

State of New Mexico

Sierra County
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S
REPORT THEREON

For The Fiscal Year Ended June 30, 2010

Sierra County
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 June 30, 2010

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Sierra County
Directory of Officials
June 30, 2010

Elected Officials

James Coslin

Chairman

Walter C. Armijo

Vice-Chairman

Alvin Campbell

Commissioner

Administrative Staff

Janet Porter-Carrejo

County Manager

Michelle Storm

Finance Director

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

RYAN MONTOYA, C.P.A.

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INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas, State Auditor
and
Board of Commissioners
Sierra County
Truth or Consequences, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the General Fund and major special revenue funds of Sierra County (County) as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the County's non-major governmental funds and the budgetary comparisons for the non-major special revenue funds, the capital projects fund, and the enterprise fund presented as other supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sierra County as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General, Road, and Hospital GRT funds for the year then ended in conformity 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 non-major governmental fund of Sierra County as of June 30, 2010, and the respective changes in financial position, where applicable, thereof and the

respective budgetary comparisons for the non-major special revenue funds, the capital projects fund, and the enterprise fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2010, on our consideration of Sierra County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Sierra County has not presented management's discussion and analysis that is required by accounting principles generally accepted in the United States of America to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements and on the combining, individual fund and budgetary comparisons statements presented as other supplementary information. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the County. In addition, the accompanying financial information listed as other supplemental data in the table of contents is also presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards and the other supplemental data have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Stone, McGee & Co CPA's

October 25, 2010

Stone, McGee & Co.
Certified Public Accountants

Sierra County
STATEMENT OF NET ASSETS
June 30, 2010

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current:			
Cash and investments	\$ 4,137,892	\$ -	\$ 4,137,892
Receivables, net	1,055,800	26,217	1,082,017
Due from other governments	201,366		201,366
Prepaid expenses	74,887		74,887
Total current assets	\$ 5,469,945	\$ 26,217	\$ 5,496,162
Noncurrent assets:			
Loan issue costs	\$ 11,785	\$ -	\$ 11,785
Capital assets, net	17,942,517	97,950	18,040,467
Total noncurrent assets	\$ 17,954,302	\$ 97,950	\$ 18,052,252
Total assets	\$ 23,424,247	\$ 124,167	\$ 23,548,414
LIABILITIES			
Current:			
Accounts payable	\$ 291,678	\$ 7,937	\$ 299,615
Accrued liabilities	141,689	3,080	144,769
Deferred revenue	946,810		946,810
Current maturities of long-term debt	453,089		453,089
Total current liabilities	\$ 1,833,266	\$ 11,017	\$ 1,844,283
Noncurrent:			
Estimated liability for landfill postclosure costs	\$ -	\$ 755,295	\$ 755,295
Notes payable	7,619,191		7,619,191
Compensated absences	121,967	4,760	126,727
Total noncurrent liabilities	\$ 7,741,158	\$ 760,055	\$ 8,501,213
Total liabilities	\$ 9,574,424	\$ 771,072	\$ 10,345,496

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

NET ASSETS	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Invested in capital assets, net of related debt	\$ 10,221,058	\$ 97,950	\$ 10,319,008
Restricted for:			
Capital projects	1,303		1,303
Other purposes	2,776,533		2,776,533
Unrestricted	<u>850,929</u>	<u>(744,855)</u>	<u>106,074</u>
 Total net assets	 <u>\$ 13,849,823</u>	 <u>\$ (646,905)</u>	 <u>\$ 13,202,918</u>

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

Sierra County
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental activities:			
General government	\$ 3,019,667	\$ 156,048	\$ 207,000
Public safety	3,203,589	130,959	1,352,699
Highways and streets	622,410	145	
Health and welfare	1,996,817	1,333	157,842
Culture-recreation	40,312		2,080
Unallocated interest expense	322,608		
Total governmental activities	<u>\$ 9,205,403</u>	<u>\$ 288,485</u>	<u>\$ 1,719,621</u>
Business-type activities:			
Landfill	<u>\$ 304,107</u>	<u>\$ 93,123</u>	<u>\$ -</u>
Total business-type activities	<u>\$ 304,107</u>	<u>\$ 93,123</u>	<u>\$ -</u>
Total government	<u><u>\$ 9,509,510</u></u>	<u><u>\$ 381,608</u></u>	<u><u>\$ 1,719,621</u></u>

General revenues:

Property taxes
Gross receipts taxes
Motor vehicle taxes
Gas taxes
Other taxes
Interest and penalties on property taxes
Interest and investment earnings
Miscellaneous
Loss on disposition of assets
Transfers

Total general revenues

Change in net assets

Net assets--beginning of year, as originally stated

Restatement (Note 16)

Net assets--beginning of year, as restated

Change in net assets

Net assets--end of year

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

Net (Expenses) Revenue
and Changes in Net Assets

Capital Grants and Contributions	Governmental Activities	Business -Type Activities	Total
\$ -	\$ (2,656,619)	\$ -	\$ (2,656,619)
	(1,719,931)		(1,719,931)
1,523,794	901,529		901,529
	(1,837,642)		(1,837,642)
	(38,232)		(38,232)
	(322,608)		(322,608)
<u>\$ 1,523,794</u>	<u>\$ (5,673,503)</u>	<u>\$ -</u>	<u>\$ (5,673,503)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (210,984)</u>	<u>\$ (210,984)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (210,984)</u>	<u>\$ (210,984)</u>
<u>\$ 1,523,794</u>	<u>\$ (5,673,503)</u>	<u>\$ (210,984)</u>	<u>\$ (5,884,487)</u>
	\$ 3,575,821	\$ -	\$ 3,575,821
	1,957,107	102,187	2,059,294
	275,404		275,404
	138,186		138,186
	1,678,323		1,678,323
	106,689		106,689
	26,026		26,026
	147,315	2,592	149,907
	(27,710)		(27,710)
	(62,622)	62,622	-
	<u>\$ 7,814,539</u>	<u>\$ 167,401</u>	<u>\$ 7,981,940</u>
	<u>\$ 2,141,036</u>	<u>\$ (43,583)</u>	<u>\$ 2,097,453</u>
	\$ 11,708,787	\$ (29,157)	\$ 11,679,630
	-	(574,165)	(574,165)
	\$ 11,708,787	\$ (603,322)	\$ 11,105,465
	<u>2,141,036</u>	<u>(43,583)</u>	<u>2,097,453</u>
	<u>\$ 13,849,823</u>	<u>\$ (646,905)</u>	<u>\$ 13,202,918</u>

Sierra County
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	General Fund	Road Fund	Hospital GRT
Assets			
Cash and investments	\$ 1,148,964	\$ 700,443	\$ 405,240
Taxes receivable	611,012	50,297	208,536
Interfund receivable	183,974		
Interest receivable	6,443		
Due from other governments	141,089		
Prepaid expenses	74,887		
 Total assets	 \$ 2,166,369	 \$ 750,740	 \$ 613,776
Liabilities and Fund Balance			
Accounts payable	\$ 178,348	\$ 7,705	\$ 3,151
Accrued expenses	83,479	10,957	
Interfund payable		26,152	
Deferred revenue	1,262,865		93,575
 Total liabilities	 \$ 1,524,692	 \$ 44,814	 \$ 96,726
 Fund balances:			
Reserved for capital projects	\$ -	\$ -	\$ -
Unreserved, reported in:			
General fund	641,677		
Special revenue funds		705,926	517,050
 Total fund balance	 \$ 641,677	 \$ 705,926	 \$ 517,050
 Total liabilities and fund balance	 \$ 2,166,369	 \$ 750,740	 \$ 613,776

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

Other Funds	Total Governmental Funds
\$ 1,883,245	\$ 4,137,892
179,458	1,049,303
	183,974
54	6,497
60,277	201,366
	74,887
<u>\$ 2,123,034</u>	<u>\$ 5,653,919</u>
\$ 102,474	\$ 291,678
	94,436
157,822	183,974
<u>194,485</u>	<u>1,550,925</u>
<u>\$ 454,781</u>	<u>\$ 2,121,013</u>
\$ 1,303	\$ 1,303
	641,677
<u>1,666,950</u>	<u>2,889,926</u>
<u>\$ 1,668,253</u>	<u>\$ 3,532,906</u>
<u>\$ 2,123,034</u>	<u>\$ 5,653,919</u>

Sierra County
**RECONCILIATION OF TOTAL GOVERNMENTAL
 FUND BALANCE TO NET ASSETS OF
 GOVERNMENTAL ACTIVITIES**

Total governmental fund balances	\$	3,532,906
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		17,942,517
Loan issue costs are other financing uses in the fund statements, but are capitalized and amortized over the life of the loan in the Statement of Net Assets		11,785
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		549,115
Intergovernmental grants subject to the 60 day availability period		55,000
Long-term liabilities are not reported in the funds:		
Notes payable		(8,072,280)
Accrued interest payable		(47,253)
Compensated absences		(121,967)
		(121,967)
<i>Net assets of governmental activities</i>	\$	13,849,823

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

Sierra County
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2010

	General Fund	Road Fund	Hospital GRT
Revenues:			
Property Taxes	\$ 2,759,184	\$ -	\$ 506,356
Gross Receipts Tax	1,036,598		520,879
MVD tax	130,764	144,640	
Gas tax		138,186	
Other taxes	326		
Intergovernmental	2,483,377	952,086	
Charges for services	162,900		
Licenses and permits	3,818		
Miscellaneous	61,650	22,432	4,362
Total revenues	\$ 6,638,617	\$ 1,257,344	\$ 1,031,597
Expenditures:			
Current:			
General government	\$ 2,447,039	\$ -	\$ -
Public safety	1,583,046		
Highways and streets	18,156	513,672	
Health and welfare	73,270		825,472
Culture-recreation	30,696		
Capital outlay	925,253	601,608	
Debt service:			
Principal	147,015	71,739	112,982
Interest	186,658	39,112	55,991
Total expenditures	\$ 5,411,133	\$ 1,226,131	\$ 994,445
Revenues over (under) expenditures	\$ 1,227,484	\$ 31,213	\$ 37,152
Other financing sources (uses):			
Transfer in		9,284	
Transfer out	(336,843)		
Loan proceeds		421,852	
Net change in fund balance	\$ 890,641	\$ 462,349	\$ 37,152
Fund balance July 1, 2009	\$ (248,964)	\$ 243,577	\$ 479,898
Fund balance June 30, 2010	\$ 641,677	\$ 705,926	\$ 517,050

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

Other Funds	Total Governmental Funds
\$ 388,026	\$ 3,653,566
399,630	1,957,107
	275,404
	138,186
4,604	4,930
1,556,925	4,992,388
121,767	284,667
	3,818
84,897	173,341
<u>\$ 2,555,849</u>	<u>\$ 11,483,407</u>
\$ 108,478	\$ 2,555,517
1,139,303	2,722,349
	531,828
800,982	1,699,724
3,618	34,314
1,082,545	2,609,406
73,248	404,984
47,305	329,066
<u>\$ 3,255,479</u>	<u>10,887,188</u>
\$ (699,630)	\$ 596,219
264,937	274,221
	(336,843)
	421,852
<u>\$ (434,693)</u>	<u>\$ 955,449</u>
\$ 2,102,946	\$ 2,577,457
<u>\$ 1,668,253</u>	<u>\$ 3,532,906</u>

Sierra County
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND TO THE
 STATEMENT OF ACTIVITIES**

Net change in fund balances-total governmental funds \$ 955,449

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

Governmental funds report capital outlay as expenditures. However, in the
 Statement of Activities, the cost of those assets is allocated over their
 estimated lives as depreciation expense.

Capital outlay	2,609,406
Depreciation expense	(1,318,561)

Revenues in the Statement of Activities that do not provide current financial
 resources are not reported as revenues in the funds. This is the net
 change for the year.

Property taxes subject to the 60 day availability period	28,944
Intergovernmental grants subject to the 60 day availability period	(75,580)

Bond and loan proceeds are reported as financing sources in the funds, In the Statement
 of Activities, however, issuing debt increased long term liabilities (421,852)

Repayment of debt is an expenditure in the governmental funds, but the
 repayment reduces long-term liabilities in the Statement of Net Assets.
 Notes payable 404,984

Loan issue costs are other financing uses in the fund statements, but are capitalized
 and amortized over the life of the loan in the Statement of Net Assets (592)

Governmental funds only report the disposal of assets to the extent proceeds
 are received from the sale. In the Statement of Activities, a gain or loss is
 reported for each disposal. This is the loss on the dispositions. (27,710)

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 during the year. 7,050

Some expenses 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 the funds. This is the net change during
 the year. (20,502)

Change in Net Assets of Governmental Activities \$ 2,141,036

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

Sierra County
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Property taxes	\$ 2,684,573	\$ 2,684,573	\$ 2,722,332	\$ 37,759
Taxes GRT	909,705	909,705	622,869	(286,836)
MVD taxes	130,000	130,000	132,214	2,214
Cigarette tax	5,000	5,000	231	(4,769)
Licenses and permits	5,000	5,000	3,818	(1,182)
Intergovernmental	4,916,219	4,769,406	1,602,128	(3,167,278)
Charges for services	197,894	197,894	180,275	(17,619)
Miscellaneous	186,505	186,505	39,593	(146,912)
	<u>\$ 9,034,896</u>	<u>\$ 8,888,083</u>	<u>\$ 5,303,460</u>	<u>\$ (3,584,623)</u>
Expenditures:				
Current:				
General government	\$ 2,756,679	\$ 2,786,047	\$ 2,387,259	\$ 398,788
Public safety	1,867,300	1,868,434	1,593,118	275,316
Health and welfare	84,104	84,104	78,046	6,058
Public works	5,000	5,000	3,305	1,695
Culture - recreation	66,900	66,900	30,696	36,204
Capital outlay	4,044,317	3,867,002	909,266	2,957,736
	<u>\$ 8,824,300</u>	<u>\$ 8,677,487</u>	<u>\$ 5,001,690</u>	<u>\$ 3,675,797</u>
Revenues over (under) expenditures	\$ 210,596	\$ 210,596	\$ 301,770	\$ 91,174
Other financing sources (uses):				
Transfers in				-
Transfers out	(90,782)	(90,782)	(466,812)	(376,030)
Loan proceeds	195,000	195,000	205,470	10,470
	<u>\$ 314,814</u>	<u>\$ 314,814</u>	<u>\$ 40,428</u>	<u>\$ (274,386)</u>
Net change in fund balance after other financing sources (uses)	\$ 314,814	\$ 314,814	\$ 40,428	\$ (274,386)
Fund balance July 1, 2009	<u>898,301</u>	<u>898,301</u>	<u>898,301</u>	<u>-</u>
Fund balance June 30, 2010	<u>\$ 1,213,115</u>	<u>\$ 1,213,115</u>	<u>\$ 938,729</u>	<u>\$ (274,386)</u>

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

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Gas tax	\$ 160,000	\$ 160,000	\$ 135,342	\$ (24,658)
MVD tax	162,000	162,000	147,444	(14,556)
Intergovernmental	719,503	719,503	952,086	232,583
Charges for services				-
Miscellaneous	12,950	12,950	22,432	9,482
Total revenues	\$ 1,054,453	\$ 1,054,453	\$ 1,257,304	\$ 202,851
Expenditures:				
Current:				
Highways and streets	\$ 738,887	\$ 738,887	\$ 636,335	\$ 102,552
Capital outlay	590,486	572,905	381,869	191,036
Total expenditures	\$ 1,329,373	\$ 1,311,792	\$ 1,018,204	\$ 293,588
Revenues over (under) expenditures	\$ (274,920)	\$ (257,339)	\$ 239,100	\$ 496,439
Other financing sources (uses):				
Transfers in			9,284	9,284
Transfers out	(115,475)	(115,475)		115,475
Net change in fund balance after other financing sources (uses)	\$ (390,395)	\$ (372,814)	\$ 248,384	\$ 621,198
Fund balance July 1, 2009	452,059	452,059	452,059	-
Fund balance June 30, 2010	<u>\$ 61,664</u>	<u>\$ 79,245</u>	<u>\$ 700,443</u>	<u>\$ 621,198</u>

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

Sierra County
HOSPITAL GROSS RECEIPTS TAX FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Property taxes	\$ 447,823	\$ 447,823	\$ 502,852	\$ 55,029
Taxes GRT	250,000	359,550	319,092	(40,458)
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>\$ 697,823</u>	<u>\$ 807,373</u>	<u>\$ 821,944</u>	<u>\$ 14,571</u>
Expenditures:				
Current:				
Health and welfare	\$ 937,702	\$ 1,047,252	\$ 995,691	\$ 51,561
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 937,702</u>	<u>\$ 1,047,252</u>	<u>\$ 995,691</u>	<u>\$ 51,561</u>
Revenues over (under) expenditures	\$ (239,879)	\$ (239,879)	\$ (173,747)	\$ 66,132
Other financing sources (uses):				
Loan proceeds	<u>173,804</u>	<u>173,804</u>	<u>173,804</u>	<u>-</u>
Net change in fund balance after other financing sources (uses)	\$ (66,075)	\$ (66,075)	\$ 57	66,132
Fund balance July 1, 2009	<u>66,075</u>	<u>66,075</u>	<u>66,075</u>	<u>-</u>
Fund balance June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,132</u>	<u>\$ 66,132</u>

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

Sierra County
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2010

Assets	<u>Landfill</u>
Current:	
Cash	\$ -
Accounts receivable	2,576
Taxes receivable	<u>23,641</u>
Total current assets	<u>\$ 26,217</u>
Noncurrent:	
Property, plant and equipment	\$ 342,634
Less accumulated depreciation	<u>(244,684)</u>
Net capital assets	<u>\$ 97,950</u>
Total assets	<u>\$ 124,167</u>
 Liabilities	
Current:	
Accounts payable	\$ 7,937
Accrued expenses	<u>3,080</u>
Total current liabilities	<u>\$ 11,017</u>
Noncurrent:	
Estimated liability for landfill postclosure costs	\$ 755,295
Compensated absences	<u>4,760</u>
Total non-current liabilities	<u>\$ 760,055</u>
Total liabilities	<u>\$ 771,072</u>
 Net Assets	
Invested in capital assets	\$ 97,950
Unrestricted	<u>(744,855)</u>
Total net assets	<u><u>\$ (646,905)</u></u>

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

Sierra County
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2010

	Landfill
Operating revenues:	
Charges for services	93,123
Total operating revenues	\$ 93,123
Operating expenses:	
Personnel	\$ 114,211
Operating	174,617
Depreciation	15,279
Total operating expenses	\$ 304,107
Operating income (loss)	\$ (210,984)
Non-operating revenue (expense):	
Taxes GRT	\$ 102,187
Miscellaneous	2,592
Total nonoperating revenue (expense)	\$ 104,779
Income (loss) before transfers	\$ (106,205)
Other:	
Transfer in	62,622
Transfer out	-
Change in net assets	\$ (43,583)
Net assets, beginning of year, as originally stated	\$ (29,157)
Restatement (Note 16)	(574,165)
Net assets, beginning of year, as restated	\$ (603,322)
Change in net assets	(43,583)
Net assets, end of year	\$ (646,905)

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

Sierra County
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2010

	Landfill
Cash flows from operating activities:	
Receipts from customers	\$ 96,222
Payments to suppliers	(136,302)
Payments to employees	(112,232)
	<u>\$ (152,312)</u>
Cash flows from noncapital financing activities:	
Dedicated gross receipts	\$ 87,098
Miscellaneous revenues	2,592
Transfers from other funds	62,622
	<u>\$ 152,312</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	\$ -
Net increase (decrease) in cash	\$ -
Cash, beginning of year	-
Cash, end of year	\$ -
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (210,984)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	15,279
Changes in assets and liabilities:	
Accounts receivable	3,099
Accounts payable	3,185
Compensated absences payable	1,986
Estimated landfill closure costs	35,130
Accrued expenses	(7)
Net cash provided (used) by operating activities	<u>\$ (152,312)</u>

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

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

Assets

Cash and investments	\$ 129,327
Receivables	<u>688,631</u>
Total assets	<u><u>\$ 817,958</u></u>

Liabilities

Due to others	<u>\$ 817,958</u>
Total liabilities	<u><u>\$ 817,958</u></u>

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

Sierra County
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 1 Summary of Significant Accounting Policies

A. GENERAL

The County of Sierra, a political subdivision of the State of New Mexico, operates under the commissioner-manager form of government. The County provides the following authorized services: public safety, highways and streets, sanitation, health and welfare, social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The County complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement No.'s 20 and 34 provide the County the option of electing to apply FASB pronouncements issued after November 30, 1989. The County has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note. For the fiscal year ended June 30, 2004, the County implemented the new financial reporting requirements of GASB Statement No. 34. As a result, an entirely new financial presentation format has been implemented.

B. FINANCIAL REPORTING ENTITY

The County's basic financial statements include the accounts of all County operations. The criteria for include 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 no component units.

C. BASIS OF PRESENTATION

Governmental-wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the County and 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 or business segment 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 and proprietary 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 of type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 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 accounts for the accumulation of financial resources 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 principal and interest on the County's general obligation bonds.

Proprietary Fund

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Fiduciary Funds (Note 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 four 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 area 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.

Prisoners Fund – to account for the deposits and expenditures from prisoners' private funds, used to buy personal items at the commissary.

Cell Phone Zoning – to account for the deposits required on cell phone towers, to be used for repairs.

Spaceport – to account for gross receipts taxes collected and remitted to the Spaceport authority.

Major Funds

These funds classified as major are as follows:

General – accounts for all activities except those accounted for in other funds.

Road Fund – accounts for the activities associated with the maintenance of County roads and is a Special Revenue Fund. Authority for the Fund is Department of Finance and Administration Regulations.

Hospital GRT – accounts for funds provided by New Mexico Emergency County Hospital gross receipts tax. The Authority is a local ordinance to assess gross receipts tax, and is a Special Revenue Fund.

Proprietary:

Landfill – accounts for activities associated with refuse disposal, including the operation of a landfill.

Non-major Funds

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

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like 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 as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and 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 proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net assets.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

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

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

All proprietary funds and 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, Capital Projects, and Enterprise Funds are prepared by management and approved by the local council and the New Mexico Department of Finance and Administration.

These budgets are prepared on the NON-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

Actual expenditures may not exceed the budget on a by fund basis. Budgets may be amended in two ways. If a budget transfer is necessary within a fund, this may be accomplished with only local Commission approval. If a transfer between “funds” or a budget increase is required, approval must also be obtained from the Department of Finance and Administration.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

F. CASH AND INVESTMENTS

For the purpose of the Statement of Net Assets, “cash and investments’ includes all demand, savings accounts, and certificates of deposits of the County. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of six months or less.

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 Treasurer’s 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. INTERFUND RECEIVABLES AND PAYABLES

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

H. RECEIVABLES

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and periodic aging of accounts receivable. Major receivable balances for the governmental activities include gross receipts and use taxes, franchise taxes, and grants. Business-type activities report utilities and interest earnings as their major receivables.

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 investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

I. CAPITAL ASSETS

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary 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.

The County has retroactively reported all infrastructure assets. The County has always maintained a capitalization policy which included infrastructure assets.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over 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. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements. Assets acquired with an original cost of \$5,000 or more are capitalized. Construction period interest is capitalized in proprietary funds.

J. LONG-TERM DEBT

The accounting treatment of long-term debt depends on whether the assets acquired with the debt are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type 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 principle and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

K. COMPENSATED ABSENCES

The County's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

L. EQUITY CLASSIFICATIONS

Government-wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

Equity is classified as fund balance and displayed in two components.

- a. Reserved – Consists of governmental fund balances that are not appropriable, legally segregated for specific usage, or commitments to outside third parties.
- b. Unreserved – Consists of designations of amounts representing tentative management plans for governmental fund balances, but subject to change (Designated), and undesignated, for which no restrictions or designations exist.

M. REVENUES, EXPENDITURES, AND EXPENSES

Gross Receipts Tax

The County levies a gross receipts tax on taxable gross receipts within the County. The rate includes both County and State assessments. The tax is collected by the New Mexico Taxation and Revenue Department and remitted to the County in the month following receipt by the Department. The Department receives the tax one month after collection by vendors. Included in this tax is amounts dedicated to intercept agreements, and those dedicated amounts are recorded directly in those funds.

Gross receipts tax collected by the State in June and July (which represent May and June transactions) and received by the County in July and August have been accrued and are included under the caption "Taxes Receivable".

Property Tax

Property taxes attach as an enforceable lien on property as of January 1. Property tax rates for the year are set no later than September 1 each year by the Secretary of Finance and Administration. The rates of tax are then used by County Assessors to develop the property tax schedule by October 1. Taxes are payable in equal semiannual installments by November 10 and April 10 of the subsequent year and become delinquent 30 days later. Taxes are collected on behalf of the County by the County Treasurer, and are remitted to the County in the month following collection. Because the Treasurer of the County in which the county is located is statutorily required to collect taxes as an intermediary agency for all forms of government, distribution of taxes are made through the applicable county to the County.

The County is permitted to levy taxes for general operating purposes based on a state formula, per \$1,000 of taxable value for both residential and nonresidential property, taxable value being defined as one third of the fully assessed value. In addition, the County is allowed to levy taxes for payments of bond principal and interest in amounts approved by voters of the County. The County's total tax rate to finance general government services for the year ended June 30, 2010 was \$11.123 per \$1,000 for non-residential property and \$11.123 for residential property. The County's tax rate for debt service was \$.00 per \$1,000 for both residential and nonresidential property.

Property tax receivables are recognized net of estimated refunds and uncollectible amounts in the period for which the taxes are levied, even if they are not available. Property taxes not collected within 60 days of year-end are reported as deferred revenue in the fund statements.

Operating Revenues and Expenses

Operating revenue of governmental funds includes fees to users and license fees. Operating grants include operating-specific and discretionary grants while capital grants reflect capital-specific appropriations.

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Fund – By Character: Current (further classified by function)
Debt Service
Capital Outlay
Proprietary Fund – By Operating and Non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

The County first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The County does not allocate indirect costs.

N. INTER-FUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity are classified as inter-fund transfers. For the purposes of the Statement of Activities, all inter-fund transfers between individual governmental funds have been eliminated.

O. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 Custodial Credit Risk

Custodial credit risk is the risk in the event of a bank failure the Governments deposits may not be returned to it. The County does not have a deposit policy for credit risk beyond that disclosed in Note 1. As of June 30, 2010, \$784,519 of the County's bank balance of \$3,319,797 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized		<u>\$ 784,519</u>
	<u>Bank Balance</u>	<u>Carrying Amount</u>
Deposits by custodial risk category:		
Insured	\$ 751,608	\$ 751,608
Collateral held by the pledging bank's agent in the County's name	1,783,670	1,783,670
Uninsured and uncollateralized	<u>784,519</u>	<u>376,903</u>
	<u>\$ 3,319,797</u>	<u>\$ 2,912,181</u>

The County does not have a risk policy beyond that required by State Statute.

The cash on deposit with NMFA and the Bank of Albuquerque, is, in effect, loan proceeds or payments made by the County but not yet disbursed. Such deposits are subject to the collateral requirements of NMFA. Such deposits total \$1,148,141.

Note 3 Investments

As of June 30, 2010, the County had the following investments:

Investment Type

GNMA Pools	\$ 193,448
U.S. Government Money Market	<u>14,273</u>
	<u>\$ 207,721</u>

Interest Rate Risk – The County invests solely in pools holding government-backed securities, and is not subject to interest rate risk.

Credit Risk – The County invests only in direct obligations of the United States, or securities backed by the United States, and is not subject to credit risk.

Concentration of Credit Risk – The County places no limits on the amount it may invest in any one issuer. The County currently has 100% invested in GNMA Securities and the U.S. Government Money Market.

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

Note 4 Receivables

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Accounts receivable:		
Services (net)	\$ -0-	\$ 2,576
Property taxes	\$ 629,810	\$
Gross receipts tax	346,874	23,641
Motor Vehicle Taxes	45,255	
Gas Tax	26,866	
Cigarette tax	143	
Lodgers Tax	<u>355</u>	
Total taxes receivable	<u>\$1,049,303</u>	<u>\$ 23,641</u>
Interest receivable	<u>\$ 6,497</u>	<u>\$ -0-</u>
Total	<u>\$1,055,800</u>	<u>\$ 26,217</u>

The County believes all receivables are collectible, therefore, no allowance for doubtful accounts has been established.

Note 5 Capital Assets

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

	<u>Balance July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2010</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 1,015,370	\$	\$	\$ 1,015,370
Construction in progress	<u>5,801,469</u>	<u>1,248,224</u>	<u>321,435</u>	<u>6,728,258</u>
Total capital assets not being depreciated	<u>\$ 6,816,839</u>	<u>\$ 1,248,224</u>	<u>\$ 321,435</u>	<u>\$ 7,743,628</u>
Capital assets being depreciated:				
Road network, levies and bridges	\$ 17,441,265	\$ 179,756	\$	\$17,621,021
Buildings and improvements	7,999,190	321,435		8,320,625
Equipment/vehicles/machinery	<u>5,141,748</u>	<u>1,181,426</u>	<u>359,586</u>	<u>5,963,588</u>
Total capital assets being				

depreciated	<u>\$30,582,203</u>	<u>\$ 1,682,617</u>	<u>\$ 359,586</u>	<u>\$31,905,234</u>
Less accumulated depreciation for:				
Road network/levies/bridges	\$11,660,731	\$ 620,001	\$	\$12,280,732
Buildings and improvements	5,495,585	227,586		5,723,171
Equipment/vehicles/machinery	<u>3,339,344</u>	<u>470,974</u>	<u>107,876</u>	<u>3,702,442</u>
Total accumulated depreciation	<u>\$20,495,660</u>	<u>\$ 1,318,561</u>	<u>\$ 107,876</u>	<u>\$21,706,345</u>
Total capital assets being depreciated, net	<u>\$10,086,543</u>	<u>\$ 364,056</u>	<u>\$ 251,710</u>	<u>\$10,198,889</u>
Governmental activity, capital assets, net	<u>\$16,703,382</u>	<u>\$ 1,612,280</u>	<u>\$ 573,145</u>	<u>\$17,942,517</u>

Other business-type activity programs:

	<u>Balance July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2010</u>
Capital assets not being depreciated:				
Land and land improvements	<u>\$ 3,975</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 3,975</u>
Total capital assets not being depreciated	<u>\$ 3,975</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 3,975</u>
Capital assets being depreciated:				
Equipment/vehicles/machinery	<u>\$ 338,659</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 338,659</u>
Total capital assets being depreciated	<u>\$ 229,405</u>	<u>\$ 15,279</u>	<u>\$ -0-</u>	<u>\$ 244,684</u>
Less accumulated depreciation:				
Equipment/vehicles/machinery	<u>\$ 229,405</u>	<u>\$ 15,279</u>	<u>\$ -0-</u>	<u>\$ 244,684</u>
Total accumulated depreciation	<u>\$ 229,405</u>	<u>\$ 15,279</u>	<u>\$ -0-</u>	<u>\$ 244,684</u>
Total capital assets being depreciated, net	<u>\$ 109,254</u>	<u>\$ 15,279</u>	<u>\$ -0-</u>	<u>\$ 93,975</u>
Other business-type activity Programs capital assets, net	<u>\$ 113,229</u>	<u>\$ 15,279</u>	<u>\$ -0-</u>	<u>\$ 97,950</u>

Depreciation was charged to the Governmental Activities as follows:

General Government	\$ 446,676
Public Safety	475,836
Highways and Streets	92,958
Health and welfare	297,093
Culture-recreation	<u>5,998</u>
	<u>\$1,318,561</u>

Note 6 Landfill Post-closure Costs

State and Federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

Estimated closure and post-closure costs	<u>\$ 772,860</u>
Landfill capacity utilized	98%
Closure costs recognized to date	\$ 755,295
Cost incurred to date	<u>-0-</u>
Remaining post-closure liability	<u>\$ 755,295</u>

The County is currently seeking approval of an expansion of the landfill, which would include the acquisition of land owned by the Bureau of Land Management. The landfill capacity utilized has been estimated without the planned expansion.

Note 7 Accrued Expenses

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

	<u>Governmental</u> <u>Activities</u>	<u>Business</u> <u>Type</u> <u>Activities</u>
Accruals payroll and benefits	\$ 94,436	\$ 3,080
Accrue interest payable	<u>47,253</u>	<u> </u>
	<u>\$ 141,689</u>	<u>\$ 3,080</u>

Note 8 Long-Term Debt

Changes in governmental funds long-term debt is as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Due</u>
	<u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2010</u>	<u>Within</u>
					<u>One Year</u>
Notes payable	<u>\$8,279,412</u>	<u>\$ 421,852</u>	<u>\$ (628,984)</u>	<u>\$8,072,280</u>	<u>\$ 453,089</u>

The County of Sierra has entered into several financing agreements to purchase equipment. The terms of the financing agreements contain interest rates ranging from .90% to 8.35%. The repayment of principal ranges from monthly payments to annual payments with various due dates depending on the financing agreement terms and conditions. These financing arrangements pledge various State grants, such as Fire Protection Funds, and Gross Receipts taxes for payment of the loans.

On September 3, 1997, the County of Sierra entered into a loan agreement with New Mexico Finance Authority to borrow \$2,102,394, for the County's percentage, to purchase and renovate the Sierra Vista Hospital. Under the loan agreement, the County has pledged portions of its one-fourth (1/4) of one percent (1%) hospital emergency gross receipts tax imposed under the County Local Option Gross Receipts Taxes Act as authorized by Section 7-20E-12.1, NMSA 1978 and County Ordinance 97-005. The tax collections will be intercepted by the Department of Taxation and Revenue and forwarded monthly to the New Mexico Finance Authority for payment of this loan. Should the gross receipts tax collected be insufficient to meet the loan obligation as established, the loan payment will be reduced for that month. The loan terms and conditions call for interest rates ranging from 4.05% to 5.50% and are amortized over twenty (20) years.

The ordinance requires that a reserve of \$155,090 be established and maintained.

	<u>Required</u>	<u>Balance in</u>
	<u>Amount</u>	<u>Account</u>
At June 30, 2010	<u>\$ 155,090</u>	<u>\$ 339,107</u>

The annual principal payment requirements for notes outstanding as of June 30, 2010, in the general long-term account group, are summarized as follows:

	<u>Principal</u>	<u>Interest</u>
	<u>Payment</u>	<u>Payment</u>
2011	\$ 453,089	\$ 311,821
2012	424,083	294,698
2013	440,749	278,577

2014	739,677	253,633
2015	644,480	222,093
2016-2020	1,621,436	886,232
2021-2025	1,487,575	620,528
2026-2030	1,602,513	327,128
2031-2035	<u>658,678</u>	<u>39,229</u>
	<u>\$8,072,280</u>	<u>\$3,233,939</u>

Compensated absences in governmental funds were as follows:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Due in</u> <u>One Year</u>
Compensated absences	\$ <u>101,465</u>	\$ <u>150,023</u>	\$ <u>(129,521)</u>	\$ <u>121,967</u>	\$ <u>-0-</u>

Changes in Proprietary Funds Long-Term Debt were as follows during the year ended June 30, 2010:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Due in</u> <u>One Year</u>
Compensated absences	\$ <u>2,774</u>	\$ <u>6,600</u>	\$ <u>(4,614)</u>	\$ <u>4,760</u>	\$ <u>-0-</u>

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 9 Pension Plan – Public Employees Retirement Association

Plan Description

Substantially all of the Sierra 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 12.35%, 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. Sierra County is required to contribute 9.15% to 18.5% of the gross covered salary. The contribution requirements of plan members and the County of Sierra 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 Sierra's contributions to PERA for the fiscal years ending June 30, 2010, 2009, and 2008 were \$269,233, \$224,077, and \$219,198 respectively, which equal the amount of the required contributions for each fiscal year.

Note 10 Retiree Health Care Act Contributions

The County does not participate in the Retiree Health Care Act.

Note 11 Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

Note 12 Subsequent Events

The County has contracts and grant awards for construction projects in various stages of completion. Such contracts, funded principally by federal and state agencies, constitute future commitments.

Note 13 Risk Management

The County is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has joined together with other agencies in the State and obtained insurance through the New Mexico Self Insurers Fund, a public risk pool currently operating as a common risk management and insurance program for local governments. The County pays an annual premium to New Mexico Self Insurers Fund for its general insurance coverage.

Note 14 Budgetary Reconciliations

The Statements of Revenues, Expenditures and Changes in Fund Balance Budget (NON-GAAP Budgetary Basis) and Actual present comparisons of legally adopted budgets with actual data on a budgetary basis. Since accounting principles applied for purposes of

developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of changes in fund balance for the General and Major Special Revenue Funds for the year ended June 30, 2010 is as follows:

	<u>Hospital GRT</u>	<u>General</u>	<u>Road Fund</u>
Changes in fund balance (GAAP Basis)	\$ 37,152	\$ 890,641	\$ 462,349
Revenue accruals	(209,653)	(1,335,157)	(40)
Expenditure accruals	(1,246)	409,443	207,927
Net change in other financing sources	<u>173,804</u>	<u>75,501</u>	<u>(421,852)</u>
Changes in fund balance (NON-GAAP) Budgetary Basis	<u>\$ 57</u>	<u>\$ 40,428</u>	<u>\$ 248,384</u>

Note 15 Fund Balance Deficits

The County had fund balance deficits in the following funds:

Landfill (\$646,905), E-911 (\$85,812), Med Net EMS (\$45,429), Juvenile Probation (\$4,472), Corrections (\$32,785), and Disaster Assistance, (\$9,277)). These deficits are caused by the accrual of accounts payable, and the modified accrual basis limitation of 60 days on the accrual of revenue. As revenue is received and liabilities liquidated, the deficit fund balance will be reduced.

Note 16 Restatement of Net Assets

Prior to July 1, 2009, the County had not updated its Landfill closure and post-closure plan.

During the year ended June 30, 2010, the County updated its closure plan. This resulted in a charge to net assets in the Landfill Fund of \$574,165 to recognize prior year closure costs which had not been accrued.

Prior year net assets have been restated to show the effects of the change, where necessary.

Note 17 Inter-fund Activity

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

<u>Inter-Fund Receivable</u>	<u>Inter-Fund Payable</u>		
	<u>Road Fund</u>	<u>Other Funds</u>	<u>Total</u>
General Fund	\$ <u>26,152</u>	\$ <u>157,822</u>	\$ <u>183,974</u>

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

Inter-fund transfers were as follows during the year ended June 30, 2010:

<u>Transfers To</u>	<u>Transfers From</u>		
	<u>General</u>	<u>Other Funds</u>	<u>Total</u>
Road Fund	\$ 9,284	\$	\$ 9,284
Other Funds	264,937		264,937
Proprietary Fund	<u>62,622</u>		<u>62,622</u>
	<u>\$ 336,843</u>	<u>\$ -0-</u>	<u>\$ 336,843</u>

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

Note 18 Restricted Net Assets

Net assets restricted for other purposes consist of special revenue fund balances which are restricted by legislation to specific purposes. The restricting legislation is listed in the fund descriptions appearing at the beginning of Other Supplementary Information. Major restrictions are as follows:

Road Fund	\$ 705,926
Hospital GRT Fund	517,050
County Indigent Fund	359,637
Rural Fire Departments	1,147,037
Other	<u>46,883</u>
	<u>\$ 2,776,533</u>

The County reports \$2,777,836 in restricted assets, of which \$2,729,650 is restricted by enabling legislation.

SIERRA COUNTY

Special Revenue Funds

Farm and Range Fund – to account for the operations of farm and range activities, including soil and water conservation, rodent and predatory animal control, poisonous and noxious weed control, and livestock parasite control. Financing is primarily from state-shared revenues through the Taylor Grazing Act. Authority is NMSA 6-11-6.

Recreation Fund – 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 to create this fund was given by New Mexico Statute 7-12-15.

County Indigent Fund – to account for expenditures incurred in providing services for the care of indigent. Financing is provided by the County's share of gross receipts tax and may be used for that purpose. Authority NMSA 24-10A-1.

Treasurers Fee – to account for the fees collected by the County Treasurer to be used exclusively for the purchase of capital assets for the Treasurer's Office, as authorized by commission action and New Mexico Statutes.

Hospital GRT – to account for funds provided by New Mexico Emergency County Hospital gross receipts tax. The Authority is a local ordinance to assess the gross receipts tax.

Enhanced 911 Addressing Grant Fund – to account for funds provided by the State of New Mexico under the Enhanced 911 Act (NMSA 1978 Sections 63-9D-1). To be used to improve the physical addressing and provide faster responses in case of emergency.

County Reappraisal Fund – to account for the operations of a fund to help with reappraisal of County property to ensure valuation reflects current fair market value. Financing is provided by retainage of 1% of tax collections. Authority NMSA 7-38-38-1.

Lodgers' Tax – to account for collections of a lodgers' tax, the proceeds of which are used for advertisement of local attractions. Authority NMSA 3-38-13 to 3-38-24.

Mednet Emergency Medical Services – to account for revenues, grants received, and expenditures incurred in providing emergency medical services to County residents. Sources of funds are the State of New Mexico Health and Environment Department, Emergency Medical Services Bureau. Authority is NMSA 24-10A-1 to 24-10A-10.

Law Enforcement Protection – to account for the operations of a grant from the State of New Mexico through Law Enforcement Protection Fund Act for the purpose of maintenance and improvement of law enforcement equipment, and may be used only for that purpose. Authority is NMSA 23-13-1.

Correction Fees – to account for fees assessed for the housing of prisoners and is used for maintenance of the County jail.

Juvenile Probation – to account for the resources to be utilized to enhance juvenile probation. Authority is the County Commission.

Maternal Child Health Grant – to account for funds provided by the New Mexico Department of Health for maternal child health care. Authority Chapter 24, Article 1B, Section 7 NMSA 1978 and Section 9-7-6E, NMSA 1978.

Clerk Equipment Fee Fund – to account for fees collected by the County Clerk to be used exclusively for the purchase of capital assets for the Clerk’s Office, as authorized by the New Mexico State Statutes (NMSA 14-8-12.2B).

Flood Damage – to account for taxes levied on property in Sierra County to establish the Office of County Flood Commissioner as authorized in Section 4-50-1 NMSA 1978 and County Resolution 88-069.

Fire Departures - to account for grants received and expenditures incurred in providing fire protection to residents. Financing is provided from the County’s share of fire allotment issued by the State Fire Marshall under NMSA 59-53-1. Such revenue provides for payment of all current operating costs and may be used only for that purpose. Expenditures related to emergency medical services, funded in part by state grants under the Authority of NMSA 24-10A-1 to 24-10A-10 are accounted for in the individual fire funds.

Section 12-10-5 Local Civil Emergency Preparedness (Disaster Assistance) – The governing bodies of political subdivisions of the State are responsible for the civil emergency preparedness of their respective jurisdictions. Each political subdivision is authorized to establish, by ordinance or resolution, a local office of civil emergency preparedness as an agency of the local government, and responsible to the governing body, in accordance with the state civil emergency preparedness plan and program. The governing body, subject to approval of the state director, shall appoint every local coordinator of civil emergency preparedness and such local coordinator shall have direct responsibility for carrying out the civil emergency preparedness programs of the political subdivision. He shall coordinate the civil emergency preparedness activities of all local government department and agencies, and shall maintain liaison with and cooperate with civil preparedness agencies and organizations of other political subdivisions and of the state government. Each local organization shall perform civil preparedness functions within territorial limits of the political subdivision within which it is organized.

Road Fund – to account for the activities associated with the maintenance of County roads.

Capital Projects Funds

Butte City - to account for the Federal Funds to be used solely for capital planning. Authority is the Community Development Block Grant Program, P.L. 93-383.

Agency Funds

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.

Prisoners Fund – to account for the deposits and expenditures from prisoners' private funds, used to buy personal items at the commissary.

Sierra County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
For the Fiscal Year Ended June 30, 2010

	Special Revenue Funds			
	Recreation	911 Addressing	Reappraisal	Lodgers Tax
Assets				
Cash and investments	\$ 1,749	\$ -	\$ 72,267	\$ 5,491
Taxes receivable	48			355
Interest receivable				
Due from other governments				
Total assets	\$ 1,797	\$ -	\$ 72,267	\$ 5,846
Liabilities and Fund Balances				
Accounts payable	\$ -	\$ 3,702	\$ 2,346	\$ -
Accrued expenses				
Interfund payable		82110		
Deferred revenue				
Total liabilities	\$ -	\$ 85,812	\$ 2,346	\$ -
Fund balances:				
Reserved for capital projects	\$ -	\$ -	\$ -	\$ -
Unreserved	1,797	(85,812)	69,921	5,846
Total fund balances	\$ 1,797	\$ (85,812)	\$ 69,921	\$ 5,846
Total liabilities and fund balances	\$ 1,797	\$ -	\$ 72,267	\$ 5,846

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

Special Revenue Funds

Mednet EMS	Juvenile Probation	Law Enforcement	Correction Fees	Flood Damage	Treasurer's Fees
\$ -	\$ -	\$ 14,979	\$ -	\$ 226,609 95811 54	\$ 9,945
<u>55,000</u>					
<u>\$ 55,000</u>	<u>\$ -</u>	<u>\$ 14,979</u>	<u>\$ -</u>	<u>\$ 322,474</u>	<u>\$ 9,945</u>
\$ 346	\$ 4,472	\$ -	\$ 16,525	\$ 12,717	\$ -
45,083			16,260		
<u>55,000</u>				<u>88,853</u>	
<u>\$ 100,429</u>	<u>\$ 4,472</u>	<u>\$ -</u>	<u>\$ 32,785</u>	<u>\$ 101,570</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>(45,429)</u>	<u>(4,472)</u>	<u>14,979</u>	<u>(32,785)</u>	<u>220,904</u>	<u>9,945</u>
<u>\$ (45,429)</u>	<u>\$ (4,472)</u>	<u>\$ 14,979</u>	<u>\$ (32,785)</u>	<u>\$ 220,904</u>	<u>\$ 9,945</u>
<u>\$ 55,000</u>	<u>\$ -</u>	<u>\$ 14,979</u>	<u>\$ -</u>	<u>\$ 322,474</u>	<u>\$ 9,945</u>

Sierra County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (concluded)
For the Fiscal Year Ended June 30, 2010

	Special Revenue Funds			
	County Indigent	Disaster Assistance	Clerks Equipment Fee	Rural Fire Departments
Assets				
Cash and investments	\$ 280,110	\$ -	\$ 15,183	\$ 1,255,609
Taxes receivable	83,244			
Interest receivable				
Due from other governments		5,277		
Total assets	<u>\$ 363,354</u>	<u>\$ 5,277</u>	<u>\$ 15,183</u>	<u>\$ 1,255,609</u>
Liabilities and Fund Balances				
Accounts payable	\$ 3,717	\$ 185	\$ 524	\$ 57,940
Accrued expenses				
Interfund payable		14,369		
Deferred revenue				50,632
Total liabilities	<u>\$ 3,717</u>	<u>\$ 14,554</u>	<u>\$ 524</u>	<u>\$ 108,572</u>
Fund balances:				
Reserved for capital projects	\$ -	\$ -	\$ -	\$ -
Unreserved	359,637	(9,277)	14,659	1,147,037
Total fund balances	<u>\$ 359,637</u>	<u>\$ (9,277)</u>	<u>\$ 14,659</u>	<u>\$ 1,147,037</u>
Total liabilities and fund balances	<u>\$ 363,354</u>	<u>\$ 5,277</u>	<u>\$ 15,183</u>	<u>\$ 1,255,609</u>

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

Capital Projects Funds <u>CDBG Capital Projects</u>	<u>Total</u>
\$ 1,303	\$ 1,883,245 179,458 54 <u>60,277</u>
<u>\$ 1,303</u>	<u>\$ 2,123,034</u>
\$ -	\$ 102,474 - 157,822 <u>194,485</u>
<u>\$ -</u>	<u>\$ 454,781</u>
\$ 1,303	\$ 1,303 <u>1,666,950</u>
<u>\$ 1,303</u>	<u>\$ 1,668,253</u>
<u>\$ 1,303</u>	<u>\$ 2,123,034</u>

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

	Special Revenue Funds			
	Farm and Range	Recreation	911 Addressing	Reappraisal
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gas tax				
MVD tax				
Taxes GRT				
Other taxes		164		
Intergovernmental	17,470		470,329	
Charges for services				
Miscellaneous			3,626	69,146
Total revenues	\$ 17,470	\$ 164	\$ 473,955	\$ 69,146
Expenditures:				
Current:				
General government	\$ -	\$ -	\$ -	\$ 81,130
Public safety			581,421	
Health and welfare	32,000			
Highways & streets				
Culture and recreation				
Capital outlay				31,552
Debt service:				
Principal				
Interest				
Total expenditures	\$ 32,000	\$ -	\$ 581,421	\$ 112,682
Revenues over (under) expenditures	\$ (14,530)	\$ 164	\$ (107,466)	\$ (43,536)
Other financing sources (uses):				
Transfer in	14,530			
Transfer out				
Loan costs				
Loan proceeds				
Net change in fund balance	\$ -	\$ 164	\$ (107,466)	\$ (43,536)
Fund balance July 1, 2009	1,633	1,633	21,654	113,457
Fund balance, June 30, 2010	\$ -	\$ 1,797	\$ (85,812)	\$ 69,921

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

Special Revenue Funds

<u>Lodgers Tax</u>	<u>Mednet EMS</u>	<u>Juvenile Probation</u>	<u>Law Enforcement</u>	<u>Correction Fees</u>	<u>Flood Damage</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 388,026
4,440	91,855		26,600	93,267 88,981	110,107
	2,691		1,500		1,135
<u>\$ 4,440</u>	<u>\$ 94,546</u>	<u>\$ -</u>	<u>\$ 28,100</u>	<u>\$ 182,248</u>	<u>\$ 499,268</u>
\$ -	\$ - 34,639	\$ - 39,015	\$ - 6,992	\$ - 224,897	\$ - 407,248
3,618	122,691		8,762	5,965	
<u>\$ 3,618</u>	<u>\$ 157,330</u>	<u>\$ 39,015</u>	<u>\$ 15,754</u>	<u>\$ 230,862</u>	<u>\$ 407,248</u>
\$ 822	\$ (62,784)	\$ (39,015)	\$ 12,346	\$ (48,614)	\$ 92,020
		40,408		168,607	
<u>\$ 822</u>	<u>\$ (62,784)</u>	<u>\$ 1,393</u>	<u>\$ 12,346</u>	<u>\$ 119,993</u>	<u>\$ 92,020</u>
5,024	17,355	(5,865)	2,633	(152,778)	128,884
<u>\$ 5,846</u>	<u>\$ (45,429)</u>	<u>\$ (4,472)</u>	<u>\$ 14,979</u>	<u>\$ (32,785)</u>	<u>\$ 220,904</u>

Treasurer's
Fees

\$ -

5,126

\$ 5,126

\$ 7,175

\$ 7,175

\$ (2,049)

\$ (2,049)

11,994

\$ 9,945

Sierra County
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (concluded)
For the Fiscal Year Ended June 30, 2010

	Special Revenue Funds			
	County Indigent	Disaster Assistance	Clerk's Equipment Fees	Rural Fire Departments
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gas tax				
MVD tax				
Taxes GRT	399,630			
Other taxes				
Intergovernmental		30,265		717,032
Charges for services			21,473	6,187
Miscellaneous		4,481		2,318
Total revenues	\$ 399,630	\$ 34,746	\$ 21,473	\$ 725,537
Expenditures:				
Current:				
General government	\$ -	\$ -	\$ 20,173	\$ -
Public safety				252,339
Health and welfare	298,956	62,778		
Highways & streets				
Culture and recreation				
Capital outlay			36,945	882,595
Debt service:				
Principal				67,283
Interest				47,305
Total expenditures	\$ 298,956	\$ 62,778	\$ 57,118	\$ 1,249,522
Revenues over (under) expenditures	\$ 100,674	\$ (28,032)	\$ (35,645)	\$ (523,985)
Other financing sources (uses):				
Transfer in		41,392		
Transfer out				
Loan costs				
Loan proceeds				
Net change in fund balance	\$ 100,674	\$ 13,360	\$ (35,645)	\$ (523,985)
Fund balance, July 1, 2009	258,963	(22,637)	50,304	1,671,022
Fund balance, June 30, 2010	<u>\$ 359,637</u>	<u>\$ (9,277)</u>	<u>\$ 14,659</u>	<u>\$ 1,147,037</u>

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

<u>Capital Projects Funds</u>		
CDBG		
<u>Capital Projects</u>		<u>Total</u>
\$	-	\$ 388,026
		-
		-
		399,630
		4,604
		1,556,925
		121,767
		84,897
		<hr/>
\$	-	\$ 2,555,849
		<hr/>
\$	-	\$ 108,478
		1,139,303
		800,982
		-
		3,618
		1,082,545
		<hr/>
		73,248
		47,305
		<hr/>
\$	-	\$ 3,255,479
		<hr/>
\$	-	\$ (699,630)
		<hr/>
		264,937
		-
		-
		-
		<hr/>
\$	-	\$ (434,693)
		<hr/>
	1,303	2,102,946
	<hr/>	<hr/>
\$	1,303	\$ 1,668,253
	<hr/>	<hr/>

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

	<u>Monticello Fire</u>	<u>Caballo Fire</u>	<u>Hillsboro Fire</u>	<u>Lakeshore Fire</u>
Assets				
Cash	\$ 92,953	\$ 87,614	\$ 31,403	\$ 18,656
Due from governments				
Total assets	<u>\$ 92,953</u>	<u>\$ 87,614</u>	<u>\$ 31,403</u>	<u>\$ 18,656</u>
Liabilities and Fund Equity				
Accounts payable	\$ 46,603	\$ 169	\$ 566	\$ 3,811
Deferred revenue				
Total liabilities	<u>\$ 46,603</u>	<u>\$ 169</u>	<u>\$ 566</u>	<u>\$ 3,811</u>
Fund balances:				
Unreserved	<u>\$ 46,350</u>	<u>\$ 87,445</u>	<u>\$ 30,837</u>	<u>\$ 14,845</u>
Total fund equity	<u>\$ 46,350</u>	<u>\$ 87,445</u>	<u>\$ 30,837</u>	<u>\$ 14,845</u>
Total liabilities and fund equity	<u>\$ 92,953</u>	<u>\$ 87,614</u>	<u>\$ 31,403</u>	<u>\$ 18,656</u>

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

<u>Arrey/Derry Fire</u>	<u>Winston Fire</u>	<u>Las Palomas Fire</u>	<u>Poverty Creek Fire</u>	<u>Total</u>
\$ 155,660	\$ 384,498	\$ 40,089	\$ 444,736	\$ 1,255,609
<u>\$ 155,660</u>	<u>\$ 384,498</u>	<u>\$ 40,089</u>	<u>\$ 444,736</u>	<u>\$ 1,255,609</u>
\$ 745	\$ 213 50,632	\$ 530	\$ 5,303	\$ 57,940 50,632
<u>\$ 745</u>	<u>\$ 50,845</u>	<u>\$ 530</u>	<u>\$ 5,303</u>	<u>\$ 108,572</u>
\$ 154,915	\$ 333,653	\$ 39,559	\$ 439,433	\$ 1,147,037
<u>\$ 154,915</u>	<u>\$ 333,653</u>	<u>\$ 39,559</u>	<u>\$ 439,433</u>	<u>\$ 1,147,037</u>
<u>\$ 155,660</u>	<u>\$ 384,498</u>	<u>\$ 40,089</u>	<u>\$ 444,736</u>	<u>\$ 1,255,609</u>

Sierra County
NONMAJOR SPECIAL REVENUE FUNDS - RURAL FIRE DEPARTMENTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2010

	<u>Monticello Fire</u>	<u>Caballo Fire</u>	<u>Hillsboro Fire</u>	<u>Lakeshore Fire</u>
Revenues:				
Intergovernmental	\$ 51,636	\$ 59,302	\$ 127,455	\$ 58,902
Charges for services				2,040
Miscellaneous	<u>237</u>	<u>15</u>	<u>308</u>	<u>17</u>
Total revenues	<u>\$ 51,873</u>	<u>\$ 59,317</u>	<u>\$ 127,763</u>	<u>\$ 60,959</u>
Expenditures:				
Public safety	\$ 37,620	\$ 22,020	\$ 69,891	\$ 30,758
Capital Outlay	483,070		218,554	5,515
Debt service:				
Principal	13,382	11,762		11,617
Interest	<u>16,039</u>	<u>197</u>		<u>1,817</u>
Total expenditures	<u>\$ 550,111</u>	<u>\$ 33,979</u>	<u>\$ 288,445</u>	<u>\$ 49,707</u>
Revenues over (under) expenditures	\$ (498,238)	\$ 25,338	\$ (160,682)	\$ 11,252
Other financing sources (uses):				
Loan costs				
Loan proceeds				
Net change in fund balances	\$ (498,238)	\$ 25,338	\$ (160,682)	\$ 11,252
Fund balance, July 1, 2009	<u>544,588</u>	<u>62,107</u>	<u>191,519</u>	<u>3,593</u>
Fund balance, June 30, 2010	<u>\$ 46,350</u>	<u>\$ 87,445</u>	<u>\$ 30,837</u>	<u>\$ 14,845</u>

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

Arrey/Derry Fire	Winston Fire	Las Palomas Creek	Poverty Creek Fire	Total
\$ 51,636	\$ 185,126	\$ 76,356	\$ 106,619	\$ 717,032
540		3,258	349	6,187
55	1,429		257	2,318
<u>\$ 52,231</u>	<u>\$ 186,555</u>	<u>\$ 79,614</u>	<u>\$ 107,225</u>	<u>\$ 725,537</u>
\$ 16,907	\$ 13,006	\$ 45,972	\$ 16,165	\$ 252,339
12,372	117,377	23,296	22,411	882,595
10,505	15,103		4,914	-
5,727	3,589		19,936	67,283
<u>\$ 45,511</u>	<u>\$ 149,075</u>	<u>\$ 69,268</u>	<u>\$ 63,426</u>	<u>\$ 1,249,522</u>
\$ 6,720	\$ 37,480	\$ 10,346	\$ 43,799	\$ (523,985)
				-
<u>\$ 6,720</u>	<u>\$ 37,480</u>	<u>\$ 10,346</u>	<u>\$ 43,799</u>	<u>\$ (523,985)</u>
148,195	296,173	29,213	395,634	1,671,022
<u>\$ 154,915</u>	<u>\$ 333,653</u>	<u>\$ 39,559</u>	<u>\$ 439,433</u>	<u>\$ 1,147,037</u>

Sierra County
FARM AND RANGE RUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 18,500	\$ 19,530	\$ 17,470	\$ (2,060)
Miscellaneous	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 18,500</u>	<u>\$ 19,530</u>	<u>\$ 17,470</u>	<u>\$ (2,060)</u>
Expenditures:				
Current:				
Health and welfare	\$ 32,000	\$ 33,030	\$ 32,000	\$ 1,030
Capital outlay	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 32,000</u>	<u>\$ 33,030</u>	<u>\$ 32,000</u>	<u>\$ 1,030</u>
Revenues over (under) expenditures	\$ (13,500)	\$ (13,500)	\$ (14,530)	\$ (1,030)
Other financing sources (uses):				
Transfers in	13,500	13,500	14,530	1,030
Transfers out	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance after other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Fund balance July 1, 2009	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balance June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u> </u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ -</u></u>	

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

Sierra County
RECREATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 2,250	\$ 2,250	\$ 116	\$ (2,134)
Expenditures:				
Current:				
Culture - recreation	<u>3,883</u>	<u>3,883</u>	<u> </u>	<u>3,883</u>
Net change in fund balance	\$ (1,633)	\$ (1,633)	\$ 116	\$ 1,749
Fund balance July 1, 2009	<u>1,633</u>	<u>1,633</u>	<u>1,633</u>	<u>-</u>
Fund balance June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,749</u></u>	<u><u>\$ 1,749</u></u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 164	
Revenue accruals (net)			(48)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 116</u></u>	

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

Sierra County
911 ADDRESSING FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 521,572	\$ 656,527	\$ 470,329	\$ (186,198)
Charges for services			1,542	1,542
Miscellaneous			2,084	2,084
	\$ 521,572	\$ 656,527	\$ 473,955	\$ (182,572)
Total revenues				
Expenditures:				
Current:				
Public safety	\$ 477,877	\$ 613,623	\$ 564,318	\$ 49,305
Capital outlay	66,470	65,679	14,522	51,157
	\$ 544,347	\$ 679,302	\$ 578,840	\$ 100,462
Total expenditures				
Net change in fund balance	\$ (22,775)	\$ (22,775)	\$ (104,885)	\$ (82,110)
Fund balance July 1, 2009	22,775	22,775	22,775	-
Fund balance June 30, 2010	\$ -	\$ -	\$ (82,110)	\$ (82,110)
Budgetary reconciliations:				
Net change in fund balance, GAAP basis			\$ (107,466)	
Revenue accruals (net)				
Expenditure accruals (net)			2,581	
Net change in fund balance, NON-GAAP budgetary basis			\$ (104,885)	

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

Sierra County
REAPPRAISAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Miscellaneous	\$ 64,099	\$ 64,099	\$ 69,146	\$ 5,047
Expenditures:				
Current:				
General government	\$ 111,806	\$ 111,806	\$ 67,211	\$ 44,595
Capital outlay	65,793	65,793	43,168	22,625
Total expenditures	<u>\$ 177,599</u>	<u>\$ 177,599</u>	<u>\$ 110,379</u>	<u>\$ 67,220</u>
Revenues over (under) expenditures	\$ (113,500)	\$ (113,500)	\$ (41,233)	\$ 72,267
Other financing sources (uses):				
Transfer in	<u> </u>	<u> </u>	<u>-</u>	<u>-</u>
Net change in fund balance after other financing sources (uses)	\$ (113,500)	\$ (113,500)	\$ (41,233)	\$ 72,267
Fund balance July 1, 2009	<u>113,500</u>	<u>113,500</u>	<u>113,500</u>	<u>-</u>
Fund balance June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 72,267</u></u>	<u><u>\$ 72,267</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (43,536)	
Revenue accruals (net)				
Expenditure accruals (net)			<u>2,303</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (41,233)</u></u>	

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

Sierra County
LODGER'S TAX FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 3,722	\$ 3,722	\$ 4,434	\$ 712
Miscellaneous	-	-	-	-
Total revenues	\$ 3,722	\$ 3,722	\$ 4,434	\$ 712
Expenditures:				
Current:				
Culture-recreation	9,097	9,097	4,318	4,779
Net change in fund balance	\$ (5,375)	\$ (5,375)	\$ 116	\$ 5,491
Fund balance July 1, 2009	5,375	5,375	5,375	-
Fund balance June 30, 2010	\$ -	\$ -	\$ 5,491	\$ 5,491
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 822	
Revenue accruals (net)			(6)	
Expenditure accruals (net)			(700)	
Net change in fund balance, NON-GAAP budgetary basis			\$ 116	

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

Sierra County
MED NET EMS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 48,659	\$ 149,546	\$ 94,546	\$ (55,000)
Expenditures:				
Current:				
Public safety	\$ 30,947	\$ 37,802	\$ 29,114	\$ 8,688
Capital outlay	6,408	129,099	127,870	1,229
Total expenditures	<u>\$ 37,355</u>	<u>\$ 166,901</u>	<u>\$ 156,984</u>	<u>\$ 9,917</u>
Net change in fund balance	\$ 11,304	\$ (17,355)	\$ (62,438)	\$ (45,083)
Fund balance July 1, 2009	<u>17,355</u>	<u>17,355</u>	<u>17,355</u>	<u>-</u>
Fund balance June 30, 2010	<u><u>\$ 28,659</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (45,083)</u></u>	<u><u>\$ (45,083)</u></u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (62,783)	
Revenue accruals (net)				
Expenditure accruals (net)			<u>345</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (62,438)</u></u>	

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

Sierra County
LAW ENFORCEMENT PROTECTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 26,000	\$ 26,000	\$ 26,600	\$ 600
Miscellaneous	<u>720</u>	<u>720</u>	<u>1,500</u>	<u>780</u>
Total revenues	\$ 26,720	\$ 26,720	\$ 28,100	\$ 1,380
Expenditures:				
Current:				
Public safety	<u>29,353</u>	<u>29,353</u>	<u>15,754</u>	<u>13,599</u>
Revenues over (under) expenditures	\$ (2,633)	\$ (2,633)	\$ 12,346	\$ 14,979
Other financing sources (uses):				
Loan proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance after other financing sources (uses)	\$ (2,633)	\$ (2,633)	\$ 12,346	14,979
Fund balance July 1, 2009	<u>2,633</u>	<u>2,633</u>	<u>2,633</u>	<u>-</u>
Fund balance June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 14,979</u></u>	<u><u>\$ 14,979</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 12,346	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 12,346</u></u>	

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

Sierra County
CORRECTION FEES FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 85,000	\$ 85,000	\$ 93,267	\$ 8,267
Charges for services	245,644	245,644	88,981	(156,663)
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	\$ 330,644	\$ 330,644	\$ 182,248	\$ (148,396)
Expenditures:				
Current:				
Public safety	<u>328,901</u>	<u>509,229</u>	<u>497,084</u>	<u>12,145</u>
Revenues over (under) expenditures	\$ 1,743	\$ (178,585)	\$ (314,836)	\$ (136,251)
Other financing sources (uses):				
Transfer in	<u>-</u>	<u>298,576</u>	<u>298,576</u>	<u>-</u>
Net change in fund balance after other financing sources (uses)	\$ 1,743	\$ 119,991	\$ (16,260)	(136,251)
Fund balance July 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance June 30, 2010	<u>\$ 1,743</u>	<u>\$ 119,991</u>	<u>\$ (16,260)</u>	<u>\$ (136,251)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 119,993	
Revenue accruals (net)			(266,222)	
Expenditure accruals (net)			129,969	
Other financing sources (net)			<u>129,969</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (16,260)</u>	

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

Sierra County
JUVENILE PROBATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 35,000	\$ 40,408	\$ -	\$ (40,408)
Expenditures:				
Current:				
Public safety	<u>35,000</u>	<u>40,408</u>	<u>40,408</u>	<u>-</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ (40,408)	\$ (40,408)
Other financing sources (uses):				
Transfer in			40,408	40,408
Transfer out				<u>-</u>
Net change in fund balance after other financing sources (uses)	\$ -	\$ -	\$ -	-
Fund balance July 1, 2009				<u>-</u>
Fund balance June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (1,393)	
Revenue accruals (net)				
Expenditure accruals (net)			1,393	
Transfer differences				<u>-</u>
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ -</u>	

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

Sierra County
FLOOD DAMAGE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Property tax	\$ 347,871	\$ 347,871	\$ 385,328	\$ 37,457
Intergovernmental		36,367	110,107	73,740
Miscellaneous			1,481	1,481
Total revenues	<u>\$ 347,871</u>	<u>\$ 384,238</u>	<u>\$ 496,916</u>	<u>\$ 112,678</u>
Expenditures:				
Current:				
Health and welfare	\$ 176,298	\$ 212,665	\$ 379,280	\$ (166,615)
Capital outlay	372,816	372,816	92,270	280,546
Total expenditures	<u>\$ 549,114</u>	<u>\$ 585,481</u>	<u>\$ 471,550</u>	<u>\$ 113,931</u>
Revenues over (under) expenditures	\$ (201,243)	\$ (201,243)	\$ 25,366	\$ 226,609
Other financing sources (uses):				
Transfer out	-	-	-	-
Net change in fund balance after other financing sources (uses)	\$ (201,243)	\$ (201,243)	\$ 25,366	226,609
Fund balance July 1, 2009	201,243	201,243	201,243	-
Fund balance June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226,609</u>	<u>\$ 226,609</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 92,020	
Revenue accruals (net)			(2,352)	
Expenditure accruals (net)			(64,302)	
Other financing uses (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 25,366</u>	

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

Sierra County
CLERK'S EQUIPMENT FEE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Charges for services	\$ 22,996	\$ 22,996	\$ 21,473	\$ (1,523)
Miscellaneous	<u>155</u>	<u>155</u>	<u> </u>	<u>(155)</u>
Total revenues	<u>\$ 23,151</u>	<u>\$ 23,151</u>	<u>\$ 21,473</u>	<u>\$ (1,678)</u>
Expenditures:				
Current:				
General government	\$ 27,780	\$ 27,780	\$ 9,107	\$ 18,673
Capital outlay	<u>46,203</u>	<u>46,203</u>	<u>48,015</u>	<u>(1,812)</u>
Total expenditures	<u>\$ 73,983</u>	<u>\$ 73,983</u>	<u>\$ 57,122</u>	<u>\$ 16,861</u>
Revenues over (under) expenditures	\$ (50,832)	\$ (50,832)	\$ (35,649)	\$ 15,183
Other financing sources (uses):				
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance after other financing sources (uses)	\$ (50,832)	\$ (50,832)	\$ (35,649)	15,183
Fund balance July 1, 2009	<u>50,832</u>	<u>50,832</u>	<u>50,832</u>	<u>-</u>
Fund balance June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,183</u></u>	<u><u>\$ 15,183</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (35,645)	
Revenue accruals (net)				
Expenditure accruals (net)			<u>(4)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (35,649)</u></u>	

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

Sierra County
TREASURERS FEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Miscellaneous	\$ 4,393	\$ 4,393	\$ 5,126	\$ 733
Expenditures:				
Current:				
General government				\$ -
Capital outlay	16,387	16,387	7,175	9,212
Total expenditures	<u>16,387</u>	<u>16,387</u>	<u>7,175</u>	<u>9,212</u>
Net change in fund balance	\$ (11,994)	\$ (11,994)	\$ (2,049)	\$ 9,945
Fund balance July 1, 2009	<u>11,994</u>	<u>11,994</u>	<u>11,994</u>	<u>-</u>
Fund balance June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,945</u></u>	<u><u>\$ 9,945</u></u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (2,049)	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (2,049)</u></u>	

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

Sierra County
COUNTY INDIGENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes GRT	\$ 853,142	\$ 853,142	\$ 889,483	\$ 36,341
Miscellaneous	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	\$ 853,142	\$ 853,142	\$ 889,483	\$ 36,341
Expenditures:				
Current:				
Health and welfare	<u>1,055,964</u>	<u>1,055,964</u>	<u>812,195</u>	<u>243,769</u>
Net change in fund balance	\$ (202,822)	\$ (202,822)	\$ 77,288	\$ 280,110
Fund balance July 1, 2009	<u>202,822</u>	<u>202,822</u>	<u>202,822</u>	<u> </u>
Fund balance June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 280,110</u></u>	<u><u>\$ 280,110</u></u>
 Budgetary reconciliation;				
Net change in fund balance, GAAP basis			\$ 100,674	
Revenue accruals (net)			489,853	
Expenditure accruals (net)			(513,239)	
Other financing sources			<u> </u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 77,288</u></u>	

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

Sierra County
HILLSBORO FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 95,795	\$ 155,611	\$ 127,455	\$ (28,156)
Charges for services				-
Miscellaneous	<u>530</u>	<u>530</u>	<u>308</u>	<u>(222)</u>
Total revenues	<u>\$ 96,325</u>	<u>\$ 156,141</u>	<u>\$ 127,763</u>	<u>\$ (28,378)</u>
Expenditures:				
Current:				
Public safety	\$ 105,880	\$ 166,196	\$ 108,536	\$ 57,660
Capital outlay	<u>186,175</u>	<u>185,675</u>	<u>183,554</u>	<u>2,121</u>
Total expenditures	<u>\$ 292,055</u>	<u>\$ 351,871</u>	<u>\$ 292,090</u>	<u>\$ 59,781</u>
Net change in fund balance	\$ (195,730)	\$ (195,730)	\$ (164,327)	\$ 31,403
Fund balance July 1, 2009	<u>195,730</u>	<u>195,730</u>	<u>195,730</u>	<u>-</u>
Fund balance June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,403</u>	<u>\$ 31,403</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (160,682)	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>(3,645)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (164,327)</u>	

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

Sierra County
LAKESHORE FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 50,537	\$ 63,115	\$ 58,902	\$ (4,213)
Charges for services			2,040	
Miscellaneous	<u>10</u>	<u>10</u>	<u> </u>	<u>(10)</u>
Total revenues	<u>\$ 50,547</u>	<u>\$ 63,125</u>	<u>\$ 60,942</u>	<u>\$ (4,223)</u>
Expenditures:				
Current:				
Public safety	\$ 47,870	\$ 47,870	\$ 43,227	\$ 4,643
Capital outlay	<u>6,909</u>	<u>19,487</u>	<u>4,078</u>	<u>15,409</u>
Total expenditures	<u>\$ 54,779</u>	<u>\$ 67,357</u>	<u>\$ 47,305</u>	<u>\$ 20,052</u>
Revenues over (under) expenditures	\$ (4,232)	\$ (4,232)	\$ 13,637	\$ 17,869
Other financing sources (uses):				
Loan proceeds	<u> </u>	<u> </u>	<u> </u>	<u>-</u>
Net change in fund balance after other financing sources (uses)	\$ (4,232)	\$ (4,232)	\$ 13,637	17,869
Fund balance July 1, 2009	<u>4,232</u>	<u>4,232</u>	<u>4,232</u>	<u>-</u>
Fund balance June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,869</u>	<u>\$ 17,869</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 11,252	
Revenue accruals (net)			(17)	
Expenditure accruals (net)			<u>2,402</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 13,637</u>	

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

Sierra County
MONTICELLO FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 42,058	\$ 54,636	\$ 51,636	\$ (3,000)
Charges for services				-
Miscellaneous	<u>58</u>	<u>58</u>	<u> </u>	<u>(58)</u>
Total revenues	<u>\$ 42,116</u>	<u>\$ 54,694</u>	<u>\$ 51,636</u>	<u>\$ (3,058)</u>
Expenditures:				
Current:				
Public safety	\$ 501,673	\$ 501,673	\$ 455,173	\$ 46,500
Capital outlay	<u>94,936</u>	<u>107,514</u>	<u>51,021</u>	<u>56,493</u>
Total expenditures	<u>\$ 596,609</u>	<u>\$ 609,187</u>	<u>\$ 506,194</u>	<u>\$ 102,993</u>
Revenues over (under) expenditures	\$ (554,493)	\$ (554,493)	\$ (454,558)	\$ 99,935
Other financing sources (uses):				
Loan proceeds	<u>438,919</u>	<u>438,919</u>	<u>400,175</u>	<u>(38,744)</u>
Net change in fund balance after other financing sources (uses)	\$ (115,574)	\$ (115,574)	\$ (54,383)	61,191
Fund balance July 1, 2009	<u>115,574</u>	<u>115,574</u>	<u>115,574</u>	<u> </u>
Fund balance June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 61,191</u></u>	<u><u>\$ 61,191</u></u>
Budgetary reconciliation;				
Net change in fund balance, GAAP basis			\$ (498,238)	
Revenue accruals (net)			(237)	
Expenditure accruals (net)			43,917	
Other financing sources (net)			<u>400,175</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (54,383)</u></u>	

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

Sierra County
CABALLO FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 52,736	\$ 65,314	\$ 59,302	\$ (6,012)
Charges for services				-
Miscellaneous	<u>22</u>	<u>22</u>	<u></u>	<u>(22)</u>
Total revenues	<u>\$ 52,758</u>	<u>\$ 65,336</u>	<u>\$ 59,302</u>	<u>\$ (6,034)</u>
Expenditures:				
Current:				
Public safety	\$ 72,700	\$ 72,700	\$ 31,583	\$ 41,117
Capital outlay	<u>42,613</u>	<u>55,191</u>	<u>2,675</u>	<u>52,516</u>
Total expenditures	<u>\$ 115,313</u>	<u>\$ 127,891</u>	<u>\$ 34,258</u>	<u>\$ 93,633</u>
Revenues over (under) expenditures	\$ (62,555)	\$ (62,555)	\$ 25,044	\$ 87,599
Other financing sources (uses):				
Loan proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance after other financing sources (uses)	\$ (62,555)	\$ (62,555)	\$ 25,044	87,599
Fund balance July 1, 2009	<u>62,555</u>	<u>62,555</u>	<u>62,555</u>	<u>-</u>
Fund balance June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 87,599</u></u>	<u><u>\$ 87,599</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 25,338	
Revenue accruals (net)			(15)	
Expenditure accruals (net)			<u>(279)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 25,044</u></u>	

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

Sierra County
ARREY/DERRY FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 46,577	\$ 59,155	\$ 51,636	\$ (7,519)
Charges for services			540	
Miscellaneous	<u>44</u>	<u>44</u>	<u> </u>	<u>(44)</u>
Total revenues	<u>\$ 46,621</u>	<u>\$ 59,199</u>	<u>\$ 52,176</u>	<u>\$ (7,563)</u>
Expenditures:				
Current:				
Public safety	\$ 72,309	\$ 72,309	\$ 33,395	\$ 38,914
Capital outlay	<u>94,544</u>	<u>107,122</u>	<u>12,372</u>	<u>94,750</u>
Total expenditures	<u>\$ 166,853</u>	<u>\$ 179,431</u>	<u>\$ 45,767</u>	<u>\$ 133,664</u>
Net change in fund balance	\$ (120,232)	\$ (120,232)	\$ 6,409	\$ 126,101
Fund balance July 1, 2009	<u>120,232</u>	<u>120,232</u>	<u>120,232</u>	<u>-</u>
Fund balance June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,641</u>	<u>\$ 126,101</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 6,720	
Revenue accruals (net)			(55)	
Expenditure accruals (net)			<u>(256)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 6,409</u>	

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

Sierra County
WINSTON FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 70,113	\$ 156,758	\$ 181,128	\$ 24,370
Charges for services				-
Miscellaneous	<u>3,076</u>	<u>3,076</u>	<u>1,406</u>	<u>(1,670)</u>
Total revenues	<u>\$ 73,189</u>	<u>\$ 159,834</u>	<u>\$ 182,534</u>	<u>\$ 22,700</u>
Expenditures:				
Current:				
Public safety	\$ 94,364	\$ 163,464	\$ 142,397	\$ 21,067
Capital outlay	<u>340,019</u>	<u>357,564</u>	<u>16,856</u>	<u>340,708</u>
Total expenditures	<u>\$ 434,383</u>	<u>\$ 521,028</u>	<u>\$ 159,253</u>	<u>\$ 361,775</u>
Net change in fund balance	\$ (361,194)	\$ (361,194)	\$ 23,281	\$ 384,475
Fund balance July 1, 2009	<u>361,194</u>	<u>361,194</u>	<u>361,194</u>	<u>-</u>
Fund balance June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 384,475</u>	<u>\$ 384,475</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 37,480	
Revenue accruals (net)			(4,021)	
Expenditure accruals (net)			<u>(10,178)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 23,281</u>	

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

Sierra County
LAS PALOMAS FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 56,311	\$ 68,889	\$ 59,036	\$ (9,853)
Charges for services			3,258	3,258
Miscellaneous	449	449		(449)
	<u>56,760</u>	<u>69,338</u>	<u>62,294</u>	<u>(7,044)</u>
Total revenues	\$ 56,760	\$ 69,338	\$ 62,294	\$ (7,044)
Expenditures:				
Current:				
Public safety	\$ 45,634	\$ 43,534	\$ 60,031	\$ (16,497)
Capital outlay	58,899	73,577	9,947	63,630
	<u>104,533</u>	<u>117,111</u>	<u>69,978</u>	<u>47,133</u>
Total expenditures	\$ 104,533	\$ 117,111	\$ 69,978	\$ 47,133
Net change in fund balance	\$ (47,773)	\$ (47,773)	\$ (7,684)	\$ 40,089
Fund balance July 1, 2009	<u>47,773</u>	<u>47,773</u>	<u>47,773</u>	<u>-</u>
Fund balance June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,089</u>	<u>\$ 40,089</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 10,346	
Revenue accruals (net)			(17,320)	
Expenditure accruals (net)			<u>(710)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (7,684)</u>	

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

Sierra County
POVERTY CREEK FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 44,944	\$ 106,619	\$ 96,784	\$ (9,835)
Charges for services			184	
Miscellaneous				-
Total revenues	\$ 44,944	\$ 106,619	\$ 96,968	\$ (9,835)
Expenditures:				
Current:				
Public safety	\$ 60,123	\$ 468,371	\$ 58,910	\$ 409,461
Capital outlay	1,482	54,288	3,752	50,536
Total expenditures	\$ 61,605	\$ 522,659	\$ 62,662	\$ 459,997
Revenues over (under) expenditures	\$ (16,661)	\$ (416,040)	\$ 34,306	\$ 450,346
Other financing sources (uses):				
Loan proceeds		399,379	14,398	(384,981)
Net change in fund balance after other financing sources (uses)	\$ (16,661)	\$ (16,661)	\$ 48,704	65,365
Fund balance July 1, 2009	16,661	16,661	16,661	-
Fund balance June 30, 2010	\$ -	\$ -	\$ 65,365	\$ 65,365
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 43,799	
Revenue accruals (net)			(10,257)	
Expenditure accruals (net)			764	
Other financing sources (net)			14,398	
Net change in fund balance, NON-GAAP budgetary basis			\$ 48,704	

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

Sierra County
DISASTER ASSISTANCE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 108,076	\$ 108,076	\$ 27,990	\$ (80,086)
Miscellaneous			1,479	1,479
Total revenues	<u>\$ 108,076</u>	<u>\$ 108,076</u>	<u>\$ 29,469</u>	<u>\$ (78,607)</u>
Expenditures:				
Current:				
Health and welfare	\$ 85,510	\$ 85,510	\$ 62,664	\$ 22,846
Capital outlay				-
Total expenditures	<u>\$ 85,510</u>	<u>\$ 85,510</u>	<u>\$ 62,664</u>	<u>\$ 22,846</u>
Revenues over (under) expenditures	\$ 22,566	\$ 22,566	\$ (33,195)	\$ (55,761)
Other financing sources (uses):				
Transfer in			41,392	41,392
Net change in fund balance after other financing sources (uses)	\$ 22,566	\$ 22,566	\$ 8,197	(14,369)
Fund balance July 1, 2009	<u>(22,566)</u>	<u>(22,566)</u>	<u>(22,566)</u>	<u>-</u>
Fund balance June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,369)</u>	<u>\$ (14,369)</u>
Budgetary reconciliation;				
Net change in fund balance, GAAP basis			\$ 13,360	
Revenue accruals (net)			(5,277)	
Expenditure accruals (net)			114	
Other financing sources (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 8,197</u>	

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

Sierra County
CDBG CAPITAL PROJECTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Health and welfare	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance July 1, 2009	<u> </u>	<u> </u>	1,303	1,303
Fund balance June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,303</u></u>	<u><u>\$ 1,303</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ -</u></u>	

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

Sierra County
LANDFILL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes GRT	\$ 52,000	\$ 52,000	\$ 87,098	\$ 35,098
Charges for services	253,857	253,857	96,222	(157,635)
Miscellaneous	<u>3,100</u>	<u>3,100</u>	<u>2,592</u>	<u>(508)</u>
Total revenues	<u>\$ 308,957</u>	<u>\$ 308,957</u>	<u>\$ 185,912</u>	<u>\$ (123,045)</u>
Expenditures:				
Current:				
Personnel	\$ 125,540	\$ 125,540	\$ 112,232	\$ 13,308
Operating	183,417	183,417	136,302	47,115
Capital outlay				-
Total expenditures	<u>\$ 308,957</u>	<u>\$ 308,957</u>	<u>\$ 248,534</u>	<u>\$ 60,423</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ (62,622)	\$ (62,622)
Other financing sources (uses):				
Transfer in			62,622	62,622
Transfer out				-
Revenues over (under) expenditures after other financing sources uses	\$ -	\$ -	\$ -	\$ -
Fund balance July 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (28,304)	
Revenue accruals (net)			(11,990)	
Expenditure accruals (net)			<u>40,294</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ -</u>	

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

Sierra County
AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
For the Fiscal Year Ended June 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2010</u>
Property Tax Fund				
Assets				
Cash and investments	\$ 100,760	\$ 2,943,598	\$ 2,952,753	\$ 91,605
Receivables	683,875		96,344	587,531
Total assets	<u>\$ 784,635</u>	<u>\$ 2,943,598</u>	<u>\$ 3,049,097</u>	<u>\$ 679,136</u>
Liabilities				
Due to others	<u>\$ 784,635</u>	<u>\$ 2,943,598</u>	<u>\$ 3,049,097</u>	<u>\$ 679,136</u>
Prisoners Personal fund				
Assets				
Cash and investments	\$ 8,990	\$ 46,610	\$ 44,042	\$ 11,558
Total assets	<u>\$ 8,990</u>	<u>\$ 46,610</u>	<u>\$ 44,042</u>	<u>\$ 11,558</u>
Liabilities				
Due to others	<u>\$ 8,990</u>	<u>\$ 46,610</u>	<u>\$ 44,042</u>	<u>\$ 11,558</u>
Cell Phone Zoning				
Assets				
Cash and investments	\$ 14,534	\$ -	\$ -	\$ 14,534
Total assets	<u>\$ 14,534</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,534</u>
Liabilities				
Due to others	<u>\$ 14,534</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,534</u>

Sierra County
AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES (concluded)
For the Fiscal Year Ended June 30, 2010

Spaceport

Assets

Cash and investments	\$ 32,874	\$ 482,303	\$ 503,547	\$ 11,630
Due from other governments	25,185		25,185	-
Taxes receivable	74,318	26,782		101,100
	<u>74,318</u>	<u>26,782</u>	<u>25,185</u>	<u>101,100</u>
Total assets	<u>\$ 132,377</u>	<u>\$ 509,085</u>	<u>\$ 528,732</u>	<u>\$ 112,730</u>

Liabilities

Due to others	<u>\$ 132,377</u>	<u>\$ 509,085</u>	<u>\$ 528,732</u>	<u>\$ 112,730</u>
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Total all agency funds

Assets

Cash and investments	\$ 157,158	\$ 3,472,511	\$ 3,500,342	\$ 129,327
Due from other governments	25,185	-	25,185	-
Taxes receivable	758,193	26,782	96,344	688,631
	<u>758,193</u>	<u>26,782</u>	<u>96,344</u>	<u>688,631</u>
Total assets	<u>\$ 940,536</u>	<u>\$ 3,499,293</u>	<u>\$ 3,621,871</u>	<u>\$ 817,958</u>

Liabilities

Due to others	<u>\$ 940,536</u>	<u>\$ 3,499,293</u>	<u>\$ 3,621,871</u>	<u>\$ 817,958</u>
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The accompanying notes are an integral part of these financial statements.

Sierra County
SCHEDULE OF DEPOSITORY COLLATERAL
For the Fiscal Year Ended June 30, 2010

	<u>Bank of the Southwest</u>	<u>Compass Bank</u>	<u>First Savings Bank</u>
Checking	\$ 2,379,318	\$ -	\$ -
Savings	25,113	97,719	
Certificates of deposit	<u>190,000</u>	<u>566,039</u>	<u>61,608</u>
Total on deposit	\$ 2,594,431	\$ 663,758	\$ 61,608
Less: FDIC/SPIC insurance	<u>(440,000)</u>	<u>(250,000)</u>	<u>(61,608)</u>
Total uninsured public funds	<u>\$ 2,154,431</u>	<u>\$ 413,758</u>	<u>\$ -</u>
50% collateralization requirement (Section 6-10-17 NMSA)	<u>1,077,216</u>	<u>206,879</u>	<u>-</u>
Total collateralization requirement	<u>\$ 1,077,216</u>	<u>\$ 206,879</u>	<u>\$ -</u>
Pledged Securities:			
FNMA #089416 4/1/29	\$ 19,912	\$ -	\$ -
FHLB Letter of credit 6/2/11	500,000		
FHLB Letter of credit 6/2/11	850,000		
FHLMC #782760 11/1/36		116,032	
FHLMC #1B7338D 4/1/37		<u>411,440</u>	
Total pledged securities	<u>\$ 1,369,912</u>	<u>\$ 527,472</u>	<u>\$ -</u>
Pledged securities over (under) requirement	<u>\$ 292,697</u>	<u>\$ 320,593</u>	<u>\$ -</u>

Securities pledged are held for the Bank of the Southwest by the Federal Home Loan Bank in Irving, Texas ; for Compass Bank First Financial in El Paso, TX. and for First Savings Bank, First National Bank in Pierre , SD. Safekeeping receipts are held by the County.

	<u>Total</u>
\$	2,379,318
	122,832
	<u>817,647</u>
\$	3,319,797
	<u>(751,608)</u>
\$	<u><u>2,568,189</u></u>

	<u>1,284,095</u>
\$	<u>1,284,095</u>

\$	19,912
	500,000
	850,000
	116,032
	<u>411,440</u>
\$	<u>1,897,384</u>
\$	<u><u>613,290</u></u>

Sierra County
SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS
For the Fiscal Year Ended June 30, 2009

	Type of Account	Bank Balance	Reconciled Balance
<u>Bank of the Southwest</u>			
General	Checking	\$ 2,352,225	\$ 1,945,609
Agency	Checking	12,042	12,042
Agency	Checking	2,493	2,493
Commissary	Checking	12,558	11,558
Treasurer	Money Market	25,113	25,113
Treasurer	CD	95,000	95,000
Treasurer	CD	95,000	95,000
Total Bank of the Southwest		<u>\$ 2,594,431</u>	<u>\$ 2,186,815</u>
<u>Compass Bank</u>			
Treasurer	Money Market	\$ 97,719	\$ 97,719
Treasurer	CD	100,000	100,000
Treasurer	CD	233,083	233,083
Treasurer	CD	232,956	232,956
Total State National Bank		<u>\$ 663,758</u>	<u>\$ 663,758</u>
<u>First Savings Bank</u>			
Treasurer	CD	\$ 61,608	\$ 61,608
<u>Wells Fargo Investments</u>			
Treasurer	Investment	\$ 207,721	\$ 207,721
Total Wells Fargo Investments		<u>\$ 207,721</u>	<u>\$ 207,721</u>
<u>New Mexico Finance Authority</u>			
Courthouse & Detention Center Renovations	Trust	\$ 34,025	\$ 34,025
Lakeshore Fire Pumper	Trust	783	783
Lakeshore Fire Station	Trust	4	4
Winston Fire Station	Trust	23	23
Arrey/Derry Fire Station	Trust	12,263	12,263
Caballo Fire Truck	Trust	15	15
County Courthouse Renovations	Trust	2,913	2,913
Poverty Creek Fire Department	Trust	24	24
Monticello Fire Station	Trust	32	32
Hospital GRT	Trust	175,311	175,311
Total New Mexico Finance Authority		<u>\$ 225,393</u>	<u>\$ 225,393</u>

Sierra County
**SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS
AND INVESTMENTS (CONCLUDED)**
For the Fiscal Year Ended June 30, 2010

Bank of Albuquerque

Arrey/Derry Fire Department	Trust	\$ 16,756	\$ 16,756
Hospital Trust	Trust	163,796	163,796
Monticello Fire	Trust	31,730	31,730
Courthouse & Detention Center Renovations	Trust	331,119	331,119
Poverty Creek Fire	Trust	379,347	379,347
Total Bank of Albuquerque		\$ 922,748	\$ 922,748
Total cash and investments		\$ 4,675,659	\$ 4,268,043
Cash on hand			(824)
			\$ 4,267,219

Sierra County
SCHEDULE OF JOINT POWERS AGREEMENTS
For the Fiscal Year Ended June 30, 2010

97-059

Participants	The City of Truth or Consequences The Village of Williamsburg Sierra County
Responsible party	The City of Truth or Consequences The Village of Williamsburg Sierra County
Description	To provide adequate and appropriate hospital facilities.
Dates of agreement	Indefinitely until terminated by parties.
Amount of project	Unknown
Agency contribution	Gross receipts intercept agreement for 47.5% of ownership.
Audit responsibility	Sierra Vista Hospital The City of Truth or Consequences The Village of Williamsburg Sierra County

JPA 2000-2001

Participants	Sierra County Commission Sierra County Sheriff The Village of Williamsburg
Responsible party	Sierra County Commission Sierra County Sheriff The Village of Williamsburg
Description	To assign the use of any existing Law Enforcement equipment owned by the Village to the Sheriff Department to be used in providing law enforcement protection.

Sierra County
SCHEDULE OF JOINT POWERS AGREEMENTS (continued)
 For the Fiscal Year Ended June 30, 2010

Dates of agreement	Ongoing
Amount of project	Unknown
Agency contribution	Any costs for regular and standard maintenance of vehicles and equipment.
Audit responsibility	Sierra County
Elephant Butte	
Participants	Sierra County Commission Sierra County Sherriff City of Elephant Butte
Responsible party	Sierra County Commission Sierra County Sherriff City of Elephant Butte
Description	Provide law enforcement protection for the City of Elephant Butte.
Dates of agreement	Ongoing
Amount of project	City Elephant Butte will pay the sherriff's office \$20,600.00
Agency contribution	Unknown
Audit responsibility	Sierra County
Participants	Sierra County Dona Ana County

Sierra County
SCHEDULE OF JOINT POWERS AGREEMENTS (continued)
 For the Fiscal Year Ended June 30, 2010

Responsible party	Sierra County Dona Ana County
Description	For the purpose of constructing a portion of a roadway withing both counties boundaries known as Kite Road.
Dates of agreement	Indefinite, can be terminated with 30 days notice.
Amount of project	Unknown
Agency contribution	Unknown
Audit responsibility	Sierra County Dona Ana County

JPA 79-026

Participants	Sierra County Valencia County
Responsible party	Sierra County Valencia County
Description	Valencia County will provide incarceration services to male juveniles from Sierra County.
Dates of agreement	Indefinite
Amount of project	Sierra County shall pay Valencia County \$65 per day per juvenile.
Agency contribution	Sierra County shall pay Valencia County \$65 per day per juvenile.
Audit responsibility	Valencia County

Sierra County
SCHEDULE OF JOINT POWERS AGREEMENTS (continued)
 For the Fiscal Year Ended June 30, 2010

JPA 79-521, 23-115

Participants Sierra County
 State of New Mexico Energy, Minerals and Natural Resources
 Department

Responsible party Sierra County
 State of New Mexico Energy, Minerals and Natural Resources
 Department

Description Wildfire suppression.

Dates of agreement Indefinite

Amount of project Unknown

Agency contribution Unknown

Audit responsibility Sierra County

Prisoner Care

Participants Sierra County
 Sierra County Sherriff
 City of Truth or Consequences

Responsible party Sierra County
 Sierra County Sherriff
 City of Truth or Consequences

Description Housing and care of adult prisoners.

Dates of agreement Indefinite

Sierra County
SCHEDULE OF JOINT POWERS AGREEMENTS (continued)
 For the Fiscal Year Ended June 30, 2010

Amount of project The City of Truth or Consequences shall pay Sierra County \$45 per day per prisoner.

Agency contribution Unknown

Audit responsibility Sierra County

Luna County

Participants Sierra County
 Luna County

Responsible party Sierra County
 Luna County

Description To provide for the use of the Luna County Juvenile Detention Facility to detain juveniles referred for detention from Sierra County.

Dates of agreement Ongoing

Amount of project Sierra County shall pay \$85 per day per juvenile.

Agency contribution Sierra County shall pay \$85 per day per juvenile.

Audit responsibility Sierra County
 Luna County

Road Maintenance

Participants Sierra County
 City of Elephant Butte

Responsible party Sierra County
 City of Elephant Butte

Sierra County
SCHEDULE OF JOINT POWERS AGREEMENTS (concluded)
For the Fiscal Year Ended June 30, 2010

Description	Road and street maintenance with the incorporated boundaries of the City of Elephant Butte.
Dates of agreement	Ongoing
Amount of project	\$6,000 in equal quarterly payments.
Agency contribution	Cost of road and street maintenance.
Audit responsibility	Sierra County City of Elephant Butte

Sierra County
SCHEDULE OF LEGISLATIVE GRANTS
 June 30, 2010

	Sierra Vista Hospital 07-LG-5554	Monticello Plaza 05-L-G-379	Administration Complex 06-L-G-537	Administration Complex 06-L-G-1896
Original appropriation	<u>\$ 750,000</u>	<u>\$ 118,605</u>	<u>\$ 297,000</u>	<u>\$ 160,000</u>
Expended through June30, 2010	\$ 674,539	\$ 118,908	\$ 299,779	\$ 160,000
Encumbrances	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total committed	<u><u>\$ 674,539</u></u>	<u><u>\$ 118,908</u></u>	<u><u>\$ 299,779</u></u>	<u><u>\$ 160,000</u></u>
Project expiration date	<u>06/30/11</u>	<u>06/30/09</u>	<u>06/30/10</u>	<u>06/30/10</u>

Fair Building 04-L-G-2415	Fair Building 05-L-G-1802	Fair Building 06-L-G-1897	Fair Building 07-L-G-5553	Hospital 07-L-G-3766	Hospital 08-L-G-3270
<u>\$ 100,000</u>	<u>\$ 148,500</u>	<u>\$ 198,000</u>	<u>\$ 270,013</u>	<u>\$ 1,352,785</u>	<u>\$ 1,024,000</u>
<u>\$ 100,000</u>	<u>\$ 148,500</u>	<u>\$ 198,000</u>	<u>\$ 347</u>	<u>\$ 12,500</u>	<u>\$ -</u>
			<u>72,868</u>	<u>-</u>	<u>-</u>
<u><u>\$ 100,000</u></u>	<u><u>\$ 148,500</u></u>	<u><u>\$ 198,000</u></u>	<u><u>\$ 73,215</u></u>	<u><u>\$ 12,500</u></u>	<u><u>\$ -</u></u>
<u>06/30/09</u>	<u>06/30/10</u>	<u>06/30/10</u>	<u>06/30/11</u>	<u>06/30/11</u>	<u>06/30/12</u>

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

Property taxes receivable, July 1, 2009	\$ 1,241,687
Net taxes charged to the Treasurer for 2009	6,663,973
Collections/Distributions/Changes	<u>(6,688,319)</u>
Property taxes receivable, June 30, 2010	<u><u>\$ 1,217,341</u></u>

Sierra County
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010

	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF THE INTERIOR</u>			
Direct:			
Distribution of Receipts	15.227	N/A	<u>\$ 17,470</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Direct:			
ARRA - Community Facilities Loans and Grants	10.780		\$ 55,000
Schools and Roads-Grants to States	10.665	N/A	<u>383,390</u>
Total U.S. Department of Agriculture			<u>\$ 438,390</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct:			
Assistance to firefighters	97.044	N/A	<u>\$ 270,434</u>
Total expenditures of federal awards			<u><u>\$ 726,294</u></u>

See the accompanying notes to Schedule of Expenditures of Federal Awards.

Sierra County
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Sierra County and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 Insurance

The County had the following insurance coverages during the year ended June 30, 2010:

Workers compensation	\$ Unlimited
Employer's liability	1,050,000
Persona injury:	
Per person	400,000
Per occurrence	750,000
Per occurrence property damage	100,000
Auto Liability	Limits
Auto physical damage	Per auto

Sierra County
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2010

Findings – Financial Statement Audit	<u>Current Status</u>
07-1 Landfill closures costs not calculated	Resolved
07-4 Property tax schedule not presented in the State Auditor required format	Repeated
09-1 Fire department purchasing procedures not appropriate	Resolved

Findings and Questioned Costs – Major Federal Award programs

None

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

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENTAL AUDITING STANDARDS**

Hector H. Balderas, State Auditor
and
Board of Commissioners
Sierra County
Truth or Consequences, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of Sierra County as of and for the year ended June 30, 2010, which collectively comprise Sierra County's basic financial statements and have issued our report thereon dated October 25, 2010. We have also audited the financial statements of each of the County's non-major governmental funds and related budgetary comparisons presented as other supplementary information as of and for the year ended June 30, 2010 and have issued our report thereon dated October 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sierra County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sierra County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sierra County's internal control over financial reporting.

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 a 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sierra 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that are required to be reported pursuant to *Government Auditing Standards* paragraphs 5.14 and 5.16, and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as item 07-4.

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

This report is intended solely for the information and use of management, the Board of Commissioners, others within the organization, the New Mexico Department of Finance and Administration, the New Mexico State Auditor, the New Mexico Legislature, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Stone, McGee & Co CPAs

October 25, 2010

MIKE STONE, C.P.A.
LINDA STONE MCGEE, C.P.A.
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Hector H. Balderas, State Auditor
and
Board of Commissioners
Sierra County
Truth or Consequences, New Mexico

Compliance

We have audited Sierra County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Sierra County's major federal programs for the year ended June 30, 2010. Sierra County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Sierra County's management. Our responsibility is to express an opinion on Sierra County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sierra County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Sierra County's compliance with those requirements.

In our opinion, Sierra County complied, in all material respects, with the 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, 2010.

Internal Control Over Compliance

Management of Sierra County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Sierra County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sierra County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, the New Mexico Department of Finance and Administration, the New Mexico State Auditor, the New Mexico Legislature, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Stone, McGee & Co CPAs

October 25, 2010

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

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Sierra County.
2. No significant deficiencies relating to the audit of the financial statements is reported in the "Findings – Financial Statement Audit" section of this report.
3. No instances of noncompliance material to the financial statements of Sierra 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 With Requirements That Could Have a Direct and Material Effect on each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133*.
5. The auditor's report on compliance for the major federal award programs for Sierra County expresses an unqualified opinion on all major programs.
6. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 were noted during the audit.
7. The programs tested as major programs included: Schools and Roads-Grants to States, CFDA No. 10.665.
8. The threshold for distinguishing types A and B programs was \$300,000.
9. Sierra County qualified as a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

OTHER INSTANCES OF NONCOMPLIANCE

07-4 Property Tax Schedule

Condition – The County Treasurer's property tax schedule does not include ten years of information in the format required by the New Mexico State Auditor.

Criteria – Section 2.2.2.12D(2) of NMAC 2010 requires property tax information be presented in a specific format.

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

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

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

Agency Response – The County is currently in the process of compiling the required information, working in conjunction with its IT services provider.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

None

OTHER – FINANCIAL STATEMENT PREPARATION

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

EXIT CONFERENCE

The contents of this report were discussed October 27, 2010. Present at this exit conference were:

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
Jim Coslin	Commission Chairman	Sierra County
Jan Porter Carrejo	County Manager	Sierra County
Michelle Storm	Finance Director	Sierra County
Sandy Whitehead	County Treasurer	Sierra County
Mike Stone	Shareholder	Stone, McGee & Co., CPA's