

State of New Mexico

Grant County
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT THEREON

For the Fiscal Year ended June 30 , 2013

Grant County
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 June 30, 2013

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Grant County
DIRECTORY OF OFFICIALS
June 30, 2013

ELECTED OFFICIALS

Brett Kasten	Commission Chairman
Gabriel Ramos	Commission Member
Ron Hall	Commission Member
Steve Armendariz	Treasurer
Mary Guthrie	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

Report on Financial Statements

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, as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise Grant County's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of Grant County's nonmajor governmental funds, and the budgetary comparisons for the nonmajor special revenue funds, the debt service funds, and the capital projects funds presented as other supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents. We did not audit the financial statements or budgetary comparison of the discretely presented component unit as of and for the year ended June 30, 2013.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, 2013, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of Grant County as of June 30, 2013, and the respective changes in financial position and the respective budgetary comparisons for the nonmajor special revenue funds, the debt service funds, the capital projects funds, and the component unit for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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.

Other Information

Our audit was conducted for the purpose of forming opinions on Grant County's financial statements that collectively comprise the County's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the other schedules presented as other

supplemental data as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and the other supplemental data are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the other supplemental data are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2013, 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 agreement 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grant County's internal control over financial reporting and compliance.

Stone, McGee & Co., CPAs

Silver City, New Mexico
November 12, 2013

Stone, McGee & Co.
Certified Public Accountants

Grant County
STATEMENT OF NET POSITION
June 30, 2013

	Primary Government	Component Unit
	Governmental Activities	Gila Regional Medical Center
ASSETS		
Current:		
Cash and investments	\$ 16,659,274	\$ -
Cash and cash equivalents		4,350,936
Other invested cash		16,570,513
Inventories		2,409,694
Taxes receivable	2,516,674	
Receivables, net	727,667	16,557,549
Prepaid expenses	239,484	621,251
Current portion of assets limited as to use		
Notes receivable due currently	14,296	
 Total current assets	\$ 20,157,395	\$ 40,509,943
Noncurrent assets:		
Bond issue costs	\$ 190,017	\$ -
Bond discounts	24,810	
Investments premiums	97,640	
Notes receivable, net of current amounts	82,717	
Capital assets, net	120,883,956	29,818,345
Other assets, net		136,416
 Total noncurrent assets	\$ 121,279,140	\$ 29,954,761
 Total assets	\$ 141,436,535	\$ 70,464,704
LIABILITIES		
Current:		
Accounts payable	\$ 847,607	\$ 3,227,031
Accrued liabilities	1,803,551	3,516,832
Estimated third party payor settlements		878,484
Deferred revenue	1,989,039	
Current maturities of long-term debt	2,389,389	73,650
 Total current liabilities	\$ 7,029,586	\$ 7,695,997
Noncurrent:		
Bonds payable	\$ 62,500,000	\$ -
Notes payable	1,689,558	

Grant County
STATEMENT OF NET POSITION (concluded)
June 30, 2013

	Primary Government	Component Unit
	Governmental Activities	Gila Regional Medical Center
Lease payable	206,251	41,059
Compensated absences	492,330	
Total noncurrent liabilities	\$ 64,888,139	\$ 41,059
Total liabilities	\$ 71,917,725	\$ 7,737,056
NET POSITION		
Net investment in capital assets	\$ 55,045,961	\$ 29,703,636
Restricted for:		
Capital projects	458,630	
Debt service	7,876,670	
Other purposes	4,494,651	
Unrestricted	1,642,898	33,024,012
Total net position	\$ 69,518,810	\$ 62,727,648

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

Grant County
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental activities:			
General government	\$ 6,319,042	\$ 642,966	\$ 1,328,711
Public safety	10,683,890	99,639	3,082,507
Public works	3,137,086	205,270	41,383
Health and welfare	7,007,559	4,449,911	4,055,949
Culture-recreation	217,879		37,175
Unallocated interest expense	<u>3,397,143</u>		
Total governmental activities	<u>\$ 30,762,599</u>	<u>\$ 5,397,786</u>	<u>\$ 8,545,725</u>
Component Unit:			
Gila Regional Medical Center	<u>\$ 73,909,594</u>	<u>\$ 64,715,642</u>	<u>\$ -</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			
Loss on disposition of assets			
Total general revenues			
Change in net position			
Net position--beginning			
Net position--ending			

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

Net (Expenses) Revenue
and Changes in Net Position

Capital Grants and Contributions	Governmental Activities	Component Unit
\$ -	\$ (4,347,365)	\$ -
3,095,570	(7,501,744)	
	205,137	
	1,498,301	
	(180,704)	
	(3,397,143)	
<u>\$ 3,095,570</u>	<u>\$ (13,723,518)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,193,952)</u>
	\$ 7,276,255	\$ -
	4,546,516	
	175,068	
	458,710	
	95,986	
	1,827,684	
	131,691	
	203,168	68,534
	390,607	701,837
		(597,524)
	<u>\$ 15,105,685</u>	<u>\$ 172,847</u>
	\$ 1,382,167	\$ (9,021,105)
	<u>68,136,643</u>	<u>71,748,753</u>
	<u>\$ 69,518,810</u>	<u>\$ 62,727,648</u>

Grant County
BALANCE SHEETS
GOVERNMENTAL FUNDS
June 30, 2013

	General Fund	Hospital Indigent	Corre Caminos
Assets			
Cash and investments	\$ 2,488,896	\$ 910,899	\$ -
Accounts receivable			
Interest receivable	34,763		
Taxes receivable	1,772,355	235,626	
Prepaid expenses	239,484		
Due from other governments	65,556		188,781
Interfund receivable	2,358,113		
Notes receivable			
Total assets	\$ 6,959,167	\$ 1,146,525	\$ 188,781
 Liabilities and Fund Balance			
Accounts payable	\$ 176,343	\$ 81,016	\$ 15,912
Salaries payable	191,739		13,628
Interfund payable	430		1,515,561
Deferred revenue	2,648,778		
Total liabilities	\$ 3,017,290	\$ 81,016	\$ 1,545,101
 Fund balance:			
Restricted:			
Capital projects	\$ -	\$ -	\$ -
Debt service			
Public safety			
Health and welfare		1,065,509	
Public works			
General government			
Equipment purchases			
Culture and recreation			
Committed to future purchases			
Assigned:			
Health and welfare			
Capital projects			
Vehicle replacement			
Unassigned	3,941,877		(1,356,320)
Total fund balance	\$ 3,941,877	\$ 1,065,509	\$ (1,356,320)
Total liabilities and fund balance	\$ 6,959,167	\$ 1,146,525	\$ 188,781

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>
\$ 2,486,600	\$ 6,801,389	\$ 3,971,490	\$ 16,659,274
		259,645	259,645
			34,763
137,225		371,468	2,516,674
			239,484
		178,922	433,259
		430	2,358,543
		97,013	97,013
<u>\$ 2,623,825</u>	<u>\$ 6,801,389</u>	<u>\$ 4,878,968</u>	<u>\$ 22,598,655</u>
\$ -	\$ -	\$ 574,336	\$ 847,607
		49,640	255,007
		842,552	2,358,543
34,658		573,016	3,256,452
<u>\$ 34,658</u>	<u>\$ -</u>	<u>\$ 2,039,544</u>	<u>\$ 6,717,609</u>
\$ -	\$ -	\$ 83,790	\$ 83,790
2,589,167	6,801,389		9,390,556
		2,347,869	2,347,869
		84,640	1,150,149
			-
		169,583	169,583
		231,821	231,821
		67,694	67,694
			-
		529,142	529,142
		297,171	297,171
			-
		(972,286)	1,613,271
<u>\$ 2,589,167</u>	<u>\$ 6,801,389</u>	<u>\$ 2,839,424</u>	<u>\$ 15,881,046</u>
<u>\$ 2,623,825</u>	<u>\$ 6,801,389</u>	<u>\$ 4,878,968</u>	<u>\$ 22,598,655</u>

Grant County
**RECONCILIATION OF TOTAL GOVERNMENTAL
 FUND BALANCE TO NET POSITION OF
 GOVERNMENTAL ACTIVITIES**

June 30, 2013

Total governmental fund balances	\$ 15,881,046
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	120,883,956
Bond issue costs and discounts are capitalized and amortized over the life of the bond	
Bond issue costs	190,017
Investment premiums paid are capitalized and amortized over the life of the investment	97,640
Bond discounts	24,810
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	816,553
Receivables subject to the 60 day availability period	450,860
Long-term liabilities are not reported in the funds:	
Bonds payable	(64,480,000)
Notes payable	(1,912,324)
Lease payable	(392,874)
Accrued interest payable	(1,548,544)
Compensated absences	(492,330)
	(2,366,032)
<i>Net position of governmental activities</i>	<u><u>\$ 69,518,810</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, 2013

	<u>General Fund</u>	<u>Hospital Indigent</u>	<u>Corre Caminos</u>
Revenues:			
Property taxes	\$ 6,220,019	\$ -	\$ -
Gross receipts taxes	1,045,430	1,394,732	
Gas taxes	175,068		
Motor vehicle taxes	458,710		
Other taxes	146,454		
Federal intergovernmental	2,633,049		354,475
State intergovernmental	525,802	3,299,416	
Fines, licenses and permits	111,425		
Charges for services	296,726		341,430
Miscellaneous	172,857	2,138	5,615
	<u>\$ 11,785,540</u>	<u>\$ 4,696,286</u>	<u>\$ 701,520</u>
Expenditures:			
Current:			
General government	\$ 3,845,890	\$ -	\$ 973,098
Public safety	4,137,800		
Public works	2,755,716		
Health and welfare	120,379	3,928,254	
Culture recreation	49,540		
Debt service:			
Principal	150,455		
Interest	2,863		
Loan issue costs	5,315		
Capital outlay	535,658		
	<u>\$ 11,603,616</u>	<u>\$ 3,928,254</u>	<u>\$ 973,098</u>
Revenues over (under) expenditures	\$ 181,924	\$ 768,032	\$ (271,578)
Other financing sources (uses):			
Transfer in	430,033		31,815
Transfer out	(1,970,268)	(118,010)	
Bond proceeds			
Loan proceeds	708,684		
	<u>\$ (649,627)</u>	<u>\$ 650,022</u>	<u>\$ (239,763)</u>
Net change in fund balances	\$ (649,627)	\$ 650,022	\$ (239,763)
Fund balance, July 1, 2012	<u>4,591,504</u>	<u>415,487</u>	<u>(1,116,557)</u>
Fund balance, June 20, 2013	<u>\$ 3,941,877</u>	<u>\$ 1,065,509</u>	<u>\$ (1,356,320)</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>Gila Regional Bond</u>	<u>Other Funds</u>	<u>Governmental Funds Total</u>
\$ 1,084,406	\$ -	\$ -	\$ 12,932	\$ 7,317,357
			2,106,354	4,546,516
				175,068
				458,710
			81,223	227,677
			4,140,169	7,127,693
		91,890	2,571,791	6,488,899
				111,425
	4,049,444		649,729	5,337,329
29,092	35,487		250,945	496,134
<u>\$ 1,113,498</u>	<u>\$ 4,084,931</u>	<u>\$ 91,890</u>	<u>\$ 9,813,143</u>	<u>\$ 32,286,808</u>
\$ 165	\$ -	\$ 112	\$ 348,855	\$ 5,168,120
			4,826,716	8,964,516
				2,755,716
			1,270,083	5,318,716
			70,409	119,949
830,000	1,095,000	10,000,000	326,122	12,401,577
247,193	2,937,238	91,778	51,127	3,330,199
				5,315
			5,417,384	5,953,042
<u>\$ 1,077,358</u>	<u>\$ 4,032,238</u>	<u>\$ 10,091,890</u>	<u>\$ 12,310,696</u>	<u>\$ 44,017,150</u>
\$ 36,140	\$ 52,693	\$ (10,000,000)	\$ (2,497,553)	\$ (11,730,342)
11,775			1,971,717	2,445,340
			(357,062)	(2,445,340)
		10,000,000		10,000,000
			378,293	1,086,977
<u>\$ 47,915</u>	<u>\$ 52,693</u>	<u>\$ -</u>	<u>\$ (504,605)</u>	<u>\$ (643,365)</u>
2,541,252	6,748,696		3,344,029	16,524,411
<u>\$ 2,589,167</u>	<u>\$ 6,801,389</u>	<u>\$ -</u>	<u>\$ 2,839,424</u>	<u>\$ 15,881,046</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, 2013

Net change in fund balances-total governmental funds	\$ (643,365)
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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.	885,033
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(239,682)
Bond and loan proceeds are reported as financing sources in the funds, In the Statement of Activities, however, issuing debt increased long term liabilities	(11,086,977)
Bond issue costs and discounts capitalized and amortized over the life of the bond	
Loan issue costs	5,315
Bond discounts	
Amortization	(48,706)
Investment premiums capitalized and amortized	
Investment premiums	131,670
Amortization	(34,030)
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets	12,401,577
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.	(18,238)
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.	29,570

<i>Change in Net Position of Governmental Activities</i>	\$ 1,382,167
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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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 7,935,000	\$ 7,935,000	\$ 7,401,931	\$ (533,069)
State sources	343,133	652,073	604,020	(48,053)
Federal sources	1,765,672	2,294,136	2,718,116	423,980
Fines, licenses and permits	96,900	96,900	111,425	14,525
Charges for services	252,462	267,462	296,726	29,264
Miscellaneous	44,313	44,313	154,289	109,976
Total revenues	\$ 10,437,480	\$ 11,289,884	\$ 11,286,507	\$ (3,377)
Expenditures:				
Current:				
General government	\$ 4,421,067	\$ 4,328,285	\$ 3,834,666	\$ 493,619
Public safety	3,840,743	3,961,528	4,110,956	(149,428)
Public works	2,729,191	2,810,307	2,723,322	86,985
Health and welfare	66,000	183,300	120,235	63,065
Culture and recreation	32,200	41,408	49,366	(7,958)
Capital outlay	562,724	880,583	715,137	165,446
Total expenditures	\$ 11,651,925	\$ 12,205,411	\$ 11,553,682	\$ 651,729
Revenues over (under) expenditures	\$ (1,214,445)	\$ (915,527)	\$ (267,175)	\$ 648,352
Other financing sources (uses):				
Transfer in	1,386,330	1,569,035	1,130,423	(438,612)
Transfer out	(2,059,097)	(2,509,962)	(2,647,402)	(137,440)
Net change in fund balance	\$ (1,887,212)	\$ (1,856,454)	\$ (1,784,154)	\$ 72,300
Fund balance, July 1, 2012	5,633,338	5,633,338	5,927,789	294,451
Fund balance, June 30, 2013	<u>\$ 3,746,126</u>	<u>\$ 3,776,884</u>	<u>\$ 4,143,635</u>	<u>\$ 366,751</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (649,627)	
Revenue accruals (net)			(499,033)	
Expenditure accruals (net)			49,934	
Other financing sources (uses)			<u>(685,428)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (1,784,154)</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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 1,920,217	\$ 1,920,217	\$ 1,354,567	\$ (565,650)
State sources	3,950,000	3,950,000	3,299,416	(650,584)
Miscellaneous			2,138	2,138
Total revenues	<u>\$ 5,870,217</u>	<u>\$ 5,870,217</u>	<u>\$ 4,656,121</u>	<u>\$ (1,214,096)</u>
Expenditures:				
Current:				
Health and welfare	\$ 4,581,989	\$ 4,581,989	\$ 3,844,072	\$ 737,917
Capital outlay				-
Total expenditures	<u>\$ 4,581,989</u>	<u>\$ 4,581,989</u>	<u>\$ 3,844,072</u>	<u>\$ 737,917</u>
Revenues over (under) expenditures	\$ 1,288,228	\$ 1,288,228	\$ 812,049	\$ (476,179)
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	\$ 1,170,218	\$ 1,170,218	\$ 694,039	\$ (476,179)
Fund balance, July 1, 2012	<u>-</u>	<u>-</u>	<u>216,860</u>	<u>216,860</u>
Fund balance, June 30, 2013	<u>\$ 1,170,218</u>	<u>\$ 1,170,218</u>	<u>\$ 910,899</u>	<u>\$ (259,319)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 650,022	
Revenue accruals (net)			(40,165)	
Expenditure accruals (net)			84,182	
Other financing uses				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 694,039</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ -	\$ 305,873	\$ 305,873
Charges for services	1,703,979	1,970,799	348,766	(1,622,033)
Miscellaneous				-
Total revenues	<u>\$ 1,703,979</u>	<u>\$ 1,970,799</u>	<u>\$ 654,639</u>	<u>\$ (1,316,160)</u>
Expenditures:				
Current:				
General government	\$ 305,297	\$ 1,236,937	\$ 979,922	\$ 257,015
Capital outlay			46	(46)
Total expenditures	<u>\$ 305,297</u>	<u>\$ 1,236,937</u>	<u>\$ 979,968</u>	<u>\$ 256,969</u>
Revenues over (under) expenditures	\$ 1,398,682	\$ 733,862	\$ (325,329)	\$ (1,059,191)
Other financing sources (uses):				
Transfer in	<u>\$ 31,754</u>	<u>\$ 31,754</u>	<u>\$ 1,754</u>	<u>\$ (30,000)</u>
Net change in fund balance	\$ 1,430,436	\$ 765,616	\$ (323,575)	\$ (1,089,191)
Fund balance, July 1, 2012	<u>(1,191,986)</u>	<u>(765,616)</u>	<u>(1,191,986)</u>	<u>(426,370)</u>
Fund balance, June 30, 2013	<u><u>\$ 238,450</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (1,515,561)</u></u>	<u><u>\$ (1,515,561)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (239,763)	
Revenue accruals (net)			(76,942)	
Expenditure accruals (net)			(6,870)	
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (323,575)</u></u>	

The accompanying notes are an integral part of these financial statements

Grant County
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2013

Assets

Cash and investments	\$	154,953
Taxes receivable		<u>1,089,028</u>
Total assets	\$	<u><u>1,243,981</u></u>

Liabilities

Due to others	\$	<u>1,243,981</u>
Total liabilities	\$	<u><u>1,243,981</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, 2013

Cash flows from operating activities:	
Cash received from patients and third-party payors	\$ 66,019,773
Cash paid to employees	(39,066,321)
Cash paid to suppliers	<u>(31,233,190)</u>
Net cash provided by operating activities	<u>\$ (4,279,738)</u>
Cash flows from noncapital financing activities:	
Grants and gifts	<u>\$ 701,837</u>
Net cash provided (used) by noncapital financing activities	<u>\$ 701,837</u>
Cash flows from capital and related financing activities	
Change in assets limited as to use	\$ 301,280
Capital grants	
Purchase of capital assets	(2,855,482)
Retirement of capital assets	
Other	
Payment of long-term debt	(1,660,000)
Interest paid on capital debt	<u>(306,316)</u>
Net cash provided (used) by capital and related financing activities	<u>\$ (4,520,518)</u>
Cash flows from investing activities:	
Purchase of certificates of deposit	\$ 1,718,266
Interest on investments	<u>68,534</u>
Net cash provided (used) by investing activities	<u>\$ 1,786,800</u>
Net increase (decrease) in cash and equivalents	\$ (6,311,619)
Cash and equivalents, beginning of year	<u>10,662,555</u>
Cash and equivalents, end of year	<u><u>\$ 4,350,936</u></u>

Grant County
COMPONENT UNIT- GILA REGIONAL MEDICAL CENTER
STATEMENT OF CASH FLOWS (concluded)
For the year ended June 30, 2013

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

Operating income (loss)	\$	(8,956,835)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation and amortization expense		3,434,086
Provision for bad debts		6,346,226
Changes in assets and liabilities:		
Patient accounts receivable		(8,180,287)
Other receivables		329,395
Sole provider receivable		1,488,323
Estimated third-party settlements		1,320,474
Inventories		140,563
Prepaid expenses and deposits		235,185
Accounts payable and accrued expenses		(436,868)
		(436,868)
Net cash provided (used) by operating activities	\$	(4,279,738)

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

Grant County
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1 Summary of Significant Accounting Policies

A. GENERAL

Grant County, 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's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for State and Local Governments, through its pronouncements (Statements and Interpretations). 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.

C. BASIS OF PRESENTATION

Governmental-wide Financial Statements

The Statement of Net Position 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.

Gila Regional Bond – to account for the payment of principal and interest on the bond issue to fund hospital activities.

Non-major Funds

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

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

On the government-wide Statement of Net Position 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 or the “economic 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 position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities and deferred inflow of resources resulting from non-exchange transactions are recognized when the earnings process is complete.

- c. Agency funds are no involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expensed are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources 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.

E. BUDGETS

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

F. CASH AND INVESTMENTS

For the purpose of the Statement of Net Position, “cash and investments” includes all demand, savings accounts, certificate of deposits and short-term investments of the County.

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

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

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

G. INTER-FUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Short-term inter-fund loans are reported as “inter-fund receivables or payables”. Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

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 Position. 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 position and displayed in three components:

- a. Net investment 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 position – Consists of net position 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 position – All other net position that do not meet the definition of “restricted” or “net investment 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, 2013 was \$11.85 per \$1,000 for non-residential property and \$6.284 for residential property. The County's tax rate for debt service was \$1.51 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 position 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, 2013, \$-0- of the County's bank balance of \$3,181,007 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, 2013, which is AAAM rated with a weighted average maturity of 59 days.

The cash on deposit with NMFA is, in effect, loan payments made by the County or loans generated but not yet disbursed. Such deposits are subject to the collateral requirements of NMFA. Such deposits total \$1,107,611.

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, 2013, the County had the following investments:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Months)</u>
Municipal Bonds	\$ 2,246,444	\$ 2,179,048	31.55
FNMA Notes	1,969,585	1,963,649	26.78
U.S. Treasury Notes	1,333,109	1,335,924	18.11
FHLB Notes	911,204	904,875	45.79
FHLMC Notes	209,198	209,862	22.12
Corporate Notes	29,075	29,107	32.00
U.S. Government Money Market	<u>3,196,210</u>	<u>3,196,210</u>	N/A
	<u>\$ 9,894,825</u>	<u>\$ 9,818,675</u>	

Portfolio weighted average maturity (months) 19.60

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, 2013, the County’s invests only in highly rated Municipal Bonds. 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 Home Loan 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 33% invested in government money markets, 9.2% invested in Federal Home Loan notes, 22% invested in Municipal Bonds, 20% invested in Fannie Mae notes, and 14% in U.S. Treasury notes, and 1.8% invested in other securities.

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

Note 4	Receivables	Governmental <u>Activities</u>
	Accounts receivables:	
	Services (net)	\$ 259,645
	Property taxes	\$1,704,009
	Gross receipts taxes	704,397
	Motor vehicle taxes	80,333
	Gas taxes	<u>27,935</u>
	Total taxes receivable	<u>\$2,516,674</u>
	Interest receivable	<u>\$ 34,763</u>
	Due from other governments:	
	Intergovernmental grants	<u>\$ 433,259</u>
	Total receivables	<u>\$3,244,341</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 \$97,013 at June 30, 2013.

Note 5 Capital asset activity for the year ended June 30, 2013, was as follows:

	Balance <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2013</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 1,908,918	\$ -0-	\$ -0-	\$ 1,908,918
Construction in progress	<u>261,047</u>	<u>2,602,451</u>	<u>-0-</u>	<u>2,863,498</u>
Total capital assets not being depreciation	<u>\$ 2,169,965</u>	<u>\$ 2,602,451</u>	<u>\$ -0-</u>	<u>\$ 4,772,416</u>
Capital assets being depreciated:				
Building and Infrastructure Improvements	\$131,841,826	\$ 750,894	\$ -0-	\$132,592,720
Equipment/vehicles/machinery	18,645,655	994,589	-0-	19,640,244
	<u>25,432,589</u>	<u>1,605,108</u>	<u>-0-</u>	<u>27,037,697</u>
Total capital assets being depreciated	<u>\$175,920,070</u>	<u>\$ 3,350,591</u>	<u>\$ -0-</u>	<u>\$179,270,661</u>
Less accumulated depreciation for:				
Buildings and Infrastructure Improvements	\$(30,949,206)	\$ 724,760	\$ -0-	\$(31,673,966)
Equipment/vehicles/machinery	(9,913,797)	3,221,250	-0-	(13,135,047)
	<u>(17,228,109)</u>	<u>1,121,999</u>	<u>-0-</u>	<u>(18,350,108)</u>
Total accumulated depreciation	<u>\$(58,091,112)</u>	<u>\$ 5,068,009</u>	<u>\$ -0-</u>	<u>\$(63,159,121)</u>
Total capital assets being depreciated, net	<u>\$117,828,958</u>	<u>\$ (1,717,418)</u>	<u>\$ -0-</u>	<u>\$116,111,540</u>
Governmental activity, capital assets, net	<u>\$119,998,923</u>	<u>\$ 885,033</u>	<u>\$ -0-</u>	<u>\$120,883,956</u>

Depreciation was charged to the Governmental Activities as follows:

General Government	\$ 1,185,135
Public Safety	1,705,682
Public Works	378,577
Health and Welfare	1,700,685
Culture/Recreation	<u>97,930</u>
	<u>\$ 5,068,009</u>

Note 6 Accrued Liabilities

At June 30, 2013, accrued expenses consisted of the following:

Accruals payroll and benefits	\$ 255,007
Accrued interest payable	<u>1,548,544</u>
	<u>\$ 1,803,551</u>

Note 7 Long-Term Debt

Long-Term Debt and Other Liabilities

Long-term liabilities activity for the year ended June 30, 2013, was as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due in</u> <u>One Year</u>
Governmental Activities:					
Bonds					
2005 G.O. Bonds	\$ 2,900,000	\$	\$ 600,000	\$ 2,300,000	\$ 600,000
2009 G.O. Bonds	4,565,000		230,000	4,335,000	230,000
Ft. Bayard Bonds	58,940,000		1,095,000	57,845,000	1,130,000
Notes Payable	<u>977,272</u>	<u>1,086,977</u>	<u>151,925</u>	<u>1,912,324</u>	<u>222,766</u>
Total bonds and notes payable	<u>\$67,382,272</u>	<u>\$ 1,086,977</u>	<u>\$ 2,076,925</u>	<u>\$66,392,324</u>	<u>\$ 2,202,766</u>
Other liabilities:					
Capital leases	\$ 717,527	\$ -0-	\$ 324,653	\$ 392,874	\$ 186,623
Compensated absences	<u>521,900</u>	<u>407,372</u>	<u>436,942</u>	<u>492,330</u>	<u>-0-</u>
Total other liabilities	<u>\$ 1,239,427</u>	<u>\$ 407,372</u>	<u>\$ 761,595</u>	<u>\$ 885,204</u>	<u>\$ 186,623</u>
Long-term debt	<u>\$68,621,699</u>	<u>\$ 1,494,349</u>	<u>\$ 2,838,520</u>	<u>\$67,277,528</u>	<u>\$ 2,389,389</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 \$8,032,734 at June 30, 2013, which is 100% of ad valorem taxes assessed specifically to retire the debt. Maturity dates range from 2014-2026. During the year ended June 30, 2013, the County recognized \$1,084,406 in pledged revenues, and retired \$1,077,193 in principal and interest.

Lease Appropriation Bonds Fort Bayard

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.

Fire Department Loans

These loans are for equipment and real property. The loans are secured by the State Fire Allotments. The revenues pledged totaled \$1,345,971 at June 30, 2013, which is 23% of the future state fire allotments at their current rate. Interest rates range from .43% to 4.3% for individually scheduled retirements, and maturity dates range from 2014 through 2025. During the year ended June 30 2013, the County recognized \$974,602 in pledged revenues, and retired \$150,468 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>
2014	\$ 2,202,766	\$ 3,149,030	\$ 5,351,796
2015	2,218,499	3,082,841	5,301,340
2016	2,268,285	2,992,964	5,261,249
2017	2,280,773	2,891,564	5,172,337
2018	2,068,125	2,793,951	4,862,076
2019-2023	10,199,785	12,633,804	22,833,589
2024-2028	11,566,394	9,909,199	21,475,593
2029-2033	13,042,697	6,879,986	19,922,683
2034-2038	16,690,000	3,131,000	19,821,000
2039-2042	<u>3,855,000</u>	<u>96,375</u>	<u>3,951,375</u>
	<u>\$66,392,324</u>	<u>\$47,560,714</u>	<u>\$113,953,038</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 \$1,765,771.

The following is a schedule of future minimum lease payments required under the leases, together with their present value as of June 30, 2013:

Fiscal year ended June 30:

2014	\$ 202,908
2015	132,052
2016	30,166
2017	30,166
2018	<u>30,165</u>
Total minimum lease payment	\$ 425,457
Less amounts representing imputed interest necessary to reduce future lease payments to net present value	<u>(32,583)</u>
Present value of minimum lease payments	<u>\$ 392,874</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 fund incurring the debt. 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%, depending upon the plan, i.e., state general, state hazardous duty, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officer 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, 2013, 2012 and 2011 were \$726,010, \$738,129, and \$741,620 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 employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the Board.

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. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4, or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended **June 30, 2013**, the statute required each participating employer to contribute **2.0%** of each participating employee's annual salary; each participating employee was required to contribute **1.0%** of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The County of Grant's contributions to RHCA for the year ending June 30, 2013, 2012 and 2011 were \$69,121, \$69,781, and \$89,444 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 Future Commitments

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 \$300,000.

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, 2013: Corre Caminos (\$1,356,320), Homeland Security (\$313,140), Airport (\$44,192), Santa Rita Fire (\$101,577), Capital Road (\$250,665), Renovation (\$254,808). 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 Leases

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, 2013, the County expended \$370,394 for the computer agreement.

The County entered into a lease for road maintenance equipment, with the first lease payment due November 1, 2012. The lease term is five years and has a fair market value purchase option at the end of the term. The County does not currently intend to purchase

the equipment at the end of the lease. The County expended \$31,619 under the lease during the year ended June 30, 2013.

Future commitments under the lease are as follows:

2014	\$ 63,238
2015	63,238
2016	63,238
2017	63,238
2018	<u>31,619</u>
	<u>\$ 284,571</u>

Note 15 Inter-fund Activity

Inter-fund balances at June 30, 2013, consisted of the following:

	<u>Inter-Fund Payable</u>			
	<u>General</u>	<u>Corre Caminos</u>	<u>Other Funds</u>	<u>Other Total</u>
<u>Inter-Fund Receivable</u>				
General Fund	\$	\$1,515,561	\$ 842,552	\$ 2,358,113
Other Funds	<u>430</u>	<u> </u>	<u> </u>	<u>430</u>
	<u>\$ 430</u>	<u>\$1,515,561</u>	<u>\$ 842,552</u>	<u>\$ 2,358,543</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>General</u>	<u>Hospital Indigent</u>	<u>Other Funds</u>	<u>Total</u>
<u>Transfers To</u>				
General	\$	\$ 118,010	\$ 312,023	\$ 430,033
Corre Caminos	31,815	<u> </u>	<u> </u>	31,815
Jail Revenue Bond	<u> </u>	<u> </u>	11,775	11,775
Other Funds	<u>1,938,453</u>	<u> </u>	<u>33,264</u>	<u>1,971,717</u>
	<u>\$ 1,970,268</u>	<u>\$ 118,010</u>	<u>\$ 357,062</u>	<u>\$ 2,445,340</u>

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

Note 16 Restricted Net Position

Net position 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:

Grant County Fire Administration	\$ 165,117
Hospital Indigent	1,065,509
Fire Protection Fund	1,347,925
Solid Waste Fund	802,193
Clerk's equipment	231,821
Rural Fire Departments	335,242
Reappraisal	169,583
Regional Dispatch	121,511
Other	<u>255,750</u>
	<u>\$ 4,494,651</u>

The County reports \$12,829,861 in restricted net position, of which \$12,829,861 is restricted by enabling legislation.

Note 17 Evaluation of Subsequent Events

The County has evaluated subsequent events through November 12, 2013, the date which the financial statements were available to be issued.

**NOTES TO BASIC FINANCIAL STATEMENTS
RELATED TO COMPONENT UNIT
June 30, 2013 and 2012**

1) Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

Gila Regional Medical Center (the “Medical Center”) is a (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 has a management advisory 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 \$408,000 and \$435,000 in 2013 and 2012, 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 position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position 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.

In 2013, the Medical Center implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Accordingly, the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is referred to as net position. Previously, this difference was referred to as net position. The Medical Center has elected to continue to present its financial position using a balance sheet format.

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 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 becomes 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 2013 and 2012.

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 Position

Net position of the Medical Center is classified in three components. Net investment in capital assets consists 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 position is noncapital 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 position is remaining assets less remaining liabilities that do not meet the definition of net investment in capital assets 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 \$9,250,000 and \$1,400,000 in 2013 and 2012, 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, 2013, the date which the financial statements were available to be issued, were evaluated for recognition and disclosure in the June 30, 2013, financial statements.

2) **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 (MCOs). Medicaid beneficiaries are required to enroll with one of the MCOs. 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 MCOs 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 MCOs, 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 certain cost reimbursable items such as depreciation, other capital costs, and bad debts at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare and Medicaid fiscal intermediaries.

For Medicaid program billing, in 2013, the Medical Center started billing all outpatient services based on Ambulatory Payment Classifications (APC’s) rather than cost and a liability or receivable is no longer deemed necessary because significant adjustments are not anticipated. Previously, the majority of settlement amounts were a result of adjustments to the outpatient reimbursable costs.

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

	<u>June 30, 2013</u> <u>Amount</u>	<u>June 30, 2013</u> <u>Status</u>	<u>June 30, 2012</u> <u>Amount</u>
Medicare			
2010	\$ 328,215	Final	\$ 328,215
2011	(50,000)	Filed, desk audit	(25,000)
2012	(50,000)	Filed, tentative settlement	150,000
2013	<u>(1,201,795)</u>	Estimate, unaudited	-
	<u>\$ (973,580)</u>		<u>\$ 453,215</u>
Medicaid			
2010	\$ 25,000	Filed, pending audit	\$ (25,000)
2011	38,775	Filed, pending audit	38,775
2012	31,321	Filed, pending audit	(25,000)
2013	<u> </u>	Estimate, unaudited	<u>-</u>
	<u>\$ 95,096</u>		<u>\$ (11,225)</u>
Estimated third-party payor settlements	<u>\$ (878,484)</u>		<u>\$ 441,990</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 \$218,000 and \$412,000 for the years ended June 30, 2013 and 2012, 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 2013 and 2012 totaled \$8.2 million and \$15.7 million, respectively. Approximately

\$300,000 and \$1.3 million for the years ended June 30, 2013 and 2012, respectively, are included in patient revenue for the supplemental payments.

The State stopped the Sole Community Provider funding in December 2012 and no payments were received for the remainder of FY13 until June and July 2013 when approximately \$3.85 million was received. This resulted in a reduction of expected revenues of approximately \$7.7 million for FY13.

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>2013</u>	<u>2012</u>
Gross patient revenue		
Inpatient	\$ 51,575,881	\$ 49,274,725
Outpatient	<u>122,163,482</u>	<u>115,045,083</u>
Total gross patient revenue	<u>\$ 173,739,363</u>	<u>\$ 164,319,808</u>
Less contractual adjustments and provision for uncollectible accounts		
Third-party payor contractual allowances, discounts, and adjustments	\$ 103,570,796	\$ 81,231,635
Provision for uncollectible accounts	<u>6,346,226</u>	<u>6,370,243</u>
Total contractual adjustments and provision for uncollectible accounts	<u>\$ 109,917,022</u>	<u>\$ 87,601,878</u>
Net patient service revenue	<u>\$ 63,822,341</u>	<u>\$ 76,717,930</u>

3) **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, 2013 and 2012, the Medical Center was in compliance with State collateralization requirements.

As of June 30, 2013, the Medical Center had deposits with a bank balance of \$19,430,137, of which \$7,114,608 was uninsured and uncollateralized, and therefore subject to

custodial credit risk. As of June 30, 2012, the Medical Center had deposits with a bank balance of \$20,042,561, of which \$3,842,038 were uninsured and uncollateralized, and therefore subject to custodial credit risk.

On November 21, 2012 the Medical Center obtained a Line-of-Credit (LOC) in the amount of \$1,700,000 to secure uninsured deposits. As of June 30, 2013, the LOC has not been drawn on.

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, 2013, is as follows:

June 30, 2013				
<i>New MexiGrow</i> LGIP	AAAm rated	\$ 1,056		55 day WAM

At June 30, 2013 and 2012, the Medical Center had the following investments, reported as cash equivalents, and maturities:

<u>Type</u>	<u>June 30, 2013</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>
Repurchase agreement	\$2,377,023	\$2,377,023	-	-	-
State Treasurer's investment pool	<u>1,058</u>	<u>1,058</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$2,378,081</u>	<u>\$2,378,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<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>\$9,646,827</u>	<u>\$9,646,827</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The repurchase agreement was fully collateralized at June 30, 2013 and 2012 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>2013</u>	<u>2012</u>
Carrying value:		
Deposits	\$18,543,368	\$19,605,787
Investments	<u>2,378,081</u>	<u>9,646,827</u>
	<u>\$20,921,449</u>	<u>\$29,252,614</u>
Included in the following balance sheets captions		
Cash and cash equivalents	\$ 4,350,936	\$10,662,555
Certificates of deposit	16,569,455	18,287,721
Investments held by trustee for debt service	<u>1,058</u>	<u>302,338</u>

\$20,921,449 \$29,252,614

4) **Patient Accounts Receivables**

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 consisted of the items shown below:

	<u>2013</u>	<u>2012</u>
Medicare	\$15,153,203	\$ 9,493,622
Medicaid	6,487,520	4,658,993
Other third-party payers	8,219,384	8,180,195
Patients	<u>6,971,864</u>	<u>5,646,945</u>
	\$36,831,971	\$27,979,755
Less allowance for contractual adjustments	<u>19,279,161</u>	<u>12,880,437</u>
	\$17,552,810	\$15,099,318
Less allowance for uncollectible accounts	<u>4,375,000</u>	<u>3,755,569</u>
	<u>\$13,177,810</u>	<u>\$11,343,749</u>

5) **Capital Assets**

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

	June 30, 2013				
	Beginning Balance	Additions	Disposals and Retirements	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 806,200	\$ -	\$ -	\$ -	\$ 806,200
Construction in progress	<u>479,132</u>	<u>854,027</u>	<u>(449,591)</u>	<u>(599,173)</u>	<u>284,395</u>
Total capital assets not being depreciated	<u>\$ 1,285,332</u>	<u>\$ 854,027</u>	<u>\$ (449,591)</u>	<u>\$ (599,173)</u>	<u>\$ 1,090,595</u>
Capital assets being depreciated:					
Land improvements	\$ 541,193	\$ -	\$ -	\$ 36,273	\$ 577,466
Buildings	31,674,494	-	-	513,673	32,188,167
Equipment	<u>36,620,807</u>	<u>2,001,456</u>	<u>(8,734,401)</u>	<u>49,227</u>	<u>29,937,089</u>
	<u>\$ 68,836,494</u>	<u>\$ 2,001,456</u>	<u>\$ 8,734,401</u>	<u>\$ 599,173</u>	<u>\$ 62,702,722</u>

Less accumulated depreciation:					
Land improvements	\$ 46,935	\$ 36,165	\$ -	\$ -	\$ 83,100
Buildings	12,683,649	437,735	-	-	13,121,384
Equipment	<u>26,396,769</u>	<u>2,960,186</u>	<u>(8,586,246)</u>	-	<u>20,770,488</u>
	<u>\$ 39,127,353</u>	<u>\$ 3,434,086</u>	<u>\$ 8,586,467</u>	<u>\$ -</u>	<u>\$ 33,974,972</u>
Capital assets, net	<u>\$ 30,994,473</u>	<u>\$ (578,603)</u>	<u>\$ (597,525)</u>	<u>\$ -</u>	<u>\$ 29,818,345</u>

	June 30, 2012				
	Beginning Balance	Additions	Disposals and Retirements	Transfers	Ending Balance
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>
Total capital assets being depreciated	<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>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>

Due to the loss of the Sole Community Provider funding the Medical Center decided to indefinitely halt the expansion project that was started in 2013. As a result \$449,591 of construction in progress amounts were written off during the year. Additionally, the Medical Center completed an analysis of its capital asset listing and wrote off \$8,734,401 of capital assets that were not in use as of June 30, 2013. The net book value of these assets was \$147,934.

6) **Long-Term Obligations**

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

	<u>June 30, 2013</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	\$ 1,660,000	\$ -	\$1,600,000	\$ -	\$ -
Total long-term debt	\$ 1,660,000	\$ -	\$1,660,000	\$ -	\$ -
Capital lease obligation	183,908	-	69,199	114,709	73,650
Other long-term liabilities					
Accrued compensated absences	<u>2,048,158</u>	<u>2,108,133</u>	<u>2,048,158</u>	<u>2,108,133</u>	<u>2,108,133</u>
Total long-term obligations	<u>\$ 3,892,066</u>	<u>\$ 2,108,133</u>	<u>\$3,777,357</u>	<u>\$ 2,222,842</u>	<u>\$ 2,181,783</u>

	<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>
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Revenue Bonds

The revenue bonds payable consisted of Subordinated Hospital Revenue Bonds, Series 2004, issued in the amount of \$3,850,000 with various maturity dates through August 1, 2014. Interest was 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 were secured by net revenues. On December 20, 2012, the Medical Center entered into an escrow agreement in the amount of \$1,110,014 to refund the bonds prior to the maturity date which resulted in an in-substance defeasance. Accordingly, the escrow assets and the liability for the defeased revenue bonds are not included in the Medical Center's financial statements.

Bond Issuance and Repayment

The Medical Center Board of Trustees and administration, as a part of the Facility Master Plan, hired an architectural firm for preliminary design and feasibility studies regarding expansion of the main hospital building. Based on these feasibility studies and the then current financial status, the Board of Trustees and administration, along with the Grant County Commission, entered into an agreement to borrow \$10 million to begin the project. Shortly after the funds were borrowed, the State Sole Community Provider funding was halted for an unknown period of time. This change in the Sole Community Provider funding was unexpected. The Board of Trustees then decided to delay the expansion project and immediately repaid the borrowed funds with no prepayment penalty.

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 2010 the amount 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 \$260,196 and \$181,120 at June 30, 2013 and 2012, 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, 2013:

Year Ending June 30,

2014	\$ 78,733
2015	<u>41,856</u>

Total minimum lease payments	\$ 120,589
Less: amount representing interest	<u>5,880</u>

7) Present value of future minimum lease payments \$ 114,709
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 \$706,997 and \$727,000 for the years ended June 30, 2013 and 2012, respectively. Employee contributions to the plan were approximately \$1,378,434 and \$1,766,000 for 2013 and 2012, respectively. There are no stand-alone financial reports available to the public for the plan.

8) **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 \$1,759,000 and \$1,995,000 for 2013 and 2012, respectively. Future minimum lease payments for noncancelable operating leases with lease terms exceeding one year at June 30, 2013, are as follows:

Year Ending June 30,

2014	\$ 1,305,485
2015	633,916
2016	<u>29,610</u>
Total future minimum lease payments	<u>\$ 1,969,011</u>

9) **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 \$294,861 and \$1,301,533 of electronic health record incentive income related to Medicare incentive programs during the year ended June 30, 2013 and 2012, respectively. 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 Position.

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, 2013

	Special Revenue Funds			
	Fire Protection	Farm and Range	Recreation	Correction Fees
Assets				
Cash and investments	\$ 1,270,451	\$ 43,251	\$ 6,514	\$ 31,756
Interfund receivable				
Accounts receivable				
Interest receivable				
Taxes receivable	82,686	3,657		115,890
Due from other governments				
Notes receivable				
Total assets	\$ 1,353,137	\$ 46,908	\$ 6,514	\$ 147,646
Liabilities and Fund Balance				
Accounts payable	\$ 5,212	\$ 13,750	\$ -	\$ 138,759
Salaries payable				25,791
Interfund payable				
Deferred revenue		2,171		
Total liabilities	\$ 5,212	\$ 15,921	\$ -	\$ 164,550
Fund balances:				
Restricted:				
Capital projects	\$ -	\$ -	\$ -	\$ -
Public safety	1,347,925			
Health and welfare		30,987		
General government				
Equipment purchases				
Culture and recreation			6,514	
Assigned:				
Health and welfare				
Capital projects				
Unassigned				(16,904)
Total fund balance	\$ 1,347,925	\$ 30,987	\$ 6,514	\$ (16,904)
Total liabilities and fund balance	\$ 1,353,137	\$ 46,908	\$ 6,514	\$ 147,646

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

Special Revenue Funds

Clerk's Equipment	Law Enforcement Protection	Lodgers Tax	Airport	Reappraisal	EMS
\$ 231,821	\$ 4,245	\$ 49,396	\$ -	\$ 169,999	\$ 30,831
		11,784			
<u>\$ 231,821</u>	<u>\$ 4,245</u>	<u>\$ 61,180</u>	<u>\$ -</u>	<u>\$ 169,999</u>	<u>\$ 30,831</u>
\$ -	\$ -	\$ -	\$ 1,655	\$ 416	\$ 2,460
			42,537		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,192</u>	<u>\$ 416</u>	<u>\$ 2,460</u>
\$ -	\$ - 4,245	\$ -	\$ -	\$ -	\$ - 28,371
231,821		61,180		169,583	
			(44,192)		
<u>\$ 231,821</u>	<u>\$ 4,245</u>	<u>\$ 61,180</u>	<u>\$ (44,192)</u>	<u>\$ 169,583</u>	<u>\$ 28,371</u>
<u>\$ 231,821</u>	<u>\$ 4,245</u>	<u>\$ 61,180</u>	<u>\$ -</u>	<u>\$ 169,999</u>	<u>\$ 30,831</u>

Grant County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (continued)
June 30, 2013

	Special Revenue Funds			
	Solid Waste	Regional Dispatch	Drug Enforcement	Rural Fire Departments
Assets				
Cash and investments	\$ 676,267	\$ 29,215	\$ 52	\$ 840,607
Interfund receivable				
Accounts receivable	259,645			
Interest receivable				
Taxes receivable	41,343	116,108		
Due from other governments				
Notes receivable	97,013			
Total assets	\$ 1,074,268	\$ 145,323	\$ 52	\$ 840,607
Liabilities and Fund Balance				
Accounts payable	\$ 120,527	\$ 8,006	\$ -	\$ 160,341
Salaries payable		15,806		
Interfund payable				101,195
Deferred revenue	424,599			
Total liabilities	\$ 545,126	\$ 23,812	\$ -	\$ 261,536
Fund balance:				
Restricted:				
Capital projects	\$ -	\$ -	\$ -	\$ -
Public safety		121,511	52	680,648
Health and welfare				
General government				
Equipment purchases				
Culture and recreation				
Assigned:				
Health and welfare	529,142			
Capital projects				
Unassigned				(101,577)
Total fund balance	\$ 529,142	\$ 121,511	\$ 52	\$ 579,071
Total liabilities and fund balance	\$ 1,074,268	\$ 145,323	\$ 52	\$ 840,607

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	Economic Development	Capital Road
\$ 498	\$ 41,007	\$ 165,117	\$ -	\$ 28,955	\$ -
	36,411		64,344		
<u>\$ 498</u>	<u>\$ 77,418</u>	<u>\$ 165,117</u>	<u>\$ 64,344</u>	<u>\$ 28,955</u>	<u>\$ -</u>
\$ -	\$ 11,987 8,043	\$ -	\$ 8,073	\$ -	\$ 39,776
	3,735		305,067 64,344		210,889
<u>\$ -</u>	<u>\$ 23,765</u>	<u>\$ -</u>	<u>\$ 377,484</u>	<u>\$ -</u>	<u>\$ 250,665</u>
\$ -	\$ -	\$ -	\$ -	\$ 28,955	\$ -
	53,653	165,117			
498			(313,140)		(250,665)
<u>\$ 498</u>	<u>\$ 53,653</u>	<u>\$ 165,117</u>	<u>\$ (313,140)</u>	<u>\$ 28,955</u>	<u>\$ (250,665)</u>
<u>\$ 498</u>	<u>\$ 77,418</u>	<u>\$ 165,117</u>	<u>\$ 64,344</u>	<u>\$ 28,955</u>	<u>\$ -</u>

Grant County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (concluded)
June 30, 2013

	Capital Projects Funds			Total
	Airport Industrial Park	Renovations	Fort Bayard	
Assets				
Cash and investments	\$ 296,673	\$ -	\$ 54,835	\$ 3,971,490
Interfund receivable		430		430
Accounts receivable				259,645
Interest receivable				-
Taxes receivable				371,468
Due from other governments		78,167		178,922
Notes receivable				97,013
Total assets	\$ 296,673	\$ 78,597	\$ 54,835	\$ 4,878,968
Liabilities and Fund Balance				
Accounts payable	\$ -	\$ 63,374	\$ -	\$ 574,336
Salaries payable				49,640
Interfund payable		182,864		842,552
Deferred revenue		78,167		573,016
Total liabilities	\$ -	\$ 324,405	\$ -	\$ 2,039,544
Fund balance:				
Restricted:				
Capital projects	\$ -	\$ -	\$ 54,835	\$ 83,790
Public safety				2,347,869
Health and welfare				84,640
General government				169,583
Equipment purchases				231,821
Culture and recreation				67,694
Assigned:				
Health and welfare				529,142
Capital projects	296,673			297,171
Unassigned		(245,808)		(972,286)
Total fund balance	\$ 296,673	\$ (245,808)	\$ 54,835	\$ 2,839,424
Total liabilities and fund balance	\$ 296,673	\$ 78,597	\$ 54,835	\$ 4,878,968

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

Grant County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For The Fiscal Year Ended June 30, 2013

	Special Revenue Funds			
	Fire Protection	Farm and Range	Recreation	Corrections
Revenues:				
Property taxes	\$ -	\$ 12,932	\$ -	\$ -
Gross receipts taxes	477,528			694,617
Other taxes				
Federal sources		20,858		
State sources			2,009	137,183
Charges for services				
Miscellaneous	17,029			111,991
Total revenues	\$ 494,557	\$ 33,790	\$ 2,009	\$ 943,791
Expenditures:				
Current:				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	567,476			2,475,813
Health and welfare		30,000		
Culture recreation			7,518	
Debt service:				
Principle				
Interest				
Interest				
Capital outlay				7,870
Total expenditures	\$ 567,476	\$ 30,000	\$ 7,518	\$ 2,483,683
Revenues over (under) expenditures	\$ (72,919)	\$ 3,790	\$ (5,509)	\$ (1,539,892)
Other financing sources (uses):				
Transfer in			12,000	1,043,933
Transfer (out)	(33,264)			
Loan proceeds				
Net changes in fund balances	\$ (106,183)	\$ 3,790	\$ 6,491	\$ (495,959)
Fund balance, July 1, 2012	1,454,108	27,197	23	479,055
Fund balance, June 30, 2013	<u>\$ 1,347,925</u>	<u>\$ 30,987</u>	<u>\$ 6,514</u>	<u>\$ (16,904)</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		81,223			
38,637	43,400		727,557		46,743
	30		131,395	105,058	
			40,415		
			11,703		
<u>\$ 38,637</u>	<u>\$ 43,430</u>	<u>\$ 81,223</u>	<u>\$ 911,070</u>	<u>\$ 105,058</u>	<u>\$ 46,743</u>
\$ 24,317	\$ - 39,666	\$ -	\$ 184,933	\$ 82,468	\$ - 46,267
		62,891			
5,000			856,858	50,711	
<u>\$ 29,317</u>	<u>\$ 39,666</u>	<u>\$ 62,891</u>	<u>\$ 1,041,791</u>	<u>\$ 133,179</u>	<u>\$ 46,267</u>
\$ 9,320	\$ 3,764	\$ 18,332	\$ (130,721)	\$ (28,121)	\$ 476
			137,289		5,585
		(3,000)			
<u>\$ 9,320</u>	<u>\$ 3,764</u>	<u>\$ 15,332</u>	<u>\$ 6,568</u>	<u>\$ (28,121)</u>	<u>\$ 6,061</u>
222,501	481	45,848	(50,760)	197,704	22,310
<u>\$ 231,821</u>	<u>\$ 4,245</u>	<u>\$ 61,180</u>	<u>\$ (44,192)</u>	<u>\$ 169,583</u>	<u>\$ 28,371</u>

Grant County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)
For The Fiscal Year Ended June 30, 2013

	Special Revenue Funds		
	Solid Waste	Regional Dispatch	Drug Enforcement
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Gross receipts taxes	238,759	695,450	
Other taxes			
Federal sources			
State sources			
Charges for services	383,743		
Miscellaneous	61,660	39,926	21
	<u>684,162</u>	<u>735,376</u>	<u>21</u>
Total revenues	\$ <u>684,162</u>	\$ <u>735,376</u>	\$ <u>21</u>
Expenditures:			
Current:			
General government	\$ -	\$ -	\$ -
Public safety		689,245	
Health and welfare	591,044		
Culture recreation			
Debt service			
Principle			
Interest			
Loan issue costs			
Capital outlay		27,211	
	<u>591,044</u>	<u>716,456</u>	<u>-</u>
Total expenditures	\$ <u>591,044</u>	\$ <u>716,456</u>	\$ <u>-</u>
Revenues over (under) expenditures	\$ 93,118	\$ 18,920	\$ 21
Other financing sources (uses):			
Transfer in			
Transfer (out)	(72,000)		
Loan proceeds			
	<u>21,118</u>	<u>18,920</u>	<u>21</u>
Net change in fund balances	\$ <u>21,118</u>	\$ <u>18,920</u>	\$ <u>21</u>
Fund balance, July 1, 2012	<u>508,024</u>	<u>102,591</u>	<u>31</u>
Fund balance, June 30, 2013	<u>\$ 529,142</u>	<u>\$ 121,511</u>	<u>\$ 52</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,198,381		173,267		541,702	
14,184		528,837	65,058		
1,036		67,692			
<u>\$ 1,213,601</u>	<u>\$ -</u>	<u>\$ 769,796</u>	<u>\$ 65,058</u>	<u>\$ 541,702</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
779,095		649,039	287	228,867	
326,122					
51,127					
<u>520,422</u>		<u>191,145</u>		<u>426,587</u>	
<u>\$ 1,676,766</u>	<u>\$ -</u>	<u>\$ 840,184</u>	<u>\$ 287</u>	<u>\$ 655,454</u>	<u>\$ -</u>
\$ (463,165)	\$ -	\$ (70,388)	\$ 64,771	\$ (113,752)	\$ -
54,472					14,495
(3,754)					
<u>378,293</u>					
\$ (34,154)	\$ -	\$ (70,388)	\$ 64,771	\$ (113,752)	\$ 14,495
<u>613,225</u>	<u>498</u>	<u>124,041</u>	<u>100,346</u>	<u>(199,388)</u>	<u>(14,495)</u>
<u>\$ 579,071</u>	<u>\$ 498</u>	<u>\$ 53,653</u>	<u>\$ 165,117</u>	<u>\$ (313,140)</u>	<u>\$ -</u>

Grant County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (concluded)
For The Fiscal Year Ended June 30, 2013

	Capital Projects Funds			
	Economic Development	Capital Road	Airport Industrial Park	Jail Construction
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes				
Other taxes				
Federal sources	105,784			
State sources		348,385		
Charges for services				
Miscellaneous	7,549			
	<u>113,333</u>	<u>348,385</u>	<u>-</u>	<u>-</u>
Total revenues	\$ 113,333	\$ 348,385	\$ -	\$ -
Expenditures:				
Current:				
General government	\$ 57,137	\$ -	\$ -	\$ -
Public safety				
Health and welfare				
Culture recreation				
Debt service				
Principle				
Interest				
Loan issue costs				
Capital outlay		416,341		
	<u>57,137</u>	<u>416,341</u>	<u>-</u>	<u>-</u>
Total expenditures	\$ 57,137	\$ 416,341	\$ -	\$ -
Revenues over (under) expenditures	\$ 56,196	\$ (67,956)	\$ -	\$ -
Other financing sources (uses):				
Transfer in		118,901		567,012
Transfer (out)			(200,000)	(11,775)
Loan proceeds				
	<u>56,196</u>	<u>50,945</u>	<u>(200,000)</u>	<u>555,237</u>
Net change in fund balances	\$ 56,196	\$ 50,945	\$ (200,000)	\$ 555,237
Fund balance, July 1, 2012	<u>(27,241)</u>	<u>(301,610)</u>	<u>496,673</u>	<u>(555,237)</u>
Fund balance, June 30, 2013	<u>\$ 28,955</u>	<u>\$ (250,665)</u>	<u>\$ 296,673</u>	<u>\$ -</u>

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

Capital Projects Funds

Renovations	Fort Bayard	Total
\$ -	\$ -	\$ 12,932
		2,106,354
		81,223
2,571,001		4,140,169
70,400		2,571,791
		649,729
		250,945
\$ 2,641,401	\$ -	\$ 9,813,143
\$ -	\$ -	\$ 348,855
		4,826,716
		1,270,083
		70,409
		326,122
		51,127
		-
2,915,239		5,417,384
\$ 2,915,239	\$ -	\$ 12,310,696
\$ (273,838)	\$ -	\$ (2,497,553)
18,030		1,971,717
(33,269)		(357,062)
		378,293
\$ (289,077)	\$ -	\$ (504,605)
43,269	54,835	3,344,029
\$ (245,808)	\$ 54,835	\$ 2,839,424

Grant County
NONMAJOR SPECIAL REVENUE FUNDS - RURAL FIRE DEPARTMENTS
COMBINING BALANCE SHEET
For the Fiscal Year Ended June 30, 2013

	<u>Gila/Cliff Fire</u>	<u>Fort Bayard Fire</u>	<u>Upper Mimbres Fire</u>	<u>Lower Mimbres Fire</u>
Assets				
Cash	\$ 29,417	\$ 7,105	\$ 73,521	\$ 4,228
Interfund receivable				
Total assets	<u>\$ 29,417</u>	<u>\$ 7,105</u>	<u>\$ 73,521</u>	<u>\$ 4,228</u>
Liabilities and Fund Balance				
Accounts payable	\$ 713	\$ 252	\$ 209	\$ 4,081
Interfund payable				
Deferred revenue				
Total liabilities	<u>\$ 713</u>	<u>\$ 252</u>	<u>\$ 209</u>	<u>\$ 4,081</u>
Fund balances:				
Restricted:				
Public Safety	\$ 28,704	\$ 6,853	\$ 73,312	\$ 147
Unassigned				
Total fund balance	<u>\$ 28,704</u>	<u>\$ 6,853</u>	<u>\$ 73,312</u>	<u>\$ 147</u>
Total liabilities and fund balance	<u>\$ 29,417</u>	<u>\$ 7,105</u>	<u>\$ 73,521</u>	<u>\$ 4,228</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>
\$ 168,304	\$ 35,777	\$ 260,257	\$ 261,998	\$ -	\$ 840,607
<u>\$ 168,304</u>	<u>\$ 35,777</u>	<u>\$ 260,257</u>	<u>\$ 261,998</u>	<u>\$ -</u>	<u>\$ 840,607</u>
\$ 116,521	\$ 620	\$ 31,678	\$ 5,885	\$ 382	\$ 160,341
				101,195	101,195
<u>\$ 116,521</u>	<u>\$ 620</u>	<u>\$ 31,678</u>	<u>\$ 5,885</u>	<u>\$ 101,577</u>	<u>\$ 261,536</u>
\$ 51,783	\$ 35,157	\$ 228,579	\$ 256,113	\$ -	\$ 680,648
				(101,577)	(101,577)
<u>\$ 51,783</u>	<u>\$ 35,157</u>	<u>\$ 228,579</u>	<u>\$ 256,113</u>	<u>\$ (101,577)</u>	<u>\$ 579,071</u>
<u>\$ 168,304</u>	<u>\$ 35,777</u>	<u>\$ 260,257</u>	<u>\$ 261,998</u>	<u>\$ -</u>	<u>\$ 840,607</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, 2013

	Gila/Cliff Fire	Fort Bayard Fire	Upper Mimbres Fire	Lower Mimbres Fire
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
State sources	96,952	68,885	96,952	96,952
Charges for services				
Miscellaneous	49	2	556	291
Total revenues	<u>\$ 97,001</u>	<u>\$ 68,887</u>	<u>\$ 97,508</u>	<u>\$ 97,243</u>
Expenditures:				
Current				
Public safety	\$ 48,007	\$ 15,002	\$ 65,615	\$ 62,031
Debt service:				
Principal	34,051	39,216	21,052	46,553
Interest	3,154	7,531	1,846	3,171
Capital outlay	218,882			2,000
Total expenditures	<u>\$ 304,094</u>	<u>\$ 61,749</u>	<u>\$ 88,513</u>	<u>\$ 113,755</u>
Revenues over (under) expenditures	\$ (207,093)	\$ 7,138	\$ 8,995	\$ (16,512)
Other financing sources (uses):				
Transfer in				
Transfer (out)				
Loan proceeds	96,131			
Net change in fund balances	\$ (110,962)	\$ 7,138	\$ 8,995	\$ (16,512)
Fund balance, July 1, 2012	<u>139,666</u>	<u>(285)</u>	<u>64,317</u>	<u>16,659</u>
Fund balance, June 30, 2013	<u>\$ 28,704</u>	<u>\$ 6,853</u>	<u>\$ 73,312</u>	<u>\$ 147</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
65,058	137,770	186,240	363,555	86,017	1,198,381
8		3,246	10,446	492	14,184
<u>8</u>		<u>1</u>	<u>129</u>		<u>1,036</u>
<u>\$ 65,066</u>	<u>\$ 137,770</u>	<u>\$ 189,487</u>	<u>\$ 374,130</u>	<u>\$ 86,509</u>	<u>\$ 1,213,601</u>
\$ 33,580	\$ 114,527	\$ 218,550	\$ 169,890	\$ 51,893	\$ 779,095
26,575		52,566	98,879	7,230	326,122
845		5,429	28,064	1,087	51,127
<u>116,307</u>			<u>6,738</u>	<u>176,495</u>	<u>520,422</u>
<u>\$ 177,307</u>	<u>\$ 114,527</u>	<u>\$ 276,545</u>	<u>\$ 303,571</u>	<u>\$ 236,705</u>	<u>\$ 1,676,766</u>
\$ (112,241)	\$ 23,243	\$ (87,058)	\$ 70,559	\$ (150,196)	\$ (463,165)
14,601		24,000	15,871		54,472
36,505		245,657		(3,754)	(3,754)
<u>36,505</u>					<u>378,293</u>
\$ (61,135)	\$ 23,243	\$ 182,599	\$ 86,430	\$ (153,950)	\$ (34,154)
112,918	11,914	45,980	169,683	52,373	613,225
<u>\$ 51,783</u>	<u>\$ 35,157</u>	<u>\$ 228,579</u>	<u>\$ 256,113</u>	<u>\$ (101,577)</u>	<u>\$ 579,071</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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 430,000	\$ 430,000	\$ 424,026	\$ (5,974)
Miscellaneous			17,029	17,029
Total revenues	<u>\$ 430,000</u>	<u>\$ 430,000</u>	<u>\$ 441,055</u>	<u>\$ 11,055</u>
Expenditures:				
Current:				
Public safety	\$ 1,361,955	\$ 1,361,955	\$ 550,558	\$ 811,397
Capital outlay	18,000	18,000		18,000
Total expenditures	<u>\$ 1,379,955</u>	<u>\$ 1,379,955</u>	<u>\$ 550,558</u>	<u>\$ 829,397</u>
Revenues over (under) expenditures	\$ (949,955)	\$ (949,955)	\$ (109,503)	\$ 840,452
Other financing sources (uses):				
Transfer in/(out)	<u>(5,585)</u>	<u>(5,585)</u>	<u>(5,585)</u>	<u>-</u>
Net change in fund balance	\$ (955,540)	\$ (955,540)	\$ (115,088)	\$ 840,452
Fund balance, July 1, 2012	<u>955,540</u>	<u>955,540</u>	<u>1,385,539</u>	<u>429,999</u>
Fund balance, June 30, 2013	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,270,451</u></u>	<u><u>\$ 1,270,451</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (106,183)	
Revenue accruals (net)			(53,502)	
Expenditure accruals (net)			16,918	
Other financing uses			<u>27,679</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (115,088)</u></u>	

The accompanying notes are an integral part of these financial statements

Grant County
SPECIAL REVENUE FUND - FARM AND RANGE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 11,000	\$ 11,000	\$ 11,446	\$ 446
Federal sources	19,000	19,000	20,858	1,858
Total revenues	\$ 30,000	\$ 30,000	\$ 32,304	\$ 2,304
Expenditures:				
Current:				
Health and welfare	\$ 30,000	\$ 30,000	\$ 16,250	\$ 13,750
Capital outlay				-
Total expenditures	\$ 30,000	\$ 30,000	\$ 16,250	\$ 13,750
Revenues over (under) expenditures:	\$ -	\$ -	\$ 16,054	\$ 16,054
Other financing sources (uses):				
Transfer in				-
Net change in fund balance	\$ -	\$ -	\$ 16,054	\$ 16,054
Fund balance, July 1, 2012			27,197	27,197
Fund balance, June 30, 2013	\$ -	\$ -	\$ 43,251	\$ 43,251
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 3,790	
Revenue accruals (net)			(1,486)	
Expenditure accruals (net)			13,750	
Other financing uses			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 16,054	

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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ -		\$ -	\$ -
State sources			2,009	2,009
Total revenues	\$ -	\$ -	\$ 2,009	\$ 2,009
Expenditures:				
Current:				
Culture and recreation	\$ 10,000	\$ 12,000	\$ 7,518	\$ 4,482
Capital outlay				-
Total expenditures	\$ 10,000	\$ 12,000	\$ 7,518	\$ 4,482
Revenues over (under) expenditures	\$ (10,000)	\$ (12,000)	\$ (5,509)	\$ 6,491
Other financing sources (uses):				
Transfer in/(out)	10,000	12,000	12,000	-
Net change in fund balance	\$ -	\$ -	\$ 6,491	\$ 6,491
Fund balance, July 1, 2012			23	23
Fund balance, June 30, 2013	\$ -	\$ -	\$ 6,514	\$ 6,514
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 6,491	
Revenue accruals (net)				
Expenditure accruals (net)				
Other financing uses			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 6,491	

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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 735,000	\$ 735,000	\$ 701,175	\$ (33,825)
State sources	125,000	125,000	137,183	12,183
Miscellaneous	60,000	60,000	111,991	51,991
Total revenues	\$ 920,000	\$ 920,000	\$ 950,349	\$ 30,349
Expenditures:				
Current:				
Public safety	\$ 2,097,323	\$ 2,357,323	\$ 2,349,035	\$ 8,288
Capital outlay			7,870	(7,870)
Total expenditures	\$ 2,097,323	\$ 2,357,323	\$ 2,356,905	\$ 418
Revenues over (under) expenditures	\$ (1,177,323)	\$ (1,437,323)	\$ (1,406,556)	\$ 30,767
Other financing sources (uses):				
Transfer in	813,993	583,993	1,043,933	459,940
Net change in fund balance	\$ (363,330)	\$ (853,330)	\$ (362,623)	\$ 490,707
Fund balance, July 1, 2012	363,330	853,330	394,379	(458,951)
Fund balance, June 30, 2013	\$ -	\$ -	\$ 31,756	\$ 31,756
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (495,959)	
Revenue accruals (net)			6,558	
Expenditure accruals (net)			126,778	
Other financing uses				
Net change in fund balance, NON-GAAP budgetary basis			\$ (362,623)	

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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Charges for services	\$ 39,000	\$ 39,000	\$ 38,637	\$ (363)
Expenditures:				
Current:				
General government	\$ 3,000	\$ 3,000	\$ 24,317	\$ (21,317)
Capital outlay	30,000	30,000	5,000	25,000
Total expenditures	\$ 33,000	\$ 33,000	\$ 29,317	\$ 3,683
Net change in fund balance	\$ 6,000	\$ 6,000	\$ 9,320	\$ 3,320
Fund balance, July 1, 2012	-	-	222,501	222,501
Fund balance, June 30, 2013	\$ 6,000	\$ 6,000	\$ 231,821	\$ 225,821
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 9,320	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Other financing sources			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 9,320	

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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 43,400	\$ 43,400	\$ 43,430	\$ 30
Expenditures:				
Current:				
Public safety	\$ 43,410	\$ 43,410	\$ 39,666	\$ 3,744
Capital outlay				-
Total expenditures	\$ 43,410	\$ 43,410	\$ 39,666	\$ 3,744
Net change in fund balance	\$ (10)	\$ (10)	\$ 3,764	\$ 3,774
Fund balance, July 1, 2012	10	10	481	471
Fund balance, June 30, 2013	\$ -	\$ -	\$ 4,245	\$ 4,245
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 3,764	
Revenue accruals (net)				
Expenditure accruals (net)				
Net change in fund balance, NON-GAAP budgetary basis			\$ 3,764	

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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 60,000	\$ 60,000	\$ 69,439	\$ 9,439
Expenditures:				
Current:				
Culture and recreation	60,000	65,000	63,091	1,909
Revenues over (under) expenditures	\$ -	\$ (5,000)	\$ 6,348	\$ 11,348
Other financing sources (uses):				
Transfer in/(out)		(3,000)	(3,000)	-
Net change in fund balance	\$ -	\$ (8,000)	\$ 3,348	\$ 11,348
Fund balance, July 1, 2012		8,000	46,048	38,048
Fund balance, June 30, 2013	\$ -	\$ -	\$ 49,396	\$ 49,396
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 15,332	
Revenue accruals (net)			(11,784)	
Expenditure accruals (net)			(200)	
Net change in fund balance, NON-GAAP budgetary basis			\$ 3,348	

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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 749,609	\$ 746,703	\$ (2,906)
State sources	451,620	471,346	111,354	(359,992)
Charges for services	<u>177,047</u>	<u>177,047</u>	<u>87,033</u>	<u>(90,014)</u>
Total revenues	<u>\$ 628,667</u>	<u>\$ 1,398,002</u>	<u>\$ 945,090</u>	<u>\$ (452,912)</u>
Expenditures:				
Current:				
General government	\$ 159,143	\$ 170,238	\$ 171,188	\$ (950)
Capital outlay	<u>314,870</u>	<u>1,103,932</u>	<u>882,782</u>	<u>221,150</u>
Total expenditures	<u>\$ 474,013</u>	<u>\$ 1,274,170</u>	<u>\$ 1,053,970</u>	<u>\$ 220,200</u>
Revenues over (under) expenditures	\$ 154,654	\$ 123,832	\$ (108,880)	\$ (232,712)
Other financing sources (uses):				
Transfer in	<u>\$ 102,809</u>	<u>\$ 68,329</u>	<u>\$ 137,289</u>	<u>\$ 68,960</u>
Net change in fund balance	\$ 257,463	\$ 192,161	\$ 28,409	\$ (163,752)
Fund balance, July 1, 2012	<u>(70,946)</u>	<u>(70,946)</u>	<u>(70,946)</u>	<u>-</u>
Fund balance, June 30, 2013	<u>\$ 186,517</u>	<u>\$ 121,215</u>	<u>\$ (42,537)</u>	<u>\$ (163,752)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 6,568	
Revenue accruals (net)			34,020	
Expenditure accruals (net)			<u>(12,179)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 28,409</u>	

The accompanying notes are an integral part of these financial statements

Grant County
SPECIAL REVENUE FUND - REAPPRAISAL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Charges for services	\$ 105,000	\$ 105,000	\$ 105,058	\$ 58
Expenditures:				
Current:				
General government	\$ 84,228	\$ 85,733	\$ 83,020	\$ 2,713
Capital outlay	48,000	48,000	50,711	(2,711)
Total expenditures	\$ 132,228	\$ 133,733	\$ 133,731	\$ 2
Net change in fund balance	\$ (27,228)	\$ (28,733)	\$ (28,673)	\$ 60
Fund balance, July 1, 2012	27,228	28,733	198,672	169,939
Fund balance, June 30, 2013	\$ -	\$ -	\$ 169,999	\$ 169,999
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (28,121)	
Revenue accruals (net)				
Expenditure accruals (net)			(552)	
Net change in fund balance, NON-GAAP budgetary basis			\$ (28,673)	

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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 174,700	\$ 46,708	\$ 46,743	\$ 35
Miscellaneous	-	-	-	-
Total revenues	\$ 174,700	\$ 46,708	\$ 46,743	\$ 35
Expenditures:				
Current:				
Public Safety	\$ 204,719	\$ 71,727	\$ 45,931	\$ 25,796
Capital outlay	-	-	-	-
Total expenditures	\$ 204,719	\$ 71,727	\$ 45,931	\$ 25,796
Revenues over (under) expenditures	\$ (30,019)	\$ (25,019)	\$ 812	\$ 25,831
Other financing sources (uses):				
Transfer in	\$ 5,585	\$ 5,585	\$ 5,585	\$ -
Net change in fund balance	\$ (24,434)	\$ (19,434)	\$ 6,397	\$ 25,831
Fund balance, July 1, 2012	24,434	24,434	24,434	-
Fund balance, June 30, 2013	\$ -	\$ 5,000	\$ 30,831	\$ 25,831
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 6,061	
Revenue accruals (net)			-	
Expenditure accruals (net)			336	
Net change in fund balance, NON-GAAP budgetary basis			\$ 6,397	

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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 29,000	\$ 29,000	\$ 19,102	\$ (9,898)
Charges for services	374,000	374,000	419,336	45,336
Miscellaneous	18,500	18,500	56,646	38,146
Total revenues	\$ 421,500	\$ 421,500	\$ 495,084	\$ 73,584
Expenditures:				
Current:				
Health and welfare	\$ 371,305	\$ 371,305	\$ 292,817	\$ 78,488
Revenues over (under) expenditures	\$ 50,195	\$ 50,195	\$ 202,267	\$ 152,072
Other financing sources (uses):				
Transfer out	(72,000)	(72,000)	(72,000)	-
Net change in fund balance	\$ (21,805)	\$ (21,805)	\$ 130,267	\$ 152,072
Fund balance, July 1, 2012	21,805	21,805	546,000	524,195
Fund balance, June 30, 2013	\$ -	\$ -	\$ 676,267	\$ 676,267
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 21,118	
Revenue accruals (net)			(189,078)	
Expenditure accruals (net)			298,227	
Other financing uses (net)				
Net change in fund balance, NON-GAAP budgetary basis			\$ 130,267	

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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 660,000	\$ 660,000	\$ 677,029	\$ 17,029
State sources				-
Miscellaneous	<u>54,480</u>	<u>54,480</u>	<u>39,926</u>	<u>(14,554)</u>
Total revenues	<u>\$ 714,480</u>	<u>\$ 714,480</u>	<u>\$ 716,955</u>	<u>\$ 2,475</u>
Expenditures:				
Current:				
Public safety	\$ 721,285	\$ 721,285	\$ 659,306	\$ 61,979
Capital outlay	<u>2,000</u>	<u>2,000</u>	<u>27,211</u>	<u>(25,211)</u>
Total expenditures	<u>\$ 723,285</u>	<u>\$ 723,285</u>	<u>\$ 686,517</u>	<u>\$ 36,768</u>
Revenues over (under) expenditures	\$ (8,805)	\$ (8,805)	\$ 30,438	\$ 39,243
Other financing sources (uses):				
Transfer in	<u>\$ 21,145</u>	<u>\$ 21,145</u>		<u>\$ (21,145)</u>
Net change in fund balance	\$ 12,340	\$ 12,340	\$ 30,438	\$ 18,098
Fund balance, July 1, 2012	<u>(1,223)</u>	<u>(1,223)</u>	<u>(1,223)</u>	<u>-</u>
Fund balance, June 30, 2013	<u><u>\$ 11,117</u></u>	<u><u>\$ 11,117</u></u>	<u><u>\$ 29,215</u></u>	<u><u>\$ 18,098</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 18,920	
Revenue accruals (net)			(18,421)	
Expenditure accruals (net)			<u>29,939</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 30,438</u></u>	

The accompanying notes are an integral part of these financial statements

Grant County
SPECIAL REVENUE FUND - GILA/CLIFF FIRE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 78,166	\$ 174,247	\$ 59,752	\$ (114,495)
Miscellaneous				-
Total revenues	\$ 78,166	\$ 174,247	\$ 59,752	\$ (114,495)
Expenditures:				
Current:				
Public safety	\$ 38,958	\$ 39,258	\$ 47,126	\$ (7,868)
Capital outlay	39,208	226,753	218,882	7,871
Total expenditures	\$ 78,166	\$ 266,011	\$ 266,008	\$ 3
Revenues over (under) expenditures	\$ -	\$ (91,764)	\$ (206,256)	\$ (114,492)
Other financing sources (uses):				
Transfer in				\$ -
Net change in fund balance	\$ -	\$ (91,764)	\$ (206,256)	\$ (114,492)
Fund balance, July 1, 2012		91,764	140,214	48,450
Fund balance, June 30, 2013	\$ -	\$ -	\$ (66,042)	\$ (66,042)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (110,962)	
Revenue accruals (net)			(37,249)	
Expenditure accruals (net)			38,086	
Other financing sources and uses (net)			(96,131)	
Net change in fund balance, NON-GAAP budgetary basis			\$ (206,256)	

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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 55,501	\$ 55,501	\$ 52,186	\$ (3,315)
Charges for services				-
Miscellaneous				-
Total revenues	<u>\$ 55,501</u>	<u>\$ 55,501</u>	<u>\$ 52,186</u>	<u>\$ (3,315)</u>
Expenditures:				
Current:				
Public safety	\$ 24,800	\$ 24,800	\$ 14,918	\$ 9,882
Capital outlay	30,701	30,701	30,166	535
Total expenditures	<u>\$ 55,501</u>	<u>\$ 55,501</u>	<u>\$ 45,084</u>	<u>\$ 10,417</u>
Net change in fund balance	\$ -	\$ -	\$ 7,102	\$ 7,102
Fund balance, July 1, 2012			<u>1</u>	<u>1</u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,103</u>	<u>\$ 7,103</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 7,138	
Revenue accruals (net)			(16,701)	
Expenditure accruals (net)			16,665	
Other financing sources				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 7,102</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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 78,116	\$ 78,116	\$ 74,057	\$ (4,059)
Charges for services				-
Miscellaneous			553	553
Total revenues	\$ 78,116	\$ 78,116	\$ 74,610	\$ (3,506)
Expenditures:				
Current:				
Public safety	\$ 36,900	\$ 36,900	\$ 65,521	\$ (28,621)
Capital outlay	41,216	41,216		41,216
Total expenditures	\$ 78,116	\$ 78,116	\$ 65,521	\$ 12,595
Net change in fund balance	\$ -	\$ -	\$ 9,089	\$ 9,089
Fund balance, July 1, 2012			64,429	64,429
Fund balance, June 30, 2013	\$ -	\$ -	\$ 73,518	\$ 73,518
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 8,995	
Revenue accruals (net)			(22,898)	
Expenditure accruals (net)			22,992	
Other financing sources				
Net change in fund balance, NON-GAAP budgetary basis			\$ 9,089	

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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 78,116	\$ 78,116	\$ 61,878	\$ (16,238)
Miscellaneous			286	286
Total revenues	\$ 78,116	\$ 78,116	\$ 62,164	\$ (15,952)
Expenditures:				
Current:				
Public safety	\$ 27,240	\$ 27,240	\$ 61,290	\$ (34,050)
Capital outlay	50,876	50,876	16,646	34,230
Total expenditures	\$ 78,116	\$ 78,116	\$ 77,936	\$ 180
Revenues over (under) expenditures	\$ -	\$ -	\$ (15,772)	\$ (15,772)
Other financing sources (uses):				
Transfer in				-
Net change in fund balance	\$ -	\$ -	\$ (15,772)	\$ (15,772)
Fund balance, July 1, 2012			19,995	19,995
Fund balance, June 30, 2013	\$ -	\$ -	\$ 4,223	\$ 4,223
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (16,512)	
Revenue accruals (net)			(35,079)	
Expenditure accruals (net)			35,819	
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			\$ (15,772)	

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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 52,418	\$ 52,418	\$ 55,116	\$ 2,698
Charges for services				-
Miscellaneous				-
Total revenues	\$ 52,418	\$ 52,418	\$ 55,116	\$ 2,698
Expenditures:				
Current:				
Public safety	\$ 24,000	\$ 24,000	\$ 33,107	\$ (9,107)
Capital outlay	28,418	28,418		28,418
Total expenditures	\$ 52,418	\$ 52,418	\$ 33,107	\$ 19,311
Revenues over (under) expenditures	\$ -	\$ -	\$ 22,009	\$ 22,009
Other financing sources (uses):				
Transfer out				\$ -
Net change in fund balance	\$ -	\$ -	\$ 22,009	\$ 22,009
Fund balance, July 1, 2012			107,820	107,820
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,829</u>	<u>\$ 129,829</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (61,135)	
Revenue accruals (net)			(9,950)	
Expenditure accruals (net)			144,200	
Other financing sources (net)			<u>(51,106)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 22,009</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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 111,002	\$ 111,002	\$ 137,770	\$ 26,768
Charges for services				-
Miscellaneous				-
Total revenues	<u>\$ 111,002</u>	<u>\$ 111,002</u>	<u>\$ 137,770</u>	<u>\$ 26,768</u>
Expenditures:				
Current:				
Public safety	\$ 35,500	\$ 38,843	\$ 114,345	\$ (75,502)
Capital outlay	75,502	75,502		75,502
Total expenditures	<u>\$ 111,002</u>	<u>\$ 114,345</u>	<u>\$ 114,345</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ (3,343)	\$ 23,425	\$ 26,768
Fund balance, July 1, 2012		3,343	12,352	9,009
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,777</u>	<u>\$ 35,777</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 23,243	
Revenue accruals (net)			182	
Expenditure accruals (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 23,425</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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 150,062	\$ 150,062	\$ 186,248	\$ 36,186
Charges for services			3,246	3,246
Miscellaneous				-
Total revenues	\$ 150,062	\$ 150,062	\$ 189,494	\$ 39,432
Expenditures:				
Current:				
Public safety	\$ 57,653	\$ 57,653	\$ 185,445	\$ (127,792)
Capital outlay	92,409	198,409	33,995	164,414
Total expenditures	\$ 150,062	\$ 256,062	\$ 219,440	\$ 36,622
Revenues over (under) expenditures	\$ -	\$ (106,000)	\$ (29,946)	\$ 76,054
Other financing sources (uses):				
Transfer out				\$ -
Net change in fund balance	\$ -	\$ (106,000)	\$ (29,946)	\$ 76,054
Fund balance, July 1, 2012		106,000	46,374	(59,626)
Fund balance, June 30, 2013	\$ -	\$ -	\$ 16,428	\$ 16,428
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 182,599	
Revenue accruals (net)			(1)	
Expenditure accruals (net)			57,113	
Other financing sources (net)			(269,657)	
Net change in fund balance, NON-GAAP budgetary basis			\$ (29,946)	

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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 292,920	\$ 292,920	\$ 320,093	\$ 27,173
Federal sources	259,144	259,144	119,887	(139,257)
Charges for services			10,446	10,446
Miscellaneous			42	42
	<u>552,064</u>	<u>552,064</u>	<u>450,468</u>	<u>(101,596)</u>
Total revenues	\$	\$	\$	\$
Expenditures:				
Current:				
Public safety	\$ 155,992	\$ 155,992	\$ 171,737	\$ (15,745)
Capital outlay	134,928	139,000	73,397	65,603
	<u>290,920</u>	<u>294,992</u>	<u>245,134</u>	<u>49,858</u>
Total expenditures	\$	\$	\$	\$
Revenues over (under) expenditures	\$ 261,144	\$ 257,072	\$ 205,334	\$ (51,738)
Other financing sources (uses):				
Transfer in		\$ 2,793	\$ 2,793	\$ -
Net change in fund balance	\$ 261,144	\$ 259,865	\$ 208,127	\$ (51,738)
Fund balance, July 1, 2012			27,407	27,407
Fund balance, June 30, 2013	<u>\$ 261,144</u>	<u>\$ 259,865</u>	<u>\$ 235,534</u>	<u>\$ (24,331)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 86,430	
Revenue accruals (net)			76,338	
Expenditure accruals (net)			58,437	
Other financing sources (net)			<u>(13,078)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 208,127</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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 39,058	\$ 39,058	\$ 86,017	\$ 46,959
Federal sources		157,168		(157,168)
Charges for services			492	492
Miscellaneous				-
Total revenues	\$ 39,058	\$ 196,226	\$ 86,509	\$ (109,717)
Expenditures:				
Current:				
Public safety	\$ 30,600	\$ 30,710	\$ 51,576	\$ (20,866)
Capital outlay	8,458	205,678	184,812	20,866
Total expenditures	\$ 39,058	\$ 236,388	\$ 236,388	\$ -
Revenues over (under) expenditures	\$ -	\$ (40,162)	\$ (149,879)	\$ (109,717)
Other financing sources (uses):				
Transfer in/(out)		\$ (3,754)	\$ (3,754)	\$ -
Net change in fund balance	\$ -	\$ (43,916)	\$ (153,633)	\$ (109,717)
Fund balance, July 1, 2012		43,916	52,438	8,522
Fund balance, June 30, 2013	\$ -	\$ -	\$ (101,195)	\$ (101,195)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (153,950)	
Revenue accruals (net)				
Expenditure accruals (net)			317	
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			\$ (153,633)	

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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
General government	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2012	-	-	498	498
Fund balance, June 30, 2013	\$ -	\$ -	\$ 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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	21	21
Total revenues	\$ -	\$ -	\$ 21	\$ 21
Expenditures:				
Current:				
Public safety	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Revenues over (under) expenditures	\$ -	\$ -	\$ 21	\$ 21
Other financing sources (uses):				
Transfer out	-	-	-	\$ -
Net change in fund balance	\$ -	\$ -	\$ 21	\$ 21
Fund balance, July 1, 2012	-	-	31	31
Fund balance, June 30, 2013	\$ -	\$ -	\$ 52	\$ 52
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 21	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 21	

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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 6,515	\$ 197,118	\$ 187,861	\$ (9,257)
State sources	146,466	624,187	542,569	(81,618)
Charges for services	78,008	151,046	104,172	(46,874)
Miscellaneous				-
Total revenues	<u>\$ 230,989</u>	<u>\$ 972,351</u>	<u>\$ 834,602</u>	<u>\$ (137,749)</u>
Expenditures:				
Current:				
Health and welfare	\$ 47,745	\$ 670,429	\$ 644,595	\$ 25,834
Capital outlay	120,036	263,425	191,145	72,280
Total expenditures	<u>\$ 167,781</u>	<u>\$ 933,854</u>	<u>\$ 835,740</u>	<u>\$ 98,114</u>
Revenues over (under) expenditures	\$ 63,208	\$ 38,497	\$ (1,138)	\$ (39,635)
Other financing sources (uses):				
Transfer in				<u>\$ -</u>
Net change in fund balance	\$ 63,208	\$ 38,497	\$ (1,138)	\$ (39,635)
Fund balance, July 1, 2012			<u>42,145</u>	<u>42,145</u>
Fund balance, June 30, 2013	<u>\$ 63,208</u>	<u>\$ 38,497</u>	<u>\$ 41,007</u>	<u>\$ 2,510</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (70,388)	
Revenue accruals (net)			64,806	
Expenditure accruals (net)			4,444	
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (1,138)</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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 52,418	\$ 52,418	\$ 65,058	\$ 12,640
Charges for services				-
Miscellaneous				-
Total revenues	<u>\$ 52,418</u>	<u>\$ 52,418</u>	<u>\$ 65,058</u>	<u>\$ 12,640</u>
Expenditures:				
Current:				
Public safety	\$ 27,600	\$ 27,600	\$ 287	\$ 27,313
Capital outlay	24,818	24,818		24,818
Total expenditures	<u>\$ 52,418</u>	<u>\$ 52,418</u>	<u>\$ 287</u>	<u>\$ 52,131</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ 64,771	\$ 64,771
Other financing sources (uses):				
Transfer out				\$ -
Net change in fund balance	\$ -	\$ -	\$ 64,771	\$ 64,771
Fund balance, July 1, 2012			100,346	100,346
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 165,117</u>	<u>\$ 165,117</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 64,771	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Other financing sources (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 64,771</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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 826,730	\$ 1,277,478	\$ 591,702	\$ (685,776)
Charges for services				-
Miscellaneous				-
Total revenues	<u>\$ 826,730</u>	<u>\$ 1,277,478</u>	<u>\$ 591,702</u>	<u>\$ (685,776)</u>
Expenditures:				
Current:				
Public safety	\$ 419,564	\$ 870,312	\$ 222,497	\$ 647,815
Capital outlay	94,518	94,518	426,587	(332,069)
Total expenditures	<u>\$ 514,082</u>	<u>\$ 964,830</u>	<u>\$ 649,084</u>	<u>\$ 315,746</u>
Revenues over (under) expenditures	\$ 312,648	\$ 312,648	\$ (57,382)	\$ (370,030)
Other financing sources (uses):				
Transfer out	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ 312,648	\$ 312,648	\$ (57,382)	\$ (370,030)
Fund balance, July 1, 2012	<u>(247,685)</u>	<u>(247,685)</u>	<u>(247,685)</u>	<u>-</u>
Fund balance, June 30, 2013	<u>\$ 64,963</u>	<u>\$ 64,963</u>	<u>\$ (305,067)</u>	<u>\$ (370,030)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (113,752)	
Revenue accruals (net)			50,000	
Expenditure accruals (net)			6,370	
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (57,382)</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 1,030,000	\$ 1,030,000	\$ 934,708	\$ (95,292)
Miscellaneous			123,969	123,969
Total revenues	<u>\$ 1,030,000</u>	<u>\$ 1,030,000</u>	<u>\$ 1,058,677</u>	<u>\$ 28,677</u>
Expenditures:				
Debt service	<u>\$ 1,097,755</u>	<u>\$ 1,097,755</u>	<u>\$ 1,077,358</u>	<u>\$ 20,397</u>
Total expenditures	<u>\$ 1,097,755</u>	<u>\$ 1,097,755</u>	<u>\$ 1,077,358</u>	<u>\$ 20,397</u>
Revenues over (under) expenditures	\$ (67,755)	\$ (67,755)	\$ (18,681)	\$ 49,074
Other financing sources (uses):				
Transfer in				<u>\$ -</u>
Net change in fund balance	\$ (67,755)	\$ (67,755)	\$ (18,681)	\$ 49,074
Fund balance, July 1, 2012	<u>67,755</u>	<u>67,755</u>	<u>2,505,281</u>	<u>2,437,526</u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,486,600</u>	<u>\$ 2,486,600</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 47,915	
Revenue accruals (net)			(54,821)	
Expenditure accruals (net)				
Other financing sources (net)			<u>(11,775)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (18,681)</u>	

The accompanying notes are an integral part of these financial statements

Grant County
DEBT SERVICE FUND - GILA REGIONAL BOND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
State sources		91,890	91,890	-
Total revenues	<u>\$ -</u>	<u>\$ 91,890</u>	<u>\$ 91,890</u>	<u>\$ -</u>
Expenditures:				
Debt service	\$ -	\$ 10,091,890	\$ 10,091,890	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ 10,091,890</u>	<u>\$ 10,091,890</u>	<u>\$ -</u>
Revenues over (under) expenditures	\$ -	\$ (10,000,000)	\$ (10,000,000)	\$ -
Other financing sources (uses):				
Bond proceeds		\$ 10,000,000	\$ 10,000,000	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2012				-
Fund balance, June 30, 2013	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Other financing sources (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ -</u></u>	

The accompanying notes are an integral part of these financial statements

Grant County
CAPITAL PROJECT FUND - 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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 348,385	\$ 682,813	\$ 348,385	\$ (334,428)
Expenditures:				
Capital outlay	161,899	516,164	435,628	80,536
Revenues over (under) expenditures	\$ 186,486	\$ 166,649	\$ (87,243)	\$ (253,892)
Other financing sources (uses):				
Transfer in	83,283	47,665	118,901	71,236
Net change in fund balance	\$ 269,769	\$ 214,314	\$ 31,658	\$ (182,656)
Fund balance, July 1, 2012	(242,547)	(214,314)	(242,547)	(28,233)
Fund balance, June 30, 2013	<u>\$ 27,222</u>	<u>\$ -</u>	<u>\$ (210,889)</u>	<u>\$ (210,889)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 50,945	
Revenue accruals (net)				
Expenditure accruals (net)			<u>(19,287)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 31,658</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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 1,879,095	\$ 3,781,952	\$ 2,763,754	\$ (1,018,198)
Expenditures:				
Capital outlay	1,741,073	3,830,516	2,851,865	978,651
Revenues over (under) expenditures	\$ 138,022	\$ (48,564)	\$ (88,111)	\$ (39,547)
Other financing sources (uses):				
Transfer in/(out)		182,317		(182,317)
Net change in fund balance	\$ 138,022	\$ 133,753	\$ (88,111)	\$ (221,864)
Fund balance, July 1, 2012	(94,753)	(94,753)	(94,753)	-
Fund balance, June 30, 2013	\$ 43,269	\$ 39,000	\$ (182,864)	\$ (221,864)
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (289,937)	
Revenue accruals (net)			123,213	
Expenditure accruals (net)			63,374	
Other financing uses (net)			15,239	
Net change in fund balance, NON-GAAP budgetary basis			\$ (88,111)	

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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfer out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Net change in fund balance	\$ (200,000)	\$ (200,000)	\$ (200,000)	\$ -
Fund balance, July 1, 2012	<u>496,673</u>	<u>496,673</u>	<u>496,673</u>	<u>-</u>
Fund balance, June 30, 2013	<u>\$ 296,673</u>	<u>\$ 296,673</u>	<u>\$ 296,673</u>	<u>\$ -</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (200,000)	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (200,000)</u>	

The accompanying notes are an integral part of these financial statements

Grant County
CAPITAL PROJECT FUND - JAIL CONSTRUCTION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay				-
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfer in/(out)		567,012	567,012	-
Net change in fund balance	\$ -	\$ 567,012	\$ 567,012	\$ -
Fund balance, July 1, 2012		(567,012)	(567,012)	-
Fund balance, June 30, 2013	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 555,237	
Revenue accruals (net)				
Expenditure accruals (net)				
Net change in transfers			11,775	
Net change in fund balance, NON-GAAP budgetary basis			\$ 567,012	

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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay				-
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfer out	-	-		-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2012			54,835	54,835
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,835</u>	<u>\$ 54,835</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Other financing sources (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

Grant County
CAPITAL 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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 16,722	\$ 16,722	\$ 16,722	\$ -
Miscellaneous				-
Total revenues	<u>\$ 16,722</u>	<u>\$ 16,722</u>	<u>\$ 16,722</u>	<u>\$ -</u>
Expenditures:				
Current:				
Public works	\$ -		\$ -	\$ -
Capital outlay	<u>1,425</u>	<u>1,425</u>	<u>1,425</u>	<u>-</u>
Total expenditures	<u>\$ 1,425</u>	<u>\$ 1,425</u>	<u>\$ 1,425</u>	<u>\$ -</u>
Revenues over (under) expenditures	\$ 15,297	\$ 15,297	\$ 15,297	\$ -
Other financing sources (uses):				
Transfer in				<u>\$ -</u>
Net change in fund balance	\$ 15,297	\$ 15,297	\$ 15,297	\$ -
Fund balance, July 1, 2012	<u>(15,297)</u>	<u>(15,297)</u>	<u>(15,297)</u>	<u>-</u>
Fund balance, June 30, 2013	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Budgetary reconciliation:			
Net change in fund balance, GAAP basis			\$ 14,495
Revenue accruals (net)			16,722
Expenditure accruals (net)			(1,425)
Other financing sources (net)			<u>(14,495)</u>
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 15,297</u></u>

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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 170,000	\$ 170,000	\$ 113,333	\$ (56,667)
Miscellaneous				-
Total revenues	<u>\$ 170,000</u>	<u>\$ 170,000</u>	<u>\$ 113,333</u>	<u>\$ (56,667)</u>
Expenditures:				
Current:				
General government	\$ 142,759	\$ 142,759	\$ 57,137	\$ 85,622
Capital outlay				-
Total expenditures	<u>\$ 142,759</u>	<u>\$ 142,759</u>	<u>\$ 57,137</u>	<u>\$ 85,622</u>
Revenues over (under) expenditures	\$ 27,241	\$ 27,241	\$ 56,196	\$ 28,955
Other financing sources (uses):				
Transfer in				\$ -
Net change in fund balance	\$ 27,241	\$ 27,241	\$ 56,196	\$ 28,955
Fund balance, July 1, 2012	<u>(27,241)</u>	<u>(27,241)</u>	<u>(27,241)</u>	<u>-</u>
Fund balance, June 30, 2013	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 28,955</u></u>	<u><u>\$ 28,955</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 56,196	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Other financing sources (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 56,196</u></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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Operating revenue	\$ 77,613,308	\$ 77,613,308	\$ 64,715,462	\$ (12,897,846)
Operating expenses:				
Salaries, wages, and benefits	\$ 39,094,162	\$ 39,094,162	\$ 39,177,487	\$ (83,325)
Supplies and other	17,913,605	17,913,605	17,858,575	55,030
Purchased services	12,988,025	12,988,025	11,443,343	1,544,682
Depreciation	3,349,426	3,349,426	3,434,086	(84,660)
Rentals and leases	1,966,681	1,966,681	1,758,986	207,695
Total operating expenses	<u>\$ 75,311,899</u>	<u>\$ 75,311,899</u>	<u>\$ 73,672,477</u>	<u>\$ 1,639,422</u>
Operating income	\$ 2,301,409	\$ 2,301,409	\$ (8,957,015)	\$ (11,258,424)
Nonoperating income	<u>396,907</u>	<u>396,907</u>	<u>(64,270)</u>	<u>(461,177)</u>
Change in net position	<u>\$ 2,698,316</u>	<u>\$ 2,698,316</u>	<u>\$ (9,021,285)</u>	<u>\$ (11,719,601)</u>
Net position, beginning of year			<u>71,748,753</u>	
Net position, end of year			<u>\$ 62,727,468</u>	

The accompanying notes are an integral part of these financial statements

Grant County
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2013</u>
Property Tax Fund				
Assets				
Cash and investments	\$ 75,292	\$ 7,507,888	\$ 7,428,227	\$ 154,953
Taxes receivable	611,205	477,823		1,089,028
Total assets	<u>\$ 686,497</u>	<u>\$ 7,985,711</u>	<u>\$ 7,428,227</u>	<u>\$ 1,243,981</u>
Liabilities				
Due to others	<u>\$ 686,497</u>	<u>\$ 7,985,711</u>	<u>\$ 7,428,227</u>	<u>\$ 1,243,981</u>

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

Grant County
SCHEDULE OF DEPOSITORY COLLATERAL
June 30, 2013

	<u>Wells Fargo</u>	<u>Wells Fargo Brokerage</u>	<u>Total</u>
Checking and CD's	<u>\$ 3,181,007</u>	<u>\$ 6,535,525</u>	<u>\$ 9,716,532</u>
Total on deposit	\$ 3,181,007	\$ 6,535,525	\$ 9,716,532
Less: FDIC insurance	<u>(250,000)</u>	<u>(6,535,525)</u>	<u>(6,785,525)</u>
Total uninsured public funds	<u><u>\$ 2,931,007</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,931,007</u></u>
 50% collateralization requirement (Section 6-10-17 NMSA)	 <u>\$ 1,465,504</u>	 <u>\$ -</u>	 <u>\$ 1,465,504</u>
 Pledged Securities:			
FN 3138AAYX3 3/1/41	\$ 106,677	\$ -	\$ 106,677
FN 3138NXES2 1/1/43	1,502,340	-	1,502,340
FN 3138NY4T9 2/1/43	309,234	-	309,234
FN 31417FNF1 2/1/43	1,111,359	-	1,111,359
FN 31418XXV5 81/140	<u>815,485</u>	<u>-</u>	<u>815,485</u>
Total pledged securities	<u>\$ 3,845,095</u>	<u>\$ -</u>	<u>\$ 3,845,095</u>
 Pledged securities over (under) requirement	 <u><u>\$ 2,379,592</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 2,379,592</u></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, 2013

	Type of Account	Bank Balance	Reconciled Balance
<u>Wells Fargo</u>			
Grant County Treasurer	Checking	\$ 1,705,158	\$ 793,076
Dos Griegos	Savings	11,141	11,141
SWNMTF DCSI	Checking	1,422	1,442
HIDTA	Checking	11,059	11,059
SWNMTF Treasury	Checking	10,108	10,108
SWNMTF Justice	Savings	3,228	3,228
IRS Tax Bank	Checking	1	1
Detention Center Issuance Cost	Checking	1,438,890	1,438,890
		<u>\$ 3,181,007</u>	<u>\$ 2,268,945</u>
<u>Wells Fargo Brokerage</u>			
General	Govt Money Mkt	\$ 149,112	\$ 149,112
General	Municipal Bonds	2,179,048	2,179,048
General	FHLB	689,126	689,126
General	CD's	3,518,239	3,518,239
		<u>\$ 6,535,525</u>	<u>\$ 6,535,525</u>
<u>NM Local Government Investment Pool</u>			
General		\$ 99,757	\$ 99,757
<u>US Bank</u>			
Fort Bayard Medical Facility	FHLMC Notes	\$ 209,862	\$ 209,862
	FHLB Notes	215,749	215,749
	Government Oblig		
	Money Market	3,047,098	3,047,098
	Corporate Issues	29,107	29,107
	US Treasury Notes	1,335,924	1,335,924
	Fannie Mae Note	1,963,649	1,963,649
		<u>\$ 6,801,389</u>	<u>\$ 6,801,389</u>
<u>NMFA</u>			
Cash on deposit with paying agent	NMFA	\$ 1,107,611	\$ 1,107,611
Cash and bad checks on hand			<u>\$ 1,000</u>
		<u>\$ 17,725,289</u>	<u>\$ 16,814,227</u>

Grant County
SCHEDULE OF JOINT POWERS AGREEMENT
For the Fiscal Year ended June 30, 2013

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, 2013

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
TAX ROLL RECONCILIATION
For the Fiscal Year Ended June 30, 2013

Property taxes receivable, July 1, 2012	\$	1,656,211
Net taxes charged to the Treasurer for 2013		11,170,001
Collections/Distributions/Changes		<u>(10,044,962)</u>
Property taxes receivable, June 30, 2012	\$	<u><u>2,781,250</u></u>
Property taxes receivable, by year		
2012	\$	790,117
2012 copper production taxes		1,371,660
2011		307,799
2010		107,477
2009		54,038
2008		47,830
2007		28,502
2006		23,786
2005		22,689
2004		17,704
2003		<u>9,648</u>
	\$	<u><u>2,781,250</u></u>

Grant County
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2013

<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	\$ 494,445
Edward Byrne Justice Assistance Grant	16.738	N/A	106,138
Passed through N.M. Dept. of Children, Youth & Families:			
Juvenile Justice and Delinquency Prevention	16.540	633J10	<u>58,473</u>
Total U.S. Department of Justice			<u>\$ 659,056</u>
<u>U.S. DEPARTMENT OF THE INTERIOR</u>			
Direct:			
Distribution of receipts	15.227	N/A	\$ 20,858
National Fire Plan - Rural Fire Assistance	15.242	N/A	<u>-</u>
Total U.S. Department of the Interior			<u>\$ 20,858</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct:			
Homeland Security Grant Program	97.067	N/A	\$ 145,575
Passed through NM Dept of Emergency Management:			
Emergency Management Performance Grants	97.042	571V	<u>-</u>
Total U.S. Department of Homeland Security			<u>\$ 145,575</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>\$ 173,267</u>

Grant County
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS(concluded)
For The Fiscal Year Ended June 30, 2013

<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	\$ 727,557
Federal Transit-Capital Improvement Grants	20.500	N/A	880,123
Passed Through N.M. Department of Transportation:			
Public Transportation Formula Grants	20.509	N/A	<u>354,475</u>
Total Department of Transportation			<u>\$ 1,962,155</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Direct:			
Schools and Roads - Grants to States	10.665	N/A	\$ 439,024
Passed Through N.M. Dept. of Energy and Minerals:			
Cooperative Forest Assistance Grants	10.664	2010	<u>18,736</u>
Total Department of Agriculture			<u>\$ 457,760</u>
<u>U.S. DEPARTMENT OF COMMERCE</u>			
Direct:			
Community Trade Adjustment Assistance	11.010	N/A	\$ 42,853
Economic Adjustment Assistance	11.307	N/A	<u>1,711,205</u>
Total Department of Commerce			<u>\$ 1,754,058</u>
Total expenditures of federal awards			<u><u>\$ 5,172,729</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, 2013

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, 2013:

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, 2013

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

FINDINGS RELATED TO THE COMPONENT UNIT

FS 12-1 Inventory included consigned items	Resolved
FS 12-2 Invoice not recorded in the correct period	Resolved
SA 12-1 Separation of duties inadequate	Resolved
SA 12-2 Payroll timesheets processed without proper approval	Repeated
SA 12-3 Equipment inventory did not include all inventory	Resolved
SA 12-4 Dormant check not reported as abandoned property	Resolved

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.

The Data Collection Form was filed timely for the year ended June 30, 2012, so this condition no longer exists.

MIKE STONE, C.P.A.
LINDA STONE MCGEE, C.P.A.
KAY STONE, C.P.A.
JARROD MASON, C.P.A.
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the 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, 2013, and the related notes to the financial statements, which collectively comprise Grant County's basic financial statements, and the combining and individual fund financial statements and related budgetary comparisons, except that of the discretely presented component unit,, of the County presented as other supplementary information, and have issued our report thereon dated November 12, 2013.

Internal Control Over financial Reporting

In planning and performing our audit of the financial statements, we considered Grant County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of Grant County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not

identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grant County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as items 07-4, 07-3, 11-1 and 2013-1; and for the component unit as items SA 2012-002, SA 2013-001 and SA 2013-002.

Grant County's Responses to Findings

Grant County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stone, McGee & Co., CPAs

Silver City, New Mexico
November 12, 2013

Stone, McGee & Co.
Certified Public Accountants

MIKE STONE, C.P.A.
LINDA STONE MCGEE, C.P.A.
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited Grant County's compliance with the types of compliance requirements described in the *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, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Grant County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Grant County's compliance.

Opinion on Each Major Federal Program

In our opinion, Grant County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of Grant County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Grant County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 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. *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.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Stone, McGee & Co., CPAs

Silver City, New Mexico
November 12, 2013

Stone, McGee & Co.
Certified Public Accountants

Grant County
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2013

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Grant County.
2. No significant deficiencies relating to the audit of the financial statements are reported in the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Grant County, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies related to the audit of the major federal award programs are reported in the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133*.
5. The auditor's report on compliance for the major federal award programs for Grant County expresses an unmodified opinion on all major programs.
6. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 were noted during the audit.
7. The programs tested as major programs included: Border Operations Task Force, CFDA No. 16.809; Airport Improvement Grants, CFDA No. 20.106; Federal Transit-Capital Improvement Grants, CFDA No. 20.500; and Economic Adjustment Assistance, CFDA No. 11.307.
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

07-4 Purchasing (Other)

Condition – Of 295 expenditure transactions tested, we noted 11 instances where the purchase order was missing or not approved, 23 instances where the purchase order was dated after the invoice, and 43 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, and amounts reported as collectible do not reconcile to the Assessor’s records of taxes assessed.

Criteria – Section 2.2.2.12D(1) of NMAC 2012 requires property tax information be presented in a specific format, and sound accounting practice dictates that amounts assessed by the Assessor be reconciled to amounts to be collected by the County Treasurer.

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. In addition, the possibility exists that County reports of taxes collected on a by year basis are not accurate.

Cause – The County has been unable to compile the information in the requested format, due to computer vendor problems.

Recommendation – We recommend that the County compile the information necessary to comply with 2.2.2 NMAC 2012, and reconcile amounts to be collected to the Assessor’s records.

Agency Response – The County’s computer software vendor is in the process of developing reports which will both satisfy the requirements of 2.2.2 NMAC and reconcile to the Assessor’s records of taxes assessed.

11-1 Solid Waste Receivables (Other)

Condition – The County’s solid waste receivables have significant delinquent balances. Liens have not been placed on all properties where their receivables are delinquent. In addition, in some cases, penalties have been waived when the delinquency is paid.

Criteria - The County ordinance related to these receivables requires that liens be places on all properties as they become delinquent, and contains no provision for the waiver of penalties.

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 filed liens on some properties as required by ordinance, but not all properties with delinquent balances have been liened. In addition, County personnel were under the impression that penalties could be waived by the appropriate supervisory personnel.

Recommendation – We recommend that the County file the liens on all properties as required by ordinance. We further recommend that the County either collect the penalties assessed against these delinquent receivables or amend the ordinance to allow the appropriate supervisory personnel to waive the penalties.

Agency Response – We were under the impression that all liens had been filed. We will review all delinquent balances and file the appropriate liens. We will review our penalty waiver policy, and make the appropriate adjustments to the ordinance as necessary.

2013-1 Maintenance of Personnel Records (Other)

Condition – In a review of 75 personnel files, we noted 32 instances where the I-9 contained incomplete information.

Criteria – The Form I-9 is required by the United States of America to provide proof of citizenship for employees. This form is required to be completed and maintained in the employee file, subject to inspection by representatives of the United States government.

Effect – Incomplete I-9 forms is a violation of payroll regulations, and subjects the County to significant penalties if the documents are inspected by representatives of the United States government and found to be non-compliant.

Cause – County personnel were obtaining the required I-9s, but were not making and evidencing the required certifications.

Recommendation – We recommend that the County review all personnel files, and make corrections to the I-9s to make them compliant with federal law.

Agency response – The recommendation has already been undertaken, and we believe that the personnel files are now compliant with federal law.

FINDINGS RELATED TO THE COMPONENT UNIT

SA 2012-002 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 2013-001 Capital Asset Records (Other)

Condition – Several issues were identified with the capital asset listing used to record and track capital assets. Specifically, the beginning accumulated depreciation balances in the schedule did not agree to the audited fiscal year 2013 financial statement ending balances, and the depreciation expense amounts in the detailed schedule for fiscal year 2013 did not agree to the trial balance. As a result, an audit adjustment (net impact of \$267,033) was needed to true up the accumulated depreciation amounts and increase depreciation expense to align the capital asset detail to the general ledger. Additionally, some of the assets transferred from the construction in progress accounts to the equipment asset group were not clearly identified.

Criteria – The capital asset listing should agree to internal accounting records and audited financial statements. Transfers, additions and retirements should be clearly denoted.

Effect – Assets may not be properly recorded and disclosed resulting in errors to the financial statements.

Cause – The Medical Center is in the process of updating their capital asset records to an electronic record keeping system. This system was not fully implemented by the time of the audit. Additionally, the Medical Center disposed of assets that were no longer in use which may have contributed to some of the variances identified.

Recommendation – Improve controls related to capital assets and construction in progress accounts to ensure the detail agrees to financial records. Ensure transfers between asset classes are properly grouped. The new capital asset software will help improve these items and should be implemented as soon as possible.

Agency Response – The new capital asset software is in the process of being implemented and will be fully functional by the end of fiscal year 2014.

SA 2013-002 Late Submittal of IPA Recommendation Form (Other)

Condition – Records of the Office of the State Auditor indicate that the IPA Recommendation form and audit contract were not submitted by the Medical Center until May 22, 2013.

Criteria – According to Paragraph (6) if Subsection G of 2.2.2.8 NMAC, the auditor must include a finding of noncompliance if a completed IPA Recommendation Form and audit contract are not delivered to the State Auditor by the deadline, which is May 1st for the Medical Center.

Effect – The Medical Center is out of compliance with statutory requirements to timely submit the IPA Recommendation Form and audit contract to the State Auditor.

Cause – The Medical Center failed to complete and submit the IPA Recommendation Form and audit contract prior to the required May 1, 2013 deadline.

Recommendation – We recommend that management establish controls to ensure that the required forms are submitted to the State Auditor in a timely manner.

Agency Response – Management will develop and implement the necessary controls to ensure that the required forms are submitted to the State Auditor in a timely manner in the future.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

None

OTHER – FINANCIAL STATEMENT PREPARATION

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

EXIT CONFERENCE

The contents of this report were discussed in a meeting on November 8, 2013. Present at this exit conference were:

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