



Certified Public Accountants

ricci&company llc

CIBOLA COUNTY, NEW MEXICO

FINANCIAL STATEMENTS

JUNE 30, 2008

CIBOLA COUNTY, NEW MEXICO

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CIBOLA COUNTY, NEW MEXICO

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CIBOLA COUNTY, NEW MEXICO

Official Roster

Elmer Chavez	Commissioner - Chairman
Bennie Cohoe	Commissioner - First Vice Chairman
Jane Pitts	Commissioner - Second Vice Chairman
Edward Michaels	Commissioner
Antonio Gallegos	Commissioner
Norma Dominguez	County Treasurer
Eileen M. Martinez	County Clerk
Pablo Savedra	County Assessor
Johnny Valdez	County Sheriff
David Ulibarri	County Manager
Fred Rodarte	Probate Judge

Independent Auditors' Report

Mr. Hector H. Balderas, State Auditor
and
Elmer Chavez, Chairman and
The Board of County Commissioners
Cibola County, New Mexico

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Cibola County, New Mexico (County), as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County's nonmajor governmental and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements and schedules as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for each governmental fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Mr. Hector H. Balderas, State Auditor
and
Elmer Chavez, Chairman and
The Board of County Commissioners
Cibola County, New Mexico

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each nonmajor governmental fund of the County, as of June 30, 2008, and the respective changes in financial position and the budgetary comparison of all nonmajor funds as applicable thereof 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 a report dated March 27, 2009 on our consideration of the County's internal control over financial reporting and 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.

The accompanying management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements and budgetary comparisons of the County. The supplemental schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied to the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ricci & Company, LLC

Albuquerque, New Mexico
March 27, 2009

**CIBOLA COUNTY, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008**

Our discussion and analysis of the Cibola County's (the County) financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2008. The County's basic financial statements are comprised of four components: 1) government-wide financial statements; 2) fund financial statements; 3) notes to the financial statements; and 4) required supplementary information which includes this management's discussion and analysis. Please read it in conjunction with the County's financial statements, which begin on page 15.

FINANCIAL HIGHLIGHTS

- The County's net assets *increased* by \$3,496,352 from a year ago.
- During the year, the County received \$16,286,632 in total revenues.
- Total cost of all of the County's programs was \$13,055,280.
- The General Fund reported an *increase* in net assets of \$1,932,169.
- The resources available for appropriation were \$8,678,365.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (found on pages 15 and 16) provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements start on page 18. For governmental activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Fund Financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining fiduciary statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the County as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the County as a whole begins on page 18. One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about the activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

CIBOLA COUNTY, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

These two statements report the County's *net assets* and changes in them. You can think of the County's net assets—the difference between assets and liabilities—as one way to measure the County's financial health, or *financial position*. Over time, *increases* or *decreases* in the County's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the County's property tax base and the condition of the County's roads, to assess the *overall health* of the County.

In the Statement of Net Assets and the Statement of Activities, we divide the County into three kinds of activities:

- **Governmental Activities** - Most of the County's basic services are reported here, including the law enforcement (*Sheriff*), volunteer fire, public works, and recreation departments, and general administration. Property taxes, gross receipts taxes, rental revenues, service fees, and state and federal grants finance most of these activities.
- **Business-type Activities** - The County charges a fee to governmental entities for housing inmates to help it cover all or most of the cost of certain services it provides. The County's detention center is reported here.
- **Component Units** - The County includes one separate legal entity in its report—the Cibola General Hospital. Although legally separate, this "component unit" is important because the County is financially accountable for it.

Reporting the County's Most Significant Funds

Fund Financial Statements

Our analysis of the County's major funds begins on page 18. The fund financial statements begins on page 18 and provide detailed information about the most significant funds—not the County as a whole. Some funds are required to be established by State law and by bond covenants. However, the County Commission establishes many other funds to help it control and manage money for particular purposes (like the Consolidated Dispatch Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the State of New Mexico). The County's two kinds of funds—governmental and proprietary—use different accounting approaches.

CIBOLA COUNTY, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

- *Governmental Funds* - Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted into cash. The governmental fund statements provide a detailed *short-term view* of the County's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in reconciliation at the bottom of the fund financial statements.
- *Proprietary Funds* - When the County charges customers for the services it provides—whether to outside customers or to other units of the County—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the County's enterprise fund (a component of proprietary funds) is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. There are two proprietary funds; the component unit – Cibola General Hospital and the Care of Prisoners Fund – County Detention Center.

The County as Trustee

Reporting the County's Fiduciary Responsibilities

The County is the trustee, or fiduciary, for taxes collected for various governmental entities school districts, State Department of Health Services Child Trust, overpayment of taxes, state costs, and taxes paid in advance. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. All of the County's fiduciary activities are reported in Statement of Fiduciary Net Assets and Liabilities - Agency Funds and in Statement of Changes in Assets and Liabilities - All Agency Funds on pages 32 and 100. We exclude these activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE COUNTY AS A WHOLE

The County's *combined* net assets *increased* by \$3,496,352 from a year ago. Our analysis below focuses on the net assets (Table 1) and the changes in net assets (Table 2) of the County's governmental and business-type activities.

**CIBOLA COUNTY, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008**

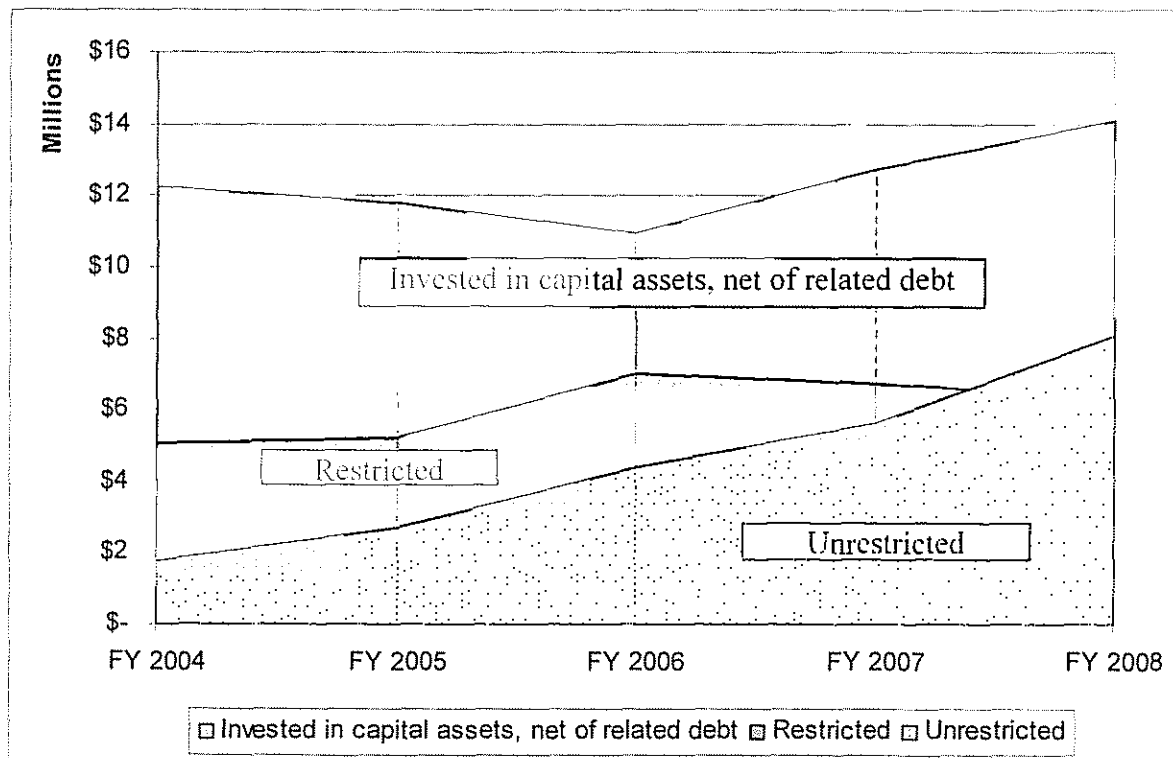
**Table 1
Net Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2007</u>
Current and other assets	\$ 14,883,167	\$ 12,481,481	\$ 747,651	\$ 837,543	\$ 15,630,818	\$ 13,319,024
Capital assets	<u>20,875,167</u>	<u>20,135,252</u>	<u>6,945,241</u>	<u>7,210,756</u>	<u>27,820,408</u>	<u>27,346,008</u>
Total Assets	<u>\$ 35,758,334</u>	<u>\$ 32,616,733</u>	<u>\$ 7,692,892</u>	<u>\$ 8,048,299</u>	<u>\$ 43,451,226</u>	<u>\$ 40,665,032</u>
Long-term liabilities outstanding	\$ 12,488,399	\$ 13,291,628	\$ 18,504	\$ 12,825	\$ 12,506,903	\$ 13,304,453
Other liabilities	<u>1,747,305</u>	<u>1,692,006</u>	<u>644,468</u>	<u>612,375</u>	<u>2,391,773</u>	<u>2,304,381</u>
Total Liabilities	<u>\$ 14,235,704</u>	<u>\$ 14,983,634</u>	<u>\$ 662,972</u>	<u>\$ 625,200</u>	<u>\$ 14,898,676</u>	<u>\$ 15,608,834</u>
Net Assets:						
Invested in capital assets, net of related debt	\$ 7,125,357	\$ 5,509,691	\$ 6,945,241	\$ 7,210,756	\$ 14,070,598	\$ 12,720,447
Restricted	6,370,762	6,742,034	-	-	6,370,762	6,742,034
Unrestricted	<u>8,026,511</u>	<u>5,381,374</u>	<u>84,679</u>	<u>212,343</u>	<u>8,111,190</u>	<u>5,593,717</u>
Total net assets	<u>\$ 21,522,630</u>	<u>\$ 17,633,099</u>	<u>\$ 7,029,920</u>	<u>\$ 7,423,099</u>	<u>\$ 28,552,550</u>	<u>\$ 25,056,198</u>

As of June 30, 2008, the County has positive balances in all three categories of net assets over the last four years, both for the government as a whole, as well as for its separate governmental and business-type activities, with business-type activities *decreasing* slightly in 2008. In contrast, Invested in Capital Assets experienced a slight *decrease* in fiscal year 2005 and 2006 and Restricted Net Assets slightly *decreased* in fiscal year 2007 and 2008.

CIBOLA COUNTY, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

Total Net Assets
Governmental and Business-Type Activities
(In millions)



Total net assets of the County's governmental activities *increased* by 22 percent (\$21,522,630 compared to \$17,633,099). *Unrestricted* net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—changed from \$5,381,374 at June 30, 2007, to \$8,026,511 at the end of this fiscal year.

The *increase* in total governmental net assets resulted primarily from an increase in our cash balances and investments, a decrease in our long-term debt as loans and bonds, and changes in our capital assets. The majority of the *increase* in unrestricted governmental net assets arose from the previous bond debt restructure last fiscal year, allowing us to take advantage of lower interest rates and the opportunity to payoff a major loan with the NMFA (the Detention Center's construction loan). The resulting affect lowered our debt service payments over the life of the new bonds and released some restrictions on those net assets.

CIBOLA COUNTY, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

The net assets of our business-type activities net assets are used to finance the operations of the County Detention Center. The unrestricted net assets of our business-type activities *decreased* by 60 percent, or \$127,664. The reason for this *decrease* is attributed to the increase in care of prisoner operation costs, primarily the health and dental care of each inmate. In addition, the facility is starting to age from its use, thus requiring more maintenance, repair, and depreciation costs. The health care costs are mandated by law and the County is constantly looking for ways to keep these costs down.

The major source of revenue for the Detention Center is its billings for housing of and medical services of inmates from outside the County detained here in Cibola County. Those fees and services generated \$2,458,170 during the year, \$88,857 or 3.8 percent more than last year. The County can only use these revenues to finance the continuing operations of the Detention Center operations. The Center has operated at full capacity for more than two years now; servicing Cibola County, the State, other Counties and Municipalities throughout New Mexico. Future plans for expanding the Center are ready to be put into place as soon as the County feels such expansion is feasible.

The combined unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was \$8,111,190 at the end of this year. This amount, compared to last year's \$5,593,717 *increased* 45 percent, or \$2,517,473. Again, the restructuring of our outstanding bond debt a year ago reduced our long-term liabilities and it increased our cash and investments. This resulted primarily for the *increase* in our combined unrestricted net assets. Our total assets of the primary government *increased* by 6.9 percent or \$2,786,194 from 2007 to 2008.

**CIBOLA COUNTY, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008**

Table 2

Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2007</u>
Revenues:						
Program revenues:						
Charges for services	\$ 339,448	\$ 606,231	\$ 2,458,170	\$ 2,369,313	\$ 2,797,618	\$ 2,975,544
Operating grants and contributions	3,123,484	3,983,047	-	-	3,123,484	3,983,047
Capital grants and contributions	1,672,805	1,409,845	-	-	1,672,805	1,409,845
General revenues:						
Property taxes	2,349,036	2,411,032	-	-	2,349,036	2,411,032
Other taxes	4,487,231	3,560,135	368,666	343,968	4,855,897	3,904,103
Other revenues	<u>1,471,784</u>	<u>(6,826,788)</u>	<u>16,008</u>	<u>7,615,897</u>	<u>1,487,792</u>	<u>789,109</u>
Total revenues	<u>13,443,788</u>	<u>5,143,502</u>	<u>\$ 2,842,844</u>	<u>\$ 10,329,178</u>	<u>16,286,632</u>	<u>15,472,680</u>
Expenses:						
General government	3,145,560	3,903,929	-	-	3,145,560	3,903,929
Public safety	2,459,008	1,689,202	-	-	2,459,008	1,689,202
Health and welfare	1,899,776	1,554,062	-	-	1,899,776	1,554,062
Culture and recreation	152,989	172,533	-	-	152,989	172,533
Public works	1,553,139	1,829,248	-	-	1,553,139	1,829,248
County Detention	-	-	3,256,023	3,118,135	3,256,023	3,118,135
Debt Service	<u>588,785</u>	<u>748,396</u>	<u>-</u>	<u>88,984</u>	<u>588,785</u>	<u>837,380</u>
Total expenses	<u>9,799,257</u>	<u>9,897,370</u>	<u>3,256,023</u>	<u>3,207,119</u>	<u>13,055,280</u>	<u>13,104,489</u>
Excess (deficiency) before transfers	<u>3,644,531</u>	<u>(4,753,868)</u>	<u>(413,179)</u>	<u>7,122,059</u>	<u>3,231,352</u>	<u>2,368,191</u>
Transfers	<u>245,000</u>	<u>530,532</u>	<u>20,000</u>	<u>(203,617)</u>	<u>265,000</u>	<u>326,915</u>
Increase (decrease) in net assets	<u>\$ 3,889,531</u>	<u>\$ (4,223,336)</u>	<u>\$ (393,179)</u>	<u>\$ 6,918,442</u>	<u>\$ 3,496,352</u>	<u>\$ 2,695,106</u>

CIBOLA COUNTY, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

The County's total revenues *increased* by 5.3 percent or \$813,952. At the same time, the total cost of all programs and services before transfers *decreased* during the year by 0.4 percent or \$49,209. We maintained the same level of services and programs throughout this year as last. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Revenues for the County's governmental activities *increased* by 161.4 percent (\$8.3 million), while total expenditures remained virtually unchanged. The *increase* in net assets for governmental activities in 2008 was \$3,889,531 compared to a \$4,223,336 *decrease* in net assets in 2007.

County management took a major action last year that affected both the governmental and business-type activities as mentioned above that resulted in the large decrease in governmental activities' revenue and the increase in expenditures. That action was the restructuring of our old bond debt into new debt at a lower interest rate. In addition, we used \$2.9 million in cash reserves to pay down and payoff debt and payoff a major loan. In doing this bond restructure, capital assets and bond debt related to the Detention Center were reclassified from the General and Bond Funds into the Enterprise Fund (Detention Center). This reclassification of capital assets and debt, although accounted for last year, shows up in this year's comparisons of revenue and net assets between our governmental and business-type activities and only affects that comparison. The total change between 2007 and 2008 is an *increase* in total revenue of 5.3 percent or \$813,952 and an *increase* in total net assets of 29.7 percent or \$801,246.

The cost of all *governmental* activities this year was \$9.79 million compared to \$9.89 million last year. One reason for the \$98,113 *decrease* was the same level of services cost a little less than last year.

Overall, the County's governmental program revenues *increased* in 2008 from \$5.1 million to \$13.4 million, principally based on the reclassification of revenues related to the Detention Center (jail) loan payoff and capital assets placed in the Enterprise (Detention) Fund. Please refer to the next paragraph under "Business-Type Activities".

Business-Type Activities

Revenues of the County's business-type activities (see Table 2) reported \$2.8 million and expenditures reported \$3.2 million for the Detention Center's operations in 2008. The County Detention Center is the only operation reported here as a business-type activity. Over the years, the annual cost of the detention of County prisoners has *increased* to \$3.25 million dollars compared to \$1.2 million in 2002. This equates to a 170.8 percent *increase* over those 6 years.

CIBOLA COUNTY, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

Constructing and operating our own Detention Center has proven to be one of the best investments and decisions that County Commissioners and Management made. Of course, starting with the actions of prior Board of County Commissioners, our current Board of Commissioners, and our County Manager, has enabled the County to do such a great thing resulting in the better use of public tax dollars.

The business-type revenues *decreased* 72.5 percent or \$7,486,334 during the year. The reasons for this decrease were the bonds restructure proceeds reclassified into this fund last year, which better accounted for the Enterprise Fund (Detention Center) as a whole. And secondly, capital assets housed in our Bond Fund were also reclassified into this fund last year for the same reason stated above - better accounting. The result of the decrease is therefore caused by accounting entries, which restated the Enterprise Fund's asset valuations and revenues received during last year. An Enterprise Fund is accounted for on the full accrual basis of accounting. In this way, we are better able to show its functions and operations in effect as an entity to itself.

Again, the large decrease shows up in the comparisons data only and not in this year's actual revenue and expenditures.

THE COUNTY'S MAJOR FUNDS

As the County completed the year, its governmental funds (as presented in the combined balance sheet on page 18) reported a combined fund balance of \$13 million, which is 19.7 percent more than last year's total of \$10.9 million. The *increase* in fund balance is made up primarily of the increase in cash and investments of \$2,328,488.

General Fund Budgetary Highlights

Over the course of the year, the Board of County Commissioners revised the County budget several times. These budget amendments fall into three categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we estimated in June 2008). The second category includes changes that the Commission made during the year. Finally, the Board of County Commissioners approved several increases in appropriations to prevent budget overruns at year-end.

Even with these adjustments, the County spent \$221,132 less in the general fund than was budgeted. The General Fund received \$1,010,082 more in revenues than what we budgeted. Each year the County budgets less in revenues, using our average collection rate of 85 percent, than what is projected to be our total revenue. In this way, we are able to provide 'protection', if you will, in not overspending. We take a conservative approach in budgeting. In addition, only \$430,982 was actually transferred out of the General Fund to other funds; \$1,342,149 less than budgeted. With these realizations, the General Fund was able to strengthen itself during 2008.

**CIBOLA COUNTY, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2008, the County had \$43.5 million invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, and water and sewer lines. (Refer to Note 6, pages 47, 48 and 49.) Major assets are County Infrastructure, the County Hospital, which is leased to Cibola General Hospital, and the Criminal Justice Complex (County Detention Center).

Debt

At year-end, the County's governmental activities had \$13.3 million in long-term bonds and notes outstanding (refer to Note 7, page 49 and 50). The County's business-type activities (County Detention Center) reported \$18,504 in long-term bonds and notes outstanding.

The *decrease* in governmental activities long-term debt of 11.3 percent (\$1.6 million) resulted from the continual 'pay-down' of our existing debt through scheduled payments. No additional debt was incurred during the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal year 2008 budget and tax rates. One major factor was the continuation of the conversion of our County's recording, assessing, and tax collecting computer software to a newer more advanced system. Another was the available tax base that finances our countywide operations. And still another was general services to our citizens and businesses.

These indicators were taken into account when adopting the General Fund budget for 2008. Current and proposed tax rates charged on sales and services and property taxes greatly influenced the budget. Federal, state, and local laws also influence the County's governing authority to make prudent and affordable budget decisions.

If these estimates are realized, the County's budgetary General Fund balance is expected to remain the same, as well as its programs and services to the public. With the County Detention Center strengthening its financial position and operations, the General Fund is relieved to focus its assets and funding for other public purposes. The governing body and Management of the County continue to seek ways to improve the health, safety, and welfare of its citizens and improvements to their way of life.

**CIBOLA COUNTY, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008**

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors, creditors, providers, and management with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact John Alexander, Finance Director, at Cibola County, 515 W. High Street, Grants, New Mexico, 87020-2526, or (505) 285-2516. The Finance Office's email is jalexander@co.cibola.nm.us.

Cibola General Hospital, a component unit of the County, has issued a separate financial report which may be obtained by contacting the Hospital's administration at 1016 East Roosevelt Avenue, Grants, New Mexico 87020.

**CIBOLA COUNTY, NEW MEXICO
STATEMENT OF NET ASSETS**

June 30, 2008

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit Cibola General Hospital
ASSETS				
Cash and investments	\$ 12,401,762	258,310	12,660,072	1,583,010
Receivables				
Taxes, net of allowance	1,513,213	77,122	1,590,335	-
Due from other funds	376,707	-	376,707	-
Due from agency fund	116,106	-	116,106	-
Prison receivables	-	412,219	412,219	-
Patients accounts receivable, net of allowance	-	-	-	2,991,062
Intergovernmental	279,536	-	279,536	-
Miscellaneous	-	-	-	26,400
Prepaid expenses	195,841	-	195,841	327,471
Inventories, at cost	-	-	-	167,354
Total current assets	14,883,165	747,651	15,630,816	5,095,297
Capital assets (net, where applicable, of accumulated depreciation)				
Land	2,838,454	-	2,838,454	-
Work in process	430,043	-	430,043	-
Buildings and improvements	5,106,612	-	5,106,612	-
Furniture and equipment	1,004,389	-	1,004,389	-
Automobiles	381,649	-	381,649	-
Infrastructure	2,325,469	-	2,325,469	-
County prison	-	6,945,241	6,945,241	-
County hospital	8,293,991	-	8,293,991	4,278,395
Advance refunding escrow costs, net	230,524	-	230,524	-
Bond issuance costs, net	264,036	-	264,036	-
Assets limited as to use	-	-	-	5,535,479
Total assets	35,758,332	7,692,892	43,451,224	14,909,171
LIABILITIES				
Accounts payable	239,457	97,961	337,418	790,711
Accrued wages and benefits	223,374	15,344	238,718	642,927
Estimated third-party payor settlements	-	-	-	280,000
Inmate trust accounts	-	8,207	8,207	-
Deferred revenues	354,912	-	354,912	-
Compensated absences	115,239	30,141	145,380	-
Accrued interest	47,471	-	47,471	-
Due to other funds	-	492,814	492,814	-
Current portion of long-term debt	766,851	-	766,851	-
Total current liabilities	1,747,304	644,467	2,391,771	1,713,638
Long-term debt, net of current portion	12,488,399	15,458	12,503,857	-
Total liabilities	14,235,703	659,925	14,895,628	1,713,638
NET ASSETS				
Investment in capital assets, net of related debt	7,125,357	6,945,241	14,070,598	4,278,395
Restricted for:				
Debt service	2,876,071	-	2,876,071	-
Special projects	3,100,322	-	3,100,322	-
Capital outlay	394,371	-	394,371	-
Unrestricted	8,026,508	87,726	8,114,234	8,917,138
Total net assets	\$ 21,522,629	7,032,967	28,555,596	13,195,533

See Notes to Financial Statements.

CIBOLA COUNTY, NEW MEXICO
STATEMENT OF ACTIVITIES
Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 3,145,560	250,283	477,370	967,235
Public safety	2,459,008	89,165	717,643	593,273
Public works	1,553,138	-	788,369	112,297
Culture and recreation	152,989	-	-	-
Health and welfare	1,899,776	-	1,140,097	-
Interest on long-term debt	588,785	-	-	-
Total governmental activities	<u>9,799,256</u>	<u>339,448</u>	<u>3,123,479</u>	<u>1,672,805</u>
Business-type activities	<u>3,238,032</u>	<u>2,458,170</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 13,037,288</u>	<u>2,797,618</u>	<u>3,123,479</u>	<u>1,672,805</u>
Component Unit -				
Cibola General Hospital	<u>\$ 19,232,505</u>	<u>18,848,205</u>	<u>21,303</u>	<u>-</u>

General Revenues
Property taxes
Gross receipts taxes
Motor vehicle taxes
Gas taxes
Cigarette taxes
Federal payment in lieu of taxes
Environmental protection taxes
Investment income
Other general revenues
Transfers to / from Enterprise Fund
Transfers to / from Component Unit
Total general revenues and transfers
Change in net assets
Net assets, beginning
Net assets, ending

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Business-type Activities
\$ (1,450,672)	-	(1,450,672)	-
(1,058,927)	-	(1,058,927)	-
(652,472)	-	(652,472)	-
(152,989)	-	(152,989)	-
(759,679)	-	(759,679)	-
(588,785)	-	(588,785)	-
(4,663,524)	-	(4,663,524)	-
-	(779,862)	(779,862)	-
(4,663,524)	(779,862)	(5,443,386)	-
-	-	-	(362,997)
\$ 2,349,036	-	2,349,036	981,237
3,875,441	368,666	4,244,107	-
331,813	-	331,813	-
156,040	-	156,040	-
859	-	859	-
1,106,274	-	1,106,274	-
123,077	-	123,077	-
325,574	-	325,574	303,853
39,940	16,008	55,948	119,059
(20,000)	20,000	-	-
265,000	-	265,000	(265,000)
8,553,054	404,674	8,957,728	1,139,149
3,889,530	(375,188)	3,514,342	776,152
17,633,099	7,408,155	25,041,254	12,419,381
\$ 21,522,629	7,032,967	28,555,596	13,195,533

CIBOLA COUNTY, NEW MEXICO
COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2008

	General	Road Fund
ASSETS		
Cash and investments	\$ 6,321,517	1,071,810
Receivables		
Taxes, net of allowance	950,893	89,567
Intergovernmental	66,670	-
Miscellaneous	-	-
Due from other funds	697,866	-
Total assets	\$ 8,036,946	1,161,377
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 21,425	174,109
Other accrued expenses	223,374	-
Due to other funds	-	-
Deferred revenue	720,602	372,481
Total liabilities	965,401	546,590
FUND BALANCES		
Reserved for subsequent years' expenditures	1,355,248	128,077
Reserved for debt service	-	-
Unreserved, undesignated	5,716,297	486,710
Special projects	-	-
Capital outlay	-	-
Total fund balances	7,071,545	614,787
Total liabilities and fund balances	\$ 8,036,946	1,161,377

See Notes to Financial Statements.

Major Funds			Other	Total
Indigent Fund	Capital Projects Outlay Transfers	Debt Service	Non-Major Funds	
442,416	38,820	2,627,613	1,899,586	12,401,762
135,643	-	310,191	26,919	1,513,213
-	121,021	-	91,845	279,536
-	-	-	-	-
-	-	-	-	697,866
<u>578,059</u>	<u>159,841</u>	<u>2,937,804</u>	<u>2,018,350</u>	<u>14,892,377</u>
-	3,655	-	40,268	239,457
-	-	-	-	223,374
-	54,085	-	150,968	205,053
26,988	-	61,733	4,927	1,186,731
<u>26,988</u>	<u>57,740</u>	<u>61,733</u>	<u>196,163</u>	<u>1,854,615</u>
-	-	-	-	1,483,325
-	-	2,876,071	-	2,876,071
-	102,101	-	-	6,305,108
551,071	-	-	1,427,816	1,978,887
-	-	-	394,371	394,371
<u>551,071</u>	<u>102,101</u>	<u>2,876,071</u>	<u>1,822,187</u>	<u>13,037,762</u>
<u>578,059</u>	<u>159,841</u>	<u>2,937,804</u>	<u>2,018,350</u>	<u>14,892,377</u>

CIBOLA COUNTY, NEW MEXICO
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
June 30, 2008

Total fund balances - Governmental Funds (Balance Sheet - Governmental Funds)		\$ 13,037,762
Amounts reported for governmental activities in the Statement of Net Assets are different at June 30, 2008 because:		
Delinquent property taxes receivable net of allowance for doubtful accounts are not considered available financial resources and therefore are reported as deferred revenue in the fund financial statements		831,819
Prepaid expenses are expensed in the government fund financial statements but not in the entity-wide financial statements		195,841
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund. These assets consist of:		
Total capital assets	\$ 40,652,522	
Less accumulated depreciation	(20,271,915)	
Related debt	<u>(13,255,250)</u>	
Total capital assets, net of related debt and depreciation		7,125,357
Some liabilities are not due and payable in the current period and therefore are not reported in the fund:		
Compensated absences payable		(115,239)
Accrued interest payable		(47,471)
Bond issuance costs are expensed in period expended for fund financial statements but capitalized for governmental activities		
Total bond costs	286,996	
Less accumulated amortization	<u>(22,960)</u>	
Bond issuance costs, net		264,036
Advanced refunding escrow costs are amortized for governmental activities but are a current other financing source in fund financial statements		
Advance refunding escrow fees	357,312	
Less accumulated amortization	<u>(126,788)</u>	
Advance refunding escrow fees, net		<u>230,524</u>
Net assets of governmental activities (Statement of Net Assets)		<u><u>\$ 21,522,629</u></u>

See Notes to Financial Statements.

CIBOLA COUNTY, NEW MEXICO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUNDS
Year Ended June 30, 2008

	General	Road Fund
Revenues		
Local taxes	\$ 3,910,502	423,375
Intergovernmental	1,301,476	724,812
Licenses and permits	48,475	-
Interest	273,505	-
Miscellaneous	279,768	5,342
Total revenues	5,813,726	1,153,529
Expenditures		
Current		
General government	2,396,683	-
Public safety	991,387	-
Public works	184,394	929,384
Culture and recreation	-	-
Health and welfare	-	-
Capital outlay	106,065	135,896
Debt service - principal	41,086	-
Debt service - interest	10,960	-
Debt service - other fees	-	-
Total expenditures	3,730,575	1,065,280
Excess (deficiency) of revenues over expenditures before other financing sources	2,083,151	88,249
Other Financing Sources (Uses)		
Transfer from component unit	265,000	-
Operating transfers, in	15,000	-
Operating transfers, out	(430,982)	-
Total other financing sources (uses)	(150,982)	-
Net change in fund balance	1,932,169	88,249
Fund balances, beginning of year	5,139,376	526,538
Fund balances, end of year	\$ 7,071,545	614,787

See Notes to Financial Statements.

Major Funds			Other	Total
Indigent Fund	Capital Projects Outlay Transfers	Debt Service	Non-Major Funds	
593,086	-	1,483,109	230,333	6,640,405
1,129,285	1,258,525	-	1,484,605	5,898,703
-	-	-	111,804	160,279
-	-	33,437	-	306,942
540	2,458	-	16,484	304,592
<u>1,722,911</u>	<u>1,260,983</u>	<u>1,516,546</u>	<u>1,843,226</u>	<u>13,310,921</u>
-	364,597	-	140,105	2,901,385
-	-	-	1,101,487	2,092,874
-	-	-	-	1,113,778
-	-	-	35,826	35,826
1,528,788	-	-	19,500	1,548,288
-	1,104,025	-	939,100	2,285,086
-	-	550,000	204,028	795,114
-	-	539,375	45,479	595,814
-	-	43,477	-	43,477
<u>1,528,788</u>	<u>1,468,622</u>	<u>1,132,852</u>	<u>2,485,525</u>	<u>11,411,642</u>
<u>194,123</u>	<u>(207,639)</u>	<u>383,694</u>	<u>(642,299)</u>	<u>1,899,279</u>
-	-	-	-	265,000
-	-	-	463,130	478,130
-	-	-	(67,148)	(498,130)
-	-	-	395,982	245,000
<u>194,123</u>	<u>(207,639)</u>	<u>383,694</u>	<u>(246,317)</u>	<u>2,144,279</u>
<u>356,948</u>	<u>309,740</u>	<u>2,492,377</u>	<u>2,068,504</u>	<u>10,893,483</u>
<u>551,071</u>	<u>102,101</u>	<u>2,876,071</u>	<u>1,822,187</u>	<u>13,037,762</u>

CIBOLA COUNTY, NEW MEXICO
RECONCILIATION OF STATEMENT OF ACTIVITIES TO
GOVERNMENTAL FUND STATEMENTS
Year Ended June 30, 2008

Amounts reported for governmental activities in the Statement of Activities are different at June 30, 2008 because:

Net change in fund balances - total governmental funds \$ 2,144,279

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

Depreciation expense	\$ (1,464,534)	
Capital outlay	2,285,086	
Excess of depreciation expense over capital outlay		820,552

The issuance of long-term debt (e.g., bonds, leases) provided current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Payment on long-term debt	795,114	
Amortization on issuance costs and escrow fees	(80,637)	
		714,477

Deferred revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 132,865

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Changes in:

Prepaid expenses	23,271	
Compensated absences	47,057	
Accrued interest	7,029	
		77,357

Change in net assets of governmental activities \$ 3,889,530

See Notes to Financial Statements.

CIBOLA COUNTY, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
GENERAL FUND
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amount	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Local taxes	\$ 3,019,800	3,019,800	3,910,502	890,702
Licenses and permits	49,600	49,600	48,475	(1,125)
Intergovernmental revenue	218,140	218,140	195,202	(22,938)
Interest	150,000	150,000	273,505	123,505
Federal allotment	1,117,504	1,117,504	1,106,274	(11,230)
Miscellaneous	513,600	513,600	544,768	31,168
Total revenues	5,068,644	5,068,644	6,078,726	1,010,082
Expenditures				
General government	2,725,578	2,699,524	2,448,729	250,795
Public safety	1,048,015	1,003,015	991,387	11,628
Public works	146,114	146,114	184,394	(38,280)
Capital outlay	32,000	103,054	106,065	(3,011)
Total expenditures	3,951,707	3,951,707	3,730,575	221,132
Excess of revenues over expenditures	1,116,937	1,116,937	2,348,151	1,231,214
Other Financing Sources (Uses)				
Operating transfers in	15,000	15,000	15,000	-
Operating transfers out	(1,284,669)	(1,341,167)	(430,982)	910,185
Total other financing sources (uses)	(1,269,669)	(1,326,167)	(415,982)	910,185
Net change in fund balance	\$ (152,732)	(209,230)	1,932,169	2,141,399
Prior year fund balance to balance the budget	152,732	209,230		
	\$ -	-		

See Notes to Financial Statements.

CIBOLA COUNTY, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
SPECIAL REVENUE ROAD FUND
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amount	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Local taxes	\$ 360,000	360,000	423,375	63,375
Intergovernmental	845,802	845,802	724,812	(120,990)
Miscellaneous	1,000	1,000	5,342	4,342
Total revenues	1,206,802	1,206,802	1,153,529	(53,273)
Expenditures				
Public works	1,602,098	1,686,216	929,384	756,832
Capital outlay	-	-	135,896	(135,896)
Total expenditures	1,602,098	1,686,216	1,065,280	620,936
Excess (deficiency) of revenues over expenditures	(395,296)	(479,414)	88,249	567,663
Other Financing Sources (Uses)				
Operating transfers in	-	42,060	-	(42,060)
Total other financing sources (uses)	-	42,060	-	(42,060)
Net change in fund balance	\$ (395,296)	(437,354)	88,249	525,603
Prior year fund balance to balance the budget	395,296	437,354		
	\$ -	-		

See Notes to Financial Statements.

CIBOLA COUNTY, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
SPECIAL REVENUE INDIGENT
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Local taxes	\$ 400,000	400,000	593,086	193,086
Intergovernmental	955,774	955,774	1,129,285	173,511
Miscellaneous	3,000	3,000	540	(2,460)
Total revenues	1,358,774	1,358,774	1,722,911	364,137
Expenditures				
Health and welfare	1,281,334	1,529,334	1,528,788	546
Total expenditures	1,281,334	1,529,334	1,528,788	546
Excess (deficiency) of revenues over expenditures	77,440	(170,560)	194,123	364,683
Net change in fund balance	\$ 77,440	(170,560)	194,123	364,683
Prior year fund balance to balance the budget	-	170,560		
	\$ 77,440	-		

See Notes to Financial Statements.

**CIBOLA COUNTY, NEW MEXICO
BALANCE SHEET - PROPRIETARY FUND
PRISON FACILITY
June 30, 2008**

ASSETS

Current Assets

Cash and investments	\$ 258,310
Accounts receivable	412,219
Taxes receivable	77,122

Total current assets 747,651

Capital assets, net 6,945,241

Total assets \$ 7,692,892

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 97,961
Other accrued expenses	15,344
Inmate trust accounts	8,207
Due to other funds	492,814
Compensated absences, current	30,141

Total current liabilities 644,467

Noncurrent Liabilities

Compensated absences 15,458

Total noncurrent liabilities 15,458

Total liabilities 659,925

Net Assets

Invested in capital assets net of related debt	6,945,241
Unrestricted	87,726

Total net assets 7,032,967

Total liabilities and net assets \$ 7,692,892

See Notes to Financial Statements.

CIBOLA COUNTY, NEW MEXICO
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUND
PRISON FACILITY
June 30, 2008

Operating Revenues	
Fees and services	\$ 2,458,170
Operating Expenses	
Salaries, wages and benefits	1,641,055
Materials and supplies	84,830
Contractual services	273,161
Other operating expenses	925,074
Capital outlay	12,849
Depreciation	301,063
Total operating expenses	<u>3,238,032</u>
Operating loss	<u>(779,862)</u>
Nonoperating Income (Expense)	
Gross receipts tax	368,666
Miscellaneous	16,008
Total nonoperating income	<u>384,674</u>
Loss before transfers	(395,188)
Operating transfers in	20,000
Operating transfers out	-
Net transfers	20,000
Change in net assets	(375,188)
Net assets, beginning of year	<u>7,408,155</u>
Net assets, end of year	<u><u>\$ 7,032,967</u></u>

See Notes to Financial Statements.

**CIBOLA COUNTY, NEW MEXICO
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUND
PRISON FACILITY
June 30, 2008**

Cash Flows From Operating Activities	
Cash received from prisoner care	\$ 2,561,052
Cash payments to vendors and employees	<u>(2,917,188)</u>
Net cash used by operating activities	<u>(356,136)</u>
Cash Flows From Noncapital and Related Financing Activities	
Tax receipts	368,546
Miscellaneous revenue	16,008
Operating transfers from other funds	<u>20,000</u>
Net cash provided by noncapital financing activities	<u>404,554</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition of capital assets	<u>(35,548)</u>
Net cash used by capital and related financing activities	<u>(35,548)</u>
Net increase in cash	12,870
Cash, beginning of year	<u>245,440</u>
Cash, end of year	<u><u>\$ 258,310</u></u>
Operating loss	\$ (779,862)
Adjustments to reconcile operating income to net cash flows	
Depreciation expense	301,063
Changes in Assets and Liabilities	
Receivables	102,882
Accounts payable	27,154
Accrued wages and benefits	(1,754)
Inmate trust accounts	<u>(5,619)</u>
Net cash used by operating activities	<u><u>\$ (356,136)</u></u>

See Notes to Financial Statements.

CIBOLA COUNTY, NEW MEXICO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
COMPONENT UNIT - CIBOLA GENERAL HOSPITAL
Year Ended June 30, 2008

Revenues	
Net patient service revenue	\$ 18,848,205
Mil levy	981,237
Other	119,059
Total revenues	<u>19,948,501</u>
Expenses	
Salaries and wages	6,641,471
Payroll taxes and benefits	1,676,357
Purchased services and other	3,597,470
Supplies	1,769,129
Utilities, insurance, rentals and repairs	1,714,492
Professional fees	913,546
Depreciation and amortization	668,758
Provision for bad debts	2,461,118
Interest expense	-
Total expenses	<u>19,442,341</u>
Operating income	<u>506,160</u>
Other Income	
Investment income	297,500
Other expense	(55,164)
Total other income	<u>242,336</u>
Excess of revenues over expenses	748,496
Change in net unrealized losses on other than trading securities	6,353
Contributions	<u>21,303</u>
Increase in unrestricted net assets	776,152
Net assets, beginning of year	<u>12,419,381</u>
Net assets, end of year	<u><u>\$ 13,195,533</u></u>
Total liabilities and net assets	<u><u>\$ 13,195,533</u></u>

See Notes to Financial Statements.

CIBOLA COUNTY, NEW MEXICO
STATEMENT OF CASH FLOWS
COMPONENT UNIT - CIBOLA GENERAL HOSPITAL
Year Ended June 30, 2008

Cash Flows From Operating Activities	
Cash received from customers	\$ 17,005,789
Cash received from mil levys and other	1,098,309
Cash payments to suppliers	(7,984,980)
Cash paid for payroll, payroll taxes, and benefits	(8,221,896)
Interest received	303,853
Other expense	(55,164)
	<hr/>
Net cash provided by operating activities	2,145,911
	<hr/>
Cash Flows From Investing Activities	
Change in net assets limited as to use	(259,566)
Capital expenditures	(753,323)
	<hr/>
Net cash used in investing activities	(1,012,889)
	<hr/>
Net increase in cash and cash equivalents	1,133,022
	<hr/>
Cash and cash equivalents, beginning of year	449,988
	<hr/>
Cash and cash equivalents,	
 end of the year	\$ 1,583,010
	<hr/> <hr/>
Supplemental cash flow information	
Cash paid for interest	\$ -
	<hr/> <hr/>
Reconciliation of Net Assets to Net	
Cash Provided by Operating Activities	
Change in net assets	\$ 776,152
Adjustments to reconcile change in net assets	
to net cash provided by operating activities	
Provision for bad debts	2,461,118
Depreciation and amortization	668,758
Changes in operating assets and liabilities	
Patients accounts receivable	(1,702,415)
Other receivables	(23,291)
Inventories	23,686
Prepaid expenses	(86,919)
Accounts payable	72,890
Accrued expenses	95,932
Estimated third-party settlements	(140,000)
	<hr/>
Net cash provided by operating activities	\$ 2,145,911
	<hr/> <hr/>

See Notes to Financial Statements.

CIBOLA COUNTY, NEW MEXICO
STATEMENT OF FIDUCIARY NET ASSETS AND LIABILITIES -
AGENCY FUNDS
Year Ended June 30, 2008

ASSETS		
Cash		\$ -
		<hr/>
Total assets		\$ -
		<hr/> <hr/>
LIABILITIES		
Deposits held in trust for others		\$ 208,816
Due to other funds		<u>(208,816)</u>
Total liabilities		\$ -
		<hr/> <hr/>

See Notes to Financial Statements.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Function of Entity. Cibola County (County) was created in 1981 by New Mexico State Statute Chapter 4, Articles 3A-1 through 3A-14. The County operates under the commission-manager form of government and provides the following services as authorized in the grant of powers: public safety (sheriff, fire, emergency medical, etc.), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities.

A. Financial Reporting Entity

The County's combined financial statements include all activities and accounts of the County's "financial reporting entity."

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

A. Financial Reporting Entity (Continued)

One organization, Cibola General Hospital Corporation (a New Mexico not-for-profit corporation) (the Hospital) is included as a component unit because of its fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government.

The financial statements of the Hospital have been included in the County's financial statements as a discrete component unit. In addition, the Hospital issues its own separate financial statements. Those statements can be obtained by contacting the Hospital's management at 1016 East Roosevelt Avenue, Grants, New Mexico 87020.

There were no other component units during the fiscal year ended June 30, 2008.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment and include depreciation expense. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

When resources are available from both restricted and unrestricted sources, the County spends restricted resources first.

Separate financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their entity-wide statements, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the County's government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Enterprise Fund are charges for prisoner incarceration. Operating expenses for the enterprise fund include the cost of providing and staffing a prison facility, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Expenditures are recorded as liabilities when they are incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The County follows the following revenue recognition principles applied to nonexchange transactions which are in accordance with GASB *Statement 33, Accounting and Reporting for Nonexchange Transactions*:

Derived tax revenues are recognized as revenue in the period when the underlying exchange transaction has occurred and the resources are available. Derived tax revenues include gross receipts tax, gasoline taxes, and cigarette taxes.

Imposed nonexchange revenues – property taxes are recognized in the period for which the taxes are levied, provided the available criteria are met. Uncollected property taxes are not estimable and are not recorded as a receivable.

Imposed nonexchange revenue other than property taxes is recognized in the period when an enforceable legal claim has arisen and the resources are available.

Government-mandated nonexchange transactions and voluntary nonexchange transactions are recognized when all applicable eligibility requirements have been met and the resources are available. These include grant revenues, state shared taxes, and intergovernmental revenue. Grant revenues are recognized as revenues when the related costs are incurred.

All other revenues are recognized when they are received and are not susceptible to accrual because they are usually not measurable until payment is actually received.

The County reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the County before it has legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In a subsequent period when both revenue recognition criteria methods are met or when the County has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund.

The *Debt Service Funds* are used to account for the accumulation of County resources and payment of bond principal and interest.

Road Fund. To account for the maintenance and repair of public streets and highways which have been designated as county roads. Monies to cover costs are designated from the General Fund. Authority is NMSA 67-4-1.

Indigent Fund. To account for the taxes collected for the operation of the indigent program. Financing is provided by the County from a percentage of the gross receipts tax and may be used for that purpose only. Authority is NMSA 24-10A-1.

Capital Outlay Project Fund. To account for the construction, repair, and purchase of equipment and vehicles for various projects. Funding is from a combination of state and local money.

The County reports the following major proprietary fund:

Prison Facility. To account for activities at the County's prison facility.

C. Cash and Investments

All deposits are recorded at cost. Investments in the County's cash and investment pool are stated at cost or amortized cost, which approximates market, plus accrued interest (shown under a separate caption). Interest income, realized gains and losses on investment transactions, and amortization of premiums/discounts on investment purchases are included for financial statement purposes as investment income and are allocated to participating funds based on the specific identification of the source of funds for a given investment.

For purposes of the statement of cash flows, the County considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

C. Cash and Investments (Continued)

The County does not have an investment policy. County funds are invested in accordance with New Mexico State Statute 6-10-36 which provides for the following investments:

1. United States Treasury Securities (bills, notes and bonds) and other securities issued by the United States government or its agencies or instrumentalities that are either direct obligations of the United States of America, the Federal Home Loan Mortgage Corp., the Federal National Mortgage Association, the Federal Farm Credit Bank, or the Student Loan Marketing Association, or are backed by the full faith and credit of the United States government.
2. Insured and/or collateralized (with U.S. Government Securities and/or New Mexico Bonds) certificates of deposit of banks, savings and loan associations, and credit unions, pursuant to State Board of Finance Collateral Policies.
3. Money market funds whose portfolios consist entirely of United States Government Securities or agencies sponsored by the United States government.
4. Investments in the New Mexico State Treasurer external investment pool (local government investment pool).

D. Receivables and Payables

Activity between funds that are representative lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Inter-fund balances are eliminated in the government-wide financial statements.

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the year-end are recorded as prepaid items.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

F. Capital Assets

Capital assets, which include software, property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and estimated useful life in excess of one year. Purchased or constructed assets are recorded at historical cost or estimated cost. Donated capital assets are recorded at estimated fair market value at the date of the donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government and component unit are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Infrastructure	30 years
Buildings and improvements	15-40 years
Machinery, equipment and software	5-10 years

Capital assets of the proprietary fund are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	30 years
Furniture and equipment	5 to 10 years
Automobiles	5 years

The Audit Act, 12-6-10, NMSA 1978, requires all assets which cost more than \$5,000 and have a life greater than one year to be added to the capital assets records and a yearly inventory of those assets must be taken.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

G. Accrued Employee Benefits

County employees may accumulate limited amounts of vacation pay which are payable to the employee upon termination or retirement. For governmental funds, expenditures are recognized during the period in which vacation costs become payable from available, expendable resources. For proprietary funds, vacation costs are recognized as a liability when earned.

H. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. There were no premiums, discounts, or issuance costs related to the County's bonds at year-end.

In governmental fund types, bond issuance costs and any premiums or discounts are recognized when the bonds are issued. In the entity-wide financial statements, bond discounts and issuance costs are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable, whereas issuance costs are recorded as deferred charges. The County did not apply this policy to debt issued before July 1, 2002.

I. Fund Equity Reservation and Designations

The County records reserves to indicate that a portion of fund equity is legally restricted for a specific future use or is not available for appropriation and/or expenditure.

Fund equity was reserved for:

Reserved for debt service – Amounts legally restricted for the payment of long-term debt.

Reserved for subsequent years' expenditures – Represents the amounts, other than carryover expenditures, which are designated for subsequent year expenditures.

Unreserved, undesignated – Amounts which have not been reserved or designated for any purpose. These funds are available for unrestricted usage by the County.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

J. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

K. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

L. Property Taxes

The County is responsible for assessing, collecting and distributing property taxes for both outside entities and its own operational and debt service purposes. Property taxes are assessed on November 1 of each year based on the assessed value on the prior January 1 and are payable in two equal installments by November 10 of the year in which the tax bill is prepared and by May 10 of the following year. Property taxes are delinquent if not paid by December 10 and June 10. Taxes on real property are lienied on January 1 of the year for which the taxes are imposed. Collections and remittance of County property taxes are accounted for in the County Treasurer Agency Funds. Therefore, revenues for budgetary purposes are recorded when taxes are distributed to the General Operating and Debt Service Funds.

M. Budgets

Actual amounts on the budgetary basis are prepared on the accrual basis of accounting. Budgeted amounts are prepared on the modified accrual basis for governmental funds and the accrual basis for enterprise funds. Annual budgets are adopted for the general, special revenue and debt service and capital projects funds. Cibola General Hospital does not have a legally binding budget.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

M. Budgets (Continued)

In addition, the Seboyeta Community Center, Cubero VFD Construction, Jail Construction, Capital Outlay Projects, and Computer Equipment & Software Funds do not have adopted budgets.

The County Manager is responsible for preparing the budget package from requests submitted by department heads. The appropriated budget is prepared by line item within object class, program, department and fund; revenues expected to be available are estimated to provide for balanced budgeting. The comprehensive budget package is brought before the County Commissioners for approval by resolution. The proposed budget is then submitted by June 1 to the New Mexico Department of Finance and Administration, Local Government Division (DFA), for approval. DFA certifies a pending budget by July 1 with final certification of the budget by the first Monday of September. The expenditure section of the budget, once adopted, is legally binding. Based on the final certified budget submitted, DFA certifies the allowable tax rates for property taxes in September.

Increases or decreases in the budget of a fund or transfers of appropriations between funds must be presented to the County Commission for approval by resolution and must subsequently have DFA approval. Amendments made to the original budget are included in the budgetary comparison statements of this report, which reflect actual to budget.

Budgets and amendments to the budgets for all funds are adopted in a legally permissible manner. The legal level of budgetary control is the fund level.

Expenditures may not legally exceed budgeted appropriations at the fund level except for the Emergency Medical Services and Fire District whose legal level of budgetary authority is at the program or district level.

N. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

One such estimate is the amount of gross receipts and other taxes collected by the State Taxation and Revenue Department (Department) for the County. The Department does not track the total receivable or uncollectable amounts. As an alternative, the County estimated the net receivable based on the Department's historical delinquent payment information.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

O. Implementation of New Accounting Standards

During the year ended June 30, 2006, the County adopted Government Accounting Standards Board Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries* (GASB 42), and Statement No. 46, *Net Assets Restricted by Enabling Legislation – An Amendment to GASB Statement No. 34*. The adoption of GASB Statements 42 and 46 did not have a material impact on the County's financial statements.

NOTE 2. CASH AND INVESTMENTS

Deposits

Custodial Credit Risk – Deposits. Custodial credit risk is, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The County does not have a deposit policy for custodial credit risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are (1) uncollateralized; (2) collateralized with securities held by the pledging financial institution; or (3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name. As of June 30, 2008, of the County's bank balances of \$8,174,504 and \$7,874,325 were exposed to credit risk as follows:

Uninsured and collateral held by pledging bank's trust department or agent but not in the County's name	<u>\$ 7,874,325</u>
Uninsured and uncollateralized	<u>\$ -</u>

In accordance with Section 6-10-17, NMSA, 1978 Compilation, the County is required to collateralize an amount equal to one-half of the public money in excess of \$100,000 at each financial institution.

The total balance in any single financial institution may at times exceed the \$100,000 in FDIC coverage available to individual depositors.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Investments

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributable to the magnitude of the County's investment in a single issuer. The County has no formal policy limiting the amount of investments or deposits at any single institution or with any single issuer.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County does not have a policy for managing interest rate risk.

The State Treasurer Local Government Investment Pool (LGIP) is not SEC registered. The State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Section 6-10-10-I through 6-10-10 P and Sections 6-10-10-1A and E, NMSA 1978. The investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The New Mexico State Treasurer is responsible for approving all changes in the pledged collateral and monitoring the collateral requirements for all deposits maintained by the State Treasurer. The State Treasurer's office issues separate financial statements which disclose the collateral pledged to secure those deposits.

LGIP does not have unit shares. Per Section 6-10-10.1 F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in this pool is voluntary. The independent auditors' report, together with the financial statements, the accompanying notes to the financial statements, and the independent auditors' report on compliance and internal controls are available from the State Investment Council, 2055 South Pacheco Street, Suite 100, Santa Fe, New Mexico 87505, upon written request.

Interest Rate Risk – The LGIP's policy is to invest in securities with an average maturity of less than 182 days, or a 0.5 yearly average term. The LGIP's average term at June 30, 2008 was 46 days using weighted average maturity.

Investments held at the Bank of Albuquerque and Bank of New York are invested in dollar denominated U.S. Treasury funds. The funds invest in instruments with maturities of 90 days or less.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 3. ACCOUNTS RECEIVABLE

Governmental Funds

Governmental funds had the following taxes receivable at June 30, 2008:

	Receivable	Allowance	Net Receivable
Property	\$ 860,114	144,310	715,804
Gross receipts	772,360	-	772,360
Motor vehicle	65,516	-	65,516
Gas	36,498	-	36,498
Cigarette	159	-	159
	<u>1,734,647</u>	<u>144,310</u>	<u>1,590,337</u>
Total taxes receivable	\$ <u>1,734,647</u>	<u>144,310</u>	<u>1,590,337</u>

Proprietary Funds

Accounts receivable represents billings to other governmental entities for the housing of prisoners. No reserve has been established because the balances are owed by other governmental entities, and management believes that the balances are collectible. In addition, the proprietary funds had \$77,122 in gross receipts tax receivable at year end.

NOTE 4. INTER-FUND OPERATING TRANSFERS

Inter-fund transfers for the year ended June 30, 2008 consisted of the following:

Transfers to the General Fund from:	
Non-major governmental funds	<u>\$ 15,000</u>
Transfers from the General Fund to:	
Non-major governmental funds	<u>\$ 430,892</u>
Transfers to the Prison Facility from:	
Non-major governmental funds	<u>\$ 20,000</u>

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 4. INTERFUND OPERATING TRANSFERS (CONTINUED)

Transfers from non-major governmental funds to:	
General Fund	\$ 15,000
Prison Facility Fund	<u>20,000</u>
	<u>\$ 35,000</u>

General Fund transfers are revenue transfers and transfers of money to close funds which are not used. Transfers from the General Fund to the Prison Facility were for the payment in lieu of taxes, and to provide operating money to the Prison Facility. All other transfers were to close unused funds or to provide temporary liquidity to funds.

NOTE 5. INTER-FUND BALANCES

Inter-fund balances at June 30, 2008 consisted of the following amounts:

Due to the General Fund from:	
Prison Facility Fund	\$ 492,814
Non-major governmental funds	205,053
Agency funds	<u>-</u>
	<u>\$ 697,866</u>
Due from the Prison Facility Fund to:	
General Fund	<u>\$ 492,814</u>
Due from non-major governmental funds to:	
General Fund	<u>\$ 205,053</u>
Due from agency funds to:	
General Fund	<u>\$ -</u>

The due to/due from balance between the General and Prison Facility funds are related to a loan to fund operations at the Prison.

The due to/ due from balance between the General and non-major governmental funds is to reclass negative cash balances at year-end for state reporting purposes.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 6. CAPITAL ASSETS

The changes in capital assets for the year are summarized as follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Governmental Activities				
Capital assets, not depreciated				
Land	\$ 84,000	-	-	84,000
Land – infrastructure	2,754,454	-	-	2,754,454
Work in process	182,935	845,107	(597,999)	430,043
Total, not depreciated	<u>3,021,389</u>	<u>845,107</u>	<u>(597,999)</u>	<u>3,268,497</u>
Capital assets, depreciated				
Buildings and improvements	5,277,560	1,435,000	(24,400)	6,688,160
Furniture and equipment	3,723,992	463,872	(58,184)	4,129,680
Automobiles	1,686,647	139,106	(4,635)	1,821,118
Infrastructure	13,315,067	-	-	13,315,067
County Hospital	11,430,000	-	-	11,430,000
Total, depreciated	<u>35,433,266</u>	<u>2,037,978</u>	<u>(87,219)</u>	<u>37,384,025</u>
Accumulated depreciation for				
Buildings and improvements	1,380,349	225,599	(24,400)	1,581,548
Furniture and equipment	2,935,079	248,396	(58,184)	3,125,291
Automobiles	1,301,376	142,728	(4,635)	1,439,469
Infrastructure	10,526,120	463,478	-	10,989,598
County Hospital	2,751,676	384,333	-	3,136,009
Total, accumulated depreciation	<u>18,894,600</u>	<u>1,464,534</u>	<u>(87,219)</u>	<u>20,271,915</u>
Total capital assets, depreciated, net	<u>16,538,666</u>	<u>573,444</u>	<u>-</u>	<u>17,112,110</u>
Total capital assets, net	<u>\$ 19,560,055</u>	<u>1,418,551</u>	<u>(597,999)</u>	<u>20,380,607</u>

Depreciation expense was charged to functions/programs of the government as follows:

General government	\$ 190,389
Public safety	366,134
Public works	439,360
Culture and recreation	117,163
Health and welfare	<u>351,488</u>
Total depreciation expense	<u>\$ 1,464,534</u>

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2007	Additions	Deletions	Balance, June 30, 2008
Business-type Activities				
Capital assets, not depreciated				
Land	\$ 124,966	-	-	124,966
Total, not depreciated	<u>124,966</u>	-	-	<u>124,966</u>
Capital assets, depreciated				
Buildings and improvements	7,717,721	5,650	-	7,723,371
Furniture and equipment	336,314	10,555	(4,323)	342,546
Automobiles	113,878	19,343	(21,202)	112,019
Total, depreciated	<u>8,167,913</u>	<u>35,548</u>	<u>(25,525)</u>	<u>8,177,936</u>
Total, accumulated depreciation	<u>1,082,123</u>	<u>301,063</u>	<u>(25,525)</u>	<u>1,357,661</u>
Total capital assets, depreciated, net	<u>\$ 7,210,756</u>	<u>(265,515)</u>	<u>-</u>	<u>6,945,241</u>

The County had the following special allocations at year end:

<u>Project Title</u>	<u>Award</u>	<u>Balance June 30, 2008</u>	<u>Term</u>	<u>Expenditures In FY 2008</u>
Cubero Wastewater	\$ 75,000	\$ 27,674	11/06 – 06/10	\$ 47,326
Courthouse	100,000	1,718	07/06 – 06/10	98,282
Cubero Wastewater	50,000	-	07/04 – 06/08	23,081
Future Foundations Family Ctr	50,000	-	07/04 – 06/08	10,812
Cubero Fire Station	293,000	-	07/06 – 06/08	265,959
Courthouse Complex Renovation	100,000	-	07/06 – 06/08	60,506
County Complex	100,000	-	07/06 – 06/08	77,787
Cibola Ball Fields	250,000	7,952	07/06 – 06/10	242,048
County Complex	297,000	243,885	07/07 – 06/11	53,115
Family Center	40,000	14,306	07/07 – 06/11	25,694

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 6. CAPITAL ASSETS (CONTINUED)

The County had the following special allocations at year end (Continued):

<u>Project Title</u>	<u>Award</u>	<u>Balance June 30, 2008</u>	<u>Term</u>	<u>Expenditures In FY 2008</u>
District Attorney	50,000	39,095	07/07 – 06/11	10,905
Hospital Equipment	50,000	48,064	07/07 – 06/11	1,936
Detention/Sheriff Veh. & Equip	50,000	-	07/07 – 06/08	50,000
Detention/Sheriff Veh. & Equip	150,000	17,632	07/07 – 06/11	132,368
Road Dept. Equip	50,000	15,069	07/07 – 06/11	34,931
Road Dept. Equip	150,000	54,295	07/07 – 06/11	95,705
Dispatch	50,000	36,120	07/07 – 06/11	13,880
Dispatch	23,900	-	07/07 – 06/08	23,900
Dispatch	15,100	11,268	07/07 – 06/09	3,832
Bluewater Acres	75,000	25,714	07/07 – 06/09	49,286
Computer Equipment & Software	590,572	416,252	02/06 – 05/13	-
Cubero VFD Loan	245,425	8,953	06/06 – 05/27	250,886

NOTE 7. LONG-TERM DEBT

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Long-term notes	\$ 1,940,364	-	(245,114)	1,695,250	191,851
GRT revenue bonds	12,110,000	-	(550,000)	11,560,000	575,000
Compensated absences	162,296	115,239	(162,296)	115,239	115,239
Total	<u>\$ 14,212,660</u>	<u>115,239</u>	<u>(957,410)</u>	<u>13,370,489</u>	<u>882,090</u>

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 7. LONG-TERM DEBT (CONTINUED)

Long-Term Notes Payable. The County is obligated to the New Mexico Finance Authority under certain notes that are accounted for as a long-term notes payable at various interest rates. The assets are fire trucks and police vehicles and are accounted for in governmental capital assets.

The following is a schedule by years of future payments under notes payable:

Year ending June 30:	Principal	Interest	Total
2009	\$ 191,851	39,043	230,894
2010	177,290	34,503	211,793
2011	182,060	30,101	212,161
2012	187,460	25,464	212,924
2013	191,076	20,567	211,643
2014 to 2018	352,579	63,361	415,940
2019 to 2023	218,085	37,757	255,842
2024 to 2028	194,849	11,919	206,768
Total	<u>\$ 1,695,250</u>	<u>262,715</u>	<u>1,957,965</u>

The County is obligated to pay the New Mexico Finance Authority \$37,519 in fees over the lives of the loans.

Advance Refunding of Debt. On August 20, 2006, the County issued \$12,745,000 in gross receipt tax refunding revenue bonds with an interest rate of 4.25%. The County issued the bonds to advance refund \$5,297,981 of the outstanding Series 1997 Gross Receipt Tax Revenue Bonds, and \$7,321,203 of the outstanding Series 2002 New Mexico Finance Authority Loan. The interest rates were 5.3% and 4.8%, respectively. The County used the net proceeds to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 1997 and 2002 series bonds. As a result, that portion of the 1997 and 2002 series bonds are considered defeased, and the County has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$11,560,000 at June 30, 2008. Interest of \$539,375 was paid on this bond during the current year.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 7. LONG-TERM DEBT (CONTINUED)

The schedule of payments of principal and interest are as follows:

	Principal	Interest	Total
Fiscal Year Ended June 30:			
2009	\$ 575,000	516,000	1,091,000
2010	600,000	491,563	1,091,563
2011	620,000	466,063	1,086,063
2012	645,000	439,713	1,084,713
2013	680,000	412,300	1,092,300
2014 to 2018	3,250,000	1,764,413	5,014,413
2019 to 2023	1,475,000	1,169,825	2,644,825
2024 to 2028	1,870,000	802,938	2,672,938
2029 to 2033	1,845,000	331,313	2,176,313
Total	\$ 11,560,000	6,394,128	17,954,128

Accrued Compensated Absences. It is the policy of Cibola County to grant its employees annual leave based on the following schedule. Any unused annual leave is paid upon termination of employment. The maximum unused annual leave which an employee may accrue, unless expressly stated in the employment contract, is 30 days.

Total Years of County Service	Yearly Accumulation
0-4 (inclusive)	10 days
5-9 (inclusive)	15 days
10-14 (inclusive)	20 days
15-19 (inclusive)	25 days
20 or more	30 days

Compensated absences are paid from the fund that has incurred the liability. The liability is paid through the payroll process. The majority of compensated absences were incurred by the general fund.

NOTE 8. LONG-TERM DEBT – ENTERPRISE FUNDS

	June 30, 2007	Additions	Deletions	Balance June 30, 2008	Due Within One Year
Compensated absences	\$ 33,702	32,775	20,877	45,600	30,142

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 9. PROPERTY TAX ROLL RECONCILIATION

Uncollected taxes at June 30, 2007	\$ 2,135,333
Net changes to tax roll	(79,006)
Changes in tax years	
Elimination of tax year 1997 – uncollected portion	(28,506)
Establishment of tax year 2007	7,438,109
Taxes collected during fiscal year	<u>(7,008,458)</u>
Uncollected property taxes at June 30, 2008	2,457,472
Allowance for doubtful accounts	<u>(412,314)</u>
 Uncollected net taxes at June 30, 2008	 2,045,158
 Less taxes receivable collected in agency funds	 <u>(1,329,354)</u>
County portion of property taxes receivable	715,804
Add gross receipts and other taxes receivable	<u>874,533</u>
 Net taxes receivable - governmental funds	 <u><u>\$ 1,590,337</u></u>
 Net taxes charged to Treasurer at June 30, 2003	 \$ 49,174,670
Net changes to tax roll	(79,006)
Changes in tax years	
Elimination of tax year 1997	(3,360,499)
Establishment of tax year 2007	<u>7,438,109</u>
 Net taxes charged to Treasurer at June 30, 2008	 <u><u>\$ 53,173,247</u></u>
 Property taxes receivable by years	
1998	\$ 24,785
1999	37,366
2000	40,471
2001	63,134
2002	135,476
2003	216,427
2004	281,316
2005	133,284
2006	522,009
2007	<u>1,003,204</u>
	 <u><u>\$ 2,457,472</u></u>

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 10. PERA PENSION PLAN

Plan Description: Substantially all of the Cibola County 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, 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. That report may be obtained by writing to PERA, PO 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 7.00% of their gross salary and the County is required to make a matching contribution of 7.00% to 15.00% for covered employees. The contribution requirements of plan members and the County are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The County's contributions to PERA for the years ending June 30, 2008, 2007 and 2006 were \$303,666, \$290,989 and \$240,591, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 11. POST-EMPLOYMENT BENEFITS

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

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 11. POST-EMPLOYMENT BENEFITS (CONTINUED)

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after January 1, 1998 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

Cibola County's contributions to the RHCA for the years ended June 30, 2008, 2007 and 2006 were \$38,089, \$36,066 and \$31,866, respectively, which equal the required contributions for each year.

NOTE 12. RISK MANAGEMENT

Cibola County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disasters; and law enforcement liabilities. The County joined with other governments to form a Workers' Compensation Pool in July 1987 and a Multi-line Pool in January 1989. These public entity risk pools operate as a common risk management and insurance program for workers' compensation and property and casualty coverage. The County pays an annual premium to the pools for general insurance coverage.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 12. RISK MANAGEMENT (CONTINUED)

The pools are authorized by joint powers agreements entered into by each county as a separate and independent governmental and legal entity pursuant to the provisions of NMSA 1978 Sections 11-1-1 et. seq. The agreements for formation of the Workers' Compensation Pool and Multi-line Pool provide that the pools be self-sustaining through member premiums and reinsure through commercial companies for claims in excess of \$300,000 and \$250,000, respectively, for each insured event. Both pools are funded entirely by member contributions, and are administered by the New Mexico County Insurance Authority.

The Workers' Compensation Pool provides workers' compensation coverage for all Cibola County employees, including temporary and part-time workers. There are 29 counties in this pool, which for fiscal year ended 2008 contributed a total of \$7,556,995. The premium that each county pays depends upon the payroll total and the loss experience specific to that county. For fiscal year ended 2008, Cibola County contributed \$93,629 to the Workers' Compensation Pool. The self-insured retention level for the pool during the period of coverage July 1, 2007 through June 30, 2008, was \$300,000 (that is, the maximum amount of coverage for each insured event before obtaining reinsurance). The pool has reinsurance coverage for losses above that amount from County Reinsurance Limited, to a statutory limit of \$1,000,000.

The Multi-line Pool provides property and casualty coverage for 29 counties. The coverage includes buildings and contents, automobile physical damage, general liability, personal injury (including civil rights), host and liquor liability, automotive liability, public officials' errors and omissions, money and securities, commercial blanket bond (employee fidelity), and depositor's forgery. The total premiums for this pool were \$7,538,179 for the year ending December 31, 2008. Cibola County paid premiums of \$143,989 for the calendar year ended December 31, 2008. Cibola County paid premiums to the Law Enforcement Liability pool of \$214,519 for the year ended December 31, 2008. The total premium for this pool was \$7,470,548 for the year ended December 31, 2008.

The self-insured retention level for this pool during the period of coverage January 1, 2008 through December 31, 2008, is \$150,000 for property and \$250,000 for liability per occurrence (that is, the maximum amount of coverage for each insured event before obtaining reinsurance).

The pool has reinsurance coverage for losses above that amount from County Reinsurance Limited, to a statutory limit of \$1,000,000.

The pooling agreements require the pools to be self-sustaining; it is not possible to estimate the range of contingent losses to be borne by the County. The pool boards retain a \$2,500,000 equity prior to evaluating any refunds to the participating counties based upon losses expensed and losses incurred. The pools retain the risk of loss to be shared proportionately by pool participants.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 12. RISK MANAGEMENT (CONTINUED)

The County does not retain the sole risk of losses incurred by the County. There were no payments in excess of insurance coverage for the years ended June 30, 2008, 2007 and 2006.

The New Mexico County Insurance Authority has published its own financial reports for the fiscal year ended June 30, 2008, which can be obtained from the New Mexico Association of Counties, 613 Old Santa Fe Trail, Santa Fe, New Mexico, 87501.

The County continues to carry commercial insurance for all other risks of loss, including law enforcement liability, emergency medical, foreign jurisdiction and excess liability, boiler and machinery, and sheriff reserve and rescue personnel. There were no payments in excess of insurance coverage for the years ended June 30, 2008, 2007 and 2006.

NOTE 13. CIBOLA GENERAL HOSPITAL

NOTE 13.1. ORGANIZATION

Cibola General Hospital Corporation (Hospital or Corporation) is a New Mexico not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Hospital is located in Grants, New Mexico. The primary interest of the Hospital is to provide medical services to the residents of Grants, Cibola County, and the surrounding area.

The Hospital meets the criteria set forth in accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB) for inclusion as a component unit of the County of Cibola (County) based on the financial accountability criteria as it relates to the following items: 1) while the agreement between the Hospital and the County does not directly address financial accountability, the County owns, and is obligated for the related debt, with respect to the building which the Hospital is entitled to use, for a quarterly fee and other consideration under the terms of the agreement and 2) the County assesses and remits to the Hospital a 4.25 mil property tax levy which was approved by the voters of Cibola County for the sole purpose of supporting the Hospital's operations.

This summary of significant accounting policies of the Hospital is presented to assist in the understanding of the Corporation's financial statements. The financial statements and notes are the representations of the Hospital's management who is responsible for their integrity and objectivity. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to not-for-profit healthcare entities. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The more significant of the Hospital's accounting policies are described below.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 13. CIBOLA GENERAL HOSPITAL (CONTINUED)

NOTE 13.2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual events and results could differ from those assumptions and estimates.

Risk Management. The Corporation is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. The Corporation has obtained commercial insurance coverage to protect itself against such losses.

Cash and Cash Equivalents. Cash and cash equivalents consist of checking accounts and a money market savings account maintained with local financial institutions, as well as cash on hand. Amounts whose use is limited by Board of Trustees designation or other arrangements under trust agreements are excluded from cash and cash equivalents.

Patient Accounts Receivable. Patient accounts receivable represent the amount billed but uncollected for services provided to patients. Such receivables are carried at the billed amount less estimates for contractual discounts and allowances as well as for doubtful accounts. Management determines the allowance for doubtful accounts by examining aging categories by payor and by using historical experience applied to the aging. Individual accounts receivable are written off when deemed uncollectible. Recoveries of patient accounts receivable previously written off are recorded when received. Delinquent status is based on how recently payments have been received. The Hospital does not accrue interest on past due accounts.

Assets Whose Use is Limited. Assets limited as to use consist primarily of internally designated assets set aside by the Board of Trustees of the Corporation to purchase property and equipment, as well as to offset the effects of increasing managed care penetration within the Hospital's service area. Such penetration typically results in reduced reimbursement levels. The Board of Trustees retains control over the internally designated assets and may, at its discretion, use the assets for other purposes.

Property and Equipment. Acquisitions of property and equipment are recorded at cost. Depreciation is provided over the estimated useful life of the asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized using the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the accompanying statement of activities.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 13. CIBOLA GENERAL HOSPITAL (CONTINUED)

NOTE 13.2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Gifts. Gifts of long-lived operating assets such as land, buildings, or equipment are reported as unrestricted support and are excluded from excess of revenues, gains, and other support over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Inventories. Inventories, consisting primarily of pharmaceuticals and medical supplies, are stated at the lower of cost or market (first-in, first-out) basis.

Temporarily Restricted Net Assets. Temporarily restricted net assets are amounts whose use has been specified by donors for a specific time period or purpose. Such amounts are restricted for the purchase of property and equipment.

Excess of Revenues Over Expenses. The accompanying statements of operations include excess of revenues over expenses. Changes in unrestricted net assets, which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Net Patient Service Revenue. The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and for other services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Charity Care. The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at any amount less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as revenue. In addition, the Hospital provides services to other medically indigent patients under various state and local government programs. Such programs pay amounts that are less than the cost of the services provided to the recipients.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 13. CIBOLA GENERAL HOSPITAL (CONTINUED)

NOTE 13.2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donor-Restricted Gifts. Unconditional promises to give cash and other assets to the Hospital are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. Gifts received with donor stipulations that limit the use of the donated assets are reported as either temporarily or permanently restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished by the Hospital, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

Income Taxes. The Corporation is a not-for-profit corporation and has been recognized as tax-exempt under Code Section 501(c)(3) of the Internal Revenue Code.

Concentrations of Credit and Market Risk. Financial instruments that potentially expose the Hospital to concentrations of credit and market risk consist primarily of cash and cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited at any one institution. The Hospital has not experienced any losses on its cash equivalents. The Hospital's investments do not represent significant concentrations of market risk since the Hospital's investment portfolio is adequately diversified among issuers.

Reclassifications. Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 13. CIBOLA GENERAL HOSPITAL (CONTINUED)

NOTE 13.3. NET PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from their established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare. Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient nonacute services and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary.

Medicaid. Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audit thereof by the Medicaid fiscal intermediary.

Net revenue from the Medicare and Medicaid programs accounted for approximately 35% and 52% of the Hospital's net patient revenue for the years ended June 30, 2008 and 2007, respectively. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Medicare cost reports for 2005 and prior have been settled. However in the current year, the 2005 cost report was "reopened", and the Hospital was assessed an additional \$93,653. The Medicare cost report for 2006 has been tentatively settled, while 2007 remains open. Medicaid cost reports for 2004 and prior have been settled, and 2005 through 2007 remain open. Management believes that estimated settlements accrued for June 30, 2008 are adequate to provide for the settlement of all open cost reports. The 2008 cost reports have not been finalized; however, an estimated accrual related to the 2008 costs reports has been made at year end.

The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge and discounts from established charges.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 13. CIBOLA GENERAL HOSPITAL (CONTINUED)

NOTE 13.3. NET PATIENT SERVICE REVENUE (CONTINUED)

Net patient service revenue consists of the following:

	2008	2007
Inpatient gross charges	\$ 11,215,875	9,802,678
Outpatient gross charges	19,234,504	17,350,332
Sole community provider	<u>2,833,940</u>	<u>2,327,071</u>
	33,284,319	29,480,081
Less:		
Third-party contractual discounts and allowances	13,344,727	11,134,500
Un-sponsored charges, including charity care	<u>1,091,387</u>	<u>713,213</u>
Net patient service revenue	<u>\$ 18,848,205</u>	<u>17,632,368</u>

NOTE 13.4. ASSETS LIMITED AS TO USE

Assets limited as to use are stated at fair value (which approximates cost) and are comprised of the following at June 30:

	2008	2007
Certificates of deposit	\$ 4,895,784	5,190,742
Money market	567,774	4,577
Interest receivable	<u>71,921</u>	<u>80,594</u>
Total assets limited as to use	<u>\$ 5,535,479</u>	<u>5,275,913</u>

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 13. CIBOLA GENERAL HOSPITAL (CONTINUED)

NOTE 13.5. PROPERTY AND EQUIPMENT

Property and equipment and related accumulated depreciation and amortization are summarized as follows:

	2008	2007
Non-depreciable assets		
Land	\$ 437,412	128,778
Construction in progress	<u>6,000</u>	<u>150,144</u>
Total non-depreciable assets	443,412	278,922
Depreciable assets		
Building and land improvements	-	2,753,603
Equipment	<u>5,118,587</u>	<u>4,742,345</u>
Total depreciable assets	7,872,190	7,495,948
Accumulated depreciation and amortization	<u>-</u>	<u>(3,581,039)</u>
Net depreciable assets	<u>3,834,983</u>	<u>3,914,909</u>
Total property and equipment, net	<u><u>\$ 4,278,395</u></u>	<u><u>4,193,831</u></u>

NOTE 13.6. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	2008	2007
Accrued paid time off	\$ 379,993	334,685
Accrued wages	172,165	127,985
Accrued payroll taxes	65,230	63,853
Other	<u>25,539</u>	<u>20,472</u>
Total accrued liabilities	<u><u>\$ 642,927</u></u>	<u><u>546,995</u></u>

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 13. CIBOLA GENERAL HOSPITAL (CONTINUED)

NOTE 13.7. MIL LEVY

Pursuant to New Mexico law adopted in 1980 and amended in 1981 allowing counties to provide expanded tax support to qualified hospitals, the County of Cibola approved mil levy tax in 1998. The Hospital recorded \$981,237 and \$ in the years June 30, 2008 and 2007, respectively, in mil levy proceeds. The amounts were used in accordance with the provisions of the property tax referendum. The Hospital receives mil levy taxes from the Treasurer of Cibola County. The County serves as the intermediary collecting agency and remits the Hospital's share of mil levy tax collections. The Hospital does not maintain detailed records of mil levy taxes receivable by the individual taxpayer.

Mil levy property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10 and April 10. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent.

NOTE 13.8. MEDICAL MALPRACTICE CLAIMS

The Hospital has purchased a commercial insurance policy on a claims-made basis for coverage of its professional liability exposure. Losses under this policy have not exceeded the coverage limits for the years ended June 30, 2008 and 2007. Certain malpractice claims have been asserted against the Hospital by various claimants. The claims are in various stages of processing and some may ultimately be brought to trial. In the opinion of legal counsel, the outcome of these actions will not have a significant effect on the financial position or the operating results of the Hospital.

NOTE 13.9. COMMITMENTS AND CONTINGENCIES

Operating Leases. The Hospital has agreed, as part of a settlement with the County of Cibola, to a ten-year lease agreement for the use of the Hospital facility effective March 31, 2004. The Hospital also leases various equipment under operating leases expiring at various dates through 2008. Total rental expense in 2008 and 2007 was \$486,909 and \$, respectively.

The following schedule details future minimum lease payments as of June 30, 2008, for operating leases with initial or remaining lease terms in excess of one year:

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 13. CIBOLA GENERAL HOSPITAL (CONTINUED)

NOTE 13.9. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Year Ending June 30,	
2009	\$ 313,891
2010	280,196
2011	274,796
2012	265,000
2013	265,000
Thereafter	<u>176,667</u>
	<u>\$ 1,575,550</u>

Regulatory Audits. The Hospital is involved in standard regulatory audits arising in the ordinary course of business. While the ultimate outcome of these matters is not presently determinable, it is the opinion of management that the resolution of the outstanding audits will not have a material adverse effect on the financial position or results of operations of the Hospital.

NOTE 13.10. PENSION PLAN

The Company has a 403(b) Plan (Plan) to provide retirement and incidental benefits for its employees. Employees may contribute up to a maximum annual amount as set periodically by the Internal Revenue Service. The Hospital matches 50% of an employee's contributions up to 5% of the employee's gross income. All matching contributions vest immediately. In addition, the Plan provides for discretionary contributions as determined by the Board of Directors. Company matching contributions to the Plan totaled \$62,782 and \$62,008 in 2008 and 2007, respectively.

NOTE 13.11. CONCENTRATION OF CREDIT RISK

The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30 was as follows:

	2008	2007
Medicare	25%	18%
Medicaid	17%	26%
Commercial insurance	14%	14%
All other payors	<u>44%</u>	<u>42%</u>
	<u>100%</u>	<u>100%</u>

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 13. CIBOLA GENERAL HOSPITAL (CONTINUED)

NOTE 13.11. CONCENTRATION OF CREDIT RISK (CONTINUED)

Quorum Health Resources (Quorum) manages the Hospital pursuant to a five-year agreement effective December 1, 2006 through December 1, 2011 between Quorum and the Hospital, whereby the Hospital reimburses Quorum for the appointed administrator's and chief financial officer's salaries, including, but not limited to, social security payments, retirement benefits and other benefits accruing to executive-level employees of Quorum. This agreement may be terminated by either party upon 60 days' written notice. As part of this agreement, the Hospital is able to purchase medical supplies from various vendors at more favorable prices than the Hospital could negotiate on its own. An unexpected termination of this contract with Quorum could have an adverse effect on the operations of the Hospital due to the loss of key management personnel and the favorable purchasing agreements until such time a new contract could be negotiated with an alternate management firm. The Hospital is not aware of, and does not anticipate, any termination of the existing contract.

NOTE 13.12. FUNCTIONAL EXPENSES

The Hospital provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows:

	2008	2007
Health care services	\$ 12,564,286	11,456,812
General and administrative	<u>6,878,055</u>	<u>6,227,410</u>
Total functional expenses	<u>\$ 19,442,341</u>	<u>17,684,222</u>

NOTE 14. RESERVED FUND BALANCE

The New Mexico Department of Finance and Administration (DFA) requires that 3/12 of budgeted expenditures be reserved as subsequent-year expenditures to maintain an adequate cash flow until the next significant property tax collection. The County reserves 3/12 of budgeted expenditures (\$987,927). DFA also requires a 1/12 reserve for county road funds (\$133,508).

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 15. CONTINGENCIES

Litigation. The County is a defendant in a small number of lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County Attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Grant Compliance. The County receives significant financial assistance from the U.S. Government. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantor. As of June 30, 2008, management estimates that no material liabilities will result from such audits.

NOTE 16. OPERATING LEASE

The County is obligated to Caterpillar Financial Services Corporation under three leases accounted for as operating leases. The first lease is a five-year lease and is for the use of a grader. Monthly payments are \$1,450. The second lease is a five-year lease and is for the use of a grader. Monthly payments are \$1,585. The third lease is a five-year lease and is for the use of a grader. Monthly payments are \$1,807. Rent expense related to both leases was \$31,753 for 2008. The minimum lease payments for all leases are as follows:

2009	\$ 32,439
2010	14,139
2011	14,901
2012	<u>13,027</u>
Total	<u>\$ 74,506</u>

NOTE 17. SPECIAL AUDIT CONDUCTED BY THE STATE AUDITOR

The New Mexico State Auditor's Office is conducting an investigation of the cash receipt practices in the Treasurer's Office. As of the date of the audit report and release date of the audit report, the investigation was still ongoing and the outcome of the investigation is unknown. A separate report on the investigation will be issued by the New Mexico State Auditor's Office upon completion of the investigation.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 18. DEFICIT FUND BALANCE

The following funds had deficit fund balances at June 30, 2008:

San Rafael Water & Sanitation	\$ 9,931
Cubero Fire Station	\$ 24,498
Court Complex Renovations	\$ 19,753

Future revenues will be used to correct these deficit balances.

NOTE 19. CONTINGENT DEBT OBLIGATION

On June 1, 1993, the County entered into a joint powers agreement to establish the Northwest New Mexico Solid Waste Authority (NWNMRSWA). The participants in the agreement are McKinley County, Cibola County, the City of Grants, the City of Gallup and the Village of Milan. NWNMRSWA's separately issued financial statements may be obtained from NWNMRSWA at P.O. Box 1330, Thoreau, New Mexico 87323.

In 1995, the County Commissioners approved an ordinance which authorized the execution and delivery of a loan agreement and intercept agreement by and between the County and the New Mexico Finance Authority (NMFA), evidencing a special limited obligation of the County to pay a principal amount not to exceed \$8,250,000 together with interest thereon, for the purpose of acquiring and constructing a solid waste disposal facility as a member of the NWNMRSWA.

In 1998, the County Commissioners approved an ordinance which authorized the execution and delivery of a loan agreement and intercept agreement by and between the County and NMFA, evidencing a special limited obligation of the County to pay a principal amount not to exceed \$1,615,353 together with interest thereon, for the purpose of acquiring and constructing a solid waste disposal facility and refinancing certain lease purchase agreements, as a member of the NWNMRSWA.

In 2002, the County Commissioners approved an ordinance authorizing the execution and delivery of a loan agreement by and between the County and the NMFA. The loan agreement called for the issuance of a limited obligation to refund the note approved as described in the ordinances above. The obligation amount authorized by the ordinance was in the amount of \$5,600,000.

The debt obligations above are payable solely from the net revenues of NWNMRSWA, as well as the environmental gross receipts tax revenues imposed on the participating entities.

CIBOLA COUNTY, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
DEBT SERVICE FUND
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Local taxes	\$ 1,280,000	1,280,000	1,483,109	203,109
Interest	45,000	45,000	33,437	(11,563)
Debt proceeds	-	-	-	-
Other	-	-	-	-
Total revenues	1,325,000	1,325,000	1,516,546	191,546
Expenditures				
Investment maintenance and administrative fees	1,100	1,100	42,175	(41,075)
Debt service	1,089,376	1,089,376	1,089,375	1
Other	150,000	150,000	1,302	148,698
Total expenditures	1,240,476	1,240,476	1,132,852	107,624
Excess of revenues over expenditures	84,524	84,524	383,694	299,170
Other Financing Sources				
Operating transfers	-	-	-	-
Net change in fund balance	\$ 84,524	84,524	383,694	299,170

See Notes to Financial Statements.

CIBOLA COUNTY, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
PROPRIETARY FUND - PRISON FACILITY
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Local taxes	\$ 360,000	360,000	368,666	8,666
Fees and services	2,135,000	2,135,000	2,458,170	323,170
Income on investments	-	-	-	-
Miscellaneous	19,720	19,720	16,008	(3,712)
Total revenues	2,514,720	2,514,720	2,842,844	328,124
Expenditures				
Care of prisoners	3,032,494	3,032,494	2,936,969	95,525
Depreciation	300,000	300,000	301,063	(1,063)
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
Total expenditures	3,332,494	3,332,494	3,238,032	94,462
Excess (deficiency) of revenues over expenditures	(817,774)	(817,774)	(395,188)	422,586
Other Financing Sources (Uses):				
Operating transfers in	817,774	817,774	20,000	(797,774)
Contributed capital	-	-	7,496,728	7,496,728
Total other financing sources	817,774	817,774	7,516,728	6,698,954
Net change in fund balance	\$ -	-	7,121,540	7,121,540

CIBOLA COUNTY, NEW MEXICO
DESCRIPTION OF NON-MAJOR FUNDS – SPECIAL REVENUE FUNDS
June 30, 2008

Grant Funds. To account for various federal, state and other grant funding sources received by the County. The grants are restricted to specific purposes as agreed to between the County and the funding source as enumerated in the grant agreement/contract.

Emergency Medical Services. To account for the expenditure of grant monies received for emergency medical services within the County. See Section 24-10A-6, NMSA 1978.

Fire Districts. To account for the expenditure of funds received from the State under the State's Fire Allotment Program. This money is used in support of county volunteer fire departments. Such revenue provides for payment of all current operating costs and may be used only for that purpose. Authority is NMSA 59-53-1.

Farm and Range. To account for revenues and expenditures relating to predatory animal control and secondary road maintenance. Financing is provided by the County's share of state grazing fees. Such fees are provided for payment of all current operating costs and may be used for that purpose only. Authority is NMSA 6-11-6.

Recreation. To account for revenues and expenditures relating to county recreational facilities and programs. Financing is provided by the State. Such revenue provides for payment of all current operating costs and may be used for that purpose only. Authority is NMSA 7-12-15.

County Fire Protection. To account for the expenditure of funds received from a percentage of gross receipts. This money is used in support of County volunteer fire department and is distributed by the County Manager based on need for the fire district. Such revenue provides for payment of all current operating costs and may be used only for that purpose pursuant to section 29-13-4, NMSA 1978.

County Clerk Record & Filing. To account for funds created by the State requiring a two-dollar fee added to service provided by the County Clerk. This money must be set aside for capital outlay, rent, purchase lease or lease purchase equipment associated with recording, filing, maintaining documents and training on office procedures and equipment. See Section 14-8-12.2 NMSA 1978.

Law Enforcement Protection. To account for the expenditure of grant monies received to enhance the law enforcement function within the County. Financing is provided from the state under NMSA 23-12-1.

Reappraisal. To account for the funds from property taxes allotted for the reappraisal of property within the County pursuant to Section 7-38-38.1 NMSA.

San Rafael Water and Sanitation. To account for the expenditures of legislative grant monies to construct a fence around the water and sanitation area in San Rafael.

Future Foundation Family Center Development. To account for the expenditures of funds related to the soccer field and fitness trail at the Future Foundation Family Center. Financing was approved under the State Laws of 2004, Chapter 126.

CIBOLA COUNTY, NEW MEXICO
DESCRIPTION OF NON-MAJOR FUNDS – CAPITAL PROJECTS FUNDS
June 30, 2008

Court Complex Renovation. To account for the capital outlay related to the renovation of the court complex. Funding for this project is a combination of state and local money.

Cubero VFD Construction. To account for the construction of a fire station for the Cubero Volunteer Fire Department. Funding for this derived from the distributions of fire protection fund revenues distributed by the State Treasurer.

Computer Equipment and Software. To account for the cost of purchasing computer equipment and related software for use by the county. Funding for this project is derived from the County's gross receipts tax.

Cubero Fire Station. To account for the construction of a fire station for the Cubero Volunteer Fire Department. Funding for this derived from the distributions of fire protection fund revenues distributed by the State Treasurer.

CIBOLA COUNTY, NEW MEXICO
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2008

	Special Revenue			
	Grants	Emergency Medical Services	Farm and Range	Recreation
ASSETS				
Cash and investments	\$ 67,412	102,606	-	-
Receivables				
Taxes, net of allowance	-	-	-	52
Intergovernmental	91,845	-	-	-
Miscellaneous	-	-	-	-
Total assets	\$ 159,257	102,606	-	52
LIABILITIES, EQUITY & OTHER CREDITS				
LIABILITIES				
Accounts payable	\$ 10,755	15,183	-	-
Other accrued expenses		-	-	-
Due to other funds	94,905	-	-	-
Deferred revenue	-	-	-	11
Total liabilities	105,660	15,183	-	11
EQUITY AND OTHER CREDITS				
Fund balance				
Reserved				
Reserved for subsequent years' expenditures	-	-	-	-
Reserved for encumbrances	-	-	-	-
Unreserved, undesignated	53,597	87,423	-	41
Total equity and other credits	53,597	87,423	-	41
Total liabilities, equity and other credits	\$ 159,257	102,606	-	52

CIBOLA COUNTY, NEW MEXICO

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

June 30, 2008

	Special Revenue			
	San Rafael Water & Sanitation	County Fire Protection	County Clerk Recording & Filing	VFD
ASSETS				
Cash and investments	\$ -	429,240	74,406	642,562
Receivables	-	-	-	-
Taxes, net of allowance	-	25,996	-	-
Intergovernmental	-	-	-	-
Miscellaneous	-	-	-	-
Total assets	\$ -	455,236	74,406	642,562
LIABILITIES, EQUITY & OTHER CREDITS				
LIABILITIES				
Accounts payable	\$ -	-	-	14,330
Other accrued expenses	-	-	-	-
Due to other funds	9,931	-	-	1,881
Deferred revenue	-	4,916	-	-
Total liabilities	9,931	4,916	-	16,211
EQUITY AND OTHER CREDITS				
Fund balance				
Reserved				
Reserved for subsequent years' expenditures	-	-	-	-
Reserved for encumbrances	-	-	-	-
Unreserved, undesignated	(9,931)	450,320	74,406	626,351
Total equity and other credits	(9,931)	450,320	74,406	626,351
Total liabilities, equity and other credits	\$ -	455,236	74,406	642,562

CIBOLA COUNTY, NEW MEXICO
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
June 30, 2008

	Special Revenue			Special Revenue Total
	Law Enforcement Protection	Reappraisal	Future Fnd. Family Ctr Development	
ASSETS				
Cash and investments	\$ 9,645	135,093	-	1,460,964
Receivables				
Taxes, net of allowance	-	871	-	26,919
Intergovernmental	-	-	-	91,845
Miscellaneous	-	-	-	-
Total assets	\$ 9,645	135,964	-	1,579,728
LIABILITIES, EQUITY & OTHER CREDITS				
LIABILITIES				
Accounts payable	\$ -	-	-	40,268
Other accrued expenses	-	-	-	-
Due to other funds	-	-	-	106,717
Deferred revenue	-	-	-	4,927
Total liabilities	-	-	-	151,912
EQUITY AND OTHER CREDITS				
Fund balance				
Reserved				
Reserved for subsequent years' expenditures	-	-	-	-
Reserved for encumbrances	-	-	-	-
Unreserved, undesignated	9,645	135,964	-	1,427,816
Total equity and other credits	9,645	135,964	-	1,427,816
Total liabilities, equity and other credits	\$ 9,645	135,964	-	1,579,728

CIBOLA COUNTY, NEW MEXICO
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
June 30, 2008

	Capital Projects			
	Cubero	Court	Computer	Computer Equip
	Fire Station	Complex Renovation	Equipment & Software	& Software Debt Service
ASSETS				
Cash and investments	\$ -	-	429,669	-
Receivables				
Taxes, net of allowance	-	-	-	-
Intergovernmental	-	-	-	-
Miscellaneous	-	-	-	-
Total assets	\$ -	-	429,669	-
LIABILITIES, EQUITY & OTHER CREDITS				
LIABILITIES				
Accounts payable	\$ -	-	-	-
Other accrued expenses	-	-	-	-
Due to other funds	24,498	19,753	-	-
Deferred revenue	-	-	-	-
Total liabilities	24,498	19,753	-	-
EQUITY AND OTHER CREDITS				
Fund balance				
Reserved				
Reserved for subsequent years' expenditures	-	-	-	-
Reserved for encumbrances	-	-	-	-
Unreserved, undesignated	(24,498)	(19,753)	429,669	-
Total equity and other credits	(24,498)	(19,753)	429,669	-
Total liabilities, equity and other credits	\$ -	-	429,669	-

CIBOLA COUNTY, NEW MEXICO

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

June 30, 2008

	<u>Capital Projects</u>		<u>Total</u>
	<u>Cubero</u>	<u>Capital</u>	<u>Non-Major</u>
	<u>Volunteer</u>	<u>Projects</u>	<u>Governmental</u>
	<u>Fire Dept.</u>	<u>Total</u>	<u>Funds</u>
ASSETS			
Cash and investments	\$ 8,953	438,622	1,899,586
Receivables			
Taxes, net of allowance	-	-	26,919
Intergovernmental	-	-	91,845
Miscellaneous	-	-	-
Total assets	\$ 8,953	438,622	2,018,350
LIABILITIES, EQUITY AND OTHER CREDITS			
LIABILITIES			
Accounts payable	\$ -	-	40,268
Other accrued expenses	-	-	-
Due to other funds	-	44,251	150,968
Deferred revenue	-	-	4,927
Total liabilities	-	44,251	196,163
EQUITY AND OTHER CREDITS			
Fund balance			
Reserved			
Reserved for subsequent years' expenditures	-	-	-
Reserved for encumbrances	-	-	-
Unreserved, undesignated	8,953	394,371	1,822,187
Total equity and other credits	8,953	394,371	1,822,187
Total liabilities, equity and other credits	\$ 8,953	438,622	2,018,350

**CIBOLA COUNTY, NEW MEXICO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE -
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2008**

	Special Revenue			
	Grants	Emergency Medical Services	Farm and Range	Recreation
Revenues				
Local taxes	\$ -	-	-	290
Intergovernmental	574,600	68,265	-	-
Licenses, permits and fees	46,304	-	6,701	-
Miscellaneous	310	-	-	-
Total revenues	621,214	68,265	6,701	290
Expenditures				
Current				
General government	126,917	-	-	-
Public safety	803,355	51,883	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	35,826
Health and welfare	-	-	19,500	-
Capital outlay	16,228	-	-	27,703
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
Total expenditures	946,500	51,883	19,500	63,529
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(325,286)	16,382	(12,799)	(63,239)
Other Financing Sources (Uses)				
Other financing sources	-	-	-	-
Operating transfers, in	358,681	-	12,799	69,502
Operating transfers, out	-	-	-	-
Total other financing sources (uses)	358,681	-	12,799	69,502
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	33,395	16,382	-	6,263
Fund balances, beginning of year	20,202	71,041	-	(6,222)
Fund balances, end of year	\$ 53,597	87,423	-	41

CIBOLA COUNTY, NEW MEXICO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
Year Ended June 30, 2008

	Special Revenue			
	San Rafael Water & Sanitation	County Fire Protection	County Clerk Recording & Filing	VFD
Revenues				
Local taxes	\$ -	119,431	-	-
Intergovernmental	-	-	-	552,341
Licenses, permits and fees	-	-	13,792	-
Miscellaneous	-	-	-	2,455
Total revenues	-	119,431	13,792	554,796
Expenditures				
Current				
General government	-	-	447	-
Public safety	-	3,666	-	236,125
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	11,616	310,413
Debt service - principal	-	-	-	106,602
Debt service - interest	-	-	-	32,293
Total expenditures	-	3,666	12,063	685,433
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	-	115,765	1,729	(130,637)
Other Financing Sources (Uses)				
Other financing sources	-	-	-	-
Operating transfers, in	-	-	-	22,148
Operating transfers, out	-	(67,148)	-	-
Total other financing sources (uses)	-	(67,148)	-	22,148
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	48,617	1,729	(108,489)
Fund balances, beginning of year	(9,931)	401,703	72,677	734,840
Fund balances, end of year	\$ (9,931)	450,320	74,406	626,351

CIBOLA COUNTY, NEW MEXICO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
Year Ended June 30, 2008

	Special Revenue			Special Revenue Total
	Law Enforcement Protection	Reappraisal	Future Found. Family Center Development	
Revenues				
Local taxes	\$ -	-	-	119,721
Intergovernmental	24,200	-	10,812	1,230,218
Licenses and permits	-	45,007	-	111,804
Miscellaneous	-	-	-	2,765
Total revenues	24,200	45,007	10,812	1,464,508
Expenditures				
Current				
General government	-	12,741	-	140,105
Public safety	6,458	-	-	1,101,487
Public works	-	-	-	-
Culture and recreation	-	-	-	35,826
Health and welfare	-	-	-	19,500
Capital outlay	12,804	-	10,812	389,576
Debt service - principal	-	-	-	106,602
Debt service - interest	-	-	-	32,293
Total expenditures	19,262	12,741	10,812	1,825,389
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	4,938	32,266	-	(360,881)
Other Financing Sources (Uses)				
Other financing sources	-	-	-	-
Operating transfers, in	-	-	-	463,130
Operating transfers, out	-	-	-	(67,148)
Total other financing sources (uses)	-	-	-	395,982
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	4,938	32,266	-	35,101
Fund balances, beginning of year	4,707	103,698	-	1,392,715
Fund balances, end of year	\$ 9,645	135,964	-	1,427,816

CIBOLA COUNTY, NEW MEXICO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
Year Ended June 30, 2008

	Capital Projects			
	Cubero Fire Station	Court Complex Renovation	Computer Equipment Software	Computer Equip & Software Debt Service
Revenues				
Local taxes	\$ -	-	-	110,612
Intergovernmental	274,140	(19,753)	-	-
Licenses and permits	-	-	-	-
Miscellaneous	-	-	13,417	-
Total revenues	274,140	(19,753)	13,417	110,612
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	298,638	-	-	-
Debt service - principal	-	-	-	97,426
Debt service - interest	-	-	-	13,186
Total expenditures	298,638	-	-	110,612
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(24,498)	(19,753)	13,417	-
Other Financing Sources (Uses)				
Other financing sources	-	-	-	-
Operating transfers, in	-	-	-	-
Operating transfers, out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(24,498)	(19,753)	13,417	-
Fund balances, beginning of year	-	-	416,252	-
Fund balances, end of year	\$ (24,498)	(19,753)	429,669	-

CIBOLA COUNTY, NEW MEXICO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
Year Ended June 30, 2008

	Capital Projects		Total Non-Major Governmental Funds
	Cubero Volunteer Fire Dept.	Capital Projects Total	
Revenues			
Local taxes	\$ -	110,612	230,333
Intergovernmental	-	254,387	1,484,605
Licenses and permits	-	-	111,804
Miscellaneous	302	13,719	16,484
Total revenues	302	378,718	1,843,226
Expenditures			
Current			
General government	-	-	140,105
Public safety	-	-	1,101,487
Public works	-	-	-
Culture and recreation	-	-	35,826
Health and welfare	-	-	19,500
Capital outlay	250,886	549,524	939,100
Debt service - principal	-	97,426	204,028
Debt service - interest	-	13,186	45,479
Total expenditures	250,886	660,136	2,485,525
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(250,584)	(281,418)	(642,299)
Other Financing Sources (Uses)			
Other financing sources	-	-	-
Operating transfers, in	-	-	463,130
Operating transfers, out	-	-	(67,148)
Total other financing sources (uses)	-	-	395,982
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(250,584)	(281,418)	(246,317)
Fund balances, beginning of year	259,537	675,789	2,068,504
Fund balances, end of year	\$ 8,953	394,371	1,822,187

CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS -
GRANTS
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental	\$ 620,149	682,711	574,600	(108,111)
Licenses and permits	45,000	45,000	46,304	1,304
Miscellaneous	-	-	310	310
Total revenues	665,149	727,711	621,214	(106,497)
Expenditures				
General government	65,342	65,342	126,917	(61,575)
Public safety	1,019,569	1,002,596	803,355	199,241
Capital outlay	33,032	129,005	16,228	112,777
Total expenditures	1,117,943	1,196,943	946,500	250,443
Excess (deficiency) of revenues over expenditures	(452,794)	(469,232)	(325,286)	143,946
Other Financing Sources (Uses)				
Operating transfers in	408,903	425,341	358,681	(66,660)
Total other financing sources (uses)	408,903	425,341	358,681	(66,660)
Net change in fund balance	\$ (43,891)	(43,891)	33,395	77,286
Prior year fund balance to balance the budget	43,891	43,891		
	<u>\$ -</u>	<u>-</u>		

CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS -
EMERGENCY MEDICAL SERVICES
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental	\$ 68,600	68,600	68,265	(335)
Miscellaneous	-	-	-	-
Total revenues	<u>68,600</u>	<u>68,600</u>	<u>68,265</u>	<u>(335)</u>
Expenditures				
Capital outlay	1,734	1,734	-	1,734
Public safety	109,831	117,211	51,883	65,328
Total expenditures	<u>111,565</u>	<u>118,945</u>	<u>51,883</u>	<u>67,062</u>
Excess (deficiency) of revenues over expenditures	<u>(42,965)</u>	<u>(50,345)</u>	<u>16,382</u>	<u>66,727</u>
Net change in fund balances	<u>\$ (42,965)</u>	<u>(50,345)</u>	<u>16,382</u>	<u>66,727</u>
Prior year fund balance to balance the budget	<u>42,965</u>	<u>50,345</u>		
	<u>\$ -</u>	<u>-</u>		

CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS -
FARM AND RANGE
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Licenses and permits	\$ 3,775	3,775	6,701	2,926
Total revenues	3,775	3,775	6,701	2,926
Expenditures				
Health and welfare	19,500	19,500	19,500	-
Total expenditures	19,500	19,500	19,500	-
Excess (deficiency) of revenues over expenditures	(15,725)	(15,725)	(12,799)	2,926
Other Financing Sources (Uses)				
Operating transfers in	15,725	15,725	12,799	(2,926)
Total other financing sources (uses)	15,725	15,725	12,799	(2,926)
Net change in fund balances	\$ -	-	-	-

CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS -
RECREATION
Year Ended June 30, 2008

	Original	Final	Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
Revenues				
Local taxes	\$ 500	500	290	(210)
Miscellaneous	250	250	-	(250)
Total revenues	750	750	290	(460)
Expenditures				
Capital outlay	-	-	27,703	(27,703)
Culture and recreation	63,017	64,017	35,826	28,191
Total expenditures	63,017	64,017	63,529	488
Excess (deficiency) of revenues over expenditures	(62,267)	(63,267)	(63,239)	28
Other Financing Sources (Uses)				
Operating transfers in	62,267	70,267	69,502	(765)
Total other financing sources (uses)	62,267	70,267	69,502	(765)
Net change in fund balances	\$ -	7,000	6,263	(737)

CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS -
SAN RAFAEL WATER & SANITATION
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Licenses and permits	\$ 10,000	10,000	-	(10,000)
Total revenues	10,000	10,000	-	(10,000)
Expenditures				
Capital outlay	70	70	-	70
Total expenditures	70	70	-	70
Excess (deficiency) of revenues over expenditures	9,930	9,930	-	(9,930)
Net change in fund balances	\$ 9,930	9,930	-	(9,930)

CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS -
COUNTY FIRE PROTECTION
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues				
Local taxes	\$ 70,000	70,000	119,431	49,431
Total revenues	<u>70,000</u>	<u>70,000</u>	<u>119,431</u>	<u>49,431</u>
Expenditures				
Capital outlay	-	-	-	-
Public safety	14,854	14,854	3,666	11,188
Total expenditures	<u>14,854</u>	<u>14,854</u>	<u>3,666</u>	<u>11,188</u>
Excess (deficiency) of revenues over expenditures	<u>55,146</u>	<u>55,146</u>	<u>115,765</u>	<u>60,619</u>
Other Financing Sources (Uses):				
Operating transfers out	(35,000)	(67,148)	(67,148)	-
Total other financing sources (uses)	<u>(35,000)</u>	<u>(67,148)</u>	<u>(67,148)</u>	<u>-</u>
Net change in fund balances	<u>\$ 20,146</u>	<u>(12,002)</u>	<u>48,617</u>	<u>60,619</u>
Prior year fund balance to balance the budget	<u>(20,146)</u>	<u>12,002</u>		
	<u>\$ -</u>	<u>-</u>		

CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS -
COUNTY CLERK RECORDING AND FILING
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses, permits and fees	\$ 16,000	16,000	13,792	(2,208)
Total revenues	<u>16,000</u>	<u>16,000</u>	<u>13,792</u>	<u>(2,208)</u>
Expenditures				
Capital outlay	20,000	20,000	11,616	8,384
General governmental	1,700	1,700	447	1,253
Total expenditures	<u>21,700</u>	<u>21,700</u>	<u>12,063</u>	<u>9,637</u>
Excess (deficiency) of revenues over expenditures	<u>(5,700)</u>	<u>(5,700)</u>	<u>1,729</u>	<u>7,429</u>
Net change in fund balance	<u>\$ (5,700)</u>	<u>(5,700)</u>	<u>1,729</u>	<u>7,429</u>
Prior year fund balance to balance the budget	<u>5,700</u>	<u>5,700</u>		
	<u>\$ -</u>	<u>-</u>		

CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS -
FIRE DISTRICTS
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Income on investments	\$ 80	80	2,450	2,370
Intergovernmental	481,303	481,303	552,341	71,038
Miscellaneous	-	-	5	5
Total revenues	481,383	481,383	554,796	73,413
Expenditures				
Capital outlay	333,148	333,148	310,413	22,735
Debt service	102,456	102,141	138,895	(36,754)
Public safety	429,122	432,437	236,125	196,312
Total expenditures	864,726	867,726	685,433	182,293
Excess (deficiency) of revenues over expenditures	(383,343)	(386,343)	(130,637)	255,706
Other Financing Sources (Uses)				
Operating transfers in	-	22,148	22,148	-
Total other financing sources (uses)	-	22,148	22,148	-
Net change in fund balances	\$ (383,343)	(364,195)	(108,489)	255,706
Prior year fund balance to balance the budget	383,343	364,195		
	<u>\$ -</u>	<u>-</u>		

See Notes to Financial Statements.

CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS -
LAW ENFORCEMENT PROTECTION
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	Variance with Final Budget -
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 24,200	24,200	24,200	-
Total revenues	<u>24,200</u>	<u>24,200</u>	<u>24,200</u>	<u>-</u>
Expenditures				
Capital outlay	-	-	12,804	(12,804)
Public safety	24,200	28,700	6,458	22,242
Total expenditures	<u>24,200</u>	<u>28,700</u>	<u>19,262</u>	<u>9,438</u>
Net change in fund balance	<u>\$ -</u>	<u>(4,500)</u>	<u>4,938</u>	<u>9,438</u>
Prior year fund balance to balance the budget	<u>-</u>	<u>4,500</u>		
	<u>\$ -</u>	<u>-</u>		

CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS -
REAPPRAISAL
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Licenses and permits	\$ 35,000	35,000	45,007	10,007
Total revenues	35,000	35,000	45,007	10,007
Expenditures				
Capital outlay	10,000	11,000	-	11,000
General governmental	23,284	22,284	12,741	9,543
Total expenditures	33,284	33,284	12,741	20,543
Net change in fund balance	\$ 1,716	1,716	32,266	30,550

CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS -
FUTURE FOUNDATION FAMILY CENTER DEVELOPMENT
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	Variance with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 10,812	10,812	10,812	-
Total revenues	10,812	10,812	10,812	-
Expenditures				
Capital outlay	-	-	10,812	(10,812)
Health and welfare	10,812	10,812	-	10,812
Total expenditures	10,812	10,812	10,812	-
Net change in fund balance	\$ -	-	-	-

CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
CAPITAL PROJECTS FUNDS -
CUBERO FIRE STATION
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues				
Income on invesments	\$ 6,000	6,000	-	(6,000)
Intergovernmental	209,405	326,806	274,140	(52,666)
Total revenues	215,405	332,806	274,140	(58,666)
Expenditures				
Capital outlay	181,238	298,638	298,638	-
Total expenditures	181,238	298,638	298,638	-
Net change in fund balance	\$ 34,167	34,168	(24,498)	(58,666)

CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
CAPITAL PROJECTS FUNDS -
COURT COMPLEX RENOVATION
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental	\$ 119,753	119,753	(19,753)	(139,506)
Total revenues	119,753	119,753	(19,753)	(139,506)
Expenditures				
General governmental	80,247	80,247	-	80,247
Total expenditures	80,247	80,247	-	80,247
Net change in fund balance	\$ 39,506	39,506	(19,753)	(59,259)

CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
CAPITAL PROJECTS FUNDS -
COMPUTER EQUIPMENT SOFTWARE
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Income on investments	\$ 20,000	20,000	13,417	(6,583)
Local taxes	-	-	-	-
Intergovernmental	552,659	552,659	-	(552,659)
Total revenues	572,659	572,659	13,417	(559,242)
Expenditures				
General governmental	541,184	541,184	-	541,184
Capital outlay	25,000	25,000	-	25,000
Total expenditures	566,184	566,184	-	566,184
Net change in fund balance	\$ 6,475	6,475	13,417	6,942

CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
CAPITAL PROJECTS FUNDS -
COMPUTER EQUIPMENT SOFTWARE DEBT SERVICE
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Local taxes	\$ 117,659	117,659	110,612	(7,047)
Intergovernmental	-	-	-	-
Total revenues	117,659	117,659	110,612	(7,047)
Expenditures				
Debt service	117,659	117,659	110,612	7,047
Capital outlay	-	-	-	-
Total expenditures	117,659	117,659	110,612	7,047
Net change in fund balance	\$ -	-	-	-

CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
CAPITAL PROJECTS FUNDS -
CUBERO VOLUNTEER FIRE DEPARTMENT
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Income on investments	\$ -	-	302	302
Total revenues	-	-	302	302
Expenditures				
Capital outlay	-	-	250,886	(250,886)
Total expenditures	-	-	250,886	(250,886)
Net change in fund balance	\$ -	-	(250,584)	(250,584)

CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
CAPITAL PROJECTS FUNDS -
CAPITAL OUTLAY PROJECTS TRANSFERS
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Income from investments	\$ 9,500	9,500	2,458	(7,042)
Intergovernmental	3,798,826	3,798,826	1,258,525	(2,540,301)
Miscellaneous	-	-	-	-
Total revenues	3,808,326	3,808,326	1,260,983	(2,547,343)
Expenditures				
Capital outlay	907,800	907,800	896,731	11,069
Public works	2,276,679	2,276,679	571,891	1,704,788
Total expenditures	3,184,479	3,184,479	1,468,622	1,715,857
Net change in fund balance	\$ 623,847	623,847	(207,639)	(831,486)

CIBOLA COUNTY, NEW MEXICO
DESCRIPTION OF NON-MAJOR FUNDS – AGENCY FUNDS
June 30, 2008

Overpayment of Taxes. To account for overpayments which are held until a refund request is processed.

DHS Child Trust. To record fees for issuing and recording marriage licenses. The money is remitted to the Children's Trust Fund at the State of New Mexico.

Taxes Paid in Advance (including taxes paid in advance 02 and 03). To account for prepayments on property taxes in advance of billing.

Tax Suspense. To account for tax payments when a valuation protest has not been resolved.

State Cost. To account for collection costs associated with collection of taxes delinquent for more than two years. These amounts are remitted to the State of New Mexico.

Taxes Paid in Protest. To account for taxes paid under protest which are held until the protest is settled.

Undistributed Taxes Current. To account for current property tax payments received prior to distribution to various government entities.

Undistributed Taxes Delinquent. To account for delinquent property tax, interest and penalty payments received prior to distribution to various government entities.

**CIBOLA COUNTY, NEW MEXICO
STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - ALL AGENCY FUNDS
Year Ended June 30, 2008**

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
OVERPAYMENT OF TAXES				
Assets				
Cash	\$ (1,277)	16,944	15,949	(282)
Liabilities				
Deposits held in trust for others	\$ (1,277)	16,944	15,949	(282)
TAXES PAID IN ADVANCE				
Assets				
Cash	\$ 13,201	13,748	20,353	6,596
Liabilities				
Deposits held in trust for others	\$ 13,201	13,748	20,353	6,596
TAX SUSPENSE				
Assets				
Cash	\$ (130,594)	13,315,031	13,169,488	14,949
Liabilities				
Deposits held in trust for others	\$ (130,594)	13,315,031	13,169,488	14,949
STATE COST				
Assets				
Cash	\$ 6,726	4,150	10,451	425
Liabilities				
Deposits held in trust for others	\$ 6,726	4,150	10,451	425
UNDISTRIBUTED TAXES CURRENT				
Assets				
Cash	\$ -	-	-	-
Liabilities				
Deposits held in trust for others	\$ -	-	-	-

CIBOLA COUNTY, NEW MEXICO
STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - ALL AGENCY FUNDS (CONTINUED)
Year Ended June 30, 2008

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
UNDISTRIBUTED TAXES DELINQUENT				
Assets				
Cash	\$ 111,944	9,440,516	9,574,148	(21,688)
Liabilities				
Deposits held in trust for others	\$ (4,162)	2,278,621	2,087,331	187,128
Due to other funds	116,106	7,161,895	7,486,817	(208,816)
	\$ 111,944	9,440,516	9,574,148	(21,688)
 <u>TOTAL - ALL AGENCY FUNDS</u>				
Assets				
Cash	\$ -	22,790,389	22,790,389	-
Total Assets	\$ -	22,790,389	22,790,389	-
Liabilities				
Deposits held in trust for others	\$ (116,106)	15,628,494	15,303,572	208,816
Due to other funds	116,106	7,161,895	7,486,817	(208,816)
Total Liabilities	\$ -	22,790,389	22,790,389	-

CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF DEPOSIT ACCOUNTS
June 30, 2008

Depository	Account Name	Type	Depository Balance	Reconciled Balance
Wells Fargo Bank	Operating	Checking	\$ 1,998,662	1,801,344
Wells Fargo Bank	Savings	Savings	1,024,143	1,024,143
Wells Fargo Bank	Savings	Investment	7,004,430	7,004,430
Grants State Bank	Inmate Trust	Checking	1,010,364	1,010,364
Grants State Bank	Checking	Checking	140,341	140,341
First Community Bank	Savings	Savings	179	301,856
			<u>11,178,119</u>	<u>11,282,478</u>
Petty Cash			-	400
Total deposit accounts			\$ 11,178,119	11,282,878
Bank of Albuquerque	Investment	Investment	25	25
Bank of Albuquerque	Investment	Investment	2,012	2,012
Bank of Albuquerque	Investment	Investment	3,029	3,029
Wells Fargo Bank	Suspense	Investment	73,707	73,707
Bank of Albuquerque	NMFA Computer Program Account	Investment	370,453	370,453
Bank of Albuquerque	NMFA Cubero VFD Program Account	Investment	8,953	8,953
Bank of Albuquerque	NMFA Cebolleta Fire DS	Investment	357	357
Bank of Albuquerque	NMFA Candy Kitchen DS	Investment	424	9,985
Bank of Albuquerque	NMFA Lobo Canyon Fire DS	Investment	331	490
Bank of Albuquerque	NMFA Bluewater Fire Equip 1 DS	Investment	2,505	2,505
Bank of Albuquerque	NMFA San Rafael VFD DS	Investment	420	420
Bank of Albuquerque	NMFA Bluewater Fire Equip 2 DS	Investment	1,015	1,015
Bank of Albuquerque	NMFA Cibola County Computer DS Reserve	Investment	59,219	60,494
Bank of Albuquerque	NMFA Computer Loan DS	Investment	25,295	25,295
Bank of Albuquerque	NMFA Cubero Loan	Investment	437	437
Bank of Albuquerque	NMFA Computer Loan	Investment	-	27,267
Bank of Albuquerque	NMFA Candy Kitchen	Investment	9,561	-
Bank of Albuquerque	NMFA Lobo Canyon Fire	Investment	161	-
Bank of New York Mellon	Debt Service Reserve Account	Investment	357	357
Bank of New York Mellon	Debt Service Reserve Account - Bond Fund	Investment	1,442	1,442
Bank of New York Mellon	Debt Service Reserve Account	Investment	89,343	89,343
Bank of New York Mellon	Debt Service Reserve Account	Investment	458	458
Bank of Albuquerque	Candy Kitchen DS Reserve	Investment	38,251	38,251
Grants State Bank	Inmate Trust Account	Investment	23,296	8,207
Westdeutsche Landesbank	2006 A & B Bond reserve	Investment	861,512	861,512
Total investment accounts			<u>1,572,563</u>	<u>1,586,014</u>
Total deposit and investment accounts			\$ 12,750,682	12,868,892

CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2008

	Wells Fargo Bank	Grants State Bank	First Community Bank	Total
Deposits at June 30, 2008	\$ 7,023,620	1,150,705	179	8,174,504
Less: FDIC coverage	200,000	100,000	179	300,179
Uninsured Public Funds	6,823,620	1,050,705	-	7,874,325
Pledged collateral held by the pledging bank's trust department or agent but not in the County's name	4,312,171	2,177,191	-	6,489,362
Uninsured and uncollateralized	\$ 2,511,449	(1,126,486)	-	1,384,963
50% pledged collateral requirement per statute	3,411,810	525,353	-	3,937,163
Total pledged collateral	4,312,171	2,177,191	-	6,489,362
Pledged collateral under (over) requirement	\$ (900,361)	(1,651,838)	-	(2,552,199)

Pledged collateral at June 30, 2008 consists of the following:

Security	CUSIP	Maturity	Market Value	Market Value	Market Value	Total
W Las Vegas Scho Noncall FR	953769FM3	7/1/2008	\$ -	70,030	-	70,030
Torrance Etc Cnty SD NC FR	891400JK0	7/1/2008	-	100,054	-	100,054
W Las Vegas Scho Noncall FR	953769FN1	7/1/2009	-	71,555	-	71,555
Silver City Sales Tax Nonc FR	827517EL3	7/1/2009	-	102,315	-	102,315
West Las Vegas SD Noncall FR	953769FF8	7/1/2010	-	82,341	-	82,341
Santa Rosa Noncall FR	802751CU9	7/1/2010	-	50,542	-	50,542
Los Lunas SD Call FR	545562JV3	7/15/2010	-	101,432	-	101,432
Torr & Soc Cntys Noncall FR	891341BG3	9/1/2010	-	56,470	-	56,470
Farminton Sales Tax NC FR	311455EW5	6/15/2011	-	181,627	-	181,627
West Las Vegas SD Noncall FR	953769FG6	7/1/2011	-	87,986	-	87,986
Santa Rosa Noncall FR	802751CV7	7/1/2011	-	50,268	-	50,268
Torr & Soc Cntys Noncall FR	891341BH1	9/1/2011	-	10,205	-	10,205
Socorro SD Noncall FR	83368PBF2	8/1/2012	-	56,527	-	56,527
Gadsden ISD Call FR	362550JK2	8/15/2012	-	202,588	-	202,588
Torr & Soc Cntys Noncall FR	891341BJ7	9/1/2012	-	10,183	-	10,183
Socorro County Call FR	833679BM4	6/1/2013	-	192,029	-	192,029
Socorro SD Noncall FR	83368PBG0	8/1/2013	-	77,382	-	77,382
Los Alamos ISD Call FR	544228BQ1	8/1/2003	-	98,060	-	98,060
Carlsbad SD Call FR	142735CM9	8/1/2013	-	202,522	-	202,522
Los Alamos ISD Call FR	544228BR9	8/1/2014	-	97,102	-	97,102
Los Alamos ISD Call FR	54228BS7	8/1/2015	-	145,163	-	145,163
Los Alamos ISD Call FR	544228BT5	8/1/2016	-	130,810	-	130,810
Investment: Repurchase Agreement	31415A5Y3	5/1/2038	1,738,490	-	-	1,738,490
FNIONP880203	31409V3L5	2/1/2036	2,573,681	-	-	2,573,681
Total pledged collateral			\$ 4,312,171	2,177,191	-	6,489,362

**CIBOLA COUNTY
SCHEDULE OF JOINT POWERS AGREEMENTS
Year Ended June 30, 2008**

Joint Power Agreement	Participants	Responsible Party	Description	Beginning and Ending Dates	Total estimated project amount and amount applicable to County	Amount contributed by County During Fiscal Year	Audit Responsibility	Fiscal agent and responsible reporting entity
Senior Citizens Program	Cibola County City of Grants Village of Milan	City of Grants	To establish a service area to serve senior citizens	06/81 to Indefinite	The County contributes \$28,000 annually	\$ 28,000	City of Grants	City of Grants
Mother Whiteside Memorial Library	Cibola County City of Grants Village of Milan	City of Grants	To provide capital and operating funds to establish a library	06/81 to Indefinite	The County contributes \$5,000 annually	\$ 5,000	City of Grants	City of Grants
Animal Control and Shelter	Cibola County City of Grants	City of Grants	To regulate, restrain and control domestic and wild animals for the purpose of preventing nuisance, disease and animal cruelty	12/97 to Indefinite	The County contributes \$30,000 annually	\$ 30,000	City of Grants	City of Grants
Northwest New Mexico Regional Solid Waste Authority	Cibola County City of Grants Village of Milan City of Gallup County of McKinley	Northwest New Mexico Regional Solid Waste Authority	To provide for the disposition of solid waste by establishing modern solid waste facilities	05/06 to Indefinite	The County is required to contribute 50% of its Environmental Gross Receipts Tax.	\$ 32,854	Northwest New Mexico Regional Solid Waste Authority	Northwest New Mexico Regional Solid Waste Authority
Joint Communications Center	Cibola County City of Grants Village of Milan	Cibola County	To operate a combined communication and dispatch center for Cibola County	11/04 to Indefinite	The County is required to provide one third of the yearly operating costs.	\$ 181,939	Cibola County	Cibola County
Cibola Transit Authority	Cibola County City of Grants Village of Milan	Cibola County	To establish a transit system to provide transportation to residents and visitors	09/06 to Indefinite	The County contributes \$33,200 annually	\$ 35,614	Cibola County	Cibola County
Tax and Revenue Department	Cibola County State of New Mexico Taxation & Revenue Department	Cibola County	To enable the County to register taxpayers with TRD and assign TRD identification numbers to taxpayers engaging in business in the County whose businesses obtain business licenses from the County	08/04 to Indefinite	Free Service	\$ -	Cibola County	Cibola County

Ricci & Company LLC

CERTIFIED PUBLIC ACCOUNTANTS
6200 UPTOWN BLVD. NE - SUITE 400
ALBUQUERQUE, NM 87110

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Mr. Hector H. Balderas, State Auditor
and
Elmer Chavez, Chairman and
The Board of County Commissioners
Cibola County, New Mexico

We have audited the financial statements of the governmental activities, the business-type activity, the discretely presented component unit, each major fund, budgetary comparisons and the aggregate remaining fund information of Cibola County, New Mexico (County), as of and for the year ended June 30, 2008, and have issued our report thereon dated March 27, 2009. 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 the 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 the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

Mr. Hector H. Balderas, State Auditor
and
Elmer Chavez, Chairman and
The Board of County Commissioners
Cibola County, New Mexico

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America, such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency described as 03-02 in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting. We consider 02-02 to be a control deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we consider item 03-02 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 that are required to be reported under *Government Auditing Standards*.

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

We noted certain matters that are required to be reported under Government Auditing Standards January 2007 Revision, paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which are described in the accompany schedule of findings and responses as findings 02-05, 06-01, 06-11, and 08-01.

Mr. Hector H. Balderas, State Auditor
and
Elmer Chavez, Chairman and
The Board of County Commissioners
Cibola County, New Mexico

This report is intended solely for the information and use of management, others within the County, the audit committee, the State Auditor, the Department of Finance and Administration – Local Government Division, the New Mexico State Legislature and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

Ricci & Company, LLC

Albuquerque, New Mexico
March 27, 2009

CIBOLA COUNTY, NEW MEXICO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2008

	Current Status
Cibola County	
02-02 Information Technology Segregation of Duties and Written Procedures	Updated and included
02-05 Treasurers Reports	Updated and included
03-02 Property Tax Assessment Card Data	Updated and included
05-02 Agency Funds	Resolved
05-05 Capital Assets	Resolved
06-01 Due Date of Audit Report	Updated and included
06-02 Tax Bill Adjustments	Resolved
06-11 Budget Overage	Updated and included
07-01 Reconciliation of Inter-fund Activity	Resolved
Cibola General Hospital	
02-05 Travel and Per Diem	Resolved

**CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2008**

A. FINDINGS - FINANCIAL STATEMENTS AUDIT - CIBOLA COUNTY

**02-02 INFORMATION TECHNOLOGY SEGREGATION OF DUTIES
AND WRITTEN PROCEDURES**

CRITERIA

Policies and procedures, including those related to internal controls, must be adequately communicated to employees and County officials in order for them to be followed. Written communication becomes necessary as the number of employees and the potential for turnover increases. In addition, access to the server systems should be limited to those people who do not also have data security responsibilities.

CONDITION

During our review of the data processing and information technology area, we noted that security administration and the control function is not segregated from computer operations.

CAUSE

Policies for the segregation of data processing and information technology have not been developed.

EFFECT

The lack of segregation of duties increases the possibility of fraud from data manipulation.

RECOMMENDATION

We recommend that the County develop policies and procedures that ensure the segregation of incompatible data processing and information technology functions.

MANAGEMENT RESPONSE

Regarding the procedures recommendation, we hired a third employee to work in the Data Processing Department in order to relieve the work load stress and to segregate the duties of that department. At the same time, we are developing and writing policies to better direct the functions of that department.

**CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
Year Ended June 30, 2008**

**A. FINDINGS - FINANCIAL STATEMENTS AUDIT - CIBOLA COUNTY
(CONTINUED)**

03-02 PROPERTY TAX ASSESSMENT CARD DATA (Material Weakness)

CRITERIA

Data in the property tax assessment system should agree to the data contained on the property cards. NMAC 3.6.3.8(A)(5) states that "The division will conduct, during each calendar year, an evaluation of each county assessor's operations during that calendar year. The evaluation will include, but not be limited to, a review of the performance of the county assessor's functions on the basis of the assessor's maintenance of current tax maps and property record cards."

CONDITION

During our testing in the current year, of the 26 property tax assessments tested:

- 8 of the valuations per the valuation card did not match the valuation in the computer system.
- 4 of the properties could not be located in either the computer system or in the property cards.
- 1 of the non-residential properties could not be located; however, it is known to be a business still in operation and is not currently included in the tax roll.
- 4 of the property assessments exemptions did not have proper supporting documentation.

CAUSE

Changes in the computer system data were not updated on the property cards. There is also human error going undetected. Further, there are no procedures in place to ensure all properties are assessed at least bi-annually.

EFFECT

The computer system and property card contain differing information.

RECOMMENDATION

All changes made to the property tax assessment system should also be updated on the property cards. In addition, the County should develop a procedure to help ensure all properties are assessed at least bi-annually.

**CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
Year Ended June 30, 2008**

**A. FINDINGS - FINANCIAL STATEMENTS AUDIT - CIBOLA COUNTY
(CONTINUED)**

**03-02 PROPERTY TAX ASSESSMENT CARD DATA (Material Weakness)
(CONTINUED)**

MANAGEMENT RESPONSE

We have installed a new property tax valuation and assessment computer system that went live the week of September 22, 2008. The system is manufactured by Tyler Technologies and has impeccable security and system integrity that will prevent human error or irregularities and reduce our problems with improper updates. The Assessor has started an annual reappraisal on all properties as directed by the State of New Mexico.

**CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
Year Ended June 30, 2008**

**B. FINDINGS - COMPLIANCE AND OTHER MATTERS - CIBOLA COUNTY
(CONTINUED)**

02-05 TREASURER REPORTS – TEN-YEAR SCHEDULE

CRITERIA

Beginning for fiscal year end June 30, 2002, the State Auditor Rule NMAC 2.2.2.12D requires ten-year historical information for property taxes be included in the audited financial statement report.

CONDITION

While the County Treasurer does have procedures in place to report property tax data by agency as required by the State Auditor Rule, this data is not available for all of the past ten years.

CAUSE

The State Auditor Rule was amended effective March 29, 2002, and the County Treasurer has not had an opportunity to develop the required information.

EFFECT

The County is not in compliance with the State Auditor Rule.

RECOMMENDATION

The County Treasurer should work towards developing the required information on the ten-year property tax history.

MANAGEMENT RESPONSE

The County Treasurer continues to work on this schedule to its completion. The data for much of the earlier years were kept manually and not in the detail that is required for the schedule. In spite of that, the County Treasurer is working on complying with this requirement.

**CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
Year Ended June 30, 2008**

**B. FINDINGS - COMPLIANCE AND OTHER MATTERS - CIBOLA COUNTY
(CONTINUED)**

06-01 DUE DATE OF AUDIT REPORT

CRITERIA

According to the State Auditor Rule NMAC 2.2.2.9.A, the audited financial statements are due by November 15 following the fiscal year end, thus requiring the June 30, 2008 report to be filed by November 15, 2008.

CONDITION

The June 30, 2008 audit report was not filed timely as required by the State Auditor Rule NMAC 2.2.2.9.A.

CAUSE

The June 30, 2007 audit report was not filed timely, pushing back the start of the June 30, 2008 audit field work.

EFFECT

The users of the financial statements do not have timely audit reports and financial statements for their review. Further, the County is in violation of the State Auditor Rule NMAC 2.2.2.9.A.

RECOMMENDATION

The County should continue its efforts to deliver a timely audit report and inform all potential users of the report as soon as they know the County will be late in meeting a reporting requirement.

MANAGEMENT RESPONSE

We agree. We know that the 2006 audit report was late and caused the 2007 and 2008 reports to be late as well. We believe that the 2009 audit report will be on time and that future reports will be as well.

**CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
Year Ended June 30, 2008**

B. FINDINGS-FINANCIAL STATEMENTS AUDIT - CIBOLA COUNTY

06-11 BUDGET OVERAGE

CRITERIA

State Statute 6-6-6 NMSA 1978 and SAO Rule 2.2.2.10.P(1) requires that local government spending does not exceed budgeted amounts at legal level of compliance (fund level for the County).

CONDITION

During our analysis of the budget to actual reports for the year ended June 30, 2008, we noted the Cubero Volunteer Fire Department fund was never budgeted, therefore it is over budget by \$250,886.

CAUSE

The county had obtained a loan for the capital project related to the Cubero Volunteer Fire Department. The requests for payment to the contractor were sent to the authority, and the contractor was paid directly. Due to an oversight, the county finance department was not made aware of these direct payments, and therefore they were not budgeted for, nor were the associated transactions recorded.

EFFECT

The County is not in compliance with State Statutes.

RECOMMENDATION

The County should develop a system to ensure that budgets are prepared and updated for all capital projects that are in place, and any requests for financial payment being made to a financial institution should also be routed through the finance department so that they are made aware of and can budget for, and then account for these financial transactions as they occur.

MANAGEMENT RESPONSE

We agree with this finding. Changes in our accounting processes to avoid this oversight from happening again are being planned and implemented. Management will work more closely with the finance office in all loan application and program operations.

**CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
Year Ended June 30, 2008**

**B. FINDINGS - COMPLIANCE AND OTHER MATTERS - CIBOLA COUNTY
(CONTINUED)**

08-01 MILEAGE AND PER DIEM PARTIAL DAY REIMBURSEMENT

CRITERIA

Cibola County Resolution No. 03-21 states that on the last day of travel when overnight lodging is no longer required, partial day reimbursement shall be made.

CONDITION

As part of our test work on mileage and per diem payments, we noted that of 5 mileage and per diem reimbursements paid, 3 excluded the applicable partial day reimbursement amount resulting in a total underpayment of \$48.

CAUSE

Cibola County failed to apply the Resolution in calculating the amount of per diem due to employees.

EFFECT

Cibola County is not in compliance with Resolution No. 03-21 resulting in underpayments of per diem reimbursements.

RECOMMENDATION

We recommend that the County develop effective controls and procedures to ensure that Resolution No. 03-21 is implemented when calculating per diem reimbursements. Additionally, mileage and per diem reimbursement forms should be revised to include accurate partial payment reimbursement criteria and amounts.

MANAGEMENT RESPONSE

We have revised our per diem reimbursement forms to reflect what Resolution No. 03-21 directs and we have started training to ensure compliance with the Resolution. In addition, we have a minimum of three people reviewing the per diem reimbursement requests to ensure proper accounting and payment.

**CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
Year Ended June 30, 2008**

FINDINGS - FINANCIAL STATEMENTS AUDIT - CIBOLA GENERAL HOSPITAL

NONE

**CIBOLA COUNTY, NEW MEXICO
EXIT CONFERENCE
Year Ended June 30, 2008**

An exit conference was held on December 22, 2008, and attended by the following:

County Personnel

Dr. Jane Pitts, Comissioner
Antonio Gallegos, Commissioner
Norma, Dominguez, Treasurer
David Ulibarri, County Manager
Bob Ewell, Procurement Director
John Alexander, Finance Director

Ricci & Company LLC Personnel

Shawn Mortensen, Director

The financial statements were prepared by Ricci & Company LLC from the books and records of Cibola County.