

State of New Mexico

Grant County
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT THEREON

For the Fiscal Year ended June 30 , 2014

Grant County
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 June 30, 2014

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Grant County
DIRECTORY OF OFFICIALS
June 30, 2014

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

Abigail Robinson	Acting 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.

RYAN MONTROYA, 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, 2014, 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, 2014, 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, 2014.

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, 2014, 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, 2014, 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 10, 2014, 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 10, 2014

Stone, McGee & Co.
Certified Public Accountants

Grant County
STATEMENT OF NET POSITION
June 30, 2014

	Primary Government	Component Unit
	Governmental Activities	Gila Regional Medical Center
ASSETS		
Current:		
Cash and investments	\$ 16,591,760	\$ 16,642,787
Cash and cash equivalents		5,735,937
Other invested cash		
Inventories		2,236,760
Taxes receivable	1,801,230	
Receivables, net	1,022,177	15,183,515
Prepaid expenses	246,661	766,172
Current portion of assets limited as to use		
	<u>\$ 19,661,828</u>	<u>\$ 40,565,171</u>
Noncurrent assets:		
Bond discounts	\$ 22,851	\$ -
Investments premiums	73,295	
Capital assets, net	119,267,953	30,267,136
Other assets, net		136,416
	<u>\$ 119,364,099</u>	<u>\$ 30,403,552</u>
Total noncurrent assets		
	<u>\$ 139,025,927</u>	<u>\$ 70,968,723</u>

LIABILITIES

Current:		
Accounts payable	\$ 417,692	\$ 3,240,436
Accrued liabilities	1,833,427	1,534,566
Estimated third party payor settlements		350,000
Current maturities of long-term debt	2,358,996	
	<u>\$ 4,610,115</u>	<u>\$ 5,125,002</u>
Total current liabilities		
Noncurrent:		
Bonds payable	\$ 60,570,000	\$ -
Notes payable	2,215,755	

Grant County
STATEMENT OF NET POSITION (concluded)
June 30, 2014

	Primary Government	Component Unit
	Governmental Activities	Gila Regional Medical Center
Lease payable	\$ 83,380	\$ -
Compensated absences	396,204	1,860,664
Total noncurrent liabilities	\$ 63,265,339	\$ 1,860,664
Total liabilities	\$ 67,875,454	\$ 6,985,666
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	\$ 2,061,555	
Total deferred inflows of resources	\$ 2,061,555	\$ -
NET POSITION		
Net investment in capital assets	\$ 54,375,339	\$ 30,267,136
Restricted for:		
Capital projects	611,403	
Debt service	7,868,236	
Other purposes	5,444,868	
Unrestricted	789,072	33,715,921
Total net position	\$ 69,088,918	\$ 63,983,057

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

Grant County
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2014

<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	\$ 6,932,268	\$ 526,002	\$ 3,195,625
Public safety	10,006,800	105,292	1,155,763
Public works	2,941,492	274,292	
Health and welfare	5,897,373	4,482,788	2,506,045
Culture-recreation	125,343	14,643	6,211
Unallocated interest expense	3,146,218		
	<hr/>	<hr/>	<hr/>
Total governmental activities	\$ 29,049,494	\$ 5,403,017	\$ 6,863,644
	<hr/>	<hr/>	<hr/>
Component Unit:			
Gila Regional Medical Center	\$ 68,146,864	\$ 66,496,615	\$ 795,893
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
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, as originally stated			
Restatement			
Net position--beginning, as restated			
Change in net position			
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
\$ -	\$ (3,210,641)	\$ -
	(8,745,745)	
1,113,982	(1,553,218)	
	1,091,460	
	(104,489)	
	(3,146,218)	
<u>\$ 1,113,982</u>	<u>\$ (15,668,851)</u>	<u>\$ -</u>
<u>\$ 2,250,000</u>	<u>\$ -</u>	<u>\$ 1,395,644</u>
	\$ 7,583,003	\$ -
	4,393,675	
	165,024	
	456,821	
	95,310	
	1,837,491	
	115,561	
	113,748	78,769
	675,218	
	(127,106)	(219,004)
	<u>\$ 15,308,745</u>	<u>\$ (140,235)</u>
	<u>\$ (360,106)</u>	<u>\$ 1,255,409</u>
	\$ 69,518,810	\$ 62,727,648
	(69,786)	
	\$ 69,449,024	\$ 62,727,648
	(360,106)	1,255,409
	<u>\$ 69,088,918</u>	<u>\$ 63,983,057</u>

Grant County
BALANCE SHEETS
GOVERNMENTAL FUNDS
June 30, 2014

	<u>General Fund</u>	<u>Corre Caminos</u>	<u>Hospital Indigent</u>
Assets			
Cash and investments	\$ 1,750,801	\$ -	\$ 1,187,413
Accounts receivable			
Interest receivable	19,678		
Taxes receivable	1,212,493		206,295
Prepaid expenses	246,661		
Due from other governments	72,937	76,283	
Interfund receivable	2,111,605		
Notes receivable			
	<u>5,414,175</u>	<u>76,283</u>	<u>1,393,708</u>
Total assets	<u>\$ 5,414,175</u>	<u>\$ 76,283</u>	<u>\$ 1,393,708</u>
Liabilities			
Accounts payable	\$ 74,166	\$ 16,087	\$ 7,096
Salaries payable	228,190	16,250	
Interfund payable	430	1,264,488	
	<u>302,786</u>	<u>1,296,825</u>	<u>7,096</u>
Total liabilities	<u>\$ 302,786</u>	<u>\$ 1,296,825</u>	<u>\$ 7,096</u>
Deferred Inflows of Resources			
Unavailable revenue	\$ 2,941,856	\$ -	\$ -
	<u>2,941,856</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>\$ 2,941,856</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance:			
Restricted:			
Capital projects	\$ -	\$ -	\$ -
Debt service			
Public safety			
Health and welfare			1,386,612
Public works			
General government			
Equipment purchases			
Culture and recreation			
Committed to future purchases			
Assigned:			
Health and welfare			
Capital projects			
Unassigned	2,169,533	(1,220,542)	
	<u>2,169,533</u>	<u>(1,220,542)</u>	<u>1,386,612</u>
Total fund balance	<u>\$ 2,169,533</u>	<u>\$ (1,220,542)</u>	<u>\$ 1,386,612</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,414,175</u>	<u>\$ 76,283</u>	<u>\$ 1,393,708</u>

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

<u>Jail Revenue Bond</u>	<u>Fort Bayard Medical Facility Debt Service</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
\$ 2,471,121	\$ 6,856,445	\$ 4,325,980	\$ 16,591,760
		294,571	294,571
			19,678
50,712		331,730	1,801,230
			246,661
		558,708	707,928
		430	2,112,035
			-
<u>\$ 2,521,833</u>	<u>\$ 6,856,445</u>	<u>\$ 5,511,419</u>	<u>\$ 21,773,863</u>
\$ -	\$ -	\$ 320,343	\$ 417,692
		64,353	308,793
		847,117	2,112,035
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,231,813</u>	<u>\$ 2,838,520</u>
\$ 31,704	\$ -	\$ 546,954	\$ 3,520,514
<u>\$ 31,704</u>	<u>\$ -</u>	<u>\$ 546,954</u>	<u>\$ 3,520,514</u>
\$ -	\$ -	\$ 56,463	\$ 56,463
2,490,129	6,856,445	14,592	9,361,166
		2,878,793	2,878,793
		79,089	1,465,701
			-
		194,614	194,614
		217,496	217,496
		54,927	54,927
			-
		680,184	680,184
		297,171	297,171
		(740,677)	208,314
<u>\$ 2,490,129</u>	<u>\$ 6,856,445</u>	<u>\$ 3,732,652</u>	<u>\$ 15,414,829</u>
<u>\$ 2,521,833</u>	<u>\$ 6,856,445</u>	<u>\$ 5,511,419</u>	<u>\$ 21,773,863</u>

Grant County
**RECONCILIATION OF TOTAL GOVERNMENTAL
 FUND BALANCE TO NET POSITION OF
 GOVERNMENTAL ACTIVITIES**
 June 30, 2014

Total governmental fund balances	\$	15,414,829
<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.		119,267,953
Bond discounts are capitalized and amortized over the life of the bond		
Bond discounts		22,851
Investment premiums paid are capitalized and amortized over the life of the investment		
Investment premiums		73,295
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		889,708
Receivables subject to the 60 day availability period		569,251
Long-term liabilities are not reported in the funds:		
Bonds payable		(60,970,000)
Notes payable		(4,069,294)
Lease payable		(188,837)
Accrued interest payable		(1,524,634)
Compensated absences		(396,204)
		(69,148,769)
<i>Net position of governmental activities</i>	\$	69,088,918

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, 2014

	General Fund	Corre Caminos	Hopsital Indigent
Revenues:			
Property taxes	\$ 6,706,999	\$ -	\$ -
Gross receipts taxes	1,128,759		1,263,435
Gas taxes	165,024		
Motor vehicle taxes	456,821		
Other taxes	50,187		
Federal intergovernmental	2,595,172	540,810	
State intergovernmental	706,399		1,834,228
Fines, licenses and permits	9,672		
Charges for services	363,092	352,496	
Miscellaneous	263,885	3,321	20,689
Total revenues	<u>\$ 12,446,010</u>	<u>\$ 896,627</u>	<u>\$ 3,118,352</u>
Expenditures:			
Current:			
General government	\$ 4,258,835	\$ 711,599	\$ -
Public safety	4,285,185		
Public works	2,763,532		
Health and welfare	218,362		2,679,239
Culture recreation	41,746		
Debt service:			
Principal	124,243		
Interest	5,377		
Loan issue costs			
Capital outlay	348,405	49,250	
Total expenditures	<u>\$ 12,045,685</u>	<u>\$ 760,849</u>	<u>\$ 2,679,239</u>
Revenues over (under) expenditures	\$ 400,325	\$ 135,778	\$ 439,113
Other financing sources (uses):			
Transfer in	221,010		
Transfer out	(2,513,910)		(118,010)
Loan proceeds			
Net change in fund balances	<u>\$ (1,892,575)</u>	<u>\$ 135,778</u>	<u>\$ 321,103</u>
Fund balance, July 1, 2013, as originally stated	\$ 3,941,877	\$ (1,356,320)	\$ 1,065,509
Restatement	120,231		
Fund balance, July 1, 2013, as restated	\$ 4,062,108	\$ (1,356,320)	\$ 1,065,509
Net change in fund balances	<u>(1,892,575)</u>	<u>135,778</u>	<u>321,103</u>
Fund balance, June 20, 2014	<u>\$ 2,169,533</u>	<u>\$ (1,220,542)</u>	<u>\$ 1,386,612</u>

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

Jail Revenue Bond	Fort Bayard Medical Facility Debt Service	Other Funds	Governmental Funds Total
\$ 896,504	\$ -	\$ 1,655	\$ 7,605,158
		2,001,481	4,393,675
			165,024
			456,821
		65,374	115,561
		1,558,860	4,694,842
		2,422,077	4,962,704
			9,672
	4,049,819	667,118	5,432,525
73,872	34,906	416,638	813,311
<u>\$ 970,376</u>	<u>\$ 4,084,725</u>	<u>\$ 7,133,203</u>	<u>\$ 28,649,293</u>
\$ 458	\$ -	\$ 345,941	\$ 5,316,833
		4,232,187	8,517,372
		1,149	2,764,681
		1,238,939	4,136,540
		79,352	121,098
850,000	1,130,000	285,020	2,389,263
218,956	2,899,669	40,467	3,164,469
		3,700	3,700
		3,136,094	3,533,749
<u>\$ 1,069,414</u>	<u>\$ 4,029,669</u>	<u>\$ 9,362,849</u>	<u>\$ 29,947,705</u>
\$ (99,038)	\$ 55,056	\$ (2,229,646)	\$ (1,298,412)
		2,528,688	2,749,698
		(117,778)	(2,749,698)
		832,195	832,195
<u>\$ (99,038)</u>	<u>\$ 55,056</u>	<u>\$ 1,013,459</u>	<u>\$ (466,217)</u>
\$ 2,589,167	\$ 6,801,389	\$ 2,839,424	\$ 15,881,046
		(120,231)	-
<u>\$ 2,589,167</u>	<u>\$ 6,801,389</u>	<u>\$ 2,719,193</u>	<u>\$ 15,881,046</u>
(99,038)	55,056	1,013,459	(466,217)
<u>\$ 2,490,129</u>	<u>\$ 6,856,445</u>	<u>\$ 3,732,652</u>	<u>\$ 15,414,829</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, 2014

Net change in fund balances-total governmental funds \$ (466,217)

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

Governmental funds report capital outlays as expenditures. However,
in the Statement of Activities, the cost of those assets is allocated
over their estimated useful lives as depreciation expense. This is the
amount by which capital outlay exceeded depreciation in the current
period. (1,609,129)

Governmental funds only report the disposal of assets to the
extent proceeds are received from the sale. In the Statement
of Activities, a gain or loss is reported for each disposal. This
is the basis in the assets disposed of. (127,106)

Revenues in the Statement of Activities that do not provide current
financial resources are not reported as revenues in the funds. 191,546

Bond and loan proceeds are reported as financing sources in the funds, In the Statement
of Activities, however, issuing debt increased long term liabilities (832,195)

Bond discounts capitalized and amortized over the life of the bond
Bond discounts -
Amortization (1,959)

Investment premiums capitalized and amortized
Investment premiums 19,660
Amortization (44,005)

Repayment of debt is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the
Statement of Net Assets 2,389,263

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. 23,910

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. 96,126

Change in Net Position of Governmental Activities \$ (360,106)

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 9,028,043	\$ 9,028,043	\$ 9,013,967	\$ (14,076)
State sources	182,541	185,541	209,541	24,000
Federal sources	2,415,251	2,584,946	3,302,302	717,356
Fines, licenses and permits	10,400	10,400	9,672	(728)
Charges for services	158,054	158,054	206,922	48,868
Miscellaneous	213,214	213,214	432,240	219,026
Total revenues	\$ 12,007,503	\$ 12,180,198	\$ 13,174,644	\$ 994,446
Expenditures:				
Current:				
General government	\$ 4,559,972	\$ 4,516,692	\$ 4,290,531	\$ 226,161
Public safety	3,861,732	4,014,127	4,297,070	(282,943)
Public works	2,810,851	2,810,851	2,765,762	45,089
Health and welfare	140,603	140,603	218,206	(77,603)
Culture and recreation	32,200	41,200	41,923	(723)
Capital outlay	143,406	521,410	398,822	122,588
Total expenditures	\$ 11,548,764	\$ 12,044,883	\$ 12,012,314	\$ 32,569
Revenues over (under) expenditures	\$ 458,739	\$ 135,315	\$ 1,162,330	\$ 1,027,015
Other financing sources (uses):				
Transfer in	1,410,195	1,513,928	1,302,407	(211,521)
Transfer out	(2,806,022)	(3,285,157)	(3,134,792)	150,365
Net change in fund balance	\$ (937,088)	\$ (1,635,914)	\$ (670,055)	\$ 965,859
Fund balance, July 1, 2013	4,143,655	4,143,655	4,143,635	(20)
Fund balance, June 30, 2014	<u>\$ 3,206,567</u>	<u>\$ 2,507,741</u>	<u>\$ 3,473,580</u>	<u>\$ 965,839</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (1,892,575)	
Revenue accruals (net)			728,634	
Expenditure accruals (net)			33,371	
Other financing sources (uses)			460,515	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (670,055)</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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 1,038,011	\$ 1,038,011	\$ 1,248,384	\$ 210,373
State sources	1,354,000	1,354,000	1,834,228	480,228
Miscellaneous			423	423
Total revenues	<u>\$ 2,392,011</u>	<u>\$ 2,392,011</u>	<u>\$ 3,083,035</u>	<u>\$ 691,024</u>
Expenditures:				
Current:				
Health and welfare	\$ 3,184,900	\$ 3,184,900	\$ 2,688,511	\$ 496,389
Capital outlay				-
Total expenditures	<u>\$ 3,184,900</u>	<u>\$ 3,184,900</u>	<u>\$ 2,688,511</u>	<u>\$ 496,389</u>
Revenues over (under) expenditures	\$ (792,889)	\$ (792,889)	\$ 394,524	\$ 1,187,413
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	\$ (910,899)	\$ (910,899)	\$ 276,514	\$ 1,187,413
Fund balance, July 1, 2013	<u>910,899</u>	<u>910,899</u>	<u>910,899</u>	<u>-</u>
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,187,413</u>	<u>\$ 1,187,413</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 321,103	
Revenue accruals (net)			(35,317)	
Expenditure accruals (net)			(9,272)	
Other financing uses				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 276,514</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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 1,580,567	\$ 2,161,963	\$ 768,308	\$ (1,393,655)
Charges for services	429,537	521,744	237,496	(284,248)
Miscellaneous			3,321	3,321
	\$ 2,010,104	\$ 2,683,707	\$ 1,009,125	\$ (1,674,582)
Expenditures:				
Current:				
General government	\$ 362,812	\$ 1,036,415	\$ 758,052	\$ 278,363
Capital outlay				-
	\$ 362,812	\$ 1,036,415	\$ 758,052	\$ 278,363
Revenues over (under) expenditures	\$ 1,647,292	\$ 1,647,292	\$ 251,073	\$ (1,396,219)
Other financing sources (uses):				
Transfer in				\$ -
Net change in fund balance	\$ 1,647,292	\$ 1,647,292	\$ 251,073	\$ (1,396,219)
Fund balance, July 1, 2013			(1,515,561)	(1,515,561)
Fund balance, June 30, 2014	\$ 1,647,292	\$ 1,647,292	\$ (1,264,488)	\$ (2,911,780)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 135,778	
Revenue accruals (net)			112,498	
Expenditure accruals (net)			2,797	
Other financing sources (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 251,073	

The accompanying notes are an integral part of these financial statements

Grant County
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2014

Assets

Cash and investments	\$	138,758
Taxes receivable		<u>850,285</u>
Total assets	<u>\$</u>	<u>989,043</u>

Liabilities

Due to others	\$	<u>989,043</u>
Total liabilities	<u>\$</u>	<u>989,043</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, 2014

Cash flows from operating activities:	
Cash received from patients and third-party payors	\$ 69,592,165
Cash paid to employees	(36,176,785)
Cash paid to suppliers	(28,706,928)
	\$ 4,708,452
Cash flows from noncapital financing activities:	
Grants and gifts	\$ 795,893
	\$ 795,893
Cash flows from capital and related financing activities	
Change in assets limited as to use	\$ 1,058
Capital grants	
Purchase of capital assets	(4,070,096)
Retirement of capital assets	
Proceeds from sale of capital assets	58,966
Payment of long-term debt	(114,709)
Interest paid on capital debt	
	\$ (4,124,781)
Cash flows from investing activities:	
Purchase of certificates of deposit	\$ (73,332)
Interest on investments	78,769
	\$ 5,437
Net increase (decrease) in cash and equivalents	\$ 1,385,001
Cash and equivalents, beginning of year	4,350,936
Cash and equivalents, end of year	\$ 5,735,937

Grant County
COMPONENT UNIT- GILA REGIONAL MEDICAL CENTER
STATEMENT OF CASH FLOWS (concluded)
For the year ended June 30, 2014

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

Operating income (loss)	\$	(1,650,249)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation and amortization expense		3,343,335
Provision for bad debts		7,108,710
Changes in assets and liabilities:		
Patient accounts receivable		(3,924,971)
Other receivables		(63,602)
Safety net care pool receivable		(1,956,294)
Sole provider receivable		2,460,191
Estimated third-party settlements		(528,484)
Inventories		172,934
Prepaid expenses and deposits		(144,921)
Accounts payable and accrued expenses		(108,197)
		(108,197)
Net cash provided (used) by operating activities	\$	4,708,452

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

Grant County
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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.

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

Basis of Accounting

In the government-wide Statement of Net 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 outflows of resources 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.

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. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period, and so will be recognized as an outflow of resources (expenses/expenditures) then. The Government had no items that qualify for reporting in the category.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statements element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The Government has three types of items, one of which arises under the full accrual basis of accounting and all of which arise under the modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly the item unavailable revenue, has reported in both the statement of net position and the government funds balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government reports unavailable revenue from the following sources:

<u>Governmental Funds Balance Sheet</u>				
Statement Of Net Position	General Fund	Jail Revenue Bond Fund	Non-Major Govern- mental Funds	Total
Advances received before time require- ments are met				
Amounts not received within 60 days of year end:				
Charges for services	\$2,061,555	\$2,061,555	\$	\$2,061,555
Intergovernmental grants		22,812	546,439	569,251

Property taxes	<u> </u>	<u>857,489</u>	<u>31,704</u>	<u>515</u>	<u>889,708</u>
Total	<u>\$2,061,555</u>	<u>\$2,941,856</u>	<u>\$ 31,704</u>	<u>\$ 546,954</u>	<u>\$3,520,514</u>

K. 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.

L. 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.

M. 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).

N. 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, 2014 was \$11.85 per \$1,000 for non-residential property and \$6.316 for residential property. The County's tax rate for debt service was \$11.94 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 inflows of resources 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.

O. 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.

P. 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.

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, 2014, \$899,922 of the County's bank balance of \$5,799,849 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized \$ 899,922

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 \$99,708 on deposit in the pool at June 30, 2014, which is AAAM rated with a weighted average maturity of 48.6 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 \$639,822.

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, 2014, 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	\$ 1,927,207	\$ 1,917,131	27.24
FNMA Notes	1,322,231	1,316,600	18.76
U.S. Treasury Notes	1,133,037	1,136,448	7.37
FHLB Notes	996,198	998,021	28.95
FHLMC Notes	266,143	266,739	15.15
Corporate Notes	15,418	15,262	20
U.S. Government Money Market	<u>3,846,545</u>	<u>3,846,545</u>	N/A
	<u>\$ 9,506,779</u>	<u>\$ 9,496,746</u>	
Portfolio weighted average maturity (months)			<u>20.96</u>

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, 2014, 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 41% invested in government money markets, 11% invested in Federal Home Loan notes, 20% invested in Municipal Bonds, 20% invested in Fannie Mae notes, and 12% in U.S. Treasury notes, and 2% 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)	\$ <u>294,571</u>
	Property taxes	\$1,032,340
	Gross receipts taxes	649,842
	Motor vehicle taxes	82,801
	Gas taxes	27,377
	Lodgers Tax	<u>8,870</u>
	Total taxes receivable	<u>\$1,801,230</u>
	Interest receivable	<u>\$ 19,678</u>
	Due from other governments:	
	Intergovernmental grants	<u>\$ 707,928</u>
	Total receivables	<u>\$2,823,407</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 was repaid during the year ended June 30, 2014.

Note 5 Capital asset activity for the year ended June 30, 2014, was as follows:

<u>July 1, 2013</u>	Balance <u>Increases</u>	<u>Adjustments</u>	<u>Decreases</u>	Balance <u>June 30, 2014</u>
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Governmental Activities:

Capital assets not
being depreciated:

Land and land improvements	\$ 1,908,918	\$ -0-	\$ 754,870	\$ 8,001	\$ 2,655,787
Construction in progress	<u>2,983,729</u>	<u>1,336,372</u>		<u>3,232,086</u>	<u>1,088,015</u>
Total capital assets not being depreciation	\$ <u>4,892,647</u>	\$ <u>1,336,372</u>	\$ <u>754,870</u>	\$ <u>3,240,087</u>	\$ <u>3,743,802</u>

Capital assets being depreciated:

Building and infrastructure	\$132,592,720	\$ 4,470,113	\$ -0-	\$ -0-	\$137,062,833
Improvements	19,640,244		(754,870)	-0-	18,885,374
Equipment/vehicles/machinery	<u>27,037,697</u>	<u>959,351</u>	<u>-0-</u>	<u>2,825,459</u>	<u>25,171,589</u>
Total capital assets being depreciated	\$ <u>179,270,661</u>	\$ <u>5,429,464</u>	\$ <u>(754,870)</u>	\$ <u>2,825,459</u>	\$ <u>181,119,796</u>

Less accumulated depreciation for:

Buildings and infrastructure	\$(31,673,966)	\$(1,598,156)	\$ -0-	\$ -0-	\$(33,272,122)
Improvements	(13,135,047)	(1,862,347)	-0-	-0-	(14,997,394)
Equipment/vehicles/machinery	<u>(18,350,108)</u>	<u>(1,682,375)</u>		<u>2,706,354</u>	<u>(17,326,129)</u>
Total accumulated depreciation	\$ <u>(63,159,121)</u>	\$ <u>(5,142,878)</u>	\$ <u>-0-</u>	\$ <u>2,706,354</u>	\$ <u>(65,595,645)</u>
Total capital assets being depreciated, net	\$ <u>116,111,540</u>	\$ <u>(286,586)</u>	\$ <u>(754,870)</u>	\$ <u>119,105</u>	\$ <u>115,524,151</u>

Governmental activity,
capital assets, net

\$ <u>121,004,187</u>	\$ <u>1,622,958</u>	\$ <u>-0-</u>	\$ <u>(3,359,192)</u>	\$ <u>119,267,953</u>
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Depreciation was charged to the Governmental Activities as follows:

General Government	\$ 1,625,962
Public Safety	1,553,726
Public Works	196,651
Health and Welfare	1,762,294
Culture/Recreation	<u>4,245</u>
	\$ <u>5,142,878</u>

At June 30, 2014, accrued expenses consisted of the following:

Accruals payroll and benefits	\$ 308,793
Accrued interest payable	<u>1,524,634</u>
	<u>\$ 1,833,427</u>

Note 7 Long-Term Debt

Long-Term Debt and Other Liabilities

Long-term liabilities activity for the year ended June 30, 2014, was as follows:

	Balance <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2014</u>	Due in <u>One Year</u>
Governmental Activities:					
Bonds					
2005 G.O. Bonds	\$ 2,300,000	\$	\$ 600,000	\$ 1,700,000	\$ 500,000
2009 G.O. Bonds	4,335,000		250,000	4,085,000	260,000
Ft. Bayard Bonds	57,845,000		1,130,000	56,715,000	1,170,000
Notes Payable	<u>1,912,324</u>	<u>849,610</u>	<u>222,640</u>	<u>2,539,294</u>	<u>323,539</u>
Total bonds and notes payable	<u>\$66,392,324</u>	<u>\$ 849,610</u>	<u>\$ 2,202,640</u>	<u>\$65,039,294</u>	<u>\$ 2,253,539</u>
Other liabilities:					
Capital leases	\$ 392,874	\$ -0-	\$ 204,037	\$ 188,837	\$ 105,457
Compensated absences	<u>492,330</u>	<u>555,415</u>	<u>651,541</u>	<u>396,204</u>	<u>-0-</u>
Total other liabilities	<u>\$ 885,204</u>	<u>\$ 555,415</u>	<u>\$ 855,578</u>	<u>\$ 585,041</u>	<u>\$ 105,457</u>
Long-term debt	<u>\$67,277,528</u>	<u>\$ 1,405,025</u>	<u>\$ 3,058,218</u>	<u>\$65,624,335</u>	<u>\$ 2,358,996</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 \$6,905,263 at June 30, 2014, which is 100% of ad valorem taxes assessed specifically to retire the debt. Maturity dates range from 2015-2026. During the year ended June 30, 2014, the County recognized \$896,504 in pledged revenues, and retired \$1,068,956 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 \$1,875,496 at June 30, 2014, which is 24% of the future state fire allotments at their current rate. Interest rates range from .41% to 4.3% for individually scheduled retirements, and maturity dates range from 2015 through 2035. During the year ended June 30 2014, the County recognized \$1,060,403 in pledged revenues, and retired \$178,536 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.

Fair Barn Loan

This loan is for equipment and real property upgrades at the Grant County fair barn. The loan is secured by general fund gross receipts tax. The revenues pledged totaled \$650,131 at June 30, 2014, which is 10% of the future gross receipts tax at their current rate. Interest rates range from .32% to 1.57% for individually scheduled retirements, and maturity dates range

from 2015 through 2020. During the year ended June 30, 2014, the County recognized \$1,060,403 in pledged revenues, and retired \$90,603 in loan principal and interest.

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

Due in Fiscal Year Ended June 30:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 2,253,539	\$ 3,098,141	\$ 5,351,680
2016	2,291,859	3,026,478	5,318,337
2017	2,314,785	2,914,503	5,229,288
2018	2,102,474	2,816,415	4,918,889
2019	1,995,801	2,733,120	4,728,921
2020-2024	10,735,406	12,215,977	22,951,383
2025-2029	11,733,712	9,360,020	21,093,732
2030-2034	13,849,179	6,248,344	20,097,523
2035-2039	17,591,539	2,305,750	19,897,289
2040-2044	49,000	20,873	69,873
2045-2049	57,000	13,723	70,723
2050-2054	<u>65,000</u>	<u>5,473</u>	<u>70,473</u>
	<u>\$65,039,294</u>	<u>\$44,758,817</u>	<u>\$109,798,111</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 \$2,048,861.

The following is a schedule of future minimum lease payments required under the leases, together with their present value as of June 30, 2014:

Fiscal year ended June 30:

2015	\$ 114,211
2016	30,166
2017	30,166
2018	<u>30,165</u>
Total minimum lease payment	\$ 204,708
Less amounts representing imputed interest necessary to reduce future lease payments to net present value	<u>(15,871)</u>
Present value of minimum lease payments	<u>\$ 188,837</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 18.5%, 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, 2014, 2013 and 2012 were \$758,361, \$726,010, and \$738,129 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, 2014, the statute required each participating employer to contribute 2% of each participating employee's annual salary; and each participating employee was required to contribute 1% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended **June 30, 2014**, 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, 2014, 2013 and 2012 were \$70,346, \$69,121, and \$69,781 respectively, which equal the required contributions for each year.

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.

During the year ending June 30, 2015 the County will be required to report a material liability for pension plan participation, due to the adoption of new reporting standards. Currently, the amount is not estimable.

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 \$400,000.

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, 2014: Corre Caminos (\$1,220,542), Homeland Security (\$298,825), Airport (\$9,665), Capital Road (\$215,003), Renovation (\$217,184). 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, 2014, the County expended \$279,143 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 \$63,238 under the lease during the year ended June 30, 2014.

Future commitments under the lease are as follows:

2015	\$ 63,238
2016	63,238
2017	63,238
2018	<u>31,619</u>
	<u>\$ 221,333</u>

Note 15 Inter-fund Activity

Inter-fund balances at June 30, 2014, 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	\$	\$1,264,488	\$ 847,117	\$ 2,111,605
Other Funds	<u>430</u>	<u> </u>	<u> </u>	<u>430</u>
	<u>\$ 430</u>	<u>\$1,264,488</u>	<u>\$ 847,117</u>	<u>\$ 2,112,035</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	\$ 103,000	\$ 221,010
Other Funds	<u>2,513,910</u>	<u> </u>	<u>14,778</u>	<u>2,528,688</u>
	<u>\$ 2,513,910</u>	<u>\$ 118,010</u>	<u>\$ 117,778</u>	<u>\$ 2,749,698</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	\$ 168,072
Hospital Indigent	1,386,612
Fire Protection Fund	1,245,302
Clerk's equipment	217,496
Rural Fire Departments	1,151,533
Reappraisal	194,614
Other	<u>1,081,239</u>

\$ 5,444,868

The County reports \$13,924,507 in restricted net position, of which \$13,924,507 is restricted by enabling legislation.

Note 17 Evaluation of Subsequent Events

The County has evaluated subsequent events through November 10, 2014, the date which the financial statements were available to be issued.

Note 18 Restatement

During the year ended June 30, 2014, the County discovered that preliminary engineering costs for the Hurley Wastewater Project were paid from the general fund, and had been charged to expense rather than capitalized as construction in progress.

During the fiscal year ended June 30, 2014, the County adopted GASBS No. 65, which created additional net position and balance sheet categories as explained in Note 1.

As a part of this statement, costs associated with the sale of bonds or loan acquisition are no longer capitalized, but are expensed as incurred. This results in the County being required to restate its government-wide net position at July 1, 2013, by the amount of previously capitalized bond costs.

	<u>Net Position</u>	<u>General Fund</u>	<u>Other Funds</u>
Capitalization of previously expensed bond costs	\$ 120,231	\$	\$
Unamortized bond issue costs, June 30, 2013	(190,017)		
Allocation of previously misclassified expenditures to the correct fund		<u>120,231</u>	<u>(120,231)</u>
Net restatement	<u>\$ (69,786)</u>	<u>\$ 120,231</u>	<u>\$ (120,231)</u>

**NOTES TO BASIC FINANCIAL STATEMENTS
RELATED TO COMPONENT UNIT
June 30, 2014 and 2013**

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, 2016. Management fees included in purchased services and professional fees, approximated \$47,000 and \$435,000 in 2014 and 2013, respectively. In July 2013, the Medical Center renewed the agreement with QHR that expired on August 1, 2013. According to the new agreement expiring August 2016, QHR will provide minimal consulting services and, via Quorum Purchasing Advantage LLC (QPA), will offer unlimited access to Group Purchasing Organizations (GPO), currently Health Trust Purchasing Group (HPG). The Medical Center will pay QPA an annual fee of \$45,000 paid in advance in monthly installments. The fee will be adjusted annually by a greater of 5% or the percentage increase in the medical component of the Consumer Price Index (CPI) for urban wage earners and clerical workers. The Medical Center will reimburse QPA for incurred travel-related expenses, which should not to exceed \$2,500 without prior written approval.

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).

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 others 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 2014 and 2013.

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 \$5,285,000 and \$9,250,000 in 2014 and 2013, 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 26, 2014, the date which the financial statements were available to be issued, were evaluated for recognition and disclosure in the June 30, 2014, 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 – Prior to December 31, 2013, the State of New Mexico (the "State") administered its Medicaid program through contracts with several Managed Care Organizations (MCOs). Medicaid beneficiaries were required to enroll with one of the MCOs. The State paid each MCO a per member, per month rate based on their enrollment. These amounts were allocated by each MCO to separate pools for the hospital, physicians, and ancillary providers and the MCO's assumed the financial risk of providing health care to its members. This arrangement was referred to as SALUD!

In 2014, the State redesigned its Medicaid managed care program and Centennial Care began on January 1, 2014 with services provided by four managed care organizations (MCOs). These services include physical health, behavioral health, long-term care and community benefits. Most individuals who are enrolled in New Mexico's Medicaid program are eligible for Centennial Care and most adults who are eligible for New Mexico's Medicaid Expansion receive their services through Centennial Care.

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, starting 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, 2014</u> <u>Amount</u>	<u>June 30, 2014</u> <u>Status</u>	<u>June 30, 2013</u> <u>Amount</u>
Medicare			
2010	\$ -	Final	\$ 328,215
2011	-	Filed, desk audit	(50,000)
2012	(50,000)	Filed, tentative settlement	(50,000)
2013	-	Filed, tentative settlement	(1,201,795)
2014	<u>(100,000)</u>	Estimate, not filed	<u>-</u>
	<u>\$ (150,000)</u>		<u>\$ (973,580)</u>
Medicaid			
2010	\$ -	Filed, pending audit	\$ 25,000
2011	(50,000)	Filed, pending audit	38,775
2012	(50,000)	Filed, pending audit	31,321
2013	(50,000)	Filed, pending audit	-
2014	<u>(50,000)</u>	Estimate, not filed	<u>-</u>
	<u>\$ (200,000)</u>		<u>\$ 95,096</u>
Estimated third-party paysor settlements	<u>\$ (350,000)</u>		<u>\$ (878,484)</u>

Management believes that these estimates are adequate. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by

a material amount in the near term. Estimates are continually monitored and reviewed, and as settlements are made or more information is available to improve estimates, differences are reflected in current operations.

Settlements of prior-year cost reports and changes in estimates resulted in a decrease of approximately \$528,000 and an increase of approximately \$218,000 to net patient service revenue for the years ended June 30, 2014 and 2013, respectively.

Sole Community Provider Indigent Care Program (SCP) – The Medical Center, due to its isolated location and service to indigent patients, participated in a sole community provider indigent care program that is administered by the State of New Mexico. The program was funded by Grant County which paid 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 consisted 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 totaled \$8.2 million. Approximately \$300,000 for the year ended June 30, 2013, 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 fiscal year 2013 until June and July 2013 when approximately \$3.85 million was received. This resulted in a reduction of expected revenues of approximately \$7.64 million for fiscal year 2013.

Safety Net Care Pool Program (SNCP) – Senate Bill 314 amended and repealed various sections of existing statute to comply with federally approved changes to the Sole Community Provider Fund. As of December 31, 2013, SCP was terminated and replaced by the SNCP. The law provides for a county-imposed tax of one-sixteenth percent of gross receipts be permanently transferred to the “Safety Net Care Pool Fund” and expended pursuant to the Indigent Hospital and County Health Care Act. The law allows counties to budget for expenditures on ambulance services, burial expenses, and hospital or medical expenses for indigent residents of their county. The law requires that qualifying hospitals receiving payment from the Safety Net Care Pool file a quarterly report on all indigent health care funding with the Human Services Department (HSD) and the County Commission, and the HSD to submit a quarterly report to the Legislative Finance Committee containing the previous quarter’s Safety Net Care Pool Fund receipts and the disposition of funds. Revenues from the SNCP Program were approximately \$3,778,000 for the year ended June 30, 2014, of which approximately \$1,956,000 was due to the Medical Center at June 30, 2014.

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>2014</u>	<u>2013</u>
Gross patient revenue		
Inpatient	\$ 56,683,661	\$ 43,089,550

Outpatient	<u>133,959,754</u>	<u>122,163,482</u>
Total gross patient revenue	<u>\$ 190,643,415</u>	<u>\$ 165,253,032</u>
Less contractual adjustments and provision for uncollectible accounts		
Third-party payor contractual allowances, discounts, and adjustments	\$ 122,099,999	\$ 103,570,796
Provision for uncollectible accounts	<u>7,108,710</u>	<u>6,346,226</u>
Total contractual adjustments and provision for uncollectible accounts	<u>\$ 129,208,709</u>	<u>\$ 109,917,022</u>
Net patient service revenue	<u>\$ 61,434,706</u>	<u>\$ 55,336,010</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, 2014 and 2013, the Medical Center was in compliance with State collateralization requirements.

As of June 30, 2014, the Medical Center had deposits with a bank balance of \$19,345,093, of which \$5,097,047 was uninsured and uncollateralized, and therefore subject to custodial credit risk. As of June 30, 2013, the Medical Center had deposits with a bank balance of \$19,430,137, of which \$7,114,608 were uninsured and uncollateralized, and therefore subject to custodial credit risk.

On November 21, 2012 the Medical Center obtained a Line-of-Credit (LOC) issued by a federal home loan bank in the amount of \$1,700,000 to secure uninsured deposits. As of June 30, 2014, the LOC has not been drawn on.

State Treasurer's Investment Pool

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, 2014, is as follows:

June 30, 2014				
<i>New MexiGrow</i> LGIP	AAAm rated	\$ 1,056	55 day WAM	

At June 30, 2014 and 2013, the Medical Center had the following investments with the following maturities:

<u>Type</u>	<u>June 30, 2014</u>				
	<u>Maturities in Years</u>				
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
Repurchase agreement	\$3,297,303	\$3,297,303	-	-	-
State Treasurer's investment pool	<u>1,059</u>	<u>1,059</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$3,298,362</u>	<u>\$3,298,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Type</u>	<u>June 30, 2013</u>				
	<u>Maturities in Years</u>				
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
U.S. Treasury securities and money market	\$2,377,023	\$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>

The repurchase agreement was fully collateralized at 102% at June 30, 2014 and 2013 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>2014</u>	<u>2013</u>
Carrying value:		
Deposits	\$19,080,362	\$18,543,368
Investments and New MexiGrow Pool	<u>3,298,362</u>	<u>2,378,081</u>
	<u>\$22,378,724</u>	<u>\$20,921,449</u>
Included in the following balance sheets captions		
Cash and cash equivalents	\$ 5,735,937	\$ 4,350,936
Certificates of deposit	16,642,787	16,569,455
Investments held by trustee for debt service	<u>-</u>	<u>1,058</u>
	<u>\$22,378,724</u>	<u>\$20,921,449</u>

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>2014</u>	<u>2013</u>
Medicare	\$10,461,315	\$15,153,203
Medicaid	4,215,449	6,487,520
Other third-party payers	4,488,147	8,219,384
Patients	<u>8,994,981</u>	<u>6,971,864</u>
	\$28,159,892	\$36,831,971
Less allowance for contractual adjustments	<u>13,012,441</u>	<u>19,279,161</u>
	\$15,147,451	\$17,552,810
Less allowance for uncollectible accounts	<u>5,153,380</u>	<u>4,375,000</u>
	<u>\$ 9,994,071</u>	<u>\$13,177,810</u>

5) **Capital Assets**

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

	June 30, 2014				
	Beginning Balance	Additions	Disposals and Retirements	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 806,200	\$ -	\$ -	\$ -	\$ 806,200
Construction in progress	<u>284,395</u>	<u>2,526,206</u>	<u>-</u>	<u>(2,564,432)</u>	<u>246,169</u>
Total capital assets not being depreciated	<u>\$ 1,090,595</u>	<u>\$ 2,526,206</u>	<u>\$ -</u>	<u>\$(2,564,432)</u>	<u>\$ 1,052,369</u>
Capital assets being depreciated:					
Land improvements	\$ 577,466	\$ -	\$ -	\$ -	\$ 577,466
Buildings	32,188,167	61,882	-	-	32,250,049
Equipment	<u>29,937,089</u>	<u>1,482,008</u>	<u>(2,985,486)</u>	<u>2,564,432</u>	<u>30,998,043</u>
	<u>\$ 62,702,722</u>	<u>\$ 1,543,890</u>	<u>\$(2,985,486)</u>	<u>\$ 2,564,432</u>	<u>\$ 65,825,558</u>
Less accumulated depreciation:					
Land improvements	\$ 83,100	\$ 97,669	\$ -	\$ -	\$ 180,769
Buildings	13,121,384	985,769	-	-	14,107,153
Equipment	<u>20,770,488</u>	<u>2,259,897</u>	<u>(2,707,516)</u>	<u>-</u>	<u>20,322,869</u>
	<u>\$ 33,974,972</u>	<u>\$ 3,343,335</u>	<u>\$(2,707,516)</u>	<u>\$ -</u>	<u>\$ 34,610,791</u>
Capital assets, net	<u>\$ 29,818,345</u>	<u>\$ 726,761</u>	<u>\$ (277,970)</u>	<u>\$ -</u>	<u>\$ 30,267,126</u>

	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>845,026</u>	<u>(449,590)</u>	<u>(599,173)</u>	<u>284,395</u>
Total capital assets not being depreciated	<u>\$ 1,285,332</u>	<u>\$ 854,026</u>	<u>\$ (449,590)</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>
Total capital assets being depreciated	<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>(8,586,467)</u>	<u>-</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>\$ (578,604)</u>	<u>\$ (597,524)</u>	<u>\$ -</u>	<u>\$ 29,818,345</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 \$449,590 of construction in progress amounts were written off during the year ended June 30, 2013. Additionally, the Medical Center completed an analysis of its capital asset listing and wrote off \$2,734,401 of capital assets that were not in use as of June 30, 2013. The net book value of these assets was \$147,934.

In 2014, an analysis of the capital asset listing resulted in a \$2,985,486 write-off for assets that were not in use as of June 30, 2014. The net book value of these assets was \$277,970.

The Medical Center was awarded a \$2,250,000 grant from the State of New Mexico for design, construction, equipment and furnishing additions to the Cancer Center. The total amount of the grant consisted of \$1,650,000 remaining from the Series 2013 Bond and \$600,000 of excess balance in the Rural County Cancer Treatment Fund. The Medical Center utilized these funds to purchase and put in service a linear accelerator at the Cancer Center. As of June 30, 2014, the funding under this award had not been received and is reported as grant receivable in the balance sheet.

6) Long-Term Obligations

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

	June 30, 2014				
	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Capital lease obligation	\$ 114,709	\$ -	\$ 114,709	\$ -	\$ -
Other long-term liabilities					
Accrued compensated absences	<u>2,108,133</u>	<u>1,860,664</u>	<u>2,108,133</u>	<u>1,860,664</u>	<u>1,860,664</u>

Total long-term obligations	<u>\$ 2,222,842</u>	<u>\$ 1,860,664</u>	<u>\$2,222,842</u>	<u>\$ 1,860,664</u>	<u>\$ 1,860,664</u>
	<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	<u>\$ 1,660,000</u>	<u>\$ -</u>	<u>\$1,660,000</u>	<u>\$ -</u>	<u>\$ -</u>
Total long-term debt	\$ 1,660,000	\$ -	\$1,600,000	\$ -	\$ -
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>Bond Issuance and Repayment</u>					

In 2013, 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, were capitalized in 2010 in 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 at June 30, 2013. The capital lease ended during the year ended June 30, 2014.

7) **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 \$712,000 and \$707,000 for the years ended June 30, 2014 and 2013, respectively. Employee contributions to the plan were approximately \$1,181,000 and \$1,378,000 for 2014 and 2013, 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 \$1,681,000 and \$1,759,000 for 2014 and 2013, respectively. Future minimum lease payments for noncancelable operating leases with lease terms exceeding one year at June 30, 2014, are as follows:

Year Ending June 30,

2015	\$ 1,450,243
2016	1,450,243
2017	<u>29,611</u>
Total future minimum lease payments	<u>\$ 2,930,097</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.

For the year ended June 30, 2014, the Medical Center recognized \$791,101 of electronic health record incentive income consisting of \$506,585 from the Medicare and \$284,516 from

the Medicaid incentive programs, respectively. For the year ended June 30, 2013, the Medical Center recognized \$294,861 from the Medicaid incentive program. The Medical Center included the EHR incentive program revenue in the line item "Other Revenue" 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, 2014

	Special Revenue Funds			
	Fire Protection	Farm and Range	Recreation	Corrections
Assets				
Cash and investments	\$ 1,187,444	\$ 20,713	\$ 48	\$ 57,511
Interfund receivable				
Accounts receivable				
Interest receivable				
Taxes receivable	69,641	520		108,715
Due from other governments				
Notes receivable				
Total assets	\$ 1,257,085	\$ 21,233	\$ 48	\$ 166,226
Liabilities				
Accounts payable	\$ 11,783		\$ -	\$ 63,783
Salaries payable				38,357
Interfund payable				
Total liabilities	\$ 11,783	\$ -	\$ -	\$ 102,140
Deferred Inflows of Resources				
Unavailable revenue	\$ -	\$ 515	\$ -	\$ -
Total deferred inflows of resources	\$ -	\$ 515	\$ -	\$ -
Fund balances:				
Restricted:				
Capital projects	\$ -	\$ -	\$ -	\$ -
Debt service				
Public safety	1,245,302			64,086
Health and welfare		20,718		
General government				
Equipment purchases				
Culture and recreation			48	
Assigned:				
Health and welfare				
Capital projects				
Unassigned				
Total fund balance	\$ 1,245,302	\$ 20,718	\$ 48	\$ 64,086
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,257,085	\$ 21,233	\$ 48	\$ 166,226

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
\$ 218,999	\$ 1,133	\$ 46,009	\$ -	\$ 194,805	\$ 99,916
		8,870			
<u>\$ 218,999</u>	<u>\$ 1,133</u>	<u>\$ 54,879</u>	<u>\$ -</u>	<u>\$ 194,805</u>	<u>\$ 99,916</u>
\$ 1,503	\$ -	\$ -	\$ 1,149	\$ 191	\$ 903
			8,516		
<u>\$ 1,503</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,665</u>	<u>\$ 191</u>	<u>\$ 903</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	1,133				99,013
217,496				194,614	
		54,879			
			(9,665)		
<u>\$ 217,496</u>	<u>\$ 1,133</u>	<u>\$ 54,879</u>	<u>\$ (9,665)</u>	<u>\$ 194,614</u>	<u>\$ 99,013</u>
<u>\$ 218,999</u>	<u>\$ 1,133</u>	<u>\$ 54,879</u>	<u>\$ -</u>	<u>\$ 194,805</u>	<u>\$ 99,916</u>

Grant County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (continued)
June 30, 2014

	Special Revenue Funds			
	Solid Waste	Regional Dispatch	Drug Enforcement	Rural Fire Departments
Assets				
Cash and investments	\$ 644,938	\$ 25,734	\$ 39,341	\$ 1,170,764
Interfund receivable				
Accounts receivable	294,571			
Interest receivable				
Taxes receivable	34,820	109,164		
Due from other governments				
Notes receivable				
Total assets	\$ 974,329	\$ 134,898	\$ 39,341	\$ 1,170,764
Liabilities				
Accounts payable	\$ 60,274	\$ 7,927	\$ -	\$ 19,231
Salaries payable		16,658		
Interfund payable				
Total liabilities	\$ 60,274	\$ 24,585	\$ -	\$ 19,231
Deferred Inflows of Resources				
Unavailable revenue	\$ 233,871	\$ -	\$ -	\$ -
Total deferred inflows of resources	\$ 233,871	\$ -	\$ -	\$ -
Fund balances:				
Restricted:				
Capital projects	\$ -	\$ -	\$ -	\$ -
Debt service				
Public safety		110,313	39,341	1,151,533
Health and welfare				
General government				
Equipment purchases				
Culture and recreation				
Assigned:				
Health and welfare	680,184			
Capital projects				
Unassigned				
Total fund balance	\$ 680,184	\$ 110,313	\$ 39,341	\$ 1,151,533
Total liabilities, deferred inflows of resources, and fund balances	\$ 974,329	\$ 134,898	\$ 39,341	\$ 1,170,764

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	Renovations	Fort Bayard	
\$ 498	\$ 11,755	\$ 168,072	\$ -	\$ - 430	\$ 53,686	
	63,159		59,261	86,568		
<u>\$ 498</u>	<u>\$ 74,914</u>	<u>\$ 168,072</u>	<u>\$ 59,261</u>	<u>\$ 86,998</u>	<u>\$ 53,686</u>	
\$ -	\$ 7,205 9,338	\$ -	\$ 1,367	\$ 60,005	\$ -	
			302,418	157,609		
<u>\$ -</u>	<u>\$ 16,543</u>	<u>\$ -</u>	<u>\$ 303,785</u>	<u>\$ 217,614</u>	<u>\$ -</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,301</u>	<u>\$ 86,568</u>	<u>\$ -</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,301</u>	<u>\$ 86,568</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,686	
		168,072				
	58,371					
498			(298,825)	(217,184)		
<u>\$ 498</u>	<u>\$ 58,371</u>	<u>\$ 168,072</u>	<u>\$ (298,825)</u>	<u>\$ (217,184)</u>	<u>\$ 53,686</u>	
<u>\$ 498</u>	<u>\$ 74,914</u>	<u>\$ 168,072</u>	<u>\$ 59,261</u>	<u>\$ 86,998</u>	<u>\$ 53,686</u>	

Grant County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (concluded)
June 30, 2014

	Capital Projects Funds			
	Hurley Waste Water	Capital Road	Airport Industrial Park	Economic Development
Assets				
Cash and investments	\$ 70,572	\$ -	\$ 296,673	\$ 2,777
Interfund receivable				
Accounts receivable				
Interest receivable				
Taxes receivable				
Due from other governments	141,798	207,922		
Notes receivable				
Total assets	<u><u>\$ 212,370</u></u>	<u><u>\$ 207,922</u></u>	<u><u>\$ 296,673</u></u>	<u><u>\$ 2,777</u></u>
Liabilities				
Accounts payable	\$ 85,022	\$ -	\$ -	\$ -
Salaries payable				
Interfund payable	127,348	251,226		
Total liabilities	<u><u>\$ 212,370</u></u>	<u><u>\$ 251,226</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Deferred Inflows of Resources				
Unavailable revenue	\$ -	\$ 171,699	\$ -	\$ -
Total deferred inflows of resources	<u><u>\$ -</u></u>	<u><u>\$ 171,699</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Fund balances:				
Restricted:				
Capital projects	\$ -	\$ -	\$ -	\$ 2,777
Debt service				
Public safety				
Health and welfare				
General government				
Equipment purchases				
Culture and recreation				
Assigned:				
Health and welfare				
Capital projects			296,673	
Unassigned		(215,003)		
Total fund balance	<u><u>\$ -</u></u>	<u><u>\$ (215,003)</u></u>	<u><u>\$ 296,673</u></u>	<u><u>\$ 2,777</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 212,370</u></u>	<u><u>\$ 207,922</u></u>	<u><u>\$ 296,673</u></u>	<u><u>\$ 2,777</u></u>

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

<u>Funds</u>	
<u>Viva Santa</u>	
<u>Rita</u>	
<u>Assess</u>	<u>Total</u>
\$ 14,592	\$ 4,325,980
	430
	294,571
	-
	331,730
	558,708
	-
<u>\$ 14,592</u>	<u>\$ 5,511,419</u>
\$ -	\$ 320,343
	64,353
	<u>847,117</u>
<u>\$ -</u>	<u>\$ 1,231,813</u>
<u>\$ -</u>	<u>\$ 546,954</u>
<u>\$ -</u>	<u>\$ 546,954</u>
\$ -	\$ 56,463
14,592	14,592
	2,878,793
	79,089
	194,614
	217,496
	54,927
	-
	680,184
	297,171
	<u>(740,677)</u>
<u>\$ 14,592</u>	<u>\$ 3,732,652</u>
<u>\$ 14,592</u>	<u>\$ 5,511,419</u>

Grant County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For The Fiscal Year Ended June 30, 2014

	Special Revenue Funds			
	Fire Protection	Farm and Range	Recreation	Corrections
Revenues:				
Property taxes	\$ -	\$ 1,655	\$ -	\$ -
Gross receipts taxes	434,421			674,368
Other taxes				
Federal sources		16,882		
State sources			3,211	307,282
Charges for services				
Miscellaneous	20			4,196
Total revenues	\$ 434,441	\$ 18,537	\$ 3,211	\$ 985,846
Expenditures:				
Current:				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	276,869			2,641,009
Public works				
Health and welfare		28,806		
Culture recreation			10,677	
Debt service:				
Principle				
Interest				
Loan issue costs				
Capital outlay	260,195			
Total expenditures	\$ 537,064	\$ 28,806	\$ 10,677	\$ 2,641,009
Revenues over (under) expenditures	\$ (102,623)	\$ (10,269)	\$ (7,466)	\$ (1,655,163)
Other financing sources (uses):				
Transfer in			1,000	1,736,153
Transfer (out)				
Loan proceeds				
Net changes in fund balances	\$ (102,623)	\$ (10,269)	\$ (6,466)	\$ 80,990
Fund balance, July 1, 2013, as originally stated	\$ 1,347,925	\$ 30,987	\$ 6,514	\$ (16,904)
Restatement	-	-	-	-
Fund balance, July 1, 2013, as restated	\$ 1,347,925	\$ 30,987	\$ 6,514	\$ (16,904)
Net changes in fund balances	(102,623)	(10,269)	(6,466)	80,990
Fund balance, June 30, 2014	\$ 1,245,302	\$ 20,718	\$ 48	\$ 64,086

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		65,374	422,607		48,644
33,476	43,400		103,934	104,671	
			56,822		45,164
			21,434		
<u>\$ 33,476</u>	<u>\$ 43,400</u>	<u>\$ 65,374</u>	<u>\$ 604,797</u>	<u>\$ 104,671</u>	<u>\$ 93,808</u>
\$ 15,317	\$ - 46,512	\$ -	\$ 176,469	\$ 79,640	\$ - 23,166
		68,675			
32,484			604,031		
<u>\$ 47,801</u>	<u>\$ 46,512</u>	<u>\$ 68,675</u>	<u>\$ 780,500</u>	<u>\$ 79,640</u>	<u>\$ 23,166</u>
\$ (14,325)	\$ (3,112)	\$ (3,301)	\$ (175,703)	\$ 25,031	\$ 70,642
			210,230		
		(3,000)			
<u>\$ (14,325)</u>	<u>\$ (3,112)</u>	<u>\$ (6,301)</u>	<u>\$ 34,527</u>	<u>\$ 25,031</u>	<u>\$ 70,642</u>
\$ 231,821	\$ 4,245	\$ 61,180	\$ (44,192)	\$ 169,583	\$ 28,371
-	-	-	-	-	-
\$ 231,821	\$ 4,245	\$ 61,180	\$ (44,192)	\$ 169,583	\$ 28,371
(14,325)	(3,112)	(6,301)	34,527	25,031	70,642
<u>\$ 217,496</u>	<u>\$ 1,133</u>	<u>\$ 54,879</u>	<u>\$ (9,665)</u>	<u>\$ 194,614</u>	<u>\$ 99,013</u>

Grant County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)
For The Fiscal Year Ended June 30, 2014

	Special Revenue Funds			
	Solid Waste	Regional Dispatch	Drug Enforcement	Rural Fire Departments
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	217,204	675,488		
Other taxes				
Federal sources				
State sources				1,194,661
Charges for services	384,259			
Miscellaneous	263,995	3,663	9	78,157
Total revenues	\$ 865,458	\$ 679,151	\$ 9	\$ 1,272,818
Expenditures:				
Current:				
General government	\$ -	\$ -	\$ -	\$ -
Public safety		682,465		349,698
Public works				
Health and welfare	614,416			
Culture recreation				
Debt service				
Principle				285,020
Interest				40,467
Loan issue costs				3,700
Capital outlay		7,884		514,666
Total expenditures	\$ 614,416	\$ 690,349	\$ -	\$ 1,193,551
Revenues over (under) expenditures	\$ 251,042	\$ (11,198)	\$ 9	\$ 79,267
Other financing sources (uses):				
Transfer in			54,058	
Transfer (out)	(100,000)		(14,778)	
Loan proceeds				493,195
Net changes in fund balances	\$ 151,042	\$ (11,198)	\$ 39,289	\$ 572,462
Fund balance, July 1, 2013, as originally stated	\$ 529,142	\$ 121,511	\$ 52	\$ 579,071
Restatement	-	-	-	-
Fund balance, July 1, 2013, as restated	\$ 529,142	\$ 121,511	\$ 52	\$ 579,071
Net changes in fund balances	151,042	(11,198)	39,289	572,462
Fund balance, June 30, 2014	\$ 680,184	\$ 110,313	\$ 39,341	\$ 1,151,533

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	Renovations
\$ -	\$ -	\$ -	\$ -	\$ -
	221,231		198,557	51,194
	371,180	67,129		
	73,298			
<u>\$ -</u>	<u>\$ 665,709</u>	<u>\$ 67,129</u>	<u>\$ 198,557</u>	<u>\$ 51,194</u>
\$ -	\$ -	\$ -	\$ -	\$ -
	595,717	28,226	184,242	
	65,274	35,948		523,517
<u>\$ -</u>	<u>\$ 660,991</u>	<u>\$ 64,174</u>	<u>\$ 184,242</u>	<u>\$ 523,517</u>
\$ -	\$ 4,718	\$ 2,955	\$ 14,315	\$ (472,323)
				500,947
<u>\$ -</u>	<u>\$ 4,718</u>	<u>\$ 2,955</u>	<u>\$ 14,315</u>	<u>\$ 28,624</u>
\$ 498	\$ 53,653	\$ 165,117	\$ (313,140)	\$ (245,808)
-	-	-	-	-
\$ 498	\$ 53,653	\$ 165,117	\$ (313,140)	\$ (245,808)
-	4,718	2,955	14,315	28,624
<u>\$ 498</u>	<u>\$ 58,371</u>	<u>\$ 168,072</u>	<u>\$ (298,825)</u>	<u>\$ (217,184)</u>

Grant County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (concluded)
For The Fiscal Year Ended June 30, 2014

	Capital Projects Funds				Capital Projects Funds
	Fort Bayard	Hurley Waste Water	Capital Road	Airport Industrial Park	Economic Development
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes					
Other taxes					
Federal sources		600,052			48,337
State sources			282,636		
Charges for services					
Miscellaneous					
Total revenues	<u>\$ -</u>	<u>\$ 600,052</u>	<u>\$ 282,636</u>	<u>\$ -</u>	<u>\$ 48,337</u>
Expenditures:					
Current:					
General government	\$ -	\$ -	\$ -	\$ -	\$ 74,515
Public safety					
Public works	1,149				
Health and welfare					
Culture recreation					
Debt service					
Principle					
Interest					
Loan issue costs					
Capital outlay		818,821	273,274		
Total expenditures	<u>\$ 1,149</u>	<u>\$ 818,821</u>	<u>\$ 273,274</u>	<u>\$ -</u>	<u>\$ 74,515</u>
Revenues over (under) expenditures	\$ (1,149)	\$ (218,769)	\$ 9,362	\$ -	\$ (26,178)
Other financing sources (uses):					
Transfer in			26,300		
Transfer (out)					
Loan proceeds		339,000			
Net changes in fund balances	<u>\$ (1,149)</u>	<u>\$ 120,231</u>	<u>\$ 35,662</u>	<u>\$ -</u>	<u>\$ (26,178)</u>
Fund balance, July 1, 2013, as originally stated	\$ 54,835	\$ -	\$ (250,665)	\$ 296,673	\$ 28,955
Restatement	-	(120,231)	-	-	-
Fund balance, July 1, 2013, as restated	\$ 54,835	\$ (120,231)	\$ (250,665)	\$ 296,673	\$ 28,955
Net changes in fund balances	<u>(1,149)</u>	<u>120,231</u>	<u>35,662</u>	<u>-</u>	<u>(26,178)</u>
Fund balance, June 30, 2014	<u>\$ 53,686</u>	<u>\$ -</u>	<u>\$ (215,003)</u>	<u>\$ 296,673</u>	<u>\$ 2,777</u>

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

Debt Service Funds		Total
Viva Santa Rita Assess		
\$ -		\$ 1,655
		2,001,481
		65,374
		1,558,860
		2,422,077
14,592		667,118
		416,638
<u>\$ 14,592</u>		<u>\$ 7,133,203</u>
\$ -		\$ 345,941
		4,232,187
		1,149
		1,238,939
		79,352
		285,020
		40,467
		3,700
		3,136,094
<u>\$ -</u>		<u>\$ 9,362,849</u>
\$ 14,592		\$ (2,229,646)
		2,528,688
		(117,778)
		832,195
<u>\$ 14,592</u>		<u>\$ 1,013,459</u>
\$ -		\$ 2,839,424
<u>-</u>		<u>(120,231)</u>
\$ -		\$ 2,719,193
<u>14,592</u>		<u>1,013,459</u>
<u>\$ 14,592</u>		<u>\$ 3,732,652</u>

Grant County
NONMAJOR SPECIAL REVENUE FUNDS - RURAL FIRE DEPARTMENTS
COMBINING BALANCE SHEET
For the Fiscal Year Ended June 30, 2014

	Gila/Cliff Fire	Fort Bayard Fire	Upper Mimbres Fire	Lower Mimbres Fire
Assets				
Cash	\$ 55,901	\$ 2,855	\$ 97,594	\$ 28,886
Interfund receivable				
Total assets	<u>\$ 55,901</u>	<u>\$ 2,855</u>	<u>\$ 97,594</u>	<u>\$ 28,886</u>
Liabilities				
Accounts payable	\$ 604	\$ 406	\$ 286	\$ 4,680
Interfund payable				
Total liabilities	<u>\$ 604</u>	<u>\$ 406</u>	<u>\$ 286</u>	<u>\$ 4,680</u>
Deferred inflows of resources				
Unavailable revenue	\$ -	\$ -	\$ -	\$ -
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:				
Restricted:				
Public Safety	\$ 55,297	\$ 2,449	\$ 97,308	\$ 24,206
Unassigned				
Total fund balance	<u>\$ 55,297</u>	<u>\$ 2,449</u>	<u>\$ 97,308</u>	<u>\$ 24,206</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 55,901</u>	<u>\$ 2,855</u>	<u>\$ 97,594</u>	<u>\$ 28,886</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>
\$ 68,065	\$ 86,423	\$ 112,387	\$ 666,973	\$ 51,680	\$ 1,170,764
					-
<u>\$ 68,065</u>	<u>\$ 86,423</u>	<u>\$ 112,387</u>	<u>\$ 666,973</u>	<u>\$ 51,680</u>	<u>\$ 1,170,764</u>
\$ 250	\$ 7,979	\$ 496	\$ 4,286	\$ 244	\$ 19,231
					-
<u>\$ 250</u>	<u>\$ 7,979</u>	<u>\$ 496</u>	<u>\$ 4,286</u>	<u>\$ 244</u>	<u>\$ 19,231</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 67,815	\$ 78,444	\$ 111,891	\$ 662,687	\$ 51,436	\$ 1,151,533
					-
<u>\$ 67,815</u>	<u>\$ 78,444</u>	<u>\$ 111,891</u>	<u>\$ 662,687</u>	<u>\$ 51,436</u>	<u>\$ 1,151,533</u>
<u>\$ 68,065</u>	<u>\$ 86,423</u>	<u>\$ 112,387</u>	<u>\$ 666,973</u>	<u>\$ 51,680</u>	<u>\$ 1,170,764</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, 2014

	Gila/Cliff Fire	Fort Bayard Fire	Upper Mimbres Fire	Lower Mimbres Fire
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
State sources	94,482	67,129	94,482	94,482
Charges for services				
Miscellaneous	21	5,420	1,752	1,390
Total revenues	<u>\$ 94,503</u>	<u>\$ 72,549</u>	<u>\$ 96,234</u>	<u>\$ 95,872</u>
Expenditures:				
Current				
Public safety	\$ 30,440	\$ -	\$ 49,339	\$ 36,735
Debt service:				
Principal	34,640	40,534	21,368	33,134
Interest	2,830	6,253	1,531	1,944
Loan issue costs				
Capital outlay		30,166		
Total expenditures	<u>\$ 67,910</u>	<u>\$ 76,953</u>	<u>\$ 72,238</u>	<u>\$ 71,813</u>
Revenues over (under) expenditures	\$ 26,593	\$ (4,404)	\$ 23,996	\$ 24,059
Other financing sources (uses):				
Transfer in				
Transfer (out)				
Loan proceeds				
Net change in fund balances	\$ 26,593	\$ (4,404)	\$ 23,996	\$ 24,059
Fund balance, July 1, 2013	<u>28,704</u>	<u>6,853</u>	<u>73,312</u>	<u>147</u>
Fund balance, June 30, 2014	<u><u>\$ 55,297</u></u>	<u><u>\$ 2,449</u></u>	<u><u>\$ 97,308</u></u>	<u><u>\$ 24,206</u></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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63,400	134,258	225,009	354,290	67,129	1,194,661
2,778		49,472	15,559	1,765	78,157
<u>\$ 66,178</u>	<u>\$ 134,258</u>	<u>\$ 274,481</u>	<u>\$ 369,849</u>	<u>\$ 68,894</u>	<u>\$ 1,272,818</u>
\$ 40,223	\$ 51,275	\$ 24,971	\$ 60,973	\$ 55,742	\$ 349,698
9,609		35,393	102,767	7,575	285,020
314		2,677	24,176	742	40,467
	39,696	328,128	2,517	1,183	3,700
			108,359	8,317	514,666
<u>\$ 50,146</u>	<u>\$ 90,971</u>	<u>\$ 391,169</u>	<u>\$ 298,792</u>	<u>\$ 73,559</u>	<u>\$ 1,193,551</u>
\$ 16,032	\$ 43,287	\$ (116,688)	\$ 71,057	\$ (4,665)	\$ 79,267
			335,517	157,678	493,195
<u>\$ 16,032</u>	<u>\$ 43,287</u>	<u>\$ (116,688)</u>	<u>\$ 406,574</u>	<u>\$ 153,013</u>	<u>\$ 572,462</u>
51,783	35,157	228,579	256,113	(101,577)	579,071
<u>\$ 67,815</u>	<u>\$ 78,444</u>	<u>\$ 111,891</u>	<u>\$ 662,687</u>	<u>\$ 51,436</u>	<u>\$ 1,151,533</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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 378,141	\$ 378,141	\$ 419,845	\$ 41,704
Miscellaneous	31	31	20	(11)
Total revenues	\$ 378,172	\$ 378,172	\$ 419,865	\$ 41,693
Expenditures:				
Current:				
Public safety	\$ 1,379,955	\$ 1,270,451	\$ 502,872	\$ 767,579
Capital outlay				-
Total expenditures	\$ 1,379,955	\$ 1,270,451	\$ 502,872	\$ 767,579
Revenues over (under) expenditures	\$ (1,001,783)	\$ (892,279)	\$ (83,007)	\$ 809,272
Other financing sources (uses):				
Transfer in/(out)				-
Net change in fund balance	\$ (1,001,783)	\$ (892,279)	\$ (83,007)	\$ 809,272
Fund balance, July 1, 2013	1,270,451	1,270,451	1,270,451	-
Fund balance, June 30, 2014	\$ 268,668	\$ 378,172	\$ 1,187,444	\$ 809,272
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (102,623)	
Revenue accruals (net)			(14,576)	
Expenditure accruals (net)			34,192	
Other financing uses				
Net change in fund balance, NON-GAAP budgetary basis			\$ (83,007)	

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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 12,599	\$ 12,599	\$ 3,136	\$ (9,463)
Federal sources	<u>20,000</u>	<u>20,000</u>	<u>16,882</u>	<u>(3,118)</u>
Total revenues	<u>\$ 32,599</u>	<u>\$ 32,599</u>	<u>\$ 20,018</u>	<u>\$ (12,581)</u>
Expenditures:				
Current:				
Health and welfare	\$ 43,750	\$ 46,250	\$ 42,556	\$ 3,694
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 43,750</u>	<u>\$ 46,250</u>	<u>\$ 42,556</u>	<u>\$ 3,694</u>
Revenues over (under) expenditures	\$ (11,151)	\$ (13,651)	\$ (22,538)	\$ (8,887)
Other financing sources (uses):				
Transfer in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ (11,151)	\$ (13,651)	\$ (22,538)	\$ (8,887)
Fund balance, July 1, 2013	<u>43,251</u>	<u>43,251</u>	<u>43,251</u>	<u>-</u>
Fund balance, June 30, 2014	<u><u>\$ 32,100</u></u>	<u><u>\$ 29,600</u></u>	<u><u>\$ 20,713</u></u>	<u><u>\$ (8,887)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (10,269)	
Revenue accruals (net)			1,481	
Expenditure accruals (net)			(13,750)	
Other financing uses			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (22,538)</u></u>	

The accompanying notes are an integral part of these financial statements

Grant County
SPECIAL REVENUE FUND - RECREATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ -		\$ -	\$ -
State sources	3,211	9,605	3,211	(6,394)
Total revenues	\$ 3,211	\$ 9,605	\$ 3,211	\$ (6,394)
Expenditures:				
Current:				
Culture and recreation	\$ 1,967	\$ 17,071	\$ 10,677	\$ 6,394
Capital outlay				-
Total expenditures	\$ 1,967	\$ 17,071	\$ 10,677	\$ 6,394
Revenues over (under) expenditures	\$ 1,244	\$ (7,466)	\$ (7,466)	\$ -
Other financing sources (uses):				
Transfer in/(out)		1,000	1,000	-
Net change in fund balance	\$ 1,244	\$ (6,466)	\$ (6,466)	\$ -
Fund balance, July 1, 2013	6,514	6,514	6,514	-
Fund balance, June 30, 2014	\$ 7,758	\$ 48	\$ 48	\$ -
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (6,466)	
Revenue accruals (net)				
Expenditure accruals (net)				
Other financing uses			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (6,466)	

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 700,000	\$ 700,000	\$ 659,393	\$ (40,607)
State sources	249,000	270,000	307,282	37,282
Miscellaneous	<u> </u>	<u> </u>	<u>4,196</u>	<u>4,196</u>
Total revenues	<u>\$ 949,000</u>	<u>\$ 970,000</u>	<u>\$ 970,871</u>	<u>\$ 871</u>
Expenditures:				
Current:				
Public safety	\$ 2,435,561	\$ 2,685,561	\$ 2,681,269	\$ 4,292
Capital outlay	<u> </u>	<u> </u>	<u> </u>	<u>-</u>
Total expenditures	<u>\$ 2,435,561</u>	<u>\$ 2,685,561</u>	<u>\$ 2,681,269</u>	<u>\$ 4,292</u>
Revenues over (under) expenditures	\$ (1,486,561)	\$ (1,715,561)	\$ (1,710,398)	\$ 5,163
Other financing sources (uses):				
Transfer in	<u>1,486,153</u>	<u>1,736,153</u>	<u>1,736,153</u>	<u>-</u>
Net change in fund balance	\$ (408)	\$ 20,592	\$ 25,755	\$ 5,163
Fund balance, July 1, 2013	<u>31,756</u>	<u>31,756</u>	<u>31,756</u>	<u>-</u>
Fund balance, June 30, 2014	<u><u>\$ 31,348</u></u>	<u><u>\$ 52,348</u></u>	<u><u>\$ 57,511</u></u>	<u><u>\$ 5,163</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 80,990	
Revenue accruals (net)			(14,975)	
Expenditure accruals (net)			(40,260)	
Other financing uses			<u> </u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 25,755</u></u>	

The accompanying notes are an integral part of these financial statements

Grant County
SPECIAL REVENUE FUND - COUNTY CLERK'S EQUIPMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Charges for services	\$ 37,000	\$ 37,000	\$ 33,476	\$ (3,524)
Expenditures:				
Current:				
General government	\$ 3,000	\$ 8,800	\$ 8,999	\$ (199)
Capital outlay	30,000	37,500	37,299	201
Total expenditures	\$ 33,000	\$ 46,300	\$ 46,298	\$ 2
Net change in fund balance	\$ 4,000	\$ (9,300)	\$ (12,822)	\$ (3,522)
Fund balance, July 1, 2013	231,821	231,821	231,821	-
Fund balance, June 30, 2014	<u>\$ 235,821</u>	<u>\$ 222,521</u>	<u>\$ 218,999</u>	<u>\$ (3,522)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (14,325)	
Revenue accruals (net)			-	
Expenditure accruals (net)			1,503	
Other financing sources			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (12,822)</u>	

The accompanying notes are an integral part of these financial statements

Grant County
SPECIAL REVENUE FUND - LAW ENFORCEMENT PROTECTION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 43,400	\$ 43,400	\$ 43,400	\$ -
Expenditures:				
Current:				
Public safety	\$ 47,645	\$ 47,645	\$ 46,512	\$ 1,133
Capital outlay	-	-	-	-
Total expenditures	\$ 47,645	\$ 47,645	\$ 46,512	\$ 1,133
Net change in fund balance	\$ (4,245)	\$ (4,245)	\$ (3,112)	\$ 1,133
Fund balance, July 1, 2013	4,245	4,245	4,245	-
Fund balance, June 30, 2014	\$ -	\$ -	\$ 1,133	\$ 1,133
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (3,112)	
Revenue accruals (net)				
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (3,112)	

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 60,000	\$ 60,000	\$ 68,288	\$ 8,288
Expenditures:				
Current:				
Culture and recreation	60,000	70,000	68,675	1,325
Revenues over (under) expenditures	\$ -	\$ (10,000)	\$ (387)	\$ 9,613
Other financing sources (uses):				
Transfer in/(out)		(3,000)	(3,000)	-
Net change in fund balance	\$ -	\$ (13,000)	\$ (3,387)	\$ 9,613
Fund balance, July 1, 2013	49,396	49,396	49,396	-
Fund balance, June 30, 2014	\$ 49,396	\$ 36,396	\$ 46,009	\$ 9,613
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (6,301)	
Revenue accruals (net)			2,914	
Expenditure accruals (net)				
Net change in fund balance, NON-GAAP budgetary basis			\$ (3,387)	

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources		\$ 439,038	\$ 441,541	\$ 2,503
State sources	22,631	323,108	102,771	(220,337)
Charges for services	174,684	179,684	60,485	(119,199)
Total revenues	\$ 197,315	\$ 941,830	\$ 604,797	\$ (337,033)
Expenditures:				
Current:				
General government	\$ 165,124	\$ 280,039	\$ 176,975	\$ 103,064
Capital outlay	63,926	676,072	604,031	72,041
Total expenditures	\$ 229,050	\$ 956,111	\$ 781,006	\$ 175,105
Revenues over (under) expenditures	\$ (31,735)	\$ (14,281)	\$ (176,209)	\$ (161,928)
Other financing sources (uses):				
Transfer in	\$ 127,684	\$ 210,230	\$ 210,230	\$ -
Net change in fund balance	\$ 95,949	\$ 195,949	\$ 34,021	\$ (161,928)
Fund balance, July 1, 2013			(42,537)	(42,537)
Fund balance, June 30, 2014	\$ 95,949	\$ 195,949	\$ (8,516)	\$ (204,465)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 34,527	
Revenue accruals (net)			(506)	
Expenditure accruals (net)				
Net change in fund balance, NON-GAAP budgetary basis			\$ 34,021	

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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Charges for services	\$ 102,000	\$ 102,000	\$ 104,671	\$ 2,671
Expenditures:				
Current:				
General government	\$ 145,806	\$ 145,806	\$ 79,865	\$ 65,941
Capital outlay				-
Total expenditures	<u>\$ 145,806</u>	<u>\$ 145,806</u>	<u>\$ 79,865</u>	<u>\$ 65,941</u>
Net change in fund balance	\$ (43,806)	\$ (43,806)	\$ 24,806	\$ 68,612
Fund balance, July 1, 2013	<u>169,999</u>	<u>169,999</u>	<u>169,999</u>	<u>-</u>
Fund balance, June 30, 2014	<u><u>\$ 126,193</u></u>	<u><u>\$ 126,193</u></u>	<u><u>\$ 194,805</u></u>	<u><u>\$ 68,612</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 25,031	
Revenue accruals (net)				
Expenditure accruals (net)			<u>(225)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 24,806</u></u>	

The accompanying notes are an integral part of these financial statements

Grant County
SPECIAL REVENUE FUND - EMS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 42,708	\$ 48,670	\$ 48,644	\$ (26)
Miscellaneous	4,000	4,000	45,164	41,164
Total revenues	\$ 46,708	\$ 52,670	\$ 93,808	\$ 41,138
Expenditures:				
Current:				
Public Safety	\$ 46,219	\$ 74,105	\$ 24,723	\$ 49,382
Capital outlay				-
Total expenditures	\$ 46,219	\$ 74,105	\$ 24,723	\$ 49,382
Revenues over (under) expenditures	\$ 489	\$ (21,435)	\$ 69,085	\$ 90,520
Other financing sources (uses):				
Transfer in				\$ -
Net change in fund balance	\$ 489	\$ (21,435)	\$ 69,085	\$ 90,520
Fund balance, July 1, 2013	30,831	30,831	30,831	-
Fund balance, June 30, 2014	\$ 31,320	\$ 9,396	\$ 99,916	\$ 90,520
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 70,642	
Revenue accruals (net)				
Expenditure accruals (net)			(1,557)	
Net change in fund balance, NON-GAAP budgetary basis			\$ 69,085	

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 14,114	\$ 14,114	\$ 198,658	\$ 184,544
Charges for services	440,301	440,301	385,541	(54,760)
Miscellaneous	35,690	35,690	134,072	98,382
Total revenues	\$ 490,105	\$ 490,105	\$ 718,271	\$ 228,166
Expenditures:				
Current:				
Health and welfare	\$ 321,305	\$ 651,305	\$ 649,600	\$ 1,705
Revenues over (under) expenditures	\$ 168,800	\$ (161,200)	\$ 68,671	\$ 229,871
Other financing sources (uses):				
Transfer out	(100,000)	(100,000)	(100,000)	-
Net change in fund balance	\$ 68,800	\$ (261,200)	\$ (31,329)	\$ 229,871
Fund balance, July 1, 2013	676,267	676,267	676,267	-
Fund balance, June 30, 2014	\$ 745,067	\$ 415,067	\$ 644,938	\$ 229,871
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 151,042	
Revenue accruals (net)			(147,187)	
Expenditure accruals (net)			(35,184)	
Other financing uses (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (31,329)	

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 677,000	\$ 677,000	\$ 660,253	\$ (16,747)
State sources				-
Miscellaneous	30,000	30,000	3,663	(26,337)
Total revenues	\$ 707,000	\$ 707,000	\$ 663,916	\$ (43,084)
Expenditures:				
Current:				
Public safety	\$ 721,285	\$ 721,285	\$ 667,397	\$ 53,888
Capital outlay	2,000	2,000		2,000
Total expenditures	\$ 723,285	\$ 723,285	\$ 667,397	\$ 55,888
Revenues over (under) expenditures	\$ (16,285)	\$ (16,285)	\$ (3,481)	\$ 12,804
Other financing sources (uses):				
Transfer in				\$ -
Net change in fund balance	\$ (16,285)	\$ (16,285)	\$ (3,481)	\$ 12,804
Fund balance, July 1, 2013	29,215	29,215	29,215	-
Fund balance, June 30, 2014	\$ 12,930	\$ 12,930	\$ 25,734	\$ 12,804
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (11,198)	
Revenue accruals (net)			(15,235)	
Expenditure accruals (net)			22,952	
Net change in fund balance, NON-GAAP budgetary basis			\$ (3,481)	

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 56,871	\$ 56,871	\$ 56,871	\$ -
Miscellaneous				-
Total revenues	\$ 56,871	\$ 56,871	\$ 56,871	\$ -
Expenditures:				
Current:				
Public safety	\$ 39,158	\$ 39,158	\$ 30,409	\$ 8,749
Capital outlay	20,594	20,594		20,594
Total expenditures	\$ 59,752	\$ 59,752	\$ 30,409	\$ 29,343
Revenues over (under) expenditures	\$ (2,881)	\$ (2,881)	\$ 26,462	\$ 29,343
Other financing sources (uses):				
Loan proceeds	\$ 96,131	\$ 96,131	\$ 95,470	\$ (661)
Net change in fund balance	\$ 93,250	\$ 93,250	\$ 121,932	\$ 28,682
Fund balance, July 1, 2013			(66,042)	(66,042)
Fund balance, June 30, 2014	\$ 93,250	\$ 93,250	\$ 55,890	\$ (37,360)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 26,593	
Revenue accruals (net)			(37,632)	
Expenditure accruals (net)			37,501	
Other financing sources and uses (net)			95,470	
Net change in fund balance, NON-GAAP budgetary basis			\$ 121,932	

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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 50,427	\$ 50,427	\$ 50,427	\$ -
Charges for services				-
Miscellaneous				-
	<u>50,427</u>	<u>50,427</u>	<u>50,427</u>	<u>-</u>
Total revenues	<u>\$ 50,427</u>	<u>\$ 50,427</u>	<u>\$ 50,427</u>	<u>\$ -</u>
Expenditures:				
Current:				
Public safety	\$ 24,800	\$ 24,800	\$ 24,514	\$ 286
Capital outlay	27,386	29,886	30,166	(280)
	<u>52,186</u>	<u>54,686</u>	<u>54,680</u>	<u>6</u>
Total expenditures	<u>\$ 52,186</u>	<u>\$ 54,686</u>	<u>\$ 54,680</u>	<u>\$ 6</u>
Net change in fund balance	\$ (1,759)	\$ (4,259)	\$ (4,253)	\$ 6
Fund balance, July 1, 2013	<u>7,103</u>	<u>7,103</u>	<u>7,103</u>	<u>-</u>
Fund balance, June 30, 2014	<u>\$ 5,344</u>	<u>\$ 2,844</u>	<u>\$ 2,850</u>	<u>\$ 6</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (4,404)	
Revenue accruals (net)			(16,704)	
Expenditure accruals (net)			16,855	
Other financing sources			<u> </u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (4,253)</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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 71,583	\$ 71,583	\$ 71,583	\$ -
Charges for services				-
Miscellaneous			1,749	1,749
	<u>71,583</u>	<u>71,583</u>	<u>73,332</u>	<u>1,749</u>
Total revenues	\$ 71,583	\$ 71,583	\$ 73,332	\$ 1,749
Expenditures:				
Current:				
Public safety	\$ 36,900	\$ 36,900	\$ 49,262	\$ (12,362)
Capital outlay	37,157	37,157		37,157
	<u>74,057</u>	<u>74,057</u>	<u>49,262</u>	<u>24,795</u>
Total expenditures	\$ 74,057	\$ 74,057	\$ 49,262	\$ 24,795
Net change in fund balance	\$ (2,474)	\$ (2,474)	\$ 24,070	\$ 26,544
Fund balance, July 1, 2013	<u>73,518</u>	<u>73,518</u>	<u>73,518</u>	<u>-</u>
Fund balance, June 30, 2014	<u>\$ 71,044</u>	<u>\$ 71,044</u>	<u>\$ 97,588</u>	<u>\$ 26,544</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 23,996	
Revenue accruals (net)			(22,902)	
Expenditure accruals (net)			22,976	
Other financing sources				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 24,070</u>	

The accompanying notes are an integral part of these financial statements

Grant County
SPECIAL REVENUE FUND - LOWER MIMBRES FIRE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 59,405	\$ 59,405	\$ 59,405	\$ -
Miscellaneous			1,385	1,385
Total revenues	\$ 59,405	\$ 59,405	\$ 60,790	\$ 1,385
Expenditures:				
Current:				
Public safety	\$ 27,240	\$ 27,240	\$ 36,136	\$ (8,896)
Capital outlay	34,638	34,638		34,638
Total expenditures	\$ 61,878	\$ 61,878	\$ 36,136	\$ 25,742
Revenues over (under) expenditures	\$ (2,473)	\$ (2,473)	\$ 24,654	\$ 27,127
Other financing sources (uses):				
Transfer in				-
Net change in fund balance	\$ (2,473)	\$ (2,473)	\$ 24,654	\$ 27,127
Fund balance, July 1, 2013	4,223	4,223	4,223	-
Fund balance, June 30, 2014	\$ 1,750	\$ 1,750	\$ 28,877	\$ 27,127
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 24,059	
Revenue accruals (net)			(35,082)	
Expenditure accruals (net)			35,677	
Other financing sources (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 24,654	

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 34,902	\$ 34,902	\$ 34,902	\$ -
Charges for services				-
Miscellaneous			2,770	2,770
Total revenues	<u>\$ 34,902</u>	<u>\$ 34,902</u>	<u>\$ 37,672</u>	<u>\$ 2,770</u>
Expenditures:				
Current:				
Public safety	\$ 24,000	\$ 24,000	\$ 40,163	\$ (16,163)
Capital outlay	<u>31,116</u>	<u>133,116</u>	<u>116,307</u>	<u>16,809</u>
Total expenditures	<u>\$ 55,116</u>	<u>\$ 157,116</u>	<u>\$ 156,470</u>	<u>\$ 646</u>
Revenues over (under) expenditures	\$ (20,214)	\$ (122,214)	\$ (118,798)	\$ 3,416
Other financing sources (uses):				
Loan proceeds			<u>\$ 38,480</u>	<u>\$ 38,480</u>
Net change in fund balance	\$ (20,214)	\$ (122,214)	\$ (80,318)	\$ 41,896
Fund balance, July 1, 2013	<u>129,829</u>	<u>129,829</u>	<u>129,829</u>	<u>-</u>
Fund balance, June 30, 2014	<u><u>\$ 109,615</u></u>	<u><u>\$ 7,615</u></u>	<u><u>\$ 49,511</u></u>	<u><u>\$ 41,896</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 16,032	
Revenue accruals (net)			(28,506)	
Expenditure accruals (net)			(106,324)	
Other financing sources (net)			<u>38,480</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (80,318)</u></u>	

The accompanying notes are an integral part of these financial statements

Grant County
SPECIAL REVENUE FUND - WHISKEY CREEK FIRE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 134,258	\$ 134,258	\$ 134,258	\$ -
Charges for services				-
Miscellaneous				-
Total revenues	\$ 134,258	\$ 134,258	\$ 134,258	\$ -
Expenditures:				
Current:				
Public safety	\$ 35,500	\$ 35,500	\$ 83,612	\$ (48,112)
Capital outlay	48,734	48,734		48,734
Total expenditures	\$ 84,234	\$ 84,234	\$ 83,612	\$ 622
Net change in fund balance	\$ 50,024	\$ 50,024	\$ 50,646	\$ 622
Fund balance, July 1, 2013			35,777	35,777
Fund balance, June 30, 2014	\$ 50,024	\$ 50,024	\$ 86,423	\$ 36,399
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 43,287	
Revenue accruals (net)				
Expenditure accruals (net)			7,359	
Net change in fund balance, NON-GAAP budgetary basis			\$ 50,646	

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 225,009	\$ 225,009	\$ 225,009	\$ -
Charges for services				-
Miscellaneous			49,286	49,286
Total revenues	\$ 225,009	\$ 225,009	\$ 274,295	\$ 49,286
Expenditures:				
Current:				
Public safety	\$ 57,653	\$ 57,653	\$ 94,223	\$ (36,570)
Capital outlay	28,595	365,595	328,128	37,467
Total expenditures	\$ 86,248	\$ 423,248	\$ 422,351	\$ 897
Revenues over (under) expenditures	\$ 138,761	\$ (198,239)	\$ (148,056)	\$ 50,183
Other financing sources (uses):				
Loan proceeds		\$ 243,828	\$ 243,828	\$ -
Net change in fund balance	\$ 138,761	\$ 45,589	\$ 95,772	\$ 50,183
Fund balance, July 1, 2013			16,428	16,428
Fund balance, June 30, 2014	\$ 138,761	\$ 45,589	\$ 112,200	\$ 66,611
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (116,688)	
Revenue accruals (net)			(186)	
Expenditure accruals (net)			(31,182)	
Other financing sources (net)			243,828	
Net change in fund balance, NON-GAAP budgetary basis			\$ 95,772	

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 310,823	\$ 310,823	\$ 310,823	\$ -
Federal sources				-
Charges for services				-
Miscellaneous			15,451	15,451
Total revenues	\$ 310,823	\$ 310,823	\$ 326,274	\$ 15,451
Expenditures:				
Current:				
Public safety	\$ 149,992	\$ 149,992	\$ 146,048	\$ 3,944
Capital outlay	170,101	170,101	108,359	61,742
Total expenditures	\$ 320,093	\$ 320,093	\$ 254,407	\$ 65,686
Revenues over (under) expenditures	\$ (9,270)	\$ (9,270)	\$ 71,867	\$ 81,137
Other financing sources (uses):				
Transfer in				\$ -
Net change in fund balance	\$ (9,270)	\$ (9,270)	\$ 71,867	\$ 81,137
Fund balance, July 1, 2013	235,534	235,534	235,534	-
Fund balance, June 30, 2014	<u>\$ 226,264</u>	<u>\$ 226,264</u>	<u>\$ 307,401</u>	<u>\$ 81,137</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 406,574	
Revenue accruals (net)			(43,575)	
Expenditure accruals (net)			44,385	
Other financing sources (net)			<u>(335,517)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 71,867</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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 67,129	\$ 67,129	\$ 67,129	\$ -
Federal sources				-
Charges for services				-
Miscellaneous			1,753	1,753
Total revenues	\$ 67,129	\$ 67,129	\$ 68,882	\$ 1,753
Expenditures:				
Current:				
Public safety	\$ 27,600	\$ 27,600	\$ 64,197	\$ (36,597)
Capital outlay	48,999	48,999	8,317	40,682
Total expenditures	\$ 76,599	\$ 76,599	\$ 72,514	\$ 4,085
Revenues over (under) expenditures	\$ (9,470)	\$ (9,470)	\$ (3,632)	\$ 5,838
Other financing sources (uses):				
Loan proceeds	\$ 157,678	\$ 157,678	\$ 156,507	\$ (1,171)
Net change in fund balance	\$ 148,208	\$ 148,208	\$ 152,875	\$ 4,667
Fund balance, July 1, 2013			(101,195)	(101,195)
Fund balance, June 30, 2014	\$ 148,208	\$ 148,208	\$ 51,680	\$ (96,528)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 153,013	
Revenue accruals (net)			(12)	
Expenditure accruals (net)			1,045	
Other financing sources (net)			(1,171)	
Net change in fund balance, NON-GAAP budgetary basis			\$ 152,875	

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
General government	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2013	-	-	498	498
Fund balance, June 30, 2014	\$ -	\$ -	\$ 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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	9	9
Total revenues	\$ -	\$ -	\$ 9	\$ 9
Expenditures:				
Current:				
Public safety	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Revenues over (under) expenditures	\$ -	\$ -	\$ 9	\$ 9
Other financing sources (uses):				
Transfer out			\$ 54,058	\$ 54,058
Transfer out			(14,778)	(14,778)
Net change in fund balance	\$ -	\$ -	\$ 39,289	\$ 39,289
Fund balance, July 1, 2013	-	-	52	52
Fund balance, June 30, 2014	\$ -	\$ -	\$ 39,341	\$ 39,341
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 39,289	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 39,289	

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources		\$ 158,194	\$ 167,440	\$ 9,246
State sources	19,015	425,496	352,079	(73,417)
Charges for services	163,806	163,806	73,298	(90,508)
Miscellaneous		42,409	42,409	-
Total revenues	\$ 182,821	\$ 789,905	\$ 635,226	\$ (154,679)
Expenditures:				
Current:				
Health and welfare	\$ 102,599	\$ 647,252	\$ 599,204	\$ 48,048
Capital outlay		63,204	65,274	(2,070)
Total expenditures	\$ 102,599	\$ 710,456	\$ 664,478	\$ 45,978
Revenues over (under) expenditures	\$ 80,222	\$ 79,449	\$ (29,252)	\$ (108,701)
Other financing sources (uses):				
Transfer in				\$ -
Net change in fund balance	\$ 80,222	\$ 79,449	\$ (29,252)	\$ (108,701)
Fund balance, July 1, 2013			41,007	41,007
Fund balance, June 30, 2014	\$ 80,222	\$ 79,449	\$ 11,755	\$ (67,694)
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 4,718	
Revenue accruals (net)			(30,483)	
Expenditure accruals (net)			(3,487)	
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			\$ (29,252)	

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 67,129	\$ 67,129	\$ 67,129	\$ -
Charges for services				-
Miscellaneous				-
Total revenues	<u>\$ 67,129</u>	<u>\$ 67,129</u>	<u>\$ 67,129</u>	<u>\$ -</u>
Expenditures:				
Current:				
Public safety	\$ 27,600	\$ 27,600	\$ 28,226	\$ (626)
Capital outlay	24,818	36,818	35,948	870
Total expenditures	<u>\$ 52,418</u>	<u>\$ 64,418</u>	<u>\$ 64,174</u>	<u>\$ 244</u>
Revenues over (under) expenditures	\$ 14,711	\$ 2,711	\$ 2,955	\$ 244
Other financing sources (uses):				
Transfer out				<u>\$ -</u>
Net change in fund balance	\$ 14,711	\$ 2,711	\$ 2,955	\$ 244
Fund balance, July 1, 2013			<u>165,117</u>	<u>165,117</u>
Fund balance, June 30, 2014	<u>\$ 14,711</u>	<u>\$ 2,711</u>	<u>\$ 168,072</u>	<u>\$ 165,361</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 2,955	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Other financing sources (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 2,955</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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 631,464	\$ 992,464	\$ 193,597	\$ (798,867)
Charges for services				-
Miscellaneous				-
	<u>631,464</u>	<u>992,464</u>	<u>193,597</u>	<u>(798,867)</u>
Total revenues	<u>\$ 631,464</u>	<u>\$ 992,464</u>	<u>\$ 193,597</u>	<u>\$ (798,867)</u>
Expenditures:				
Current:				
Public safety	\$ 311,549	\$ 672,549	\$ 190,948	\$ 481,601
Capital outlay				-
	<u>311,549</u>	<u>672,549</u>	<u>190,948</u>	<u>481,601</u>
Total expenditures	<u>\$ 311,549</u>	<u>\$ 672,549</u>	<u>\$ 190,948</u>	<u>\$ 481,601</u>
Revenues over (under) expenditures	\$ 319,915	\$ 319,915	\$ 2,649	\$ (317,266)
Other financing sources (uses):				
Transfer out	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ 319,915	\$ 319,915	\$ 2,649	\$ (317,266)
Fund balance, July 1, 2013			<u>(305,067)</u>	<u>(305,067)</u>
Fund balance, June 30, 2014	<u>\$ 319,915</u>	<u>\$ 319,915</u>	<u>\$ (302,418)</u>	<u>\$ (622,333)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 14,315	
Revenue accruals (net)			(4,960)	
Expenditure accruals (net)			(6,706)	
Other financing sources (net)			<u> </u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 2,649</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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 1,017,200	\$ 1,017,200	\$ 1,052,158	\$ 34,958
Miscellaneous	1,957	1,957	1,777	(180)
Total revenues	<u>\$ 1,019,157</u>	<u>\$ 1,019,157</u>	<u>\$ 1,053,935</u>	<u>\$ 34,778</u>
Expenditures:				
Debt service	<u>\$ 1,083,306</u>	<u>\$ 1,083,306</u>	<u>\$ 1,069,414</u>	<u>\$ 13,892</u>
Total expenditures	<u>\$ 1,083,306</u>	<u>\$ 1,083,306</u>	<u>\$ 1,069,414</u>	<u>\$ 13,892</u>
Revenues over (under) expenditures	\$ (64,149)	\$ (64,149)	\$ (15,479)	\$ 48,670
Other financing sources (uses):				
Transfer in				<u>\$ -</u>
Net change in fund balance	\$ (64,149)	\$ (64,149)	\$ (15,479)	\$ 48,670
Fund balance, July 1, 2013	<u>2,486,600</u>	<u>2,486,600</u>	<u>2,486,600</u>	<u>-</u>
Fund balance, June 30, 2014	<u><u>\$ 2,422,451</u></u>	<u><u>\$ 2,422,451</u></u>	<u><u>\$ 2,471,121</u></u>	<u><u>\$ 48,670</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (99,038)	
Revenue accruals (net)			83,559	
Expenditure accruals (net)				
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (15,479)</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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 287,115	\$ 548,621	\$ 246,413	\$ (302,208)
Expenditures:				
Capital outlay	287,115	548,621	313,050	235,571
Revenues over (under) expenditures	\$ -	\$ -	\$ (66,637)	\$ (66,637)
Other financing sources (uses):				
Transfer in			26,300	26,300
Net change in fund balance	\$ -	\$ -	\$ (40,337)	\$ (40,337)
Fund balance, July 1, 2013			(210,889)	(210,889)
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (251,226)</u>	<u>\$ (251,226)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 35,662	
Revenue accruals (net)			(36,223)	
Expenditure accruals (net)			<u>(39,776)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (40,337)</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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 247,708	\$ 247,708	\$ 51,194	\$ (196,514)
Expenditures:				
Capital outlay	<u>742,266</u>	<u>1,107,039</u>	<u>526,886</u>	<u>580,153</u>
Revenues over (under) expenditures	\$ (494,558)	\$ (859,331)	\$ (475,692)	\$ 383,639
Other financing sources (uses):				
Loan proceeds	\$ 708,684	\$ 1,044,201	\$ 460,514	
Transfer in/(out)		<u>18,556</u>	<u>40,433</u>	<u>21,877</u>
Net change in fund balance	\$ 214,126	\$ 203,426	\$ 25,255	\$ 405,516
Fund balance, July 1, 2013	<u>(182,864)</u>	<u>(182,864)</u>	<u>(182,864)</u>	<u>-</u>
Fund balance, June 30, 2014	<u>\$ 31,262</u>	<u>\$ 20,562</u>	<u>\$ (157,609)</u>	<u>\$ 405,516</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 28,624	
Revenue accruals (net)				
Expenditure accruals (net)			(3,369)	
Other financing uses (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 25,255</u>	

The accompanying notes are an integral part of these financial statements

Grant County
CAPITAL PROJECT FUND - AIRPORT INDUSTRIAL PARK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
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, 2013	-	-	296,673	296,673
Fund balance, June 30, 2014	\$ -	\$ -	\$ 296,673	\$ 296,673
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
CAPITAL PROJECT FUND - HURLEY WASTEWATER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources		\$ 980,100	\$ 707,742	\$ (272,358)
Expenditures:				
Capital outlay		1,319,100	726,682	592,418
Revenues over (under) expenditures	\$ -	\$ (339,000)	\$ (18,940)	\$ 320,060
Other financing sources (uses):				
Loan proceeds		339,000	89,512	(249,488)
Net change in fund balance	\$ -	\$ -	\$ 70,572	\$ 70,572
Fund balance, July 1, 2013			-	-
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,572</u>	<u>\$ 70,572</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 120,231	
Revenue accruals (net)			107,690	
Expenditure accruals (net)			92,139	
Other financing uses (net)			<u>(249,488)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 70,572</u>	

The accompanying notes are an integral part of these financial statements

Grant County
CAPITAL PROJECT FUND - FORT BAYARD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay		1,149	1,149	-
Revenues over (under) expenditures	\$ -	\$ (1,149)	\$ (1,149)	\$ -
Other financing sources (uses):				
Transfer out	-	-		-
Net change in fund balance	\$ -	\$ (1,149)	\$ (1,149)	\$ -
Fund balance, July 1, 2013	<u>54,835</u>	<u>54,835</u>	<u>54,835</u>	<u>-</u>
Fund balance, June 30, 2014	<u>\$ 54,835</u>	<u>\$ 53,686</u>	<u>\$ 53,686</u>	<u>\$ -</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (1,149)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Other financing sources (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (1,149)</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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 56,667	\$ 56,667	\$ 48,337	\$ (8,330)
Miscellaneous				-
Total revenues	<u>\$ 56,667</u>	<u>\$ 56,667</u>	<u>\$ 48,337</u>	<u>\$ (8,330)</u>
Expenditures:				
Current:				
General government	\$ 85,622	\$ 85,622	\$ 74,515	\$ 11,107
Capital outlay				-
Total expenditures	<u>\$ 85,622</u>	<u>\$ 85,622</u>	<u>\$ 74,515</u>	<u>\$ 11,107</u>
Revenues over (under) expenditures	\$ (28,955)	\$ (28,955)	\$ (26,178)	\$ 2,777
Other financing sources (uses):				
Transfer in				\$ -
Net change in fund balance	\$ (28,955)	\$ (28,955)	\$ (26,178)	\$ 2,777
Fund balance, July 1, 2013	<u>28,955</u>	<u>28,955</u>	<u>28,955</u>	<u>-</u>
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,777</u>	<u>\$ 2,777</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (26,178)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Other financing sources (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (26,178)</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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Operating revenue	\$ 77,613,308	\$ 77,613,308	\$ 64,715,642	\$ (12,897,666)
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	\$ 75,311,899	\$ 75,311,899	\$ 73,672,477	\$ 1,639,422
Operating income	\$ 2,301,409	\$ 2,301,409	\$ (8,956,835)	\$ (11,258,244)
Nonoperating income	396,907	396,907	(64,270)	(461,177)
Change in net position	\$ 2,698,316	\$ 2,698,316	\$ (9,021,105)	\$ (11,719,421)
Net position, beginning of year			71,748,753	
Net position, end of year			\$ 62,727,648	

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, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2014</u>
Property Tax Fund				
Assets				
Cash and investments	\$ 154,953	\$ 7,260,727	\$ 7,276,922	\$ 138,758
Taxes receivable	<u>1,089,028</u>	<u>7,211,199</u>	<u>7,449,942</u>	<u>850,285</u>
Total assets	<u><u>\$ 1,243,981</u></u>	<u><u>\$ 14,471,926</u></u>	<u><u>\$ 14,726,864</u></u>	<u><u>\$ 989,043</u></u>
Liabilities				
Due to others	<u><u>\$ 1,243,981</u></u>	<u><u>\$ 14,471,926</u></u>	<u><u>\$ 14,726,864</u></u>	<u><u>\$ 989,043</u></u>

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

Grant County
SCHEDULE OF DEPOSITORY COLLATERAL
June 30, 2014

	<u>Wells Fargo</u>	<u>Wells Fargo Brokerage</u>	<u>Total</u>
Checking and CD's	\$ 5,799,849	\$ 4,143,924	\$ 9,943,773
Total on deposit	\$ 5,799,849	\$ 4,143,924	\$ 9,943,773
Less: FDIC insurance	<u>(250,000)</u>	<u>(4,143,924)</u>	<u>(4,393,924)</u>
Total uninsured public funds	<u>\$ 5,549,849</u>	<u>\$ -</u>	<u>\$ 5,549,849</u>
 50% collateralization requirement (Section 6-10-17 NMSA)	 <u>\$ 2,774,925</u>	 <u>\$ -</u>	 <u>\$ 2,774,925</u>
 Pledged Securities:			
FN 3138AW4D2 11/1/41	\$ 1,329,647	\$ -	\$ 1,329,647
FN 31418ANY0 1/1/43	<u>3,320,280</u>	<u>-</u>	<u>3,320,280</u>
Total pledged securities	<u>\$ 4,649,927</u>	<u>\$ -</u>	<u>\$ 4,649,927</u>
 Pledged securities over (under) requirement	 <u>\$ 1,875,003</u>	 <u>\$ -</u>	 <u>\$ 1,875,003</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, 2014

	Type of Account	Bank Balance	Reconciled Balance
<u>Wells Fargo</u>			
Grant County Treasurer	Checking	\$ 4,452,356	\$ 3,642,126
Dos Griegos	Savings	11,160	11,160
IRS Tax Bank	Checking	1	1
Detention Center Issuance Cost	Checking	1,336,332	1,336,332
		<hr/>	<hr/>
Total Wells Fargo		\$ 5,799,849	\$ 4,989,619
<u>Wells Fargo Brokerage</u>			
General	Govt Money Mkt	\$ 25,591	\$ 25,591
General	Municipal Bonds	1,917,131	1,917,131
General	FHLB	697,579	697,579
General	CD's	1,503,623	1,503,623
		<hr/>	<hr/>
Total Wells Fargo Brokerage		\$ 4,143,924	\$ 4,143,924
<u>NM Local Government Investment Pool</u>			
General		\$ 99,708	\$ 99,708
		<hr/>	<hr/>
<u>US Bank</u>			
Fort Bayard Medical Facility	FHLMC Notes	\$ 266,739	\$ 266,739
	FHLB Notes	300,442	300,442
	Money Market	3,820,954	3,820,954
	Corporate Issues	15,262	15,262
	US Treasury Notes	1,136,448	1,136,448
	Fannie Mae Note	1,316,600	1,316,600
		<hr/>	<hr/>
		\$ 6,856,445	\$ 6,856,445
<u>NMFA</u>			
Cash on deposit with paying agent	NMFA	\$ 639,822	\$ 639,822
		<hr/>	<hr/>
Cash on hand			\$ 1,000
		<hr/>	<hr/>
Total cash and investments		\$ 17,539,748	\$ 16,730,518
		<hr/> <hr/>	<hr/> <hr/>

Grant County
SCHEDULE OF JOINT POWERS AGREEMENT
For the Fiscal Year ended June 30, 2014

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, 2014

Southwest Solid Waste Authority

Participants	Grant County, Town of Silver City, Town of Hurley, City of Bayard, and Village of Santa Clara
Responsible party	Solid Waste Authority
Description	Landfill operation
Dates of agreement	Indefinite
Amount of project	On-going operations
Agency contribution	None
Audit responsibility	Solid Waste Authority

Southwest Water Planning Group

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

Grant County
SCHEDULE OF LEGISLATIVE GRANTS
 June 30, 2014

	Sewer System 12-1347-STB
Original appropriation	\$ 100,000
Funds reverted	<hr style="width: 100%;"/> -
Appropriation remaining	<hr style="width: 100%;"/> \$ 100,000
Expended through June 30, 2014	7,841
Encumbrances	<hr style="width: 100%;"/>
Total committed	<hr style="width: 100%;"/> \$ 7,841 <hr style="width: 100%;"/>
Project expiration date	06/30/16

Grant County
TAX ROLL RECONCILIATION
 For the Fiscal Year Ended June 30, 2014

Property taxes receivable, July 1, 2013		\$ 2,781,250
Net taxes charged to the Treasurer for 2014		14,549,143
Collections/Distributions/Changes		<u>(15,447,768)</u>
Property taxes receivable, June 30, 2013		<u><u>\$ 1,882,625</u></u>
Property taxes receivable, by year		
2013	\$	937,378
2012		374,285
2011		107,393
2010		61,054
2009		40,071
2008		38,334
2007		102,623
2006		82,007
2005		72,008
2004		<u>67,472</u>
	\$	<u><u>1,882,625</u></u>

Grant County
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2014

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct:			
Edward Byrne Justice Assistance Grant	16.738	N/A	102,972
Passed through N.M. Dept. of Children, Youth & Families:			
Juvenile Justice and Delinquency Prevention	16.540	633J10	<u>66,828</u>
Total U.S. Department of Justice			<u>\$ 169,800</u>
<u>U.S. DEPARTMENT OF THE INTERIOR</u>			
Direct:			
Distribution of receipts	15.227	N/A	\$ 16,882
National Fire Plan - Rural Fire Assistance	15.242	N/A	<u>-</u>
Total U.S. Department of the Interior			<u>\$ 16,882</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct:			
Homeland Security Grant Program	97.067	N/A	\$ 251,148
Passed through NM Dept of Emergency Management:			
Cyber Tipline	97.076	571VI	15,225
Emergency Management Performance Grants	97.042	571V	<u>19,618</u>
Total U.S. Department of Homeland Security			<u>\$ 285,991</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>\$ 221,231</u>

Grant County
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS(concluded)
For The Fiscal Year Ended June 30, 2014

<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	\$ 422,607
Federal Transit-Capital Improvement Grants	20.500	N/A	28,727
Passed Through N.M. Department of Transportation:			
Minimum Penalties for Repeat Offenders for DWI	20.608	N/A	18,116
Public Transportation Formula Grants	20.509	N/A	<u>540,810</u>
Total Department of Transportation			<u>\$ 1,010,260</u>
<u>U.S. DEPARTMENT OF LABOR</u>			
Direct:			
WIA Youth Activities	17.259	464	<u>\$ 66,259</u>
Total Department of Labor			<u>\$ 66,259</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Direct:			
Schools and Roads - Grants to States	10.665	N/A	\$ 407,919
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	818,821
Passed Through N.M. Dept. of Energy and Minerals:			
Cooperative Forest Assistance Grants	10.664	2010	<u>-</u>
Total Department of Agriculture			<u>\$ 1,226,740</u>
<u>U.S. DEPARTMENT OF COMMERCE</u>			
Direct:			
Community Trade Adjustment Assistance	11.010	N/A	\$ 48,337
Economic Adjustment Assistance	11.307	N/A	<u>30,868</u>
Total Department of Commerce			<u>\$ 79,205</u>
Total expenditures of federal awards			<u><u>\$ 3,076,368</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, 2014

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, 2014:

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

Note 3 Loans and Loan Guarantees

Included under the Water and Waste Disposal Systems for Rural Communities, CFDA No. 10.760 is loan proceeds of \$218,769 received this year and grant proceeds of \$600,052 received this year, for a total of \$818,821. The loan balance at June 30, 2014, is \$339,000.

Grant County
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 For the Fiscal Year Ended June 30, 2014

Findings – Financial Statement Audit	<u>Current Status</u>
2007-003(07-3) Property tax schedule not presented in the State Auditor required format	Repeated
2007-004(07-4) Purchase procedures not followed	Repeated
11-1 Liens had not been placed on delinquent solid waste receivable accounts	Resolved
2013-1 I-9s contained incomplete information	Resolved
 FINDINGS RELATED TO THE COMPONENT UNIT	
SA 2012-002 Payroll timesheets processed without proper approval	Resolved
2013-001(SA2013-001) Equipment inventory did not include all inventory	Repeated
SA 2013-002 IPA recommendation submitted late to State Auditor	Resolved
 Findings and Questioned Costs – Major Federal Award programs	

None

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

INDEPENDENT AUDITOR'S REPORT

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, 2014, 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 10, 2014.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. This deficiency is listed as item 2014-001 under the component unit findings in the schedule of findings and questioned costs.

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 2007-004 and 2007-003; and for the component unit as items 2013-001 and 2014-003.

Grant County's Responses to Findings

Grant County's and the component unit's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's and the component unit'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 10, 2014

Stone, McGee & Co.
Certified Public Accountants

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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

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, 2014. 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, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as 2014-003. Our opinion on each major federal program is not modified with respect to these matters.

Grant County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Grant County's response was not subject to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

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 10, 2014

Stone, McGee & Co.
Certified Public Accountants

Grant County
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2014

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: Water and Waste Disposal Systems for Rural Communities, CFDA No. 10.760.
8. The threshold for distinguishing types A and B programs was \$300,000.
9. Grant County was determined to be a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

2007-004(07-4) Purchasing (Other)

Condition – Of 209 expenditure transactions tested, we noted 2 instances where the purchase order was missing or not approved, 11 instances where the purchase order was dated after the invoice, 12 instances where the purchase order was either issued to a different vendor or does not match the invoice, and 28 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 utilizes procurement cards extensively. When credit cards are used, no purchase order is issued prior to the purchase being made. However, when the bill is paid, the accounting system requires the assignment of a purchase order before payment. Thus, deviations in the purchase order are created. In addition, 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 and approval of purchases prior to cash disbursement be emphasized. In addition, we recommend that the County restrict the use of procurement cards to necessary situations, and that absent such a situation, County personnel be required to follow the purchase order process.

Agency Response – Purchasing procedures are being reviewed, and the County intends to restrict procurement card usage. County personnel will emphasize the use of purchase orders, and supervisory personnel will be involved in changing the procurement process to comply with state law.

2007-003(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 2014 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 2014. 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 2014, 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. However, the accumulation of data from the new vendor will require the passage of time, allowing the new vendor to accumulate the data for each period since the vendor software was installed.

FINDINGS RELATED TO THE COMPONENT UNIT

2014-001 Journal Entry Review and Approval (Significant Deficiency)

Condition – During the audit, it was noted that 12 of 12 journal entries tested were not reviewed and authorized by someone other than the preparer.

Criteria – To help prevent error or fraud, all journal entries should be reviewed by someone other than the preparer.

Effect – Financial accounts may be misstated and/or not properly supported. Failure to implement effective processes and procedures could increase the risks of fraud, violations of appropriate laws and mismanagement of funds..

Cause – Policies and procedures are not properly followed to ensure the propriety or completeness of journal entries. Specifically, controls to ensure proper segregation of duties related to the preparation, approval, and posting of journal entries were not properly followed.

Recommendation – Develop and implement procedures that will strengthen controls over journal entry review and approval process to ensure that journal entries are reviewed and approved by someone other than the preparer, and ensure that support for all journal entries is properly filed and maintained.

Agency Response – The CFO has implemented a new month-end process to ensure that all journal entries are reviewed by someone other than the preparer. The CFO will review the existing documentation support practice for journal entries to identify opportunities to improve the processes.

2013-001(SA2013-001) Capital Asset Records (Other)

Condition – Issues were identified with balances related to capital assets. The ending accumulated depreciation balances in the trial balance did not agree to balances in the capital asset listing. Additionally, depreciation expense for the year in the trial balance did not agree to corresponding balance in the capital asset summary, as well as the capital asset listing. As a result, a \$167,900 audit adjustment (net impact of \$54,378) was needed to reconcile the ending accumulated depreciation balances and increase depreciation expense to align the general ledger to the capital asset detail.

Criteria – Internal accounting records should agree to the capital asset listing.

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 financial records agree to the capital asset listing. The new capital asset software will help improve these items and should be implemented as soon as practical.

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 2015.

2014-003 Segregation of Duties (Other)

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

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

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

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

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

Agency Response – The accounts payable personnel did have the access, but it was never used to create a new vendor. The access was granted to the staff due to a shortage of personnel in the accounting department. We will audit all of the other accounting related computer accesses in all areas and make other changes that are necessary to ensure that a clear segregation of duties is in place regarding who has access to each accounting function set up in the Meditech financial software modules. The Controller will be reviewing and approving all future requests to change computer access to any accounting-related software module to ensure that segregation of duties is maintained.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

2014-003 U.S. Department of Agriculture (Other)

Water and Waste Disposal Systems for Rural Communities, CFDA No. 10.760, Case No. 36-009, RD Loan FY 2010

Condition – The County has not segregated the reserves required to be established by the Letter of Conditions involving this loan.

Criteria – The Letter of Conditions requires that the following reserves be established from available County funds: An Operations and Maintenance reserve of \$15,325, a Short-Lived Assets reserve of \$45,000, and a new RD Debt Service Reserve of \$15,266. The Letter further requires a monthly transfer of \$127 into a debt service reserve until one annual installment on the loans is accumulated.

Effect – The County has violated the terms and conditions of the loan agreement. This could jeopardize the associated grant funding, and also jeopardize future funding from this agency.

Cause – The County was unaware that the aforementioned reserves were required to be established, and segregated from other available funds.

Recommendation – We recommend that the County establish the required reserves, and segregate them into identifiable funds.

Agency Response – The reserves will be established, and the required transfers will be made.

OTHER – FINANCIAL STATEMENT PREPARATION

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

EXIT CONFERENCE

The contents of this report were discussed in a closed meeting on November 6, 2014. Present at this exit conference were:

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
Brett Kasten	Commission Chairman	Grant County
Gabriel Ramos	Commissioner	Grant County
Steve Armendariz	Treasurer	Grant County
Charlene Webb	County Manager	Grant County
Linda Vasquez	Finance Director	Grant County
Mike Stone	Shareholder	Stone, McGee & Co., CPA's