

**CIBOLA COUNTY,  
NEW MEXICO**

**Financial Statements  
for the Year Ended  
June 30, 2010,  
and Independent  
Auditors' Report**



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CIBOLA COUNTY, NEW MEXICO

Official Roster

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Year Ended June 30, 2010

NAME

TITLE

BOARD OF COUNTY COMMISSIONERS

Edward Michael	Chairman
Antonio Gallegos	Vice-Chairman
T. Walter Jaramillo	Vice-Chairman
Pat Simpson	Commissioner
Lloyd Felipe	Commissioner

ELECTED OFFICIALS

Pablo Savedra	County Assessor
Elisa Bro	County Clerk
Johnny Valdez	County Sheriff
Dolores Vallejos	County Treasurer

ADMINISTRATIVE OFFICIALS

Scott Vinson	County Manager
John Alexander	Finance Director

## INDEPENDENT AUDITORS' REPORT

Mr. Edward Michael, Chairman and  
Board of County Commissioners,  
Cibola County, New Mexico and  
Mr. Hector H. Balderas  
New Mexico State Auditor

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue funds of Cibola County (the County) as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County's non-major governmental funds, fiduciary funds and the budgetary comparisons for the major debt service fund and proprietary fund and all non-major funds, presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*. An audit also includes assessing the accounting principles used and the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each non-major governmental fund and fiduciary fund of the County, as of June 30, 2010,



Mr. Edward Michael, Chairman and  
Board of County Commissioners,  
Cibola County, New Mexico and  
Mr. Hector H. Balderas  
New Mexico State Auditor

and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the major debt service fund and proprietary fund and all non-major funds for the year then ended, in conformity with a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2010, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 4 through 13 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding 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 statements of changes in assets and liabilities – agency funds and 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 financial statements taken as a whole.

*McGrath + Company, LLC*

November 11, 2010

## CIBOLA COUNTY, NEW MEXICO

### Management's Discussion and Analysis Year Ended June 30, 2010

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Our discussion and analysis of Cibola County's (the County) financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2010. The County's basic financial statements are comprised of four components: 1) government-wide financial statements; 2) fund financial statements; 3) notes to the financial statements; and 4) required supplementary information, which includes this management's discussion and analysis. Please read it in conjunction with the County's financial statements, which begin on page 15.

#### Financial Highlights

- The County's net assets *increased* by \$174,281 (includes restatement) from a year ago.
- During the year, the County received \$14,780,436 in total revenues.
- Total cost of all of the County's programs was \$15,109,854.
- The General Fund reported a *decrease* in net assets of \$1,809,363.
- The resources available for appropriation were \$10,505,351.

#### Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (found on pages 15 and 17) 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 19. 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 15. 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.

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.

### Reporting the County as a Whole

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 19. The fund financial statements begin on page 19 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 (e.g., Farm Range Fund) or to show that it is meeting legal responsibilities for using certain taxes; grants and other money (e.g., grants received from the State of New Mexico). The County's two kinds of funds, governmental and proprietary, use different accounting approaches.

**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 on pages 21 and 24.

**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



**Reporting the County's Most Significant Funds - continued**

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 the Statement of Fiduciary Assets and Liabilities - Agency Funds and in the Statement of Changes in Assets and Liabilities - Agency Funds on pages 37 and 102. 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 were virtually unchanged from a year ago – *increasing* from \$32,060,162 to \$32,234,443. In contrast, last year net assets *increased* by \$3,504,566. Looking at the net assets and net expenses of governmental and business-type activities separately, however, two very different stories emerge. Our analysis on the next pages focuses on the net assets (Table A-1) and the changes in net assets (Table A-2) of the County's governmental and business-type activities.

CIBOLA COUNTY, NEW MEXICO

Management's Discussion and Analysis - continued  
Year Ended June 30, 2010

**Financial Analysis of the County as a Whole**

**Net Assets**

Table A-1 summarizes the County's net assets for the fiscal year ending June 30, 2010.

**Table A-1  
The County's Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009
<b>Assets:</b>						
Current and other assets	\$ 17,281,191	18,212,070	124,139	156,720	17,405,330	18,368,790
Capital assets	20,752,335	20,775,791	6,450,004	6,687,668	27,202,339	27,463,459
Other assets – long-term	321,760	-	-	-	321,760	-
<b>Total assets</b>	<b>\$ 38,355,286</b>	<b>38,987,861</b>	<b>6,574,143</b>	<b>6,844,388</b>	<b>44,929,429</b>	<b>45,832,249</b>
<b>Liabilities:</b>						
Long-term liabilities outstanding	\$ 10,945,894	11,758,948	47,763	19,736	10,993,657	11,778,684
Other liabilities	1,424,470	1,313,491	276,869	679,912	1,701,329	1,993,403
<b>Total liabilities</b>	<b>12,370,364</b>	<b>13,072,439</b>	<b>324,622</b>	<b>699,648</b>	<b>12,694,986</b>	<b>13,772,087</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	8,686,967	7,806,699	6,450,004	6,687,668	15,136,971	14,494,367
Restricted	9,682,603	6,316,200	-	-	9,682,603	6,316,200
Unrestricted	7,615,352	11,792,523	(200,483)	(542,928)	7,414,869	11,249,595
<b>Total net assets</b>	<b>25,984,922</b>	<b>25,915,422</b>	<b>6,249,521</b>	<b>6,144,740</b>	<b>32,234,443</b>	<b>32,060,162</b>
<b>Total liabilities and net assets</b>	<b>\$ 38,355,286</b>	<b>38,987,861</b>	<b>6,574,143</b>	<b>6,844,388</b>	<b>44,929,429</b>	<b>45,832,249</b>

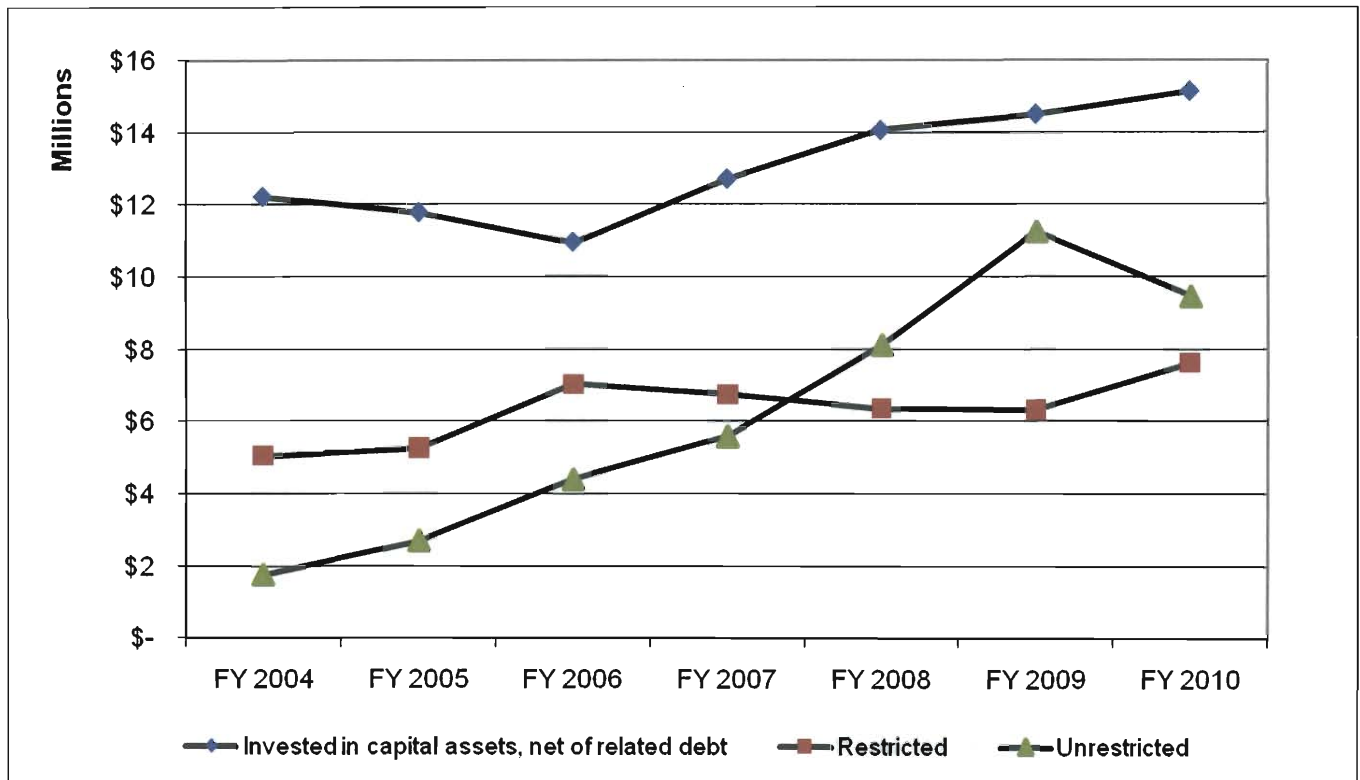
Net assets of the County's governmental activities *increased* by 0.27 percent (\$25.98 million compared to \$25.91 million). *Unrestricted* net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – *decreased* from an \$11.7 million surplus at June 30, 2009 to a \$8.1 million surplus at the end of this year.

This *decrease* in unrestricted governmental net assets arose primarily because of budgeted and planned systemic purchasing of new capital assets; primarily replacing old, worn-out vehicles and adding additional vehicles to our fleet. In addition, we purchased county road maintenance and improvement equipment. This was accomplished with the use of federal funding from the Secure Rural Schools Act for public roads. These purchases allowed us to re-surface and repair our county roads using our own work plan during the County's

**Financial Analysis of the County as a Whole – continued**

longer spring, summer, and fall months, without having to rent the same equipment and limited on their use, as in the past. Now, and in the future, we can accomplish more work each year using our own equipment.

**Total Net Assets  
 Governmental and Business-type Activities  
 (in millions)**

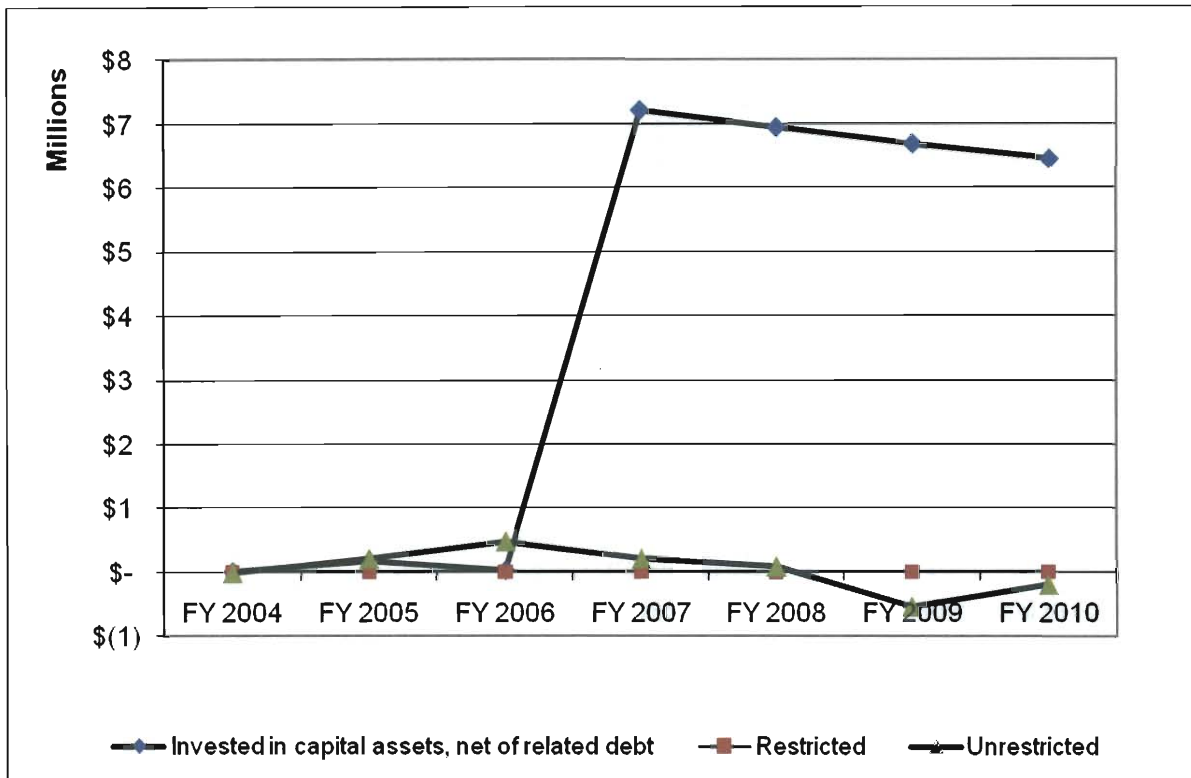


The major source of revenue for the Detention Center is billings for the detention of out-of-county inmate housing and their medical services. Those fees and services generated \$1,625,835 during the year. Once again, the County can only use these revenues to finance the continuing operations of the Detention Center, since that Center’s accounting exists as a Proprietary or Enterprise fund.

The Detention Center has operated at full capacity for more than six years, servicing Cibola County, the State, other counties and municipalities throughout New Mexico.

Financial Analysis of the County as a Whole – continued

Net Assets  
Business-Type Activities Only  
(in millions)



The huge *increase* in Invested in Capital Assets of the Business-Type Activities between 2006 and 2007 resulted in the accounting treatment of the Detention Center's assets (the building and its equipment) by transferring them into the Business-Type Activities and removing the accounting of these assets from the General Fund (Governmental Activities Invested in Capital Assets). Thus, Governmental Activities' Invested in Capital Assets *decreased* by virtually the same amount that same year.

CIBOLA COUNTY, NEW MEXICO

Management's Discussion and Analysis - continued  
Year Ended June 30, 2010

Financial Analysis of the County as a Whole – continued

**Changes in Net Assets**

Table A-2 summarizes the County's changes in net assets for fiscal year 2010. Governmental activities during the year increased the County's net assets by \$69,500.

**Table A-2**  
**Changes in the County's Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 189,796	347,782	1,625,835	1,972,004	1,815,631	2,319,786
Operating grants & contributions	3,059,399	4,285,295	-	-	3,059,399	4,285,295
Capital grants & contributions	186,848	679,079	-	-	186,848	679,079
<b>General revenues:</b>						
Property taxes	3,357,419	2,907,350	-	-	3,357,419	2,907,350
Other taxes	5,730,323	4,283,295	396,480	188,653	6,126,803	4,471,948
Other revenues	211,156	2,729,529	23,180	31,961	234,426	2,761,490
<b>Total revenues</b>	<b>12,734,941</b>	<b>15,232,330</b>	<b>2,045,495</b>	<b>2,192,618</b>	<b>14,780,436</b>	<b>17,424,948</b>
<b>Expenses:</b>						
General government	3,761,926	2,735,823	-	-	3,761,926	2,735,823
Public safety	3,060,999	2,605,761	-	-	3,060,999	2,605,761
Health & welfare	1,919,652	2,191,241	-	-	1,919,652	2,191,241
Culture & recreation	207,393	202,102	-	-	307,393	202,102
Public works	1,836,068	2,251,283	-	-	1,836,068	2,251,283
County Detention	-	-	3,713,468	3,580,845	3,713,468	3,580,845
Debt Service	610,348	556,961	-	-	610,348	556,961
<b>Total expenses</b>	<b>11,396,386</b>	<b>10,543,171</b>	<b>3,713,468</b>	<b>3,580,845</b>	<b>15,109,854</b>	<b>14,124,016</b>
<b>Excess (deficiency) before transfers</b>	<b>1,338,555</b>	<b>4,689,159</b>	<b>(1,667,973)</b>	<b>(1,388,227)</b>	<b>(329,418)</b>	<b>3,330,932</b>
<b>Transfers</b>	<b>(1,772,754)</b>	<b>(442,500)</b>	<b>1,772,754</b>	<b>500,000</b>	<b>-</b>	<b>57,500</b>
<b>Restatement</b>	<b>503,699</b>	<b>146,134</b>	<b>-</b>	<b>-</b>	<b>503,699</b>	<b>146,134</b>
<b>Increase (decrease) in net assets</b>	<b>69,500</b>	<b>4,392,793</b>	<b>104,781</b>	<b>(888,227)</b>	<b>174,281</b>	<b>3,504,566</b>

The County's total revenues *decreased* by 15.2 percent, or \$2,644,512. At the same time, the total cost of all programs and services before transfers *increased* during the year by 6.9 percent, or \$985,838. Our analysis below separately considers the operations of governmental and business-type activities.

**Financial Analysis of the County as a Whole – continued**

**Governmental Activities**

Revenues for the County's governmental activities *decreased* by 16.4 percent, or \$2,497,389, while total expenditures *increased* 8.1 percent, or \$853,215. The *increase* in net assets for governmental activities in 2010 was \$69,500 compared to a \$4,392,793 *increase* in net assets in 2009.

County Management utilized our reserve cash balances to provide improvements to our infrastructure and *increase* services to the County citizens. In addition, were able to purchase additional road maintenance and improvement equipment with these cash reserves and prior year *increases* in revenues. The total net asset change between 2009 and 2010 is an *increase* of 0.27 percent, or \$69,500.

The cost of all governmental activities this year was \$11.4 million compared to \$10.5 million last year. Reasons for the \$853,215 *increase* were *increased* Public Safety and General Government services.

Overall, the County's governmental activities revenues *decreased* from \$15.2 million in 2009 to \$12.7 million in 2010, principally from *decreases* in state special projects allocations.

**Business-Type Activities**

Revenues of the County's business-type activities (see Table 2) reported \$2.0 million and expenditures reported \$3.7 million for the Detention Center's operations in 2010. 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 \$3.7 million dollars compared to \$1.2 million in 2002. This equates to a 208.3 percent *increase* over those eight 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* 6.7 percent, or \$147,123, during the year. The reason for the *decrease* was that one of our major client Counties decided to keep their inmates during the fiscal year, which resulted in the *decrease* in revenues.

**The County's Major Funds**

As the County completed the year, its governmental funds (as presented in the combined balance sheet on page 19) reported a combined fund balance of approximately \$15.7 million, which is 6.2 percent, or approximately \$1 million, less than last year's total of approximately \$16.7 million. The *decrease* in fund balance is made up primarily of the *decrease* in cash and investments of \$1,156,478.

## The County's Major Funds - continued

### **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 2009). 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 \$653,128 less in the general fund than was budgeted. The General Fund received \$161,294 more in revenues than what we budgeted. Each year, the County budgets less in revenues, using our average collection rate of 88.0 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 2010, the County had \$20.7 million invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, and water and sewer lines (Note 6, page 51). 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 \$11.7 million in long-term bonds and notes outstanding (Note 7, page 53). The County's business-type activities (County Detention Center) reported \$47,763 in long-term debt outstanding. The decrease in governmental activities long-term debt of 7 percent, or \$813,054, resulted from the continual 'pay-down' of our existing debt through scheduled payments.

### Economic Factors and Next Year's Budgets and Rates

The County's elected and appointed officials considered many factors when setting the fiscal year 2010 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.

**Economic Factors and Next Year's Budgets and Rates - continued**

These indicators were taken into account when adopting the General Fund budget for 2010. 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.

**Requests for Information**

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 Accounting & Finance Office, Attn: Finance Director, at 515 W. High Street, Grants, New Mexico, 87020-2526, call (505) 287-9431 or e-mail [jalexander@co.cibola.nm.us](mailto:jalexander@co.cibola.nm.us).

Cibola General Hospital, a component unit of the County, has issued a separate financial report which may be obtained by contacting the Hospital's administration at 1016 East Roosevelt Avenue, Grants, New Mexico 87020, or (505) 287-4446, or [jeff\\_rimel@cibolahospital.com](mailto:jeff_rimel@cibolahospital.com).



## **FINANCIAL STATEMENTS**

AS OF JUNE 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Cibola General Hospital
<b>ASSETS:</b>				
Cash and investments	\$ 14,474,388	239,844	14,714,232	2,307,906
Receivables:				
Taxes, net of allowance	2,010,016	82,693	2,092,709	-
Due from (to) other funds	565,008	(565,008)	-	-
Due from agency fund	-	-	-	-
Prison receivables	-	191,650	191,650	-
Patients account receivable, net of allowance	-	-	-	4,423,488
Intergovernmental	119,453	-	119,453	-
Miscellaneous	6,300	-	6,300	6,025
Prepaid expenses	106,026	174,960	280,986	311,045
Inventories, at cost	-	-	-	233,249
<b>TOTAL CURRENT ASSETS</b>	17,281,191	124,139	17,405,330	7,281,713
<b>CAPITAL ASSETS (net, where applicable, of accumulated depreciation):</b>				
Land	2,838,454	-	2,838,454	733,729
Work in process	668,405	-	668,405	273,058
Buildings and improvements	4,962,635	-	4,962,635	-
Furniture and equipment	1,934,151	-	1,934,151	-
Vehicles	1,141,338	-	1,141,338	-
Infrastructure	1,797,852	-	1,797,852	-
County prison	-	6,450,004	6,450,004	-
County hospital	7,409,500	-	7,409,500	4,232,974
<b>TOTAL CAPITAL ASSETS</b>	20,752,335	6,450,004	27,202,339	5,239,761
<b>ADVANCE REFUNDING ESCROW COSTS, net</b>	82,124	-	82,124	-
<b>BOND ISSUANCE COSTS, net</b>	239,636	-	239,636	-
<b>ASSETS LIMITED AS TO USE</b>	-	-	-	7,128,107
<b>TOTAL ASSETS</b>	\$ <u>38,355,286</u>	<u>6,574,143</u>	<u>44,929,429</u>	<u>19,649,581</u>

CIBOLA COUNTY, NEW MEXICO

Statement of Net Assets

AS OF JUNE 30, 2010

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit Cibola General Hospital
<b>LIABILITIES:</b>				
Accounts payable	\$ 73,893	87,846	161,739	758,091
Accrued wages and benefits	231,103	90,223	321,326	815,422
Inmate trust accounts	-	10,086	10,086	-
Deferred revenues	-	-	-	154,827
Compensated absences	271,353	88,704	360,057	-
Accrued interest	35,554	-	35,554	-
Current portion of long-term debt	<u>812,567</u>	<u>-</u>	<u>812,567</u>	<u>-</u>
<b>TOTAL CURRENT LIABILITIES</b>	1,424,470	276,859	1,701,329	1,728,340
Long-term debt, net of current portion	<u>10,945,894</u>	<u>47,763</u>	<u>10,993,657</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	12,370,364	324,622	12,694,986	1,728,340
<b>NET ASSETS:</b>				
Investment in capital assets, net of related debt	8,686,967	6,450,004	15,136,971	-
Restricted for:				
Debt service	5,171,010	-	5,171,010	-
Special projects	2,721,074	-	2,721,074	-
Capital projects	301,329	-	301,329	-
Future expenditures	1,489,190	-	1,489,190	-
Unrestricted	<u>7,615,352</u>	<u>(200,483)</u>	<u>7,414,869</u>	<u>17,921,241</u>
<b>TOTAL NET ASSETS</b>	<u>25,984,922</u>	<u>6,249,521</u>	<u>32,234,443</u>	<u>17,921,241</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ <u>38,355,286</u>	<u>6,574,143</u>	<u>44,929,429</u>	<u>19,649,581</u>

YEAR ENDED JUNE 30, 2010

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
<b>PRIMARY GOVERNMENT:</b>			
<b>GOVERNMENTAL ACTIVITIES:</b>			
General government	\$ 3,761,926	173,311	295,575
Public safety	3,060,999	16,485	1,249,100
Public works	1,836,068	-	570,202
Culture and recreation	207,393	-	-
Health and welfare	1,919,652	-	944,522
Interest on long-term debt	<u>610,348</u>	<u>-</u>	<u>-</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	11,396,386	189,796	3,059,399
<b>BUSINESS-TYPE ACTIVITIES</b>	<u>3,713,468</u>	<u>1,625,835</u>	<u>-</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	\$ <u>15,109,854</u>	<u>1,815,631</u>	<u>3,059,399</u>
<b>COMPONENT UNIT:</b>			
<b>CIBOLA GENERAL HOSPITAL</b>	\$ <u>24,182,089</u>	<u>25,810,673</u>	<u>300,380</u>

General revenues:

Taxes:

Property taxes

Gross receipts taxes

Motor vehicle taxes

Gas taxes

Cigarette taxes

Federal payment in lieu of taxes

Environmental protection taxes

Investment earnings

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

Restatements (Note 19)

Net assets, as restated

Net assets, ending

CIBOLA COUNTY, NEW MEXICO

Statement of Activities

Capital Grants and Contributions	Primary Government		Total	Component Unt
	Governmental Activities	Business-type Activities		Business-type Activities
-	(3,293,040)	-	(3,293,040)	-
-	(1,795,414)	-	(1,795,414)	-
186,848	(1,079,018)	-	(1,079,018)	-
-	(207,393)	-	(207,393)	-
-	(975,130)	-	(975,130)	-
-	(610,348)	-	(610,348)	-
186,848	(7,960,343)	-	(7,960,343)	-
-	-	(2,087,633)	(2,087,633)	-
<u>186,848</u>	<u>(7,960,343)</u>	<u>(2,087,633)</u>	<u>(10,047,976)</u>	-
-	-	-	-	1,928,964
	3,357,419		3,357,419	1,131,447
	3,776,831	396,480	4,173,311	-
	275,669	-	275,669	-
	142,858	-	142,858	-
	873	-	873	-
	1,472,756	-	1,472,756	-
	61,336	-	61,336	-
	116,508	-	116,508	159,058
	94,648	23,180	117,828	150,276
	(1,772,754)	1,772,754	-	-
	-	-	-	-
	<u>7,526,144</u>	<u>2,192,414</u>	<u>9,718,558</u>	<u>1,440,781</u>
	(434,199)	104,781	(329,418)	3,369,745
	25,915,422	6,144,740	32,060,162	14,551,496
	<u>503,699</u>	-	<u>503,699</u>	-
	<u>26,419,121</u>	<u>6,144,740</u>	<u>32,563,861</u>	<u>14,551,496</u>
\$	<u>25,984,922</u>	<u>6,249,521</u>	<u>32,234,443</u>	<u>17,921,241</u>

AS OF JUNE 30, 2010

	<u>General Fund</u>	<u>Road Fund</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 6,853,661	539,129
Receivables:		
Taxes, net of allowance	1,350,583	34,622
Intergovernmental	-	-
Miscellaneous	6,300	-
Due from other funds (Note 5)	<u>739,750</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>8,950,294</u></b>	<b><u>573,751</u></b>
<b>LIABILITIES:</b>		
Accounts payable	\$ 42,435	12,333
Accrued wages and benefits	231,103	-
Due to other funds	-	-
Deferred revenue	<u>1,193,808</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,467,346</u></b>	<b><u>12,333</u></b>
<b>FUND BALANCES:</b>		
Reserved for:		
Subsequent years' expenditures	-	-
Debt service	-	-
Unreserved	7,482,948	-
Special revenue funds	-	561,418
Capital projects funds	<u>-</u>	<u>-</u>
<b>TOTAL FUND BALANCES</b>	<b><u>7,482,948</u></b>	<b><u>561,418</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ <u>8,950,294</u></b>	<b><u>573,751</u></b>

CIBOLA COUNTY, NEW MEXICO

Balance Sheet - Governmental Funds

Major Funds			Other	Total
Indigent	Grants	Debt	Governmental	Governmental
Fund		Service	Funds	Funds
315,652	87,412	4,674,115	2,004,419	14,474,388
82,804	-	496,895	45,112	2,010,016
-	119,453	-	-	119,453
-	-	-	-	6,300
-	-	-	-	739,750
<u>398,456</u>	<u>206,865</u>	<u>5,171,010</u>	<u>2,049,531</u>	<u>17,349,907</u>
1,200	8,619	-	9,306	73,893
-	-	-	-	231,103
-	153,981	-	20,761	174,742
-	-	-	-	1,193,808
<u>1,200</u>	<u>162,600</u>	<u>-</u>	<u>30,067</u>	<u>1,673,546</u>
-	-	-	-	-
-	-	5,171,010	-	5,171,010
-	-	-	-	7,482,948
397,256	44,265	-	1,718,135	2,721,074
-	-	-	301,329	301,329
<u>397,256</u>	<u>44,265</u>	<u>5,171,010</u>	<u>2,019,464</u>	<u>15,676,361</u>
<u>398,456</u>	<u>206,865</u>	<u>5,171,010</u>	<u>2,049,531</u>	<u>17,349,907</u>

CIBOLA COUNTY, NEW MEXICO

Reconciliation of the Balance Sheet to the  
Statement of Net Assets - Governmental Activities

YEAR ENDED JUNE 30, 2010

<b>Total Fund Balance - Governmental Funds</b> <b>(Governmental Fund Balance Sheet)</b>	<b>\$ 15,676,361</b>
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

The cost of capital assets is:	43,553,931
Accumulated depreciation is:	<u>(22,801,596)</u>
Total capital assets	20,752,335

Property tax receivables are not available to pay for current expenditures and, therefore, are deferred in the funds.

Deferred property tax revenue	1,193,808
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Prepaid expenses are expensed in the governmental fund financial statements but not in the entity-wide financial statements

106,026
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Bond issuance costs are expensed in period expended for fund financial statements but capitalized for governmental activities

Total bond costs	286,996
Less accumulated amortization	<u>(47,360)</u>
Bond issuance costs, net	239,636

Advanced refunding escrow costs are amortized for governmental activities but are a current other financing source in fund financial statements

Advance refunding escrow fees	357,312
Less accumulated amortization	<u>(275,188)</u>
Advance refunding escrow fees, net	82,124

Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Debt (bonds and notes payable)	(11,758,461)
Accrued interest	(35,554)
Compensated absences payable	<u>(271,353)</u>

Total long-term and other liabilities	<u>(12,065,368)</u>
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<b>Net assets of governmental activities (Statement of Net Assets)</b>	<b>\$ <u>25,984,922</u></b>
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YEAR ENDED JUNE 30, 2010

	General Fund	Road Fund
<b>REVENUES:</b>		
Local taxes	\$ 3,224,506	365,304
Intergovernmental	1,784,595	585,778
Licenses and permits	44,021	-
Interest income	61,749	-
Miscellaneous	<u>260,852</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<b>5,375,723</b>	<b>951,082</b>
<b>EXPENDITURES:</b>		
Current:		
General government	3,058,090	-
Public safety	1,227,786	-
Public works	210,484	976,696
Culture and recreation	-	-
Health and welfare	-	-
Capital outlay	273,672	582,919
Debt service:		
Principal payments	-	-
Interest payments	-	-
Other fees	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<b><u>4,770,032</u></b>	<b><u>1,559,615</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>605,691</b>	<b>(608,533)</b>
<b>OTHER FINANCING SOURCES (USES):</b>		
Debt proceeds	-	-
Transfer from component unit	-	-
Operating transfers, in	15,000	-
Operating transfers, out	<u>(2,430,054)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b><u>(2,415,054)</u></b>	<b><u>-</u></b>
<b>NET CHANGES IN FUND BALANCE</b>	<b>(1,809,363)</b>	<b>(608,533)</b>
<b>FUND BALANCE, BEGINNING</b>	<b>9,351,974</b>	<b>1,169,951</b>
<b>RESTATEMENTS (Note 19)</b>	<b><u>(59,663)</u></b>	<b><u>-</u></b>
<b>FUND BALANCE, AS RESTATED</b>	<b><u>9,292,311</u></b>	<b><u>1,169,951</u></b>
<b>FUND BALANCE, ENDING</b>	<b>\$ <u>7,482,948</u></b>	<b><u>561,418</u></b>

CIBOLA COUNTY, NEW MEXICO

Statement of Revenues, Expenditures and Changes  
in Fund Balances - Governmental Funds

Major Funds				
Indigent Fund	Grants	Debt Service	Other Governmental Funds	Total Governmental Funds
396,826	-	2,930,376	246,398	7,163,410
844,522	569,777	-	934,331	4,719,003
-	39,583	-	71,922	155,526
-	-	42,087	12,672	116,508
<u>8,000</u>	<u>10,185</u>	<u>-</u>	<u>1,503</u>	<u>280,540</u>
1,249,348	619,545	2,972,463	1,266,826	12,434,987
-	70,536	69,833	62,274	3,260,733
-	991,784	-	449,491	2,669,061
-	-	-	178,562	1,365,742
-	-	-	81,973	81,973
1,523,391	-	-	20,000	1,543,391
221,831	66,953	-	249,484	1,394,859
-	-	600,000	196,708	796,708
-	-	491,563	37,322	528,885
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,745,222</u>	<u>1,129,273</u>	<u>1,161,396</u>	<u>1,275,814</u>	<u>11,641,352</u>
(495,874)	(509,728)	1,811,067	(8,988)	793,635
-	-	-	-	-
-	-	-	-	-
-	529,307	-	157,993	702,300
<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,000)</u>	<u>(2,475,054)</u>
<u>-</u>	<u>529,307</u>	<u>-</u>	<u>112,993</u>	<u>(1,772,754)</u>
(495,874)	19,579	1,811,067	104,005	(979,119)
893,130	24,686	3,359,943	1,915,459	16,715,143
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(59,663)</u>
<u>893,130</u>	<u>24,686</u>	<u>3,359,943</u>	<u>1,915,459</u>	<u>16,655,480</u>
<u>397,256</u>	<u>44,265</u>	<u>5,171,010</u>	<u>2,019,464</u>	<u>15,676,361</u>

CIBOLA COUNTY, NEW MEXICO

Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances - Governmental Funds  
to the Statement of Activities - Governmental Activities

YEAR ENDED JUNE 30, 2010

Net Changes in Fund Balances - Total Governmental Funds

(Statement of Revenues, Expenditures, and Changes in Fund Balances) \$ (979,119)

Amounts reported for governmental activities in the Statement of Activities are different because:

Some items 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. These activities consist of:

Increase in compensated absences	(160,458)
Decrease in accrued interest	10,700
Decrease in prepaid expenses	(136,926)

Debt proceeds provided current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but it reduces long-term debt in the Statement of Net Assets.

Debt payments	796,708
Amortization on issuance costs and escrow fees	(92,163)

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. Additionally, there was a transfer of capital assets between the general fund and two enterprise funds. In the current funds, the transfer for the general fund is recorded in the Statement of Activities. In the current period, these amounts were:

Capital outlay	1,394,859
Depreciation expense	<u>(1,567,754)</u>
Excess of capital outlay over depreciation expense	<u>(172,895)</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. In the current period, these amounts were:

Increase in deferred property tax revenue	<u>299,954</u>
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Change in net assets of governmental activities (Statement of Activities) \$ (434,199)

CIBOLA COUNTY, NEW MEXICO

Statement of Revenues and Expenditures -  
Major Governmental Funds -  
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2010

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Local taxes	\$ 2,336,959	2,336,959	3,067,731	730,772
Licenses and permits	95,000	95,000	44,021	(50,979)
Intergovernmental revenue	321,426	321,426	311,839	(9,587)
Interest	70,000	70,000	61,749	(8,251)
Federal allotment	1,777,569	1,777,569	1,472,756	(304,813)
Miscellaneous	456,700	456,700	260,852	(195,848)
<b>TOTAL REVENUES</b>	<b>5,057,654</b>	<b>5,057,654</b>	<b>5,218,948</b>	<b>161,294</b>
<b>EXPENDITURES:</b>				
General government	3,004,074	3,628,589	2,908,040	720,549
Public safety	1,500,568	1,310,568	1,225,894	84,674
Public works	185,500	185,500	210,484	(24,984)
Capital outlay	27,000	243,000	370,111	(127,111)
<b>TOTAL EXPENDITURES</b>	<b>4,717,142</b>	<b>5,367,657</b>	<b>4,714,529</b>	<b>653,128</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer from component unit				
Operating transfers in	15,000	15,000	15,000	-
Operating transfers out	(2,618,985)	(2,023,602)	(2,430,054)	406,452
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,603,985)</b>	<b>(2,008,602)</b>	<b>(2,415,054)</b>	<b>406,452</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FUNDING SOURCES (USES)</b>	<b>\$ (2,263,473)</b>	<b>(2,318,605)</b>	<b>(1,910,635)</b>	<b>407,970</b>
<b>PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET</b>	<b>\$ 2,263,473</b>	<b>2,318,605</b>		
<b>NON-GAAP CHANGE IN FUND BALANCE</b>			<b>\$ (1,910,635)</b>	
<b>CHANGE IN:</b>				
Accounts receivable			156,775	
Accounts payable			(55,503)	
<b>GAAP CHANGE IN FUND BALANCE</b>			<b>\$ (1,809,363)</b>	

CIBOLA COUNTY, NEW MEXICO

Statement of Revenues and Expenditures -  
Major Governmental Funds -

Budget and Actual (Non-GAAP Budgetary Basis) - continued

YEAR ENDED JUNE 30, 2010

	SPECIAL REVENUE ROAD FUND			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Local taxes	\$ 304,380	304,380	330,682	26,302
Intergovernmental revenue	682,483	682,483	585,778	(96,705)
Miscellaneous	55,000	55,000	-	(55,000)
<b>TOTAL REVENUES</b>	<b>1,041,863</b>	<b>1,041,863</b>	<b>916,460</b>	<b>(125,403)</b>
<b>EXPENDITURES:</b>				
Public works	1,512,027	2,173,814	1,329,968	843,846
Capital outlay	260,000	260,000	229,647	30,353
<b>TOTAL EXPENDITURES</b>	<b>1,772,027</b>	<b>2,433,814</b>	<b>1,559,615</b>	<b>874,199</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers in	800,000	800,000	-	(800,000)
Operating transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>800,000</b>	<b>800,000</b>	<b>-</b>	<b>(800,000)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FUNDING SOURCES (USES)</b>	<b>\$ 69,836</b>	<b>(591,951)</b>	<b>(643,155)</b>	<b>(51,204)</b>
<b>PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET</b>	<b>\$ (69,836)</b>	<b>591,951</b>		
<b>NON-GAAP CHANGE IN FUND BALANCE</b>			<b>\$ (643,155)</b>	
<b>CHANGE IN:</b>				
Accounts receivable			34,622	
Accounts payable			-	
<b>GAAP CHANGE IN FUND BALANCE</b>			<b>\$ (608,533)</b>	

CIBOLA COUNTY, NEW MEXICO

Statement of Revenues and Expenditures -  
Major Governmental Funds -  
Budget and Actual (Non-GAAP Budgetary Basis) - continued

YEAR ENDED JUNE 30, 2010

	SPECIAL REVENUE INDIGENT FUND			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Local taxes	\$ 546,049	546,049	314,022	(232,027)
Intergovernmental revenue	1,188,287	1,188,287	844,522	(343,765)
Miscellaneous	2,000	2,000	8,000	6,000
<b>TOTAL REVENUES</b>	<b>1,736,336</b>	<b>1,736,336</b>	<b>1,166,544</b>	<b>(569,792)</b>
<b>EXPENDITURES:</b>				
Health and welfare	1,580,787	1,580,787	1,445,222	135,565
Capital outlay	300,000	300,000	300,000	-
<b>TOTAL EXPENDITURES</b>	<b>1,880,787</b>	<b>1,880,787</b>	<b>1,745,222</b>	<b>135,565</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FUNDING SOURCES (USES)</b>	<b>\$ (144,451)</b>	<b>(144,451)</b>	<b>(578,678)</b>	<b>(434,227)</b>
<b>PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET</b>	<b>\$ 144,451</b>	<b>144,451</b>		
<b>NON-GAAP CHANGE IN FUND BALANCE</b>			<b>\$ (578,678)</b>	
<b>CHANGE IN:</b>				
Accounts receivable			82,804	
Accounts payable			-	
<b>GAAP CHANGE IN FUND BALANCE</b>			<b>\$ (495,874)</b>	

CIBOLA COUNTY, NEW MEXICO

Statement of Revenues and Expenditures -  
Major Governmental Funds -

Budget and Actual (Non-GAAP Budgetary Basis) - continued

YEAR ENDED JUNE 30, 2010

	SPECIAL REVENUE FUNDS - GRANTS			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Licenses and permits	\$ 85,500	85,500	39,583	(45,917)
Intergovernmental revenue	621,594	755,057	569,777	(185,280)
Miscellaneous	5,350	5,350	10,185	4,835
<b>TOTAL REVENUES</b>	<b>712,444</b>	<b>845,907</b>	<b>619,545</b>	<b>(226,362)</b>
<b>EXPENDITURES:</b>				
General government	104,242	104,242	66,799	37,443
Public safety	1,110,830	1,169,328	971,930	197,398
Capital outlay	83,445	166,815	90,544	76,271
<b>TOTAL EXPENDITURES</b>	<b>1,298,517</b>	<b>1,440,385</b>	<b>1,129,273</b>	<b>311,112</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers in	580,131	583,567	529,307	(54,260)
Operating transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>580,131</b>	<b>583,567</b>	<b>529,307</b>	<b>(54,260)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FUNDING SOURCES (USES)</b>	<b>\$ (5,942)</b>	<b>(10,911)</b>	<b>19,579</b>	<b>30,490</b>
<b>PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET</b>	<b>\$ 5,942</b>	<b>10,911</b>		
<b>NON-GAAP CHANGE IN FUND BALANCE</b>			<b>\$ 19,579</b>	
<b>CHANGE IN:</b>				
Accounts receivable			-	
Accounts payable			-	
<b>GAAP CHANGE IN FUND BALANCE</b>			<b>\$ 19,579</b>	

**CIBOLA COUNTY, NEW MEXICO**

**Statement of Net Assets - Proprietary Fund**

**AS OF JUNE 30, 2010**

		<u>Prison Facility</u>
<b>ASSETS:</b>		
Current:		
Cash and investments	\$	239,844
Accounts receivable		191,650
Taxes receivable		82,693
Prepaid expenses		<u>174,960</u>
Total current assets		689,147
Capital assets, net		<u>6,450,004</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>7,139,151</u></b>
<b>LIABILITIES:</b>		
Current:		
Accounts payable	\$	87,846
Accrued wages and benefits		90,223
Inmate trust accounts		10,086
Due to other funds		565,008
Compensated absences, current		<u>88,704</u>
Total current liabilities		841,867
Compensated absences		<u>47,763</u>
<b>TOTAL LIABILITIES</b>		<b>889,630</b>
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt		6,450,004
Unrestricted		<u>(200,483)</u>
<b>TOTAL NET ASSETS</b>		<b><u>6,249,521</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b><u>7,139,151</u></b>



**CIBOLA COUNTY, NEW MEXICO**

**Statement of Revenues, Expenses and Changes in  
Fund Net Assets - Proprietary Fund**

**YEAR ENDED JUNE 30, 2010**

	<u>Prison Facility</u>
<b>OPERATING REVENUES:</b>	
Fees and services	\$ <u>1,625,835</u>
<b>TOTAL OPERATING REVENUES</b>	1,625,835
<b>OPERATING EXPENSES:</b>	
Salaries, wages and benefits	1,930,678
Materials and supplies	111,115
Contractual services	263,893
Other operating expenses	1,097,846
Depreciation	<u>309,936</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>3,713,468</u>
<b>OPERATING NET LOSS</b>	(2,087,633)
<b>NON-OPERATING INCOME:</b>	
Gross receipts tax	396,480
Miscellaneous	<u>23,180</u>
<b>TOTAL NON-OPERATING INCOME</b>	<u>419,660</u>
<b>LOSS BEFORE TRANSFERS</b>	(1,667,973)
<b>OPERATING TRANSFERS IN</b>	<u>1,772,754</u>
<b>CHANGE IN NET ASSETS</b>	104,781
<b>NET ASSETS, BEGINNING</b>	<u>6,144,740</u>
<b>NET ASSETS, ENDING</b>	\$ <u><u>6,249,521</u></u>

CIBOLA COUNTY, NEW MEXICO

Statement of Cash Flows - Proprietary Fund

YEAR ENDED JUNE 30, 2010

	<u>Prison Facility</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from prisoner care	\$ 1,502,268
Cash payments to employees	(1,398,637)
Cash payments to vendors	<u>(1,989,873)</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	(1,886,242)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>	
Tax receipts	396,480
Miscellaneous revenue	23,180
Operating transfers from other funds	<u>1,772,754</u>
<b>NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES</b>	2,192,414
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Acquisition of capital assets	<u>(72,272)</u>
<b>NET CASH USED BY OPERATING AND FINANCING ACTIVITIES</b>	<u>(72,272)</u>
<b>NET INCREASE IN CASH</b>	233,900
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>5,944</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 239,844</u>

CIBOLA COUNTY, NEW MEXICO

Statement of Cash Flows - Proprietary Fund - continued

YEAR ENDED JUNE 30, 2010

	<u>Prison Facility</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS)</b>	
<b>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	
Operating loss	\$ (2,087,633)
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)</b>	
<b>TO NET CASH FLOWS:</b>	
Depreciation expense	309,936
<b>CHANGES IN ASSETS AND LIABILITIES:</b>	
Receivables	(123,568)
Prepaid expenses	(174,960)
Accounts payable	18,832
Accrued wages and benefits	84,076
Compensated absences	82,438
Inmate trust accounts	<u>4,637</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>\$ <u>(1,886,242)</u></b>

**CIBOLA COUNTY, NEW MEXICO**

**Statement of Net Assets - Component Unit**

**AS OF JUNE 30, 2010**

	<u><b>Cibola General Hospital</b></u>
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 2,307,906
Patient accounts receivable, net of allowance for doubtful accounts of \$944,185 and \$964,608 in 2010 and 2009, respectively	4,423,488
Prepaid expenses	311,045
Inventories	233,249
Other receivables	<u>6,025</u>
<b>TOTAL CURRENT ASSETS</b>	7,281,713
<b>ASSETS LIMITED AS TO USE (Note 13.4)</b>	7,128,107
<b>PROPERTY AND EQUIPMENT, net (Note 13.5)</b>	<u>5,239,761</u>
<b>TOTAL ASSETS</b>	\$ <u>19,649,581</u>
<b>LIABILITIES AND NET ASSETS:</b>	
<b>CURRENT LIABILITIES:</b>	
Accounts payable	\$ 703,981
Accrued liabilities (Note 13.6)	815,422
Deferred revenue	154,827
Other liabilities	<u>54,110</u>
<b>TOTAL CURRENT LIABILITIES</b>	1,728,340
<b>COMMITMENTS AND CONTINGENCIES (Notes 13.7 through 13.11)</b>	
<b>NET ASSETS:</b>	
Unrestricted	<u>17,921,241</u>
<b>TOTAL NET ASSETS</b>	<u>17,921,241</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ <u>19,649,581</u>

**CIBOLA COUNTY, NEW MEXICO**

**Statement of Revenues, Expenses and Changes in  
Net Assets - Component Unit**

**YEAR ENDED JUNE 30, 2010**

	<u><b>Cibola General Hospital</b></u>
<b>REVENUES:</b>	
Net patient service revenue (Note 13.3)	\$ 25,810,673
Mil levy (Note 13.7)	1,131,447
Other	<u>150,276</u>
<b>TOTAL REVENUES</b>	<b>27,092,396</b>
<b>EXPENSES:</b>	
Salaries and wages	9,248,090
Purchased services and other	4,394,969
Supplies	2,157,814
Payroll taxes and benefits	2,108,870
Utilities, insurance, rentals and repairs	1,529,173
Professional fees	895,847
Depreciation and amortization	857,431
Provision for bad debts	<u>2,892,571</u>
<b>TOTAL EXPENSES</b>	<b><u>24,084,765</u></b>
<b>OPERATING INCOME</b>	<b>3,007,631</b>
<b>OTHER INCOME:</b>	
Investment income	159,058
Loss on sale of property & equipment	(63,741)
Other expense	<u>(10,179)</u>
<b>TOTAL OTHER INCOME</b>	<b><u>85,138</u></b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>3,092,769</b>
Change in net unrealized losses on other than trading securities	(23,404)
Contributions	<u>300,380</u>
<b>CHANGE IN NET ASSETS</b>	<b>3,369,745</b>
<b>NET ASSETS, BEGINNING</b>	<b><u>14,551,496</u></b>
<b>NET ASSETS, ENDING</b>	<b>\$ <u><u>17,921,241</u></u></b>

CIBOLA COUNTY, NEW MEXICO

Statement of Cash Flows - Component Unit

YEAR ENDED JUNE 30, 2010

	<u>Cibola General Hospital</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers	\$ 22,362,304
Cash received from mil levys and other	1,582,103
Cash payments to suppliers	(9,031,863)
Cash paid for payroll, payroll taxes and benefits	(11,255,429)
Interest received	159,058
Other expense	<u>(63,741)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	3,752,432
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Sales and maturities of investments	750,000
Purchases of investments	(2,228,697)
Capital expenditures	<u>(1,450,192)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(2,928,889)
<b>NET INCREASE (DECREASE) IN CASH</b>	823,543
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,484,363</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ <u><u>2,307,906</u></u>

**CIBOLA COUNTY, NEW MEXICO**

**Statement of Cash Flows - Component Unit - continued**

**YEAR ENDED JUNE 30, 2010**

		<u>Cibola General Hospital</u>
<b>RECONCILIATION OF NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Change in net assets	\$	3,369,745
<b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Provision for bad debts		2,892,571
Depreciation and amortization		857,431
Loss on disposal of assets		10,179
Unrealized loss on investments		23,404
<b>CHANGES IN OPERATING ASSETS AND LIABILITIES:</b>		
Patients accounts receivable		(3,462,931)
Other receivables		19,325
Inventories		(29,941)
Prepaid expenses		(29,364)
Accounts payable		(208,455)
Accrued liabilities		101,531
Deferred revenue		154,827
Other liabilities		<u>54,110</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$</b>	<b><u>3,752,432</u></b>

CIBOLA COUNTY, NEW MEXICO

Statement of Fiduciary Assets and Liabilities - Agency Funds

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AS OF JUNE 30, 2010

	<u>Agency Funds</u>
<b>ASSETS:</b>	
Cash	\$ <u>90,389</u>
<b>TOTAL ASSETS</b>	\$ <u><u>90,389</u></u>
<b>LIABILITIES:</b>	
Deposits held in trust for others	\$ <u>90,389</u>
<b>TOTAL LIABILITIES</b>	\$ <u><u>90,389</u></u>



## NATURE OF ORGANIZATION

Cibola County (the 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.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- **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.

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.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued****• Financial Reporting Entity - continued**

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. The Hospital does not qualify to be reported using the governmental format. See Note 13 of these financial statements for the Summary of Significant Accounting Policies for the Hospital. 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, 2010.

**• 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 non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. **Governmental activities**, which normally are supported by taxes and intergovernmental revenues, are reported separately from **business-type activities**, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. **Direct expenses** are those that are clearly identifiable with a specific function or segment and include depreciation expense. Indirect cost (if applicable) is included as general government activity. **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 statement. Major individual governmental funds are reported as separate columns in the fund financial statements.

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.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued****• Government-wide and Fund Financial Statements - continued**

Financial Accounting Standards Board (FASB) Codification Statements 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 FASB Codification Statements for their entity-wide statements, subject to this same limitation. The government has elected not to follow subsequent FASB Codification Statements.

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 **non-operating** 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 non-operating 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.

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. (All derived tax revenues are net of refunds and uncollectible amounts, if applicable.)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

• Government-wide and Fund Financial Statements - continued

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

**Government-mandated non-exchange transactions and voluntary non-exchange 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.

The County reports the following major governmental funds:

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

The **Road Fund** is used 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.

The **Indigent Fund** is used 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

• Government-wide and Fund Financial Statements - continued

**Grant Funds** are used 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.

• Cash and Cash 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.

The County has an investment policy which provides for the following investments in accordance with State Statutes 6-10-10 and 6-10-10.1 NMSA 1978:

- A. U.S. Government Obligations. Securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States, the federal home loan mortgage association, the federal national mortgage association, the federal farm credit bank, the federal home loan bank or the student loan marketing association or are backed by the full faith and credit of the U.S. Government.
- B. Bonds or negotiable securities of the State of New Mexico or a county, municipality or school district that has a taxable valuation of real property for the last preceding year of at least one million dollars (\$1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within the last preceding five years.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued****• Cash and Cash Investments - continued**

- C. Repurchase Agreements. Contracts for the present purchased and resale at a specified time in the future of specific prices at a price differential representing the interest income to be earned by the County. No such contract shall be invested in unless the contract is fully secured by having a market value of at least one hundred to percent (102%) of the amount of the contract.
- D. Bank, Savings and Loan Association or Credit Union Deposits are allowed in certified and designated financial institutions whose deposits are insured by an agency of the United States. A deposit in any credit union shall be limited to the amount insured by an agency of the United States.

**• 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.

**• Prepaid Items**

Payments made to vendors for services that will benefit periods beyond the year-end are recorded as prepaid items in the government-wide and proprietary fund financial statements.

**• Capital Assets**

Capital assets, which include software, property, plant, equipment and infrastructure assets (consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial individual cost of more than \$5,000 (the County has adopted Section 12-6-10 NMSA 1978) and estimated useful life of more than one year. All purchased capital assets are valued at cost when historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

• **Capital Assets - continued**

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 building improvements	15 to 40 years
Machinery, equipment and software	5 to 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, NMSA1978, 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.

• **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 are recognized as a liability when earned. For proprietary funds, vacation costs are recognized as a liability when earned.

• **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.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

- **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** – Amounts which have not been reserved for any purpose. These funds are available for unrestricted usage by the County.

- **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.

- **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.

- **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 1st of each year based on the assessed value on the prior January 1 and are payable in two equal installments on November 10<sup>th</sup> of the year in which the tax bill is prepared and April 10<sup>th</sup> of the following year, with taxes becoming delinquent 30 days thereafter. Collections and remittance of County property taxes are accounted for in the County Treasurer Agency Funds.



**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued****• Property Taxes - continued**

Therefore, revenues for budgetary purposes are recorded when taxes are distributed to the General Operating and Debt Service Funds.

**• Budgets**

Actual amounts on the budgetary basis are prepared on the accrual basis of accounting. Budgeted amounts are prepared on the cash 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.

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. The County has no encumbrance.

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.

**• 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

- **Use of Estimates - continued**

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 (the Department) for the County. The Department does not track the total receivable or uncollectible amounts. As an alternative, the County estimated the net receivable based on the Department's historical delinquent payment information.

2. CASH AND CASH EQUIVALENTS

- **Deposits**

Custodial Credit Risk. 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, 2010, of the County's bank balances of \$8,990,187, \$7,916,200 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	\$ 8,240,187
Uninsured and uncollateralized	<u>323,987</u>
Total	\$ <u>7,916,200</u>

In accordance with County Resolution No. 09-26, the County is required to collateralize an amount equal to 102% of the public money in excess of \$250,000 at each financial institution, per depository type.

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

2. CASH AND CASH EQUIVALENTS - continued

• **Investments - continued**

amount of investments or deposits at any single institution or with any single issuer. Wells Fargo holds 80% of the County's money market and commercial paper investments.

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 Wells Fargo Bank and Bank of New York are invested in instruments with maturities of 90 days or less.

Investments consist of money market and commercial paper, whose fair market value as of June 30, 2010 was \$7,113,553.

• **Credit Rating Risk**

The Wells Fargo Advantage Money Market Fund is rated AAAM. Commercial paper consists of Federal National Mortgage Association, Federal Farm Credit Banks and Freddie Mac, all of which are rated AAA.

3. ACCOUNTS RECEIVABLES

• **Governmental Funds**

Governmental funds had the following taxes receivable at June 30, 2010:

	<u>Receivable</u>	<u>Allowance</u>	<u>Net Receivable</u>
Property	\$ 1,457,341	168,004	1,289,337
Gross Receipts	681,495	-	681,495
Motor vehicle	23,607	-	23,607
Gas	15,520	-	15,520
Cigarette	<u>57</u>	<u>-</u>	<u>57</u>
Total taxes receivable	\$ <u>2,178,020</u>	<u>168,004</u>	<u>2,010,016</u>

• **Proprietary Funds**

Accounts receivable of \$191,650 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 \$82,693 in gross receipts tax receivable at year end.

Notes to Financial Statements - continued

4. INTER-FUND OPERATING TRANSFERS

Inter-fund transfers for the year ended June 30, 2010 consisted of the following:

Fund	Transfers In	Transfers Out
<b>Governmental Funds:</b>		
General Fund	\$ 15,000	2,430,054
Grants Funds	529,307	-
VFD Funds	30,000	-
Farm Improvement Fund	12,382	-
Recreation Fund	93,561	-
County Fire Protection Fund	-	45,000
Reappraisal Fund	<u>22,050</u>	<u>-</u>
<b>Total General Fund</b>	702,300	2,475,054
<b>Enterprise Fund:</b>		
Prison Facility	<u>1,772,754</u>	<u>-</u>
<b>Total All Funds</b>	\$ <u>2,475,054</u>	<u>2,475,054</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.

5. INTER-FUND BALANCES

Inter-fund balances for the year ended June 30, 2010 consisted of the following:

Due From Other Funds:	Amount
General Fund	\$ <u>739,750</u>
Total All Funds	\$ <u>739,750</u>
<b>Due To Other Funds:</b>	
Governmental Funds:	
Grants	\$ 153,981
Cubero VFD Construction	134
Computer Equipment and Software	1,278
Computer Equipment and Software DS	<u>19,349</u>
Total Governmental Fund	174,742

5. INTER-FUND BALANCES - continued

Due To Other Funds - continued:	Amount
<b>Enterprise Fund:</b>	
Prison Facility	\$ <u>565,008</u>
Total All Funds	\$ <u>739,750</u>

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

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

## 6. CAPITAL ASSETS

A summary of changes in capital assets follows:

<u>Governmental Activities</u>	<u>Balance June 30, 2009</u>	<u>Restatement</u>	<u>Balance June 30, 2009 as restated</u>	<u>Additions</u>	<u>Deletions/ Reclassifications</u>	<u>Balance June 30, 2010</u>
Capital assets not being depreciated:						
Land	\$ 84,000	-	84,000	-	-	84,000
Land - infrastructure	2,754,454	-	2,754,454	-	-	2,754,454
Work in process	<u>668,405</u>	<u>-</u>	<u>668,405</u>	<u>-</u>	<u>-</u>	<u>668,405</u>
Total capital assets not depreciated	3,506,859	-	3,506,859	-	-	3,506,859
Capital assets being depreciated:						
Buildings and improvements	7,100,255	-	7,100,255	2,900	-	7,103,155
Furniture and equipment	4,694,528	-	4,694,528	482,116	-	5,176,644
Vehicles	2,112,363	-	2,112,363	496,734	-	2,609,097
Infrastructure	13,315,067	-	13,315,067	413,109	-	13,728,176
County Hospital	<u>11,430,000</u>	<u>-</u>	<u>11,430,000</u>	<u>-</u>	<u>-</u>	<u>11,430,000</u>
Total capital assets being depreciated	<u>38,652,213</u>	<u>-</u>	<u>38,652,213</u>	<u>1,394,859</u>	<u>-</u>	<u>40,047,072</u>
Total capital assets	42,159,072	-	42,159,072	1,394,859	-	43,553,931
Less accumulated depreciation for:						
Buildings and improvements	(1,860,864)	-	(1,860,864)	(279,656)	-	(2,140,520)
Furniture and equipment	(3,413,535)	451,667	(2,961,868)	(280,625)	-	(3,242,493)
Vehicles	(1,549,387)	227,520	(1,321,867)	(145,892)	-	(1,467,759)
Infrastructure	(11,453,076)	-	(11,453,076)	(477,248)	-	(11,930,324)
County Hospital	<u>(3,520,342)</u>	<u>(115,825)</u>	<u>(3,636,167)</u>	<u>(384,333)</u>	<u>-</u>	<u>(4,020,500)</u>
Total accumulated depreciation	<u>(21,797,204)</u>	<u>563,362</u>	<u>(21,233,842)</u>	<u>(1,567,754)</u>	<u>-</u>	<u>(22,801,596)</u>
Total capital assets, depreciated, net	<u>16,855,009</u>	<u>563,362</u>	<u>17,418,371</u>	<u>(172,895)</u>	<u>-</u>	<u>17,245,476</u>
Governmental activities, total capital assets, net	\$ <u>20,361,868</u>	<u>563,362</u>	<u>20,925,230</u>	<u>(172,895)</u>	<u>-</u>	<u>20,752,335</u>

Notes to Financial Statements - continued

6. CAPITAL ASSETS - continued

<u>Business-Type Activities:</u>	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Capital assets not being depreciated:				
Land	\$ 124,966	-	-	124,966
Capital assets being depreciated:				
Buildings and improvements	7,723,371	-	-	7,723,371
Furniture and equipment	390,409	23,667	-	414,076
Vehicles	<u>112,019</u>	<u>48,605</u>	-	<u>160,624</u>
Total capital assets being depreciated	<u>8,225,799</u>	<u>72,272</u>	-	<u>8,298,071</u>
Total capital assets	8,350,765	72,272	-	8,423,037
Total accumulated depreciation	<u>(1,663,097)</u>	<u>(309,936)</u>	-	<u>(1,973,033)</u>
Business-type activities, total capital assets, net	\$ <u>6,687,668</u>	<u>(237,664)</u>	-	<u>6,450,004</u>

Depreciation expense was charged to the functions of the primary government, as follows:

Governmental activities:	
General government	\$ 203,809
Public safety	391,938
Public works	470,326
Culture and recreation	125,420
Health and welfare	<u>376,261</u>
	1,567,754
Business-type activities:	<u>309,936</u>
Total depreciation expense	\$ <u>1,877,690</u>

**CIBOLA COUNTY, NEW MEXICO**

**Notes to Financial Statements - continued**

**7. LONG-TERM DEBT**

The changes to long-term debt during the year ended June 30, 2010 are as follows:

	<u>Balance</u> <u>June 30, 2009</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Amounts</u> <u>Due</u> <u>Within</u> <u>One Year</u>
Long-term notes	\$ 1,570,169	-	196,708	1,373,461	192,567
GRT revenue bonds	10,985,000	-	600,000	10,385,000	620,000
Compensated absences	<u>110,895</u>	<u>271,353</u>	<u>110,895</u>	<u>271,353</u>	<u>271,353</u>
Total long-term debt	<u>\$ 12,666,064</u>	<u>271,353</u>	<u>907,603</u>	<u>12,029,814</u>	<u>1,083,920</u>

• **Long-term Notes Payable**

The County is obligated to the New Mexico Finance Authority under certain notes that are accounted for as 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:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	100,300	15,478	115,778
2016 to 2020	223,312	40,982	264,294
2021 to 2025	207,901	30,757	238,658
2026 to 2029	<u>147,507</u>	<u>11,900</u>	<u>159,407</u>
Total	<u>1,373,461</u>	<u>194,200</u>	<u>1,567,661</u>

The County is obligated to pay the New Mexico Finance Authority \$32,083 in fees over the lives of the loans.



**7. LONG-TERM DEBT - continued**NMFA Loan – Cibola County Computers

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 systems. 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 \$292,060. Principal and interest paid for the current year and total gross receipts tax revenues were \$88,331 and \$128,017, respectively.

NMFA Loan – Solid Waste Authority

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 \$238,356. Principal and interest paid for the current year and total environmental gross receipts tax revenues were \$51,342 and \$46,197, respectively.

NMFA Loan – Volunteer Fire Departments

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 loans 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 is \$1,037,245. Principal and interest paid for the current year and total environmental gross receipts tax revenues were \$94,358 and \$296,235, respectively.

7. LONG-TERM DEBT - continued

• Long-term Bonds Payable

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	730,000	353,987	1,083,987
2016 to 2020	2,365,000	1,352,843	3,717,843
2021 to 2025	1,620,000	966,156	2,586,156
2026 to 2030	2,055,000	530,948	2,585,948
2031 to 2032	<u>965,000</u>	<u>69,349</u>	<u>1,034,349</u>
Total	<u>10,385,000</u>	<u>4,974,759</u>	<u>15,359,759</u>

2006A and 2006B GRT Refund Revenue Bonds

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 loan required less than 28 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$15,359,759. Principal and interest paid for the current year and total gross receipts tax revenues were \$1,091,463 and \$2,453,355, respectively. Total gross receipts tax revenues committed for all pledged revenues amounts to \$736,006 and is 30 percent of total gross receipts tax revenues in the current year.

• 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 \$10,385,000 at June 30, 2010. Interest of \$491,463 was paid on this bond during the current year.

7. LONG-TERM DEBT - continued

• **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)	1- 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.

8. LONG-TERM DEBT – ENTERPRISE FUNDS

The changes to long-term debt are as follows:

	Balance June 30, 2009	Increase	(Decrease)	Balance June 30, 2010	Amounts Due Within One Year
Compensated absences	\$ <u>54,029</u>	<u>97,423</u>	<u>(14,985)</u>	<u>136,467</u>	<u>88,704</u>

## 9. PROPERTY TAX ROLL RECONCILIATION

Uncollected taxes at June 30, 2009	\$ 2,699,451
Net changes to tax roll	314,090
Changes in tax years:	
Elimination of tax year 1999 - uncollected portion	(36,791)
Establishment of tax year 2009	9,098,140
Taxes collected during fiscal year	<u>(7,911,059)</u>
Uncollected property taxes at June 30, 2010	4,163,831
Allowance for doubtful accounts	<u>(480,009)</u>
Uncollected net taxes at June 30, 2010	3,683,822
Less taxes receivable collected in agency funds	<u>(2,394,485)</u>
County portion of property taxes receivable	1,289,337
Add gross receipts and other taxes receivable	<u>720,679</u>
Net taxes receivable - governmental funds	\$ <u>2,010,016</u>
Net taxes charged to Treasurer at June 30, 2009	\$ 57,038,442
Net change to tax roll	314,090
Changes in tax years:	
Elimination of tax year 1999	(36,791)
Establishment of tax year 2009	<u>9,098,140</u>
Net taxes charged to Treasurer at June 30, 2010	\$ <u>66,413,881</u>

**9. PROPERTY TAX ROLL RECONCILIATION - continued**

Property taxes receivable by years:

2000	\$ 36,446
2001	57,071
2002	141,853
2003	223,883
2004	322,886
2005	384,288
2006	578,839
2007	453,149
2008	778,335
2009	<u>1,187,081</u>
	<u>\$ 4,163,831</u>

**10. RETIREMENT PLAN**

• **PERA Plan Description**

Substantially all of the County's full-time employees participate in a public employee retirement system authorized under the Public Employees' Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

• **Funding Policy**

Plan members are required to contribute 7% of their gross salary. The County is required to make a matching contribution of 7% to 15% for covered employees. The contribution requirements of plan members and the County are established in State statute 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 ended June 30, 2010, 2009 and 2008 were \$402,668, \$355,722 and \$332,829, respectively, equal to the amount of the required contributions for each fiscal year.

**11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN****• Plan Description**

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

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

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

**• Funding Policy**

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://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. During the fiscal year ended June 30, 2010, the statute required each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee was required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through 2013, the contribution rates for employees and employers will rise as follows:

**11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN - continued**

• **Funding Policy - continued**

For employees who are not members of an enhanced retirement plan, the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	1.666%	.833%
FY12	1.834%	.917%
FY13	2.000%	1.000%

For employees who are members of an enhanced retirement plan (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4 and 5; municipal fire member coverage plan 3,4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]), the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	2.084%	1.042%
FY12	2.292%	1.146%
FY13	2.500%	1.250%

Also, employers joining the program after January 1, 1998 are 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.

The County's contributions to the RHCA for the years ended June 30, 2010, 2009 and 2008 were \$72,666, \$45,527 and \$38,089, respectively, which equal the required contributions for each year.

**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.

**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. The premium that each county pays depends upon the payroll total and the loss experience specific to that county. For fiscal year ended 2010, Cibola County contributed \$130,211 to the Workers' Compensation Pool. The self-insured retention level for the pool during the period of coverage July 1, 2009 through June 30, 2010, 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. Cibola County paid premiums of \$124,774 for the calendar year ended December 31, 2010. Cibola County paid premiums to the Law Enforcement Liability pool of \$362,536 for the year ended December 31, 2010.

The self-insured retention level for this pool during the period of coverage January 1, 2010 through December 31, 2010 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.

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, 2010, 2009 and 2008.



**12. RISK MANAGEMENT - continued**

The New Mexico County Insurance Authority has published its own financial reports for the fiscal year ended June 30, 2010, 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, 2010, 2009 and 2008.

**13. CIBOLA GENERAL HOSPITAL**

**13.1 Organization**

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

The Hospital meets the criteria set forth in accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB) for inclusion as a component unit of Cibola County (the 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 million property tax levy which was approved by the voters of the 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 Hospital'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.

13. CIBOLA GENERAL HOSPITAL - continued

13.2 Summary of Significant Accounting Policies

• 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. As of June 30, 2010, the Hospital had approximately \$1.3 million in patient accounts receivable past 90 days or older.

• Inventories

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

• 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 to 20 years
Buildings and land improvements	10 to 40 years

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

**13. CIBOLA GENERAL HOSPITAL - continued****13.2 Summary of Significant Accounting Policies – continued****• Property and Equipment - continued**

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.

**• 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 Hospital 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.

**• Deferred Revenue**

The Hospital recognizes grant and contract revenues in the accounting period when the related expenditure is incurred and the revenue is earned. Deferred revenue represents cash advances to the Hospital that have not been earned.

**• 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.

**• Operating Revenues**

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

**• 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.

**• 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,

**13. CIBOLA GENERAL HOSPITAL - continued****13.2 Summary of Significant Accounting Policies – continued****• Excess of Revenues over Expenses - continued**

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).

**• 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.

**• 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.

**• Risk Management**

The Hospital 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 Hospital has obtained commercial insurance coverage to protect itself against such losses.

**• 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.

**13. CIBOLA GENERAL HOSPITAL - continued****13.2 Summary of Significant Accounting Policies – continued****• Income Taxes**

The Hospital is a non-profit corporation and qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and is classified as other than a private foundation. As such, its normal activities do not result in any income tax liability.

In 2006, FASB issued authoritative guidance relating to the accounting for the uncertainty in income taxes, which was effective for the Hospital for the year ended June 30, 2010. The guidance clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with GAAP. The guidance also requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Hospital's information returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. In addition, guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition was also provided. As of June 30, 2010, the Hospital performed a comprehensive review of its material tax positions in accordance with recognition and measurement standards established by GAAP. As a result of this review, the Hospital qualified as a tax exempt organization under Section 501(c)(3) of the IRC and had no income derived from unrelated business activities and did not identify any entity level tax positions that would not meet the more-likely-than-not threshold.

The Hospital files informational tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Hospital is subject to examination by federal, state, local and foreign jurisdictions, where applicable. As of June 30, 2010, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are from the year ended June 30, 2008 and forward.

The Hospital would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. There was no such interest or penalties recorded for the years ended June 30, 2010 and 2009.

**• 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.

**13. CIBOLA GENERAL HOSPITAL - continued****13.2 Summary of Significant Accounting Policies – continued****• 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.

**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 non-acute services and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary.

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

Net revenue from the Medicare and Medicaid programs accounted for approximately 35% and 34% of the Hospital's net patient service revenue for the years ended June 30, 2010 and 2009, 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 2008 and prior have been settled and 2009 remains open. Medicaid cost reports for 2008 and prior have been settled and 2009 remains open. Management believes that estimated settlements accrued for June 30, 2010 are adequate to provide for the settlement of all open cost reports. The 2010 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.

**13. CIBOLA GENERAL HOSPITAL - continued**

**13.3 Net Patient Service Revenue - continued**

Net patient service revenue consists of the following at June 30, 2010:

Inpatient gross charges	\$ 13,425,732
Outpatient gross charges	24,389,860
Sole community provider	<u>5,373,323</u>
	43,188,915
Less:	
Third-party contractual discounts and allowances	16,486,932
Un-sponsored charges, including charity care	<u>891,310</u>
Net patient service revenue	\$ <u>25,810,673</u>

**13.4 Assets Limited as to Use and Fair Value Measurement**

• **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, 2010:

Certificates of deposit	\$ 5,334,901
Money market	1,755,685
Interest receivable	<u>37,521</u>
Total assets limited as to use	\$ <u>7,128,107</u>

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

• **Fair Value of Financial Instruments**

Effective January 1, 2008, the Hospital adopted FASB ASC 820-10, which provides a framework for measuring fair value under GAAP and expands disclosures about fair value measurement. ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820-10 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels. The three levels defined by the ASC 820-10 hierarchy are as follows:

**13. CIBOLA GENERAL HOSPITAL - continued**

**13.4 Assets Limited as to Use and Fair Value Measurement - continued**

• **Fair Value of Financial Instruments - continued**

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 - Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability (such as interest rates and yield curves, prepayment speeds, loss credit risk, etc.)

Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Unobservable inputs shall be developed based on the best information available in the circumstances, which might include the reporting entity's own data and assumptions.

There are three general valuation techniques that may be used to measure fair value, as described below:

Market approach – Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources;

Cost approach – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

Income approach – Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.



13. CIBOLA GENERAL HOSPITAL - continued

13.4 Assets Limited as to Use and Fair Value Measurement - continued

• Fair Value of Financial Instruments - continued

Fair value of assets measured on a recurring basis at June 30, 2010 are as follows:

<u>Fair Value Measurements at Reporting Date Using</u>				
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets limited as to use	\$ 7,128,107	7,128,107	-	-
Total	\$ 7,128,107	7,128,107	-	-

In January 2010, the Financial Accounting Standards Board released ASU 2010-06, *Improving Disclosures about Fair Value Measurements*. ASU 2010-06 is effective for annual and interim reporting periods beginning after December 15, 2009. The Hospital's management is in the process of reviewing ASU 2010-06 to determine future applicability.

**13. CIBOLA GENERAL HOSPITAL - continued**

**13.5 Property and Equipment**

Property and equipment consists of the following at June 30, 2010:

Non-depreciable assets:	
Land	\$ 733,729
Construction in progress	<u>273,058</u>
Total non-depreciable assets	1,006,787
Depreciable assets:	
Building and land improvements	2,852,798
Equipment	<u>6,449,004</u>
Total depreciable assets	9,301,802
Less accumulated depreciation and amortization	<u>5,068,828</u>
Net appreciable assets	<u>4,232,974</u>
Total property and equipment, net	\$ <u>5,239,761</u>

**13.6 Accrued Liabilities**

Accrued liabilities consisted of the following at June 30, 2010:

Accrued paid time off	\$ 482,988
Accrued wages	304,871
Accrued payroll taxes	-
Other	<u>27,563</u>
Total accrued liabilities	\$ <u>815,422</u>

13. CIBOLA GENERAL HOSPITAL - continued

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 1998. The Hospital recorded \$1,131,447 in the year ended June 30, 2010 in mil levy proceeds. The amount was 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.

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 year ended June 30, 2010. 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.

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 prior fiscal year, 2009, 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. Total rental expense in 2010 was \$262,026.

The following schedule details future minimum lease payments as of June 30, 2010, for operating leases with initial or remaining lease terms in excess of one year:

2011	\$	59,373
2012		44,870
2013		1,978
2014 and thereafter		<u>          </u>
	\$	<u>106,221</u>

**13. CIBOLA GENERAL HOSPITAL - continued**

**13.9 Commitments and Contingencies - continued**

• **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.

• **Subsequent Events**

Management has evaluated subsequent events through September 9, 2010 to determine whether such events should be recorded or disclosed in the financial statements or notes for the year ended June 30, 2010. The date through which events were reviewed represents the date the financial statements were available to be issued. Management does not believe there to be any material subsequent events to disclose as of this date.

**13.10 Retirement Plan**

The Hospital 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 Trustees. Company matching contributions to the Plan totaled \$62,758 in 2010.

**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, 2010 was as follows:

Medicare	18%
Medicaid	18%
Commercial insurance	10%
All other payors	<u>54%</u>
	<u>100%</u>

13. CIBOLA GENERAL HOSPITAL - continued

13.11 Concentration of Credit Risk - continued

QHR manages the Hospital pursuant to a five-year agreement effective December 1, 2006 through December 1, 2011, between QHR and the Hospital, whereby the Hospital reimburses QHR 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 QHR. 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 QHR could have an adverse effect on the operations of the Hospital due to the loss of key management personnel and loss of 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.

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:

Health care services	\$ 16,051,845
General and administrative	<u>8,032,920</u>
Total functional expenses	<u>\$ 24,084,765</u>

14. RESERVED FUND BALANCE

The New Mexico Department of Finance and Administration (DFA) requires that 3/12 of budgeted expenditures be reserved as subsequent-year expenditures to maintain an adequate cash flow until the next significant property tax collection. The County reserves 3/12 of budgeted expenditures (\$1,341,522). DFA also requires a 1/12 reserve for county road funds (\$147,668).

15. CONTINGENCIES

• Litigation

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

15. CONTINGENCIES - continued

- **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, 2010, management estimates that no material liabilities will result from such audits.

16. OPERATING LEASES

The County is obligated to John Deere Credit under a lease accounted for as an operating lease. The lease is a five-year lease and is for the use of a grader. Monthly payments are \$1,807. Rent expense related to operating leases was \$23,487 for 2010.

The minimum lease payments for all leases are as follows:

2011		\$	21,680	
2012			18,067	
		\$	39,747	

17. 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.

Notes to Financial Statements - continued

17. CONTINGENT DEBT OBLIGATION - continued

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.

18. SPECIAL ALLOCATIONS

The County had the following special allocations at year end:

<u>Project Title</u>	<u>Award</u>	<u>Balance June 30, 2010</u>	<u>Term</u>	<u>Expenditures In FY 2010</u>
Cibola Ball Fields	\$ 250,000	7,952	07/06 – 06/10	-
County Complex	297,000	4,697	07/07 – 06/11	3,468
Family Center	40,000	8,827	07/07 – 06/11	-
District Attorney	50,000	26,513	07-07 – 06/11	5,505
Hospital Equipment	50,000	2,295	07-07 – 06/11	1,030
Lobo Fire	40,000	-	07/07 – 06/11	40,000
Lobo Fire	40,000	-	07/07 – 06/12	30,335
County/Courts	163,350	31,986	07/08 – 06/12	-
County/Courts	50,000	26,059	07/08 – 06/12	-
Pioneer Cemetery	25,000	13	07/08 – 06/12	2,284
Hospital Expansion	166,980	166,980	06/09 – 06/12	-
Hospital Expansion	355,110	221,605	06/09 – 06/12	133,505

19. RESTATEMENTS

The restatements are disclosed in order to display the flow of financial activity that cannot be stated elsewhere.

Fund Balance – General Fund: In the prior year, an investment account was overstated; balances were corrected in fiscal year 2010.

19. RESTATEMENTS - continued

As a result of the restatement, the June 30, 2009 fund balance in the General Fund was decreased by \$59,663.

	<u>General Fund</u>
Fund balance, beginning of year, as previously stated	\$ 9,351,974
Restatement	<u>(59,663)</u>
	\$ <u>9,292,311</u>

Net Assets: Due to this restatement, net assets was overstated by \$59,663. In addition, during the current year, accumulated depreciation was restated at the government-wide level. This accumulated depreciation restatement caused net assets to be understated by \$563,362. The net understatement of these two restatements of \$503,699 will be corrected in the current fiscal year.

	<u>Governmental Activities</u>
Fund balance, beginning of year, as previously stated	\$ 25,915,422
Restatement	<u>503,699</u>
	\$ <u>26,419,121</u>

20. OTHER MATTERS

The County was involved in a legal fee dispute with a law firm during the 2010 fiscal year. The County believed it over paid the law firm for services provided and that the County should be reimbursed the amount of overpayment. A settlement agreement was reached for repayment of approximately \$29,000 to the County. Final payment was received from the law firm in June 2010, satisfying the settlement agreement.

20. NEW PRONOUNCEMENTS

Effective for fiscal years beginning after June 15, 2010, GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, will provide modifications to, and additional types of, fund balance classifications. This statement will enhance the usefulness of fund balance information to provide more consistency among the classifications and will establish reporting standards for all governments that report governmental funds. Although early implementation is encouraged, Cibola County has decided to implement this new pronouncement for fiscal year ending June 30, 2011. The impact on the Department's financial statements has not yet been determined.



**SUPPLEMENTARY INFORMATION**

CIBOLA COUNTY, NEW MEXICO

Debt Service Fund -  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 25,100	25,100	2,433,481	2,408,381
Interest	<u>2,032,802</u>	<u>3,196,968</u>	<u>42,087</u>	<u>(3,154,881)</u>
<b>TOTAL REVENUES</b>	<u>2,057,902</u>	<u>3,222,068</u>	<u>2,475,568</u>	<u>(746,500)</u>
<b>EXPENDITURES:</b>				
Debt service	1,091,563	1,091,563	1,091,563	-
Debt service - other fees	<u>62,800</u>	<u>79,830</u>	<u>69,833</u>	<u>9,997</u>
<b>TOTAL EXPENDITURES</b>	<u>1,154,363</u>	<u>1,171,393</u>	<u>1,161,396</u>	<u>9,997</u>
<b>OTHER FINANCING SOURCES:</b>				
Operating transfers in	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FUNDING SOURCES</b>	\$ <u>903,539</u>	<u>2,050,675</u>	<u>1,314,172</u>	<u>(736,503)</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ <u>903,539</u>	<u>2,050,675</u>	<u>1,314,172</u>	<u>(736,503)</u>
<b>NON-GAAP CHANGE IN FUND BALANCE</b>			1,314,172	
<b>CHANGE IN:</b>				
Accounts receivable			496,895	
Accounts payable			<u>-</u>	
<b>GAAP CHANGE IN FUND BALANCE</b>			<u>1,811,067</u>	

CIBOLA COUNTY, NEW MEXICO

Proprietary Fund -  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2010

	PRISON FACILITY			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Local taxes	\$ 360,000	360,000	313,787	(46,213)
Fees and services	2,600,400	2,600,400	1,625,835	(974,565)
Miscellaneous	<u>17,500</u>	<u>17,500</u>	<u>23,180</u>	<u>5,680</u>
<b>TOTAL REVENUES</b>	2,977,900	2,977,900	1,962,802	(1,015,098)
<b>EXPENDITURES - current:</b>				
Care of prisoners	3,848,903	3,992,421	3,357,049	635,372
Depreciation	277,251	258,233	64,052	194,181
Debt service - principal	-	-	-	-
Debt service - interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	4,126,154	4,250,654	3,421,101	829,553
<b>OTHER FINANCING SOURCES:</b>				
Operating transfers in	<u>1,148,254</u>	<u>2,465,093</u>	<u>1,772,754</u>	<u>692,339</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,148,254</u>	<u>2,465,093</u>	<u>1,772,754</u>	<u>692,339</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FUNDING SOURCES</b>	\$ <u>-</u>	<u>1,192,339</u>	<u>314,455</u>	<u>(877,884)</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ <u>-</u>	<u>1,192,339</u>	<u>314,455</u>	<u>(877,884)</u>
<b>NON-GAAP CHANGE IN FUND BALANCE</b>			314,455	
<b>CHANGE IN:</b>				
Accounts receivable			82,693	
Accounts payable			<u>(292,367)</u>	
<b>GAAP CHANGE IN FUND BALANCE</b>			<u>104,781</u>	

AS OF JUNE 30, 2010

SPECIAL REVENUE FUNDS

	VFD	Emergency Medical Services	Farm and Range	Recreation	Law Enforcement Protection
<b>ASSETS:</b>					
Cash and investments	\$ 895,215	63,564	-	8,131	13,831
Receivables:					
Taxes, net of allowance	-	-	-	19	-
Intergovernmental	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Due from other funds	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 895,215</b>	<b>63,564</b>	<b>-</b>	<b>8,150</b>	<b>13,831</b>
<b>LIABILITIES:</b>					
Accounts payable	\$ 2,794	280	-	1,308	-
Accrued wages and benefits	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>2,794</b>	<b>280</b>	<b>-</b>	<b>1,308</b>	<b>-</b>
<b>FUND BALANCE:</b>					
Reserved for subsequent years' expenditures	-	-	-	-	-
Debt Service	-	-	-	-	-
Unreserved	-	-	-	-	-
Special revenue funds	892,421	63,284	-	6,842	13,831
Capital projects funds	-	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>892,421</b>	<b>63,284</b>	<b>-</b>	<b>6,842</b>	<b>13,831</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 895,215</b>	<b>63,564</b>	<b>-</b>	<b>8,150</b>	<b>13,831</b>

CIBOLA COUNTY, NEW MEXICO

Combining Balance Sheet -  
Non-Major Governmental Funds

				CAPITAL PROJECTS FUNDS	
County Fire Protection	County Clerk Recording and Filing	Reappraisal	Total Special Revenue	Cubero VFD Construction	Computer Equipment & Software
508,665	63,554	139,307	1,692,267	9,030	206,900
30,231	-	-	30,250	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>538,896</u>	<u>63,554</u>	<u>139,307</u>	<u>1,722,517</u>	<u>9,030</u>	<u>206,900</u>
-	-	-	4,382	-	-
-	-	-	-	-	-
-	-	-	-	134	1,278
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	4,382	134	1,278
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
538,896	63,554	139,307	1,718,135	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,896</u>	<u>205,622</u>
<u>538,896</u>	<u>63,554</u>	<u>139,307</u>	<u>1,718,135</u>	<u>8,896</u>	<u>205,622</u>
<u>538,896</u>	<u>63,554</u>	<u>139,307</u>	<u>1,722,517</u>	<u>9,030</u>	<u>206,900</u>

CIBOLA COUNTY, NEW MEXICO

Combining Balance Sheet -  
Non-Major Governmental Funds - continued

AS OF JUNE 30, 2010

	CAPITAL PROJECTS FUNDS			Total Non-major Governmental Funds
	Computer Equip. & Software Debt Service	Capital Projects Outlay Transfers	Total Capital Projects	
<b>ASSETS:</b>				
Cash and investments	\$ 26,884	69,338	312,152	2,004,419
Receivables:				
Taxes, net of allowance	14,862	-	14,862	45,112
Intergovernmental	-	-	-	-
Miscellaneous	-	-	-	-
Due from other funds	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 41,746</b>	<b>69,338</b>	<b>327,014</b>	<b>2,049,531</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ -	4,924	4,924	9,306
Accrued wages and benefits	-	-	-	-
Due to other funds	19,349	-	20,761	20,761
Deferred revenue	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>19,349</b>	<b>4,924</b>	<b>25,685</b>	<b>30,067</b>
<b>FUND BALANCE:</b>				
Reserved for subsequent years' expenditures	-	-	-	-
Debt Service	-	-	-	-
Unreserved	-	-	-	-
Special revenue funds	-	-	-	1,718,135
Capital projects funds	22,397	64,414	301,329	301,329
<b>TOTAL FUND BALANCE</b>	<b>22,397</b>	<b>64,414</b>	<b>301,329</b>	<b>2,019,464</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 41,746</b>	<b>69,338</b>	<b>327,014</b>	<b>2,049,531</b>

YEAR ENDED JUNE 30, 2010

SPECIAL REVENUE FUNDS

	VFD	Emergency Medical Services	Farm and Range	Recreation	Law Enforcement Protection
<b>REVENUES:</b>					
Local taxes	\$ -	-	-	291	-
Intergovernmental	562,472	160,211	-	-	24,800
Licenses and permits	-	-	6,933	-	-
Interest income	12	-	-	-	-
Miscellaneous	1,493	10	-	-	-
<b>TOTAL REVENUES</b>	<b>563,977</b>	<b>160,221</b>	<b>6,933</b>	<b>291</b>	<b>24,800</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Public safety	233,311	103,790	-	-	17,286
Public works	-	-	-	-	-
Culture and recreation	-	-	-	81,973	-
Health and welfare	-	-	20,000	-	-
Capital outlay	101,620	74,122	-	-	9,641
Debt service - principal	119,153	-	-	-	-
Debt service - interest	26,546	-	-	-	-
Other fees	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>480,630</b>	<b>177,912</b>	<b>20,000</b>	<b>81,973</b>	<b>26,927</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<b>83,347</b>	<b>(17,691)</b>	<b>(13,067)</b>	<b>(81,682)</b>	<b>(2,127)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Debt proceeds	-	-	-	-	-
Transfer from component unit	-	-	-	-	-
Operating transfers, in	30,000	-	12,382	93,561	-
Operating transfers, out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>30,000</b>	<b>-</b>	<b>12,382</b>	<b>93,561</b>	<b>-</b>
<b>EXCESS (DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>113,347</b>	<b>(17,691)</b>	<b>(685)</b>	<b>11,879</b>	<b>(2,127)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>779,074</b>	<b>80,975</b>	<b>685</b>	<b>(5,037)</b>	<b>15,958</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 892,421</b>	<b>63,284</b>	<b>-</b>	<b>6,842</b>	<b>13,831</b>

See Independent Auditors' Report.

CIBOLA COUNTY, NEW MEXICO

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance - Non-Major Governmental Funds

County Fire Protection	County Clerk Recording and Filing	Reappraisal	Total Special Revenue	CAPITAL PROJECTS FUNDS	
				Cubero VFD Construction	Computer Equipment & Software
149,400	-	-	149,691	-	-
-	-	-	747,483	-	-
-	10,690	54,299	71,922	-	-
-	-	-	12	12,560	100
-	-	-	1,503	-	-
149,400	10,690	54,299	970,611	12,560	100
-	9,781	51,652	61,433	-	-
82,439	-	-	436,826	12,665	-
-	-	-	-	-	-
-	-	-	81,973	-	-
-	-	-	20,000	-	-
-	15,921	33,303	234,607	-	-
-	-	-	119,153	-	-
-	-	-	26,546	-	-
-	-	-	-	-	-
82,439	25,702	84,955	980,538	12,665	-
66,961	(15,012)	(30,656)	(9,927)	(105)	100
-	-	-	-	-	-
-	-	-	-	-	-
-	-	22,050	157,993	-	-
(45,000)	-	-	(45,000)	-	-
(45,000)	-	22,050	112,993	-	-
21,961	(15,012)	(8,606)	103,066	(105)	100
516,935	78,566	147,913	1,615,069	9,001	205,522
538,896	63,554	139,307	1,718,135	8,896	205,622

See Independent Auditors' Report.



CIBOLA COUNTY, NEW MEXICO

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance - Non-Major Governmental Funds - continued

YEAR ENDED JUNE 30, 2010

	CAPITAL PROJECTS FUNDS			Total Non-major Governmental Funds
	Computer Equip. & Software Debt Service	Capital Projects Outlay Transfers	Total Capital Projects	
<b>REVENUES:</b>				
Local taxes	\$ 96,707	-	96,707	246,398
Intergovernmental	-	186,848	186,848	934,331
Licenses and permits	-	-	-	71,922
Interest income	-	-	12,660	12,672
Miscellaneous	-	-	-	1,503
<b>TOTAL REVENUES</b>	<b>96,707</b>	<b>186,848</b>	<b>296,215</b>	<b>1,266,826</b>
<b>EXPENDITURES:</b>				
Current:				
General government	841	-	841	62,274
Public safety	-	-	12,665	449,491
Public works	-	178,562	178,562	178,562
Culture and recreation	-	-	-	81,973
Health and welfare	-	-	-	20,000
Capital outlay	-	14,877	14,877	249,484
Debt service - principal	77,555	-	77,555	196,708
Debt service - interest	10,776	-	10,776	37,322
Other fees	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>89,172</b>	<b>193,439</b>	<b>295,276</b>	<b>1,275,814</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<b>7,535</b>	<b>(6,591)</b>	<b>939</b>	<b>(8,988)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Debt proceeds	-	-	-	-
Transfer from component unit	-	-	-	-
Operating transfers, in	-	-	-	157,993
Operating transfers, out	-	-	-	(45,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>112,993</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>7,535</b>	<b>(6,591)</b>	<b>939</b>	<b>104,005</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>14,862</b>	<b>71,005</b>	<b>300,390</b>	<b>1,915,459</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 22,397</b>	<b>64,414</b>	<b>301,329</b>	<b>2,019,464</b>

## SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes:

### NON-MAJOR FUNDS

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 departments 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 and 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.

CIBOLA COUNTY, NEW MEXICO

Special Revenue Funds - Volunteer Fire Districts (VFD) -  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Income on investments	\$ 75	76	12	(64)
Intergovernmental	440,265	707,840	562,472	(145,368)
Miscellaneous	<u>500</u>	<u>1,910</u>	<u>1,493</u>	<u>(417)</u>
<b>TOTAL REVENUES</b>	440,840	709,826	563,977	(145,849)
<b>EXPENDITURES - current:</b>				
Capital outlay	250,000	254,519	137,429	117,090
Debt service	101,819	95,600	95,170	430
Public safety	<u>694,084</u>	<u>1,059,427</u>	<u>246,992</u>	<u>812,435</u>
<b>TOTAL EXPENDITURES</b>	1,045,903	1,409,546	479,591	929,955
<b>OTHER FINANCING SOURCES:</b>				
Debt proceeds			-	-
Operating transfers in	<u>48,000</u>	<u>48,000</u>	<u>30,000</u>	<u>18,000</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>48,000</u>	<u>48,000</u>	<u>30,000</u>	<u>18,000</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	\$ <u>(557,063)</u>	<u>(651,720)</u>	<u>114,386</u>	<u>766,106</u>
<b>PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET</b>	\$ <u>557,063</u>	<u>651,720</u>		
<b>NON-GAAP CHANGE IN FUND BALANCE</b>			\$ 114,386	
<b>CHANGE IN:</b>				
Accounts receivable			-	
Accounts payable			<u>(1,039)</u>	
<b>GAAP CHANGE IN FUND BALANCE</b>			\$ <u>113,347</u>	

CIBOLA COUNTY, NEW MEXICO

Special Revenue Funds - Emergency Medical Services -  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 69,710	176,876	160,211	(16,665)
Miscellaneous	-	13	10	(3)
<b>TOTAL REVENUES</b>	69,710	176,889	160,221	(16,668)
<b>EXPENDITURES - current:</b>				
Capital outlay	5,000	89,200	100,241	(11,041)
Public safety	130,000	134,310	103,790	30,520
<b>TOTAL EXPENDITURES</b>	135,000	223,510	204,031	19,479
<b>OTHER FINANCING SOURCES:</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	\$ (65,290)	(46,621)	(43,810)	2,811
<b>PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET</b>	\$ 65,290	46,621		
<b>NON-GAAP CHANGE IN FUND BALANCE</b>			\$ (43,810)	
<b>CHANGE IN:</b>				
Accounts receivable			-	
Accounts payable			26,119	
<b>GAAP CHANGE IN FUND BALANCE</b>			\$ (17,691)	

See Independent Auditors' Report.

**CIBOLA COUNTY, NEW MEXICO**

**Special Revenue Funds - Farm and Range -  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)**

**YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Licenses and permits	\$ 6,700	6,700	6,933	233
<b>TOTAL REVENUES</b>	6,700	6,700	6,933	233
<b>EXPENDITURES - current:</b>				
Health and welfare	20,000	20,000	20,000	-
<b>TOTAL EXPENDITURES</b>	20,000	20,000	20,000	-
<b>OTHER FINANCING SOURCES:</b>				
Operating transfers in	13,300	13,300	12,382	918
Operating transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	13,300	13,300	12,382	918
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	\$ -	-	(685)	(685)
<b>PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET</b>	\$ -	-		
<b>NON-GAAP CHANGE IN FUND BALANCE</b>			\$ (685)	
<b>CHANGE IN:</b>				
Accounts receivable			-	
Accounts payable			-	
<b>GAAP CHANGE IN FUND BALANCE</b>			\$ (685)	

See Independent Auditors' Report.

CIBOLA COUNTY, NEW MEXICO

Special Revenue Funds - Recreation -  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Local taxes	\$ 500	500	272	(228)
<b>TOTAL REVENUES</b>	500	500	272	(228)
<b>EXPENDITURES - current:</b>				
Culture and recreation	77,800	85,800	81,973	3,827
<b>TOTAL EXPENDITURES</b>	77,800	85,800	81,973	3,827
<b>OTHER FINANCING SOURCES:</b>				
Operating transfers in	77,300	85,431	93,561	(8,130)
Operating transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	77,300	85,431	93,561	(8,130)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	\$ -	131	11,860	11,729
<b>PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET</b>	\$ -	(131)		
<b>NON-GAAP CHANGE IN FUND BALANCE</b>			\$ 11,860	
<b>CHANGE IN:</b>				
Accounts receivable			19	
Accounts payable			-	
<b>GAAP CHANGE IN FUND BALANCE</b>			\$ 11,879	

**CIBOLA COUNTY, NEW MEXICO**

**Special Revenue Funds - Law Enforcement Protection -  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)**

**YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance From Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental	\$ <u>24,800</u>	<u>24,800</u>	<u>24,800</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>24,800</u>	<u>24,800</u>	<u>24,800</u>	<u>-</u>
<b>EXPENDITURES - current:</b>				
Capital outlay	10,000	22,477	13,038	9,439
Public safety	<u>30,000</u>	<u>17,523</u>	<u>13,889</u>	<u>3,634</u>
<b>TOTAL EXPENDITURES</b>	<u>40,000</u>	<u>40,000</u>	<u>26,927</u>	<u>13,073</u>
<b>OTHER FINANCING SOURCES:</b>				
Operating transfers in	-	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	\$ <u>(15,200)</u>	<u>(15,200)</u>	<u>(2,127)</u>	<u>13,073</u>
<b>PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET</b>	\$ <u>15,200</u>	<u>15,200</u>		
<b>NON-GAAP CHANGE IN FUND BALANCE</b>			\$ (2,127)	
<b>CHANGE IN:</b>				
Accounts receivable			-	
Accounts payable			<u>-</u>	
<b>GAAP CHANGE IN FUND BALANCE</b>			\$ <u>(2,127)</u>	

CIBOLA COUNTY, NEW MEXICO

Special Revenue Funds - County Fire Protection -  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Local taxes	\$ 95,000	95,000	119,169	24,169
<b>TOTAL REVENUES</b>	95,000	95,000	119,169	24,169
<b>EXPENDITURES - current:</b>				
Public safety	107,000	107,000	82,439	24,561
<b>TOTAL EXPENDITURES</b>	107,000	107,000	82,439	24,561
<b>OTHER FINANCING SOURCES:</b>				
Operating transfers in	-	-	-	-
Operating transfers out	(63,000)	(63,000)	(45,000)	18,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(63,000)	(63,000)	(45,000)	18,000
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	\$ (75,000)	(75,000)	(8,270)	66,730
<b>PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET</b>	\$ 75,000	75,000		
<b>NON-GAAP CHANGE IN FUND BALANCE</b>			\$ (8,270)	
<b>CHANGE IN:</b>				
Accounts receivable			30,231	
Accounts payable			-	
<b>GAAP CHANGE IN FUND BALANCE</b>			\$ 21,961	

See Independent Auditors' Report.



**CIBOLA COUNTY, NEW MEXICO**

**Special Revenue Funds - County Clerk Recording and Filing -  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)**

**YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance From Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Licenses, permits and fees	\$ 14,000	14,000	10,690	(3,310)
<b>TOTAL REVENUES</b>	14,000	14,000	10,690	(3,310)
<b>EXPENDITURES - current:</b>				
Capital outlay	30,000	58,708	21,531	37,177
General governmental	18,300	18,300	4,171	14,129
<b>TOTAL EXPENDITURES</b>	48,300	77,008	25,702	51,306
<b>OTHER FINANCING SOURCES:</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	\$ <u>(34,300)</u>	<u>(63,008)</u>	<u>(15,012)</u>	<u>47,996</u>
<b>PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET</b>	\$ <u>34,300</u>	<u>63,008</u>		
<b>NON-GAAP CHANGE IN FUND BALANCE</b>			\$ (15,012)	
<b>CHANGE IN:</b>				
Accounts receivable			-	
Accounts payable			-	
<b>GAAP CHANGE IN FUND BALANCE</b>			\$ <u>(15,012)</u>	

See Independent Auditors' Report.

CIBOLA COUNTY, NEW MEXICO

Special Revenue Funds - Reappraisal -  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Licenses and permits	\$ 42,000	42,000	54,299	12,299
<b>TOTAL REVENUES</b>	42,000	42,000	54,299	12,299
<b>EXPENDITURES - current:</b>				
Capital outlay	10,000	50,000	45,038	4,962
General governmental	100,021	100,021	39,917	60,104
<b>TOTAL EXPENDITURES</b>	110,021	150,021	84,955	65,066
<b>OTHER FINANCING SOURCES:</b>				
Operating transfers in	-	22,050	22,050	-
Operating transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	22,050	22,050	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	\$ (68,021)	(85,971)	(8,606)	77,365
<b>PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET</b>	\$ 68,021	85,971		
<b>NON-GAAP CHANGE IN FUND BALANCE</b>			\$ (8,606)	
<b>CHANGE IN:</b>				
Accounts receivable			-	
Accounts payable			-	
<b>GAAP CHANGE IN FUND BALANCE</b>			\$ (8,606)	

## **CAPITAL PROJECTS FUNDS**

To account for resources used for the purpose of purchasing land or improving grounds and for constructing, remodeling, making additions to, and furnishing and equipping buildings. Financing is provided primarily from the sale of bonds.

### **NON-MAJOR FUNDS**

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.

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.

**CIBOLA COUNTY, NEW MEXICO**

**Capital Projects Funds - Cubero VFD Construction -  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)**

**YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Income on investments	\$ 300	300	12,560	12,260
<b>TOTAL REVENUES</b>	300	300	12,560	12,260
<b>EXPENDITURES - current:</b>				
Capital outlay	8,953	8,953	-	8,953
<b>TOTAL EXPENDITURES</b>	8,953	8,953	-	8,953
<b>OTHER FINANCING SOURCES:</b>				
Operating transfers in	8,653	8,653	-	8,653
Operating transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	8,653	8,653	-	8,653
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	\$ -	-	12,560	12,560
<b>PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET</b>	\$ -	-		
<b>NON-GAAP CHANGE IN FUND BALANCE</b>			\$ 12,560	
<b>CHANGE IN:</b>				
Accounts receivable			-	
Accounts payable			(12,665)	
<b>GAAP CHANGE IN FUND BALANCE</b>			\$ (105)	

See Independent Auditors' Report.

**CIBOLA COUNTY, NEW MEXICO**

**Capital Projects Funds - Computer Equipment Software -  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)**

**YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Income on investments	\$ 4,000	4,133	100	(4,033)
Intergovernmental	<u>315,609</u>	<u>315,609</u>	<u>-</u>	<u>(315,609)</u>
<b>TOTAL REVENUES</b>	319,609	319,742	100	(319,642)
<b>EXPENDITURES - current:</b>				
General governmental	316,909	316,909	-	316,909
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	316,909	316,909	-	316,909
<b>OTHER FINANCING SOURCES:</b>				
Operating transfers in	-	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	\$ <u>2,700</u>	<u>2,833</u>	<u>100</u>	<u>(2,733)</u>
<b>PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET</b>	\$ <u>(2,700)</u>	<u>(2,833)</u>		
<b>NON-GAAP CHANGE IN FUND BALANCE</b>			\$ 100	
<b>CHANGE IN:</b>				
Accounts receivable			-	
Accounts payable			<u>-</u>	
<b>GAAP CHANGE IN FUND BALANCE</b>			\$ <u>100</u>	

See Independent Auditors' Report.

CIBOLA COUNTY, NEW MEXICO

Capital Projects Funds - Computer Equipment Software Debt Service -  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Local taxes	\$ 90,669	90,699	128,017	37,318
<b>TOTAL REVENUES</b>	90,669	90,699	128,017	37,318
<b>EXPENDITURES - current:</b>				
Debt service	90,669	90,699	89,172	1,527
<b>TOTAL EXPENDITURES</b>	90,669	90,699	89,172	1,527
<b>OTHER FINANCING SOURCES:</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	\$ -	-	38,845	38,845
<b>PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET</b>	\$ -	-		
<b>NON-GAAP CHANGE IN FUND BALANCE</b>			\$ 38,845	
<b>CHANGE IN:</b>				
Accounts receivable			(31,310)	
Accounts payable			-	
<b>GAAP CHANGE IN FUND BALANCE</b>			\$ 7,535	

**CIBOLA COUNTY, NEW MEXICO**

**Capital Projects Funds - Capital Outlay Projects Transfers -  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)**

**YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance From Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Income from investments	\$ 2,500	2,500	-	(2,500)
Intergovernmental	<u>1,225,657</u>	<u>1,225,657</u>	<u>186,848</u>	<u>(1,038,809)</u>
<b>TOTAL REVENUES</b>	1,228,157	1,228,157	186,848	(1,041,309)
<b>EXPENDITURES - current:</b>				
Capital outlay	225,657	225,657	20,119	205,538
Public works	<u>1,000,000</u>	<u>1,000,000</u>	<u>173,320</u>	<u>826,680</u>
<b>TOTAL EXPENDITURES</b>	1,225,657	1,225,657	193,439	1,032,218
<b>OTHER FINANCING SOURCES:</b>				
Operating transfers in	-	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	\$ <u>2,500</u>	<u>2,500</u>	<u>(6,591)</u>	<u>(9,091)</u>
<b>PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET</b>	\$ <u>(2,500)</u>	<u>(2,500)</u>		
<b>NON-GAAP CHANGE IN FUND BALANCE</b>			\$ (6,591)	
<b>CHANGE IN:</b>				
Accounts receivable			-	
Accounts payable			<u>-</u>	
<b>GAAP CHANGE IN FUND BALANCE</b>			\$ <u>(6,591)</u>	

See Independent Auditors' Report.

## AGENCY FUNDS

### AGENCY FUNDS

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. 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 - Agency Funds

AS OF JUNE 30, 2010

	<u>Balance, 1-Jul-09</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, 30-Jun-10</u>
<b>OVERPAYMENT OF TAXES</b>				
<b>Assets:</b>				
Cash	\$ <u>          -</u>	<u>      72,753</u>	<u>      66,211</u>	<u>      6,542</u>
<b>Liabilities:</b>				
Deposits held in trust for others	\$ <u>          -</u>	<u>      72,753</u>	<u>      66,211</u>	<u>      6,542</u>
<b>TAXES PAID IN ADVANCE</b>				
<b>Assets:</b>				
Cash	\$ <u>      17,687</u>	<u>      14,966</u>	<u>      21,976</u>	<u>      10,677</u>
<b>Liabilities:</b>				
Deposits held in trust for others	\$ <u>      17,687</u>	<u>      14,966</u>	<u>      21,976</u>	<u>      10,677</u>
<b>TAX SUSPENSE - CURRENT TAXES</b>				
<b>Assets:</b>				
Cash	\$ <u>      20,393</u>	<u>  11,232,697</u>	<u>  12,610,177</u>	<u>  (1,357,087)</u>
<b>Liabilities:</b>				
Deposits held in trust for others	\$ <u>      20,393</u>	<u>  11,232,697</u>	<u>  12,610,177</u>	<u>  (1,357,087)</u>
<b>STATE COST</b>				
<b>Assets:</b>				
Cash	\$ <u>          320</u>	<u>      13,806</u>	<u>      12,281</u>	<u>      1,845</u>
<b>Liabilities:</b>				
Deposits held in trust for others	\$ <u>          320</u>	<u>      13,806</u>	<u>      12,281</u>	<u>      1,845</u>
<b>UNDISTRIBUTED TAXES</b>				
<b>Assets:</b>				
Cash	\$ <u>      156,014</u>	<u>  8,908,584</u>	<u>  7,636,186</u>	<u>  1,428,412</u>
<b>Liabilities:</b>				
Deposits held in trust for others	\$ <u>      156,014</u>	<u>  8,908,584</u>	<u>  7,636,186</u>	<u>  1,428,412</u>

Statement of Changes in Assets and Liabilities - Agency Funds - continued

AS OF JUNE 30, 2010

	<u>Balance, 1-Jul-09</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, 30-Jun-10</u>
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>Assets:</b>				
Cash	\$ <u>194,414</u>	<u>20,242,806</u>	<u>20,346,831</u>	<u>90,389</u>
<b>Liabilities:</b>				
Deposits held in trust for others	\$ <u>194,414</u>	<u>20,242,806</u>	<u>20,346,831</u>	<u>90,389</u>

**OTHER SUPPLEMENTAL SCHEDULES**

Schedule 1

Supplemental Schedule of Deposit Accounts and Pledged Collateral

YEAR ENDED JUNE 30, 2010

DEPOSIT ACCOUNTS:

A summary of cash accounts and certificates of deposit at June 30, 2010 is as follows:

Depository - Cash	Account Name	Account Type	Bank Balance
Wells Fargo Bank	Pooled Cash	Checking	\$ 1,689,964
	Pooled Cash	Savings	188,370
Total deposits and cash on hand			1,878,334
Less FDIC coverage			438,370
Total uninsured public funds			1,439,964
102% collateral requirement			1,468,763

Pledged collateral held for Cibola County by BNY Mellon, New York, NY:

	CUSIP #	Maturity Date	
Fed. Natl. Mtg. Assn. Pool #865461	31409AQN2	2/1/2036	57,149
Fed. Natl. Mtg. Assn. Pool #872856	31409JWR7	6/1/2036	473,833
Fed. Natl. Mtg. Assn. Pool #880203	31409V3L5	2/1/2036	773,365
Total collateral			1,304,347
Over-collateralized			(164,416) *

\* Per Depository Pledge Agreement, Wells Fargo Bank contractually guarantees pledged collateral of 102% of deposits.

Custodial Credit Risk Amount:

Total uninsured public funds	1,439,964
Total collateral	1,304,347
Cash not collateralized	135,617

Depository - Cash	Account Name	Account Type	Bank Balance
1st Community Bank	Pooled Cash	Savings	\$ 186
	Pooled Cash	Certificate of Deposit	811,072
	Pooled Cash	Money Market	2,714,961
Total deposits and cash on hand			3,526,219
Total deposits at 1st Community Bank			3,526,219
Less FDIC coverage			250,000
Total uninsured public funds			3,276,219
102% collateral requirement			3,341,743

Pledged collateral held for Cibola County by 1st Community Bank, Grants, NM:

	CUSIP #	Maturity Date	
Dona Ana Brh Cmnty College NM	257578DF8	8/1/2015	315,000
Hobbs NM Sch Dist #16	433866CQ1	7/15/2019	400,000
GNR 2009-65 CB	38373AHC3	9/16/2024	13,455
GNR 2007-7 PB	38375JJB2	6/16/2032	159,570
GNR 2009-67 GA	38373AQS8	1/16/2037	451,184
GNR 2009-87 PA	38376KQR5	10/20/2039	1,515,515
GNR 2010-23 LC	38376VL62	10/20/2037	501,827
GNR 2009-65 CB	38373AHC3	9/16/2024	40,365
Total collateral			3,396,916
Over-collateralized			55,172

CIBOLA COUNTY, NEW MEXICO

Schedule 1 - continued

Supplemental Schedule of Deposit Accounts and Pledged Collateral - continued

YEAR ENDED JUNE 30, 2010

Custodial Credit Risk Amount:

Total uninsured public funds	\$	3,276,219
Total collateral		<u>3,396,916</u>
Cash not collateralized		-

<u>Depository - Cash</u>	<u>Account Name</u>	<u>Account Type</u>	<u>Bank Balance</u>
Grants State Bank	Pooled Cash	Checking	\$ 175,885
	Pooled Cash	Savings	1
	Pooled Cash	CD	500,000
	Pooled Cash	Money Market	2,890,705
	Inmate Trust	Savings	<u>19,043</u>
Total deposits and cash on hand			3,585,634
Total deposits at Grants State Bank			3,585,634
Less FDIC coverage			<u>425,885</u>
Total uninsured public funds			3,159,749
102% collateral requirement			3,222,944

Pledged collateral held for Cibola County by Grants State Bank, Grants, NM:

	<u>CUSIP #</u>	<u>Maturity Date</u>	
Carlsbad SD Call FR	142735CM9	8/1/2013	209,302
Farmington NM MSD 5	311441JF7	9/1/2012	257,588
Gadsden ISD Call FR	362550JK2	8/15/2012	200,802
Gallup McKinley Cnty Sch Nonch FR	364010NL8	8/1/2011	310,752
Jemez Mtn NM PSD 53	475865AY7	11/1/2010	301,326
Los Alamos ISD Call FR	544228BQ1	8/1/2013	103,311
Los Alamos ISD Call FR	544228BR9	8/1/2014	102,766
Los Alamos ISD Call FR	544228BS7	8/1/2015	153,428
Los Alamos ISD Call FR	544228BT5	8/1/2016	137,383
Los Lunas ISD Call FR	545562JV3	7/15/2010	100,156
Ruidoso ISD Nonc FR	781338GD4	8/1/2012	212,072
Santa Rosa Noncall FR	802751CU9	7/1/2010	50,010
Santa Rosa Noncall FR	802751CV7	7/1/2011	51,014
Socorro Cnty Call FR	833679BM4	6/1/2013	190,498
Socorro SD Noncall FR	83368PBF2	8/1/2012	58,244
Socorro SD Noncall FR	83368PBG0	8/1/2013	80,911
Torr & Soc Cntys Noncall FR	891341BG3	9/1/2010	55,303
Torr & Soc Cntys Noncall FR	891341BH1	9/1/2011	10,311
Torr & Soc Cntys Noncall FR	891341BJ7	9/1/2012	10,524
West Las Vegas SD Noncall FR	953769FF8	7/1/2010	80,022
West Las Vegas SD Noncall FR	953769FG6	7/1/2011	87,742
Alamogordo WTR/SWR NC FR	011500FR1	6/1/2012	249,500
Chavez Cnty Nonc FR	162634BF5	8/1/2011	205,666
Cobre Cons SD NO 2 Nonc FR	18105RAB0	8/1/2010	135,001
Farmington Sales Tax NC FR	311455EW5	6/15/2011	<u>185,458</u>
Total collateral			3,539,090
Over-collateralized			316,146

Schedule 1 - continued

Supplemental Schedule of Deposit Accounts and Pledged Collateral - continued

YEAR ENDED JUNE 30, 2010

**Custodial Credit Risk Amount:**

Total unisured public funds	\$	3,159,749
Total collateral		<u>3,539,090</u>
Cash not collateralized		-

**INVESTMENT ACCOUNTS:**

**Financial Institution:**

Account Name	Account Type	Cost	Market
<b>Wells Fargo:</b>			
Money Market	Investment	\$ 31,076	31,076
Commercial Paper (Government-backed securities)	Investment	<u>5,700,000</u>	<u>5,721,949</u>
<b>Total Wells Fargo Investments</b>		5,731,076	5,753,025

**BNY Mellon:**

NMFA Bluewater VFD DS	Investment	\$ 189	189
NMFA Lobo Canyon VFD Program Funds	Investment	3,074	3,074
NMFA Lobo Canyon VFD DS	Investment	181	181
NMFA Cebolleta VFD DS	Investment	2,022	2,022
NMFA Fence Lake VFD DS	Investment	37,312	37,312
Bond Debt Service Investment Acct.	Investment	1,446	1,446
Bond Debt Service Revenue Acct.	Investment	461	461
Bond Debt Service Equalization Acct.	Investment	359	359
Bond Debt Service Reserve Acct.	Investment	173,777	173,777
NMFA Computer Program Funds	Investment	146,885	146,885
NMFA Computer DS	Investment	59,145	59,145
NMFA Computer Loan DS	Investment	26,884	26,884
NMFA Cuber VFD Loan DS	Investment	9,030	9,030
NMFA Capital Outlay DS	Investment	<u>38,251</u>	<u>38,251</u>
<b>Total BNY Mellon Investments</b>		499,016	499,016

**Westdeutsche Landesbank:**

2006 A&B Bond Reserve	Investment	\$ <u>861,512</u>	<u>861,512</u>
<b>Total Westdeutsche Landesbank Investments</b>		861,512	861,512

**Bank to Financial Statement Reconciliation:**

Total cash and investments in bank	\$	16,103,740
Add:		
Cash on hand		400
Deposits in transit		3,792
Less:		
Outstanding warrants		(1,170,826)
Other adjustments		<u>(132,485)</u>
Total reconciled cash		14,804,621
Less cash in fiduciary funds		<u>(90,389)</u>
Financial statement reconciled cash balance	\$	<u><u>14,714,232</u></u>

Schedule 2

YEAR ENDED JUNE 30, 2010

The following is a list of Joint Powers Agreements the County has entered into:

<u>Joint Power Agreement</u>	<u>Participants</u>	<u>Responsible Party</u>	<u>Description</u>
Senior Citizens Program	Cibola County City of Grants Village of Milan	City of Grants	To establish a service area to serve senior citizens.
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.
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.
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.
Joint Communications Center	Cibola County City of Grants Village of Milan	Cibola County	To operate a combined communication and dispatch center for 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.
Tax and Revenue Department	Cibola County State of New Mexico Taxation & Revenue Dept.	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.

**CIBOLA COUNTY, NEW MEXICO**

**Supplemental Schedule of Joint Powers Agreements**

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
06/81 to Indefinite	The County contributes \$28,000 annually.	\$ 28,000	City of Grants	City of Grants
06/81 to Indefinite	The County contributes \$5,000 annually.	\$ 5,000	City of Grants	City of Grants
12/97 to Indefinite	The County contributes \$30,000 annually.	\$ 30,000	City of Grants	City of Grants
05/06 to Indefinite	The County is required to contribute 50% of its Environmental Gross Receipts Tax.	\$ 46,211	Northwest New Mexico Regional Solid Waste Authority	Northwest New Mexico Regional Solid Waste Authority
11/04 to Indefinite	The County is required to provide one half of the yearly operating costs.	\$ 239,143	Cibola County	Cibola County
09/06 to Indefinite	The County contributes 33% annually.	\$ 31,396	Cibola County	Cibola County
8/4/2010 Indefinite	Free Service	\$ -	Cibola County	Cibola County



**OTHER 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 *GOVERNMENT  
AUDITING STANDARDS***

Mr. Edward Michael, Chairman and  
Board of County Commissioners,  
Cibola County, New Mexico and  
Mr. Hector H. Balderas  
New Mexico State Auditor

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds and the combining and individual funds and related budgetary comparisons presented as supplementary information of Cibola County, State of New Mexico (the County), as of and for the year ended June 30, 2010, and have issued our report thereon dated November 11, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered 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.

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

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



Mr. Edward Michael, Chairman and  
Board of County Commissioners,  
Cibola County, New Mexico and  
Mr. Hector H. Balderas  
New Mexico State Auditor

### **Internal Control Over Financial Reporting - continued**

internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses as findings 10-02 and 10-03, that we consider to be significant deficiencies in internal control over financial reporting. A **significant deficiency** is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 10-01, 10-02, 10-3, 09-02 and 02-05.

There were no other matters that are required to be reported pursuant to *Government Auditing Standards*, paragraphs 5.14 and 5.16, and pursuant to Section 12-6-5, NMSA 1978.

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 them.

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

*Maynard + Company, LLC*

November 11, 2010

**YEAR ENDED JUNE 30, 2010**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the State of New Mexico, Cibola County (the County).
2. There were five instances of noncompliance, none of which were material to the financial statements disclosed during the audit of the County.
3. There were two significant deficiencies identified, none of which are considered to be material weaknesses to the financial statements of the County.

Schedule of Findings and Responses - continued

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

**10-01 PERSONNEL**

**Condition:** Three out of forty personnel files tested were missing required documentation. The files were missing the required I-9 Employment Eligibility Verification form.

**Criteria:** NMAC 2.2.2.10(H) required the auditor to examine employee records for compliance with Federal law. The U.S. Immigration Reform and Control Act requires I-9 forms to be kept on file three years from the date of hire or one year from the date of termination, whichever is later.

**Cause:** Lack of adequate control and monitoring procedures over personnel files.

**Effect:** Potential non-compliance with Federal regulations.

**Recommendation:** We recommend that processes be instituted to audit and monitor compliance with state and federal personnel laws and regulation.

**Management Response:** We acknowledge our lack of control over these three employees' Form I-9. We will implement better monitoring and periodic audits on all personnel files to ensure compliance with all applicable laws.

**10-02 TRAVEL & PER DIEM**

**Condition:** Twenty out of forty Per Diem transactions tested had exceptions. Sixteen transactions incorrectly calculated mileage reimbursement by using the wrong reimbursement rate. Three transactions were missing proper approval of the Per Diem reimbursement request. Three transactions were missing receipts for claimed actual expenses. Two transactions were reimbursed using an incorrect Per Diem rate. One transaction was advanced in excess of the 80% of the maximum allowable Per Diem rate.

In addition, several Per Diem expenses were advanced to employees by use of County Procurement Cards. Some of these expenses were for unallowable costs incurred during business trips. Reimbursement of the unallowable costs was to be made by the employees; however, due to the lack of a timely reconciliation of expenses, the reimbursement was not made for several months after year end.

**Criteria:** According to state statute, NMSA 2.42.2.8, as adopted by the County Commission, and Cibola County Resolution 09-17, employees can be reimbursed a per diem rate, or for actual allowed expenses.

**Cause:** Lack of adherence to Travel & Per Diem rules and lack of thorough and timely review of reimbursement requests. Also a lack of well defined policies related to the reimbursement of mileage.

Schedule of Findings and Responses - continued

**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued**

**10-02 TRAVEL & PER DIEM - continued**

**Effect:** Non compliance with State and County Per Diem rules. Known over-payments to employees resulting from the tested transactions was in the amount of \$170. Incorrect mileage rates used on reimbursement requests also created over- or under-payment to employees.

**Recommendation:** We recommend that the County ensure there is a thorough and timely review of all travel and per diem expense reimbursement requests and that all employees are trained on the Per Diem rules. We also recommend that the County expands on its Travel & Per Diem policies to ensure that the rules are clear and easy to follow.

**Management Response:** We will improve our procedures and efforts in the timely and thorough review of all travel expenses and reimbursements of per diem and/or actual travel reimbursement requests. We will seek to attend more training for the Per Diem rules and study the rules more closely. We do plan to review our policies and revise them to ensure the rules are clearer and easier to follow.

**10-03 FINANCIAL STATEMENT RECONCILIATION**

**Condition:** Timely and accurate financial reporting is critical to the management of the County. The County Manager's office is responsible for the accounts and reporting for all funds of the County.

General ledger accounts were not properly reconciled throughout the year. Specifically, these were Accounts Receivable and Accounts Payable.

Currently, all accounting tasks seem to be the responsibility of a couple of individuals within the Administrative Services Division. The review process for financial reporting by knowledgeable staff also appears to be lacking. This creates significant risk to the County.

**Criteria:** DFA's Manual of Model Accounting Practices (MAPs) Volume 1, Chapter 8, Section 3.2 requires monthly reconciliations of all accounts. Individual accounts should be reconciled on a monthly basis. Discrepancies and inconsistencies should be investigated as soon as they are discovered.

Our testing revealed that accounting systems were not maintained currently during the fiscal year.

**Cause:** Management has previously identified accounts of concern, but lack of proper staffing levels and lack of management oversight allowed the accounts mentioned above to be materially misstated. Corrections and reconciliations to the accounts were not performed until a recommendation was made by the auditors.

Schedule of Findings and Responses - continued

**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued**

**10-03 FINANCIAL STATEMENT RECONCILIATION - continued**

**Effect:** Consistent problems in receiving and reporting timely the current financial information throughout the year can significantly impact management's ability to effectively guide the County and the funds within the County. In addition, errors or fraud may not be prevented or discovered without proper, consistent and timely reconciliations and financial statement generation. The County Manager's office should provide support to the other divisions within the County. When financial information is inaccurate or untimely, the funds do not receive the support they need.

**Recommendation:** We recommend management review the current responsibilities of the County Manager's office staff. This review should include an assessment of current responsibilities and the strengths and weaknesses of the individuals involved. Tasks should then be reassigned as separate responsibilities for the individual funds. We recommend that this include primary responsibility for all accounting and financial analysis and review responsibility by a separate member of the team. Responsibilities should require monthly reconciliation of all accounts and transactions within the funds prior to generating monthly financial statements.

**Management Response:** We agree that work loads at times and lack of staffing prevent us from doing end-of year accruals some years. This year that was the case, but not in all prior fiscal years, as previous audit reports and financial statements show. Monthly reconciliations do take place, but accruals of payables and receivables are slated for the close of the fiscal years, since we operate on a modified accrual basis of accounting and cash basis at the fund level eleven months out of the year. This process has been the advice of prior auditors since 2003.

**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 performance of an annual physical inventory.

**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.

Schedule of Findings and Responses - continued

**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued**

**09-02 CAPITAL ASSETS – continued**

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

**Management Response:** We agree and we continue to improve our accounting for capital assets to ensure accurate listings. We tried but were unable to complete this system improvement by June 30, 2010. We had several changes in personnel during the fiscal year that caused the delay. We are trying to have this system improved by June 30, 2011.

**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 the 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 required 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 County has been unable to develop the required information since March 29, 2002 due to the condition of the records for the past ten years and lack of a robust property tax software system.

**Recommendation:** We recommend that the County Treasurer should continue working towards developing accurate required information on the ten-year property tax history, including the transition to the newly purchased property tax software.

**Management Response:** The County Treasurer continues to work towards developing accurate information for this 10-year property tax history schedule. We plan to have this schedule complete and accurate within the next month or two and by the June 30, 2011 fiscal year-end.



Summary Schedule of Prior Year Audit Findings

**STATUS OF PRIOR YEAR AUDIT FINDINGS**

**FINANCIAL STATEMENT AUDIT**

- 02-05      Treasurer Reports – Ten-Year Schedule – Repeated
- 03-02      Property Tax Assessment Card Data (Material Weakness) – Resolved
- 09-01      Use of and Policies over the Use of Signature Stamps – Resolved
- 09-02      Capital Assets – Repeated

**CIBOLA GENERAL HOSPITAL**

None.

An exit conference was held with the County on November 9, 2010. The conference was held at Cibola County. In attendance were:

CIBOLA COUNTY, NEW MEXICO

Antonio Gallegos, Commissioner  
Scott Vinson, County Manager  
John Alexander, Finance Director  
Dolores Vallejos, Treasurer  
Norm Ratliff, IT Director  
Glenna Chavez, Purchasing Agent

MEYNNERS + COMPANY, LLC

Georgie Ortiz, CPA, CGFM, Assurance Partner  
Raul Anaya, CPA, CGFM, Assurance Manager  
Matthew Walker, CPA, Assurance Senior

An exit conference was held with for the Cibola General Hospital Corporation (a discretely presented component unit of the County) in a closed executive session with the Hospital Board on September 7, 2010. The conference was held at Cibola General Hospital. In attendance were:

CIBOLA GENERAL HOSPITAL CORPORATION

Board Members

Ida Chavez, Chairman of the Board  
Paul Milan, Board Member  
Ron Ortiz, Board Member  
Dr. Janice Shipley, Board Member  
Lawrence Sanchez, Board Member  
Nestor Griego, Board Member  
Dr. Arnold Valdivia, Board Member  
Walter Meech, Board Member

Administrative Staff

Kenneth Cochran, Chief Executive Officer  
Jeff Rimel, Chief Financial Officer  
Pam Akin, Chief Compliance Officer

MEYNNERS + COMPANY, LLC

Georgie Ortiz, CPA, CGFM, Assurance Partner  
Raul Anaya, CPA, CGFM, Assurance Manager

PREPARATION OF FINANCIAL STATEMENTS

The financial statements presented in this report have been prepared by the independent auditor, and reviewed and approved by the management of Cibola County, New Mexico. The responsibility of the financial statements is the management's, as addressed in the Independent Auditors' Report.