
Total expenditures of federal awards			<u><u>\$ 2,305,405</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, 2012

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, 2012:

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, 2012

Findings – Financial Statement Audit	<u>Current Status</u>
10-2 Audit report not delivered to State Auditor by the mandated deadline	Repeated
10-3 Expenditures made in excess of budgetary authority	Repeated
07-3 Property tax schedule not presented in the State Auditor required format	Repeated
07-4 Purchase orders dated after the invoice	Repeated
11-1 Liens had not been placed on delinquent solid waste receivable accounts	Repeated

FINDINGS RELATED TO THE COMPONENT UNIT

SA 11-1 Erroneous classification of capital lease as an operating lease	Resolved
SA 11-2 Cash was not adequately collateralized	Resolved
SA 11-3 Invoices not recorded in the correct period	Repeated

Findings and Questioned Costs – Major Federal Award programs

Department of Justice

Border Operations Task Force – CFDA No. 16.809
 Grant No. 2011, Year ended June 30, 2011

10-5 This was a significant deficiency indicating that the Data Collection Form had not been filed timely.

This condition continued to exist at June 30, 2012, due to the delay in completing the 2010 audit. It is expected that the Form will be timely filed for the year ended June 30, 2012.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
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, 2012, which collectively comprise Grant County's basic financial statements and have issued our report thereon dated December 21, 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, 2012 and have issued our report thereon dated December 21, 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 component unit finding FS 12-1 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 deficiencies described in the accompanying schedule of findings and questioned costs as finding 10-2 and component unit finding FS 12-2 to be significant deficiencies.

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, 07-3, and 11-1, and for the component unit findings SA 12-1, SA 12-2, SA 12-3, and SA 12-4.

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

December 21, 2012

Stone, McGee & Co.
Certified Public Accountants

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**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, 2012. 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, 2012.

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.

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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as finding 10-5. *A significant deficiency in internal control over compliance* is a deficiency, or a 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.

Grant County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Grant County's response, and accordingly, we express no opinion on the response.

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

December 21, 2012

Stone, McGee & Co.
Certified Public Accountants

Grant County
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2012

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Grant County.
2. Three 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. One significant deficiency related to the audit of the major federal award programs is 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*. It is not 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; Public Transportation Formula Grant, CFDA No. 20.509, and Schools and Roads – Grants to States, CFDA No. 10.665.
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

10-2 Audit Report Deadline (Significant Deficiency)

Condition – The audit report was sent to the New Mexico State Auditor by common carrier on December 24, 2012.

Criteria – Section 2.2.2.9 of NMAC, commonly called the State Auditor's Rule, required delivery of the report by November 15, 2012.

Effect – The County has violated section 2.2.2.9 of NMAC. Furthermore, the New Mexico Legislature's 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 –The County was unable, on a timely basis, to reconcile cash in bank to individual fund balances for the year ended June 30, 2010. This created a significant delay in completing the 2010 audit. As a result, the completion of the 2012 audit was delayed.

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 since cash balances have been reestablished, we will be able to comply with the stated deadlines in future audits.

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

Condition – The County had expenditures in excess of budgetary authority in the following funds: Cliff-Gila Fire (\$31), Lodger’s Tax (\$94), and Whiskey Creek Fire (\$10,610).

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, and specialized unanticipated spending, such as expenditure of fire fund loans, caused the over-expenditure.

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 – These budget overruns were, for the most part, due to unanticipated funding sources. However, the County intends to establish a policy of budgetary review on a monthly basis, in order to make budget adjustments in accordance with law.

07-4 Purchasing (Other)

Condition – Of 206 expenditure transactions tested, we noted 5 instances where the purchase order was missing or not approved, 14 instances where the purchase order was dated after the invoice, and 27 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(1) of NMAC 2012 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 2012.

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 2012.

Agency Response – With the County’s conversion to a new accounting system, the capability now exists to compile this information going forward. We believe, beginning with the 2013 fiscal year, we will be able to present the information in the required format.

11-1 Solid Waste Receivables (Other)

Condition – The County’s solid waste receivables have significant delinquent balances. Liens have not been placed on properties where their receivables are delinquent.

Criteria - The County ordinance related to these receivables requires that liens be placed on properties as they become delinquent.

Effect – There is an increased likelihood that, as properties change owners, delinquent solid waste receivables will not be collected. In addition, County ordinances have not been adhered to.

Cause – The County has declined to file the liens required by ordinance.

Recommendation – We recommend that the County either file the liens required by ordinance, or amend the ordinance to delete the lien requirement.

Agency Response – We will file the required liens as soon as possible. Although this is a repeat finding, since the audits for 2011 and 2012 were completed so close together, we have been unable to take action on this item.

FINDINGS RELATED TO THE COMPONENT UNIT

FS 12-1 Supplies Inventory (Material Weakness)

Condition – Consignment inventories did not exclude the consignment items from its inventory balance.

Criteria – Consigned inventory is the property of the seller, not the buyer, until it is sold by the buyer. The buyer does not own the inventory but agrees to exercise due diligence in holding and selling consigned merchandise. Consequently, goods on consignment should be excluded from the buyer's inventory balance ant year-end.

Effect – Inventory was overstated and related expense was understated.

Cause – The Medical Center did not exclude the consignment items from its inventory balance.

Recommendation – Separate recording of consignments from inventory items and improve the review of inventory listing to ensure that year-end inventory balance does not include consignments.

Agency Response – A consultant has been hired and is in the process of fixing the Operating Room inventory module software so that all inventory items are set up properly and that a separate consignment inventory is set up instead of all of the inventory items being comingled. A quarterly physical inventory will be performed of surgical supply items which will be reconciled to the general ledger balance. Additionally, a stock status report will be run on a monthly basis and reviewed jointly by the Assistant Vice President of Finance and the Materials Manager to make sure that no consignment items are being added into the inventory totals and being reflected in the inventory balance in the general ledger. The physical inventory reconciliation to the general ledger will be performed on a quarterly basis and will also be reviewed and verified for accuracy by the Chief Financial Officer. The consultant will also be brought back several months after all of the fixes have been put in place to audit how the new processes are working and to make sure that everything in the software is working as it should.

FS 12-2 Accounts Payable (Significant Deficiency)

Condition – One invoice related to goods and services received in the fiscal year 2012 was not recorded in the correct period.

Criteria – All invoices related to goods and services received should be recorded as expenses or capital assets and included in accounts payable as appropriate.

Effect – Accounts payable and related expenses were understated.

Cause – The Medical Center did not record expenses into the correct fiscal year.

Recommendation – Improve the review of subsequent disbursements to ensure that amounts are recorded in the correct year.

Agency Response – A list is being developed of all accrual items that have a value of \$25,000 or greater. On a monthly basis, the Assistant Vice President of Finance will review each of these items and prepare a reconciliation to make sure that both the monthly and year-to-

date expense amounts have been properly recorded through either an actual payment or the recording of an accrued invoice for each unpaid month. This list and the supporting documentation will also be reviewed by the Chief Financial Officer on a monthly basis and verified that it is accurate.

SA 12-1 Segregation of Duties (Other)

Condition – Accounts payable staff had access to create new vendors in the vendor management module of the system.

Criteria – Management should ensure appropriate segregation of duties to prevent the Accounts Payable personnel from having access and capability to create a new vendor or modify vendor information in vendor management system.

Effect – This creates an opportunity to create a fictitious vendor and make payments on goods or services not received.

Cause – The Medical Center did not have proper controls surrounding access to the vendor management module.

Recommendation – Improve controls surrounding access to the vendor management module to ensure proper segregation of duties.

Agency Response – The staff did have access but it was never used to create a new vendor. Once this issue was pointed out to us, it was fixed immediately. We also audited all of the other accounting related computer accesses in all areas and made other changes that were necessary to ensure that a clear segregation of duties was in place regarding who has access to each accounting function set up in the Meditech financial software modules. The Assistant Vice President of Finance will be reviewing and approving all future requests to change computer access to any accounting related software module to ensure that a segregation of duties is maintained.

SA 12-2 Payroll Timesheets (Other)

Condition – Payroll timesheets can be processed without proper approval of the time recorded.

Criteria – Time reported on employees; time sheets should be verified and timesheets should be approved before payroll is processed for payment.

Effect – Employees can be paid for time which was not approved.

Cause – The Medical Center did not have proper controls over the approval of timesheets.

Recommendation – Improve controls related to the approval of timesheets and use the payroll system's capabilities to prevent timesheets from being processed, if not approved.

Agency Response – All time being paid is for time that has been recorded on the API time system time clocks. Legally, all time that is recorded must be paid. There are times when a supervisor is not available and payroll is being processed that the time recorded is paid without a supervisor's review and approval. When supervisors are absent or unavailable, an appropriate backup needs to be designated, so that all time sheets are reviewed prior to their being paid. Inconsistencies between an employee's scheduled work time and the time

recorded needs to be investigated and reconciled between the employee and their supervisor. The Medical Center is in the process of putting steps in place to ensure that all time sheets are reviewed and approved prior to being paid.

SA 12-3 Capital Asset Inventory (Other)

Condition – The Medical Center conducted a physical inventory of equipment with a net book value (NBV) over \$25,000, not all inventory on the inventory list.

Criteria – In accordance with Section 2.2.2.10(2), State Audit Rule 2012, The Medical Center is required to conduct an annual physical inventory of equipment that cost over \$5,000 and on the inventory list at the end of the year.

Effect – The Medical Center has not been in compliance with the State Audit Rule regarding annual physical inventory of capital assets.

Cause – The Medical Center was under the impression that only equipment items with NBV of \$25,000 needed to be inventoried on a yearly basis.

Recommendation – In future years, conduct an annual physical inventory of all equipment that cost over \$5,000 and on the inventory list to ensure compliance with the State Audit Rule.

Agency Response – Management was under the impression that only equipment items with a residual value of \$25,000 needed to be audited on an annual basis. The Medical Center will comply with the State Audit Rule and do a physical inventory of all items not fully depreciated with a cost greater than \$5,000 as required. This will be done on an annual basis.

SA 12-4 Dormant Checks (Other)

Condition – The Medical Center did not report abandoned property to the State Taxation and Revenue Department.

Criteria – In accordance with Section 7 [7-8A-7 NMSA 1978] of the Uniform Unclaimed Property Act (1995), a holder of property presumed abandoned shall make a report to the administrator concerning the property.

Effect – The Medical Center is not in compliance with the Unclaimed Property Act (1995).

Cause – The Medical Center has been told in the past that it did not need to report dormant checks because it is a government entity.

Recommendation – Report the abandoned property to the State Taxation and Revenue Department in accordance with the Uniform Unclaimed Property Act (1991).

Agency Response – The Medical Center has been putting unclaimed and outstanding payroll and accounts payable checks back into the fund from which they came after attempts have been made and documented to find out why the checks were never cashed. If the checks had been lost then a stop payment was issued and a new check was issued and sent. In past audits this practice was viewed as acceptable. Now that this has been brought to our attention as being unacceptable, we will make the report to the State Taxation and Revenue Department on all dormant checks as required in the regulations.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

Department of Justice

10-5 Border Operations Task Force – CFDA No. 16.809, Grant No. 2012, Year ended June 30, 2012 (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 December, 2012, for the year ended June 30, 2011.

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 2011 audit report was delayed pending reconciliation of cash in bank and general ledger cash for the 2010 fiscal year

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 in a closed meeting on December 21, 2012. Present at this exit conference were:

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