



STATE OF NEW MEXICO
CIBOLA COUNTY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2012

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INTRODUCTORY SECTION

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**STATE OF NEW MEXICO
CIBOLA COUNTY**

Official Roster
June 30, 2012

Elected Officials

Edward Michael	Commission Chairman
Antonio Gallegos	Commission Vice-Chairman
T. Walter Jaramillo	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
Robert Griego	Finance Director

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STATE OF NEW MEXICO
CIBOLA COUNTY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2012
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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, 2012, 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, 2012, 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, 2012, 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, 2012, 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 January 23, 2013 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.

Management has omitted *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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 accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and is not a required part of the financial statements. The Statement of Changes in Assets and Liabilities for Agency Funds and 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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
January 23, 2013

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**BASIC
FINANCIAL STATEMENTS**

State of New Mexico
Cibola County
Statement of Net Assets
June 30, 2012

Exhibit A-1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Cibola General Hospital Corporation
Assets				
Current Assets				
Cash and cash equivalents	\$ 9,288,309	\$ -	\$ 9,288,309	\$ 4,429,455
Restricted cash and equivalents	4,915,405	104,728	5,020,133	-
Investments	120,015	-	120,015	-
Property taxes receivable	1,348,878	-	1,348,878	-
Due from other governments	719,423	-	719,423	-
Other accounts receivable	65,000	-	65,000	5,255
Prison receivables	-	257,518	257,518	-
Patient receivables, net of allowance	-	-	-	8,747,738
Prepaid expenses	61,140	171,955	233,095	318,231
Inventory	-	-	-	241,914
Due from (to) other funds	565,008	(565,008)	-	-
Total Current Assets	17,083,178	(30,807)	17,052,371	13,742,593
Noncurrent Assets				
Bond issuance costs (net of accumulated amortization of \$71,077)	216,294	-	216,294	-
Assets limited as to use	-	-	-	7,757,749
Capital assets	44,451,462	8,445,462	52,896,924	15,748,802
Less: accumulated depreciation	(26,081,394)	(2,596,109)	(28,677,503)	(5,929,372)
Total Noncurrent Assets	18,586,362	5,849,353	24,435,715	17,577,179
Total Assets	\$ 35,669,540	\$ 5,818,546	41,488,086	\$ 31,319,772

The accompanying notes are an integral part of these financial statements

State of New Mexico
Cibola County
Statement of Net Assets
June 30, 2012

Exhibit A-1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Cibola General Hospital
Liabilities				
Current Liabilities				
Accounts payable	\$ 918,763	\$ 102,811	\$ 1,021,574	\$ 1,511,709
Accrued payroll liabilities	200,521	-	200,521	891,057
Deferred revenue	-	-	-	187,802
Other liabilities	-	-	-	23,667
Inmate trust accounts	-	11,055	11,055	-
Accrued interest payable	36,451	-	36,451	-
Accrued compensated absences	68,238	41,928	110,166	-
Current portion of bonds/ notes payable	742,685	-	742,685	-
	1,966,658	155,794	2,122,452	2,614,235
Noncurrent Liabilities				
Accrued compensated absences	136,478	22,576	159,054	-
Bonds and notes payable	9,125,077	-	9,125,077	-
	9,261,555	22,576	9,284,131	-
Total Liabilities	11,228,213	178,370	11,406,583	2,614,235
Net Assets				
Invested in capital assets, net of related debt	8,718,600	5,849,353	14,567,953	-
Restricted for:				
Debt service	5,571,956	-	5,571,956	-
Capital projects	292,420	-	292,420	-
Special revenue funds	484,608	-	484,608	-
Unrestricted	9,373,743	(209,177)	9,164,566	28,705,537
Total Net Assets	24,441,327	5,640,176	30,081,503	28,705,537
Total Liabilities and Net Assets	\$ 35,669,540	\$ 5,818,546	\$ 41,488,086	\$ 31,319,772

The accompanying notes are an integral part of these financial statements

State of New Mexico
Cibola County
Statement of Activities
June 30, 2012

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:				
Primary Government				
Governmental Activities:				
General government	\$ 5,806,016	\$ 627,439	\$ 505,307	\$ -
Public safety	1,492,499	14,656	955,598	-
Culture and recreation	209,550	-	-	-
Health and welfare	3,400,098	-	2,768,128	-
Public works	2,468,091	-	333,408	565,794
Interest on long-term debt	458,832	-	-	-
Total governmental activities	<u>13,835,086</u>	<u>642,095</u>	<u>4,562,441</u>	<u>565,794</u>
Business-type activities				
Detention	<u>3,283,760</u>	<u>1,515,080</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>3,283,760</u>	<u>1,515,080</u>	<u>-</u>	<u>-</u>
Total primary government	<u><u>17,118,846</u></u>	<u><u>2,157,175</u></u>	<u><u>4,562,441</u></u>	<u><u>565,794</u></u>
Component unit activities				
Cibola General Hospital Corporation	<u><u>25,593,538</u></u>	<u><u>30,656,914</u></u>	<u><u>1,377</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)

Gain (loss) on disposal of equipment

Change in net unrealized gain on other than trading securities

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>
\$ (4,673,270)	\$ -	\$ (4,673,270)	\$ -
(522,245)	-	(522,245)	-
(209,550)	-	(209,550)	-
(631,970)	-	(631,970)	-
(1,568,889)	-	(1,568,889)	-
(458,832)	-	(458,832)	-
<u>(8,064,756)</u>	<u>-</u>	<u>(8,064,756)</u>	<u>-</u>
<u>-</u>	<u>(1,768,680)</u>	<u>(1,768,680)</u>	<u>-</u>
<u>-</u>	<u>(1,768,680)</u>	<u>(1,768,680)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>5,064,753</u>
2,207,365	-	2,207,365	1,211,558
2,998,712	391,196	3,389,908	-
589,497	-	589,497	-
29,116	-	29,116	102,858
(1,246,184)	1,246,184	-	-
-	-	-	26,468
-	-	-	(156)
<u>2,185,320</u>	<u>46,392</u>	<u>2,231,712</u>	<u>197,042</u>
<u>6,763,826</u>	<u>1,683,772</u>	<u>8,447,598</u>	<u>1,537,770</u>
<u>(1,300,930)</u>	<u>(84,908)</u>	<u>(1,385,838)</u>	<u>6,602,523</u>
<u>25,742,257</u>	<u>5,725,084</u>	<u>31,467,341</u>	<u>22,103,014</u>
<u>\$ 24,441,327</u>	<u>\$ 5,640,176</u>	<u>\$ 30,081,503</u>	<u>\$ 28,705,537</u>

The accompanying notes are an integral part of these financial statements

State of New Mexico
Cibola County
Balance Sheet
Governmental Funds
June 30, 2012

	<u>General Fund</u>	<u>Road Fund</u>
Assets		
<i>Current:</i>		
Cash and cash equivalents	\$ 6,032,099	\$ 178,379
Investments	-	-
Accounts receivable		
Property taxes	1,348,878	-
Intergovernmental	-	-
Other receivables	65,000	-
Interfund receivables	1,325,170	-
<i>Total assets</i>	\$ 8,771,147	\$ 178,379
 Liabilities and fund balances		
<i>Liabilities</i>		
Accounts payable	\$ 281,149	\$ 243,125
Accrued payroll liabilities	200,521	-
Interfund payables	-	-
Deferred revenue - property taxes	1,264,034	-
<i>Total liabilities</i>	1,745,704	243,125
 <i>Fund balance:</i>		
Nonspendable	-	-
Restricted	-	-
Committed	-	-
Assigned	-	-
Unassigned	7,025,443	(64,746)
<i>Total fund balances</i>	7,025,443	(64,746)
 <i>Total liabilities and fund balances</i>	\$ 8,771,147	\$ 178,379

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>
\$ 282,397	\$ 57,202	\$ 5,741,101	\$ 1,910,480	\$ 14,201,658
-	-	-	122,071	122,071
-	-	-	-	1,348,878
269,423	-	-	450,000	719,423
-	-	-	-	65,000
-	-	-	-	1,325,170
<u>\$ 551,820</u>	<u>\$ 57,202</u>	<u>\$ 5,741,101</u>	<u>\$ 2,482,551</u>	<u>\$ 17,782,200</u>
\$ 43,030	\$ 120,077	\$ -	\$ 231,382	\$ 918,763
-	-	-	-	200,521
-	326,984	-	433,178	760,162
-	-	-	-	1,264,034
<u>43,030</u>	<u>447,061</u>	<u>-</u>	<u>664,560</u>	<u>3,143,480</u>
-	-	-	-	-
508,790	-	5,741,101	1,996,925	8,246,816
-	-	-	-	-
-	-	-	-	-
-	(389,859)	-	(178,934)	6,391,904
<u>508,790</u>	<u>(389,859)</u>	<u>5,741,101</u>	<u>1,817,991</u>	<u>14,638,720</u>
<u>\$ 551,820</u>	<u>\$ 57,202</u>	<u>\$ 5,741,101</u>	<u>\$ 2,482,551</u>	<u>\$ 17,782,200</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, 2012

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	\$	14,638,720
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		18,370,068
Prepaid expenses are expensed in the governmental fund financial statements but are not in the entity-wide financial statements		61,140
Issuance costs, net of accumulated amortization		216,294
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 revenue in the fund financial statements, but are considered revenue in the Statement of Activities		1,264,034
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		(36,451)
Current portion of accrued compensate absences		(68,238)
Accrued compensated absences		(136,478)
Current portion of bonds and notes payable		(742,685)
Bonds and notes payable		(9,125,077)
		(9,125,077)
Net assets-Governmental Activities	\$	24,441,327

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, 2012

Exhibit B-2
Page 1 of 3

	General Fund	Road Fund
<i>Revenues:</i>		
Property Taxes	\$ 2,183,723	\$ -
Gross Receipt Taxes	1,036,590	-
Other Taxes	55,285	422,594
Federal Grants	260,575	-
State & Local Grants	213,000	333,408
Charges for Services	350,905	-
Licenses and Fees	188,279	-
Interest Income	29,116	-
Miscellaneous	2,175,484	7,437
<i>Total Revenues</i>	6,492,957	763,439
 <i>Expenditures:</i>		
<i>Current:</i>		
General Government	5,433,321	-
Public Safety	-	-
Public Works	-	1,206,757
Culture and Recreation	-	-
Health and Welfare	-	-
Capital Outlay	-	-
<i>Debt Service:</i>		
Principal	-	-
Interest	-	-
Note issuance costs	-	-
<i>Total Expenditures</i>	5,433,321	1,206,757
 Excess (deficiency) of revenues over expenditures	 1,059,636	 (443,318)
 <i>Other financing sources (uses)</i>		
Note proceeds	-	-
Transfers In	-	480,156
Transfers (Out)	(2,510,477)	-
<i>Total other financing sources (uses)</i>	(2,510,477)	480,156
 <i>Net change in fund balance</i>	 (1,450,841)	 36,838
<i>Fund balance - beginning of year</i>	8,476,284	(101,584)
<i>Fund balance - end of year</i>	\$ 7,025,443	\$ (64,746)

The accompanying notes are an integral part of these financial statements

Indigent Fund	Grants Fund	Debt Service	Other Governmental Funds	Total
\$ -	\$ -	\$ -	\$ -	\$ 2,183,723
392,241	-	1,569,881	-	2,998,712
-	-	-	111,618	589,497
-	-	-	407,564	668,139
2,761,119	618,704	-	533,865	4,460,096
-	5,000	-	-	355,905
-	9,656	-	88,255	286,190
-	-	-	-	29,116
1,003	1,257	-	139	2,185,320
<u>3,154,363</u>	<u>634,617</u>	<u>1,569,881</u>	<u>1,141,441</u>	<u>13,756,698</u>
-	62,528	50,283	21,041	5,567,173
-	856,050	-	411,135	1,267,185
-	-	-	837,358	2,044,115
-	1,903	-	78,289	80,192
2,974,814	-	-	31,500	3,006,314
-	294,806	-	11,526	306,332
-	-	838,461	234,176	1,072,637
-	-	445,371	18,420	463,791
-	-	-	-	-
<u>2,974,814</u>	<u>1,215,287</u>	<u>1,334,115</u>	<u>1,643,445</u>	<u>13,807,739</u>
<u>179,549</u>	<u>(580,670)</u>	<u>235,766</u>	<u>(502,004)</u>	<u>(51,041)</u>
-	-	-	-	-
-	416,255	-	577,801	1,474,212
-	-	-	(209,919)	(2,720,396)
<u>-</u>	<u>416,255</u>	<u>-</u>	<u>367,882</u>	<u>(1,246,184)</u>
179,549	(164,415)	235,766	(134,122)	(1,297,225)
329,241	(225,444)	5,505,335	1,952,113	15,935,945
<u>\$ 508,790</u>	<u>\$ (389,859)</u>	<u>\$ 5,741,101</u>	<u>\$ 1,817,991</u>	<u>\$ 14,638,720</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, 2012

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	\$ (1,297,225)
--	----------------

Decrease in prepaid items	(37,761)
---------------------------	----------

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	642,623
Depreciation expense	(1,678,509)

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	23,642
-------------------------------------	--------

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	(11,874)
Amortization of advance refunding escrow on bonds	(13,327)
Increase in the reserve for compensated absences	(4,066)
Increase in accrued interest payable	2,930
Principal payments on bonds	1,072,637

Change in net assets of governmental activities	\$ (1,300,930)
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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, 2012

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
	<i>Revenues:</i>			
Property Taxes	\$ 2,843,615	\$ 2,843,615	\$ 2,206,934	(636,681)
Gross Receipt Taxes	1,550,000	1,550,000	1,295,832	(254,168)
Other Taxes	60,000	60,000	55,285	(4,715)
Federal Grants	44,000	44,000	260,575	216,575
State & Local Grants	200,000	200,000	213,000	13,000
Charges for Services	417,500	417,500	350,905	(66,595)
Licenses and Fees	243,136	243,136	188,279	(54,857)
Interest Income	65,000	65,000	29,116	(35,884)
Miscellaneous	1,655,000	1,655,000	2,110,484	455,484
<i>Total revenues</i>	<u>7,078,251</u>	<u>7,078,251</u>	<u>6,710,410</u>	<u>(367,841)</u>
<i>Expenditures:</i>				
Current:				
General Government	4,525,616	5,289,556	5,180,833	108,723
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,525,616</u>	<u>5,289,556</u>	<u>5,180,833</u>	<u>108,723</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,552,635</u>	<u>1,788,695</u>	<u>1,529,577</u>	<u>(259,118)</u>
<i>Other financing sources (uses)</i>				
Designated Cash (Excess)	31,025	794,965	-	(794,965)
Transfers In	-	-	-	-
Transfers Out	(2,583,660)	(2,583,660)	(2,510,477)	73,183
<i>Total other financing sources (uses)</i>	<u>(2,552,635)</u>	<u>(1,788,695)</u>	<u>(2,510,477)</u>	<u>(721,782)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(980,900)	(980,900)
<i>Fund Balance - Beginning of Year</i>	-	-	8,338,169	8,338,169
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,357,269</u>	<u>\$ 7,357,269</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(217,453)	
Adjustments to expenditures (liabilities)			(252,488)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>(1,450,841)</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, 2012

	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	422,594	32,594
Federal Grants	-	-	-	-
State & Local Grants	333,408	333,408	333,408	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	2,000	2,000	7,437	5,437
<i>Total revenues</i>	<u>725,408</u>	<u>725,408</u>	<u>763,439</u>	<u>38,031</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	1,240,985	1,240,985	1,201,812	39,173
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,240,985</u>	<u>1,240,985</u>	<u>1,201,812</u>	<u>39,173</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(515,577)</u>	<u>(515,577)</u>	<u>(438,373)</u>	<u>77,204</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(84,423)	(84,423)	-	84,423
Transfers In	600,000	600,000	480,156	(119,844)
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>515,577</u>	<u>515,577</u>	<u>480,156</u>	<u>(35,421)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	41,783	41,783
<i>Fund Balance - Beginning of Year</i>	-	-	136,596	136,596
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178,379</u>	<u>\$ 178,379</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			(4,945)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>36,838</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, 2012

	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	122,818	(577,182)
Other Taxes	-	-	-	-
Federal Grants	-	-	-	-
State & Local Grants	1,585,811	1,585,811	2,761,119	1,175,308
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	2,000	2,000	1,003	(997)
<i>Total revenues</i>	<u>2,287,811</u>	<u>2,287,811</u>	<u>2,884,940</u>	<u>597,129</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	2,187,379	2,944,756	2,975,492	(30,736)
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,187,379</u>	<u>2,944,756</u>	<u>2,975,492</u>	<u>(30,736)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>100,432</u>	<u>(656,945)</u>	<u>(90,552)</u>	<u>566,393</u>
<i>Other financing sources (uses)</i>				
Designated Cash (excess)	(100,432)	656,945	-	(656,945)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(100,432)</u>	<u>656,945</u>	<u>-</u>	<u>(656,945)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(90,552)	(90,552)
<i>Fund Balance - Beginning of Year</i>	-	-	372,949	372,949
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 282,397</u>	<u>\$ 282,397</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			269,423	
Adjustments to expenditures (liabilities)			678	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>179,549</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, 2012

	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	667,008	667,008	618,704	(48,304)
Charges for Services	10,000	10,000	5,000	(5,000)
Licenses and Fees	19,511	19,511	9,656	(9,855)
Interest Income	-	-	-	-
Miscellaneous	-	-	1,257	1,257
<i>Total revenues</i>	<u>696,519</u>	<u>696,519</u>	<u>634,617</u>	<u>(61,902)</u>
<i>Expenditures:</i>				
Current:				
General Government	68,517	68,517	56,026	12,491
Public Safety	881,080	1,000,529	774,923	225,606
Public Works	-	-	-	-
Culture and Recreation	-	1,903	1,688	215
Health and Welfare	-	-	-	-
Capital Outlay	38,870	207,658	225,321	(17,663)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>988,467</u>	<u>1,278,607</u>	<u>1,057,958</u>	<u>220,649</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(291,948)</u>	<u>(582,088)</u>	<u>(423,341)</u>	<u>158,747</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(94,107)	196,033	-	(196,033)
Transfers In	386,055	386,055	416,255	30,200
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>291,948</u>	<u>582,088</u>	<u>416,255</u>	<u>(165,833)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(7,086)	(7,086)
<i>Fund Balance - Beginning of Year</i>	-	-	(262,696)	(262,696)
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (269,782)</u>	<u>\$ (269,782)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			(157,329)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>(164,415)</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, 2012

Exhibit D-1

	<u>Detention Enterprise Fund</u>
Assets	
Current Assets:	
Cash and cash equivalents	\$ 93,673
Restricted cash	11,055
Receivables (net of allowance for uncollectibles)	257,518
Prepaid insurance	<u>171,955</u>
Total current assets	<u>534,201</u>
Noncurrent Assets:	
Capital assets	8,445,462
Less: accumulated depreciation	<u>(2,596,109)</u>
Total noncurrent assets	<u>5,849,353</u>
Total assets	<u><u>\$ 6,383,554</u></u>
Liabilities	
Current Liabilities:	
Accounts payable	\$ 102,811
Accrued payroll liabilities	-
Inmate trust accounts	11,055
Due to other funds	565,008
Current portion of accrued compensated absences	<u>79,565</u>
Total current liabilities	<u>758,439</u>
Noncurrent Liabilities:	
Noncurrent portion of accrued compensated absences	<u>(15,061)</u>
Total liabilities	<u>743,378</u>
Net Assets	
Invested in capital assets	5,849,353
Unrestricted	<u>(209,177)</u>
Total net assets	<u>5,640,176</u>
Total liabilities and net assets	<u><u>\$ 6,383,554</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, 2012

Exhibit D-2

	<u>Detention Enterprise Fund</u>
<i>Operating revenues:</i>	
Charges for services	\$ 495,929
Licenses and fees	<u>1,019,151</u>
 Total operating revenues	 <u>1,515,080</u>
 <i>Operating expenses:</i>	
Personnel services	1,696,393
Contractual services	957,802
Other operating expenses	52,453
Maintenance and materials	263,972
Depreciation	<u>313,140</u>
 Total operating expenses	 3,283,760
 Operating income (loss)	 (1,768,680)
 <i>Non-operating revenues:</i>	
Gross receipts taxes	391,196
Miscellaneous	<u>46,392</u>
 Total non-operating revenues	 <u>437,588</u>
 Transfers in	 <u>1,246,184</u>
 Total transfers	 <u>1,246,184</u>
 <i>Change in net assets</i>	 (84,908)
 <i>Total net assets - beginning</i>	 <u>5,725,084</u>
 <i>Total net assets - ending</i>	 <u><u>\$ 5,640,176</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, 2012

Exhibit D-3

	Detention Enterprise Fund
Cash Flows From Operating Activities:	
Cash received from customers	\$ 1,506,677
Cash paid to suppliers and employees	(3,074,351)
Net Cash (Used) by Operating Activities	(1,567,674)
Cash Flows From Capital Financing Activities	
Purchase of Capital Assets	(22,425)
Net Cash (Used) by Capital Financing Activities	(22,425)
Cash Flows From Non-Capital Financing Activities	
Operating transfers	1,246,184
Gross receipts tax	391,196
Miscellaneous income	46,392
Decrease in inmate trust funds	6,838
Net Cash (Used) by Non-Capital Financing Activities	1,690,610
Net (Decrease) in Cash and Cash Equivalents	100,511
Cash and Cash Equivalents, Beginning of Year	4,217
Cash and Cash Equivalents, End of Year	\$ 104,728
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:	
Operating income (loss)	\$ (1,768,680)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Depreciation	313,140
Change in assets and liabilities:	
Accounts receivable	(8,403)
Prepaid insurance	4,730
Accounts payable	24,274
Accrued liabilities	(139,336)
Accrued compensated absences	6,601
Net Cash (Used) by Operating Activities	\$ (1,567,674)

Summary of Significant Noncash Activities:

There was no significant noncash activity during the year ended June 30, 2012.

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, 2012

Exhibit E-1

	<u>Cibola General Hospital</u>
Assets	
Current Assets:	
Cash and cash equivalents	\$ 4,429,455
Patient accounts receivable, net of allowance for doubtful accounts of \$1,037,088	8,747,738
Prepaid expenses	318,231
Inventories	241,914
Other receivables	<u>5,255</u>
Total current assets	<u>13,742,593</u>
Assets limited as to use (Hospital Note 3)	<u>7,757,749</u>
Property and equipment, net of accumulated depreciation (Hospital Note 4)	<u>9,819,430</u>
Total Assets	<u><u>\$ 31,319,772</u></u>
Liabilities and Net Assets	
Current Liabilities:	
Accounts payable	\$ 1,511,709
Accrued payroll and taxes	891,057
Deferred revenue	187,802
Other liabilities	<u>23,667</u>
Total current liabilities	<u>2,614,235</u>
Commitments and Contingencies (Hospital Notes 7 through 10)	
Net Assets	
Unrestricted	<u>28,705,537</u>
Total net assets	<u>28,705,537</u>
Total Liabilities and Net Assets	<u><u>\$ 31,319,772</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, 2012

Exhibit E-2

	<u>Cibola General Hospital</u>
<i>Revenues</i>	
Net patient service revenue (Hospital Note 2)	\$ 30,656,914
Mil Levy (Hospital Note 6)	1,211,558
Other	<u>197,042</u>
<i>Total revenues</i>	<u>32,065,514</u>
<i>Expenses</i>	
Salaries and wages	10,019,826
Purchased services and other	4,193,458
Supplies	2,168,644
Payroll taxes and benefits	2,320,774
Utilities, insurance, rentals and repairs	1,957,255
Professional fees	993,017
Depreciation and amortization	915,915
Provision for bad debts	<u>2,981,597</u>
<i>Total expenses</i>	<u>25,550,486</u>
Operating Income	6,515,028
<i>Other Income (Expenses)</i>	
Interest income	102,858
Loss on sale of property and equipment	26,468
Other expense	<u>(43,052)</u>
<i>Total other income</i>	<u>86,274</u>
Excess Revenues Over Expenses	6,601,302
Change in net unrealized (loss) gain on other than trading securities	(156)
Contributions	<u>1,377</u>
Increase in restricted net assets	6,602,523
Net assets, beginning of year	<u>22,103,014</u>
Net assets, end of year	<u><u>\$ 28,705,537</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, 2012

Exhibit E-3

	<u>Cibola</u> <u>General Hospital</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 25,798,854
Cash received from mil levy and other	1,408,600
Cash payments to suppliers	(11,501,910)
Cash paid for payroll, payroll taxes and benefits	<u>(12,340,597)</u>
Net Cash Provided by Operating Activities	<u>3,364,947</u>
Cash Flows from Investing Activities	
Interest received	102,858
Other expense	(43,052)
Contributions received	1,377
Gain/loss on other trading securities	(156)
Sales and maturities of investments	4,638,823
Purchases of investments	(1,723,532)
Purchases of property and equipment	<u>(5,467,495)</u>
Net Cash Used by Investing Activities	<u>(2,491,177)</u>
Increase (Decrease) in Cash and Cash Equivalents	873,770
Cash and Cash Equivalents, Beginning of Year	<u>3,555,685</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 4,429,455</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 6,515,028
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Provision for bad debts	2,981,597
Depreciation and amortization	915,915
Changes in Operating Assets and Liabilities:	
(Increase) decrease in:	
Patient accounts receivable	(7,847,576)
Prepaid expenses	20,169
Inventories	(21,951)
Other receivables	7,919
Increase (decrease) in:	
Accounts payable	717,140
Accrued liabilities	81,124
Other liabilities	<u>(4,418)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 3,364,947</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 Fiduciary Net Assets
Agency Funds
June 30, 2012

Exhibit F-1

<i>Assets</i>	
Cash	\$ 1,237,244
Taxes receivable	<u>2,455,601</u>
 Total assets	 <u><u>\$ 3,692,845</u></u>
 <i>Liabilities</i>	
Due to schools	\$ 2,117,047
Due to municipalities	556,522
Due to other	<u>1,019,276</u>
 Total liabilities	 <u><u>\$ 3,692,845</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, 2012

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, 2012.

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, 2012

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 is 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:

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June 30, 2012

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.

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Cibola County
Notes to Financial Statements
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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:

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Notes to Financial Statements
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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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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, 2012.

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
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Notes to Financial Statements
June 30, 2012

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. The Government-wide Statement of Net Assets reports \$6,348,984 of restricted net assets related to grants of which \$5,864,376 relates to restricted enabling legislation.

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.

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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.

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, 2012 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, 2012.

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.

State of New Mexico
Cibola County
Notes to Financial Statements
June 30, 2012

NOTE 3. Cash and Temporary Investments (continued)

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.

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>	US <u>Bank</u>	<u>Total</u>
Total amounts of deposits*	\$ 2,354,847	\$ 8,116,351	\$ 1,892,944	\$ 12,364,142
FDIC coverage	<u>(2,354,847)</u>	<u>(500,000)</u>	<u>(251,568)</u>	<u>(3,106,415)</u>
Total uninsured public funds	<u>\$ —</u>	<u>\$ 7,616,351</u>	<u>\$ 1,641,376</u>	<u>\$ 9,257,727</u>
Pledged collateral held by				
pledging bank's trust department				
or agent in County's Name				
	<u>\$ —</u>	<u>\$ (8,415,221)</u>	<u>\$ (2,030,044)</u>	<u>\$ (10,445,265)</u>
Collateral requirement (50%				
of uninsured public funds)				
	\$ —	\$ 3,808,176	\$ 820,688	\$ 4,628,864
Pledged security	<u>—</u>	<u>(8,415,221)</u>	<u>(2,030,044)</u>	<u>(10,445,265)</u>
Total under (over) collateralized	<u>\$ —</u>	<u>\$ (4,607,045)</u>	<u>\$ (1,209,356)</u>	<u>\$ (5,816,401)</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, 2012, none of the County's bank balance of \$12,364,142 was exposed to custodial credit risk because it was insured the collateral held by the pledging bank's trust department was held 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, 2012 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>
WF Advantage Government	3,314,038	3,314,038	—	—	—
State Treasurer-NMFA Bank	40	40	—	—	—
State Treasurer's Investment	<u>668</u>	<u>668</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>3,314,746</u>	<u>3,314,746</u>	<u>—</u>	<u>—</u>	<u>—</u>

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Notes to Financial Statements
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NOTE 3. Cash and Temporary Investments (continued)

Investments (continued)

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, 2012, the County's investment of New MexiGROW LGIP had a WAM(R) of 60 days and a WAM(F) of 83 days.

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, 2012, the County's investment of New MexiGROW LGIP had a credit risk rating of AAAM. The Wells Fargo Advantage Money Market Fund had a credit risk rating of AAAM. The investments held with 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, U.S. Treasury Fund (NMFA Bank Trust Accounts), and the State Treasurer's New MexiGROW LGIP. The highest concentration is with Wells Fargo (Advantage Fund) which comprise almost 100% 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 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, 2012. 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, 2012, are as follows:

	General Fund	Grants Fund	Nonmajor Governmental Fund	Total Governmental Funds	Proprietary Funds
Property Taxes	\$ 1,348,878	\$ —	\$ —	\$ 1,348,878	\$ —
Intergovernmental	—	269,423	450,000	719,423	—
Other Receivables	<u>65,000</u>	<u>—</u>	<u>—</u>	<u>65,000</u>	<u>257,518</u>
Total Receivables	<u>1,413,878</u>	<u>269,423</u>	<u>450,000</u>	<u>2,133,301</u>	<u>257,518</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 \$1,264,034, as presented in the general fund.

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Notes to Financial Statements
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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:	
Road Fund	\$ 480,156
Grants Fund	416,255
Farm and Range Fund	3,491
Recreation Fund	85,402
CDBG Planning Fund	278,989
Detention Fund	<u>1,246,184</u>
Total transfers from the General Fund	<u>\$ 2,510,477</u>
Transfers from County Fire Protection Fund to:	
VFD Fund	<u>\$ 40,000</u>
Total transfers from the County Fire Protection Fund	<u>\$ 40,000</u>
Transfers from Computer Equipment & Software Fund to:	
Computer Equipment & Software Debt Fund	<u>\$ 169,919</u>
Total transfers from the Computer Equipment & Software Fund	<u>\$ 169,919</u>

Receivables and payables from interfund transactions as of June 30, 2012 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.

	<u>Due to General Fund</u>	<u>Due from Other Funds</u>
Major Funds		
General Fund	\$ —	\$ 1,325,170
Grants Fund	326,984	—
Total Nonmajor Governmental Funds	433,178	—
Detention Fund (Proprietary)	<u>565,008</u>	<u>—</u>
Total	<u>\$ 1,325,170</u>	<u>\$ 1,325,170</u>

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NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2012, 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 <u>June 30, 2011</u>	<u>Additions</u>	<u>Transfers</u>	Balance <u>June 30, 2012</u>
Capital assets not depreciated				
Land	\$ 84,000	\$ 16,960	\$ —	\$ 100,960
Land-Infrastructure	2,754,454	—	—	2,754,454
Construction in Progress	<u>668,405</u>	<u>—</u>	<u>(668,405)</u>	<u>—</u>
Total not being depreciated	<u>\$ 3,506,859</u>	<u>\$ 16,960</u>	<u>\$ (668,408)</u>	<u>\$ 2,855,414</u>
Capital assets being depreciated				
Buildings & Improvements	\$ 7,103,155	\$ 50,883	\$ 668,405	\$ 7,822,443
Furniture & Equipment	5,201,105	143,804	—	5,344,909
Vehicles	2,839,544	430,976	—	3,270,520
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>\$ 40,301,980</u>	<u>\$ 625,663</u>	<u>\$ 668,405</u>	<u>\$ 41,596,048</u>
Total capital assets	<u>\$ 43,808,839</u>	<u>\$ 642,623</u>	<u>\$ —</u>	<u>\$ 44,451,462</u>
Less accumulated depreciation				
Buildings & Improvements	\$ (2,420,176)	\$ (280,928)	\$ —	\$ (2,701,104)
Furniture & Equipment	(3,525,564)	(297,451)	—	(3,823,015)
Vehicles	(1,644,740)	(238,549)	—	(1,883,289)
Infrastructure	(12,407,572)	(477,248)	—	(12,884,820)
County Hospital	<u>(4,404,833)</u>	<u>(384,333)</u>	<u>—</u>	<u>(4,789,166)</u>
Total accumulated depreciation	<u>\$ (24,402,885)</u>	<u>\$ (1,678,509)</u>	<u>\$ —</u>	<u>\$ (26,081,394)</u>
Net capital assets	<u>\$ 19,405,954</u>	<u>\$ (1,035,886)</u>	<u>\$ —</u>	<u>\$ 18,370,068</u>

Depreciation expense for the year ended June 30, 2012 was charged to governmental activities as follows:

General Government	\$ 251,043
Public Safety	410,191
Health & Welfare	393,784
Public Works	492,230
Culture and Recreation	<u>131,261</u>
Total	<u>\$ 1,678,509</u>

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NOTE 6. Capital Assets (continued)

Capital Assets used in Business-Type Activities:	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
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	22,425	—	183,049
Total being depreciated	<u>\$ 8,298,071</u>	<u>\$ 22,425</u>	<u>\$ —</u>	<u>\$ 8,320,496</u>
Total capital assets	<u>\$ 8,423,037</u>	<u>\$ 22,425</u>	<u>\$ —</u>	<u>\$ 8,445,462</u>
Less accumulated depreciation				
Buildings & improvements	\$ (2,124,858)	\$ (288,471)	\$ —	\$ (2,413,329)
Furniture & Equipment	(113,921)	(15,466)	—	(129,387)
Vehicles	(44,190)	(9,203)	—	(53,393)
Total accumulated depreciation	<u>\$ (2,282,969)</u>	<u>\$ (313,140)</u>	<u>\$ —</u>	<u>\$ (2,596,109)</u>
Net capital assets	<u>\$ 6,140,068</u>	<u>\$ (290,715)</u>	<u>\$ —</u>	<u>\$ 5,849,353</u>

Depreciation expense charged to business-type activities for the year ended June 30, 2012 was \$313,140.

NOTE 7. Long-term Debt

During the year ended June 30, 2012, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012	Current Maturities
Governmental Activities					
Bonds Payable	\$ 9,765,000	\$ —	\$ 645,000	\$ 9,120,000	\$ 680,000
Notes Payable	1,175,399	—	427,637	747,762	62,685
Compensated Absences	200,650	130,617	126,551	204,716	68,238
Total Long-Term Debt	<u>\$ 11,141,049</u>	<u>\$ 130,617</u>	<u>\$ 1,199,188</u>	<u>\$ 10,072,478</u>	<u>\$ 810,923</u>

The annual requirements to amortize the bond and notes payable as of June 30, 2012, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2013	\$ 738,813	\$ 432,530	\$ 1,171,343
2014	764,313	401,026	1,165,339
2015	782,525	369,263	1,151,788
2016	814,311	336,379	1,150,690
2017	850,761	302,913	1,153,674
2018-2022	1,636,484	1,213,368	2,849,852
2023-2027	2,025,555	820,231	2,845,786
2028-2032	2,255,000	331,315	2,586,315
Total	<u>\$ 9,867,762</u>	<u>\$ 4,207,025</u>	<u>\$ 14,074,787</u>

Interest expense paid on long-term debt totaled \$458,832 on the Statement of Activities for the year ended June 30, 2012.

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NOTE 7. Long-term Debt (continued)

Bonds Payable – At June 30, 2012, 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 remaining to be paid on the bonds is \$9,120,000. Principal and interest paid for the current year were \$645,000 and \$439,713 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 was paid in full at June 30, 2012. Interest of \$135,050 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, 2012, 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 total principal and interest have been paid on this note as of June 30, 2012. Principal and interest paid for the current year were \$169,145 and \$744, 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 have been paid on this note as of June 30, 2012. Principal and interest paid for the current year were \$193,461 and \$5,320, 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 \$747,762. Principal and interest paid for the current year were \$65,031 and \$16,007 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, 2012, compensated absences increased \$4,066 over the prior year accrual. See Note 1 for more details.

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Notes to Financial Statements
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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, 2012:

Business-Type Activities	Balance			Balance	Due Within
	<u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2012</u>	<u>One Year</u>
Compensated Absences	\$ 57,903	\$ 71,373	\$ 64,772	\$ 64,504	\$ 41,928

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, 2012, 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 2012, Cibola County contributed \$136,722 to the Workers' Compensation Pool. The self-insured retention level for the pool during the period of coverage July 1, 2011 through June 30, 2012, 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 \$162,944 for the calendar year ended December 31, 2012. Cibola County paid premiums to the Law Enforcement Liability pool of \$362,536 for the year ended December 31, 2012.

The self-insured retention level for this pool during the period of coverage January 1, 2012 through December 31, 2012 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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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, 2012, 2011 and 2010.

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, 2012, 2011 and 2010.

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, 2012:

Governmental Funds:

Major Funds:

Road Fund	\$ 64,746
Grants Fund	<u>389,859</u>
Total Nomajor Funds	\$ 454,605

Nonmajor Funds:

Farm & Range Fund	\$ 21,000
Recreation Fund	120
CDBG Planning Fund	<u>157,814</u>
Total Nomajor Funds	\$ 178,934

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

B. *Designated cash appropriation in excess of available balances:* The following funds had designated cash in appropriations in excess of available balances for the year ended June 30, 2012:

	Designated Cash	Available Cash	Cash Appropriation In Excess of Cash
Indigent Fund	\$ 656,945	\$ 372,949	\$ (283,996)
Grants Fund	196,033	(262,696)	(458,729)
Farm and Range Fund	14,000	-	(14,000)
Recreation Fund	789	-	(789)
CDBG Planning Fund	<u>178,990</u>	<u>(54,445)</u>	<u>(233,435)</u>
Total	<u>\$ 1,046,757</u>	<u>\$ 55,808</u>	<u>\$ (990,949)</u>

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 Notes to Financial Statements
 June 30, 2012

NOTE 10. Other Required Individual Fund Disclosures (continued)

C. *Excess expenditures over appropriations:* Budgetary authority is at the fund level. The following funds exceeded appropriations for the year ended June 30, 2012:

Governmental Funds:

Major Funds:

Indigent Fund	\$ 30,736
Total Nomajor Funds	\$ 30,736

Nonmajor Funds:

Recreation Fund	\$ 7,114
Total Nomajor Funds	\$ 7,114

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, 2012, 2011 and 2010 were \$398,173, \$427,474, and \$402,668, 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.

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 Notes to Financial Statements
 June 30, 2012

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

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, 2012, the statute required each participating employer to contribute 1.834% of each participating employee’s annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal year ending June 30, 2013 the contribution rates for employees and employers will rise as follows:

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

Fiscal Year	Employer Contribution Rate	Employee Contribution Rate
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, 2012, 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 year ending June 30, 2013 the contribution rates for both employees and employers will rise as follows:

Fiscal Year	Employer Contribution Rate	Employee Contribution Rate
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, 2012, 2011 and 2010 were \$69,896, \$67,937 and \$72,666, 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.

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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—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	-	-	-	-	5,940,220	-
Capital Projects	-	-	-	-	-	115,740
Care of Indigents	-	-	508,790	-	-	-
Fire Departments	-	-	-	-	-	1,537,244
EMS	-	-	-	-	-	61,753
Law Enforcement	-	-	-	-	-	29,096
County Clerk	-	-	-	-	-	87,713
Property Reappraisal	-	-	-	-	-	157,844
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	7,025,443	(64,746)	-	(389,859)	(199,119)	(171,399)
<i>Total fund balances</i>	<u>\$ 7,025,443</u>	<u>\$ (64,746)</u>	<u>\$ 508,790</u>	<u>\$ (389,859)</u>	<u>\$ 5,741,101</u>	<u>\$ 1,817,991</u>

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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

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NOTE 17. Cibola General Hospital (continued)

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

doubtful accounts. Management determines the allowance for doubtful accounts by examining aging categories by payor and by using historical experience applied to the aging. Individual accounts receivable are written off when deemed uncollectible. Recoveries of patient accounts receivable previously written off are recorded when received. Delinquent status is based on how recently payments have been received. The Hospital does not accrue interest on past-due accounts. As of June 30, 2012, the Hospital had approximately \$3,148,700 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 cost exceeds \$5,000. 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, 2012

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, 2012

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, 2012, 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, 2012 and 2011.

Reclassifications

Certain amounts for the year ended June 30, 2011 have been reclassified to conform to the presentation of the June 30, 2012 amounts. The reclassifications have no effect on the changes in net assets for the year ended June 30, 2011.

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 are cost-based reimbursed, and Outpatient services are reimbursed based upon a Medicare-determined percentage of gross charges rates. 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 44% and 43% of the Hospital's net patient service revenue for the years ended June 30, 2012 and 2011, 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. The 2011 cost reports have not been prepared. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Medicare cost reports 2008 and prior have been settled. Because of re-filings due to the Critical Access designation, Medicare 2009, 2010, and 2011 remain open. Medicaid 2011 remains open. Management believes that estimated settlement amounts accrued for June 30, 2012 are adequate to provide for the settlement of all open cost reports. The 2012 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>2012</u>	<u>2011</u>
Inpatient gross charges	\$ 13,444,596	\$ 13,333,416
Outpatient gross charges	28,739,449	26,244,209
Sole community provider	<u>6,339,358</u>	<u>6,327,048</u>
Gross patient service revenue	48,523,403	45,904,673
Less:		
Third-party contractual discounts and allowances	16,221,406	17,737,437
Un-sponsored charges, including community care	<u>1,645,083</u>	<u>1,280,476</u>
Net patient service revenue	<u>\$ 30,656,914</u>	<u>\$ 26,886,760</u>

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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:

	2012	2011
Certificate of deposit	\$ 4,591,055	\$ 4,055,200
Money maker	3,145,548	6,536,702
Interest receivable	21,146	28,202
Total assets limited as to use	\$ 7,757,749	\$ 10,620,104

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, 2012

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, 2012 and 2011 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, 2012				
Assets limited as to use	\$ 7,757,749	\$ 7,757,749	\$ -	\$ -
Total	<u>\$ 7,757,749</u>	<u>\$ 7,757,749</u>	<u>\$ -</u>	<u>\$ -</u>
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>

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, 2012

NOTE 17. Cibola General Hospital (continued)

Hospital Note 4. Property and Equipment

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

	2012	2011
Non-depreciable assets:		
Land	\$ 733,729	733,729
Construction in progress	4,913,733	466,623
Total non-depreciable assets	5,647,462	1,200,352
Depreciable assets:		
Building and land improvements	3,038,644	2,925,644
Equipment	7,062,696	6,813,115
Total depreciable assets	10,101,340	9,738,759
Less:		
Accumulated depreciation and amortization	5,929,372	5,644,793
Net depreciable assets	4,171,968	4,093,966
Total property and equipment, net	\$ 9,819,610	\$ 5,294,318

Hospital Note 5. Accrued Liabilities

Accrued liabilities consist of the following at June 30:

	2012	2011
Accrued paid time off	\$ 476,168	\$ 461,871
Accrued wages	276,162	321,057
Accrued payroll taxes	106,762	-
Other	31,965	27,005
Total accrued liabilities	\$ 891,057	\$ 809,933

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 voters of Cibola County approved a mil levy tax in 2011. The Hospital recorded \$1,211,558 and \$1,153,088 in the years ended June 30, 2012 and 2011, 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, 2012

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, 2012 and 2011. 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 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 in both the year ended June 30, 2011 and ended June 30, 2012.

The following schedule details future minimum lease payments as of June 30, 2012, 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:		
2013	\$	400,263
2014		344,655
2015		14,095
2016 and thereafter		<u>21,322</u>
	\$	<u>780,335</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 18, 2012 to determine whether such events should be recorded or disclosed in the financial statements or notes for the year ended June 30, 2012. The date through which events were reviewed represents the date the financial statements were available to be issued.

The Hospital anticipates opening a new medical facility in late October or early November 2012. The facility is located on seventeen acres owned by Cibola County.

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 \$143,773 and \$108,220 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:

	2012	2011
Medicare	39%	18%
Medicaid	11%	18%
Commercial insurance	7%	11%
All other payors	43%	53%
	100%	100%

The increase in Medicare accounts receivable is a result of the Critical Access Hospital conversion which required CGHC to resubmit its inpatient claims back to July of 2011.

QHR manages the Hospital pursuant to a five-year agreement effective December 1, 2011 through December 1, 2015, between QHR and the Hospital, whereby the Hospital reimburses QHR for the appointed administrator's and chief financial officer's salaries, including, but not limited to, social security payments, retirement benefits and other benefits accruing to executive level employees of QHR. This agreement may be terminated by either party upon 60 days written notice. As part of this agreement, the Hospital is able to purchase medical supplies from various vendors at more favorable prices than the Hospital could negotiate on its own. An unexpected termination of this contract with QHR could have an adverse effect on the operations of the Hospital due to the loss of key management personnel and loss of the favorable purchasing agreements until such time a new contract could be negotiated with an alternate management firm. The Hospital is not aware of, and does not anticipate, any termination of the existing contract.

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:

	2012	2011
Healthcare Services	16,968,677	16,209,631
General and administrative	8,581,809	7,869,535
Total functional expenses	\$ 25,550,486	\$ 24,079,166

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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, 2012

Statement A-1

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
ASSETS			
Current:			
Cash and cash equivalents	\$ 1,876,720	\$ 33,760	\$ 1,910,480
Investments	11,795	110,276	122,071
Accounts receivable			
Property taxes	-	-	-
Intergovernmental	450,000	-	450,000
Other receivables	-	-	-
Interfund balances	-	-	-
Prepaid expenses	-	-	-
	<u>\$ 2,338,515</u>	<u>\$ 144,036</u>	<u>\$ 2,482,551</u>
<i>Total current assets</i>	<u>\$ 2,338,515</u>	<u>\$ 144,036</u>	<u>\$ 2,482,551</u>
 LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 231,382	\$ -	\$ 231,382
Accrued expenses	-	-	-
Interfund balances	412,417	20,761	433,178
	<u>643,799</u>	<u>20,761</u>	<u>664,560</u>
<i>Total current liabilities</i>	<u>643,799</u>	<u>20,761</u>	<u>664,560</u>
Fund balance:			
Reserved			
Nonspendable	-	-	-
Restricted	1,873,650	123,275	1,996,925
Committed	-	-	-
Assigned	-	-	-
Unassigned	(178,934)	-	(178,934)
	<u>1,694,716</u>	<u>123,275</u>	<u>1,817,991</u>
<i>Total fund balance</i>	<u>1,694,716</u>	<u>123,275</u>	<u>1,817,991</u>
<i>Total liabilities and fund balance</i>	<u>\$ 2,338,515</u>	<u>\$ 144,036</u>	<u>\$ 2,482,551</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, 2012

Statement A-2

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
<i>Revenues:</i>			
Property taxes	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-
Other taxes	111,618	-	111,618
State and local sources	532,035	1,830	533,865
Federal grants	407,564	-	407,564
Licenses and fees	88,255	-	88,255
Charges for services	-	-	-
Investment income	-	-	-
Miscellaneous	139	-	139
	<u>1,139,611</u>	<u>1,830</u>	<u>1,141,441</u>
 <i>Total revenues</i>			
 <i>Expenditures:</i>			
<i>Current</i>			
General Government	21,041	-	21,041
Public safety	411,135	-	411,135
Culture and recreation	78,289	-	78,289
Health and welfare	31,500	-	31,500
Education	-	-	-
Public works	837,358	-	837,358
Capital outlay	11,526	-	11,526
Debt service			
Principal	65,031	169,145	234,176
Interest	17,646	774	18,420
Bond issuance costs	-	-	-
	<u>1,473,526</u>	<u>169,919</u>	<u>1,643,445</u>
 <i>Total expenditures</i>			
 <i>Excess (deficiency) of revenues over expenditures</i>			
	<u>(333,915)</u>	<u>(168,089)</u>	<u>(502,004)</u>
 <i>Other financing sources (uses):</i>			
Proceeds of bond/note issuance	-	-	-
Operating transfers in	407,882	169,919	577,801
Operating transfers (out)	(40,000)	(169,919)	(209,919)
	<u>367,882</u>	<u>-</u>	<u>367,882</u>
 <i>Total other financing sources (uses)</i>			
 <i>Net change in fund balances</i>			
	33,967	(168,089)	(134,122)
 <i>Fund balances - beginning of year</i>			
	<u>1,660,749</u>	<u>291,364</u>	<u>1,952,113</u>
 <i>Fund balances - end of year</i>			
	<u>\$ 1,694,716</u>	<u>\$ 123,275</u>	<u>\$ 1,817,991</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, 2012

	VFD Fund	EMS Fund	Farm and Range Fund	Recreation Fund
Assets				
<i>Current:</i>				
Cash and cash equivalents	\$ 838,194	\$ 67,350	\$ -	\$ -
Investments	11,795	-	-	-
Accounts Receivable				
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Other receivables	-	-	-	-
Interfund balances	-	-	-	-
<i>Total current assets</i>	<u>\$ 849,989</u>	<u>\$ 67,350</u>	<u>\$ -</u>	<u>\$ -</u>
 Liabilities and fund balances				
<i>Current Liabilities:</i>				
Accounts payable	\$ 6,280	\$ 5,573	\$ 21,000	\$ 120
Accrued payroll liabilities	-	-	-	-
Interfund balances	-	24	-	-
Deferred revenue- property taxes	-	-	-	-
<i>Total current liabilities</i>	<u>6,280</u>	<u>5,597</u>	<u>21,000</u>	<u>120</u>
<i>Fund balance:</i>				
Nonspendable	-	-	-	-
Restricted	843,709	61,753	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	(21,000)	(120)
<i>Total fund balance</i>	<u>843,709</u>	<u>61,753</u>	<u>(21,000)</u>	<u>(120)</u>
<i>Total liabilities and fund balance</i>	<u>\$ 849,989</u>	<u>\$ 67,350</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
\$ 30,001	\$ 695,618	\$ 87,713	\$ -	\$ 157,844	\$ 1,876,720
-	-	-	-	-	11,795
-	-	-	-	-	-
-	-	-	450,000	-	450,000
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 30,001</u>	<u>\$ 695,618</u>	<u>\$ 87,713</u>	<u>\$ 450,000</u>	<u>\$ 157,844</u>	<u>\$ 2,338,515</u>
\$ 905	\$ 2,083	\$ -	\$ 195,421	\$ -	\$ 231,382
-	-	-	-	-	-
-	-	-	412,393	-	412,417
-	-	-	-	-	-
<u>905</u>	<u>2,083</u>	<u>-</u>	<u>607,814</u>	<u>-</u>	<u>643,799</u>
-	-	-	-	-	-
29,096	693,535	87,713	-	157,844	1,873,650
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(157,814)	-	(178,934)
<u>29,096</u>	<u>693,535</u>	<u>87,713</u>	<u>(157,814)</u>	<u>157,844</u>	<u>1,694,716</u>
<u>\$ 30,001</u>	<u>\$ 695,618</u>	<u>\$ 87,713</u>	<u>\$ 450,000</u>	<u>\$ 157,844</u>	<u>\$ 2,338,515</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, 2012

	VFD Fund	EMS Fund	Farm and Range Fund	Recreation Fund
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Other taxes	-	-	-	-
State and local sources	458,027	45,608	-	-
Federal grants	-	-	7,009	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	138	-	-	1
<i>Total revenues</i>	<u>458,165</u>	<u>45,608</u>	<u>7,009</u>	<u>1</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	310,775	53,320	-	-
Culture and recreation	-	-	-	78,289
Health and welfare	-	-	31,500	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	65,031	-	-	-
Interest	17,646	-	-	-
Issuance costs for note payable	-	-	-	-
<i>Total expenditures</i>	<u>393,452</u>	<u>53,320</u>	<u>31,500</u>	<u>78,289</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>64,713</u>	<u>(7,712)</u>	<u>(24,491)</u>	<u>(78,288)</u>
<i>Other financing sources (uses):</i>				
Proceeds from note payable	-	-	-	-
Operating transfers in	40,000	-	3,491	85,402
Operating transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>40,000</u>	<u>-</u>	<u>3,491</u>	<u>85,402</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	104,713	(7,712)	(21,000)	7,114
<i>Fund balances - beginning of year</i>	<u>738,996</u>	<u>69,465</u>	<u>-</u>	<u>(7,234)</u>
<i>Fund balances - end of year</i>	<u>\$ 843,709</u>	<u>\$ 61,753</u>	<u>\$ (21,000)</u>	<u>\$ (120)</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	111,618	-	-	-	111,618
28,400	-	-	-	-	532,035
-	-	-	400,555	-	407,564
-	-	30,510	-	57,745	88,255
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	139
<u>28,400</u>	<u>111,618</u>	<u>30,510</u>	<u>400,555</u>	<u>57,745</u>	<u>1,139,611</u>
-	-	4,764	-	16,277	21,041
15,056	31,984	-	-	-	411,135
-	-	-	-	-	78,289
-	-	-	-	-	31,500
-	-	-	837,358	-	837,358
-	-	5,547	-	5,979	11,526
-	-	-	-	-	65,031
-	-	-	-	-	17,646
-	-	-	-	-	-
<u>15,056</u>	<u>31,984</u>	<u>10,311</u>	<u>837,358</u>	<u>22,256</u>	<u>1,473,526</u>
<u>13,344</u>	<u>79,634</u>	<u>20,199</u>	<u>(436,803)</u>	<u>35,489</u>	<u>(333,915)</u>
-	-	-	-	-	-
-	-	-	278,989	-	407,882
-	(40,000)	-	-	-	(40,000)
-	(40,000)	-	278,989	-	367,882
13,344	39,634	20,199	(157,814)	35,489	33,967
<u>15,752</u>	<u>653,901</u>	<u>67,514</u>	<u>-</u>	<u>122,355</u>	<u>1,660,749</u>
<u>\$ 29,096</u>	<u>\$ 693,535</u>	<u>\$ 87,713</u>	<u>\$ (157,814)</u>	<u>\$ 157,844</u>	<u>\$ 1,694,716</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, 2012

	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	458,027	26,878
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	91	91	-	(91)
Miscellaneous	-	-	138	138
<i>Total revenues</i>	<u>431,240</u>	<u>431,240</u>	<u>458,165</u>	<u>26,925</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	297,162	434,021	310,775	123,246
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	20,000	20,000	-	20,000
Debt Service:				
Principal	68,742	68,742	65,031	3,711
Interest	16,682	16,682	17,646	(964)
Issuance costs of note payable	-	-	-	-
<i>Total expenditures</i>	<u>402,586</u>	<u>539,445</u>	<u>393,452</u>	<u>145,993</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>28,654</u>	<u>(108,205)</u>	<u>64,713</u>	<u>172,918</u>
<i>Other financing sources (uses)</i>				
Designated Cash (Excess)	(68,654)	68,205	-	(68,205)
Proceeds of note payable	-	-	-	-
Transfers In	40,000	40,000	40,000	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(28,654)</u>	<u>108,205</u>	<u>40,000</u>	<u>(68,205)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	104,713	104,713
<i>Fund Balance - Beginning of Year</i>	-	-	745,276	745,276
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 849,989</u>	<u>\$ 849,989</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>104,713</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, 2012

	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	43,554	43,554	45,608	2,054
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>43,554</u>	<u>43,554</u>	<u>45,608</u>	<u>2,054</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	76,621	83,152	53,320	29,832
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>81,621</u>	<u>88,152</u>	<u>53,320</u>	<u>34,832</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(38,067)</u>	<u>(44,598)</u>	<u>(7,712)</u>	<u>36,886</u>
<i>Other financing sources (uses)</i>				
Designated Cash	38,067	44,598	-	(44,598)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>38,067</u>	<u>44,598</u>	<u>-</u>	<u>(44,598)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(7,712)	(7,712)
<i>Fund Balance - Beginning of Year</i>	-	-	75,038	75,038
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,326</u>	<u>\$ 67,326</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>(7,712)</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, 2012

	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	7,000	7,000	7,009	9
State & Local Grants	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>7,000</u>	<u>7,000</u>	<u>7,009</u>	<u>9</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	7,000	21,000	10,500	10,500
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>7,000</u>	<u>21,000</u>	<u>10,500</u>	<u>10,500</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(14,000)</u>	<u>(3,491)</u>	<u>10,509</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	14,000	-	(14,000)
Transfers In	-	-	3,491	3,491
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>14,000</u>	<u>3,491</u>	<u>(10,509)</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>-</u>	<u>-</u>
<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)			(21,000)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>(21,000)</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, 2012

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	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	-	-	-	-
Miscellaneous	-	-	1	1
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	77,500	78,289	85,403	(7,114)
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>77,500</u>	<u>78,289</u>	<u>85,403</u>	<u>(7,114)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(77,500)</u>	<u>(78,289)</u>	<u>(85,402)</u>	<u>(7,113)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	789	-	(789)
Transfers In	77,500	77,500	85,402	7,902
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>77,500</u>	<u>78,289</u>	<u>85,402</u>	<u>7,113</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	-	-
<i>Fund Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<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)			7,114	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>7,114</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, 2012

	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	28,400	28,400	28,400	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>28,400</u>	<u>28,400</u>	<u>28,400</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	25,000	25,000	14,151	10,849
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>25,000</u>	<u>25,000</u>	<u>14,151</u>	<u>10,849</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>3,400</u>	<u>3,400</u>	<u>14,249</u>	<u>10,849</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(3,400)	(3,400)	-	3,400
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(3,400)</u>	<u>(3,400)</u>	<u>-</u>	<u>3,400</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	14,249	14,249
<i>Fund Balance - Beginning of Year</i>	-	-	15,752	15,752
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,001</u>	<u>\$ 30,001</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			(905)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>13,344</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, 2012

	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	111,618	(18,382)
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>111,618</u>	<u>(18,382)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	82,200	82,200	29,901	52,299
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>82,200</u>	<u>82,200</u>	<u>29,901</u>	<u>52,299</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>47,800</u>	<u>47,800</u>	<u>81,717</u>	<u>33,917</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(7,800)	(7,800)	-	7,800
Transfers In	-	-	-	-
Transfers Out	(40,000)	(40,000)	(40,000)	-
<i>Total other financing sources (uses)</i>	<u>(47,800)</u>	<u>(47,800)</u>	<u>(40,000)</u>	<u>7,800</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	41,717	41,717
<i>Fund Balance - Beginning of Year</i>	-	-	653,901	653,901
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 695,618</u>	<u>\$ 695,618</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			(2,083)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>39,634</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, 2012

	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	30,510	19,510
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>11,000</u>	<u>11,000</u>	<u>30,510</u>	<u>19,510</u>
<i>Expenditures:</i>				
Current:				
General Government	11,000	11,000	4,764	6,236
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	5,547	(5,547)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>11,000</u>	<u>11,000</u>	<u>10,311</u>	<u>689</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	20,199	20,199
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	20,199	20,199
<i>Fund Balance - Beginning of Year</i>	-	-	67,514	67,514
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,713</u>	<u>\$ 87,713</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>20,199</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, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP	(Unfavorable)
			Basis)	Final to Actual
<i>Revenues:</i>				
Property Taxes	\$ -	\$ -	\$ -	-
Gross Receipt Taxes	-	-	-	-
Other Taxes	-	-	-	-
Federal Grants	550,000	550,000	5,000	(545,000)
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>5,000</u>	<u>(545,000)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	500,000	728,990	641,937	87,053
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>500,000</u>	<u>728,990</u>	<u>641,937</u>	<u>87,053</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>50,000</u>	<u>(178,990)</u>	<u>(636,937)</u>	<u>(457,947)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(50,000)	178,990	-	(178,990)
Transfers In	-	-	278,989	278,989
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(50,000)</u>	<u>178,990</u>	<u>278,989</u>	<u>99,999</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(357,948)	(357,948)
<i>Fund Balance - Beginning of Year</i>	-	-	(54,445)	(54,445)
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (412,393)</u>	<u>\$ (412,393)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			395,555	
Adjustments to expenditures (liabilities)			(195,421)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>(157,814)</u>	

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, 2012

	Budgeted Amounts		Actual	Variations
	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	57,745	(2,255)
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>60,000</u>	<u>60,000</u>	<u>57,745</u>	<u>(2,255)</u>
<i>Expenditures:</i>				
Current:				
General Government	52,813	52,813	18,181	34,632
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	5,979	(5,979)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>52,813</u>	<u>52,813</u>	<u>24,160</u>	<u>28,653</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>7,187</u>	<u>7,187</u>	<u>33,585</u>	<u>26,398</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(7,187)	(7,187)	-	7,187
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(7,187)</u>	<u>(7,187)</u>	<u>-</u>	<u>7,187</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	33,585	33,585
<i>Fund Balance - Beginning of Year</i>	-	-	124,259	124,259
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,844</u>	<u>\$ 157,844</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>35,489</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, 2012

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	\$ -	\$ 870	\$ -	\$ 32,890	\$ 33,760
Investments	9,030	36,111	26,884	38,251	110,276
Accounts receivable					
Property taxes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Other receivables	-	-	-	-	-
Interfund balances	-	-	-	-	-
<i>Total current assets</i>	<u>\$ 9,030</u>	<u>\$ 36,981</u>	<u>\$ 26,884</u>	<u>\$ 71,141</u>	<u>\$ 144,036</u>
LIABILITIES AND FUND BALANCE					
<i>Current Liabilities:</i>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-	-
Interfund balances	134	1,278	19,349	-	20,761
Deferred revenue	-	-	-	-	-
Deferred revenue - property taxes	-	-	-	-	-
<i>Total current liabilities</i>	<u>134</u>	<u>1,278</u>	<u>19,349</u>	<u>-</u>	<u>20,761</u>
<i>Fund balance:</i>					
Nonspendable	-	-	-	-	-
Restricted	8,896	35,703	7,535	71,141	123,275
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<i>Total fund balance</i>	<u>8,896</u>	<u>35,703</u>	<u>7,535</u>	<u>71,141</u>	<u>123,275</u>
<i>Total liabilities and fund balance</i>	<u>\$ 9,030</u>	<u>\$ 36,981</u>	<u>\$ 26,884</u>	<u>\$ 71,141</u>	<u>\$ 144,036</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, 2012

	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	-	-	-	-	-
Other taxes	-	-	-	-	-
State grants	-	-	-	1,830	1,830
Federal grants	-	-	-	-	-
Licenses and fees	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,830</u>	<u>1,830</u>
<i>Expenditures:</i>					
Current					
General Government	-	-	-	-	-
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Health and welfare	-	-	-	-	-
Public works	-	-	-	-	-
Education	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	169,145	-	169,145
Interest	-	-	774	-	774
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>169,919</u>	<u>-</u>	<u>169,919</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(169,919)</u>	<u>1,830</u>	<u>(168,089)</u>
<i>Other financing sources (uses):</i>					
Proceeds from bond/note	-	-	-	-	-
Operating transfers in	-	-	169,919	-	169,919
Operating transfers(out)	-	(169,919)	-	-	(169,919)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(169,919)</u>	<u>169,919</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>(169,919)</u>	<u>-</u>	<u>1,830</u>	<u>(168,089)</u>
<i>Fund balances - beginning of year</i>	<u>8,896</u>	<u>205,622</u>	<u>7,535</u>	<u>69,311</u>	<u>291,364</u>
<i>Fund balances - end of year</i>	<u>\$ 8,896</u>	<u>\$ 35,703</u>	<u>\$ 7,535</u>	<u>\$ 71,141</u>	<u>\$ 123,275</u>

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

STATE OF NEW MEXICO
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, 2012

Statement C-3

	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	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<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>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<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>	-	-	-	-
<i>Fund Balance - Beginning of Year</i>	-	-	8,896	8,896
<i>Fund Balance - End of Year</i>	\$ -	\$ -	\$ 8,896	\$ 8,896
<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)			-	

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, 2012

	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	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	(169,919)	(169,919)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(169,919)</u>	<u>(169,919)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(169,919)	(169,919)
<i>Fund Balance - Beginning of Year</i>	-	-	205,622	205,622
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,703</u>	<u>\$ 35,703</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>(169,919)</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, 2012

	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	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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)			-	
Adjustments to other financing sources			169,919	
Adjustments to expenditures (liabilities)			(169,919)	
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-6

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, 2012

	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	-	-	1,830	1,830
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>1,830</u>	<u>1,830</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>-</u>	<u>-</u>	<u>1,830</u>	<u>1,830</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>-</u>	<u>-</u>	<u>1,830</u>	<u>1,830</u>
<i>Fund Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>69,311</u>	<u>69,311</u>
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,141</u>	<u>\$ 71,141</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>1,830</u>	

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, 2012

	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	1,569,881	872,683
Other Taxes	-	-	-	-
Federal Grants	-	-	-	-
State & Local Grants	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	35,000	35,000	-	(35,000)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>732,198</u>	<u>732,198</u>	<u>1,569,881</u>	<u>837,683</u>
<i>Expenditures:</i>				
Current:				
General Government	74,300	74,300	50,283	24,017
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	645,000	645,000	645,000	-
Interest	439,713	439,713	439,713	-
<i>Total expenditures</i>	<u>1,159,013</u>	<u>1,159,013</u>	<u>1,134,996</u>	<u>24,017</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(426,815)</u>	<u>(426,815)</u>	<u>434,885</u>	<u>861,700</u>
<i>Other financing sources (uses)</i>				
Designated Cash	426,815	426,815	-	(426,815)
Transfers In	-	-	-	-
Transfers Out	-	-	(199,119)	(199,119)
<i>Total other financing sources (uses)</i>	<u>426,815</u>	<u>426,815</u>	<u>(199,119)</u>	<u>(625,934)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	235,766	235,766
<i>Fund Balance - Beginning of Year</i>	-	-	5,505,335	5,505,335
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,741,101</u>	<u>\$ 5,741,101</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			(199,119)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>36,647</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, 2012

Security Description	CUSIP Number	Fair Market Value	Maturity Date	Name and Location of Safekeeper
US Bank				
FNMA FNARM 984697 4.000%	31415M3 E3	335,320	7/1/2038	Federal Home Loan Bank, Dallas, TX
FNMA POOL AE9229 3.500%	31419LKM4	<u>1,694,724</u>	11/1/2025	Federal Home Loan Bank, Dallas, TX
Total - US Bank		<u>\$ 2,030,044</u>		
Grants State Bank				
U.S. Treasury Notes 0.250%	912828SB7	999,062	1/31/2014	The Independent Banker's Bank, Irving, TX
FNMA #AH9688 4.500%	3138ABXS3	511,887	4/1/2026	The Independent Banker's Bank, Irving, TX
FNMA #AL1806 4.500%	3138AFAG5	509,929	4/1/2026	The Independent Banker's Bank, Irving, TX
FNMA #AL4952 3.000%	3138AJQE5	504,247	11/1/2026	The Independent Banker's Bank, Irving, TX
FNMA # AL0846 3.500%	3138EG5G5	427,403	10/1/2026	The Independent Banker's Bank, Irving, TX
FNMA # AB4090 3.000%	31417ARL5	498,101	12/1/2026	The Independent Banker's Bank, Irving, TX
Bernalillo NMISD #1 Call 3.500%	085279MG9	401,024	8/1/2015	The Independent Banker's Bank, Irving, TX
Carlsbad SD Call FR 3.800%	142735CM9	200,616	8/1/2013	The Independent Banker's Bank, Irving, TX
Chama VY ISD Noncall FR 4.100%	157670EA4	78,751	4/1/2014	The Independent Banker's Bank, Irving, TX
Chama VY ISD Noncall FR 4.150%	157670EC0	80,735	4/1/2015	The Independent Banker's Bank, Irving, TX
Chama VY ISD Noncall FR 4.150%	157670EB2	82,588	4/1/2016	The Independent Banker's Bank, Irving, TX
Curry Cnty Call FR 4.200%	231327BB3	275,718	8/1/2013	The Independent Banker's Bank, Irving, TX
Farmington NM MSD 5 3.000%	311441JF7	250,870	9/1/2012	The Independent Banker's Bank, Irving, TX
Los Alamos ISD Call FR 3.000%	544228BS7	100,230	8/1/2013	The Independent Banker's Bank, Irving, TX
Los Alamos ISD Call FR 3.100%	544228BR9	100,227	8/1/2014	The Independent Banker's Bank, Irving, TX
Los Alamos ISD Call FR 3.200%	544228BS7	150,341	8/1/2015	The Independent Banker's Bank, Irving, TX
Los Alamos ISD Call FR 3.350%	544228BT5	135,317	8/1/2016	The Independent Banker's Bank, Irving, TX
Lovington NM Muni 2.500%	547473DG0	480,876	10/1/2018	The Independent Banker's Bank, Irving, TX
Mesa Vista NM ISD 4.000%	590662CC4	115,984	10/1/2010	The Independent Banker's Bank, Irving, TX
Ruidoso ISD 4.000%	781338GD4	200,728	8/1/2012	The Independent Banker's Bank, Irving, TX
San Juan Cnty NM JRCO 3.750%	798360EB5	201,848	2/15/2016	The Independent Banker's Bank, Irving, TX
Socorro SD Noncall FR 4.500%	83368PBF2	55,177	8/1/2012	The Independent Banker's Bank, Irving, TX
Socorro SD Noncall FR 4.600%	83368PBG0	77,847	8/1/2013	The Independent Banker's Bank, Irving, TX
Southern Sandoval NM BQGO 3.750%	843789DU9	190,965	8/1/2025	The Independent Banker's Bank, Irving, TX
Torr & Soc Cntys 4.350%	891341BJ7	10,053	9/1/2012	The Independent Banker's Bank, Irving, TX
Artesia NM WTR 4.000%	04310LAR1	272,128	6/1/2025	The Independent Banker's Bank, Irving, TX
San Miguel Cnty 3.000%	799108CX1	128,618	6/1/2016	The Independent Banker's Bank, Irving, TX
San Miguel Cnty 3.000%	799108CZ6	414,314	6/1/2017	The Independent Banker's Bank, Irving, TX
San Miguel Cnty 3.000%	799108CY9	423,938	6/1/2018	The Independent Banker's Bank, Irving, TX
Silver City NM GR Rev 2.750%	82750PAG9	241,613	6/1/2018	The Independent Banker's Bank, Irving, TX
Silver City NM GR Rev 3.375%	82750PAN4	<u>294,086</u>	6/1/2024	The Independent Banker's Bank, Irving, TX
Total - Grants State Bank		<u>\$ 8,415,221</u>		
Total - All Banks		<u>\$ 10,445,265</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, 2012

Schedule II

<u>Bank Name</u>	<u>Acct. Type</u>	<u>Bank Balance</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>Carrying Balance</u>
Wells Fargo Bank					
Operational	Ckg	\$ 2,354,847	\$ 31,130	\$ 244,894	\$ 2,141,083
Brokerage	Inv	3,314,038	-	121,529	3,192,509
Grants State Bank					
Operating	Ckg	2,702,416	-	259	2,702,157
Certificate of Deposit	CD	1	-	-	1
Money Market	MM	5,413,934	-	-	5,413,934
US Bank					
Savings	Sav	137	-	-	137
Certificate of Deposit	CD	167,069	-	-	167,069
Certificate of Deposit	CD	153,590	-	-	153,590
Checking -155940246996	Ckg	1,568	-	-	1,568
Business MM Acct	MM	1,892,944	-	-	1,892,944
State Treasurer's Office					
LGIP Fund	Inv	666	-	-	666
Reserve Contingencies Fund	Inv	2	-	-	2
New Mexico Finance Authority					
Candy Kitchen (Cibola12)	Trust	6	-	-	6
Lobo Canyon FD (Cibola 13)	Trust	1	-	-	1
Fence Lake (Cibola14)	Trust	3	-	-	3
Cubero FD (Cibola 11)	Trust	2	-	-	2
Computer DS (Cibola 10)	Trust	11	-	-	11
Bluewater Fire (Cibola 8)	Trust	1	-	-	1
Lobo Canyon 50th Supp (Cibola 7)	Trust	15	-	-	15
Cebolleta (Cibola 5)	Trust	2	-	-	2
Total cash in bank		<u>\$ 16,001,253</u>	<u>\$ 31,130</u>	<u>\$ 366,682</u>	<u>\$ 15,665,701</u>
Petty Cash					-
Total Cash and Investments					<u>15,665,701</u>
Less: Agency Fund Cash					<u>1,237,244</u>
Total Cash and Investments per A-01					<u><u>14,428,457</u></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, 2012

Schedule III

Property taxes receivable, beginning of year	\$	3,797,806
Changes to Tax Roll:		
Net taxes charged to Treasurer for fiscal year		9,412,285
Adjustments:		
Decreases in taxes receivable		(47,783)
Charge off of taxes receivable		<u>(2,178)</u>
Total receivables prior to collections		13,160,130
Collections for fiscal year ended June 30, 2011		<u>9,355,651</u>
Property taxes receivable, end of year	\$	<u><u>3,804,479</u></u>
Property taxes receivable by year:		
2002	\$	887.00
2003		186,008
2004		209,165
2005		228,716
2006		237,748
2007		264,353
2008		366,590
2009		545,310
2010		629,362
2011		1,136,340
Total taxes receivable	\$	<u><u>3,804,479</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, 2012

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							
2011	24,669	21,063	21,063	15,996	15,996	5,067	3,606
2010	20,107	1,448	19,063	1,448	19,063	-	1,044
2009	24,381	629	23,145	629	23,145	-	1,236
2008	23,754	189	22,923	189	22,923	-	831
2007	21,417	72	20,849	72	20,849	-	568
2006	19,824	60	19,403	60	19,403	-	421
2005	18,525	42	18,143	42	18,143	-	382
2004	16,755	31	16,437	31	16,437	-	318
2003	17,263	30	16,996	30	16,996	-	267
2002	17,366	261	17,364	261	17,364	-	2
Total	204,061	23,825	195,386	18,758	190,319	5,067	8,675
Rio San Jose Flood District - Non-Residential							
2011	51,552	45,975	45,975	35,386	35,386	10,589	5,577
2010	46,021	2,491	43,234	2,491	43,234	-	2,787
2009	34,486	1,027	32,038	1,027	32,038	-	2,448
2008	37,447	744	35,171	744	35,171	-	2,276
2007	33,378	7	31,567	7	31,567	-	1,811
2006	29,620	3	27,988	3	27,988	-	1,632
2005	28,350	3	26,845	3	26,845	-	1,505
2004	23,201	4	21,803	4	21,803	-	1,398
2003	19,791	2	18,450	2	18,450	-	1,341
2002	17,616	47	17,616	47	17,616	-	-
Total	321,462	50,303	300,687	39,714	290,098	10,589	20,775
Lava Soil & Water Conservation District - Residential							
2011	25,738	20,569	20,569	15,282	15,282	5,287	5,169
2010	15,424	1,135	14,448	1,135	14,448	-	976
2009	25,339	657	23,733	657	23,733	-	1,606
2008	14,732	149	14,040	149	14,040	-	692
2007	13,256	58	12,699	58	12,699	-	557
2006	12,098	38	11,655	38	11,655	-	443
2005	11,032	34	10,634	34	10,634	-	398
2004	10,692	34	10,330	34	10,330	-	362
2003	11,183	23	10,872	23	10,872	-	311
2002	11,273	315	11,273	315	11,273	-	-
Total	150,767	23,012	140,253	17,725	134,966	5,287	10,514
Lava Soil & Water Conservation District - Non-Residential							
2011	46,226	38,668	38,668	29,173	29,173	9,495	7,558
2010	36,479	5,352	33,449	5,352	33,449	-	3,030
2009	20,179	2,312	18,399	2,312	18,399	-	1,780
2008	24,967	1,720	23,520	1,720	23,520	-	1,447
2007	21,586	90	21,063	90	21,063	-	523
2006	17,700	47	17,372	47	17,372	-	328
2005	17,620	39	17,380	39	17,380	-	240
2004	17,010	29	16,841	29	16,841	-	169
2003	15,194	16	15,046	16	15,046	-	148
2002	12,845	123	12,845	123	12,845	-	-
Total	229,806	48,396	214,583	38,901	205,088	9,495	15,223

State of New Mexico
Cibola County
Property Taxes Receivable by Agency
June 30, 2012

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							
2011	159,019	135,556	135,556	135,556	135,556	-	23,463
2010	127,233	10,513	118,675	10,513	118,675	-	8,558
2009	104,404	4,624	97,332	4,624	97,332	-	7,072
2008	100,900	2,804	95,655	2,804	95,655	-	5,245
2007	89,637	9,228	95,178	9,228	95,178	-	(5,541)
2006	79,242	150	76,419	150	76,419	-	2,823
2005	75,526	117	73,001	117	73,001	-	2,525
2004	67,658	98	65,411	98	65,411	-	2,247
2003	63,431	70	61,364	70	61,364	-	2,067
2002	59,101	746	59,098	746	59,098	-	3
Total	926,151	163,906	877,689	163,906	877,689	-	48,462
State Debt Service							
2011	144,573	125,395	125,395	95,700	95,700	29,695	19,178
2010	462,791	29,268	430,659	29,268	430,659	-	32,132
2009	323,248	8,616	303,961	8,616	303,961	-	19,287
2008	316,269	4,569	301,835	4,569	301,835	-	14,434
2007	291,723	673	281,250	673	281,250	-	10,473
2006	285,158	487	275,559	487	275,559	-	9,599
2005	269,605	349	260,613	349	260,613	-	8,992
2004	215,319	233	208,300	233	208,300	-	7,019
2003	315,024	296	305,134	296	305,134	-	9,890
2002	213,096	4,957	213,057	4,957	213,057	-	39
Total	2,836,806	174,843	2,705,763	145,148	2,676,068	29,695	131,043
County Operational - Residential							
2011	916,902	795,274	795,274	795,274	795,274	-	121,628
2010	905,451	66,325	839,517	66,325	839,517	-	65,934
2009	858,624	22,391	815,636	22,391	815,636	-	42,988
2008	790,507	7,380	764,492	7,380	764,492	-	26,015
2007	699,829	2,659	680,980	2,659	680,980	-	18,849
2006	611,550	1,947	597,883	1,947	597,883	-	13,667
2005	564,492	1,375	551,505	1,375	551,505	-	12,987
2004	589,787	1,311	577,316	1,311	577,316	-	12,471
2003	595,383	1,103	585,007	1,103	585,007	-	10,376
2002	607,229	10,584	606,920	10,584	606,920	-	309
Total	7,139,754	910,349	6,814,530	910,349	6,814,530	-	325,224
County Operational - Non-Residential							
2011	2,312,804	2,044,729	2,044,729	2,044,729	2,044,729	-	268,075
2010	2,120,642	122,870	1,977,206	122,870	1,977,206	-	143,436
2009	2,139,990	57,682	2,001,598	57,682	2,001,598	-	138,392
2008	1,915,409	33,205	1,814,206	33,205	1,814,206	-	101,203
2007	1,811,298	2,658	1,737,125	2,658	1,737,125	-	74,173
2006	1,649,618	1,387	1,582,792	1,387	1,582,792	-	66,826
2005	1,669,138	1,114	1,603,946	1,114	1,603,946	-	65,192
2004	1,540,653	643	1,480,202	643	1,480,202	-	60,451
2003	1,459,912	615	1,402,468	615	1,402,468	-	57,444
2002	1,281,315	34,126	1,281,315	34,126	1,281,315	-	-
Total	17,900,779	2,299,029	16,925,587	2,299,029	16,925,587	-	975,192

State of New Mexico
Cibola County
Property Taxes Receivable by Agency
June 30, 2012

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							
2011	246,424	220,661	220,661	170,045	170,045	50,616	25,763
2010	327,893	23,970	310,495	23,970	310,495	-	17,398
2009	322,723	8,405	311,723	8,405	311,723	-	11,000
2008	215,977	1,479	211,434	1,479	211,434	-	4,543
2007	202,668	485	199,229	485	199,229	-	3,439
2006	181,772	431	179,748	431	179,748	-	2,024
2005	169,568	269	167,750	269	167,750	-	1,818
2004	139,465	213	138,151	213	138,151	-	1,314
2003	114,741	175	113,948	175	113,948	-	793
2002	101,330	722	101,280	722	101,280	-	50
Total	2,022,561	256,810	1,954,419	206,194	1,903,803	50,616	68,142
05 Municipal Operational - Non-Residential							
2011	294,487	248,778	248,778	188,290	188,290	60,488	45,709
2010	395,296	19,174	351,396	19,174	351,396	-	43,900
2009	398,824	7,833	351,885	7,833	351,885	-	46,939
2008	247,331	1,977	223,602	1,977	223,602	-	23,729
2007	249,439	13	226,820	13	226,820	-	22,619
2006	235,417	-	213,542	-	213,542	-	21,875
2005	232,324	-	210,698	-	210,698	-	21,626
2004	183,442	-	166,138	-	166,138	-	17,304
2003	155,031	63	140,884	63	140,884	-	14,147
2002	125,022	7,565	125,022	7,565	125,022	-	-
Total	2,516,613	285,403	2,258,765	224,915	2,198,277	60,488	257,848
05_2 Municipal Operational - Residential							
2011	20,997	16,683	16,683	12,370	12,370	4,313	4,314
2010	21,858	1,518	18,842	1,518	18,842	-	3,016
2009	21,253	604	18,916	604	18,916	-	2,337
2008	19,804	530	18,392	530	18,392	-	1,412
2007	17,461	156	16,493	156	16,493	-	968
2006	16,165	118	15,332	118	15,332	-	833
2005	16,194	123	15,443	123	15,443	-	751
2004	17,661	90	16,825	90	16,825	-	836
2003	17,536	90	16,702	90	16,702	-	834
2002	22,920	1,004	22,920	1,004	22,920	-	-
Total	191,849	20,916	176,548	16,603	172,235	4,313	15,301
05_2 Municipal Operational - Non-Residential							
2011	167,402	159,867	159,867	125,482	125,482	34,385	7,535
2010	161,304	1,577	157,795	1,577	157,795	-	3,509
2009	161,730	346	157,677	346	157,677	-	4,053
2008	152,620	258	149,873	258	149,873	-	2,747
2007	143,974	40	143,074	40	143,074	-	900
2006	129,642	-	129,063	-	129,063	-	579
2005	125,926	-	125,671	-	125,671	-	255
2004	121,865	-	121,592	-	121,592	-	273
2003	116,682	-	116,425	-	116,425	-	257
2002	100,754	274	100,754	274	100,754	-	-
Total	1,381,899	162,362	1,361,791	127,977	1,327,406	34,385	20,108

State of New Mexico
Cibola County
Property Taxes Receivable by Agency
June 30, 2012

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							
2011	18,825	14,957	14,957	11,090	11,090	3,867	3,868
2010	18,521	1,287	15,965	1,287	15,965	-	2,556
2009	18,557	528	16,517	528	16,517	-	2,040
2008	17,642	472	16,384	472	16,384	-	1,258
2007	18,481	165	17,457	165	17,457	-	1,024
2006	17,608	128	16,700	128	16,700	-	908
2005	17,904	136	17,073	136	17,073	-	831
2004	33,244	169	31,670	169	31,670	-	1,574
2003	-	-	-	-	-	-	-
2002	18,647	817	18,647	817	18,647	-	-
Total	179,429	18,659	165,370	14,792	161,503	3,867	14,059
06 Municipal Debt Service -Non-Residential							
2011	85,955	82,086	82,086	64,431	64,431	17,655	3,869
2010	82,715	809	80,916	809	80,916	-	1,799
2009	71,690	154	69,894	154	69,894	-	1,796
2008	61,490	104	60,383	104	60,383	-	1,107
2007	67,782	18	67,358	18	67,358	-	424
2006	66,376	-	66,080	-	66,080	-	296
2005	71,730	-	71,585	-	71,585	-	145
2004	135,392	-	135,088	-	135,088	-	304
2003	-	-	-	-	-	-	-
2002	65,773	179	65,773	179	65,773	-	-
Total	708,903	83,350	699,163	65,695	681,508	17,655	9,740
07 School District Operational - Residential							
2011	37,884	32,892	32,892	25,111	25,111	7,781	4,992
2010	37,390	2,707	34,703	2,707	34,703	-	2,687
2009	35,691	924	33,927	924	33,927	-	1,764
2008	32,810	307	31,745	307	31,745	-	1,065
2007	29,045	112	28,253	112	28,253	-	792
2006	25,391	82	24,818	82	24,818	-	573
2005	23,773	59	23,223	59	23,223	-	550
2004	24,847	56	24,318	56	24,318	-	529
2003	25,060	47	24,620	47	24,620	-	440
2002	25,569	449	25,556	449	25,556	-	13
Total	297,460	37,635	284,055	29,854	276,274	7,781	13,405
07 School District Operational - Non-Residential							
2011	93,218	82,677	82,677	63,530	63,530	19,147	10,541
2010	85,523	4,380	79,754	4,380	79,754	-	5,769
2009	86,103	2,251	80,502	2,251	80,502	-	5,601
2008	76,960	1,374	72,880	1,374	72,880	-	4,080
2007	73,266	103	70,196	103	70,196	-	3,070
2006	67,861	58	65,062	58	65,062	-	2,799
2005	69,201	47	66,469	47	66,469	-	2,732
2004	63,725	27	61,205	27	61,205	-	2,520
2003	60,425	25	58,036	25	58,036	-	2,389
2002	53,032	1,419	53,032	1,419	53,032	-	-
Total	729,314	92,361	689,813	73,214	670,666	19,147	39,501

State of New Mexico
Cibola County
Property Taxes Receivable by Agency
June 30, 2012

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							
2011	1,079	894	894	672	672	222	185
2010	1,060	117	938	117	938	-	122
2009	745	27	679	27	679	-	66
2008	719	6	675	6	675	-	44
2007	694	-	690	-	690	-	4
2006	548	-	545	-	545	-	3
2005	345	-	342	-	342	-	3
2004	314	-	313	-	313	-	1
2003	286	-	286	-	286	-	-
2002	229	1	229	1	229	-	-
Total	6,019	1,045	5,591	823	5,369	222	428
07_30 School District Operational - Non-Residential							
2011	2,733	2,220	2,220	1,659	1,659	561	513
2010	2,496	585	2,315	585	2,315	-	181
2009	2,781	125	2,624	125	2,624	-	157
2008	2,639	18	2,509	18	2,509	-	130
2007	1,439	5	1,425	5	1,425	-	14
2006	961	-	958	-	958	-	3
2005	689	-	679	-	679	-	10
2004	506	-	498	-	498	-	8
2003	6,349	-	6,214	-	6,214	-	135
2002	635	9	635	9	635	-	-
Total	21,228	2,962	20,077	2,401	19,516	561	1,151
08 School District Debt Service - Residential							
2011	903,397	784,356	784,356	598,798	598,798	185,558	119,041
2010	743,603	53,852	690,171	53,852	690,171	-	53,432
2009	795,142	20,602	755,852	20,602	755,852	-	39,290
2008	738,528	6,909	714,574	6,909	714,574	-	23,954
2007	679,732	2,625	661,194	2,625	661,194	-	18,538
2006	643,967	2,078	629,437	2,078	629,437	-	14,530
2005	596,171	1,465	582,373	1,465	582,373	-	13,798
2004	573,998	1,287	561,768	1,287	561,768	-	12,230
2003	487,398	910	478,840	910	478,840	-	8,558
2002	489,190	8,578	488,939	8,578	488,939	-	251
Total	6,651,126	882,662	6,347,504	697,104	6,161,946	185,558	303,622
08 School District Debt Service - Non-Residential							
2011	1,686,847	1,496,085	1,496,085	1,149,605	1,149,605	346,480	190,762
2010	1,382,651	70,807	1,289,379	70,807	1,289,379	-	93,272
2009	1,484,959	38,823	1,388,373	38,823	1,388,373	-	96,586
2008	1,264,608	22,580	1,197,571	22,580	1,197,571	-	67,037
2007	1,190,494	1,670	1,140,612	1,670	1,140,612	-	49,882
2006	1,084,276	935	1,039,563	935	1,039,563	-	44,713
2005	1,072,478	729	1,030,141	729	1,030,141	-	42,337
2004	985,443	416	946,475	416	946,475	-	38,968
2003	854,707	364	820,926	364	820,926	-	33,781
2002	841,754	22,531	841,741	22,531	841,741	-	13
Total	11,848,217	1,654,940	11,190,866	1,308,460	10,844,386	346,480	657,351

State of New Mexico
Cibola County
Property Taxes Receivable by Agency
June 30, 2012

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							
2011	5,451	4,516	4,516	3,396	3,396	1,120	935
2010	4,993	550	4,416	550	4,416	-	577
2009	3,453	125	3,147	125	3,147	-	306
2008	3,252	26	3,052	26	3,052	-	200
2007	3,664	-	3,611	-	3,611	-	53
2006	2,875	-	2,857	-	2,857	-	18
2005	2,164	-	2,147	-	2,147	-	17
2004	2,105	-	2,103	-	2,103	-	2
2003	2,301	-	2,298	-	2,298	-	3
2002	1,731	3	1,731	3	1,731	-	-
Total	31,989	5,220	29,878	4,100	28,758	1,120	2,111
08_30 School District Debt Service - Non-Residential							
2011	17,561	14,261	14,261	10,654	10,654	3,607	3,300
2010	15,677	3,678	14,543	3,678	14,543	-	1,134
2009	17,320	776	16,342	776	16,342	-	978
2008	16,863	118	16,031	118	16,031	-	832
2007	11,884	43	11,766	43	11,766	-	118
2006	9,064	-	9,032	-	9,032	-	32
2005	7,691	-	7,573	-	7,573	-	118
2004	5,900	-	5,803	-	5,803	-	97
2003	4,782	-	4,681	-	4,681	-	101
2002	4,614	65	4,614	65	4,614	-	-
Total	111,356	18,941	104,646	15,334	101,039	3,607	6,710
09 School District Capital Improvements - Residential							
2011	207,271	179,959	179,959	137,385	137,385	42,574	27,312
2010	204,877	14,837	190,156	14,837	190,156	-	14,721
2009	189,342	4,906	179,986	4,906	179,986	-	9,356
2008	179,778	1,682	173,947	1,682	173,947	-	5,831
2007	169,361	654	164,742	654	164,742	-	4,619
2006	155,410	501	151,903	501	151,903	-	3,507
2005	145,715	358	142,343	358	142,343	-	3,372
2004	152,436	342	149,188	342	149,188	-	3,248
2003	134,995	252	132,624	252	132,624	-	2,371
2002	137,725	2,415	137,654	2,415	137,654	-	71
Total	1,676,910	205,906	1,602,502	163,332	1,559,928	42,574	74,408
09 School District Capital Improvements - Non-Residential							
2011	387,603	343,770	343,770	264,156	264,156	79,614	43,833
2010	380,948	19,509	355,250	19,509	355,250	-	25,698
2009	344,764	9,013	322,339	9,013	322,339	-	22,425
2008	307,840	5,497	291,522	5,497	291,522	-	16,318
2007	293,211	412	280,926	412	280,926	-	12,285
2006	271,442	234	260,249	234	260,249	-	11,193
2005	276,804	188	265,877	188	265,877	-	10,927
2004	261,703	110	251,354	110	251,354	-	10,349
2003	261,578	111	251,240	111	251,240	-	10,338
2002	234,365	6,273	234,365	6,273	234,365	-	-
Total	3,020,258	385,117	2,856,892	305,503	2,777,278	79,614	163,366

State of New Mexico
Cibola County
Property Taxes Receivable by Agency
June 30, 2012

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							
2011	4,713	3,905	3,905	2,937	2,937	968	808
2010	4,237	467	3,748	467	3,748	-	489
2009	2,976	107	2,711	107	2,711	-	265
2008	2,874	23	2,697	23	2,697	-	177
2007	2,777	-	2,760	-	2,760	-	17
2006	2,193	-	2,179	-	2,179	-	14
2005	1,380	-	1,370	-	1,370	-	10
2004	1,254	-	1,253	-	1,253	-	1
2003	1,192	-	1,190	-	1,190	-	2
2002	952	2	952	2	952	-	-
Total	24,548	4,504	22,765	3,536	21,797	968	1,783
09_30 School District Capital Improvements - Non-Residential							
2011	15,185	12,331	12,331	9,212	9,212	3,119	2,854
2010	14,401	3,379	13,359	3,379	13,359	-	1,042
2009	16,029	719	15,125	719	15,125	-	904
2008	15,435	107	14,673	107	14,673	-	762
2007	9,082	33	8,992	33	8,992	-	90
2006	6,834	-	6,810	-	6,810	-	24
2005	4,907	-	4,831	-	4,831	-	76
2004	2,023	-	1,990	-	1,990	-	33
2003	2,540	-	2,486	-	2,486	-	54
2002	2,538	36	2,538	36	2,538	-	-
Total	88,974	16,605	83,135	13,486	80,016	3,119	5,839
Grants Branch College - Residential							
2011	69,851	60,647	60,647	46,300	46,300	14,347	9,204
2010	69,044	5,001	64,083	5,001	64,083	-	4,961
2009	65,891	1,707	62,635	1,707	62,635	-	3,256
2008	60,585	567	58,620	567	58,620	-	1,965
2007	53,688	207	52,223	207	52,223	-	1,465
2006	47,800	154	46,721	154	46,721	-	1,079
2005	44,853	110	43,815	110	43,815	-	1,038
2004	47,027	106	46,025	106	46,025	-	1,002
2003	47,435	89	46,602	89	46,602	-	833
2002	48,442	849	48,417	849	48,417	-	25
Total	554,616	69,437	529,788	55,090	515,441	14,347	24,828
Grants Branch College - Non-Residential							
2011	186,631	165,525	165,525	127,191	127,191	38,334	21,106
2010	171,236	8,769	159,685	8,769	159,685	-	11,551
2009	172,382	4,507	161,170	4,507	161,170	-	11,212
2008	153,920	2,749	145,761	2,749	145,761	-	8,159
2007	146,680	206	140,534	206	140,534	-	6,146
2006	135,721	117	130,124	117	130,124	-	5,597
2005	138,402	94	132,939	94	132,939	-	5,463
2004	128,365	54	123,289	54	123,289	-	5,076
2003	121,503	52	116,701	52	116,701	-	4,802
2002	106,659	2,855	106,659	2,855	106,659	-	-
Total	1,461,499	184,928	1,382,387	146,594	1,344,053	38,334	79,112

State of New Mexico
Cibola County
Property Taxes Receivable by Agency
June 30, 2012

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							
2011	436,903	378,947	378,947	289,207	289,207	89,740	57,956
2010	431,461	31,605	400,043	31,605	400,043	-	31,418
2009	409,144	10,670	388,660	10,670	388,660	-	20,484
2008	388,354	3,625	375,574	3,625	375,574	-	12,780
2007	365,794	1,390	355,942	1,390	355,942	-	9,852
2006	338,660	1,078	331,092	1,078	331,092	-	7,568
2005	312,597	762	305,406	762	305,406	-	7,191
2004	326,592	726	319,686	726	319,686	-	6,906
2003	213,625	395	209,902	395	209,902	-	3,723
2002	217,857	3,797	217,746	3,797	217,746	-	111
Total	3,440,987	432,995	3,282,998	343,255	3,193,258	89,740	157,989
Cibola General Hospital - Non-Residential							
2011	829,540	733,389	733,389	563,001	563,001	170,388	96,151
2010	760,663	44,073	709,213	44,073	709,213	-	51,450
2009	767,543	20,688	717,906	20,688	717,906	-	49,637
2008	686,961	11,909	650,664	11,909	650,664	-	36,297
2007	649,621	953	623,019	953	623,019	-	26,602
2006	591,506	497	567,668	497	567,668	-	23,838
2005	598,636	400	575,255	400	575,255	-	23,381
2004	563,589	235	541,475	235	541,475	-	22,114
2003	523,614	221	503,011	221	503,011	-	20,603
2002	459,552	12,239	459,552	12,239	459,552	-	-
Total	6,431,225	824,604	6,081,152	654,216	5,910,764	170,388	350,073
Cattle							
2011	10,497	9,000	9,000	6,844	6,844	2,156	1,497
2010	8,858	57	8,147	57	8,147	-	711
2009	10,189	335	10,140	335	10,140	-	49
2008	9,953	348	9,933	348	9,933	-	20
2007	8,948	205	8,929	205	8,929	-	19
2006	9,156	198	9,153	198	9,153	-	3
2005	9,584	1,232	9,538	1,232	9,538	-	46
2004	7,780	841	7,739	841	7,739	-	41
2003	8,788	1,182	8,788	1,182	8,788	-	-
2002	8,416	916	8,416	916	8,416	-	-
Total	92,169	14,314	89,783	12,158	87,627	2,156	2,386
Sheep							
2011	7	7	7	6	6	1	-
2010	3	-	3	-	3	-	-
2009	6	-	6	-	6	-	-
2008	9	1	9	1	9	-	-
2007	4	-	4	-	4	-	-
2006	9	-	9	-	9	-	-
2005	7	-	7	-	7	-	-
2004	6	-	6	-	6	-	-
2003	5	1	5	1	5	-	-
2002	1	-	1	-	1	-	-
Total	57	9	57	8	56	1	-

State of New Mexico
Cibola County
Property Taxes Receivable by Agency
June 30, 2012

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							
2011	341	303	303	233	233	70	38
2010	374	-	302	-	302	-	72
Total	715	303	605	233	535	70	110
Grand Total	<u>\$ 73,199,507</u>	<u>\$ 9,355,651</u>	<u>\$ 69,395,028</u>	<u>\$ 8,118,407</u>	<u>\$ 68,157,784</u>	<u>\$ 1,237,244</u>	<u>\$ 3,804,479</u>
Total by Year							
2011	9,412,285	8,275,945	8,275,945	7,038,701	7,038,701	1,237,244	1,136,340
2010	9,061,230	552,110	8,431,868	552,110	8,431,868	-	629,362
2009	8,929,888	232,113	8,384,578	232,113	8,384,578	-	545,310
2008	7,880,937	113,426	7,514,347	113,426	7,514,347	-	366,590
2007	7,371,313	24,940	7,106,960	24,940	7,106,960	-	264,353
2006	6,745,464	10,728	6,507,716	10,728	6,507,716	-	237,748
2005	6,593,331	9,045	6,364,615	9,045	6,364,615	-	228,716
2004	6,259,757	7,055	6,050,592	7,055	6,050,592	-	209,165
2003	5,657,754	6,132	5,471,746	6,132	5,471,746	-	186,008
2002	5,287,548	124,157	5,286,661	124,157	5,286,661	-	887
	<u>\$ 73,199,507</u>	<u>\$ 9,355,651</u>	<u>\$ 69,395,028</u>	<u>\$ 8,118,407</u>	<u>\$ 68,157,784</u>	<u>\$ 1,237,244</u>	<u>\$ 3,804,479</u>

State of New Mexico
Cibola County
Agency Funds
Schedule of Changes In Assets and Liabilities
For the Year Ended June 30, 2012

Schedule V

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
 <u>ASSETS</u>				
Cash	\$ 161,421	\$ 5,300,386	\$ 4,224,563	\$ 1,237,244
Taxes receivable	2,449,359	6,023,560	6,017,318	2,455,601
Total assets	\$ 2,610,780	\$ 11,323,946	\$ 10,241,881	\$ 3,692,845
 <u>LIABILITIES</u>				
Due to other entities	\$ 2,610,780	\$ 11,323,946	\$ 10,241,881	\$ 3,692,845
Total liabilities	\$ 2,610,780	\$ 11,323,946	\$ 10,241,881	\$ 3,692,845

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 Cibola County
 Schedule of Joint Powers Agreements
 For the Year Ended June 30, 2012

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 provide sheltering for captured 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	Village of Milan	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 Clerk's Office	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.

The accompanying notes are an integral part of these financial statements

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 \$32,500 annually.	\$ 32,500	City of Grants	City of Grants
05/06 to Indefinite	The County is required to contribute 50% of its Environmental Gross Receipts Tax.	\$ 37,523	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.	\$ 222,206	Cibola County	Cibola County
09/06 to Indefinite	The County contributes 43% of operating costs.	\$ 36,659	Village of Milan	Village of Milan
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 revenue funds, 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, 2012, and have issued our report thereon dated January 23, 2013. 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

Management of the County is responsible for establishing and maintaining effective 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 item 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, FS 11-01, FS 12-01, and FS 12-01(Hospital).

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, FS 12-01, and FS 12-01(Hospital).

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

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Albuquerque, New Mexico
January 23, 2013

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FEDERAL FINANCIAL ASSISTANCE

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Griego Professional Services, LLC

Certified Public Accountants

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited Cibola County's (the "County") compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of County's major federal programs for the year ended June 30, 2012. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

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

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

This report is intended solely for the information and use of management, the Board of Commissioners, others within the County, the New Mexico State Legislature and its committees, and the New Mexico Department of Finance and Administration, the State Auditor, federal awarding agencies, and passthrough entities 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
January 23, 2013

STATE OF NEW MEXICO
Cibola County
Schedule of Expenditures of Federal Awards
June 30, 2012

Schedule VII

Federal Grantor or Pass-Through Grantor / Program Title	Passthrough Grant Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Agriculture			
Schools and Roads - Grants to States	11-CA-11030200-022	10.665	19,273
Forest Reserve (1)	2011-2012	10.672	259,125
Total U.S. Department of Agriculture			<u>278,398</u>
U.S. Department of Housing and Urban Development			
Community Development Block Grants (1)	10-C-NR-I-01-G-20-SE	14.228	447,128
Total U.S. Department of Housing and Urban Development			<u>447,128</u>
U.S. Department of the Interior			
Taylor Grazing	2011-2012	15.226	7,009
Total U.S. Department of the Interior			<u>7,009</u>
U.S. Department of Energy			
Energy Efficiency and Conservation Block Grant	2011-2012	81.128	58,303
Total U.S. Department of Energy			<u>58,303</u>
Total Federal Financial Assistance			<u>\$ 790,838</u>

(1) Denotes major federal assistance program

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Cibola County
Schedule of Expenditures of Federal Awards
June 30, 2012

Schedule VII

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Cibola County and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. Subrecipients

The County did not provide any federal awards to subrecipients during the year.

2. Non-cash Assistance

The County did not receive any non-cash assistance during the year.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 790,838
Total expenditures funded by other sources	<u>12,916,901</u>
Total expenditures	<u><u>13,707,739</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2012

Schedule VIII

Section I – Summary of Audit Results

Financial Statements:

- | | |
|--|-------------|
| 1. Type of auditors’ report issued | Unqualified |
| 2. <i>Internal Control over Financial Reporting and on Compliance and Other Matters:</i> | |
| a. Material weakness identified? | No |
| b. Significant deficiency identified not considered to be a material weaknesses? | Yes |
| c. Noncompliance material to financial statements noted? | No |

Federal Awards:

- | 1. Internal control over major programs: | | | | | | | |
|--|-----------------------------------|-----------------|--------|----------------|--------|-----------------------------------|--|
| a. Material weaknesses identified? | No | | | | | | |
| b. Significant deficiency identified not considered to be material weaknesses? | No | | | | | | |
| 2. Type of auditors’ opinion issued on the <i>Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in accordance with OMB Circular A-133</i> | Unqualified | | | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | No | | | | | | |
| 4. Identification of major programs: | | | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">CFDA
Number</th> <th style="text-align: center; border-bottom: 1px solid black;">Federal Program</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">10.672</td> <td style="text-align: center;">Forest Reserve</td> </tr> <tr> <td style="text-align: center;">14.228</td> <td style="text-align: center;">Community Development Block Grant</td> </tr> </tbody> </table> | CFDA
Number | Federal Program | 10.672 | Forest Reserve | 14.228 | Community Development Block Grant | |
| CFDA
Number | Federal Program | | | | | | |
| 10.672 | Forest Reserve | | | | | | |
| 14.228 | Community Development Block Grant | | | | | | |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 | | | | | | |
| 6. Auditee qualified as low-risk auditee? | No | | | | | | |

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2012

Schedule VIII

Section II – Financial Statement Findings

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

Condition: The County currently does not have an accurate capital asset listing.

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 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.

Cause: Controls are not fully in place to allow for the proper tracking of capital assets and proper maintenance of the capital asset listing.

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. The County has begun taking a physical inventory, and should continue implementing controls to resolve this issue.

Responsible Officials’ Views: The County agrees and we continue to improve our accounting for capital assets. We conducted an annual physical inventory and are in the process of reconciling the fixed asset detail to the financial statement amounts.

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

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

Major Funds:	
Indigent Fund	\$ 30,736
Total Nomajor Funds	\$ 30,736
Nonmajor Funds:	
Recreation Fund	\$ 7,114
Total Nomajor Funds	\$ 7,114

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.

Responsible Officials’ Views: We will follow the auditor’s recommendation and submit cash basis budget adjustments for DFA’s approval.

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2012

Schedule VIII

Section II – Financial Statement Findings (continued)

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

Condition: The Authority’s audit report for the year ended June 30, 2012 was not submitted to the State auditor by the required due date of November 15, 2012.

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, 2012. Timely financial statements were not available for management’s use or to perform audit procedures.

Cause: There County was not able to provide all the necessary information to the auditor’s in a timely manner which 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 2013 audit is able to be performed timely.

Responsible Officials’ Views: The County changed Finance Directors in 2011 and implemented an overhaul of the financial statements with a former CPA converting new program to provide more meaningful information. Timeliness of the audit report will be the priority next year.

FS 12-01 Cash Appropriations in Excess of Available Cash Balances (Other Matter)

Condition: The County maintained a deficit budget in excess of available cash balances in the following funds:

	Designated <u>Cash</u>	Available <u>Cash</u>	Cash Appropriation <u>In Excess of Cash</u>
Indigent Fund	\$ 656,945	\$ 372,949	\$ (283,996)
Grants Fund	196,033	(262,696)	(458,729)
Farm and Range Fund	14,000	0	(14,000)
Recreation Fund	789	0	(789)
CDBG Planning Fund	<u>178,990</u>	<u>(54,445)</u>	<u>(233,435)</u>
Total	<u>\$ 1,046,757</u>	<u>\$ 55,808</u>	<u>\$ (990,949)</u>

Criteria: Section 2.2.2.10. (P) (1), NMAC, states that the County’s cash balances re-budgeted to absorb budget deficits cannot exceed the actual cash balance available at the end of the prior year.

Effect: The County will have to supplement the budget deficit with other funds, which may lead to financial difficulties and deplete the budget in other funds.

Cause: Inadequate monitoring of ending cash balances and budgeting are the cause of this problem.

Auditors’ Recommendations: The budget should be reviewed to insure all funds have adequate budget authority and cash balances for budgeted expenditures. Greater attention should be given to the budget monitoring process end of the year cash balance estimates.

Responsible Officials’ Views: We will follow the auditor’s recommendation and submit cash basis adjustments for DFA’s approval that adequately ensure sufficient yearend cash balance estimates.

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2012

Schedule VIII

Section III – Component Unit Findings

FS 12-01 Missing Form I-9 – Other Matter (Component Unit)

Criteria: Employers must retain an employee’s completed Form I-9 for as long as the individual works for the employer. Once the individual’s employment has terminated, the employer must determine how long after termination the Form I-9 must be retained, which is either three years after the date of hire, or one year after the date employment is terminated, whichever is later.

Condition: In a payroll sample of forty, we noted one instance in where the hospital could not locate a Form I-9 for an employee.

Cause: Hospital personnel were not in full awareness of the retention requirements regarding the Form I-9.

Effect: The Hospital was not following regulations governing the Form I-9.

Auditors’ Recommendation: We recommend that the Hospital retain the Form I-9 for its employees for the appropriate time frame indicated in the I-9 regulations.

Responsible Officials’ Views: The Hospital’s Human Resources Director is fully aware of the I-9 retention requirements and always maintains the I-9 for all current and past employees. They are kept in a locked file cabinet in the Director’s office. We cannot explain why we are missing one out of the forty samples, but we will continue a concentrated effort to remain in compliance with the appropriate regulations. A new Form I-9 has been obtained to replace the one that could not be located.

Section IV – Federal Award Findings

None

Section V – Prior Year Audit Findings

09-02 Capital Assets, Other Matter, Repeated
10-01 Personnel, Other Matter, Resolved
10-03 Financial Statement Reconciliation, Significant Deficiency, Resolved
FS 11-01 Expenditures in Excess of Budget, Other Matter, Repeated
FS 11-02 Late Audit Report, Significant Deficiency, Repeated

Section V – Other Disclosures

Auditor Prepared Financials

Griego Professional Services, LLC assisted in the preparation of the financial statements presented in this report. The County’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 January 24, 2013. The following individuals were in attendance:

Cibola County
Scott Vinson, County Manager
Robert Griego, Finance Director
Antonio Gallegos, Commission Vice-Chair

Griego Professional Services, LLC
Benjamin Martinez, CPA

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2012

Schedule VIII

Section V – Other Disclosures (continued)

The contents of the Component Unit's report were discussed on October 18, 2012. The following individuals were in attendance:

Cibola General Hospital Corporation

Ron Ortiz, Board Chairman

Paul Milan, Board Treasurer

Nestor Griego, Board Secretary

Laura Council, Board Member

Mike Makosky, CFO

Jeff Rimel, Assistant Administrator and CFO

Jenny Jensen, Executive Assistant

Griego Professional Services, LLC

J.J. Griego, CPA

David Baca