



Certified Public Accountants

ricci&company llc



CIBOLA COUNTY, NEW MEXICO

FINANCIAL STATEMENTS

JUNE 30, 2009



CIBOLA COUNTY, NEW MEXICO

Official Roster	1
Independent Auditors' Report	2
Management's Discussion and Analysis	4
Basic Financial Statements	
Statement of Net Assets	14
Statement of Activities	15
Combined Balance Sheet - Governmental Funds	17
Reconciliation of Balance Sheet - Governmental Funds to Statement of Net Assets - Governmental Activities	19
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Funds	20
Reconciliation of Statement of Activities to Governmental Fund Statements	22
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual	
General Fund	23
Special Revenue Road Fund	24
Special Revenue Indigent	25
Grants	26
Balance Sheet - Proprietary Fund - Prison Facility	27
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Fund – Prison Facility	28
Combining Statement of Cash Flows - Proprietary Fund - Prison Facility	29
Statement of Revenues, Expenses and Changes in Net Assets Component Unit - Cibola General Hospital	30
Statement of Cash Flows - Component Unit - Cibola General Hospital	31
Agency Funds	32
Notes to Financial Statements	33

CIBOLA COUNTY, NEW MEXICO

Supplemental Information

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual	
Debt Service Fund	69
Proprietary Fund - Prison Facility	70

Combining and Individual Fund Statements and Schedules

Description of Non-major Funds	
Special Revenue Funds	71
Capital Projects Funds	72
Combining Balance Sheet – Non-major Governmental Funds	73
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-major Governmental Funds	78
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual	
Fire Districts	83
Emergency Medical Services	84
Farm and Range	85
Recreation	86
Law Enforcement Protection	87
County Fire Protection	88
County Clerk Recording and Filing	89
Reappraisal	90
San Rafael Water & Sanitation	91
Cubero Volunteer Fire Department Construction	92
Computer Equipment Software	93
Computer Equipment Software Debt Service	94
Cubero Fire Station	95
Capital Outlay Projects Transfers	96
Court Complex Renovation	97

Description of Non-major Funds - Agency Funds	98
---	----

Statement of Changes in Assets and Liabilities - All Agency Funds	99
--	----

Schedule of Deposit Accounts	101
------------------------------	-----

Schedule of Pledged Collateral	102
--------------------------------	-----

Schedule of Joint Powers Agreements	103
-------------------------------------	-----

Supplemental Information

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	104
--	-----

Summary Schedule of Prior Audit Findings	107
--	-----

Schedule of Findings and Responses	108
------------------------------------	-----

Exit Conference	114
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Independent Auditors' Report

Mr. Hector H. Balderas, State Auditor
and
Edward Michael, 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, 2009, 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, 2009, 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, 2009, 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
Edward Michael, 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, 2009, 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 November 2, 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
November 2, 2009

CIBOLA COUNTY, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009

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, 2009. 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 14.

FINANCIAL HIGHLIGHTS

- The County's net assets *increased* by \$3,504,566 from a year ago.
- During the year, the County received \$17,424,948 in total revenues.
- Total cost of all of the County's programs was \$14,124,016.
- The General Fund reported an *increase* in net assets of \$2,280,429.
- The resources available for appropriation were \$11,866,010.

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 14 and 15) 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 17. 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 14. 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, 2009

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 17. The fund financial statements begins on page 17 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, 2009

- *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 31 and 98. 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 \$3,504,566 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, 2009**

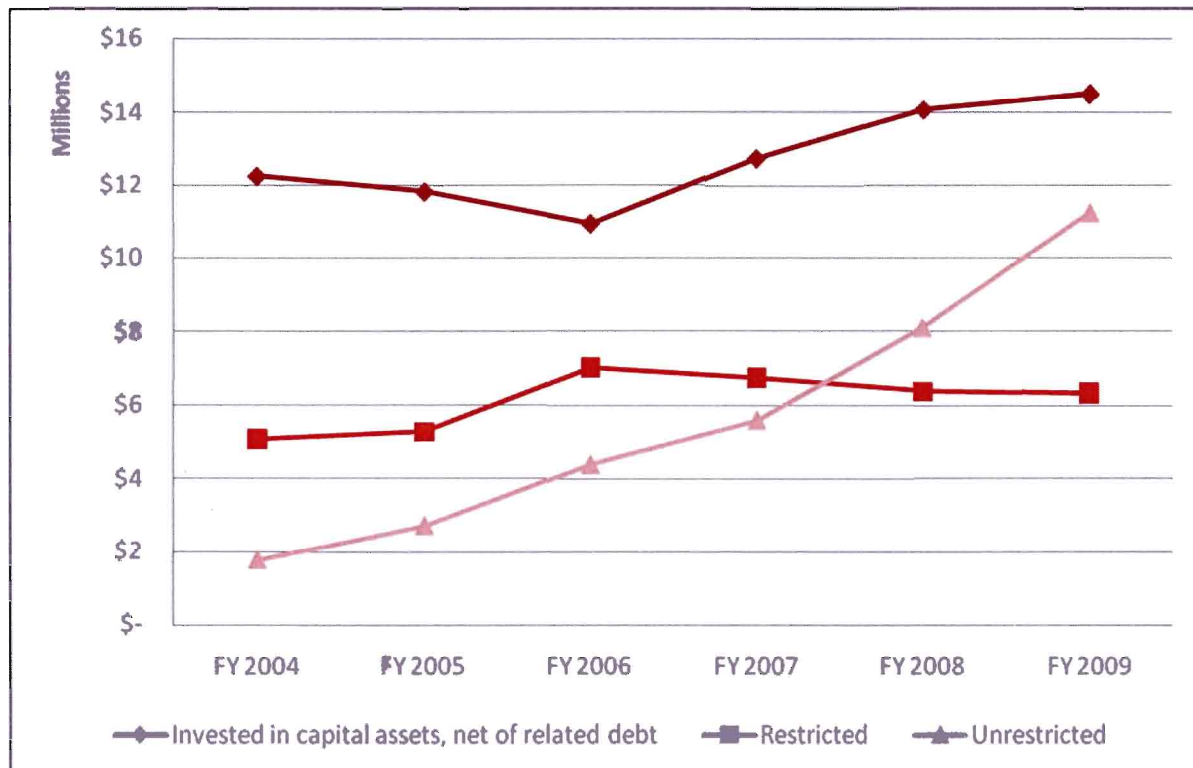
**Table 1
Net Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>FY 2009</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2008</u>
Current and other assets	\$ 18,212,070	\$ 14,883,167	\$ 156,720	\$ 747,651	\$ 18,368,790	\$ 15,630,818
Capital assets	<u>20,775,791</u>	<u>20,875,167</u>	<u>6,687,668</u>	<u>6,945,241</u>	<u>27,463,459</u>	<u>27,820,408</u>
Total Assets	<u>\$ 38,987,861</u>	<u>\$ 35,758,334</u>	<u>\$ 6,844,388</u>	<u>\$ 7,692,892</u>	<u>\$ 45,832,249</u>	<u>\$ 43,451,226</u>
Long-term liabilities outstanding	\$ 11,758,948	\$ 12,488,399	\$ 19,736	\$ 15,458	\$ 11,778,684	\$ 12,503,857
Other liabilities	<u>1,313,491</u>	<u>1,747,305</u>	<u>679,912</u>	<u>644,467</u>	<u>1,993,403</u>	<u>2,391,772</u>
Total Liabilities	<u>\$ 13,072,439</u>	<u>\$ 14,235,704</u>	<u>\$ 699,648</u>	<u>\$ 659,925</u>	<u>\$ 13,772,087</u>	<u>\$ 14,895,629</u>
Net Assets:						
Invested in capital assets, net of related debt	\$ 7,806,699	\$ 7,125,357	\$ 6,687,668	\$ 6,945,241	\$ 14,494,367	\$ 14,070,598
Restricted	6,316,200	6,370,762	-	-	6,316,200	6,370,762
Unrestricted	<u>11,792,523</u>	<u>8,026,511</u>	<u>(542,928)</u>	<u>87,726</u>	<u>11,249,595</u>	<u>8,114,237</u>
Total net assets	<u>\$ 25,915,422</u>	<u>\$ 21,522,630</u>	<u>\$ 6,144,740</u>	<u>\$ 7,032,967</u>	<u>\$ 32,060,162</u>	<u>\$ 28,555,597</u>

As of June 30, 2009, 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* by 12.6 percent in 2009. In contrast, Invested in Capital Assets experienced a slight *increase* in fiscal year 2009 and Restricted Net Assets slightly *decreased* in fiscal year 2007 through 2009.

**CIBOLA COUNTY, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009**

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



Total net assets of the County’s governmental activities *increased* by 20.4 percent (\$25,915,422 compared to \$21,522,630). *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 \$8,026,511 at June 30, 2008, to \$11,792,523 at the end of this fiscal year.

The *increase* in total governmental net assets resulted primarily from an increase in our cash balances, a decrease in our long-term debt as loans and bonds, and changes in our unrestricted net assets. The majority of the *increase* in unrestricted governmental net assets arose from the federal government fully funding its Payment in Lieu of Taxes (PILT) for the first time and the County operating at about 90 percent of capacity in personnel services.

CIBOLA COUNTY, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009

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 \$630,654. 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, and a 19.7 percent decrease in current year revenues compared to last year. The *decrease* in revenues is attributed fewer billings for housing of inmates from outside the County. Inmate health care is mandated and directed by law and the County is constantly looking for ways to keep these costs down. In addition, the facility is starting to age from its use, thus requiring more maintenance, repair, and depreciation costs.

The major source of revenue for the Detention Center is its billings for housing of and the medical services to Inmates we house from outside the County. Those fees and services generated \$1,972,004 during the year, which again is \$486,166 or 19.7 percent less than last year. The County can only use these revenues to finance the continuing operations of the Detention Center. The Center has operated at full capacity for more than three years now; servicing Cibola County, the State, other Counties and Municipalities throughout New Mexico.

The combined (Total Primary Government) 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 \$11,249,595 at the end of this year. This amount, compared to last year's \$8,114,237 *increased* 38.6 percent, or \$3,135,358. As stated earlier, this *increase* resulted primarily from the fully funded federal PILT payment for the year and operating less than full capacity in personnel services. Our total assets of the primary government *increased* by 5.5 percent or \$2,381,023 from 2008 to 2009, for the same reasons previously mentioned.

**CIBOLA COUNTY, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009**

Table 2 - Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>FY 2009</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2008</u>
Revenues:						
Program revenues:						
Charges for services	\$ 347,782	\$ 339,448	\$ 1,972,004	\$ 2,458,170	\$ 2,319,786	\$ 2,797,618
Operating grants and contributions	4,285,295	3,123,484	-	-	4,285,295	3,123,484
Capital grants and contributions	679,079	1,672,805	-	-	679,079	1,672,805
General revenues:						
Property taxes	2,907,350	2,349,036	-	-	2,907,350	2,349,036
Other taxes	4,283,295	4,487,231	188,653	368,666	4,471,948	4,855,897
Other revenues	<u>2,729,529</u>	<u>1,471,784</u>	<u>31,961</u>	<u>16,008</u>	<u>2,761,490</u>	<u>1,487,792</u>
Total revenues	<u>15,232,330</u>	<u>13,443,788</u>	<u>\$ 2,192,618</u>	<u>\$ 2,842,844</u>	<u>\$ 17,424,948</u>	<u>16,286,632</u>
Expenses:						
General government	2,735,823	3,145,560	-	-	2,735,823	3,145,560
Public safety	2,605,761	2,459,008	-	-	2,605,761	2,459,008
Health and welfare	2,191,241	1,899,776	-	-	2,191,241	1,899,776
Culture and recreation	202,102	152,989	-	-	202,102	152,989
Public works	2,251,283	1,553,139	-	-	2,251,283	1,553,139
County Detention	-	-	3,580,845	3,238,032	3,580,845	3,238,032
Debt Service	<u>556,961</u>	<u>588,785</u>	<u>-</u>	<u>-</u>	<u>556,961</u>	<u>588,785</u>
Total expenses	<u>10,543,171</u>	<u>9,799,257</u>	<u>3,580,845</u>	<u>3,238,032</u>	<u>14,124,016</u>	<u>13,055,280</u>
Excess (deficiency) before transfers	<u>4,689,159</u>	<u>3,644,531</u>	<u>(1,388,227)</u>	<u>(395,188)</u>	<u>3,300,932</u>	<u>3,249,343</u>
Transfers	<u>(442,500)</u>	<u>245,000</u>	<u>500,000</u>	<u>20,000</u>	<u>57,500</u>	<u>265,000</u>
Restatement	<u>146,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,134</u>	<u>-</u>
Increase (decrease) in net assets	<u>\$ 4,392,793</u>	<u>\$ 3,889,531</u>	<u>\$ (888,227)</u>	<u>\$ (375,188)</u>	<u>\$ 3,504,566</u>	<u>\$ 3,514,343</u>

CIBOLA COUNTY, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009

The County's total revenues *increased* by 7.0 percent or \$1,138,316. At the same time, the total cost of all programs and services before transfers *increased* during the year by 8.2 percent or \$1,068,736. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Revenues for the County's governmental activities *increased* by 13.3 percent or \$1,788,542, while total expenditures *increased* 7.6 percent or \$743,914. The *increase* in net assets for governmental activities in 2009 was \$4,246,659 compared to a \$3,889,531 *increase* in net assets in 2008.

County Management utilized our increase in revenues to provide improvements to our infrastructure and increase services to the County citizens. In addition, plans were made to purchase additional road construction and repair equipment with the additional federal revenues. The total change between 2008 and 2009 is an *increase* in total revenue of 13.3 percent or \$1,788,542 and a *decrease* in total net assets of 20.4 percent or \$4,392,792.

The cost of all *governmental* activities this year was \$10.54 million compared to \$9.79 million last year. Reasons for the \$743,914 *increase* were increased services in our Public Works and our Health and Welfare services.

Overall, the County's governmental activities revenues *increased* in 2009 from \$13.4 million in 2008 to \$15.2 million, principally from the increase in federal funding.

Business-Type Activities

Revenues of the County's business-type activities (see Table 2) reported \$2.1 million and expenditures reported \$3.6 million for the Detention's operations in 2009. 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 \$3.6 million dollars compared to \$1.2 million in 2002. This equates to a 200 percent *increase* over those 7 years.

Operating and owning our own Detention Center has proven to be one of the best decisions that several Board of County Commissioners and Management have made. In spite of the rising costs of Inmate care over the years, owning our own Center has enabled us to control those costs.

The business-type revenues *decreased* 22.9 percent or \$650,226 during the year. Reasons for the decrease were one of our major client Counties decided to keep their Inmates during the later part of the fiscal year, which resulted in the decrease in revenues.

**CIBOLA COUNTY, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009**

THE COUNTY'S MAJOR FUNDS

As the County completed the year, its governmental funds (as presented in the combined balance sheet on page 17) reported a combined fund balance of approximately \$16.7 million, which is 28.5 percent more or \$3.7 million more than last year's total of approximately \$13 million. The *increase* in fund balance is made up primarily of the increase in cash and investments of \$3,229,104.

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 \$510,425 less in the general fund than was budgeted. The General Fund received \$2,038,491 more in revenues than what we budgeted. Each year the County budgets less in revenues, using our average collection rate of 85.6 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.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2009, the County had \$50.5 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 \$12.6 million in long-term bonds and notes outstanding (refer to Note 7, pages 49 through 52). The County's business-type activities (County Detention Center) reported \$19,736 in long-term debt outstanding.

The *decrease* in governmental activities long-term debt of 5.3 percent or \$704,425 resulted from the continual 'pay-down' of our existing debt through scheduled payments.

CIBOLA COUNTY, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal year 2009 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 2009. 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.

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 the Cibola County Manager, 515 W. High Street, Grants, New Mexico, 87020-2526, or (505) 287-9431.

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, or (505) 287-4446, or jeff_rimel@cibolahospital.com.

CIBOLA COUNTY, NEW MEXICO
STATEMENT OF NET ASSETS

June 30, 2009

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit Cibola General Hospital
ASSETS				
Cash and investments	\$ 15,630,866	5,944	15,636,810	1,484,363
Receivables				
Taxes, net of allowance	1,618,961	71,864	1,690,825	-
Due from other funds	565,009	-	565,009	-
Due from agency fund	-	-	-	-
Prison receivables	-	78,912	78,912	-
Patients accounts receivable, net of allowance	-	-	-	3,853,128
Intergovernmental	154,282	-	154,282	-
Miscellaneous	-	-	-	25,350
Prepaid expenses	242,952	-	242,952	281,681
Inventories, at cost	-	-	-	203,308
Total current assets	18,212,070	156,720	18,368,790	5,847,830
Capital assets (net, where applicable, of accumulated depreciation)				
Land	2,838,454	-	2,838,454	-
Work in process	668,405	-	668,405	-
Buildings and improvements	5,239,391	-	5,239,391	-
Furniture and equipment	1,280,993	-	1,280,993	-
Automobiles	562,976	-	562,976	-
Infrastructure	1,861,991	-	1,861,991	-
County prison	-	6,687,668	6,687,668	-
County hospital	7,909,658	-	7,909,658	4,657,179
Advance refunding escrow costs, net	161,367	-	161,367	-
Bond issuance costs, net	252,556	-	252,556	-
Assets limited as to use	-	-	-	5,672,814
Total assets	38,987,861	6,844,388	45,832,249	16,177,823
LIABILITIES				
Accounts payable	132,417	69,014	201,431	912,436
Accrued wages and benefits	227,704	6,147	233,851	713,891
Estimated third-party payor settlements	-	-	-	-
Inmate trust accounts	-	5,449	5,449	-
Deferred revenues	-	-	-	-
Compensated absences	110,895	34,293	145,188	-
Accrued interest	46,254	-	46,254	-
Due to other funds	-	565,009	565,009	-
Current portion of long-term debt	796,221	-	796,221	-
Total current liabilities	1,313,491	679,912	1,993,403	1,626,327
Long-term debt, net of current portion	11,758,948	19,736	11,778,684	-
Total liabilities	13,072,439	699,648	13,772,087	1,626,327
NET ASSETS				
Investment in capital assets, net of related debt	7,806,699	6,687,668	14,494,367	4,657,179
Restricted for:				
Debt service	3,359,943	-	3,359,943	-
Special projects	2,655,867	-	2,655,867	-
Capital outlay	300,390	-	300,390	-
Unrestricted	11,792,523	(542,928)	11,249,595	9,894,317
Total net assets	\$ 25,915,422	6,144,740	32,060,162	14,551,496

See Notes to Financial Statements.

CIBOLA COUNTY, NEW MEXICO
STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government				
Governmental activities				
General government	\$ 2,735,822	255,771	585,961	228,761
Public safety	2,605,761	92,011	970,425	326,593
Public works	2,251,283	-	1,318,184	123,725
Culture and recreation	202,102	-	-	-
Health and welfare	2,191,242	-	1,410,725	-
Interest on long-term debt	556,961	-	-	-
Total governmental activities	<u>10,543,171</u>	<u>347,782</u>	<u>4,285,295</u>	<u>679,079</u>
Business-type activities	<u>3,580,845</u>	<u>1,972,004</u>	-	-
Total primary government	<u>\$ 14,124,016</u>	<u>2,319,786</u>	<u>4,285,295</u>	<u>679,079</u>
Component Unit -				
Cibola General Hospital	<u>\$ 21,481,326</u>	<u>21,468,558</u>	<u>2,890</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
Restatement
Net assets beginning, as restated
Net assets, ending

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Assets

	Primary Government			Component Unit Business-type Activities
	Governmental Activities	Business-Type Activities	Total	
\$	(1,665,329)	-	(1,665,329)	-
	(1,216,732)	-	(1,216,732)	-
	(809,374)	-	(809,374)	-
	(202,102)	-	(202,102)	-
	(780,517)	-	(780,517)	-
	(556,961)	-	(556,961)	-
	(5,231,015)	-	(5,231,015)	-
	-	(1,608,841)	(1,608,841)	-
	(5,231,015)	(1,608,841)	(6,839,856)	-
	-	-	-	(9,878)
\$	2,907,350	-	2,907,350	1,025,382
	3,716,619	188,653	3,905,272	-
	299,557	-	299,557	-
	145,261	-	145,261	-
	889	-	889	-
	2,489,368	-	2,489,368	-
	120,969	-	120,969	-
	212,894	-	212,894	266,749
	27,267	31,961	59,228	131,210
	(500,000)	500,000	-	-
	57,500	-	57,500	(57,500)
	9,477,674	720,614	10,198,288	1,365,841
	4,246,659	(888,227)	3,358,432	1,355,963
	21,522,629	7,032,967	28,555,596	13,195,533
	146,134	-	146,134	-
	21,668,763	7,032,967	28,701,730	-
\$	25,915,422	6,144,740	32,060,162	14,551,496

CIBOLA COUNTY, NEW MEXICO
COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2009

	General	Road Fund	Major Funds Indigent Fund
ASSETS			
Cash and investments	\$ 8,633,565	1,119,979	784,812
Receivables			
Taxes, net of allowance	941,194	85,867	139,849
Intergovernmental	-	-	-
Miscellaneous	-	-	-
Due from other funds	830,416	-	-
Total assets	\$ 10,405,175	1,205,846	924,661
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 52,957	19,962	-
Accrued wages and benefits	227,704	-	-
Due to other funds	-	-	-
Deferred revenue	772,540	15,933	31,531
Total liabilities	1,053,201	35,895	31,531
FUND BALANCES			
Reserved for subsequent years' expenditures	1,341,522	147,668	-
Reserved for debt service	-	-	-
Unreserved, undesignated	8,010,452	1,022,283	-
Special projects	-	-	893,130
Capital projects	-	-	-
Total fund balances	9,351,974	1,169,951	893,130
Total liabilities and fund balances	\$ 10,405,175	1,205,846	924,661

See Notes to Financial Statements.

<u>Grants</u>	<u>Debt Service</u>	<u>Other Nonmajor Funds</u>	<u>Total</u>
77,190	3,030,509	1,984,811	15,630,866
-	394,107	57,944	1,618,961
121,369	-	32,913	154,282
-	-	-	-
-	-	870	831,286
<u>198,559</u>	<u>3,424,616</u>	<u>2,076,538</u>	<u>18,235,395</u>
19,892	-	39,606	132,417
-	-	-	227,704
153,981	870	111,426	266,277
-	63,803	10,047	893,854
<u>173,873</u>	<u>64,673</u>	<u>161,079</u>	<u>1,520,252</u>
-	-	-	1,489,190
-	3,359,943	-	3,359,943
24,686	-	-	9,057,421
-	-	1,615,069	2,508,199
-	-	300,390	300,390
<u>24,686</u>	<u>3,359,943</u>	<u>1,915,459</u>	<u>16,715,143</u>
<u>198,559</u>	<u>3,424,616</u>	<u>2,076,538</u>	<u>18,235,395</u>

**CIBOLA COUNTY, NEW MEXICO
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
June 30, 2009**

Total fund balances - Governmental Funds (Balance Sheet - Governmental Funds)		\$ 16,715,143
Amounts reported for governmental activities in the Statement of Net Assets are different at June 30, 2009 because:		
Delinquent property and other 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		893,854
Prepaid expenses are expensed in the government fund financial statements but not in the entity-wide financial statements		242,952
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	\$ 42,159,072	
Less accumulated depreciation	(21,797,204)	
Related debt	(12,555,169)	
Total capital assets, net of related debt and depreciation		7,806,699
Some liabilities are not due and payable in the current period and therefore are not reported in the fund:		
Compensated absences payable		(110,895)
Accrued interest payable		(46,254)
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	(34,440)	
Bond issuance costs, net		252,556
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	(195,945)	
Advance refunding escrow fees, net		161,367
Net assets of governmental activities (Statement of Net Assets)		\$ 25,915,422

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, 2009**

	Major Funds		
	General	Road Fund	Indigent Fund
Revenues			
Local taxes	\$ 4,122,954	388,597	738,934
Intergovernmental	2,762,252	1,300,889	1,410,725
Licenses and permits	41,376	-	-
Interest	170,336	-	-
Miscellaneous	263,105	-	6,451
Total revenues	7,360,023	1,689,486	2,156,110
Expenditures			
Current			
General government	2,737,647	-	-
Public safety	1,003,175	-	-
Public works	206,971	1,234,322	-
Culture and recreation	-	-	-
Health and welfare	-	-	1,814,051
Capital outlay	65,258	-	-
Debt service - principal	42,318	-	-
Debt service - interest	8,917	-	-
Debt service - other fees	-	-	-
Total expenditures	4,064,286	1,234,322	1,814,051
Excess (deficiency) of revenues over expenditures before other financing sources	3,295,737	455,164	342,059
Other Financing Sources (Uses)			
Debt proceeds	-	-	-
Transfer from component unit	57,500	-	-
Operating transfers, in	15,000	100,000	-
Operating transfers, out	(1,087,808)	-	-
Total other financing sources (uses)	(1,015,308)	100,000	-
Net change in fund balance	2,280,429	555,164	342,059
Fund balances, beginning of year	7,071,545	614,787	551,071
Fund balances, end of year	\$ 9,351,974	1,169,951	893,130

See Notes to Financial Statements.

<u>Grants</u>	<u>Debt Service</u>	<u>Other Nonmajor Funds</u>	<u>Total</u>
-	1,578,495	242,161	7,071,141
548,464	-	1,431,412	7,453,742
48,396	-	69,614	159,386
-	42,558	-	212,894
139	-	3,437	273,132
<u>596,999</u>	<u>1,621,053</u>	<u>1,746,624</u>	<u>15,170,295</u>
59,268	-	36,320	2,833,235
905,687	-	324,303	2,233,165
-	-	362,875	1,804,168
-	-	82,871	82,871
-	-	19,500	1,833,551
58,467	-	799,008	922,733
-	575,000	156,875	774,193
-	516,000	33,261	558,178
-	46,181	-	46,181
<u>1,023,422</u>	<u>1,137,181</u>	<u>1,815,013</u>	<u>11,088,275</u>
<u>(426,423)</u>	<u>483,872</u>	<u>(68,389)</u>	<u>4,082,020</u>
-	-	37,861	37,861
-	-	-	57,500
397,512	-	194,078	706,590
-	-	(118,782)	(1,206,590)
<u>397,512</u>	<u>-</u>	<u>113,157</u>	<u>(404,639)</u>
(28,911)	483,872	44,768	3,677,381
53,597	2,876,071	1,870,691	13,037,762
<u>24,686</u>	<u>3,359,943</u>	<u>1,915,459</u>	<u>16,715,143</u>

CIBOLA COUNTY, NEW MEXICO
RECONCILIATION OF STATEMENT OF ACTIVITIES TO
GOVERNMENTAL FUND STATEMENTS
Year Ended June 30, 2009

Amounts reported for governmental activities in the Statement of Activities are different at June 30, 2009 because:

Net change in fund balances - total governmental funds \$ 3,677,381

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	\$ (1,490,383)	
Capital outlay	<u>1,325,511</u>	
Excess of depreciation expense over capital outlay		(164,872)

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.

Proceeds from long-term debt	-	
Assumption of enterprise fund debt	(37,861)	
Payment on long-term debt	737,942	
Amortization on issuance costs and escrow fees	<u>(80,637)</u>	
		619,444

Deferred revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 62,035

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	47,110	
Compensated absences	4,344	
Accrued interest	<u>1,217</u>	
		<u>52,671</u>

Change in net assets of governmental activities \$ 4,246,659

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, 2009

	Budgeted Amounts		Actual Amount	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Local taxes	\$ 3,231,968	3,231,968	4,122,954	890,986
Licenses and permits	46,870	47,170	41,376	(5,794)
Intergovernmental revenue	194,629	186,471	272,884	86,413
Interest	310,000	310,000	170,336	(139,664)
Federal allotment	1,106,274	1,106,274	2,489,368	1,383,094
Miscellaneous	439,649	439,649	263,105	(176,544)
Total revenues	5,329,390	5,321,532	7,360,023	2,038,491
Expenditures				
General government	3,088,227	3,064,562	2,788,882	275,680
Public safety	1,164,891	1,150,835	1,003,175	147,660
Public works	265,081	254,458	206,971	47,487
Capital outlay	62,000	104,856	65,258	39,598
Total expenditures	4,580,199	4,574,711	4,064,286	510,425
Excess of revenues over expenditures	749,191	746,821	3,295,737	2,548,916
Other Financing Sources (Uses)				
Transfer from component unit	-	-	57,500	57,500
Operating transfers in	15,000	15,000	15,000	-
Operating transfers out	(1,255,793)	(1,261,793)	(1,087,808)	173,985
Total other financing sources (uses)	(1,240,793)	(1,246,793)	(1,015,308)	231,485
Net change in fund balance	\$ (491,602)	(499,972)	2,280,429	2,780,401
Prior year fund balance to balance the budget	491,602	499,972		
	<u>\$ -</u>	<u>-</u>		

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, 2009

	Budgeted Amounts		Actual Amount	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Local taxes	\$ 385,000	385,000	388,597	3,597
Intergovernmental	769,167	769,167	1,300,889	531,722
Miscellaneous	5,000	5,000	-	(5,000)
Total revenues	1,159,167	1,159,167	1,689,486	530,319
Expenditures				
Public works	1,626,923	1,626,923	1,234,322	392,601
Capital outlay	10,000	10,000	-	10,000
Total expenditures	1,636,923	1,636,923	1,234,322	402,601
Excess (deficiency) of revenues over expenditures	(477,756)	(477,756)	455,164	932,920
Other Financing Sources (Uses)				
Operating transfers in	100,000	100,000	100,000	-
Total other financing sources (uses)	100,000	100,000	100,000	-
Net change in fund balance	\$ (377,756)	(377,756)	555,164	932,920
Prior year fund balance to balance the budget	377,756	377,756		
	\$ -	-		

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Local taxes	\$ 546,049	546,049	738,934	192,885
Intergovernmental	1,188,267	1,188,267	1,410,725	222,458
Miscellaneous	2,000	2,000	6,451	4,451
Total revenues	1,736,316	1,736,316	2,156,110	419,794
Expenditures				
Health and welfare	1,680,767	1,880,767	1,814,052	66,715
Total expenditures	1,680,767	1,880,767	1,814,052	66,715
Excess (deficiency) of revenues over expenditures	55,549	(144,451)	342,058	486,509
Net change in fund balance	\$ 55,549	(144,451)	342,058	486,509
Prior year fund balance to balance the budget	-	144,451		
	\$ -	-		

See Notes to Financial Statements.

CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS -
GRANTS
Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental	\$ 535,473	543,631	548,464	4,833
Licenses and permits	47,000	47,000	48,396	1,396
Miscellaneous	350	350	139	(211)
Total revenues	<u>582,823</u>	<u>590,981</u>	<u>596,999</u>	<u>6,018</u>
Expenditures				
General government	68,791	68,791	59,268	9,523
Public safety	1,039,005	1,038,100	905,687	132,413
Capital outlay	65,278	101,671	58,467	43,204
Total expenditures	<u>1,173,074</u>	<u>1,208,562</u>	<u>1,023,422</u>	<u>185,140</u>
Excess (deficiency) of revenues over expenditures	<u>(590,251)</u>	<u>(617,581)</u>	<u>(426,423)</u>	<u>191,158</u>
Other Financing Sources (Uses)				
Operating transfers in	575,693	575,693	397,512	(178,181)
Total other financing sources (uses)	<u>575,693</u>	<u>575,693</u>	<u>397,512</u>	<u>(178,181)</u>
Net change in fund balance	<u>\$ (14,558)</u>	<u>(41,888)</u>	<u>(28,911)</u>	<u>12,977</u>
Prior year fund balance to balance the budget	<u>14,558</u>	<u>41,888</u>		
	<u>\$ -</u>	<u>-</u>		

See Notes to Financial Statements.

CIBOLA COUNTY, NEW MEXICO
BALANCE SHEET - PROPRIETARY FUND
PRISON FACILITY
June 30, 2009

ASSETS

Current Assets

Cash and investments	\$ 5,944
Accounts receivable	78,912
Taxes receivable	<u>71,864</u>

Total current assets 156,720

Capital assets, net 6,687,668

Total assets \$ 6,844,388

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 69,014
Other accrued expenses	6,147
Inmate trust accounts	5,449
Due to other funds	565,009
Compensated absences, current	<u>34,293</u>

Total current liabilities 679,912

Noncurrent Liabilities

Compensated absences 19,736

Total noncurrent liabilities 19,736

Total liabilities 699,648

Net Assets

Invested in capital assets net of related debt	6,687,668
Unrestricted	<u>(542,928)</u>

Total net assets 6,144,740

Total liabilities and net assets \$ 6,844,388

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, 2009

Operating Revenues	
Fees and services	\$ 1,972,004
Operating Expenses	
Salaries, wages and benefits	1,619,780
Materials and supplies	75,578
Contractual services	325,045
Other operating expenses	1,243,659
Capital outlay	11,347
Depreciation	305,436
Total operating expenses	3,580,845
Operating loss	(1,608,841)
Nonoperating Income (Expense)	
Gross receipts tax	188,653
Miscellaneous	31,961
Total nonoperating income	220,614
Loss before transfers	(1,388,227)
Operating transfers in	500,000
Operating transfers out	-
Net transfers	500,000
Change in net assets	(888,227)
Net assets, beginning of year	7,032,967
Net assets, end of year	\$ 6,144,740

See Notes to Financial Statements.

**CIBOLA COUNTY, NEW MEXICO
 COMBINING STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 PRISON FACILITY
 June 30, 2009**

Cash Flows From Operating Activities	
Cash received from prisoner care	\$ 2,305,311
Cash payments to vendors and employees	<u>(3,307,881)</u>
Net cash used by operating activities	<u>(1,002,570)</u>
Cash Flows From Noncapital and Related Financing Activities	
Tax receipts	193,911
Miscellaneous revenue	31,961
Operating transfers from other funds	500,000
Proceeds from General fund	<u>72,195</u>
Net cash provided by noncapital financing activities	<u>798,067</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition of capital assets	<u>(47,863)</u>
Net cash used by capital and related financing activities	<u>(47,863)</u>
Net decrease in cash	(252,366)
Cash, beginning of year	<u>258,310</u>
Cash, end of year	<u><u>\$ 5,944</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating loss	\$ (1,608,841)
Adjustments to reconcile operating loss to net cash flows	
Depreciation expense	305,436
Changes in Assets and Liabilities	
Receivables	333,307
Accounts payable	(28,947)
Accrued wages and benefits	(767)
Inmate trust accounts	<u>(2,758)</u>
Net cash used by operating activities	<u><u>\$ (1,002,570)</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, 2009

Revenues	
Net patient service revenue	\$ 21,468,558
Mil levy	1,025,382
In-kind	57,500
Other	131,210
Total revenues	<u>22,682,650</u>
Expenses	
Salaries and wages	7,625,305
Payroll taxes and benefits	1,707,940
Purchased services and other	4,611,708
Supplies	1,845,260
Utilities, insurance, rentals and repairs	1,417,028
Professional fees	924,419
Depreciation and amortization	686,937
Lease in-kind	57,500
Provision for bad debts	2,675,615
Total expenses	<u>21,551,712</u>
Operating income	<u>1,130,938</u>
Other Income	
Investment income	217,779
Other expense	(44,614)
Total other income	<u>173,165</u>
Excess of revenues over expenses	1,304,103
Change in net unrealized losses on other than trading securities	48,970
Contributions	2,890
Increase in unrestricted net assets	1,355,963
Net assets, beginning of year	<u>13,195,533</u>
Net assets, end of year	<u><u>\$ 14,551,496</u></u>

See Notes to Financial Statements.

CIBOLA COUNTY, NEW MEXICO
STATEMENT OF CASH FLOWS
COMPONENT UNIT - CIBOLA GENERAL HOSPITAL
Year Ended June 30, 2009

Cash Flows From Operating Activities	
Cash received from customers	\$ 17,650,881
Cash received from mil levys and other	1,160,532
Cash payments to suppliers	(8,666,854)
Cash paid for payroll, payroll taxes, and benefits	(9,262,281)
Interest received	266,749
Other expense	(40,385)
	<hr/>
Net cash provided by operating activities	1,108,642
	<hr/>
Cash Flows From Investing Activities	
Sales and maturities of investments	1,214,573
Purchases of investments	(1,351,909)
Capital expenditures	(1,069,953)
	<hr/>
Net cash used in investing activities	(1,207,289)
	<hr/>
Net decrease in cash and cash equivalents	(98,647)
	<hr/>
Cash and cash equivalents, beginning of year	1,583,010
	<hr/>
Cash and cash equivalents,	
 end of the year	\$ 1,484,363
	<hr/> <hr/>
Reconciliation of Net Assets to Net	
Cash Provided by Operating Activities	
Change in net assets	\$ 1,355,963
Adjustments to reconcile change in net assets	
to net cash provided by operating activities	
Provision for bad debts	2,675,615
Depreciation and amortization	686,937
Loss on disposal of assets	4,229
Changes in operating assets and liabilities	
Patients accounts receivable	(3,537,677)
Other receivables	1,050
Inventories	(35,954)
Prepaid expenses	45,790
Accounts payable	121,725
Accrued liabilities	70,964
Estimated third-party settlements	(280,000)
	<hr/>
Net cash provided by operating activities	\$ 1,108,642
	<hr/> <hr/>

See Notes to Financial Statements.

CIBOLA COUNTY, NEW MEXICO
STATEMENT OF FIDUCIARY NET ASSETS AND LIABILITIES -
AGENCY FUNDS
Year Ended June 30, 2009

ASSETS

Cash

\$ 194,414

Total assets

\$ 194,414

LIABILITIES

Deposits held in trust for others

\$ 194,414

Total liabilities

\$ 194,414

See Notes to Financial Statements.

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, 2009

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, 2009.

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 is 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, 2009

**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, 2009

**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, 2009

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.

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.

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.

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

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, 2009

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

Activities 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, 2009

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, 2009

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, 2009

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 liened 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, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

M. Budgets (Continued)

In addition, due to the lack of activity, the San Rafael Water & Sanitation and the Cubero VFD Construction 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, 2009

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, 2009, of the County's bank balances of \$9,394,679, \$8,394,679 was 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	\$ 7,217,118
Uninsured and uncollateralized	<u>1,177,561</u>
Total	<u>\$ 8,394,679</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 \$250,000 at each financial institution, per depository type. In addition, the County must collateralize 102 percent of repurchase agreements.

The total balance in any single financial institution may at times exceed the \$250,000 in FDIC coverage available to individual depositors.

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.

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, 2009

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Investments consist of Treasury Bills whose fair market value as of June 30, 2009 was \$6,940,918.

NOTE 3. ACCOUNTS RECEIVABLE

Governmental Funds

Governmental funds had the following taxes receivable at June 30, 2009:

	Receivable	Allowance	Net Receivable
Property	\$ 944,808	154,456	790,352
Gross receipts	729,927	-	729,927
Motor vehicle	66,275	-	66,275
Gas	32,237	-	32,237
Cigarette	170	-	170
	<u>1,773,417</u>	<u>154,456</u>	<u>1,618,961</u>
Total taxes receivable	<u>\$ 1,773,417</u>	<u>154,456</u>	<u>1,618,961</u>

Proprietary Funds

Accounts receivable of \$78,912 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 \$71,864 in gross receipts tax receivable at year end.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 4. INTER-FUND OPERATING TRANSFERS

Inter-fund transfers for the year ended June 30, 2009 consisted of the following:

Transfers to the General Fund from:	
Nonmajor governmental funds	<u>\$ 15,000</u>
Transfers from the General Fund to:	
Prison Facility	\$ 500,000
Road Fund	100,000
Grants Fund	397,512
Nonmajor governmental funds	<u>90,296</u>
	<u>\$ 1,087,808</u>
Transfers to the Prison Facility from:	
General Fund	<u>\$ 500,000</u>
Transfers to the Road Fund from:	
General Fund	<u>\$ 100,000</u>
Transfers to the Grants Fund from:	
General Fund	<u>\$ 397,512</u>
Transfers to nonmajor governmental funds from:	
General Fund	\$ 90,296
Other nonmajor funds	<u>103,782</u>
	<u>\$ 194,078</u>
Transfers from nonmajor governmental funds to:	
General Fund	\$ 15,000
Other nonmajor funds	<u>103,782</u>
	<u>\$ 118,782</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.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 5. INTER-FUND BALANCES

Inter-fund balances at June 30, 2009 consisted of the following amounts:

Due to the General Fund from:	
Prison Facility Fund	\$ 565,009
Grants Fund	153,981
Nonmajor governmental funds	<u>111,426</u>
	<u>\$ 830,416</u>
Due to nonmajor funds from:	
Debt Service Fund	<u>\$ 870</u>
Due from the Prison Facility Fund to:	
General Fund	<u>\$ 565,009</u>
Due from nonmajor governmental funds to:	
General Fund	<u>\$ 111,426</u>
Due from Grants Fund to:	
General Fund	<u>\$ 153,981</u>
Due from Debt Service Fund to:	
Nonmajor governmental funds	<u>\$ 870</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 nonmajor 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, 2009

NOTE 6. CAPITAL ASSETS AND RESTATEMENT

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

	Beginning Balance as Restated July 1, 2008	Additions	Deletions	Balance June 30, 2009
Governmental Activities				
Capital assets, not depreciated				
Land	\$ 84,000	-	-	84,000
Land – infrastructure	2,754,454	-	-	2,754,454
Work in process	430,043	338,362	(100,000)	668,405
Total, not depreciated	<u>3,268,497</u>	<u>338,362</u>	<u>(100,000)</u>	<u>3,506,859</u>
Capital assets, depreciated				
Buildings and improvements	6,688,160	412,095	-	7,100,255
Furniture and equipment	4,312,348	383,807	(1,627)	4,694,528
Automobiles	1,821,118	291,245	-	2,112,363
Infrastructure	13,315,067	-	-	13,315,067
County Hospital	11,430,000	-	-	11,430,000
Total, depreciated	<u>37,566,693</u>	<u>1,087,147</u>	<u>(1,627)</u>	<u>38,652,213</u>
Accumulated depreciation for				
Buildings and improvements	1,581,548	279,316	-	1,860,864
Furniture and equipment	3,161,824	253,338	(1,627)	3,413,535
Automobiles	1,439,469	109,918	-	1,549,387
Infrastructure	10,989,598	463,478	-	11,453,076
County Hospital	3,136,009	384,333	-	3,520,342
Total, accumulated depreciation	<u>20,308,448</u>	<u>1,490,383</u>	<u>(1,627)</u>	<u>21,797,204</u>
Total capital assets, depreciated, net	<u>17,258,245</u>	<u>(403,236)</u>	<u>-</u>	<u>16,855,009</u>
Total capital assets, net	<u>\$ 20,526,742</u>	<u>(64,874)</u>	<u>(100,000)</u>	<u>20,361,868</u>

The following correction was made to beginning capital assets:

In 2006, the County purchased a new software program to be utilized in the Clerk, Assessor and Treasurers' offices, which was to be launched in phases. Hardware, software and implementation costs were properly expensed as capital outlay but not capitalized for the first phase in fiscal year 2006. The amount of these expenses totaled \$182,668. The effect of this adjustment increases capital assets by \$182,668 and accumulated depreciation by \$36,534 and only affects the entity-wide statements.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 6. CAPITAL ASSETS AND RESTATEMENT (CONTINUED)

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

General government	\$ 193,750
Public safety	372,596
Public works	447,115
Culture and recreation	119,231
Health and welfare	<u>357,691</u>

Total depreciation expense \$ 1,490,383

	Balance July 1, 2008	Additions	Deletions	Balance, June 30, 2009
Business-type Activities				
Capital assets, not depreciated				
Land	\$ 124,966	-	-	124,966
Total, not depreciated	<u>124,966</u>	<u>-</u>	<u>-</u>	<u>124,966</u>
Capital assets, depreciated				
Buildings and improvements	7,723,371	-	-	7,723,371
Furniture and equipment	342,546	47,863	-	390,409
Automobiles	112,019	-	-	112,019
Total, depreciated	<u>8,177,936</u>	<u>47,863</u>	<u>-</u>	<u>8,225,799</u>
Total, accumulated depreciation	<u>1,357,661</u>	<u>305,436</u>	<u>-</u>	<u>1,663,097</u>
Total capital assets, depreciated, net	<u>\$ 6,945,241</u>	<u>(257,573)</u>	<u>-</u>	<u>6,687,668</u>

The County had the following special allocations at year end:

<u>Project Title</u>	<u>Award</u>	<u>Balance June 30, 2009</u>	<u>Term</u>	<u>Expenditures in FY 2009</u>
Cubero Wastewater	\$ 75,000	\$ -	11/06 – 06/10	\$ 26,903
Courthouse	100,000	-	07/06 – 06/10	1,718
Cibola Ball Fields	250,000	7,952	07/06 – 06/10	-
County Complex	297,000	8,165	07/07 – 06/11	235,720
Family Center	40,000	8,827	07/07 – 06/11	5,479
District Attorney	50,000	32,018	07/07 – 06/11	7,077

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 6. CAPITAL ASSETS AND RESTATEMENT (CONTINUED)

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

<u>Project Title</u>	<u>Award</u>	<u>Balance June 30, 2009</u>	<u>Term</u>	<u>Expenditures in FY 2009</u>
Hospital Equipment	\$ 50,000	3,325	07/07 – 06/11	\$ 44,739
Detention/Sheriff Veh. & Equip	150,000	-	07/07 – 06/11	17,632
Road Dept. Equip	50,000	-	07/07 – 06/11	15,069
Road Dept. Equip	150,000	-	07/07 – 06/11	54,295
Dispatch	50,000	341	07/07 – 06/11	35,779
Lobo Fire	40,000	40,000	07/07 – 06/11	-
Dispatch	15,100	-	07/07 – 06/09	11,268
Bluewater Acres	75,000	39	07/07 – 06/09	25,675
Lobo Fire	40,000	30,335	07/07 – 06/12	9,665
County/Courts	163,350	108,546	07/08 – 06/12	54,804
County/Courts	50,000	26,100	07/08 – 06/12	23,900
Pioneer Cemetery	25,000	2,297	07/08 – 06/12	22,703
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	\$ 1,695,250	37,861	(162,942)	1,570,169	196,221
GRT revenue bonds	11,560,000	-	(575,000)	10,985,000	600,000
Compensated absences	115.239	110.895	(115.239)	110.895	110.895
Total	\$ 13,370,489	148,756	(853,181)	12,666,064	907,116

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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:

	Principal	Interest	Total
Year ending June 30:			
2010	\$ 196,221	35,459	231,680
2011	192,567	31,001	223,568
2012	198,296	26,319	224,615
2013	193,867	21,365	215,232
2014	109,711	16,398	126,109
2015 to 2019	308,201	49,460	357,961
2020 to 2024	223,312	37,757	261,069
2025 to 2029	147,994	11,919	159,913
Total	<u>\$ 1,570,169</u>	<u>229,978</u>	<u>1,800,147</u>

The County is obligated to pay the New Mexico Finance Authority \$32,083 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 \$10,985,000 at June 30, 2009. Interest of \$516,000 was paid on this bond during the current year.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 7. LONG-TERM DEBT (CONTINUED)

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

Fiscal Year Ended June 30:	Principal	Interest	Total
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	705,000	383,400	1,088,400
2015 to 2019	2,815,000	1,471,725	4,286,725
2020 to 2024	1,545,000	1,285,444	2,830,444
2025 to 2029	1,960,000	625,038	2,585,038
2030 to 2033	1,415,000	224,200	1,639,200
Total	<u>\$ 10,985,000</u>	<u>5,799,446</u>	<u>16,784,446</u>

The County has pledged future gross receipts tax revenues, net of specified operating expenses, to repay a \$590,572 loan issued in November 2006. Proceeds from the loan provided financing for the acquisition of new hardware and software system. The loan is payable solely from gross receipts tax revenues and is payable through 2013. Annual principal and interest payments on the loan required less than 3 percent of net revenues in the current year. The total principal and interest remaining to be paid on the loan is \$359,803. Principal and interest paid for the current year and total gross receipts tax revenues were \$88,138 and \$3,905,272, respectively.

The County has pledged future gross receipts tax revenues, net of specified operating expenses, to repay \$12,745,000 in gross receipts tax revenue bonds issued in August 2006. Proceeds from the bonds provided financing for the acquisition of equipment. The bonds are payable solely from gross receipts tax revenues and are payable through 2032. Annual principal and interest payments on the bonds required less than 28 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$16,784,446. Principal and interest paid for the current year and total gross receipts tax revenues were \$1,091,000 and \$3,905,272, respectively. Total gross receipts tax revenues committed for all pledged revenues amounts to \$1,179,138 and is 30 percent of total gross receipts tax revenues in the current year.

The County has pledged future environmental gross receipts tax revenues, net of specified operating expenses, to repay a \$405,237 loan issued in May 1996. Proceeds from the loan provided financing for the purchase of equipment. The loan is payable solely from environmental gross receipts tax revenues and is payable through 2015. Annual principal and interest payments on the loan required less than 43 percent of net revenues. The total principal and interest remaining to be paid on the loan is \$295,847. Principal and interest paid for the current year and total environmental gross receipts tax revenues were \$51,235 and \$120,969, respectively.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 7. LONG-TERM DEBT (CONTINUED)

The County has pledged future fire allotment revenues, net of specified operating expenses, to repay \$1,286,031 in loans issued November 2000 through November 2009. Proceeds from the loan provided financing for the purchase of equipment. The loans are payable solely from fire allotment revenues and are payable through May 2027. Annual principal and interest payments on the loans required less than 14 percent of net revenues. The total principal and interest remaining to be paid on the loans are \$1,184,729. Principal and interest paid for the current year and total environmental gross receipts tax revenues were \$100,964 and \$727,773, respectively.

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, 2008	Additions	Deletions	Balance June 30, 2009	Due Within One Year
Compensated absences	\$ 45,600	38,571	30,142	54,029	34,293

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 9. PROPERTY TAX ROLL RECONCILIATION

Uncollected taxes at June 30, 2008	\$ 2,457,472
Net changes to tax roll	(108,868)
Changes in tax years	
Elimination of tax year 1998 – uncollected portion	(24,121)
Establishment of tax year 2008	7,808,901
Taxes collected during fiscal year	<u>(7,433,933)</u>
Uncollected property taxes at June 30, 2009	2,699,451
Allowance for doubtful accounts	<u>(441,303)</u>
 Uncollected net taxes at June 30, 2009	 2,258,148
 Less taxes receivable collected in agency funds	 <u>(1,467,796)</u>
County portion of property taxes receivable	790,352
Add gross receipts and other taxes receivable	<u>828,609</u>
 Net taxes receivable - governmental funds	 <u>\$ 1,618,961</u>
 Net taxes charged to Treasurer at June 30, 2008	 \$ 53,173,274
Net changes to tax roll	(108,868)
Changes in tax years	
Elimination of tax year 1998	(3,834,865)
Establishment of tax year 2008	<u>7,808,901</u>
 Net taxes charged to Treasurer at June 30, 2009	 <u>\$ 57,038,442</u>
 Property taxes receivable by years	
1999	\$ 36,791
2000	39,432
2001	62,709
2002	129,533
2003	180,290
2004	249,955
2005	37,573
2006	322,104
2007	527,992
2008	<u>1,113,072</u>
	 <u>\$ 2,699,451</u>

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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, 2009, 2008 and 2007 were \$355,722, \$332,829 and \$290,989, 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 health care 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 health care 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, 2009

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 post-employment health care 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 health care 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, 2009, 2008 and 2007 were \$45,527, \$38,089 and \$36,066, 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, 2009

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 31 counties in this pool, which for fiscal year ended 2009 contributed a total of \$7,230,114. The premium that each county pays depends upon the payroll total and the loss experience specific to that county. For fiscal year ended 2009, Cibola County contributed \$104,426 to the Workers' Compensation Pool. The self-insured retention level for the pool during the period of coverage July 1, 2008 through June 30, 2009, 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 \$2,000,000.

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 \$7,584,286 for the year ending December 31, 2009. Cibola County paid premiums of \$167,025 for the calendar year ended December 31, 2009. Cibola County paid premiums to the Law Enforcement Liability pool of \$278,874 for the year ended December 31, 2009. The total premium for this pool was \$7,512,504 for the year ended December 31, 2009.

The self-insured retention level for this pool during the period of coverage January 1, 2009 through December 31, 2009, is \$150,000 for property and \$500,000 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 \$2,000,000.

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, 2009

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, 2009, 2008 and 2007.

The New Mexico County Insurance Authority has published its own financial reports for the fiscal year ended June 30, 2009, 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, 2009, 2008 and 2007.

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 has no component units.

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 health care 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, 2009

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 when the useful life exceeds one year and \$1,000. Depreciation is provided over the estimated useful life of the asset and is computed using the straight-line method over the following useful lives.

Equipment	3-20 years
Buildings and land improvements	10-40 years

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 13. CIBOLA GENERAL HOSPITAL (CONTINUED)

NOTE 13.2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 statements of activities.

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.

Operating Revenues. Operating revenues are all revenues derived from the Hospital's core business operations.

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 activities 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 purpose 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.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 13. CIBOLA GENERAL HOSPITAL (CONTINUED)

NOTE 13.2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 activities 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 to the presentation in the current year financial statements.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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 62% and 35% of the Hospital's net patient revenue for the years ended June 30, 2009 and 2008, 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 2006 and prior have been settled and 2007 and 2008 remain open. However in the prior year, the 2005 cost report was "reopened", and the Hospital was assessed an additional \$93,653. Medicaid cost reports for 2005 and prior have been settled and 2006 through 2008 remain open. Management believes that estimated settlements accrued for June 30, 2009 are adequate to provide for the settlement of all open cost reports. The 2009 cost reports have not been prepared.

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, 2009

NOTE 13. CIBOLA GENERAL HOSPITAL (CONTINUED)

NOTE 13.3. NET PATIENT SERVICE REVENUE (CONTINUED)

Net patient service revenue consists of the following:

	2009	2008
Inpatient gross charges	\$ 11,169,276	11,215,875
Outpatient gross charges	21,596,483	19,234,504
Sole community provider	<u>3,447,153</u>	<u>2,833,940</u>
	36,212,912	33,284,319
Less:		
Third-party contractual discounts and allowances	13,840,077	13,344,727
Un-sponsored charges, including charity care	<u>904,277</u>	<u>1,091,387</u>
Net patient service revenue	<u>\$ 21,468,558</u>	<u>18,848,205</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:

	2009	2008
Certificates of deposit	\$ 4,744,754	4,895,784
Money market	882,348	567,774
Interest receivable	<u>45,712</u>	<u>71,921</u>
Total assets limited as to use	<u>\$ 5,672,814</u>	<u>5,535,479</u>

The Board of Trustees retains control over these assets and may, at its discretion, use the assets for other purposes.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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:

	2009	2008
Nondepreciable assets		
Land	\$ 733,729	437,412
Construction in progress	<u>106,299</u>	<u>6,000</u>
Total nondepreciable assets	<u>840,028</u>	<u>443,412</u>
Depreciable assets		
Building and land improvements	2,761,184	2,753,603
Equipment	<u>5,608,508</u>	<u>5,118,587</u>
Total depreciable assets	<u>8,369,692</u>	<u>7,872,190</u>
Accumulated depreciation and amortization	<u>(4,552,541)</u>	<u>(4,037,207)</u>
Net depreciable assets	<u>3,817,151</u>	<u>3,834,983</u>
Total property and equipment, net	<u>\$ 4,657,179</u>	<u>4,278,395</u>

NOTE 13.6. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	2009	2008
Accrued paid time off	\$ 383,661	379,993
Accrued wages	227,151	172,165
Accrued payroll taxes	75,517	65,230
Other	<u>27,563</u>	<u>25,539</u>
Total accrued liabilities	<u>\$ 713,892</u>	<u>642,927</u>

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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 \$1,025,382 and \$981,237 in the years June 30, 2009 and 2008, 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, 2009 and 2008. 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. In the current fiscal year the County forgave the facility lease and the Hospital recorded in-kind revenue and expense of \$57,500, the cost of the lease expense less \$57,500 of rent already paid. The Hospital also leases various equipment under operating leases expiring at various dates through 2009. Total rental expense in 2009 and 2008 was \$274,383 and \$486,909, respectively.

The following schedule details future minimum lease payments as of June 30, 2009, for operating leases with initial or remaining lease terms in excess of one year:

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 13. CIBOLA GENERAL HOSPITAL (CONTINUED)

NOTE 13.9. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Year Ending June 30,	
2010	\$ 82,021
2011	76,621
2012	66,824
2013	32,400
2014	<u>32,400</u>
	<u>\$ 290,266</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 Corporation 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 20% each year for five years. In addition, the Plan provides for discretionary contributions as determined by the Board of Directors. Company matching contributions to the Plan totaled \$60,065 and \$62,782 in 2009 and 2008, 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:

	2009	2008
Medicare	20%	25%
Medicaid	20%	17%
Commercial insurance	12%	14%
All other payors	<u>49%</u>	<u>44%</u>
	<u>100%</u>	<u>100%</u>

**CIBOLA COUNTY, NEW MEXICO
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2009**

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:

	2009	2008
Health care services	\$ 13,979,163	12,564,286
General and administrative	<u>7,572,549</u>	<u>6,878,055</u>
Total functional expenses	<u>\$ 21,551,712</u>	<u>19,442,341</u>

NOTE 14. DEFICIT FUND BALANCE

The recreation fund balance resulted in a \$5,037 deficit as of June 30, 2009 due to the timing of expenditures. This will be alleviated with future revenues.

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 15. 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 (\$1,341,522). DFA also requires a 1/12 reserve for county road funds (\$147,668).

NOTE 16. 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, 2009, management estimates that no material liabilities will result from such audits.

NOTE 17. 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 \$42,459 for 2009. The minimum lease payments for all leases are as follows:

2010	\$ 58,104
2011	58,104
2012	<u>13,027</u>
Total	<u>\$ 129,235</u>

CIBOLA COUNTY, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 18. 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.

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.

In fiscal year 2009, the NWNMRSWA was issued a fine from the United States Environmental Protection Agency of \$120,000. This fine is the sole responsibility of the NWNMRSWA and the County has no responsibility to pay any portion of this fine.

CIBOLA COUNTY, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
DEBT SERVICE FUND
Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Local taxes	\$ 1,400,000	1,790,000	1,578,495	(211,505)
Interest	45,000	45,000	42,558	(2,442)
Total revenues	1,445,000	1,835,000	1,621,053	(213,947)
Expenditures				
Debt service	1,091,001	1,191,001	1,091,000	100,001
Debt service - other fees	53,100	84,100	46,181	37,919
Total expenditures	1,144,101	1,275,101	1,137,181	137,920
Excess of revenues over expenditures	300,899	559,899	483,872	(76,027)
Net change in fund balance	\$ 300,899	559,899	483,872	(76,027)

CIBOLA COUNTY, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
PROPRIETARY FUND - PRISON FACILITY
Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Local taxes	\$ 370,000	370,000	188,653	(181,347)
Fees and services	2,497,231	2,497,231	1,972,004	(525,227)
Miscellaneous	17,700	17,700	31,961	14,261
Total revenues	2,884,931	2,884,931	2,192,618	(692,313)
Expenditures				
Care of prisoners	3,351,252	3,551,252	3,275,409	275,843
Depreciation	500,000	300,000	305,436	(5,436)
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
Total expenditures	3,851,252	3,851,252	3,580,845	270,407
Excess (deficiency) of revenues over expenditures	(966,321)	(966,321)	(1,388,227)	(421,906)
Other Financing Sources (Uses)				
Operating transfers in	520,000	520,000	500,000	(20,000)
Total other financing sources	520,000	520,000	500,000	(20,000)
Net change in fund balance	\$ (446,321)	(446,321)	(888,227)	(441,906)

CIBOLA COUNTY, NEW MEXICO
DESCRIPTION OF NONMAJOR FUNDS – SPECIAL REVENUE FUNDS
June 30, 2009

Volunteer Fire Districts (VFD). 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.

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.

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.

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.

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.

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.

CIBOLA COUNTY, NEW MEXICO
DESCRIPTION OF NONMAJOR FUNDS – CAPITAL PROJECTS FUNDS
June 30, 2009

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.

Computer Equipment and Software Debt Service. To account for the cost of purchasing computer equipment and related software for use by the County. Funding for this project is derived from loan proceeds from NMFA.

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.

Capital Outlay Projects Transfers. 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.

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.

CIBOLA COUNTY, NEW MEXICO
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	Special Revenue			
	VFD	Emergency Medical Services	Farm and Range	Recreation
ASSETS				
Cash and investments	\$ 782,599	81,214	685	-
Receivables				
Taxes, net of allowance	-	-	-	59
Intergovernmental	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 782,599	81,214	685	59
LIABILITIES, EQUITY & OTHER CREDITS				
LIABILITIES				
Accounts payable	\$ 1,644	239	-	5,083
Due to other funds	1,881	-	-	-
Deferred revenue	-	-	-	13
Total liabilities	3,525	239	-	5,096
EQUITY AND OTHER CREDITS				
Fund balance				
Reserved for subsequent years' expenditures	-	-	-	-
Capital projects	-	-	-	-
Unreserved, undesignated	779,074	80,975	685	(5,037)
Total equity and other credits	779,074	80,975	685	(5,037)
Total liabilities, equity and other credits	\$ 782,599	81,214	685	59

See Notes to Financial Statements.

CIBOLA COUNTY, NEW MEXICO
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
Year Ended June 30, 2009

	Special Revenue			
	Law Enforcement Protection	County Fire Protection	County Clerk Recording & Filing	Reappraisal
ASSETS				
Cash and investments	\$ 15,958	490,620	79,950	142,725
Receivables				
Taxes, net of allowance	-	31,890	-	6,674
Intergovernmental	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 15,958	522,510	79,950	149,399
LIABILITIES, EQUITY & OTHER CREDITS				
LIABILITIES				
Accounts payable	\$ -	-	1,384	1,486
Due to other funds	-	-	-	-
Deferred revenue	-	5,575	-	-
Total liabilities	-	5,575	1,384	1,486
EQUITY AND OTHER CREDITS				
Fund balance				
Reserved for subsequent years' expenditures	-	-	-	-
Capital projects	-	-	-	-
Unreserved, undesignated	15,958	516,935	78,566	147,913
Total equity and other credits	15,958	516,935	78,566	147,913
Total liabilities, equity and other credits	\$ 15,958	522,510	79,950	149,399

See Notes to Financial Statements.

CIBOLA COUNTY, NEW MEXICO
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
Year Ended June 30, 2009

	Special Revenue	
	San Rafael Water & Sanitation	Special Revenue Total
ASSETS		
Cash and investments	\$ -	1,593,751
Receivables		
Taxes, net of allowance	-	38,623
Intergovernmental	-	-
Due from other funds	-	-
Total assets	\$ -	1,632,374
LIABILITIES, EQUITY & OTHER CREDITS		
LIABILITIES		
Accounts payable	\$ -	9,836
Due to other funds	-	1,881
Deferred revenue	-	5,588
Total liabilities	-	17,305
EQUITY AND OTHER CREDITS		
Fund balance		
Reserved for subsequent years' expenditures	-	-
Capital projects	-	-
Unreserved, undesignated	-	1,615,069
Total equity and other credits	-	1,615,069
Total liabilities, equity and other credits	\$ -	1,632,374

See Notes to Financial Statements.

CIBOLA COUNTY, NEW MEXICO
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
Year Ended June 30, 2009

	Capital Projects			
	Cubero VFD Construction	Computer Equipment & Software	Computer Equip & Software & Debt Service	Cubero Fire Station
ASSETS				
Cash and investments	\$ 9,001	205,930	-	-
Receivables				
Taxes, net of allowance	-	-	19,321	-
Intergovernmental	-	-	-	-
Due from other funds		870	-	-
Total assets	\$ 9,001	206,800	19,321	-
LIABILITIES, EQUITY & OTHER CREDITS				
LIABILITIES				
Accounts payable	\$ -	-	-	-
Due to other funds	-	1,278	-	-
Deferred revenue	-	-	4,459	-
Total liabilities	-	1,278	4,459	-
EQUITY AND OTHER CREDITS				
Fund balance				
Reserved for subsequent years' expenditures	-	-	-	-
Capital projects	9,001	205,522	14,862	229,385
Unreserved, undesignated	-	-	-	-
Total equity and other credits	9,001	205,522	14,862	229,385
Total liabilities, equity and other credits	\$ 9,001	206,800	19,321	229,385

See Notes to Financial Statements.

CIBOLA COUNTY, NEW MEXICO
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
Year Ended June 30, 2009

	Capital Projects			Total Nonmajor Governmental Funds
	Capital Projects Outlay Transfers	Court Complex Renovation	Capital Projects Total	
ASSETS				
Cash and investments	\$ 176,129	-	391,060	1,984,811
Receivables				
Taxes, net of allowance	-	-	19,321	57,944
Intergovernmental	32,913	-	32,913	32,913
Due from other funds	-	-	870	870
Total assets	\$ 209,042	-	444,164	2,076,538
LIABILITIES, EQUITY AND OTHER CREDITS				
LIABILITIES				
Accounts payable	\$ 29,770	-	29,770	39,606
Due to other funds	108,267	-	109,545	111,426
Deferred revenue	-	-	4,459	10,047
Total liabilities	138,037	-	143,774	161,079
EQUITY AND OTHER CREDITS				
Fund balance				
Reserved for subsequent years' expenditures	-	-	-	-
Capital projects	71,005	-	300,390	300,390
Unreserved, undesignated	-	-	-	1,615,069
Total equity and other credits	71,005	-	300,390	1,915,459
Total liabilities, equity and other credits	\$ 209,042	-	444,164	2,076,538

See Notes to Financial Statements.

**CIBOLA COUNTY, NEW MEXICO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE -
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2009**

	Special Revenue			
	VFD	Emergency Medical Services	Farm and Range	Recreation
Revenues				
Local taxes	\$ -	-	-	297
Intergovernmental	727,773	64,117	-	-
Licenses, permits and fees	-	-	7,385	-
Miscellaneous	656	30	-	-
Total revenues	728,429	64,147	7,385	297
Expenditures				
Current				
General government	-	-	-	-
Public safety	235,610	70,595	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	82,871
Health and welfare	-	-	19,500	-
Capital outlay	326,593	-	-	-
Debt service - principal	81,898	-	-	-
Debt service - interest	19,066	-	-	-
Total expenditures	663,167	70,595	19,500	82,871
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	65,262	(6,448)	(12,115)	(82,574)
Other Financing Sources (Uses)				
Debt proceeds	37,861	-	-	-
Operating transfers, in	49,600	-	12,800	77,496
Operating transfers, out	-	-	-	-
Total other financing sources (uses)	87,461	-	12,800	77,496
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	152,723	(6,448)	685	(5,078)
Fund balances, beginning of year	626,351	87,423	-	41
Fund balances, end of year	\$ 779,074	80,975	685	(5,037)

See Notes to Financial Statements.

CIBOLA COUNTY, NEW MEXICO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
Year Ended June 30, 2009

	Special Revenue			
	Law Enforcement Protection	County Fire Protection	County Clerk Recording & Filing	Reappraisal
Revenues				
Local taxes	\$ -	137,830	-	-
Intergovernmental	24,800	-	-	-
Licenses, permits and fees	-	-	11,037	51,192
Miscellaneous	-	-	-	-
Total revenues	24,800	137,830	11,037	51,192
Expenditures				
Current				
General government	-	-	889	34,156
Public safety	11,483	6,615	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	7,004	-	5,988	5,087
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
Total expenditures	18,487	6,615	6,877	39,243
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	6,313	131,215	4,160	11,949
Other Financing Sources (Uses)				
Debt proceeds	-	-	-	-
Operating transfers, in	-	-	-	-
Operating transfers, out	-	(64,600)	-	-
Total other financing sources (uses)	-	(64,600)	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	6,313	66,615	4,160	11,949
Fund balances, beginning of year	9,645	450,320	74,406	135,964
Fund balances, end of year	\$ 15,958	516,935	78,566	147,913

See Notes to Financial Statements.

CIBOLA COUNTY, NEW MEXICO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
Year Ended June 30, 2009

	Special Revenue	
	San Rafael Water & Sanitation	Special Revenue Total
Revenues		
Local taxes	\$ -	138,127
Intergovernmental	-	816,690
Licenses and permits	-	69,614
Miscellaneous	-	686
Total revenues	-	1,025,117
Expenditures		
Current		
General government	-	35,045
Public safety	-	324,303
Public works	-	-
Culture and recreation	-	82,871
Health and welfare	-	19,500
Capital outlay	-	344,672
Debt service - principal	-	81,898
Debt service - interest	-	19,066
Total expenditures	-	907,355
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	-	117,762
Other Financing Sources (Uses)		
Debt proceeds	-	37,861
Operating transfers, in	9,931	149,827
Operating transfers, out	-	(64,600)
Total other financing sources (uses)	9,931	123,088
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	9,931	240,850
Fund balances, beginning of year	(9,931)	1,374,219
Fund balances, end of year	\$ -	1,615,069

See Notes to Financial Statements.

**CIBOLA COUNTY, NEW MEXICO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE -
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 Year Ended June 30, 2009**

	Capital Projects			
	Cubero VFD Construction	Computer Equipment Software	Computer Equip & Software Debt Service	Cubero Fire Station
Revenues				
Local taxes	\$ -	-	104,034	-
Intergovernmental	-	-	-	-
Licenses and permits	-	-	-	-
Miscellaneous	48	2,703	-	-
Total revenues	48	2,703	104,034	-
Expenditures				
Current				
General government	-	1,275	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	225,575	-	-
Debt service - principal	-	-	74,977	-
Debt service - interest	-	-	14,195	-
Total expenditures	-	226,850	89,172	-
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	48	(224,147)	14,862	-
Other Financing Sources (Uses)				
Debt proceeds	-	-	-	-
Operating transfers, in	-	-	-	24,498
Operating transfers, out	-	-	-	-
Total other financing sources (uses)	-	-	-	24,498
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	48	(224,147)	14,862	24,498
Fund balances, beginning of year	8,953	429,669	-	(24,498)
Fund balances, end of year	\$ 9,001	205,522	14,862	-

See Notes to Financial Statements.

CIBOLA COUNTY, NEW MEXICO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
Year Ended June 30, 2009

	Capital Projects			Total Nonmajor Governmental Funds
	Capital Projects Outlay Transfers	Court Complex Renovation	Capital Projects Total	
Revenues				
Local taxes	\$ -	-	104,034	242,161
Intergovernmental	614,722	-	614,722	1,431,412
Licenses and permits	-	-	-	69,614
Miscellaneous	-	-	2,751	3,437
Total revenues	614,722	-	721,507	1,746,624
Expenditures				
Current				
General government	-	-	1,275	36,320
Public safety	-	-	-	324,303
Public works	362,875	-	362,875	362,875
Culture and recreation	-	-	-	82,871
Health and welfare	-	-	-	19,500
Capital outlay	228,761	-	454,336	799,008
Debt service - principal	-	-	74,977	156,875
Debt service - interest	-	-	14,195	33,261
Total expenditures	591,636	-	907,658	1,815,013
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	23,086	-	(186,151)	(68,389)
Other Financing Sources (Uses)				
Debt proceeds	-	-	-	37,861
Operating transfers, in	-	19,753	44,251	194,078
Operating transfers, out	(54,182)	-	(54,182)	(118,782)
Total other financing sources (uses)	(54,182)	19,753	(9,931)	113,157
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(31,096)	19,753	(196,082)	44,768
Fund balances, beginning of year	102,101	(19,753)	496,472	1,870,691
Fund balances, end of year	\$ 71,005	-	300,390	1,915,459

See Notes to Financial Statements.

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Income on investments	\$ 75	75	57	(18)
Intergovernmental	365,852	365,852	727,773	361,921
Miscellaneous	-	-	599	599
Total revenues	365,927	365,927	728,429	362,502
Expenditures				
Capital outlay	100,704	311,307	326,593	(15,286)
Debt service	98,141	92,885	100,964	(8,079)
Public safety	560,179	664,832	235,610	429,222
Total expenditures	759,024	1,069,024	663,167	405,857
Excess (deficiency) of revenues over expenditures	(393,097)	(703,097)	65,262	768,359
Other Financing Sources (Uses)				
Debt proceeds	-	-	37,861	37,861
Operating transfers in	30,000	49,600	49,600	-
Total other financing sources (uses)	30,000	49,600	87,461	37,861
Net change in fund balances	\$ (363,097)	(653,497)	152,723	806,220
Prior year fund balance to balance the budget	363,097	653,497		
	<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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental	\$ 71,265	71,265	64,117	(7,148)
Miscellaneous	-	-	30	30
Total revenues	<u>71,265</u>	<u>71,265</u>	<u>64,147</u>	<u>(7,118)</u>
Expenditures				
Capital outlay	1,831	1,831	-	1,831
Public safety	147,334	154,334	70,595	83,739
Total expenditures	<u>149,165</u>	<u>156,165</u>	<u>70,595</u>	<u>85,570</u>
Excess (deficiency) of revenues over expenditures	<u>(77,900)</u>	<u>(84,900)</u>	<u>(6,448)</u>	<u>78,452</u>
Net change in fund balances	<u>\$ (77,900)</u>	<u>(84,900)</u>	<u>(6,448)</u>	<u>78,452</u>
Prior year fund balance to balance the budget	<u>77,900</u>	<u>84,900</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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Licenses and permits	\$ 6,700	6,700	7,385	685
Total revenues	6,700	6,700	7,385	685
Expenditures				
Health and welfare	19,500	19,500	19,500	-
Total expenditures	19,500	19,500	19,500	-
Excess (deficiency) of revenues over expenditures	(12,800)	(12,800)	(12,115)	685
Other Financing Sources (Uses)				
Operating transfers in	12,800	12,800	12,800	-
Total other financing sources (uses)	12,800	12,800	12,800	-
Net change in fund balances	\$ -	-	685	685

CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS -
RECREATION
Year Ended June 30, 2009

	Original	Final	Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
Revenues				
Local taxes	\$ 500	500	297	(203)
Total revenues	500	500	297	(203)
Expenditures				
Culture and recreation	77,800	83,300	82,871	429
Total expenditures	77,800	83,300	82,871	429
Excess (deficiency) of revenues over expenditures	(77,300)	(82,800)	(82,574)	226
Other Financing Sources (Uses)				
Operating transfers in	77,300	83,300	77,496	(5,804)
Total other financing sources (uses)	77,300	83,300	77,496	(5,804)
Net change in fund balances	\$ -	500	(5,078)	(5,578)

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental	\$ 25,400	25,400	24,800	(600)
Total revenues	25,400	25,400	24,800	(600)
Expenditures				
Capital outlay	6,825	20,778	7,004	13,774
Public safety	26,500	13,547	11,483	2,064
Total expenditures	33,325	34,325	18,487	15,838
Net change in fund balance	\$ (7,925)	(8,925)	6,313	15,238
Prior year fund balance to balance the budget	7,925	8,925		
	<u>\$ -</u>	<u>-</u>		

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, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local taxes	\$ 115,050	115,050	137,830	22,780
Total revenues	115,050	115,050	137,830	22,780
Expenditures				
Public safety	19,854	19,854	6,615	13,239
Total expenditures	19,854	19,854	6,615	13,239
Excess (deficiency) of revenues over expenditures	95,196	95,196	131,215	36,019
Other Financing Sources (Uses)				
Operating transfers out	(75,000)	(81,000)	(64,600)	16,400
Total other financing sources (uses)	(75,000)	(81,000)	(64,600)	16,400
Net change in fund balances	\$ 20,196	14,196	66,615	52,419

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Licenses, permits and fees	\$ 14,000	14,000	11,037	(2,963)
Total revenues	14,000	14,000	11,037	(2,963)
Expenditures				
Capital outlay	20,000	20,000	5,988	14,012
General governmental	8,000	8,000	889	7,111
Total expenditures	28,000	28,000	6,877	21,123
Excess (deficiency) of revenues over expenditures	(14,000)	(14,000)	4,160	18,160
Net change in fund balance	\$ (14,000)	(14,000)	4,160	18,160
Prior year fund balance to balance the budget	14,000	14,000		
	\$ -	-		

CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS -
REAPPRAISAL
Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Licenses and permits	\$ 45,000	45,000	51,192	6,192
Total revenues	45,000	45,000	51,192	6,192
Expenditures				
Capital outlay	11,000	11,184	5,087	6,097
General governmental	43,416	43,232	34,156	9,076
Total expenditures	54,416	54,416	39,243	15,173
Net change in fund balance	\$ (9,416)	(9,416)	11,949	21,365
Prior year fund balance to balance the budget	9,416	9,416		
	<u>\$ -</u>	<u>-</u>		

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Licenses and permits	\$ -	-	-	-
Total revenues	-	-	-	-
Expenditures				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other Financing Sources (Uses)				
Operating transfers in	-	-	9,931	9,931
Total other financing sources (uses)	-	-	9,931	9,931
Net change in fund balances	\$ -	-	9,931	9,931

CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
CAPITAL PROJECTS FUNDS -
CUBERO VFD CONSTRUCTION
Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Income on investments	\$ -	-	48	48
Total revenues	-	-	48	48
Expenditures				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	\$ -	-	48	48

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Income on invesments	\$ 20,000	20,000	2,703	(17,297)
Intergovernmental	552,659	552,659	-	(552,659)
Total revenues	572,659	572,659	2,703	(569,956)
Expenditures				
General governmental	541,184	542,460	1,275	541,185
Capital outlay	25,000	23,724	225,575	(201,851)
Total expenditures	566,184	566,184	226,850	339,334
Net change in fund balance	\$ 6,475	6,475	(224,147)	(230,622)

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Local taxes	\$ 117,659	117,659	104,034	(13,625)
Total revenues	117,659	117,659	104,034	(13,625)
Expenditures				
Debt service	117,659	118,659	89,172	29,487
Total expenditures	117,659	118,659	89,172	29,487
Net change in fund balance	\$ -	(1,000)	14,862	15,862
Prior year fund balance to balance the budget	-	1,000		
	\$ -	-		

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Income on investments	\$ 6,000	6,000	-	(6,000)
Intergovernmental	38,446	38,446	-	(38,446)
Total revenues	44,446	44,446	-	(44,446)
Expenditures				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	44,446	44,446	-	(44,446)
Other Financing Sources (Uses)				
Operating transfers in	-	-	24,498	24,498
Total other financing sources (uses)	-	-	24,498	24,498
Net change in fund balances	\$ 44,446	44,446	24,498	(19,948)

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Income from investments	\$ 9,500	9,500	-	(9,500)
Intergovernmental	4,650,000	4,650,000	614,722	(4,035,278)
Total revenues	4,659,500	4,659,500	614,722	(4,044,778)
Expenditures				
Capital outlay	246,777	245,237	228,761	16,476
Public works	4,412,175	4,413,715	362,875	4,050,840
Total expenditures	4,658,952	4,658,952	591,636	4,067,316
Excess (deficiency) of revenues over expenditures	548	548	23,086	22,538
Other Financing Sources (Uses)				
Operating transfers out	-	-	(54,182)	(54,182)
Total other financing sources (uses)	-	-	(54,182)	(54,182)
Net change in fund balances	\$ 548	548	(31,096)	(31,644)

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental	\$ 100,000	100,000	-	(100,000)
Total revenues	100,000	100,000	-	(100,000)
Expenditures				
General governmental	80,247	80,247	-	80,247
Total expenditures	80,247	80,247	-	80,247
Excess (deficiency) of revenues over expenditures	19,753	19,753	-	(19,753)
Other Financing Sources (Uses)				
Operating transfers in	-	-	19,753	19,753
Total other financing sources (uses)	-	-	19,753	19,753
Net change in fund balances	\$ 19,753	19,753	19,753	-

CIBOLA COUNTY, NEW MEXICO
DESCRIPTION OF NONMAJOR FUNDS – AGENCY FUNDS
June 30, 2009

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

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.

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, 2009

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
OVERPAYMENT OF TAXES				
Assets				
Cash	\$ (282)	35,565	35,283	-
Liabilities				
Deposits held in trust for others	\$ (282)	35,565	35,283	-
TAXES PAID IN ADVANCE				
Assets				
Cash	\$ 6,596	11,273	182	17,687
Liabilities				
Deposits held in trust for others	\$ 6,596	11,273	182	17,687
TAX SUSPENSE				
Assets				
Cash	\$ 14,949	10,798,189	10,792,745	20,393
Liabilities				
Deposits held in trust for others	\$ 14,949	10,798,189	10,792,745	20,393
STATE COST				
Assets				
Cash	\$ 425	12,005	12,110	320
Liabilities				
Deposits held in trust for others	\$ 425	12,005	12,110	320

**CIBOLA COUNTY, NEW MEXICO
STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - ALL AGENCY FUNDS (CONTINUED)
Year Ended June 30, 2009**

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
DELINQUENT TAXES				
Assets				
Cash	\$ (21,688)	9,455,540	9,277,838	156,014
Liabilities				
Deposits held in trust for others	\$ 187,128	2,043,393	2,074,507	156,014
Due to other funds	(208,816)	7,412,147	7,203,331	-
	\$ (21,688)	9,455,540	9,277,838	156,014
<u>TOTAL - ALL AGENCY FUNDS</u>				
Assets				
Cash	\$ -	20,312,572	20,118,158	194,414
Total Assets	\$ -	20,312,572	20,118,158	194,414
Liabilities				
Deposits held in trust for others	\$ 208,816	12,900,425	12,914,827	194,414
Due to other funds	(208,816)	7,412,147	7,203,331	-
Total Liabilities	\$ -	20,312,572	20,118,158	194,414

CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF DEPOSIT ACCOUNTS
Year Ended June 30, 2009

Depository	Account Name	Type	Depository Balance	Reconciled Balance
Wells Fargo Bank	Operating	Checking	\$ 3,048,606	2,555,051
Wells Fargo Bank	Savings	Savings	1,036,871	1,036,871
Wells Fargo Bank	Savings	Money Market	1,152,399	1,152,399
Grants State Bank	Checking	Checking	2,685,085	2,685,085
Grants State Bank	Checking	Checking	141,397	141,397
Grants State Bank	Checking	Checking	1	1
Grants State Bank	Inmate Trust Account	Checking	16,480	5,449
First Community Bank	Savings	Savings	311,257	311,071
First Community Bank	Savings	Savings	1,002,583	1,002,583
			<u>9,394,679</u>	<u>8,889,907</u>
Petty Cash			-	400
Total deposit accounts			\$ 9,394,679	8,890,307
Bank of Albuquerque	NMFA Cebolleta VFD Program Account	Investment	2,022	2,022
Bank of Albuquerque	NMFA Lobo Canyon VFD Program Account	Investment	3,074	3,074
Wells Fargo Bank	Investment	Investment	5,466,560	5,466,560
Wells Fargo Bank	Suspense	Investment	82,878	82,878
Bank of Albuquerque	NMFA Computer Program Account	Investment	146,841	146,841
Bank of Albuquerque	NMFA Cubero VFD Program Account	Investment	9,001	9,001
Bank of Albuquerque	NMFA Cebolleta Fire DS	Investment	95	95
Bank of Albuquerque	NMFA Candy Kitchen DS	Investment	945	945
Bank of Albuquerque	Candy Kitchen Fire DS Reserve	Investment	38,167	38,251
Bank of Albuquerque	NMFA Lobo Canyon Fire DS	Investment	131	131
Bank of Albuquerque	NMFA Bluewater Fire Equip 1 DS	Investment	103	103
Bank of Albuquerque	NMFA Bluewater Fire Equip 2 DS	Investment	86	86
Bank of Albuquerque	NMFA Computer DS Reserve	Investment	59,089	59,089
Bank of Albuquerque	NMFA Computer Loan DS	Investment	19,349	19,349
Bank of Albuquerque	NMFA Lobo Canyon Fire 2 DS	Investment	47	47
Bank of Albuquerque	NMFA Cubero VFD DS	Investment	134	134
Bank of Albuquerque	NMFA Fence Lake VFD Program Account	Investment	37,301	37,301
Bank of Albuquerque	NMFA Solid Waste Facility DS	Investment	19,874	19,874
Bank of Albuquerque	NMFA Solid Waste DS Reserve	Investment	59,663	59,663
Bank of New York Mellon	Bond Debt Service Reserve Equalization Account	Investment	359	359
Bank of New York Mellon	Bond Debt Service Investment Account	Investment	1,446	1,446
Bank of New York Mellon	Bond Debt Service Reserve Account	Investment	131,696	131,696
Bank of New York Mellon	Bond Debt Service Revenue Fund Account	Investment	461	461
Westdeutsche Landesbank	2006 A & B Bond reserve	Investment	861,512	861,511
			<u>6,940,834</u>	<u>6,940,917</u>
Total investment accounts			\$ 6,940,834	6,940,917
Total deposit and investment accounts			\$ 16,335,513	15,831,224
Primary Government				\$ 15,636,810
Agency funds				194,414
Total				<u>\$ 15,831,224</u>

CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF PLEDGED COLLATERAL
Year Ended June 30, 2009

	Wells Fargo Bank	Grants State Bank	First Community Bank	Total
Deposits at June 30, 2009	\$ 5,237,876	2,842,963	1,313,840	9,394,679
Less: Sweep account	2,692,470	-	-	2,692,470
Less: FDIC coverage	500,000	250,000	250,000	1,000,000
Uninsured Public Funds	2,045,406	2,592,963	1,063,840	5,702,209
Pledged collateral held by the pledging bank's trust department or agent but not in the County's name	5,119,792	1,941,073	538,169	7,599,034
Uninsured and uncollateralized	\$ -	651,890	525,671	1,177,561
50% pledged collateral requirement per statute	1,022,703	1,296,482	531,920	2,851,105
102% pledged collateral requirement per statute (on sweep account)	2,746,319	-	-	2,746,319
Total requirement	3,769,022	1,296,482	531,920	5,597,424
Total pledged collateral	5,119,792	1,941,073	538,169	7,599,034
Pledged collateral under (over) requirement	\$ (1,350,770)	(644,591)	(6,249)	(2,001,610)

Pledged collateral at June 30, 2009 consists of the following:

Security	CUSIP	Maturity	Market Value	Market Value	Market Value	Total
FFCB Agency Note	31331Q7A9	8/4/2009	\$ -	-	50,156	50,156
FHR 3242 NC	31397CSV2	12/15/2028	-	-	488,013	488,013
W Las Vegas Scho Noncall FR	953769FN1	7/1/2009	-	70,020	-	70,020
West Las Vegas SD Noncall FR	953769FF8	7/1/2010	-	82,098	-	82,098
Santa Rosa Noncall FR	802751CU9	7/1/2010	-	50,761	-	50,761
Los Lunas SD Call FR	545562JV3	7/15/2010	-	100,145	-	100,145
Torr & Soc Cntys Noncall FR	891341BG3	9/1/2010	-	56,528	-	56,528
Farminton Sales Tax NC FR	311455EW5	6/15/2011	-	187,805	-	187,805
West Las Vegas SD Noncall FR	953769FG6	7/1/2011	-	88,743	-	88,743
Santa Rosa Noncall FR	802751CV7	7/1/2011	-	51,029	-	51,029
Torr & Soc Cntys Noncall FR	891341BH1	9/1/2011	-	10,360	-	10,360
Socorro SD Noncall FR	83368PBF2	8/1/2012	-	57,972	-	57,972
Gadsden ISD Call FR	362550JK2	8/15/2012	-	205,304	-	205,304
Torr & Soc Cntys Noncall FR	891341BJ7	9/1/2012	-	10,397	-	10,397
Socorro County Call FR	833679BM4	6/1/2013	-	191,695	-	191,695
Socorro SD Noncall FR	83368PBG0	8/1/2013	-	79,202	-	79,202
Los Alamos ISD Call FR	544228BQ1	8/1/2013	-	102,535	-	102,535
Carlsbad SD Call FR	142735CM9	8/1/2013	-	207,094	-	207,094
Los Alamos ISD Call FR	544228BR9	8/1/2014	-	101,517	-	101,517
Los Alamos ISD Call FR	54228BS7	8/1/2015	-	151,707	-	151,707
Los Alamos ISD Call FR	544228BT5	8/1/2016	-	136,161	-	136,161
Investment: Repurchase Agreement	31415CK63	5/1/2038	2,682,176	-	-	2,682,176
FNIONP880203	31409V3L5	2/1/2036	2,437,616	-	-	2,437,616
Total pledged collateral			\$ 5,119,792	1,941,073	538,169	7,599,034

**CIBOLA COUNTY
SCHEDULE OF JOINT POWERS AGREEMENTS
Year Ended June 30, 2009**

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.	\$ 44,693	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 half of the yearly operating costs.	\$ 234,261	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	\$ 22,954	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
Edward Michael, 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, 2009, and have issued our report thereon dated November 2, 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
Edward Michael, 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 09-01 and 09-02 to be control deficiencies 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*.

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 a finding 02-05.

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.

Mr. Hector H. Balderas, State Auditor
and
Edward Michael, 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
November 2, 2009

CIBOLA COUNTY, NEW MEXICO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2009

	Current Status
Cibola County	
02-02 Information Technology Segregation of Duties and Written Procedures	Resolved
02-05 Treasurers Reports	Updated and included
03-02 Property Tax Assessment Card Data	Updated and included
06-01 Due Date of Audit Report	Resolved
06-11 Budget Overage	Resolved
08-01 Mileage and Per Diem Partial Day Reimbursement	Resolved
Cibola General Hospital	
08-01 Late Audit Report	Resolved

**CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2009**

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

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

CONDITION

During our testing in the current year, of the 23 property tax assessments tested:

- 9 of the valuations per the valuation card did not match the valuation in the computer system.
- 2 of the properties could not be located in either the computer system or in the property cards.
- 2 of the properties have not been assessed within the past two years.
- 2 of the property assessments exemptions did not have proper supporting documentation.

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."

EFFECT

Since there are errors in the information used to calculate the property tax bill, the County may be billing incorrect amounts, either over or under billing the taxpayers.

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 and there is a lack of adequate records management.

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, 2009**

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

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

MANAGEMENT RESPONSE

Our new property tax valuation and assessing software from Tyler Technologies is installed and running parallel with our old software. As of June 30, 2009, we had not completed the data conversion setup with the new software, which resulted in not correcting this repeat finding. We anticipate that in this new fiscal year ending June 30, 2010, we will have corrected all data errors in our systems. The property cards will be replaced with property records all within the Tyler software. In regards to the property assessments and re-assessments, the State of New Mexico back in July 2009, required us to perform this function annually.

**CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
Year Ended June 30, 2009**

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

09-01 USE OF AND POLICIES OVER THE USE OF SIGNATURE STAMPS

CONDITION

The County currently does not have adequate policies and procedures over the use of rubber signature stamps. We noted occasions in which a commissioner's rubber signature stamp was used for normal everyday transactions, such as endorsing checks and approving contracts.

CRITERIA

Current County policy requires that one commissioner sign every check and two commissioners sign if the disbursement is greater than \$5,000. Although the County does utilize electronic signatures for approved disbursement batches, there are no specific policies and procedures over the use of rubber signature stamps.

EFFECT

Using a signature stamp on an everyday basis without prior approval negates the control of requiring a Commissioner's signature, or the approval process. This increases the likelihood for unapproved invoices to be paid and contracts to be entered into that are not in the best interest of the County.

CAUSE

Commissioners are not at the County offices full time, therefore are not always available to endorse checks and approve contracts.

RECOMMENDATION

The County needs to develop and implement policies and procedures which specifically address using and maintaining rubber signature stamps.

MANAGEMENT RESPONSE

We will develop and implement new written policies controlling the use of rubber signature stamps.

**CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
Year Ended June 30, 2009**

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

09-02 CAPITAL ASSETS

CONDITION

The County currently does not have an accurate capital asset listing or an efficient tracking system. Additionally, the County did not conduct an annual physical inventory.

CRITERIA

The County should have controls and procedures established for the proper maintenance and tracking of capital assets, calculation of depreciation and conduction of physical inventories.

EFFECT

The inefficient tracking system and inaccurate capital asset listing caused difficulties in reconciling at year end. Due to the inaccurate asset listing, the County was unable to properly calculate depreciation. The fact that the County did not conduct a physical inventory coincides with the inefficient monitoring and tracking of capital assets.

CAUSE

There are no controls or procedures in place to allow for the proper tracking of capital assets and proper maintenance of the capital asset listing. Additionally, controls and procedures are not established to ensure that a physical inventory is conducted.

RECOMMENDATION

The County needs to develop and implement policies and procedures which specifically address maintaining an efficient fixed asset listing that will allow for the proper calculation of depreciation. Also, a physical inventory should be conducted, at least annually, to ensure capital assets are properly accounted for.

MANAGEMENT RESPONSE

We acknowledge our inventory data is not accurately setup for accounting purposes. We will work to correct this problem during this fiscal year along with the depreciation calculations. We do have good software within our accounting system to maintain our assets and we need to correct and complete the data setup within it.

It is our policy to perform physical inventories each year, as of June 30, 2009, we did not perform this procedure due to the retirement of two of our Administrative personnel.

**CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
Year Ended June 30, 2009**

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

02-05 TREASURER REPORTS – TEN-YEAR SCHEDULE

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. However, during the current year, the County was able to build a ten-year historical report, but information contained in the initial report was inaccurate due to the condition of records for past years.

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.

EFFECT

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

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 due to the condition of the records for past years.

RECOMMENDATION

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

MANAGEMENT RESPONSE

We are continuing our work on this schedule and have three years of accurate past history, but not the full ten-year history. We plan to have the ten-year history ready by June 30, 2010.

**CIBOLA COUNTY, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
Year Ended June 30, 2009**

FINDINGS - FINANCIAL STATEMENTS AUDIT - CIBOLA GENERAL HOSPITAL

NONE

**CIBOLA COUNTY, NEW MEXICO
EXIT CONFERENCE
Year Ended June 30, 2009**

An exit conference was held on October 21, 2009, and attended by the following:

County Personnel

Antonio Gallegos, Commissioner
Pat Simpson, Commissioner
John Alexander, Acting County Manager and Finance Director
Dolores Vallejos, Treasurer

Ricci & Company LLC Personnel

Shawn Mortensen, Manager
Herman Chavez, Manager

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