



STATE OF NEW MEXICO
CIBOLA COUNTY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011

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INTRODUCTORY SECTION

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**STATE OF NEW MEXICO
CIBOLA COUNTY**

Official Roster
June 30, 2011

Elected Officials

Edward Michael	Commission Chairman
T. Walter Jaramillo	Commission Vice-Chairman
Antonio Gallegos	County Commissioner
Pat Simpson	County Commissioner
Lloyd Felipe	County Commissioner
Lisa Bro	County Clerk
Dolores Vallejos	County Treasurer
Pablo Savedra	County Assessor
Johnny Valdez	County Sheriff

Administrative Officials

Scott Vinson	County Manager
Randy Collins	County Attorney
Robert Griego	Finance Director

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STATE OF NEW MEXICO
CIBOLA COUNTY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011
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**STATE OF NEW MEXICO
CIBOLA COUNTY**

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FINANCIAL SECTION

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Griego Professional Services, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Hector Balderas
New Mexico State Auditor
The Board of Cibola County Commissioners
Cibola County
Grants, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Cibola County, New Mexico (the County), as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. We have also audited the financial statement of each for the County's nonmajor governmental and fiduciary funds, and the budgetary comparisons for the major debt service fund and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of Cibola County, New Mexico's, management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Cibola County, New Mexico, as of June 30, 2011, 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 respective financial position of each nonmajor governmental and fiduciary fund of Cibola County, New Mexico as of June 30, 2011, 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 all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued a report dated April 17, 2012 on our consideration of Cibola, New Mexico'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.

For the year ended June 30, 2011, the County has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

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. The "Supporting Schedules" listed in the table of contents are presented for purposes of additional analysis are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

GRIEGO PROFESSIONAL SERVICES, LLC

A handwritten signature in cursive script that reads "Griego Professional Services, LLC".

Albuquerque, New Mexico
April 17, 2012

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**BASIC
FINANCIAL STATEMENTS**

State of New Mexico
Cibola County
Statement of Net Assets
June 30, 2011

Exhibit A-1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Cibola General Hospital
Assets				
Current Assets				
Cash and cash equivalents	\$ 9,635,510	\$ -	\$ 9,635,510	\$ 3,555,685
Restricted cash and equivalents	4,478,689	4,217	4,482,906	-
Investments	1,329,805	-	1,329,805	-
Property taxes receivable	1,348,447	-	1,348,447	-
Due from other governments	173,154	-	173,154	-
Other accounts receivable	439,523	-	439,523	13,174
Prison receivables	-	249,115	249,115	-
Patient receivables, net of allowance	-	-	-	3,881,759
Prepaid expenses	98,901	176,685	275,586	338,400
Inventory	-	-	-	219,963
Due from (to) other funds	565,008	(565,008)	-	-
Total Current Assets	18,069,037	(134,991)	17,934,046	8,008,981
Noncurrent Assets				
Bond issuance costs (net of accumulated amortization of \$59,203)	228,168	-	228,168	-
Advance refunding escrow (net of accumulated amortization of \$150,911)	13,327	-	13,327	-
Assets limited as to use	-	-	-	10,620,104
Capital assets	43,808,839	8,423,037	52,231,876	10,939,111
Less: accumulated depreciation	(24,402,885)	(2,282,969)	(26,685,854)	(5,644,793)
Total Noncurrent Assets	19,647,449	6,140,068	25,787,517	15,914,422
Total Assets	\$ 37,716,486	\$ 6,005,077	43,721,563	\$ 23,923,403

The accompanying notes are an integral part of these financial statements

State of New Mexico
Cibola County
Statement of Net Assets
June 30, 2011

Exhibit A-1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Cibola General Hospital
Liabilities				
Current Liabilities				
Accounts payable	\$ 465,647	\$ 78,537	\$ 544,184	\$ 794,569
Accrued payroll liabilities	328,152	139,336	467,488	809,933
Deferred revenue	-	-	-	187,802
Other liabilities	-	-	-	28,085
Inmate trust accounts	-	4,217	4,217	-
Accrued interest payable	39,381	-	39,381	-
Accrued compensated absences	66,883	37,637	104,520	-
Current portion of bonds/ notes payable	843,467	-	843,467	-
	1,743,530	259,727	2,003,257	1,820,389
Noncurrent Liabilities				
Accrued compensated absences	133,767	20,266	154,033	-
Bonds and notes payable	10,096,932	-	10,096,932	-
	10,230,699	20,266	10,250,965	-
Total Liabilities	11,974,229	279,993	12,254,222	1,820,389
Net Assets				
Invested in capital assets, net of related debt	8,707,050	6,140,068	14,847,118	-
Restricted for:				
Debt service	5,425,161	-	5,425,161	-
Capital projects	371,538	-	371,538	-
Special revenue funds	1,637,962	-	1,637,962	-
Unrestricted	9,600,546	(414,984)	9,185,562	22,103,014
Total Net Assets	25,742,257	5,725,084	31,467,341	22,103,014
Total Liabilities and Net Assets	\$ 37,716,486	\$ 6,005,077	\$ 43,721,563	\$ 23,923,403

The accompanying notes are an integral part of these financial statements

State of New Mexico
Cibola County
Statement of Activities
June 30, 2011

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:				
Primary Government				
Governmental Activities:				
General government	\$ 5,416,733	\$ 741,235	\$ 269,378	\$ -
Public safety	2,159,622	185,725	939,113	-
Culture and recreation	216,202	-	-	-
Health and welfare	2,569,940	-	1,696,499	-
Public works	2,413,241	-	418,831	373,899
Interest on long-term debt	496,435	-	-	-
Total governmental activities	<u>13,272,173</u>	<u>926,960</u>	<u>3,323,821</u>	<u>373,899</u>
Business-type activities				
Detention	<u>3,684,168</u>	<u>1,396,727</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>3,684,168</u>	<u>1,396,727</u>	<u>-</u>	<u>-</u>
Total primary government	<u><u>16,956,341</u></u>	<u><u>2,323,687</u></u>	<u><u>3,323,821</u></u>	<u><u>373,899</u></u>
Component unit activities				
Cibola General Hospital Corporation	<u><u>24,112,395</u></u>	<u><u>26,886,760</u></u>	<u><u>52</u></u>	<u><u>-</u></u>

General Revenues:

Taxes

Property taxes, levied for general purposes

Gross receipts taxes

Other taxes

Interest income

Transfers in (out)

Miscellaneous income

Total General Revenues and Transfers

Change in net assets

Total net assets - beginning of year

Total net assets - end of year

The accompanying notes are an integral part of these financial statements

<u>Net (Expenses) Revenues and Changes in Net Assets</u>			
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Cibola General Hospital Corporation</u>
\$ (4,406,120)	\$ -	\$ (4,406,120)	\$ -
(1,034,784)	-	(1,034,784)	-
(216,202)	-	(216,202)	-
(873,441)	-	(873,441)	-
(1,620,511)	-	(1,620,511)	-
(496,435)	-	(496,435)	-
<u>(8,647,493)</u>	<u>-</u>	<u>(8,647,493)</u>	<u>-</u>
<u>-</u>	<u>(2,287,441)</u>	<u>(2,287,441)</u>	<u>-</u>
<u>-</u>	<u>(2,287,441)</u>	<u>(2,287,441)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,774,417</u>
2,965,792	-	2,965,792	1,153,088
4,069,266	407,440	4,476,706	-
635,241	-	635,241	-
111,495	-	111,495	126,159
(1,340,890)	1,340,890	-	-
1,963,924	14,674	1,978,598	128,109
<u>8,404,828</u>	<u>1,763,004</u>	<u>10,167,832</u>	<u>1,407,356</u>
<u>(242,665)</u>	<u>(524,437)</u>	<u>(767,102)</u>	<u>4,181,773</u>
<u>25,984,922</u>	<u>6,249,521</u>	<u>32,234,443</u>	<u>17,921,241</u>
<u>\$ 25,742,257</u>	<u>\$ 5,725,084</u>	<u>\$ 31,467,341</u>	<u>\$ 22,103,014</u>

The accompanying notes are an integral part of these financial statements

State of New Mexico
Cibola County
Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	Road Fund
Assets		
<i>Current:</i>		
Cash and cash equivalents	\$ 7,455,548	\$ 136,596
Investments	-	-
Accounts receivable		
Property taxes	1,348,447	-
Intergovernmental	-	-
Other receivables	439,523	-
Interfund receivables	882,621	-
<i>Total assets</i>	\$ 10,126,139	\$ 136,596
 Liabilities and fund balances		
<i>Liabilities</i>		
Accounts payable	\$ 189,565	\$ 203,476
Accrued payroll liabilities	219,898	34,704
Interfund payables	-	-
Deferred revenue - property taxes	1,240,392	-
<i>Total liabilities</i>	1,649,855	238,180
 <i>Fund balance:</i>		
Nonspendable	-	-
Restricted	-	-
Committed	-	-
Assigned	-	-
Unassigned	8,476,284	(101,584)
<i>Total fund balances</i>	8,476,284	(101,584)
 <i>Total liabilities and fund balances</i>	\$ 10,126,139	\$ 136,596

The accompanying notes are an integral part of these financial statements

<u>Indigent Fund</u>	<u>Grants Fund</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 372,949	\$ 448	\$ 4,446,760	\$ 1,701,898	\$ 14,114,199
-	-	1,058,575	271,230	1,329,805
-	-	-	-	1,348,447
-	118,709	-	54,445	173,154
-	-	-	-	439,523
-	-	-	-	882,621
<u>\$ 372,949</u>	<u>\$ 119,157</u>	<u>\$ 5,505,335</u>	<u>\$ 2,027,573</u>	<u>\$ 18,287,749</u>
\$ 43,030	\$ 10,489	\$ -	\$ 19,087	\$ 465,647
678	70,968	-	1,904	328,152
-	263,144	-	54,469	317,613
-	-	-	-	1,240,392
<u>43,708</u>	<u>344,601</u>	<u>-</u>	<u>75,460</u>	<u>2,351,804</u>
-	-	-	-	-
329,241	-	5,505,335	1,959,347	7,793,923
-	-	-	-	-
-	-	-	-	-
-	(225,444)	-	(7,234)	8,142,022
<u>329,241</u>	<u>(225,444)</u>	<u>5,505,335</u>	<u>1,952,113</u>	<u>15,935,945</u>
<u>\$ 372,949</u>	<u>\$ 119,157</u>	<u>\$ 5,505,335</u>	<u>\$ 2,027,573</u>	<u>\$ 18,287,749</u>

The accompanying notes are an integral part of these financial statements

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State of New Mexico
Cibola County
Reconciliation of the Balance Sheet
to the Statement of Net Assets
June 30, 2011

Exhibit B-1
Page 3 of 3

Amounts reported for governmental activities in the statements of net assets are different because:

Fund balances - total governmental funds	\$	15,935,945
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		19,405,954
Prepaid expenses are expensed in the governmental fund financial statements but are not in the entity-wide financial statements		98,901
Issuance costs, net of accumulated amortization		228,168
Advance refunding escrow, net of accumulated amortization		13,327
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds: Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities		1,240,392
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds		
Accrued interest		(39,381)
Current portion of accrued compensate absences		(66,883)
Accrued compensated absences		(133,767)
Current portion of bonds and notes payable		(843,467)
Bonds and notes payable		<u>(10,096,932)</u>
Net assets-Governmental Activities	\$	<u><u>25,742,257</u></u>

The accompanying notes are an integral part of these financial statements

State of New Mexico
Cibola County
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ending June 30, 2011

Exhibit B-2
Page 1 of 3

	General Fund	Road Fund
<i>Revenues:</i>		
Property Taxes	\$ 2,919,208	\$ -
Gross Receipt Taxes	2,126,917	-
Other Taxes	82,617	374,889
Federal Grants	64,378	219,809
State & Local Grants	205,000	199,022
Charges for Services	429,693	-
Licenses and Fees	244,190	-
Interest Income	90,473	-
Miscellaneous	1,843,420	33,003
<i>Total Revenues</i>	8,005,896	826,723
<i>Expenditures:</i>		
<i>Current:</i>		
General Government	4,974,503	-
Public Safety	-	-
Public Works	-	1,569,725
Culture and Recreation	-	-
Health and Welfare	-	-
Capital Outlay	-	150,000
<i>Debt Service:</i>		
Principal	44,895	-
Interest	7,152	-
Note issuance costs	-	-
<i>Total Expenditures</i>	5,026,550	1,719,725
Excess (deficiency) of revenues over expenditures	2,979,346	(893,002)
<i>Other financing sources (uses)</i>		
Note proceeds	-	-
Transfers In	15,000	230,000
Transfers (Out)	(2,001,010)	-
<i>Total other financing sources (uses)</i>	(1,986,010)	230,000
<i>Net change in fund balance</i>	993,336	(663,002)
<i>Fund balance - beginning of year</i>	7,482,948	561,418
<i>Fund balance - end of year</i>	\$ 8,476,284	\$ (101,584)

The accompanying notes are an integral part of these financial statements

Indigent Fund	Grants Fund	Debt Service	Other Governmental Funds	Total
\$ -	\$ -	\$ -	\$ -	\$ 2,919,208
408,124	-	1,467,346	66,879	4,069,266
-	-	-	177,735	635,241
-	-	-	106,452	390,639
1,689,492	407,525	-	806,042	3,307,081
-	128,709	-	-	558,402
-	57,016	-	67,352	368,558
-	-	21,022	-	111,495
-	5,349	-	82,152	1,963,924
<u>2,097,616</u>	<u>598,599</u>	<u>1,488,368</u>	<u>1,306,612</u>	<u>14,323,814</u>
-	101,883	67,981	41,342	5,185,709
-	1,036,342	-	681,663	1,718,005
-	-	-	109,241	1,678,966
-	-	-	88,099	88,099
2,165,631	-	-	20,000	2,185,631
-	73,205	-	332,680	555,885
-	-	620,000	178,542	843,437
-	-	466,062	19,394	492,608
-	-	-	375	375
<u>2,165,631</u>	<u>1,211,430</u>	<u>1,154,043</u>	<u>1,471,336</u>	<u>12,748,715</u>
(68,015)	(612,831)	334,325	(164,724)	1,575,099
-	-	-	25,375	25,375
-	343,122	-	116,998	705,120
-	-	-	(45,000)	(2,046,010)
<u>-</u>	<u>343,122</u>	<u>-</u>	<u>97,373</u>	<u>(1,315,515)</u>
(68,015)	(269,709)	334,325	(67,351)	259,584
397,256	44,265	5,171,010	2,019,464	15,676,361
<u>\$ 329,241</u>	<u>\$ (225,444)</u>	<u>\$ 5,505,335</u>	<u>\$ 1,952,113</u>	<u>\$ 15,935,945</u>

The accompanying notes are an integral part of these financial statements

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State of New Mexico

Cibola County

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of the Governmental Funds to the Statement of Activities
For the Year Ending June 30, 2011

Exhibit B-2

Page 3 of 3

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

Net change in fund balances - total governmental funds	\$	259,584
--------------------------------------------------------	----	---------

Decrease in prepaid items		(7,125)
---------------------------	--	---------

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:

Capital expenditures		254,908
Depreciation expense		(1,601,289)

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenue in the funds:

Increase in deferred property taxes		46,584
-------------------------------------	--	--------

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

Amortization of bond issuance costs		(11,843)
Amortization of advance refunding escrow on bonds		(68,797)
Increase in the reserve for compensated absences		70,703
Increase in accrued interest payable		(3,827)
Proceeds of notes payable issued		(25,375)
Principal payments on bonds		843,437
Issuance costs of notes payable issued		375

Change in net assets of governmental activities	\$	<u><u>(242,665)</u></u>
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The accompanying notes are an integral part of these financial statements

State of New Mexico

Exhibit C-1

Cibola County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Basis) and Actual

For the Year Ending June 30, 2011

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
	<i>Revenues:</i>			
Property Taxes	\$ 2,776,904	\$ 2,776,904	\$ 2,906,682	129,778
Gross Receipt Taxes	1,195,000	1,195,000	1,728,982	533,982
Other Taxes	80,000	80,000	97,770	17,770
Federal Grants	77,364	77,364	64,378	(12,986)
State & Local Grants	170,000	170,000	205,000	35,000
Charges for Services	415,100	415,100	429,693	14,593
Licenses and Fees	287,136	287,136	248,695	(38,441)
Interest Income	65,000	65,000	90,473	25,473
Miscellaneous	1,640,000	1,640,000	1,849,720	209,720
<i>Total revenues</i>	<u>6,706,504</u>	<u>6,706,504</u>	<u>7,621,393</u>	<u>914,889</u>
<i>Expenditures:</i>				
Current:				
General Government	5,062,225	5,062,225	4,838,578	223,647
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	44,895	(44,895)
Interest	-	-	7,152	(7,152)
<i>Total expenditures</i>	<u>5,062,225</u>	<u>5,062,225</u>	<u>4,890,625</u>	<u>171,600</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,644,279</u>	<u>1,644,279</u>	<u>2,730,768</u>	<u>1,086,489</u>
<i>Other financing sources (uses)</i>				
Designated Cash (Excess)	(1,396,763)	(1,396,763)	-	1,396,763
Transfers In	15,000	15,000	15,000	-
Transfers Out	(262,516)	(262,516)	(2,001,010)	(1,738,494)
<i>Total other financing sources (uses)</i>	<u>(1,644,279)</u>	<u>(1,644,279)</u>	<u>(1,986,010)</u>	<u>(341,731)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	744,758	744,758
<i>Fund Balance - Beginning of Year</i>	-	-	7,593,411	7,593,411
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,338,169</u>	<u>\$ 8,338,169</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			384,503	
Adjustments to expenditures (liabilities)			(135,925)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>993,336</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-2

Cibola County

Road Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Basis) and Actual

For the Year Ending June 30, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property Taxes	\$ -	\$ -	\$ -	-
Gross Receipt Taxes	-	-	-	-
Other Taxes	390,000	390,000	409,511	19,511
Federal Grants	530,000	530,000	219,809	(310,191)
State & Local Grants	302,937	302,937	199,022	(103,915)
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	2,000	2,000	33,003	31,003
<i>Total revenues</i>	<u>1,224,937</u>	<u>1,224,937</u>	<u>861,345</u>	<u>(363,592)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	1,190,357	1,190,357	1,343,878	(153,521)
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	451,638	451,638	150,000	301,638
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,641,995</u>	<u>1,641,995</u>	<u>1,493,878</u>	<u>148,117</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(417,058)</u>	<u>(417,058)</u>	<u>(632,533)</u>	<u>(215,475)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	317,058	317,058	-	(317,058)
Transfers In	100,000	100,000	230,000	130,000
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>417,058</u>	<u>417,058</u>	<u>230,000</u>	<u>(187,058)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(402,533)	(402,533)
<i>Fund Balance - Beginning of Year</i>	-	-	539,129	539,129
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,596</u>	<u>\$ 136,596</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(34,622)	
Adjustments to expenditures (liabilities)			(225,847)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>(663,002)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-3

Cibola County

Indigent Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Basis) and Actual

For the Year Ending June 30, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property Taxes	\$ -	\$ -	\$ -	-
Gross Receipt Taxes	700,000	700,000	490,928	(209,072)
Other Taxes	-	-	-	-
Federal Grants	-	-	-	-
State & Local Grants	1,587,811	1,587,811	1,689,492	101,681
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>2,287,811</u>	<u>2,287,811</u>	<u>2,180,420</u>	<u>(107,391)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	2,114,193	2,114,193	2,123,123	(8,930)
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,114,193</u>	<u>2,114,193</u>	<u>2,123,123</u>	<u>(8,930)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>173,618</u>	<u>173,618</u>	<u>57,297</u>	<u>(116,321)</u>
<i>Other financing sources (uses)</i>				
Designated Cash (excess)	(173,618)	(173,618)	-	173,618
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(173,618)</u>	<u>(173,618)</u>	<u>-</u>	<u>173,618</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	57,297	57,297
<i>Fund Balance - Beginning of Year</i>	-	-	315,652	315,652
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 372,949</u>	<u>\$ 372,949</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(82,804)	
Adjustments to expenditures (liabilities)			(42,508)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>(68,015)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-4

Cibola County

Grants Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Basis) and Actual

For the Year Ending June 30, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property Taxes	\$ -	\$ -	\$ -	-
Gross Receipt Taxes	-	-	-	-
Other Taxes	-	-	-	-
Federal Grants	-	-	-	-
State & Local Grants	814,476	814,476	526,978	(287,498)
Charges for Services	10,000	10,000	10,000	-
Licenses and Fees	39,511	39,511	57,016	17,505
Interest Income	-	-	-	-
Miscellaneous	-	-	5,349	5,349
<i>Total revenues</i>	<u>863,987</u>	<u>863,987</u>	<u>599,343</u>	<u>(264,644)</u>
<i>Expenditures:</i>				
Current:				
General Government	95,144	95,144	95,381	(237)
Public Safety	1,093,484	1,093,484	970,006	123,478
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	59,681	59,681	73,205	(13,524)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,248,309</u>	<u>1,248,309</u>	<u>1,138,592</u>	<u>109,717</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(384,322)</u>	<u>(384,322)</u>	<u>(539,249)</u>	<u>(154,927)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	5,006	5,006	-	(5,006)
Transfers In	379,316	379,316	343,122	(36,194)
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>384,322</u>	<u>384,322</u>	<u>343,122</u>	<u>(41,200)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(196,127)	(196,127)
<i>Fund Balance - Beginning of Year</i>	-	-	(66,569)	(66,569)
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (262,696)</u>	<u>\$ (262,696)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(744)	
Adjustments to expenditures (liabilities)			(72,838)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>(269,709)</u>	

The accompanying notes are an integral part of these financial statements

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State of New Mexico
Cibola County
Statement of Net Assets
Proprietary Funds
June 30, 2011

Exhibit D-1

	<u>Detention Enterprise Fund</u>
Assets	
Current Assets:	
Cash and cash equivalents	\$ -
Restricted cash	4,217
Receivables (net of allowance for uncollectibles)	249,115
Prepaid insurance	<u>176,685</u>
Total current assets	<u>430,017</u>
Noncurrent Assets:	
Capital assets	8,423,037
Less: accumulated depreciation	<u>(2,282,969)</u>
Total noncurrent assets	<u>6,140,068</u>
Total assets	<u><u>\$ 6,570,085</u></u>
Liabilities	
Current Liabilities:	
Accounts payable	\$ 78,537
Accrued payroll liabilities	139,336
Inmate trust accounts	4,217
Due to other funds	565,008
Current portion of accrued compensated absences	<u>37,637</u>
Total current liabilities	<u>824,735</u>
Noncurrent Liabilities:	
Noncurrent portion of accrued compensated absences	<u>20,266</u>
Total liabilities	<u>845,001</u>
Net Assets	
Invested in capital assets	6,140,068
Unrestricted	<u>(414,984)</u>
Total net assets	<u>5,725,084</u>
Total liabilities and net assets	<u><u>\$ 6,570,085</u></u>

The accompanying notes are an integral part of these financial statements

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State of New Mexico
Cibola County
Statement of Revenues, Expenditures,
and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

Exhibit D-2

	<u>Detention</u> <u>Enterprise Fund</u>
<i>Operating revenues:</i>	
Charges for services	\$ 1,297,607
Licenses and fees	<u>99,120</u>
 Total operating revenues	 <u>1,396,727</u>
 <i>Operating expenses:</i>	
Personnel services	1,878,501
Contractual services	1,146,865
Other operating expenses	53,324
Maintenance and materials	295,542
Depreciation	<u>309,936</u>
 Total operating expenses	 3,684,168
 Operating income (loss)	 (2,287,441)
 <i>Non-operating revenues:</i>	
Gross receipts taxes	407,440
Miscellaneous	<u>14,674</u>
 Total non-operating revenues	 <u>422,114</u>
 Transfers in	 <u>1,340,890</u>
 Total transfers	 <u>1,340,890</u>
 <i>Net Income</i>	 (524,437)
 <i>Total net assets - beginning</i>	 <u>6,249,521</u>
 <i>Total net assets - ending</i>	 <u><u>\$ 5,725,084</u></u>

The accompanying notes are an integral part of these financial statements

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State of New Mexico
Cibola County
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

Exhibit D-3

	<u>Detention Enterprise Fund</u>
Cash Flows From Operating Activities:	
Cash received from customers	\$ 1,421,955
Cash paid to suppliers and employees	<u>(3,414,717)</u>
Net Cash (Used) by Operating Activities	<u>(1,992,762)</u>
Cash Flows From Non-Capital Financing Activities	
Operating transfers	1,340,890
Gross receipts tax	407,440
Miscellaneous income	14,674
Decrease in inmate trust funds	<u>(5,869)</u>
Net Cash (Used) by Non-Capital Financing Activities	<u>1,757,135</u>
Net (Decrease) in Cash and Cash Equivalents	(235,627)
Cash and Cash Equivalents, Beginning of Year	<u>239,844</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 4,217</u></u>
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:	
Operating income (loss)	\$ (2,287,441)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Depreciation	309,936
Change in assets and liabilities:	
Accounts receivable	25,228
Prepaid insurance	(1,725)
Accounts payable	(9,309)
Accrued liabilities	49,113
Accrued compensated absences	<u>(78,564)</u>
Net Cash (Used) by Operating Activities	<u><u>\$ (1,992,762)</u></u>

Summary of Significant Noncash Activities:

There was no significant noncash activity during the year ended June 30, 2011.

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

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State of New Mexico
Cibola County
Statement of Net Assets
Component Unit
June 30, 2011

Exhibit E-1

	<u>Cibola General Hospital</u>
Assets	
Current Assets:	
Cash and cash equivalents	\$ 3,555,685
Patient accounts receivable, net of allowance for doubtful accounts of \$1,002,311	3,881,759
Prepaid expenses	338,400
Inventories	219,963
Other receivables	<u>13,174</u>
Total current assets	<u>8,008,981</u>
Assets limited as to use (Hospital Note 3)	<u>10,620,104</u>
Property and equipment, net of accumulated depreciation (Hospital Note 4)	<u>5,294,318</u>
Total Assets	<u><u>\$ 23,923,403</u></u>
Liabilities and Net Assets	
Current Liabilities:	
Accounts payable	\$ 794,569
Accrued payroll and taxes	809,933
Deferred revenue	187,802
Other liabilities	<u>28,085</u>
Total current liabilities	<u>1,820,389</u>
Commitments and Contingencies (Hospital Notes 7 through 10)	
Net Assets	
Unrestricted	<u>22,103,014</u>
Total net assets	<u>22,103,014</u>
Total Liabilities and Net Assets	<u><u>\$ 23,923,403</u></u>

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

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State of New Mexico
Cibola County
Statement of Revenues, Expenditures,
and Changes in Fund Net Assets
Component Unit
June 30, 2011

Exhibit E-2

	<u>Cibola General Hospital</u>
<i>Revenues</i>	
Net patient service revenue (Hospital Note 2)	\$ 26,886,760
Mil Levy (Hospital Note 6)	1,153,088
Other	<u>128,109</u>
<i>Total revenues</i>	<u>28,167,957</u>
<i>Expenses</i>	
Salaries and wages	9,329,805
Purchased services and other	3,790,965
Supplies	2,148,385
Payroll taxes and benefits	1,986,642
Utilities, insurance, rentals and repairs	1,853,699
Professional fees	955,690
Depreciation and amortization	924,237
Provision for bad debts	<u>3,089,743</u>
<i>Total expenses</i>	<u>24,079,166</u>
Operating Income	4,088,791
<i>Other Income (Expenses)</i>	
Interest income	126,159
Loss on sale of property and equipment	(4,217)
Other expense	<u>(18,961)</u>
<i>Total other income</i>	<u>102,981</u>
Excess Revenues Over Expenses	4,191,772
Change in net unrealized (loss) gain on other than trading securities	(10,051)
Contributions	<u>52</u>
Increase in restricted net assets	4,181,773
Net assets, beginning of year	<u>17,921,241</u>
Net assets, end of year	<u><u>\$ 22,103,014</u></u>

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

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State of New Mexico
Cibola County
Statement of Cash Flows
Component Unit
For the Year Ended June 30, 2011

Exhibit E-3

	Cibola General Hospital
Cash Flows from Operating Activities:	
Cash received from customers	\$ 24,364,572
Cash received from mil levy and other	1,281,249
Cash payments to suppliers	(8,703,736)
Cash paid for payroll, payroll taxes and benefits	(11,316,446)
Interest received	126,160
Other expense	(18,961)
	5,732,838
Net Cash Provided by Operating Activities	5,732,838
Cash Flows from Investing Activities	
Purchases of investments	(3,506,265)
Purchases of property and equipment	(978,794)
	(4,485,059)
Net Cash Used by Investing Activities	(4,485,059)
Increase (Decrease) in Cash and Cash Equivalents	1,247,779
Cash and Cash Equivalents, Beginning of Year	2,307,906
Cash and Cash Equivalents, End of Year	\$ 3,555,685
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:	
Cash Flows from Operating Activities:	
Change in net assets	\$ 4,181,773
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Provision for bad debts	3,089,743
Depreciation and amortization	924,237
Loss on disposal of property and equipment	4,217
Unrealized loss on investments	10,051
Changes in Operating Assets and Liabilities:	
(Increase) decrease in:	
Patient accounts receivable	(2,548,014)
Prepaid expenses	(27,355)
Inventories	13,286
Other receivables	(7,149)
Increase (decrease) in:	
Accounts payable	90,588
Accrued liabilities	(5,489)
Deferred revenue	32,975
Other liabilities	(26,025)
	(26,025)
Net Cash Provided by Operating Activities	\$ 5,732,838

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

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State of New Mexico
Cibola County
Statement of Fiduciary Net Assets
Agency Funds
June 30, 2011

Exhibit F-1

<i>Assets</i>	
Cash	161,421
Taxes receivable	<u>2,449,359</u>
 Total assets	 <u><u>\$ 2,610,780</u></u>
 <i>Liabilities</i>	
Due to schools	1,420,317
Due to municipalities	415,289
Due to other	<u>775,174</u>
 Total liabilities	 <u><u>\$ 2,610,780</u></u>

The accompanying notes are an integral part of these financial statements

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State of New Mexico
Cibola County
Notes to Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies

Cibola County (the “County”) is a political sub-division of the State of New Mexico established in 1981 under the provisions of Section 4-3A-1 of NMSA, 1978 compilation and regulated by the constitution of the State of New Mexico. The County operates under a commission-manager form of government and provides the following services as authorized by public law: public safety (sheriff, fire, emergency medical, etc.), roads, health and social services, recreation, sanitation, planning and zoning, property assessment, tax collection and general administrative services.

The financial statements of Cibola County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the County’s accounting policies are described below.

In June 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. In June 2001, the GASB approved Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*. Statement No. 37 clarifies and modifies Statement No. 34 and should be implemented simultaneously with Statement No. 34. Statement No. 38 modifies, establishes, and rescinds certain financial statement disclosure requirements. The County implemented the provisions of GASB No.’s 34, 37 and 38 effective July 1, 2002.

A. Financial Reporting Entity

GASB Statement No. 14 established criteria for determining the government reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the County is considered a *primary government*, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the County may, without the approval or consent of another government entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The County also has one *component unit*, as defined by GASB Statement No. 14 and / or GASB Statement No. 39. The component unit which the County is financially accountable for is the Cibola General Hospital Corporation (a New Mexico not-for-profit corporation) (the “Hospital”).

The financial statements of the Hospital have been included in the County’s financial statements as a discrete component unit. See Note 17 of these financial statements for the Summary of Significant Accounting Policies for the Hospital. The Hospital does not qualify to be reported using the governmental format. In addition the Hospital issues its own separate financial statements for the Hospital may be obtained by contacting the Hospital’s management at 1016 East Roosevelt Avenue, Grants, NM 87020.

There are no other primary governments with which the County Commissioners are financially accountable. There are no other primary governments with which the County has a significant relationship. There are no other component units for the year ended June 30, 2011.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities and changes in net assets) report information on all of the nonfiduciary 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.

State of New Mexico
Cibola County
Notes to Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements (continued)

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. *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*.

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

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and 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 as revenues 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.

Governmental fund 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 or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Ad valorem taxes (property taxes), and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The *agency funds* are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the County holds for others in an agency capacity.

Governmental funds are used to account for the County's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt. Governmental funds include:

State of New Mexico
Cibola County
Notes to Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

C. *Measurement focus, basis of accounting, and financial statement presentation (continued)*

The *General Fund* is the primary operating fund of the County, and accounts for all financial resources, except those required to be accounted for in other funds.

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Capital Projects Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The *Debt Service Funds* account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

Under the requirements of GASB #34, the County is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund), which includes funds that were not required to be presented as major but were at the discretion of management:

The *Road Special Revenue Fund* accounts for the activities of the County's road and highways, which provides service to the residents of the County. Authorized by sections 6-623, 7-1-6.19, 67-3-28.2, and Chapter 113, Laws of 1992, NMSA. To account for funds used to maintain County roads, including but not limited to administration, operation, maintenance, and capital outlay. Revenues are provided by motor vehicle fees, gas taxes, State appropriations, and State severance tax bonds.

The *Indigent Special Revenue Fund* is to account for revenues received from state shared gross receipts taxes for hospital service for indigent citizens of the County. The fund was created by authority of state statute (see Section 7-2OE-9, NMSA 1978 Compilation).

The *Grant Special Revenue Fund* is 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 Fund* accounts for the services of general long-term debt of the County.

The County reports the following major proprietary funds:

Proprietary fund operating revenues, such as charges for services result from exchange transactions associated with the principal activities of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings result from non-exchange transactions or ancillary activities.

The *Enterprise Fund* - The Detention Fund accounts for the activities of the County's prison facility operations.

Additionally, the government reports the following fund types:

The *fiduciary funds* are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The County's fiduciary funds are used to account for the collection and payment of property taxes and special fees to other governmental agencies.

State of New Mexico
Cibola County
Notes to Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes, because elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the County's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the County's general revenues. Program revenues are categorized as (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, (b) program-specific operating grants, which includes revenues received from federal and state sources to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and other items not properly included among program revenues.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

The County reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The County does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated on the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of the County's enterprise fund is charges for customer services including solid waste fees. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities and Net Assets or Equity

Cash and Temporary Investments: The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the County are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

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:

State of New Mexico
Cibola County
Notes to Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

- 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.
- 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: Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “internal balances”.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied.

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 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the County may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent. Collections and remittance of County property taxes are accounted for in the County Treasurer Agency Funds.

Certain Special Revenue funds are administered on a reimbursement method of funding; other funds are operated on a cash advance method of funding. The funds incurred the cost and submitted the necessary request for reimbursement or advance, respectively.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and proprietary financial statements.

Capital Assets: Capital assets, which include infrastructure, property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. Information technology equipment, including software, is

State of New Mexico
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Notes to Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

being capitalized and included in furniture and equipment as the County did not maintain internally developed software. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2011.

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

<u>Assets</u>	<u>Years</u>
Infrastructure	30
Buildings & Improvements	15-40
Machinery, Equipment, & Software	5-10

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

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	30
Furniture & Equipment	5-10
Automobiles	5

Deferred Revenues: The County recognizes grant revenue at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as deferred revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be “available” under the current financial resources measurement focus are reported as deferred revenues in the governmental fund financial statements.

Compensated Absences: 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 fund financial statements and the 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 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 straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. The County did not apply this policy to debt issued before July 1, 2002.

For fund financial reporting, bond premiums, discounts as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

State of New Mexico
Cibola County
Notes to Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

Fund Equity: Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The detail of the County's fund balances is presented in Note 16.

Equity Classifications: In the government-wide financial statements, equity is classified as net assets and displayed in three components:

- a. Net assets invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Assets:
Consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. The government-wide statement of net assets reports \$560,763 of restricted net assets.
- c. Unrestricted Net assets:
All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The County's policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Interfund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from 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.

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates affecting the County's financial statements include management's estimate of the useful lives of capital assets. Another 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.

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets of the County are prepared prior to June 1 and must be approved by resolution of the Board of County Commissioners, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the County Commissioners and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total.

State of New Mexico
Cibola County
Notes to Financial Statements
June 30, 2011

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information (continued)

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

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

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds 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 is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2011 is presented.

NOTE 3. Cash and Temporary Investments

State statutes authorize the investment of County funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the County properly followed State investment requirements as of June 30, 2011.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the County. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

The collateral pledged is listed on Schedule I of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

State of New Mexico
Cibola County
Notes to Financial Statements
June 30, 2011

NOTE 3. Cash and Temporary Investments (continued)

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. Additionally, until December 31, 2012, all deposits in non-interest bearing transaction accounts (such as non-interest bearing checking accounts) at participating institutions are fully guaranteed, regardless of dollar amount.

Deposits

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the County for a least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

	Wells <u>Fargo Bank</u>	Grants State <u>Bank</u>	First Community <u>Bank</u>	<u>Total</u>
Total amounts of deposits*	\$ 3,831,691	\$ 2,620,136	\$ 321,864	\$ 6,773,691
FDIC coverage	<u>(2,991,285)</u>	<u>(500,000)</u>	<u>(251,588)</u>	<u>(3,813,149)</u>
Total uninsured public funds	<u>\$ 840,406</u>	<u>\$ 2,120,136</u>	<u>\$ 70,276</u>	<u>\$ 2,960,542</u>
Collateral requirement (50% of uninsured public funds)	\$ 420,203	\$ 1,060,068	\$ 35,138	\$ 1,515,409
Pledged security	<u>(610,120)</u>	<u>(2,641,517)</u>	<u>(300,008)</u>	<u>(4,473,710)</u>
Total under (over) collateralized	<u>\$ (189,917)</u>	<u>\$ (1,581,449)</u>	<u>\$ (264,870)</u>	<u>\$ (2,071,374)</u>

* - Total amount of deposits per bank includes deposit accounts and certificates of deposit.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2011, \$2,960,542 of the County's bank balance of \$6,773,691 was exposed to custodial credit risk because it was uninsured and the collateral was held by the pledging bank's trust department, not in the County's name.

The County utilizes pooled accounts for their funds. The General, Special Revenue, Capital Projects, and Agency Funds are all in multiple accounts.

Investments

As of June 30, 2011 the County had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>less than 1</u>	<u>1 to 5</u>	<u>6-10</u>	<u>More than 10</u>
Repurchase Agreements	868,525	868,525	—	—	—
WF Advantage Government	2,296,566	2,296,566	—	—	—
Freddie Mac/FHLB	2,995,262	2,995,262	—	—	—
U.S. Treasury Securities	218,123	218,123	—	—	—
State Treasurer-NMFA Bank	128,727	128,727	—	—	—
State Treasurer's Investment	<u>2,503,677</u>	<u>2,503,677</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>9,010,880</u>	<u>9,010,880</u>	<u>—</u>	<u>—</u>	<u>—</u>

State of New Mexico
Cibola County
Notes to Financial Statements
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NOTE 3. Cash and Temporary Investments (continued)

Investments (continued)

NM State Statutes require collateral pledged for repurchase agreements in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the County for at least 102% of the amount on deposit with the institution.

The schedule listed below discloses the State of New Mexico, Office of the State Auditor's requirements on reporting the insured portion of the County's repurchase agreements.

	<u>Westdeutsche Landesbank</u>
Repurchase agreements	
Total amount of deposits	\$ 868,525
FDIC coverage	<u>—</u>
 Total uninsured public funds	 <u>\$ 868,525</u>
 Collateral requirement (102% of uninsured public funds)	 \$ 885,896
Pledged collateral	<u>922,065</u>
 Over collateralized	 <u>\$ 36,169</u>

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's \$868,525 investment in repurchase agreements was held by the investment's counterparty not in the name of the County. The County's policy related to investments is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). The carrying value of the County's repurchase agreements at June 30, 2011 was \$868,525.

Interest rate risk is the risk that interest rate variations may adversely affect an investment's fair value. The prices of securities fluctuate with market interest rates and the securities held in a portfolio will decline if market interest rates rise. The portfolio's weighted average maturity (WAM) is a key determinant of the tolerance of a fund's investments to rising interest rates. At June 30, 2011, the County's investment of New MexiGROW LGIP had a value of \$2,503,667.

Credit rating risk - Investments. The County's Investment Policy limits investments to those securities authorized by the laws of the State of New Mexico. As of June 30, 2011, the County's investment of New MexiGROW LGIP had a credit risk rating of AAAM and a WAM of 36 days. The Wells Fargo Advantage Money Market Fund had a credit risk rating of AAAM. The investments held with Federal Home Loan Bank, Freddie Mack, and U.S. Treasury Securities were rated AAA.

Concentration of credit risk - Investments. The County places no limit on the amount the County may invest in any one issuer. The County's investment activity is distributed between Wells Fargo Advantage Government Fund, FHLB, Freddie Mac, U.S. Treasury Fund (Bank of New York Mellon Trust Account and NMFA Bank Trust Accounts), and the State Treasurer's New MexiGROW LGIP. The highest concentration is with Wells Fargo (Advantage Fund, FHLB, and Freddie Mac) which comprise 59% of the County's investments.

The State Treasurer Local Government Investment Pool is not SEC Registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment funds in securities that are issued by the United States government or by its departments or agencies and are either backed by the full faith and credit of the United States government or are agencies sponsored by the United States government with ratings A to AAA by Moody's Investors Service and S&P. The Local Government Investment Pool investments are monitored by the same investment committee and the same

State of New Mexico
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Notes to Financial Statements
June 30, 2011

NOTE 3. Cash and Temporary Investments (continued)

Investments (continued)

policies and procedures that apply to all other state investments. The pool does not have unit shares; at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts of the fund were invested. Any unrealized gain or loss on the portfolio is distributed through the investment yield on distribution dates. The carrying amount of the portfolio approximates the fair value of all investments at June 30, 2011. The State of New Mexico is the regulatory oversight entity and participation in the pool is voluntary.

NOTE 4. Receivables

Receivables as of June 30, 2011, are as follows:

	General Fund	Grants Fund	Nonmajor Governmental Fund	Total Governmental Funds	Proprietary Funds
Property Taxes	\$ 1,348,447	\$ —	\$ —	\$ 1,348,447	\$ —
Intergovernmental	—	118,709	54,445	173,154	—
Other Receivables	<u>439,523</u>	—	—	<u>439,523</u>	<u>249,115</u>
Total Receivables	<u>1,787,970</u>	<u>118,709</u>	<u>54,445</u>	<u>1,961,124</u>	<u>249,115</u>

The above receivables are deemed 100% collectible. In accordance with GASB No. 33, property tax receivables are presented net of deferred revenues in the governmental balance sheet. Deferred revenue – property taxes totaled \$1,240,392, as presented in the general fund.

NOTE 5. Interfund Receivables, Payables, and Transfers

Net operating transfers made to close out funds, to supplement other funding sources, and to repay previous transfers were as follows:

Transfers from the General Fund to:	
Grants Fund	\$ 343,122
Road Fund	230,000
Recreation Fund	74,005
Farm and Range Fund	12,993
Detention Fund	<u>1,340,890</u>
Total transfers from the General Fund	<u>\$ 2,001,010</u>
Transfers from County Fire Protection Fund to:	
VFD Fund	\$ 30,000
General Fund	<u>15,000</u>
Total transfers from the County Fire Protection Fund	<u>\$ 45,000</u>

Receivables and payables from interfund transactions as of June 30, 2011 are listed below. The majority of interfund balances were affected or created due to cash overdrafts and a few other balances are either carried forward from the prior year, or were created when expenditures were inadvertently recorded in the incorrect fund and later adjusted to the correct fund.

Major Funds	Due to General Fund	Due from Other Funds
General Fund	\$ —	\$ 882,621
Grants Fund	263,144	—
Total Nonmajor Governmental Funds	54,469	—
Detention Fund (Proprietary)	<u>565,008</u>	<u>—</u>
Total	<u>\$ 882,621</u>	<u>\$ 882,621</u>

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Notes to Financial Statements
June 30, 2011

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2011, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land, Land-Infrastructure, and Construction in Progress are not subject to depreciation.

Capital Assets Used in Governmental Activities:	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not depreciated				
Land	\$ 84,000	\$ —	\$ —	\$ 84,000
Land-Infrastructure	2,754,454	—	—	2,754,454
Construction in Progress	<u>668,405</u>	<u>—</u>	<u>—</u>	<u>668,405</u>
Total not being depreciated	<u>\$ 3,506,859</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,506,859</u>
Capital assets being depreciated				
Buildings & Improvements	\$ 7,103,155	\$ —	\$ —	\$ 7,103,155
Furniture & Equipment	5,176,644	24,461	—	5,201,105
Vehicles	2,609,097	230,447	—	2,839,544
Infrastructure	13,728,176	—	—	13,728,176
County Hospital	<u>11,430,000</u>	<u>—</u>	<u>—</u>	<u>11,430,000</u>
Total being depreciated	<u>\$ 39,633,963</u>	<u>\$ 254,908</u>	<u>\$ —</u>	<u>\$ 39,888,871</u>
Total capital assets	<u>\$ 43,553,931</u>	<u>\$ 254,908</u>	<u>\$ —</u>	<u>\$ 43,808,839</u>
Less accumulated depreciation				
Buildings & Improvements	\$ (2,140,520)	\$ (279,656)	\$ —	\$ 2,420,176
Furniture & Equipment	(3,242,493)	(283,071)	—	3,525,564
Vehicles	(1,467,759)	(176,981)	—	1,644,740
Infrastructure	(11,930,324)	(477,248)	—	12,407,572
County Hospital	<u>(4,020,500)</u>	<u>(384,333)</u>	<u>—</u>	<u>4,404,833</u>
Total accumulated depreciation	<u>\$ (22,801,596)</u>	<u>\$ (1,601,289)</u>	<u>\$ —</u>	<u>\$ 24,402,885</u>
Net capital assets	<u>\$ 20,752,335</u>	<u>\$ (1,346,381)</u>	<u>\$ —</u>	<u>\$ 19,647,449</u>

Depreciation expense for the year ended June 30, 2011 was charged to governmental activities as follows:

General Government	\$ 208,168
Public Safety	400,322
Health & Welfare	384,309
Public Works	480,387
Culture and Recreation	<u>128,103</u>
Total	<u>\$ 1,601,289</u>

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NOTE 6. Capital Assets (continued)

Capital Assets used in Business-Type Activities:	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not depreciated				
Land & Easements	\$ 124,966	—	—	124,966
Total not being depreciated	<u>\$ 124,966</u>	<u>—</u>	<u>—</u>	<u>\$ 124,966</u>
Capital assets being depreciated				
Buildings & Improvements	\$ 7,723,371	\$ —	\$ —	\$ 7,723,371
Furniture & Equipment	414,076	—	—	414,076
Vehicles	160,624	—	—	160,624
Total being depreciated	<u>\$ 8,298,071</u>	<u>—</u>	<u>—</u>	<u>\$ 8,298,071</u>
Total capital assets	<u>\$ 8,423,037</u>	<u>—</u>	<u>—</u>	<u>\$ 8,423,037</u>
Less accumulated depreciation				
Buildings & improvements	\$ (1,836,387)	\$ (288,471)	\$ —	\$ (2,124,858)
Furniture & Equipment	(98,455)	(15,466)	—	(113,921)
Vehicles	(38,191)	(5,999)	—	(44,190)
Total accumulated depreciation	<u>\$ (1,973,034)</u>	<u>\$ (309,936)</u>	<u>\$ —</u>	<u>\$ (2,282,969)</u>
Net capital assets	<u>\$ 6,450,004</u>	<u>\$ (309,936)</u>	<u>\$ —</u>	<u>\$ 6,140,068</u>

Depreciation expense charged to business-type activities for the year ended June 30, 2011 was \$309,936.

NOTE 7. Long-term Debt

During the year ended June 30, 2011, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	Balance June 30, 2010	Additions	Retirements	Balance June 30, 2011	Current Maturities
Governmental Activities					
Bonds Payable	\$ 10,385,000	\$ —	\$ 620,000	\$ 9,765,000	\$ 645,000
Notes Payable	1,373,461	25,375	223,437	1,175,399	198,467
Compensated Absences	<u>271,353</u>	<u>154,773</u>	<u>225,476</u>	<u>200,650</u>	<u>66,883</u>
Total Long-Term Debt	<u>\$ 12,029,814</u>	<u>\$ 180,148</u>	<u>\$ 1,068,913</u>	<u>\$ 11,141,049</u>	<u>\$ 910,350</u>

The annual requirements to amortize the bond and notes payable as of June 30, 2011, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2012	\$ 843,467	\$ 466,612	\$ 1,310,079
2013	875,982	435,179	1,311,161
2014	809,101	400,589	1,209,690
2015	828,489	369,373	1,197,862
2016	808,993	337,054	1,146,047
2017-2021	2,141,355	1,302,398	3,443,753
2022-2026	1,937,383	912,264	2,849,647
2027-2031	2,200,629	434,802	2,635,431
2032-2036	<u>495,000</u>	<u>23,513</u>	<u>518,513</u>
	<u>\$ 10,940,399</u>	<u>\$ 4,681,784</u>	<u>\$ 15,622,183</u>

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Notes to Financial Statements
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NOTE 7. Long-term Debt (continued)

Bonds Payable – At June 30, 2011, the County had the following bond outstanding:

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. The total principal and interest remaining to be paid on the bonds is \$14,273,200. Principal and interest paid for the current year were \$620,000 and \$466,063 respectively.

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 \$5,225,000 at June 30, 2011. Interest of \$286,750 was paid on this bond during the current year.

Notes Payable – The County maintains multiple loans through the New Mexico Finance Authority (NMFA). These loans are for multiple purposes including police units, fire department equipment, and solid waste improvements. Loan payments are payable from the fund associated with the loan (fire, general, etc).

Loan principal and interest payments (and intercept payments) are made on an annual basis to the NMFA as is required per the loan's debt schedules. Interest rates on the loans vary from 0% to 3.75% and loan payments are scheduled through 2027.

At June 30, 2011, the County had the following notes outstanding:

NMF A 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. The total principal and interest remaining to be paid on the loan is \$179,750. Principal and interest paid for the current year were \$80,174 and \$10,500, respectively.

NMF A Loan - Solid Waste Authority

The County has pledged future environmental gross receipts tax revenues, net of specified operating expenses, to repay a \$745,500 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. The total principal and interest remaining to be paid on the loan is \$200,824. Principal and interest paid for the current year were \$44,895 and \$7,151, respectively.

NMF A Loan - Volunteer Fire Departments

The County has pledged future fire allotment revenues, net of specified operating expenses, to repay \$1,175,549 in loans issued November 2002 through June 2010. 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. The total principal and interest remaining to be paid on the loans is \$968,408. Principal and interest paid for the current year were \$98,368 and \$19,996, respectively.

Compensated Absences – Employees of the County are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2011, compensated absences decreased \$70,703 over the prior year accrual. See Note 1 for more details.

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NOTE 7. Long-term Debt (continued)

Proprietary Funds

The proprietary funds have incurred liabilities relating to accrued vacation and other compensatory time during the year. The following schedule shows the changes to its various forms of debt during the fiscal year ended June 30, 2011:

Business-Type Activities	Balance			Balance	
	June 30, 2010	Additions	Deletions	June 30, 2011	Due Within One Year
Compensated Absences	\$ 136,467	\$ 57,621	\$ 136,185	\$ 57,903	\$ 37,637

NOTE 8. Deferred Revenue

In accordance with the terms of the various grant agreements within the Special Revenue Funds, revenues received in excess of expenditures carry over to subsequent years, unless such excess revenues are requested to be returned to the grantor. As of June 30, 2011, Cibola County had no deferred revenues related to Special Revenue Funds.

NOTE 9. 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 Multiline 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.

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 2011, Cibola County contributed \$131,588 to the Workers' Compensation Pool. The self-insured retention level for the pool during the period of coverage July 1, 2010 through June 30, 2011, 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 \$186,706 for the calendar year ended December 31, 2011. Cibola County paid premiums to the Law Enforcement Liability pool of \$312,838 for the year ended December 31, 2011.

The self-insured retention level for this pool during the period of coverage January 1, 2011 through December 31, 2011 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.

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 Notes to Financial Statements
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NOTE 9. Risk Management (continued)

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 \$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, 2011, 2010 and 2009.

The New Mexico County Insurance Authority has published its own financial reports for the fiscal year ended June 30, 2011, 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, 2011, 2010 and 2009.

NOTE 10. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures as part of the Combined Statements - Overview of certain information concerning individual funds including:

A. *Deficit fund balance of individual funds:* The following funds reflected a deficit fund balance as of June 30, 2011:

Governmental Funds:

Major Funds:

Road Fund	\$ 101,584
Grants Fund	<u>225,444</u>
Total Nomajor Funds	\$ 327,028

Nonmajor Funds:

Recreation Fund	\$ 7,234
Total Nomajor Funds	\$ 7,234

These deficits are expected to be funded by additional grants and charges for services.

B. *Designated cash appropriation in excess of available balances:* There were no funds with designated cash in appropriations in excess of available balances for the year ended June 30, 2011.

C. *Excess expenditures over appropriations:* Budgetary authority is at the fund level. The following funds exceeded appropriations for the year ended June 30, 2011:

Governmental Funds:

Major Funds:

Indigent Fund	\$ 8,930
Total Nomajor Funds	\$ 8,930

Nonmajor Funds:

Recreation Fund	\$ 4,673
Total Nomajor Funds	\$ 4,673

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Notes to Financial Statements
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NOTE 11. PERA Pension Plan

Plan Description. Substantially all of Cibola 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 Employee Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P. O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute 9.15% (regular) and 16.30% (law enforcement) of their gross salary. The County is required to contribute 9.15% (regular) and 18.50% (law enforcement) of the gross covered salary. The contribution requirements of plan members and Cibola 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 fiscal years ending June 30, 2011, 2010 and 2009 were \$427,474, \$402,668, and \$355,722, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 12. Post Employment Benefits—State Retiree Health Care Plans

Plan Description. Cibola County contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long term 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 postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, 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.

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, 2011, the statute required each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee was required to contribute .833% of their salary. In the fiscal years ending June 30, 2012 and June 30, 2013 the contribution rates for employees and employers will rise as follows:

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NOTE 12. Post Employment Benefits—State Retiree Health Care Plans (continued)

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

Fiscal Year	Employer Contribution Rate	Employee Contribution Rate
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]), during the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 2.084% of each participating employee’s annual salary, and each participating employee was required to contribute 1.042% of their annual salary. In the fiscal years ending June 30, 2012 and June 30, 2013 the contribution rates for both employees and employers will rise as follows:

Fiscal Year	Employer Contribution Rate	Employee Contribution Rate
FY12	2.292%	1.146%
FY13	2.500%	1.250%

Also, employers joining the program after 1/1/98 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.

Cibola County's contributions to the RHCA for the years ended June 30, 2011, 2010 and 2009 were \$67,937, \$72,666 and \$45,527, respectively, which equal the required contributions for each year.

NOTE 13. Contingent Liabilities

The County is party to various claims and lawsuits arising in the normal course of business. The County is insured through the New Mexico County Insurance Authority. In the opinion of management, the outcome of these matters will not have a material effect on the financial position of the County.

NOTE 14. Federal and State Grants

In the normal course of operations, the County receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

NOTE 15. Subsequent Accounting Standard Pronouncements

In December 2009, the GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plan*, which is effective for financial statement periods beginning after June 15, 2011. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers).

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, which is effective for financial statement periods beginning after June 15, 2012. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—*

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NOTE 15. Subsequent Accounting Standard Pronouncements (continued)

and Management's Discussion and Analysis—for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity and amends the criteria for reporting component units as if they were part of the primary government in certain circumstances.

In December of 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is effective for financial statements for periods beginning after December 15, 2011. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

The requirements in this Statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source.

In June 2011, the GASB issued Statement No. 63, *Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position* which is effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

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NOTE 16. Governmental Fund Balance

Fund Balance: In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Some governments may not have policies or procedures that are comparable to those policies that underlie the classifications and therefore would not report amounts in all possible fund balance classifications.

In the governmental financial statements, fund balance is classified and is displayed in five components:

Nonspendable: Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted: Consists of amounts that are restricted to specific purposes as a result of a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed: Consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Assigned: Consist of amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned: Represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Detail relating to the fund balance classifications is displayed below:

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Notes to the Financial Statement
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NOTE 16. Fund Balance (continued)

Fund balances	General Fund	Road Fund	Indigent Fund	Grants Fund	Debt Service	Nonmajor Governmental Funds
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted						
Debt Service	-	-	-	-	5,505,335	7,535
Capital Projects	-	-	-	-	-	283,829
Care of Indigents	-	-	329,241	-	-	-
Fire Departments	-	-	-	-	-	1,392,897
EMS	-	-	-	-	-	69,465
Law Enforcement	-	-	-	-	-	15,752
County Clerk	-	-	-	-	-	67,514
Property Reappraisal	-	-	-	-	-	122,355
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	8,476,284	(101,584)	-	(225,444)	-	(7,234)
<i>Total fund balances</i>	<u>\$ 8,476,284</u>	<u>\$ (101,584)</u>	<u>\$ 329,241</u>	<u>\$ (225,444)</u>	<u>\$ 5,505,335</u>	<u>\$ 1,952,113</u>

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NOTES TO FINANCIAL STATEMENTS
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NOTE 17. Cibola General Hospital

Hospital Note 1. Nature of Operations and Summary of Significant Accounting Policies

Purpose of the 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 (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 mil 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 healthcare entities. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The more significant of the Hospital's accounting policies are described below.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual method of accounting. Under the accrual method of accounting, revenues are recognized when earned rather than when received, and expenses are recognized when the related liability is incurred rather than when paid.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, Cibola General Hospital Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets; and permanently restricted net assets.

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

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JUNE 30, 2011

NOTE 17. Cibola General Hospital (continued)

Hospital Note 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

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, 2011, the Hospital had approximately \$1.4 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 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.

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 17. Cibola General Hospital (continued)

Hospital Note 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

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, 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.

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 17. Cibola General Hospital (continued)

Hospital Note 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

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.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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, 2011, 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, 2010 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, 2011 and 2010.

Reclassifications

Certain amounts for the year ended June 30, 2010 have been reclassified to conform to the presentation of the June 30, 2011 amounts. The reclassifications have no effect on the changes in net assets for the year ended June 30, 2010.

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 17. Cibola General Hospital (continued)

Hospital Note 2. 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 43% and 44% of the Hospital's net patient service revenue for the years ended June 30, 2011 and 2010, 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 2009 and prior have been settled and 2010 remains open. Medicaid cost reports for 2009 and prior have been settled and 2010 remains open. Management believes that estimated settlements accrued for June 30, 2011 are adequate to provide for the settlement of all open cost reports. The 2011 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.

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

	<u>2011</u>	<u>2010</u>
Impatient gross charges	\$ 13,333,416	\$ 13,425,732
Outpatient gross charges	26,244,209	24,389,860
Sole community provider	<u>6,327,048</u>	<u>5,373,323</u>
Gross patient service revenue	45,904,673	43,188,915
Less:		
Third-party contractual discounts and allowances	17,737,437	16,486,932
Un-sponsored charges, including community care	<u>1,280,476</u>	<u>891,310</u>
Net patient service revenue	<u>\$ 26,886,760</u>	<u>\$ 25,810,673</u>

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 17. Cibola General Hospital (continued)

Hospital Note 3. 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:

	2011	2010
Certificate of deposit	\$ 4,055,200	\$ 5,334,901
Money maker	6,536,702	1,755,685
Interest receivable	28,202	37,521
Total assets limited as to use	\$ 10,620,104	\$ 7,128,107

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:

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;

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 17. Cibola General Hospital (continued)

Hospital Note 3. Assets Limited as to Use and Fair Value Measurement (continued)

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.

Fair value of assets measured on a recurring basis at June 30, 2011 and 2010 are as follows:

Fair Value Measurements at Reporting Date Using				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2011				
Assets limited as to use	\$ 10,620,104	\$ 10,620,104	\$ -	\$ -
Total	<u>\$ 10,620,104</u>	<u>\$ 10,620,104</u>	<u>\$ -</u>	<u>\$ -</u>
June 30, 2010				
Assets limited as to use	\$ 7,128,107	\$ 7,128,107	\$ -	\$ -
Total	<u>\$ 7,128,107</u>	<u>\$ 7,128,107</u>	<u>\$ -</u>	<u>\$ -</u>

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. ASU 2010-06 requires new disclosures related to transfers in and out of Levels 1 and 2; as well as additional purchase, sale, issuance and settlement information in the reconciliation for fair value measurements using significant unobservable inputs (Level 3). ASU 2010-06 also provides amendments that clarify existing disclosure requirements regarding levels of disaggregation and disclosures of inputs and valuation techniques. Given the nature of the investments held, management has determined that ASU 2010-06 is inapplicable to the Hospital.

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 17. Cibola General Hospital (continued)

Hospital Note 4. Property and Equipment

As of June 30, property and equipment consisted of the following:

	2011	2010
Non-depreciable assets:		
Land	\$ 733,729	733,729
Construction in progress	466,623	273,058
Total non-depreciable assets	1,200,352	1,006,787
Depreciable assets:		
Building and land improvements	2,925,644	2,852,798
Equipment	6,813,115	6,449,004
Total depreciable assets	9,738,759	9,301,802
Less:		
Accumulated depreciation and amortization	5,644,793	5,068,828
Net depreciable assets	4,093,966	4,232,974
Total property and equipment, net	\$ 5,294,318	\$ 5,239,761

Hospital Note 5. Accrued Liabilities

Accrued liabilities consist of the following at June 30:

	2011	2010
Accrued paid time off	\$ 461,871	\$ 482,988
Accrued wages	321,057	304,871
Accrued payroll taxes	-	-
Other	27,005	27,563
Total accrued liabilities	\$ 809,933	\$ 815,422

Hospital Note 6. Mil Levy

Pursuant to New Mexico law adopted in 1980 and amended in 1981 allowing counties to provide expanded tax support to qualified hospitals, the County of Cibola approved mil levy tax in 1998. The Hospital recorded \$1,153,088 and \$1,131,447 in the years ended June 30, 2011 and 2010, respectively, in mil levy proceeds. The amounts were used in accordance with the provisions of the property tax referendum. The Hospital receives mil levy taxes from the Treasurer of Cibola County. The County serves as the intermediary collecting agency and remits the Hospital's share of mil levy tax collections. The Hospital does not maintain detailed records of mil levy taxes receivable by the individual taxpayer.

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

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 17. Cibola General Hospital (continued)

Hospital Note 7. Medical Malpractice Claims

The Hospital has purchased a commercial insurance policy on a claims-made basis for coverage of its professional liability expense. Losses under this policy have not exceeded the coverage limits for the years ended June 30, 2011 and 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.

Hospital Note 8. 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, 2010, the County forgave the facility lease. The facility lease was not forgiven in 2011 and, as such, the Hospital paid \$265,000 in rental expense related to the said lease. Total rental expense in 2011 and 2010 was \$533,879 and \$262,026, respectively.

The following schedule details future minimum lease payments as of June 30, 2011, for operating leases with initial or remaining lease terms in excess of one year:

Minimum future rentals to be received on non-cancelable leases are approximately:

Years ending June 30:		
2012	\$	381,326
2013		333,272
2014		253,649
2015 and thereafter		<u>3,434</u>
	\$	<u>971,681</u>

Regulatory Audits

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

Subsequent Events

Management has evaluated subsequent events through October 20, 2011 to determine whether such events should be recorded or disclosed in the financial statements or notes for the year ended June 30, 2011. The date through which events were reviewed represents the date the financial statements were available to be issued.

On September 8, 2011, the Hospital was certified as a Medicare Critical Access Provider effective September 2, 2008. This certification will result in a retrospective increase in the applicable Medicare rate as of the effective date. The aforementioned certification will result in an increase in net patient revenue; however, the significance of the increase is unknown at this time.

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 17. Cibola General Hospital (continued)

Hospital Note 9. Retirement Plan

The Hospital has a 403(b) Plan (the 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 \$108,220 and \$62,758 in 2011 and 2010, respectively.

Hospital Note 10. Concentration of Credit Risk

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

	2011	2010
Medicare	18%	18%
Medicaid	18%	18%
Commercial insurance	11%	10%
All other payors	53%	53%
	100%	100%

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

Hospital Note 10. Concentration of Credit Risk (continued)

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.

Hospital Note 11. Functional Expenses

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

	2011	2010
Healthcare Services	16,209,631	16,051,845
General and administrative	7,869,535	8,032,920
Total functional expenses	\$ 24,079,166	\$ 24,084,765

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

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State of New Mexico
Cibola County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

Statement A-1

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
ASSETS			
Current:			
Cash and cash equivalents	\$ 1,669,969	\$ 31,929	\$ 1,701,898
Investments	11,795	259,435	271,230
Accounts receivable			
Property taxes	-	-	-
Intergovernmental	54,445	-	54,445
Other receivables	-	-	-
Interfund balances	-	-	-
Prepaid expenses	-	-	-
	<u>\$ 1,736,209</u>	<u>\$ 291,364</u>	<u>\$ 2,027,573</u>
<i>Total current assets</i>	<u>\$ 1,736,209</u>	<u>\$ 291,364</u>	<u>\$ 2,027,573</u>
 LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 19,087	\$ -	\$ 19,087
Accrued expenses	1,904	-	1,904
Interfund balances	54,469	-	54,469
	<u>75,460</u>	<u>-</u>	<u>75,460</u>
<i>Total current liabilities</i>	<u>75,460</u>	<u>-</u>	<u>75,460</u>
Fund balance:			
Reserved			
Nonspendable	-	-	-
Restricted	1,667,983	291,364	1,959,347
Committed	-	-	-
Assigned	-	-	-
Unassigned	(7,234)	-	(7,234)
	<u>1,660,749</u>	<u>291,364</u>	<u>1,952,113</u>
<i>Total fund balance</i>	<u>1,660,749</u>	<u>291,364</u>	<u>1,952,113</u>
<i>Total liabilities and fund balance</i>	<u>\$ 1,736,209</u>	<u>\$ 291,364</u>	<u>\$ 2,027,573</u>

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

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State of New Mexico
Cibola County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

Statement A-2

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
<i>Revenues:</i>			
Property taxes	\$ -	\$ -	\$ -
Gross receipts taxes	-	66,879	66,879
Other taxes	177,735	-	177,735
State and local sources	531,588	274,454	806,042
Federal grants	106,452	-	106,452
Licenses and fees	67,352	-	67,352
Charges for services	-	-	-
Investment income	-	-	-
Miscellaneous	82,152	-	82,152
	<u>965,279</u>	<u>341,333</u>	<u>1,306,612</u>
 <i>Total revenues</i>			
<i>Expenditures:</i>			
<i>Current</i>			
General Government	41,342	-	41,342
Public safety	681,663	-	681,663
Culture and recreation	88,099	-	88,099
Health and welfare	20,000	-	20,000
Education	-	-	-
Public works	99,445	9,796	109,241
Capital outlay	72,919	259,761	332,680
<i>Debt service</i>			
Principal	98,368	80,174	178,542
Interest	17,827	1,567	19,394
Bond issuance costs	375	-	375
	<u>1,120,038</u>	<u>351,298</u>	<u>1,471,336</u>
 <i>Total expenditures</i>			
 <i>Excess (deficiency) of revenues over expenditures</i>			
	<u>(154,759)</u>	<u>(9,965)</u>	<u>(164,724)</u>
 <i>Other financing sources (uses):</i>			
Proceeds of bond/note issuance	25,375	-	25,375
Operating transfers in	116,998	-	116,998
Operating transfers (out)	(45,000)	-	(45,000)
	<u>97,373</u>	<u>-</u>	<u>97,373</u>
 <i>Total other financing sources (uses)</i>			
 <i>Net change in fund balances</i>			
	<u>(57,386)</u>	<u>(9,965)</u>	<u>(67,351)</u>
 <i>Fund balances - beginning of year</i>			
	<u>1,718,135</u>	<u>301,329</u>	<u>2,019,464</u>
 <i>Fund balances - end of year</i>			
	<u>\$ 1,660,749</u>	<u>\$ 291,364</u>	<u>\$ 1,952,113</u>

The accompanying notes are an integral part of these financial statements

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NONMAJOR SPECIAL REVENUE FUNDS

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NONMAJOR SPECIAL REVENUE FUNDS

Volunteer Fire Districts (YFD) –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.

CDBG Planning – To account for the CDBG and local funds to do major repairs and improvements for the County's CDBG Project.

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. .

State of New Mexico
Cibola County
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2011

	VFD Fund	EMS Fund	Farm and Range Fund	Recreation Fund
Assets				
Current:				
Cash and cash equivalents	\$ 733,481	\$ 75,062	\$ -	\$ -
Investments	11,795	-	-	-
Accounts Receivable				
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Other receivables	-	-	-	-
Interfund balances	-	-	-	-
<i>Total current assets</i>	<u>\$ 745,276</u>	<u>\$ 75,062</u>	<u>\$ -</u>	<u>\$ -</u>
 Liabilities and fund balances				
<i>Current Liabilities:</i>				
Accounts payable	\$ 6,280	\$ 5,573	\$ -	\$ 7,234
Accrued payroll liabilities	-	-	-	-
Interfund balances	-	24	-	-
Deferred revenue- property taxes	-	-	-	-
<i>Total current liabilities</i>	<u>6,280</u>	<u>5,597</u>	<u>-</u>	<u>7,234</u>
<i>Fund balance:</i>				
Nonspendable	-	-	-	-
Restricted	738,996	69,465	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	(7,234)
<i>Total fund balance</i>	<u>738,996</u>	<u>69,465</u>	<u>-</u>	<u>(7,234)</u>
<i>Total liabilities and fund balance</i>	<u>\$ 745,276</u>	<u>\$ 75,062</u>	<u>\$ -</u>	<u>\$ -</u>

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

Law Enforcement Protection Fund	County Fire Protection Fund	County Clerk Recording and Filing Fund	CDBG Planning Fund	Reappraisal Fund	Total
\$ 15,752	\$ 653,901	\$ 67,514	\$ -	\$ 124,259	\$ 1,669,969
-	-	-	-	-	11,795
-	-	-	-	-	-
-	-	-	54,445	-	54,445
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 15,752</u>	<u>\$ 653,901</u>	<u>\$ 67,514</u>	<u>\$ 54,445</u>	<u>\$ 124,259</u>	<u>\$ 1,736,209</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,087
-	-	-	-	1,904	1,904
-	-	-	54,445	-	54,469
-	-	-	-	-	-
-	-	-	54,445	1,904	75,460
-	-	-	-	-	-
15,752	653,901	67,514	-	122,355	1,667,983
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(7,234)
<u>15,752</u>	<u>653,901</u>	<u>67,514</u>	<u>-</u>	<u>122,355</u>	<u>1,660,749</u>
<u>\$ 15,752</u>	<u>\$ 653,901</u>	<u>\$ 67,514</u>	<u>\$ 54,445</u>	<u>\$ 124,259</u>	<u>\$ 1,736,209</u>

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

State of New Mexico
Cibola County
Combining Statement of Revenues, Expenditures,
And Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2011

	VFD Fund	EMS Fund	Farm and Range Fund	Recreation Fund
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Other taxes	-	-	-	18
State and local sources	443,244	61,144	-	-
Federal grants	-	-	7,007	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	82,152	-	-	-
<i>Total revenues</i>	<u>525,396</u>	<u>61,144</u>	<u>7,007</u>	<u>18</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	595,660	54,963	-	-
Culture and recreation	-	-	-	88,099
Health and welfare	-	-	20,000	-
Public works	-	-	-	-
Capital outlay	21,966	-	-	-
Debt service				
Principal	98,368	-	-	-
Interest	17,827	-	-	-
Issuance costs for note payable	375	-	-	-
<i>Total expenditures</i>	<u>734,196</u>	<u>54,963</u>	<u>20,000</u>	<u>88,099</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(208,800)</u>	<u>6,181</u>	<u>(12,993)</u>	<u>(88,081)</u>
<i>Other financing sources (uses):</i>				
Proceeds from note payable	25,375	-	-	-
Operating transfers in	30,000	-	12,993	74,005
Operating transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>55,375</u>	<u>-</u>	<u>12,993</u>	<u>74,005</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>(153,425)</u>	<u>6,181</u>	<u>-</u>	<u>(14,076)</u>
<i>Fund balances - beginning of year</i>	<u>892,421</u>	<u>63,284</u>	<u>-</u>	<u>6,842</u>
<i>Fund balances - end of year</i>	<u>\$ 738,996</u>	<u>\$ 69,465</u>	<u>\$ -</u>	<u>\$ (7,234)</u>

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

Law Enforcement Protection Fund	County Fire Protection Fund	County Clerk Recording and Filing Fund	CDBG Planning Fund	Reappraisal Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	177,717	-	-	-	177,735
27,200	-	-	-	-	531,588
-	-	-	99,445	-	106,452
-	-	10,460	-	56,892	67,352
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	82,152
<u>27,200</u>	<u>177,717</u>	<u>10,460</u>	<u>99,445</u>	<u>56,892</u>	<u>965,279</u>
-	-	6,500	-	34,842	41,342
13,328	17,712	-	-	-	681,663
-	-	-	-	-	88,099
-	-	-	-	-	20,000
-	-	-	99,445	-	99,445
11,951	-	-	-	39,002	72,919
-	-	-	-	-	98,368
-	-	-	-	-	17,827
-	-	-	-	-	375
<u>25,279</u>	<u>17,712</u>	<u>6,500</u>	<u>99,445</u>	<u>73,844</u>	<u>1,120,038</u>
<u>1,921</u>	<u>160,005</u>	<u>3,960</u>	<u>-</u>	<u>(16,952)</u>	<u>(154,759)</u>
-	-	-	-	-	25,375
-	-	-	-	-	116,998
-	(45,000)	-	-	-	(45,000)
-	(45,000)	-	-	-	97,373
1,921	115,005	3,960	-	(16,952)	(57,386)
<u>13,831</u>	<u>538,896</u>	<u>63,554</u>	<u>-</u>	<u>139,307</u>	<u>1,718,135</u>
<u>\$ 15,752</u>	<u>\$ 653,901</u>	<u>\$ 67,514</u>	<u>\$ -</u>	<u>\$ 122,355</u>	<u>\$ 1,660,749</u>

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

STATE OF NEW MEXICO

Statement B-3

Cibola County

VFD Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Basis) and Actual

For the Year Ending June 30, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property Taxes	\$ -	\$ -	\$ -	-
Gross Receipt Taxes	-	-	-	-
Other Taxes	-	-	-	-
Federal Grants	-	-	-	-
State & Local Grants	431,149	431,149	443,244	12,095
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	91	91	-	(91)
Miscellaneous	-	-	82,152	82,152
<i>Total revenues</i>	<u>431,240</u>	<u>431,240</u>	<u>525,396</u>	<u>94,156</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	962,435	962,435	592,174	370,261
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	224,454	224,454	21,966	202,488
Debt Service:				
Principal	71,051	71,051	98,368	(27,317)
Interest	18,889	18,889	17,827	1,062
Issuance costs of note payable	-	-	375	(375)
<i>Total expenditures</i>	<u>1,276,829</u>	<u>1,276,829</u>	<u>730,710</u>	<u>546,119</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(845,589)</u>	<u>(845,589)</u>	<u>(205,314)</u>	<u>640,275</u>
<i>Other financing sources (uses)</i>				
Designated Cash (Excess)	815,589	815,589	-	(815,589)
Proceeds of note payable	-	-	25,375	25,375
Transfers In	30,000	30,000	30,000	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>845,589</u>	<u>845,589</u>	<u>55,375</u>	<u>(790,214)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(149,939)	(149,939)
<i>Fund Balance - Beginning of Year</i>	-	-	895,215	895,215
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 745,276</u>	<u>\$ 745,276</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			(3,486)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>(153,425)</u>	

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

STATE OF NEW MEXICO

Statement B-4

Cibola County

EMS Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Basis) and Actual

For the Year Ending June 30, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP	Favorable
			Basis)	(Unfavorable)
				Final to Actual
<i>Revenues:</i>				
Property Taxes	\$ -	\$ -	\$ -	-
Gross Receipt Taxes	-	-	-	-
Other Taxes	-	-	-	-
Federal Grants	-	-	-	-
State & Local Grants	62,429	62,429	61,144	(1,285)
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>62,429</u>	<u>62,429</u>	<u>61,144</u>	<u>(1,285)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	117,479	117,479	49,670	67,809
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	5,000	5,000	-	5,000
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>122,479</u>	<u>122,479</u>	<u>49,670</u>	<u>72,809</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(60,050)</u>	<u>(60,050)</u>	<u>11,474</u>	<u>71,524</u>
<i>Other financing sources (uses)</i>				
Designated Cash	60,050	60,050	-	(60,050)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>60,050</u>	<u>60,050</u>	<u>-</u>	<u>(60,050)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	11,474	11,474
<i>Fund Balance - Beginning of Year</i>	-	-	63,564	63,564
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,038</u>	<u>\$ 75,038</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			(5,293)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>6,181</u>	

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

STATE OF NEW MEXICO

Statement B-5

Cibola County

Farm and Range Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Basis) and Actual

For the Year Ending June 30, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP	Favorable
			Basis)	(Unfavorable)
				Final to Actual
<i>Revenues:</i>				
Property Taxes	\$ -	\$ -	\$ -	-
Gross Receipt Taxes	-	-	-	-
Other Taxes	-	-	-	-
Federal Grants	6,800	6,800	7,007	207
State & Local Grants	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>6,800</u>	<u>6,800</u>	<u>7,007</u>	<u>207</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	20,000	20,000	20,000	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(13,200)</u>	<u>(13,200)</u>	<u>(12,993)</u>	<u>207</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	13,200	13,200	12,993	(207)
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>13,200</u>	<u>13,200</u>	<u>12,993</u>	<u>(207)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	-	-
<i>Fund Balance - Beginning of Year</i>	-	-	-	-
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>-</u>	

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

STATE OF NEW MEXICO

Statement B-6

Cibola County

Recreation Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Basis) and Actual

For the Year Ending June 30, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP	Favorable
			Basis)	(Unfavorable)
				Final to Actual
<i>Revenues:</i>				
Property Taxes	\$ -	\$ -	\$ -	-
Gross Receipt Taxes	-	-	-	-
Other Taxes	-	-	37	37
Federal Grants	-	-	-	-
State & Local Grants	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>37</u>	<u>37</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	77,500	77,500	82,173	(4,673)
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>77,500</u>	<u>77,500</u>	<u>82,173</u>	<u>(4,673)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(77,500)</u>	<u>(77,500)</u>	<u>(82,136)</u>	<u>(4,636)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	7,500	7,500	-	(7,500)
Transfers In	70,000	70,000	74,005	4,005
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>77,500</u>	<u>77,500</u>	<u>74,005</u>	<u>(3,495)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(8,131)	(8,131)
<i>Fund Balance - Beginning of Year</i>	-	-	8,131	8,131
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(19)	
Adjustments to expenditures (liabilities)			(5,926)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>(14,076)</u>	

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

STATE OF NEW MEXICO

Statement B-7

Cibola County

Law Enforcement Protection Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ending June 30, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property Taxes	\$ -	\$ -	\$ -	-
Gross Receipt Taxes	-	-	-	-
Other Taxes	-	-	-	-
Federal Grants	-	-	-	-
State & Local Grants	27,200	27,200	27,200	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>27,200</u>	<u>27,200</u>	<u>27,200</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	29,000	29,000	13,328	15,672
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	11,550	11,550	11,951	(401)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>40,550</u>	<u>40,550</u>	<u>25,279</u>	<u>15,271</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(13,350)</u>	<u>(13,350)</u>	<u>1,921</u>	<u>15,271</u>
<i>Other financing sources (uses)</i>				
Designated Cash	13,350	13,350	-	(13,350)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>13,350</u>	<u>13,350</u>	<u>-</u>	<u>(13,350)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	1,921	1,921
<i>Fund Balance - Beginning of Year</i>	-	-	13,831	13,831
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,752</u>	<u>\$ 15,752</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>1,921</u>	

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

STATE OF NEW MEXICO

Statement B-8

Cibola County

County Fire Protection Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Basis) and Actual

For the Year Ending June 30, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property Taxes	\$ -	\$ -	\$ -	-
Gross Receipt Taxes	-	-	-	-
Other Taxes	130,000	130,000	207,948	77,948
Federal Grants	-	-	-	-
State & Local Grants	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>130,000</u>	<u>130,000</u>	<u>207,948</u>	<u>77,948</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	250,200	250,200	17,712	232,488
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>250,200</u>	<u>250,200</u>	<u>17,712</u>	<u>232,488</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(120,200)</u>	<u>(120,200)</u>	<u>190,236</u>	<u>310,436</u>
<i>Other financing sources (uses)</i>				
Designated Cash	165,200	165,200	-	(165,200)
Transfers In	-	-	-	-
Transfers Out	(45,000)	(45,000)	(45,000)	-
<i>Total other financing sources (uses)</i>	<u>120,200</u>	<u>120,200</u>	<u>(45,000)</u>	<u>(165,200)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	145,236	145,236
<i>Fund Balance - Beginning of Year</i>	-	-	508,665	508,665
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 653,901</u>	<u>\$ 653,901</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(30,231)	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>115,005</u>	

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

STATE OF NEW MEXICO

Statement B-9

Cibola County

County Clerk Recording and Filing Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ending June 30, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property Taxes	\$ -	\$ -	\$ -	-
Gross Receipt Taxes	-	-	-	-
Other Taxes	-	-	-	-
Federal Grants	-	-	-	-
State & Local Grants	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	11,000	11,000	10,460	(540)
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>11,000</u>	<u>11,000</u>	<u>10,460</u>	<u>(540)</u>
<i>Expenditures:</i>				
Current:				
General Government	70,000	70,000	6,500	63,500
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>70,000</u>	<u>70,000</u>	<u>6,500</u>	<u>63,500</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(59,000)</u>	<u>(59,000)</u>	<u>3,960</u>	<u>62,960</u>
<i>Other financing sources (uses)</i>				
Designated Cash	59,000	59,000	-	(59,000)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>59,000</u>	<u>59,000</u>	<u>-</u>	<u>(59,000)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	3,960	3,960
<i>Fund Balance - Beginning of Year</i>	-	-	63,554	63,554
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,514</u>	<u>\$ 67,514</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>3,960</u>	

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

STATE OF NEW MEXICO

Statement B-10

Cibola County

CGBG Planning Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Basis) and Actual

For the Year Ending June 30, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP	Favorable
			Basis)	(Unfavorable)
				Final to Actual
<i>Revenues:</i>				
Property Taxes	\$ -	\$ -	\$ -	-
Gross Receipt Taxes	-	-	-	-
Other Taxes	-	-	-	-
Federal Grants	550,000	550,000	45,000	(505,000)
State & Local Grants	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>550,000</u>	<u>550,000</u>	<u>45,000</u>	<u>(505,000)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	550,000	550,000	99,445	450,555
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>550,000</u>	<u>550,000</u>	<u>99,445</u>	<u>450,555</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(54,445)	(54,445)
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(54,445)	(54,445)
<i>Fund Balance - Beginning of Year</i>	-	-	-	-
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (54,445)</u>	<u>\$ (54,445)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			54,445	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			-	

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

STATE OF NEW MEXICO

Statement B-11

Cibola County

Reappraisal Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Basis) and Actual

For the Year Ending June 30, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP	Favorable
			Basis)	(Unfavorable)
				Final to Actual
<i>Revenues:</i>				
Property Taxes	\$ -	\$ -	\$ -	-
Gross Receipt Taxes	-	-	-	-
Other Taxes	-	-	-	-
Federal Grants	-	-	-	-
State & Local Grants	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	60,000	60,000	56,892	(3,108)
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>60,000</u>	<u>60,000</u>	<u>56,892</u>	<u>(3,108)</u>
<i>Expenditures:</i>				
Current:				
General Government	112,380	112,380	32,938	79,442
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	40,000	40,000	39,002	998
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>152,380</u>	<u>152,380</u>	<u>71,940</u>	<u>80,440</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(92,380)</u>	<u>(92,380)</u>	<u>(15,048)</u>	<u>77,332</u>
<i>Other financing sources (uses)</i>				
Designated Cash	92,380	92,380	-	(92,380)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>92,380</u>	<u>92,380</u>	<u>-</u>	<u>(92,380)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(15,048)	(15,048)
<i>Fund Balance - Beginning of Year</i>	-	-	139,307	139,307
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,259</u>	<u>\$ 124,259</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			(1,904)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>(16,952)</u>	

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

NONMAJOR CAPITAL PROJECT FUNDS

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NONMAJOR CAPITAL PROJECT 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.

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State of New Mexico
Cibola County
Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2011

Statement C-1

	Cubero VFD Construction Fund	Computer Equipment & Software Fund	Computer Equipment & Software Debt Fund	Capital Projects Outlay Fund	Total
ASSETS					
<i>Current:</i>					
Cash and cash equivalents	\$ -	\$ 869	\$ -	\$ 31,060	\$ 31,929
Investments	8,896	204,753	7,535	38,251	259,435
Accounts receivable					
Property taxes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Other receivables	-	-	-	-	-
Interfund balances	-	-	-	-	-
<i>Total current assets</i>	<u>\$ 8,896</u>	<u>\$ 205,622</u>	<u>\$ 7,535</u>	<u>\$ 69,311</u>	<u>\$ 291,364</u>
LIABILITIES AND FUND BALANCE					
<i>Current Liabilities:</i>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-	-
Interfund balances	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Deferred revenue - property taxes	-	-	-	-	-
<i>Total current liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance:</i>					
Nonspendable	-	-	-	-	-
Restricted	8,896	205,622	7,535	69,311	291,364
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<i>Total fund balance</i>	<u>8,896</u>	<u>205,622</u>	<u>7,535</u>	<u>69,311</u>	<u>291,364</u>
<i>Total liabilities and fund balance</i>	<u>\$ 8,896</u>	<u>\$ 205,622</u>	<u>\$ 7,535</u>	<u>\$ 69,311</u>	<u>\$ 291,364</u>

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

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State of New Mexico

Statement C-2

Cibola County

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Capital Project Funds
For the Year Ended June 30, 2011

	Cubero VFD Construction Fund	Computer Equipment & Software Fund	Computer Equipment & Software Debt Fund	Capital Projects Outlay Fund	Total
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	66,879	-	66,879
Other taxes	-	-	-	-	-
State grants	-	-	-	274,454	274,454
Federal grants	-	-	-	-	-
Licenses and fees	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>66,879</u>	<u>274,454</u>	<u>341,333</u>
<i>Expenditures:</i>					
Current					
General Government	-	-	-	-	-
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Health and welfare	-	-	-	-	-
Public works	-	-	-	9,796	9,796
Education	-	-	-	-	-
Capital outlay	-	-	-	259,761	259,761
Debt service					
Principal	-	-	80,174	-	80,174
Interest	-	-	1,567	-	1,567
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>81,741</u>	<u>269,557</u>	<u>351,298</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(14,862)</u>	<u>4,897</u>	<u>(9,965)</u>
<i>Other financing sources (uses):</i>					
Proceeds from bond/note	-	-	-	-	-
Operating transfers in	-	-	-	-	-
Operating transfers(out)	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(14,862)</u>	<u>4,897</u>	<u>(9,965)</u>
<i>Fund balances - beginning of year</i>	<u>8,896</u>	<u>205,622</u>	<u>22,397</u>	<u>64,414</u>	<u>301,329</u>
<i>Fund balances - end of year</i>	<u>\$ 8,896</u>	<u>\$ 205,622</u>	<u>\$ 7,535</u>	<u>\$ 69,311</u>	<u>\$ 291,364</u>

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

STATE OF NEW MEXICO

Statement C-3

Cibola County

Cubero VFD Construction Capital Project Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Basis) and Actual

For the Year Ending June 30, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Other Taxes	-	-	-	-
Federal Grants	-	-	-	-
State & Local Grants	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	300	300	-	(300)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>300</u>	<u>300</u>	<u>-</u>	<u>(300)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>300</u>	<u>300</u>	<u>-</u>	<u>(300)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(300)	(300)	-	300
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(300)</u>	<u>(300)</u>	<u>-</u>	<u>300</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	-	-
<i>Fund Balance - Beginning of Year</i>	-	-	8,896	8,896
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,896</u>	<u>\$ 8,896</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>-</u>	

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

STATE OF NEW MEXICO

Statement C-4

Cibola County

Computer Equipment & Software Capital Project Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Basis) and Actual

For the Year Ending June 30, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Other Taxes	-	-	-	-
Federal Grants	-	-	-	-
State & Local Grants	90,000	90,000	-	(90,000)
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	1,700	1,700	-	(1,700)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>91,700</u>	<u>91,700</u>	<u>-</u>	<u>(91,700)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	90,700	90,700	-	90,700
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>90,700</u>	<u>90,700</u>	<u>-</u>	<u>90,700</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(1,000)	(1,000)	-	1,000
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>	<u>1,000</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	-	-
<i>Fund Balance - Beginning of Year</i>	-	-	205,622	205,622
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,622</u>	<u>\$ 205,622</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>-</u>	

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

Cibola County

Computer Equipment & Software Debt Capital Project Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ending June 30, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP	Favorable
			Basis)	(Unfavorable)
				Final to Actual
<i>Revenues:</i>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	90,674	90,674	81,741	(8,933)
Other Taxes	-	-	-	-
Federal Grants	-	-	-	-
State & Local Grants	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>90,674</u>	<u>90,674</u>	<u>81,741</u>	<u>(8,933)</u>
<i>Expenditures:</i>				
Current:				
General Government	500	500	-	500
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	80,174	80,174	80,174	-
Interest	9,873	9,873	1,567	8,306
<i>Total expenditures</i>	<u>90,547</u>	<u>90,547</u>	<u>81,741</u>	<u>8,806</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>127</u>	<u>127</u>	<u>-</u>	<u>(127)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(127)	(127)	-	127
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(127)</u>	<u>(127)</u>	<u>-</u>	<u>127</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>7,535</u>	<u>7,535</u>
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,535</u>	<u>\$ 7,535</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(14,862)	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>(14,862)</u>	

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

STATE OF NEW MEXICO
Cibola County
Capital Projects Outlay Capital Project Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ending June 30, 2011

Statement C-6

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Other Taxes	-	-	-	-
Federal Grants	-	-	-	-
State & Local Grants	637,000	637,000	274,454	(362,546)
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	637,000	637,000	274,454	(362,546)
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	14,720	(14,720)
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	637,127	637,127	259,761	377,366
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	637,127	637,127	274,481	362,646
<i>Excess (deficiency) of revenues over expenditures</i>	(127)	(127)	(27)	100
<i>Other financing sources (uses)</i>				
Designated Cash	127	127	-	(127)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	127	127	-	(127)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(27)	(27)
<i>Fund Balance - Beginning of Year</i>	-	-	69,338	69,338
<i>Fund Balance - End of Year</i>	\$ -	\$ -	\$ 69,311	\$ 69,311
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			4,924	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			4,897	

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

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DEBT SERVICE FUNDS

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STATE OF NEW MEXICO

Statement D-1

Cibola County

Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Basis) and Actual

For the Year Ending June 30, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property Taxes	\$ -	\$ -	\$ -	-
Gross Receipt Taxes	697,198	697,198	1,964,241	1,267,043
Other Taxes	-	-	-	-
Federal Grants	-	-	-	-
State & Local Grants	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	35,000	35,000	21,022	(13,978)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>732,198</u>	<u>732,198</u>	<u>1,985,263</u>	<u>1,253,065</u>
<i>Expenditures:</i>				
Current:				
General Government	75,300	75,300	67,981	7,319
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	620,000	620,000	620,000	-
Interest	466,063	466,063	466,062	1
<i>Total expenditures</i>	<u>1,161,363</u>	<u>1,161,363</u>	<u>1,154,043</u>	<u>7,320</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(429,165)</u>	<u>(429,165)</u>	<u>831,220</u>	<u>1,260,385</u>
<i>Other financing sources (uses)</i>				
Designated Cash	429,165	429,165	-	(429,165)
Transfers In	300,000	300,000	-	(300,000)
Transfers Out	(300,000)	(300,000)	-	300,000
<i>Total other financing sources (uses)</i>	<u>429,165</u>	<u>429,165</u>	<u>-</u>	<u>(429,165)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	831,220	831,220
<i>Fund Balance - Beginning of Year</i>	-	-	4,674,115	4,674,115
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,505,335</u>	<u>\$ 5,505,335</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(496,895)	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>334,325</u>	

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

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SUPPORTING SCHEDULES

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State of New Mexico
Cibola County
Schedule of Collateral Pledged by Depository
For the Year Ended June 30, 2011

Security Description	CUSIP Number	Fair Market Value	Maturity Date	Name and Location of Safekeeper
Wells Fargo				
FG H00895, 5.5%	3128MS7G9	9,461	6/1/2037	Wells Fargo Bank Northwest
FN 852529, 6.0%	31408JEA5	549,446	5/1/2036	Wells Fargo Bank Northwest
FN 948858, 6.0%	31413LTP4	<u>51,212</u>	8/1/2037	Wells Fargo Bank Northwest
Total - Wells Fargo		<u>\$ 610,120</u>		
Westdeutsche Landesbank				
Govt Natl Mtg Assn Pool #782364, 5.5%	36241KTV0	35,335	6/15/2033	Wells Fargo Bank Minnesota
Govt Natl Mtg Assn Pool #782383, 5.5%	36241KUG1	873,072	4/15/2037	Wells Fargo Bank Minnesota
Govt Natl Mtg Assn Pool #782400, 5.5%	36241KUZ9	<u>13,659</u>	9/15/2035	Wells Fargo Bank Minnesota
Total - Westdeutsche Landesbank		<u>\$ 922,065</u>		
First Community Bank				
GNR 2009-67 GA, 5.5%	38373AQS8	<u>300,008</u>	1/12/2037	Federal Home Loan Bank - Dallas, TX
Total - First Community Bank		<u>\$ 300,008</u>		
Grants State Bank				
Carlsbad SD Call FR, 3.80%	142735CM9	206,134	8/1/2013	The Ind. Banker's Bank, Irving, TX
Chama Valley ISD NC FR, 4.10%	157670EA4	79,524	4/1/2014	The Ind. Banker's Bank, Irving, TX
Chama Valley ISD NC FR, 4.15%	157670EB2	80,555	4/1/2015	The Ind. Banker's Bank, Irving, TX
Chama Valley ISD NC FR, 4.15%	157670EC0	80,888	4/1/2016	The Ind. Banker's Bank, Irving, TX
Farmington NM MSD, 3.00%	311441JF7	255,210	9/1/2012	The Ind. Banker's Bank, Irving, TX
Gadsden ISD Call FR, 3.65%	362550JK2	200,506	8/15/2012	The Ind. Banker's Bank, Irving, TX
Gallup/McK County School NC FR, 4.00%	364010NL8	300,921	8/1/2011	The Ind. Banker's Bank, Irving, TX
Los Alamos ISD Call FR, 3.00%	544228BQ1	102,410	8/1/2013	The Ind. Banker's Bank, Irving, TX
Los Alamos ISD Call FR, 3.10%	544228BR9	102,188	8/1/2014	The Ind. Banker's Bank, Irving, TX
Los Alamos ISD Call FR, 3.20%	544228BS7	153,100	8/1/2015	The Ind. Banker's Bank, Irving, TX
Los Alamos ISD Call FR, 3.35%	544228BT5	137,658	8/1/2016	The Ind. Banker's Bank, Irving, TX
Ruidoso ISD NC FR, 4.00%	781338GD4	207,458	8/1/2012	The Ind. Banker's Bank, Irving, TX
Santa Rosa NC FR, 4.00%	802751CV7	50,008	7/1/2011	The Ind. Banker's Bank, Irving, TX
Socorro SD NC FR, 4.50%	83368PBF2	56,889	8/1/2012	The Ind. Banker's Bank, Irving, TX
Socorro SD NC FR, 4.60%	83368PBG0	79,850	8/1/2013	The Ind. Banker's Bank, Irving, TX
Torr & Soc County NC FR, 4.40%	891341BH1	10,047	9/1/2011	The Ind. Banker's Bank, Irving, TX
Torr & Soc County NC FR, 4.35%	891341BJ7	10,321	9/1/2012	The Ind. Banker's Bank, Irving, TX
West Las Vegas SC NC FR, 4.90%	953769FG6	85,029	7/1/2011	The Ind. Banker's Bank, Irving, TX
Alamogordo Water/Sewer NC FR, 4.00%	011500FR1	242,353	6/1/2012	The Ind. Banker's Bank, Irving, TX
Chaves County NC FR, 3.70%	162634BF5	<u>200,468</u>	8/1/2011	The Ind. Banker's Bank, Irving, TX
Total - Grants State Bank		<u>\$2,641,517</u>		
Total		<u><u>\$4,473,710</u></u>		

The accompanying notes are an integral part of these financial statements

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State of New Mexico
Cibola County
Schedule of Depositories
For the Year Ended June 30, 2011

Schedule II

<u>Bank Name</u>	Acct. Type	Bank Balance	Deposits in Transit	Outstanding Checks	Carrying Balance
Wells Fargo Bank					
Operational	Ckg	\$ 2,741,285	\$ 24,193	\$ 191,069	\$ 2,574,409
Savings	Sav	1,090,406	-	-	1,090,406
Brokerage	MM	5,291,828	-	-	5,291,828
Grants State Bank					
Operating	Ckg	197,129	-	-	197,129
Certificate of Deposit	CD	510,000	-	-	510,000
Money Market	MM	1,900,737	-	-	1,900,737
Inmate Trust	Ckg	12,270	-	8,053	4,217
First Community Bank (US Bank as of 7/18/11)					
Savings	Sav	187	-	-	187
Certificate of Deposit	CD	166,652	-	-	166,652
Certificate of Deposit	CD	153,437	-	-	153,437
Sheriff's Reserve	Ckg	1,588	-	-	1,588
State Treasurer's Office					
LGIP Fund	Inv	2,503,666	-	-	2,503,666
Reserve Contingencies Fund	Inv	11	-	-	11
Bank of New York Mellon					
Cibola County Bond Fund	Trust	1,446	-	-	1,446
Cibola County Reserve	Trust	215,858	-	-	215,858
Cibola County Reenue Fund	Trust	461	-	-	461
Cibola County Equal Account	Trust	358	-	-	358
New Mexico Finance Authority					
Candy Kitchen (Cibola12)	Trust	38,298	-	-	38,298
Lobo Canyon FD (Cibola 13)	Trust	3,093	-	-	3,093
Fence Lake (Cibola14)	Trust	6,373	-	-	6,373
Lobo Canyon VFD (Cibola 15)	Trust	25,000	-	-	25,000
Cubero FD (Cibola 11)	Trust	26	-	-	26
Computer DS (Cibola 10)	Trust	55,895	-	-	55,895
Bluewater Fire (Cibola 8)	Trust	13	-	-	13
Lobo Canyon 50th Supp (Cibola 7)	Trust	13	-	-	13
Cebolleta (Cibola 5)	Trust	16	-	-	16
Westdeutsche Landesbank					
GRT Rev Bonds Series 1997 Reserve		868,525			868,525
Total cash in bank		<u>\$ 15,784,571</u>	<u>\$ 24,193</u>	<u>\$ 199,122</u>	<u>\$ 15,609,642</u>
Petty Cash					-
Total Cash and Investments					<u>15,609,642</u>
Less: Agency Fund Cash					<u>161,421</u>
Total Cash and Investments per A-01					<u>15,448,221</u>

The accompanying notes are an integral part of these financial statements

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State of New Mexico
Cibola County
Tax Roll Reconciliation - Changes in Property Taxes Receivable
For the Year Ended June 30, 2011

Schedule III

Property taxes receivable, beginning of year	\$	4,163,831
Changes to Tax Roll:		
Net taxes charged to Treasurer for fiscal year		9,097,936
Adjustments:		
Decreases in taxes receivable		(78,918)
Charge off of taxes receivable		<u>12,487</u>
Total receivables prior to collections		13,195,336
Collections for fiscal year ended June 30, 2011		<u>9,397,530</u>
Property taxes receivable, end of year	\$	<u><u>3,797,806</u></u>
Property taxes receivable by year:		
2001		2,177
2002		126,000
2003		192,743
2004		217,072
2005		238,602
2006		249,523
2007		290,663
2008		481,870
2009		780,977
2010		<u>1,218,179</u>
Total taxes receivable	\$	<u><u>3,797,806</u></u>

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

State of New Mexico
Cibola County
Property Taxes Receivable by Agency
June 30, 2011

Schedule IV

Agency/ Tax Year	Property Taxes Levied	Collected in Current Year	Collected to Date	Distributed in Current Year	Distributed to Date	Undistributed at Year End	County Receivable at Year End
Rio San Jose Flood District - Residential							
2010	20,105	17,615	17,615	17,068	17,068	547	2,490
2009	24,384	620	22,516	620	22,516	-	1,868
2008	23,756	604	22,734	604	22,734	-	1,022
2007	21,420	544	20,777	544	20,777	-	643
2006	19,826	504	19,343	504	19,343	-	483
2005	18,528	471	18,101	471	18,101	-	427
2004	16,759	426	16,406	426	16,406	-	353
2003	17,265	439	16,966	439	16,966	-	299
2002	17,376	441	17,103	441	17,103	-	273
2001	16,278	414	16,270	414	16,270	-	8
Total	195,697	22,078	187,831	21,531	187,284	547	7,866
Rio San Jose Flood District - Non-Residential							
2010	46,323	40,743	40,743	39,483	39,483	1,260	5,580
2009	34,507	877	31,011	877	31,011	-	3,496
2008	37,458	952	34,427	952	34,427	-	3,031
2007	33,387	848	31,560	848	31,560	-	1,827
2006	29,627	753	27,985	753	27,985	-	1,642
2005	28,350	720	26,842	720	26,842	-	1,508
2004	23,201	589	21,799	589	21,799	-	1,402
2003	19,792	503	18,448	503	18,448	-	1,344
2002	17,617	448	17,569	448	17,569	-	48
2001	17,267	439	17,267	439	17,267	-	-
Total	287,529	46,872	267,651	45,612	266,391	1,260	19,878
Lava Soil & Water Conservation District - Residential							
2010	15,412	13,313	13,313	12,894	12,894	419	2,099
2009	25,337	644	23,076	644	23,076	-	2,261
2008	14,730	374	13,891	374	13,891	-	839
2007	13,255	337	12,641	337	12,641	-	614
2006	12,096	307	11,617	307	11,617	-	479
2005	11,032	280	10,600	280	10,600	-	432
2004	10,692	272	10,296	272	10,296	-	396
2003	11,183	284	10,849	284	10,849	-	334
2002	11,274	286	10,958	286	10,958	-	316
2001	10,416	265	10,406	265	10,406	-	10
Total	135,427	16,362	127,647	15,943	127,228	419	7,780
Lava Soil & Water Conservation District - Non-Residential							
2010	36,016	28,097	28,097	27,117	27,117	980	7,919
2009	20,248	514	16,087	514	16,087	-	4,161
2008	24,976	635	21,800	635	21,800	-	3,176
2007	21,591	549	20,973	549	20,973	-	618
2006	17,703	450	17,325	450	17,325	-	378
2005	17,625	448	17,341	448	17,341	-	284
2004	17,013	432	16,812	432	16,812	-	201
2003	15,199	386	15,030	386	15,030	-	169
2002	12,847	326	12,722	326	12,722	-	125
2001	14,751	375	14,742	375	14,742	-	9
Total	197,969	32,212	180,929	31,232	179,949	980	17,040

State of New Mexico
Cibola County
Property Taxes Receivable by Agency
June 30, 2011

Schedule IV

Agency/ Tax Year	Property Taxes Levied	Collected in Current Year	Collected to Date	Distributed in Current Year	Distributed to Date	Undistributed at Year End	County Receivable at Year End
Assessor Special Assessment							
2010	127,101	108,162	108,162	108,162	108,162	-	18,939
2009	104,495	2,655	92,708	2,655	92,708	-	11,787
2008	100,921	2,564	92,851	2,564	92,851	-	8,070
2007	89,653	2,278	85,950	2,278	85,950	-	3,703
2006	79,253	2,014	76,269	2,014	76,269	-	2,984
2005	75,535	1,919	72,884	1,919	72,884	-	2,651
2004	67,665	1,719	65,313	1,719	65,313	-	2,352
2003	63,439	1,612	61,294	1,612	61,294	-	2,145
2002	59,114	1,502	58,352	1,502	58,352	-	762
2001	58,712	1,492	58,685	1,492	58,685	-	27
Total	825,888	125,917	772,468	125,917	772,468	-	53,420
State Debt Service							
2010	464,357	401,391	401,391	388,759	388,759	12,632	62,966
2009	323,366	8,216	295,345	8,216	295,345	-	28,021
2008	316,343	8,037	297,266	8,037	297,266	-	19,077
2007	291,776	7,413	280,577	7,413	280,577	-	11,199
2006	285,216	7,246	275,072	7,246	275,072	-	10,144
2005	269,642	6,851	260,264	6,851	260,264	-	9,378
2004	215,351	5,471	208,067	5,471	208,067	-	7,284
2003	315,060	8,005	304,838	8,005	304,838	-	10,222
2002	213,135	5,415	208,100	5,415	208,100	-	5,035
2001	305,808	7,770	305,676	7,770	305,676	-	132
Total	3,000,054	465,815	2,836,596	453,183	2,823,964	12,632	163,458
County Operational - Residential							
2010	905,760	773,192	773,192	773,192	773,192	-	132,568
2009	858,888	21,822	793,245	21,822	793,245	-	65,643
2008	790,744	20,090	757,112	20,090	757,112	-	33,632
2007	699,949	17,783	678,321	17,783	678,321	-	21,628
2006	611,661	15,540	595,936	15,540	595,936	-	15,725
2005	564,621	14,345	550,130	14,345	550,130	-	14,491
2004	589,966	14,989	576,005	14,989	576,005	-	13,961
2003	595,524	15,130	583,904	15,130	583,904	-	11,620
2002	607,503	15,435	596,336	15,435	596,336	-	11,167
2001	562,997	14,304	562,526	14,304	562,526	-	471
Total	6,787,613	922,630	6,466,707	922,630	6,466,707	-	320,906
County Operational - Non-Residential							
2010	2,131,232	1,854,336	1,854,336	1,854,336	1,854,336	-	276,896
2009	2,140,836	54,392	1,943,916	54,392	1,943,916	-	196,920
2008	1,915,785	48,674	1,781,001	48,674	1,781,001	-	134,784
2007	1,811,638	46,028	1,734,467	46,028	1,734,467	-	77,171
2006	1,649,618	41,911	1,581,405	41,911	1,581,405	-	68,213
2005	1,669,279	42,411	1,602,832	42,411	1,602,832	-	66,447
2004	1,540,741	39,145	1,479,559	39,145	1,479,559	-	61,182
2003	1,459,976	37,093	1,401,853	37,093	1,401,853	-	58,123
2002	1,281,348	32,555	1,247,189	32,555	1,247,189	-	34,159
2001	1,178,127	29,932	1,177,901	29,932	1,177,901	-	226
Total	16,778,580	2,226,477	15,804,459	2,226,477	15,804,459	-	974,121

State of New Mexico
Cibola County
Property Taxes Receivable by Agency
June 30, 2011

Schedule IV

Agency/ Tax Year	Property Taxes Levied	Collected in Current Year	Collected to Date	Distributed in Current Year	Distributed to Date	Undistributed at Year End	County Receivable at Year End
05 Municipal Operational - Residential							
2010	328,002	286,525	286,525	277,602	277,602	8,923	41,477
2009	322,838	8,202	303,318	8,202	303,318	-	19,520
2008	216,058	5,489	209,955	5,489	209,955	-	6,103
2007	202,749	5,151	198,744	5,151	198,744	-	4,005
2006	181,848	4,620	179,317	4,620	179,317	-	2,531
2005	169,641	4,310	167,481	4,310	167,481	-	2,160
2004	139,545	3,545	137,938	3,545	137,938	-	1,607
2003	114,791	2,916	113,773	2,916	113,773	-	1,018
2002	101,380	2,576	100,558	2,576	100,558	-	822
2001	-	-	-	-	-	-	-
Total	1,776,852	323,334	1,697,609	314,411	1,688,686	8,923	79,243
05 Municipal Operational - Non-Residential							
2010	404,668	332,222	332,222	321,214	321,214	11,008	72,446
2009	398,997	10,137	344,052	10,137	344,052	-	54,945
2008	247,440	6,287	221,625	6,287	221,625	-	25,815
2007	249,533	6,340	226,807	6,340	226,807	-	22,726
2006	235,498	5,983	213,542	5,983	213,542	-	21,956
2005	232,324	5,903	210,698	5,903	210,698	-	21,626
2004	183,442	4,661	166,138	4,661	166,138	-	17,304
2003	155,031	3,939	140,821	3,939	140,821	-	14,210
2002	125,022	3,176	117,457	3,176	117,457	-	7,565
2001	-	-	-	-	-	-	-
Total	2,231,955	378,648	1,973,362	367,640	1,962,354	11,008	258,593
05_2 Municipal Operational - Residential							
2010	21,858	17,324	17,324	16,729	16,729	595	4,534
2009	21,253	540	18,312	540	18,312	-	2,941
2008	19,804	503	17,862	503	17,862	-	1,942
2007	17,461	444	16,337	444	16,337	-	1,124
2006	16,165	411	15,214	411	15,214	-	951
2005	16,194	411	15,320	411	15,320	-	874
2004	17,661	449	16,735	449	16,735	-	926
2003	17,536	446	16,612	446	16,612	-	924
2002	22,967	584	21,916	584	21,916	-	1,051
2001	20,441	519	20,355	519	20,355	-	86
Total	191,340	21,631	175,987	21,036	175,392	595	15,353
05_2 Municipal Operational - Non-Residential							
2010	161,369	156,218	156,218	151,828	151,828	4,390	5,151
2009	161,815	4,111	157,331	4,111	157,331	-	4,484
2008	152,620	3,878	149,615	3,878	149,615	-	3,005
2007	143,974	3,658	143,034	3,658	143,034	-	940
2006	129,642	3,294	129,063	3,294	129,063	-	579
2005	125,926	3,199	125,671	3,199	125,671	-	255
2004	121,865	3,096	121,592	3,096	121,592	-	273
2003	116,682	2,965	116,425	2,965	116,425	-	257
2002	100,754	2,560	100,480	2,560	100,480	-	274
2001	97,195	2,469	97,195	2,469	97,195	-	-
Total	1,311,842	185,448	1,296,624	181,058	1,292,234	4,390	15,218

State of New Mexico
Cibola County
Property Taxes Receivable by Agency
June 30, 2011

Schedule IV

Agency/ Tax Year	Property Taxes Levied	Collected in Current Year	Collected to Date	Distributed in Current Year	Distributed to Date	Undistributed at Year End	County Receivable at Year End
06 Municipal Debt Service - Residential							
2010	18,521	14,678	14,678	14,174	14,174	504	3,843
2009	18,557	471	15,989	471	15,989	-	2,568
2008	17,642	448	15,912	448	15,912	-	1,730
2007	18,481	470	17,292	470	17,292	-	1,189
2006	17,608	447	16,572	447	16,572	-	1,036
2005	17,904	455	16,937	455	16,937	-	967
2004	33,244	845	31,501	845	31,501	-	1,743
2003	-	-	-	-	-	-	-
2002	18,685	475	17,830	475	17,830	-	855
2001	16,302	414	16,234	414	16,234	-	68
Total	176,944	18,703	162,945	18,199	162,441	504	13,999
06 Municipal Debt Service -Non-Residential							
2010	82,748	80,107	80,107	77,856	77,856	2,251	2,641
2009	71,728	1,822	69,740	1,822	69,740	-	1,988
2008	61,490	1,562	60,279	1,562	60,279	-	1,211
2007	67,782	1,722	67,340	1,722	67,340	-	442
2006	66,376	1,686	66,080	1,686	66,080	-	296
2005	71,730	1,822	71,585	1,822	71,585	-	145
2004	135,392	3,440	135,088	3,440	135,088	-	304
2003	-	-	-	-	-	-	-
2002	65,773	1,671	65,594	1,671	65,594	-	179
2001	64,312	1,634	64,312	1,634	64,312	-	-
Total	687,331	95,466	680,125	93,215	677,874	2,251	7,206
07 School District Operational - Residential							
2010	37,403	31,996	31,996	30,979	30,979	1,017	5,407
2009	35,702	907	33,003	907	33,003	-	2,699
2008	32,820	834	31,438	834	31,438	-	1,382
2007	29,051	738	28,141	738	28,141	-	910
2006	25,396	645	24,736	645	24,736	-	660
2005	23,778	604	23,164	604	23,164	-	614
2004	24,855	631	24,262	631	24,262	-	593
2003	25,066	637	24,573	637	24,573	-	493
2002	25,580	650	25,107	650	25,107	-	473
2001	23,699	602	23,679	602	23,679	-	20
Total	283,350	38,244	270,099	37,227	269,082	1,017	13,251
07 School District Operational - Non-Residential							
2010	85,979	75,374	75,374	73,035	73,035	2,339	10,605
2009	86,145	2,189	78,251	2,189	78,251	-	7,894
2008	76,976	1,956	71,506	1,956	71,506	-	5,470
2007	73,280	1,862	70,093	1,862	70,093	-	3,187
2006	67,876	1,725	65,004	1,725	65,004	-	2,872
2005	69,207	1,758	66,422	1,758	66,422	-	2,785
2004	63,728	1,619	61,178	1,619	61,178	-	2,550
2003	60,427	1,535	58,011	1,535	58,011	-	2,416
2002	53,034	1,347	51,613	1,347	51,613	-	1,421
2001	48,839	1,241	48,830	1,241	48,830	-	9
Total	685,491	90,606	646,282	88,267	643,943	2,339	39,209

State of New Mexico
Cibola County
Property Taxes Receivable by Agency
June 30, 2011

Schedule IV

Agency/ Tax Year	Property Taxes Levied	Collected in Current Year	Collected to Date	Distributed in Current Year	Distributed to Date	Undistributed at Year End	County Receivable at Year End
07_30 School District Operational - Residential							
2010	1,060	821	821	792	792	29	239
2009	745	19	652	19	652	-	93
2008	719	18	669	18	669	-	50
2007	694	18	690	18	690	-	4
2006	548	14	545	14	545	-	3
2005	345	9	342	9	342	-	3
2004	314	8	313	8	313	-	1
2003	286	7	286	7	286	-	-
2002	229	6	228	6	228	-	1
2001	179	5	179	5	179	-	-
Total	5,119	925	4,725	896	4,696	29	394
07_30 School District Operational - Non-Residential							
2010	2,486	1,730	1,730	1,662	1,662	68	756
2009	2,776	71	2,499	71	2,499	-	277
2008	2,639	67	2,491	67	2,491	-	148
2007	1,439	37	1,420	37	1,420	-	19
2006	961	24	958	24	958	-	3
2005	689	18	679	18	679	-	10
2004	506	13	498	13	498	-	8
2003	6,349	161	6,214	161	6,214	-	135
2002	635	16	626	16	626	-	9
2001	601	15	601	15	601	-	-
Total	19,081	2,152	17,716	2,084	17,648	68	1,365
08 School District Debt Service - Residential							
2010	743,863	636,319	636,319	616,083	616,083	20,236	107,544
2009	795,390	20,208	735,250	20,208	735,250	-	60,140
2008	738,754	18,769	707,665	18,769	707,665	-	31,089
2007	679,851	17,273	658,569	17,273	658,569	-	21,282
2006	644,086	16,364	627,359	16,364	627,359	-	16,727
2005	596,308	15,150	580,908	15,150	580,908	-	15,400
2004	574,173	14,588	560,481	14,588	560,481	-	13,692
2003	487,514	12,386	477,930	12,386	477,930	-	9,584
2002	489,412	12,434	480,361	12,434	480,361	-	9,051
2001	538,110	13,672	537,657	13,672	537,657	-	453
Total	6,287,461	777,163	6,002,499	756,927	5,982,263	20,236	284,962
08 School District Debt Service - Non-Residential							
2010	1,390,020	1,218,572	1,218,572	1,180,759	1,180,759	37,813	171,448
2009	1,485,694	37,747	1,349,550	37,747	1,349,550	-	136,144
2008	1,264,870	32,136	1,174,991	32,136	1,174,991	-	89,879
2007	1,190,725	30,253	1,138,942	30,253	1,138,942	-	51,783
2006	1,084,518	27,554	1,038,628	27,554	1,038,628	-	45,890
2005	1,072,570	27,251	1,029,412	27,251	1,029,412	-	43,158
2004	985,500	25,038	946,059	25,038	946,059	-	39,441
2003	854,745	21,716	820,562	21,716	820,562	-	34,183
2002	841,763	21,386	819,210	21,386	819,210	-	22,553
2001	908,212	23,075	908,036	23,075	908,036	-	176
Total	11,078,617	1,464,728	10,443,962	1,426,915	10,406,149	37,813	634,655

State of New Mexico
Cibola County
Property Taxes Receivable by Agency
June 30, 2011

Schedule IV

Agency/ Tax Year	Property Taxes Levied	Collected in Current Year	Collected to Date	Distributed in Current Year	Distributed to Date	Undistributed at Year End	County Receivable at Year End
08_30 School District Debt Service - Residential							
2010	4,993	3,866	3,866	3,730	3,730	136	1,127
2009	3,453	88	3,022	88	3,022	-	431
2008	3,252	83	3,026	83	3,026	-	226
2007	3,634	92	3,611	92	3,611	-	23
2006	2,875	73	2,857	73	2,857	-	18
2005	2,164	55	2,147	55	2,147	-	17
2004	2,106	54	2,103	54	2,103	-	3
2003	2,301	58	2,298	58	2,298	-	3
2002	1,731	44	1,728	44	1,728	-	3
2001	-	-	-	-	-	-	-
Total	26,509	4,413	24,658	4,277	24,522	136	1,851
08_30 School District Debt Service - Non-Residential							
2010	15,618	10,865	10,865	10,440	10,440	425	4,753
2009	17,288	439	15,566	439	15,566	-	1,722
2008	16,863	428	15,913	428	15,913	-	950
2007	11,884	302	11,723	302	11,723	-	161
2006	9,064	230	9,032	230	9,032	-	32
2005	7,691	195	7,573	195	7,573	-	118
2004	5,900	150	5,803	150	5,803	-	97
2003	4,782	121	4,681	121	4,681	-	101
2002	4,614	117	4,549	117	4,549	-	65
2001	-	-	-	-	-	-	-
Total	93,704	12,847	85,705	12,422	85,280	425	7,999
09 School District Capital Improvements - Residential							
2010	204,949	175,319	175,319	169,744	169,744	5,575	29,630
2009	189,401	4,812	175,080	4,812	175,080	-	14,321
2008	179,833	4,569	172,265	4,569	172,265	-	7,568
2007	169,391	4,304	164,088	4,304	164,088	-	5,303
2006	155,438	3,949	151,402	3,949	151,402	-	4,036
2005	145,749	3,703	141,985	3,703	141,985	-	3,764
2004	152,483	3,874	148,846	3,874	148,846	-	3,637
2003	135,027	3,431	132,372	3,431	132,372	-	2,655
2002	137,788	3,501	135,239	3,501	135,239	-	2,549
2001	127,756	3,246	127,649	3,246	127,649	-	107
Total	1,597,815	210,708	1,524,245	205,133	1,518,670	5,575	73,570
09 School District Capital Improvements - Non-Residential							
2010	382,978	335,741	335,741	325,323	325,323	10,418	47,237
2009	344,934	8,764	313,326	8,764	313,326	-	31,608
2008	307,904	7,823	286,025	7,823	286,025	-	21,879
2007	293,268	7,451	280,514	7,451	280,514	-	12,754
2006	271,503	6,898	260,015	6,898	260,015	-	11,488
2005	276,828	7,033	265,689	7,033	265,689	-	11,139
2004	261,718	6,649	251,244	6,649	251,244	-	10,474
2003	261,590	6,646	251,129	6,646	251,129	-	10,461
2002	234,371	5,955	228,092	5,955	228,092	-	6,279
2001	215,625	5,478	215,583	5,478	215,583	-	42
Total	2,850,719	398,438	2,687,358	388,020	2,676,940	10,418	163,361

State of New Mexico
Cibola County
Property Taxes Receivable by Agency
June 30, 2011

Schedule IV

Agency/ Tax Year	Property Taxes Levied	Collected in Current Year	Collected to Date	Distributed in Current Year	Distributed to Date	Undistributed at Year End	County Receivable at Year End
09_30 School District Capital Improvements - Residential							
2010	4,237	3,281	3,281	3,166	3,166	115	956
2009	2,976	76	2,604	76	2,604	-	372
2008	2,874	73	2,674	73	2,674	-	200
2007	2,777	71	2,760	71	2,760	-	17
2006	2,193	56	2,179	56	2,179	-	14
2005	1,380	35	1,370	35	1,370	-	10
2004	1,254	32	1,253	32	1,253	-	1
2003	1,192	30	1,190	30	1,190	-	2
2002	952	24	950	24	950	-	2
2001	738	19	738	19	738	-	-
Total	20,573	3,697	18,999	3,582	18,884	115	1,574
09_30 School District Capital Improvements - Non-Residential							
2010	14,346	9,980	9,980	9,590	9,590	390	4,366
2009	16,000	407	14,406	407	14,406	-	1,594
2008	15,435	392	14,566	392	14,566	-	869
2007	9,082	231	8,959	231	8,959	-	123
2006	6,834	174	6,810	174	6,810	-	24
2005	4,907	125	4,831	125	4,831	-	76
2004	2,023	51	1,990	51	1,990	-	33
2003	2,540	65	2,486	65	2,486	-	54
2002	2,538	64	2,502	64	2,502	-	36
2001	2,405	61	2,405	61	2,405	-	-
Total	76,110	11,550	68,935	11,160	68,545	390	7,175
Grants Branch College - Residential							
2010	69,068	59,082	59,082	57,203	57,203	1,879	9,986
2009	65,912	1,675	60,928	1,675	60,928	-	4,984
2008	60,604	1,540	58,053	1,540	58,053	-	2,551
2007	53,697	1,364	52,016	1,364	52,016	-	1,681
2006	47,809	1,215	46,567	1,215	46,567	-	1,242
2005	44,864	1,140	43,705	1,140	43,705	-	1,159
2004	47,041	1,195	45,919	1,195	45,919	-	1,122
2003	47,446	1,205	46,513	1,205	46,513	-	933
2002	48,464	1,231	47,568	1,231	47,568	-	896
2001	44,906	1,141	44,869	1,141	44,869	-	37
Total	529,811	70,788	505,220	68,909	503,341	1,879	24,591
Grants Branch College - Non-Residential							
2010	172,149	150,916	150,916	146,233	146,233	4,683	21,233
2009	172,467	4,382	156,663	4,382	156,663	-	15,804
2008	153,952	3,911	143,012	3,911	143,012	-	10,940
2007	146,708	3,727	140,328	3,727	140,328	-	6,380
2006	135,751	3,449	130,007	3,449	130,007	-	5,744
2005	138,414	3,517	132,845	3,517	132,845	-	5,569
2004	128,373	3,262	123,235	3,262	123,235	-	5,138
2003	121,508	3,087	116,649	3,087	116,649	-	4,859
2002	106,662	2,710	103,804	2,710	103,804	-	2,858
2001	98,109	2,493	98,090	2,493	98,090	-	19
Total	1,374,093	181,454	1,295,549	176,771	1,290,866	4,683	78,544

State of New Mexico
Cibola County
Property Taxes Receivable by Agency
June 30, 2011

Schedule IV

Agency/ Tax Year	Property Taxes Levied	Collected in Current Year	Collected to Date	Distributed in Current Year	Distributed to Date	Undistributed at Year End	County Receivable at Year End
Cibola General Hospital - Residential							
2010	431,609	368,438	368,438	356,697	356,697	11,741	63,171
2009	409,269	10,398	377,990	10,398	377,990	-	31,279
2008	388,471	9,870	371,949	9,870	371,949	-	16,522
2007	365,857	9,295	354,552	9,295	354,552	-	11,305
2006	338,722	8,606	330,014	8,606	330,014	-	8,708
2005	312,669	7,944	304,644	7,944	304,644	-	8,025
2004	326,691	8,300	318,960	8,300	318,960	-	7,731
2003	213,676	5,429	209,507	5,429	209,507	-	4,169
2002	217,955	5,538	213,949	5,538	213,949	-	4,006
2001	201,993	5,132	201,824	5,132	201,824	-	169
Total	3,206,912	438,950	3,051,827	427,209	3,040,086	11,741	155,085
Cibola General Hospital - Non-Residential							
2010	764,462	665,140	665,140	644,344	644,344	20,796	99,322
2009	767,846	19,509	697,218	19,509	697,218	-	70,628
2008	687,096	17,457	638,755	17,457	638,755	-	48,341
2007	649,744	16,508	622,066	16,508	622,066	-	27,678
2006	591,635	15,032	567,171	15,032	567,171	-	24,464
2005	598,687	15,211	574,855	15,211	574,855	-	23,832
2004	563,621	14,320	541,240	14,320	541,240	-	22,381
2003	523,637	13,304	502,790	13,304	502,790	-	20,847
2002	459,564	11,676	447,313	11,676	447,313	-	12,251
2001	422,543	10,735	422,462	10,735	422,462	-	81
Total	6,028,835	798,892	5,679,010	778,096	5,658,214	20,796	349,825
Cattle							
2010	8,897	8,090	8,090	7,848	7,848	242	807
2009	10,189	259	9,805	259	9,805	-	384
2008	9,953	253	9,585	253	9,585	-	368
2007	8,948	227	8,724	227	8,724	-	224
2006	9,156	233	8,955	233	8,955	-	201
2005	9,584	243	8,306	243	8,306	-	1,278
2004	7,780	198	6,898	198	6,898	-	882
2003	8,788	223	7,606	223	7,606	-	1,182
2002	8,416	214	7,500	214	7,500	-	916
2001	5,441	137	5,414	137	5,414	-	27
Total	87,152	10,077	80,883	9,835	80,641	242	6,269
Sheep							
2010	3	3	3	3	3	-	-
2009	6	-	6	-	6	-	-
2008	9	-	8	-	8	-	1
2007	4	-	4	-	4	-	-
2006	9	-	9	-	9	-	-
2005	7	-	7	-	7	-	-
2004	6	-	6	-	6	-	-
2003	5	-	4	-	4	-	1
2002	1	-	1	-	1	-	-
Total	50	3	48	3	48	-	2

State of New Mexico
Cibola County
Property Taxes Receivable by Agency
June 30, 2011

Schedule IV

Agency/ Tax Year	Property Taxes Levied	Collected in Current Year	Collected to Date	Distributed in Current Year	Distributed to Date	Undistributed at Year End	County Receivable at Year End
Horses							
2010	345	302	302	292	292	10	43
Total	345	302	302	292	292	10	43
Grand Total	\$ 68,836,768	\$ 9,397,530	\$ 65,038,962	\$ 9,236,109	\$ 64,877,541	\$ 161,421	\$ 3,797,806
Total by Year							
2010	9,097,937	7,879,758	7,879,758	7,718,337	7,718,337	161,421	1,218,179
2009	8,933,442	226,973	8,152,465	226,973	8,152,465	-	780,977
2008	7,882,791	200,276	7,400,921	200,276	7,400,921	-	481,870
2007	7,372,683	187,318	7,082,020	187,318	7,082,020	-	290,663
2006	6,746,511	171,407	6,496,988	171,407	6,496,988	-	249,523
2005	6,594,172	167,536	6,355,570	167,536	6,355,570	-	238,602
2004	6,260,609	159,061	6,043,537	159,061	6,043,537	-	217,072
2003	5,658,357	143,759	5,465,614	143,759	5,465,614	-	192,743
2002	5,288,504	134,363	5,162,504	134,363	5,162,504	-	126,000
2001	5,001,762	127,079	4,999,585	127,079	4,999,585	-	2,177
	\$ 68,836,768	\$ 9,397,530	\$ 65,038,962	\$ 9,236,109	\$ 64,877,541	\$ 161,421	\$ 3,797,806

State of New Mexico
Cibola County
Agency Funds
Schedule of Changes In Assets and Liabilities
For the Year Ended June 30, 2011

Schedule V

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
 <u>ASSETS</u>				
Cash	\$ 90,389	\$ 6,122,506	\$ 6,051,474	\$ 161,421
Taxes receivable	2,394,485 *	5,933,884	5,879,010	2,449,359
Total assets	<u>\$ 2,484,874</u>	<u>\$ 12,056,390</u>	<u>\$ 11,930,484</u>	<u>\$ 2,610,780</u>
 <u>LIABILITIES</u>				
Due to other entities	\$ 2,484,874	\$ 12,056,390	\$ 11,930,484	\$ 2,610,780
Total liabilities	<u>\$ 2,484,874</u>	<u>\$ 12,056,390</u>	<u>\$ 11,930,484</u>	<u>\$ 2,610,780</u>

Note:

* In the 2010 financial statements, the taxes receivable balance of \$2,394,485 was disclosed in a footnote, but was not included in the Statement of Changes in Assets and Liabilities - Agency Funds. The amount was included as a beginning balance in the current year to accurately disclose the changes in the taxes receivable of the Agency Funds.

STATE OF NEW MEXICO
Cibola County
Schedule of Joint Powers Agreements
For the Year Ended June 30, 2011

Joint Power Agreement	Participants	Responsible Party	Description
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.

Beginning and Ending Dates	Total Estimated Project Amount and Amount Applicable to County	Amount Contributed by County During Fiscal Year	Audit	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	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
8/2010 to Indefinite	Free Service	\$ -	Cibola County	Cibola County

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COMPLIANCE SECTION

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Griego Professional Services, LLC

Certified Public Accountants

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*

Hector Balderas
New Mexico State Auditor
The Board of Cibola County Commissioners
Cibola County
Grants, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenues, and the combining and individual funds and related budgetary comparisons presented as supplementary information of Cibola County, New Mexico (the County) as of and for the year ended June 30, 2011, and have issued our report thereon dated April 17, 2012. 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 Cibola 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 County'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 preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, as described in the accompanying schedule of findings and responses as items 10-01, 10-03, and FS 11-02, we identified certain deficiencies in internal control over financial reporting that we consider to 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cibola 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 09-02, 10-01, 10-03, and FS 11-01.

We noted 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 which are described in the accompanying schedule of findings and questioned costs as items 09-02 and FS 11-01.

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 agency's responses and, accordingly, we express no opinion on them.

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

GRIEGO PROFESSIONAL SERVICES, LLC

A handwritten signature in cursive script that reads "Griego Professional Services, LLC".

Albuquerque, New Mexico
April 17, 2012

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2011

Schedule VII

Section I – Financial Statement Findings

09-02 Capital Assets (Other Matter) (Repeated)

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.

Auditor's 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. Due to had changes in personnel, we were unable to complete this system improvement by June 30, 2011. Management will make this a priority in the current fiscal year.

10-01 Personnel (Significant Deficiency) (Repeated)

Condition: One out of twenty-five personnel files tested were missing required documentation. The files were missing the required 1-9 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 1-9 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: The County lacks adequate control and monitoring procedures over personnel files.

Effect: The County is at risk of possible fines related to non-compliance with Federal regulations.

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

Management Response: We will implement better monitoring and at least annually review on all personnel files to ensure compliance with all applicable laws,

10-03 Financial Statement Reconciliation (Significant Deficiency) (Repeated)

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. Some balances in Accounts Receivable and Accounts Payable were unchanged from the prior year.

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Section I – Financial Statement Findings (continued)

Criteria: Sound accounting policies require 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 misstated. Corrections and reconciliations to the accounts were not performed until a recommendation was made by the auditors.

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.

Auditor's 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 workloads 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 accruals do take place, but accruals of payables and receivables are slated for the close of fiscal years, since we operate on a modified accrual basis of accounting and cash basis eleven months out of the year. This process has been the advice of prior auditors since 2003. The manager's office will start reconciling all accounts on a monthly basis.

FS 11-01 — Expenditures in Excess of Budget (Other Matter)

Condition: The County overspent the budget in the following funds:

Major Funds:	
Indigent Fund	\$ 8,930
Total Nomajor Funds	\$ 8,390
Nonmajor Funds:	
Recreation Fund	\$ 4,673
Total Nomajor Funds	\$ 4,673

Criteria: The Authority by which the County can spend money is the Commission and the Department of Finance and Administration approved budget (Section 6-6-6; NMSA 1978).

Effect: The County is in violation of applicable laws, regulations and policies established by the State, County and Department of Finance and Administration.

Cause: The County failed to obtain budget amendments for the funds that were over-expended or not budgeted for.

Auditors' Recommendations: We recommend that the County establish policies and procedures to ensure all expenditures are budgeted for and funds are not over-expended.

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Schedule VII

Section I – Financial Statement Findings (continued)

Management's Response: We will follow the auditor's recommendation and submit budget adjustments for DFA's approval.

FS 11-02 — Late Audit Report (Significant Deficiency)

Condition: The Authority's audit report for the year ended June 30, 2011 was not submitted to the State auditor by the required due date of November, 2011.

Criteria: Audit reports are due on or before the due date, November 15, according to the State Auditor regulation Section 2.2.2.9A.

Effect: The result was the late submission of the Authority's audit report for the year ended June 30, 2011. Timely financial statements were not available for management's use or to perform audit procedures.

Cause: There were unforeseen delays in the audit selection and contracting process caused a delay in audit field work which prevented completion of the audit in time to ensure the submission of a timely audit report.

Auditor's Recommendation: We recommend that the County put controls in place to ensure their 2012 audit is able to be performed timely.

Management's Response: will follow the auditor/s recommendation by starting the contractual process earlier.

Section II – Prior Year Audit Findings

- 02-05 Treasurer Reports - Ten-Year Schedule, Other Matter, Resolved
- 09-02 Capital Assets, Other Matter, Repeated
- 10-01 Personnel, Other Matter, Repeated
- 10-02 Travel and Per Diem, Significant Deficiency, Resolved
- 10-03 Financial Statement Reconciliation, Significant Deficiency, Repeated

Section III – Other Disclosures

Auditor Prepared Financials

Griego Professional Services, LLC assisted in the preparation of the financial statements presented in this report. The District's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements.

Exit Conference

The contents of the County's report were discussed on May 2, 2012. The following individuals were in attendance:

Cibola County

Scott Vinson, County Manager
Robert Griego, Finance Director
Edward Michael, Commission Chairman
Antonio Gallegos, Commissioner

Griego Professional Services, LLC

J.J. Griego, CPA
Benjamin Martinez, CPA

The contents of the Component Unit's report were discussed on October 20, 2011. The following individuals were in attendance:

Cibola General Hospital Corporation

Mike Makosky, Chief Executive Officer
J.F Rimel, Chief Financial Officer
Arnold Valdivia, MD
Paul Milan
Nestor Griego

Griego Professional Services, LLC

J.J. Griego, CPA
Kimberly Clay, CPA