

**STATE OF NEW MEXICO
CIBOLA COUNTY
FINANCIAL STATEMENT
WITH INDEPENDENT AUDITORS'
REPORT THEREON
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Harshwal & Company LLP
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INTRODUCTORY SECTION

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CIBOLA COUNTY
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**STATE OF NEW MEXICO
CIBOLA COUNTY
OFFICIAL ROSTER
JUNE 30, 2015**

ELECTED OFFICIALS

T. Walter Jaramillo
Robert Armijo
Jack Molerres
Pat Simpson
Lloyd Felipe
Lisa Bro
Dolores Vallejos
Geraldine Rael
Tony Mace

Commission Chairman
Commission Vice-Chairman
County Commissioner
County Commissioner
County Commissioner
County Clerk
County Treasurer
County Assessor
County Sheriff

ADMINISTRATIVE OFFICIALS

Tony Boyd
Joseph Sanders

County Manager
Finance Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Timothy Kellers
State Auditor of the State of New Mexico
Cibola County Board of Commissioners
Grants, New Mexico

Report on Financial Statements

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 fund of the Cibola County, New Mexico (the "County"), as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County's nonmajor governmental, fiduciary funds and the budgetary comparisons for major debt service fund and all nonmajor funds and enterprise fund presented as supplementary information, as defined by the *Government Accounting Standards Board*, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Cibola General Hospital Corporation (the "Hospital"), which represent 32%, 38% and 59%, respectively, of the assets, net position, and revenues of the County. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hospital, is based solely on the report of the other auditors. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-Type Activities	Qualified
Governmental Fund – General Fund	Unmodified
Governmental Fund – Comp Drain Plan & Waste Water	Unmodified
Governmental Fund – Debt Service Fund	Unmodified
Enterprise Fund – Detention Center	Qualified
Fiduciary Fund	Unmodified

Basis for Qualified Opinion on the Governmental Activities, Business-Type Activities, and the Enterprise Fund – Detention Center

Because of the inadequacy of capital assets accounting records, we were unable to obtain sufficient appropriate audit evidence regarding the amounts at which governmental activities capital assets are recorded in the accompanying statement of net position at June 30, 2015 (stated at \$18,832,793 net of accumulated depreciation) for the governmental activities, or the amount of depreciation expense for the year then ended (stated at \$1,232,498) reported in the accompanying statement of activities. In addition, we were unable to obtain sufficient appropriate audit evidence regarding the amounts at which capital assets are recorded in the accompanying statement of net position at June 30, 2015 (stated at \$5,199,871 net of accumulated depreciation) for the business-type activities and the enterprise fund – detention center, or the amount of depreciation expense for the year then ended (stated at \$(134,663)) reported in the accompanying state of activities.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on the Governmental Activities, Business-Type Activities, and the Enterprise Fund – Detention Center” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and the enterprise fund – detention center fund of the County, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the discretely presented component unit and each major fund other than the Detention Center enterprise fund, as of June 30, 2015, and the respective changes in financial position and the budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance 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 the County as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparisons for the major debt service fund, and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Schedule of the Proportionate Share of the Net Pension Liability on pages 116-117, the Schedule of Contributions on pages 118-119 and the notes to the required supplementary information on page 119 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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.

Other Information

Our audit was conducted for the purpose of forming opinions on the County's financial statements, the combining, and individual fund financial statements, and the budgetary comparison. Supporting Schedules I through V required by 2.2.2 NMAC are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

Supporting Schedules I through V are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, Supporting Schedules I through V required by 2.2.2 NMAC are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Vendor Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2016 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Harshwal & Company LLP
Certified Public Accountants

Harshwal & Company LLP

Albuquerque, New Mexico
May 31, 2016

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CIBOLA COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business- Type Activities	Total	Cibola General Hospital Corporation
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 25,531,068	\$	\$ 25,531,068	\$ 19,865,081
Investments				8,965,488
Receivable				
Property taxes	1,382,802		1,382,802	
Gross receipt taxes	759,375	106,005	865,380	
Other accounts receivable				1,169,504
Prison receivables		307,967	307,967	
Patient receivables, net of allowance				2,255,915
Internal balances	737,364	(737,364)		
Prepaid expenses	201,617	95,643	297,260	279,369
Inventory				214,469
Equity interest in component unit	40,924,213		40,924,213	
Noncurrent assets:				
Capital assets	49,468,790	8,474,117	57,942,907	17,904,470
Less: accumulated depreciation	<u>(30,635,997)</u>	<u>(3,274,246)</u>	<u>(33,910,243)</u>	<u>(7,342,685)</u>
Total Assets	<u>88,369,232</u>	<u>4,972,122</u>	<u>93,341,354</u>	<u>43,311,611</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	376,380	0	376,380	
Employer contributions subsequent to the measurement date	<u>342,523</u>	<u>127,990</u>	<u>470,513</u>	
Total deferred outflows of resources	<u>718,903</u>	<u>127,990</u>	<u>846,893</u>	<u>0</u>
Total assets & deferred outflows of resources	<u>89,088,135</u>	<u>5,100,112</u>	<u>94,188,247</u>	<u>43,311,611</u>
LIABILITIES				
Current liabilities:				
Cash deficit		7,102	7,102	
Accounts payable	653,955	39,522	693,477	529,057
Accrued expenses/liabilities	388,466		388,466	1,268,930
Estimated third party payor settlement				589,411
Long-term debt-due within one year	757,211	32,377	789,588	
Noncurrent liabilities:				
Due in more than one year	19,599,735	13,770	19,613,505	
Net pension liability	<u>3,595,658</u>	<u>1,060,966</u>	<u>4,656,624</u>	
Total liabilities	<u>\$ 24,995,025</u>	<u>\$ 1,153,737</u>	<u>\$ 26,148,762</u>	<u>\$ 2,387,398</u>

STATE OF NEW MEXICO
CIBOLA COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business- Type Activities	Total	Cibola General Hospital Corporation
DEFERRED INFLOWS OF RESOURCES				
Investment experience	\$ 1,315,458	\$ 486,540	\$ 1,801,998	\$
Change in proportion	<u>62,364</u>	<u>23,066</u>	<u>85,430</u>	<u> </u>
Total deferred inflows of resources	<u>1,377,822</u>	<u>509,606</u>	<u>1,887,428</u>	<u>0</u>
Total liabilities & deferred inflow of resources	<u>26,372,847</u>	<u>1,663,343</u>	<u>28,036,190</u>	<u>0</u>
NET POSITION				
Net Investment in capital assets	12,033,157	5,199,871	17,233,028	10,561,785
Restricted for:				
Debt service fund	14,591,965		14,591,965	
Special revenue funds	3,427,270		3,427,270	
Capital Project Funds	46,058		46,058	
Unrestricted	<u>32,616,838</u>	<u>(1,763,102)</u>	<u>30,853,736</u>	<u>30,362,428</u>
Total Net Position	<u>\$ 62,715,288</u>	<u>\$ 3,436,769</u>	<u>\$ 66,152,057</u>	<u>\$ 40,924,213</u>

STATE OF NEW MEXICO
CIBOLA COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental activities:			
General government	\$ 7,718,266	\$ 966,532	\$ 724,131
Public safety	2,114,672	48,771	1,375,877
Public works	1,104,270		630,344
Culture and recreation	223,544		103,832
Health and welfare	497,776	5,525	
Interest on long-term debt	483,510		
Total governmental activities	<u>12,142,038</u>	<u>1,020,828</u>	<u>2,834,184</u>
Business-type Activities:			
Detention center	4,168,020	1,904,244	
Total business type activities	<u>4,168,020</u>	<u>1,904,244</u>	<u>-</u>
Total primary government	<u>16,310,058</u>	<u>2,925,072</u>	<u>2,834,184</u>
Component unit:			
Cibola General Hospital Corporation	\$ <u>25,251,200</u>	\$ <u>27,243,006</u>	\$ <u>-</u>
General Revenues:			
Taxes:			
Property taxes			
Gross receipts taxes			
Payment in lieu of taxes			
Other taxes			
Increase in equity interest in component unit			
Interest income			
Contributions			
Net unrealized gain on other than trading securities			
Miscellaneous income			
Transfers in (out)			
Total general revenues and transfers			
Change in net position			
Net position-beginning			
Restatement			
Net position-beginning, as restated			
Net position-ending			

STATE OF NEW MEXICO
CIBOLA COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			Component Unit Cibola General Hospital Corporation
	Primary Government		Total	
	Governmental Activities	Business- Type Activities		
Primary government:				
Governmental activities:				
General government	\$ (6,027,603)	\$	\$ (6,027,603)	\$
Public safety	(690,024)		(690,024)	
Public works	(473,926)		(473,926)	
Culture and recreation	(119,712)		(119,712)	
Health and welfare	(492,251)		(492,251)	
Interest on long-term debt	(483,510)		(483,510)	
Total governmental activities	<u>(8,287,026)</u>	<u>-</u>	<u>(8,287,026)</u>	<u>-</u>
Business-type Activities:				
Detention center		(2,263,776)	(2,263,776)	
Total business type activities	<u>-</u>	<u>(2,263,776)</u>	<u>(2,263,776)</u>	<u>-</u>
Total primary government	<u>(8,287,026)</u>	<u>(2,263,776)</u>	<u>(10,550,802)</u>	<u>-</u>
Component unit:				
Cibola General Hospital Corporation	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,991,806</u>
General Revenues:				
Taxes:				
Property taxes	3,220,260		3,220,260	1,278,315
Gross receipts taxes	3,675,958	490,875	4,166,833	
Payment in lieu of taxes	1,661,376		1,661,376	
Other taxes	848,738		848,738	
Increase in equity interest in component unit	3,421,395		3,421,395	
Interest income	18,810		18,810	137,150
Contributions				2,161
Net unrealized gain on other than trading securities				11,963
Miscellaneous income	505,873	61,423	567,296	
Transfers in (out)	(1,206,502)	1,206,502		
Total general revenues and transfers	<u>12,145,908</u>	<u>1,758,800</u>	<u>13,904,708</u>	<u>1,429,589</u>
Change in net position	<u>3,858,882</u>	<u>(504,976)</u>	<u>3,353,906</u>	<u>3,421,395</u>
Net position-beginning	63,991,571	5,448,337	69,439,908	37,502,818
Restatement	(5,135,165)	(1,506,592)	(6,641,757)	0
Net position-beginning, as restated	<u>58,856,406</u>	<u>3,941,745</u>	<u>62,798,151</u>	<u>37,502,818</u>
Net position-ending	<u>\$ 62,715,288</u>	<u>\$ 3,436,769</u>	<u>\$ 66,152,057</u>	<u>\$ 40,924,213</u>

GOVERNMENTAL FUND FINANCIAL STATEMENT

STATE OF NEW MEXICO
CIBOLA COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>General Funds</u>	<u>Comp Drain Plan & Waste Water</u>	<u>Debt Service Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 6,894,921	\$ 348,640	\$ 14,653,159	\$ 3,634,348	\$ 25,531,068
Receivable:					
Property taxes	1,382,802				1,382,802
Gross receipt taxes	515,410			243,965	759,375
Interfund receivables	1,650,059				1,650,059
Prepaid expenses	<u>201,617</u>				<u>201,617</u>
Total assets	<u>10,644,809</u>	<u>348,640</u>	<u>14,653,159</u>	<u>3,878,313</u>	<u>29,524,921</u>
LIABILITIES AND FUND BALANCES					
Accounts payable	82,891	346,925		224,139	653,955
Accrued expenses/liabilities	327,272		61,194		388,466
Unearned revenue	1,336,693				1,336,693
Interfund payables	<u>16,471</u>	<u>412,393</u>		<u>483,831</u>	<u>912,695</u>
Total liabilities	<u>1,763,327</u>	<u>759,318</u>	<u>61,194</u>	<u>707,970</u>	<u>3,291,809</u>
FUND BALANCES					
Non-spendable:					
Prepaid	201,617				201,617
Restricted			14,591,965	3,473,328	18,065,293
Unassigned (deficit)	<u>8,679,865</u>	<u>(410,678)</u>		<u>(302,985)</u>	<u>7,966,202</u>
Total fund balances	<u>8,881,482</u>	<u>(410,678)</u>	<u>14,591,965</u>	<u>3,170,343</u>	<u>26,233,112</u>
Total liabilities and fund balances	<u>\$ 10,644,809</u>	<u>\$ 348,640</u>	<u>\$ 14,653,159</u>	<u>\$ 3,878,313</u>	<u>\$ 29,524,921</u>

**STATE OF NEW MEXICO
CIBOLA COUNTY**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

Fund balance - Governmental funds	\$ 26,233,112
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	18,832,793
The County has an equity interest in the Cibola General Hospital. This investment is not a current financial resource and therefore is not reported in the funds.	40,924,213
Property taxes levied but not collected within sixty days after year-end are not considered revenue in the fund financial statements, but are considered revenue in the statement of activities.	1,336,693
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the financial statements.	(20,356,946)
Deferred charge on refunding	376,380
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds:	
Deferred outflows of resources related to pension	342,523
Deferred inflows of resources related to pension	(1,377,822)
Certain liabilities, including net pension liability are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension liability	<u>(3,595,658)</u>
Net position - Governmental activities	\$ <u><u>62,715,288</u></u>

**STATE OF NEW MEXICO
CIBOLA COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>General Funds</u>	<u>Comp Drain Plan & Waste Water</u>	<u>Debt Service Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:					
Property taxes	\$ 3,340,081	\$	\$ 2,712	\$ 2,967	\$ 3,345,760
Gross receipts taxes	1,837,701		339,095	1,499,162	3,675,958
Payment in lieu of taxes	1,661,376				1,661,376
Other taxes	66,361		378,137	404,241	848,739
State and local sources	132,832			2,014,152	2,146,984
Federal sources	50,432	324,800		311,967	687,199
Licenses and fees	135,915			154,188	290,103
Charges for services	725,701			5,025	730,726
Interest income	16,473		2,338		18,811
Miscellaneous	<u>345,153</u>	<u> </u>	<u> </u>	<u>160,721</u>	<u>505,874</u>
Total revenues	<u>8,312,025</u>	<u>324,800</u>	<u>722,282</u>	<u>4,552,423</u>	<u>13,911,530</u>
EXPENDITURES:					
Current:					
General government	5,260,345	159,296	258,356	1,702,448	7,380,445
Public safety	118,888			1,543,485	1,662,373
Public works				932,365	932,365
Culture and recreation	215,956				215,956
Health and welfare	5,000			26,785	31,785
Capital outlay	228,665	1,143,391		361,594	1,733,650
Debt service					
Principal			487,525		487,525
Interest			483,510		483,510
Bond issuance cost			<u>390,754</u>		<u>390,754</u>
Total expenditures	<u>5,828,854</u>	<u>1,302,687</u>	<u>1,620,145</u>	<u>4,566,677</u>	<u>13,318,363</u>
Excess (deficiency) of revenues over expenditures	<u>2,483,171</u>	<u>(977,887)</u>	<u>(897,863)</u>	<u>(14,254)</u>	<u>593,167</u>
OTHER FINANCING SOURCES (USES):					
Bond premium			1,051,635		1,051,635
Bond proceeds			19,040,000		19,040,000
Payment to escrow agent			(6,558,523)		(6,558,523)
Transfer in	191,318		1,395,893	1,139,409	2,726,620
Transfers (Out)	<u>(2,475,264)</u>	<u> </u>	<u>(1,266,924)</u>	<u>(190,934)</u>	<u>(3,933,122)</u>
Total other financing sources (uses)	<u>(2,283,946)</u>	<u>0</u>	<u>13,662,081</u>	<u>948,475</u>	<u>12,326,610</u>
Net change in fund balance	<u>\$ 199,225</u>	<u>\$ (977,887)</u>	<u>\$ 12,764,218</u>	<u>\$ 934,221</u>	<u>\$ 12,919,777</u>

**STATE OF NEW MEXICO
CIBOLA COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>General Funds</u>	<u>Comp Drain Plan & Waste Water</u>	<u>Debt Service Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balance - beginning of year	\$ 8,557,874	\$ 567,209	\$ 1,827,747	\$ 2,054,404	\$ 13,007,234
Restatement	<u>124,383</u>	<u>-</u>	<u>-</u>	<u>181,718</u>	<u>306,101</u>
Fund balance - beginning of year, as restated	<u>8,682,257</u>	<u>567,209</u>	<u>1,827,747</u>	<u>2,236,122</u>	<u>13,313,335</u>
Fund balance - end of year	<u><u>\$ 8,881,482</u></u>	<u><u>\$ (410,678)</u></u>	<u><u>\$ 14,591,965</u></u>	<u><u>\$ 3,170,343</u></u>	<u><u>\$ 26,233,112</u></u>

**STATE OF NEW MEXICO
CIBOLA COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

Net changes in fund balances - Governmental funds \$ 12,919,777

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

Governmental funds report capital outlay 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 outlay	1,733,650
Depreciation expense	(1,232,498)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Decrease in unearned property taxes	(125,500)
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The change in the equity position in the component units is not reported in the funds, but recorded as a revenue on the statement of activities

3,421,395

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 position.

Increase in the allowance for compensated absences	(2,081)
Principal payments on bonds and notes payable	487,525
Bond premium	(1,051,635)
Bond proceeds	(19,040,000)
Payment to escrow agent	6,558,523

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this difference are as follows:

Amortization of premium	26,737
Amortization of deferred charge on refunding	(12,143)

Governmental funds report County's pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense

Pension expense	(167,391)
Pension contributions	<u>342,523</u>

Change in net position - Governmental activities **\$ 3,858,882**

**STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - (NON GAAP BUDGETARY BASIS)**

**STATE OF NEW MEXICO
CIBOLA COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS) GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Property taxes	\$ 2,591,218	\$ 2,667,798	\$ 3,340,081	\$ 672,283
Gross receipts taxes	2,016,367	2,016,367	1,837,701	(178,666)
Payment in lieu of taxes			1,661,376	1,661,376
Other taxes	35,000	35,000	66,361	31,361
State and local sources	354,339	354,339	132,832	(221,507)
Federal sources	1,407,000	1,407,000	50,432	(1,356,568)
Licenses and fees	74,400	74,400	135,915	61,515
Charges for services	597,000	597,000	725,701	128,701
Interest income	7,500	7,500	16,473	8,973
Miscellaneous	262,500	262,500	345,153	82,653
Fines & forfeits	7,800	7,800		(7,800)
<i>Total revenues</i>	<u>7,353,124</u>	<u>7,429,704</u>	<u>8,312,025</u>	<u>882,321</u>
EXPENDITURES:				
Current:				
General government	5,638,925	5,544,550	5,260,345	284,205
Public safety	172,367	172,367	118,888	53,479
Culture and recreation	178,850	178,850	215,956	(37,106)
Health and welfare	2,500	2,500	5,000	(2,500)
Capital outlay	162,000	162,000	228,665	(66,665)
<i>Total expenditures</i>	<u>6,154,642</u>	<u>6,060,267</u>	<u>5,828,854</u>	<u>231,413</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>1,198,482</u>	<u>1,369,437</u>	<u>2,483,171</u>	<u>1,113,734</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	331,967	331,967	191,318	(140,649)
Transfers out	(2,659,654)	(1,519,204)	(2,475,264)	(956,060)
<i>Total other financing sources (uses)</i>	<u>(2,327,687)</u>	<u>(1,187,237)</u>	<u>(2,283,946)</u>	<u>(1,096,709)</u>
Net changes in fund balances	<u>\$ (1,129,205)</u>	<u>\$ 182,200</u>	199,225	<u>\$ 17,025</u>
Fund balance - beginning of year, as restated			<u>8,682,257</u>	
Fund balance - end of year			<u>\$ 8,881,482</u>	

**STATE OF NEW MEXICO
CIBOLA COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
COMP DRAIN PLAN & WASTE WATER
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		Actual Amounts	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Federal sources	\$ 500,000	\$ 500,000	\$ 324,800	\$ (175,200)
State and local sources	<u>50,000</u>	<u>50,000</u>	<u> </u>	<u>(50,000)</u>
<i>Total revenues</i>	<u>550,000</u>	<u>550,000</u>	<u>324,800</u>	<u>(225,200)</u>
EXPENDITURES:				
Current:				
General government	1,280,561	1,005,000	159,296	845,704
Capital Outlay	<u> </u>	<u> </u>	<u>1,143,391</u>	<u>(1,143,391)</u>
<i>Total expenditures</i>	<u>1,280,561</u>	<u>1,005,000</u>	<u>1,302,687</u>	<u>(297,687)</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(730,561)</u>	<u>(455,000)</u>	<u>(977,887)</u>	<u>(522,887)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	<u>5,000</u>	<u>5,000</u>	<u> </u>	<u>(5,000)</u>
<i>Total other financing sources (uses)</i>	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>(5,000)</u>
Net changes in fund balances	<u>\$ (725,561)</u>	<u>\$ (450,000)</u>	(977,887)	<u>\$ (527,887)</u>
Fund balance - beginning of year			<u>567,209</u>	
Fund balance - end of year			<u>\$ (410,678)</u>	

PROPRIETARY FUND

STATE OF NEW MEXICO
CIBOLA COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	<u>Detention Center</u>
ASSETS	
Current assets:	
Receivables	\$ 413,972
Prepaid expenses	<u>95,643</u>
Total current assets	<u>509,615</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	8,474,117
Less accumulated depreciation	<u>(3,274,246)</u>
Total noncurrent assets	<u>5,199,871</u>
Total assets	<u>5,709,486</u>
DEFERRED OUTFLOWS OF RESOURCES	
Employer contributions subsequent to the measurement date	<u>127,990</u>
Total deferred outflows of resources	<u>127,990</u>
LIABILITIES	
Current liabilities:	
Cash deficit	7,102
Accounts payable	39,522
Interfund payables	737,364
Current portion of accrued compensated absences	<u>32,377</u>
Total current liabilities	<u>816,365</u>
Noncurrent liabilities:	
Noncurrent portion of accrued compensated absences	13,770
Net pension liability	<u>1,060,966</u>
Total noncurrent liabilities	<u>1,074,736</u>
Total liabilities	<u>1,891,101</u>
DEFERRED INFLOWS OF RESOURCES	
Investment experience	486,540
Change in proportion	<u>23,066</u>
Total deferred inflows of resources	<u>509,606</u>
NET POSITION	
Net Investment in capital assets	5,199,871
Unrestricted	<u>(1,763,102)</u>
Total Net position	<u>\$ 3,436,769</u>

**STATE OF NEW MEXICO
CIBOLA COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Detention Centre</u>
OPERATING REVENUES:	
Gross receipts taxes	\$ 490,875
Charges for services	1,904,244
Miscellaneous	<u>61,423</u>
Total operating revenues	<u>2,456,542</u>
OPERATING EXPENSES:	
Personnel services	2,616,766
Contractual services	248,931
Maintenance and materials	204,358
Other operating expenses	963,302
Depreciation	<u>134,663</u>
Total operating expenses	<u>4,168,020</u>
Operating income (loss)	<u>(1,711,478)</u>
OTHER FINANCING SOURCES:	
Transfer in	<u>1,206,502</u>
Total other financing sources	<u>1,206,502</u>
Change in net position	<u>(504,976)</u>
Total net position, beginning of year	5,448,337
Restatement	<u>(1,506,592)</u>
Total net position, beginning of year, as restated	<u>3,941,745</u>
Total net position, end of year	<u>\$ 3,436,769</u>

STATE OF NEW MEXICO
CIBOLA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Detention Centre</u>
<i>Cash flows from operating activities:</i>	
Cash received from customers and grantors	\$ 2,445,856
Cash payments to suppliers	(1,400,719)
Cash payments to employees	<u>(2,603,400)</u>
<i>Net cash provided (used) by operating activities</i>	<u>(1,558,263)</u>
<i>Cash flows provided by noncapital financing activities:</i>	
Net transfers in/(out)	<u>1,206,502</u>
<i>Net cash used in noncapital financing activities:</i>	<u>1,206,502</u>
<i>Net change in cash</i>	(351,761)
<i>Cash and cash equivalents, beginning of year</i>	<u>344,659</u>
<i>Cash and cash equivalents, end of year</i>	<u><u>\$ (7,102)</u></u>
<i>Reconciliation of operating loss to cash provided by operating activities:</i>	
Operating income (loss)	\$ (1,711,478)
Adjustments to reconcile operating income to net cash flows:	
Depreciation	134,663
Pension expense/ contribution	(75,130)
Changes in operating assets and liabilities:	
Receivable	(10,686)
Prepaid expenses	(95,643)
Accounts payable	14,290
Accrued compensated absences	13,366
Interfund payable	<u>172,355</u>
<i>Net cash provided (used) by operating activities</i>	<u><u>\$ (1,558,263)</u></u>

Summary of significant non cash activities

There was no significant noncash activity during the year ended June 30, 2015.

FIDUCIARY FUND

STATE OF NEW MEXICO
CIBOLA COUNTY
STATEMENT OF FIDUCIARY ASSET AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2015

	<u>Agency Fund</u>
ASSETS	
Cash	\$ 404,177
Property taxes receivable	<u>2,718,977</u>
Total assets	<u>3,123,154</u>
LIABILITIES	
Due to other taxing entities	2,718,977
Taxes paid in advance	229,204
Undistributed tax	<u>174,973</u>
Total liabilities	<u>\$ 3,123,154</u>

NOTES TO FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, public works, culture and recreation, health and welfare, and general government 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.

Financial Reporting Entity

GASB Statement No. 14, *The Financial Reporting Entity*, 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, as amended by GASB Statement No. 39 and GASB Statement No. 61. 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 is built on County property, and the County holds title to all assets and is presented as a discrete component unit of the County.

The Hospital provides medical services to the residents of Grants, Cibola County, and the surrounding area. Complete financial statements for the component unit may be obtained at the entity’s administrative County: Cibola General Hospital, 1016 East Roosevelt Avenue, Grants, New Mexico 87020. There are no other primary governments with which the County is financially accountable. There are no other primary governments with which the County has a significant relationship or other component units for the year ended June 30, 2015.

Governmental-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) 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, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental-wide 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.

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.

GASB No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and GASB No. 65, Items Previously Reported as Assets and Liabilities, amend GASB No. 34, Basic Financial Statements – and Management’s Discussion and Analysis for State and Local Governments, to incorporate deferred outflows of resources and deferred inflows of resources in the financial reporting model: assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position.

Deferred outflows of resources—a consumption of net assets by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets. At June 30, 2015, the County had pension and deferred charges on refunding bonds related to deferred outflows of resource items that qualify for reporting in this category.

Deferred inflows of resources—an acquisition of net assets by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities. At June 30, 2015, the County had pension related deferred inflows of resources items that qualify for reporting in this category.

Net position—the residual of the net effects of assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The County’s net position is reported in three parts – net investment in capital assets, restricted, and unrestricted.

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

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.

The *agency fund* is 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:

- 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 Fund accounts for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

Under the requirements of GASB No. 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:

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

- The Comp Drain Plan & Waste Water Fund is used to accounts for federal and local funds that are used to complete major repairs and improvements for the County's CDBG projects.
- The Debt Service Fund accounts for the services of general long-term debt of the County.

The County reports the following major proprietary fund:

The proprietary fund operating revenues, such as charges for services, results 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.

- The Detention Center Fund accounts for the activities of the County's prison facility.

Additionally, the government reports the following fund type:

The fiduciary fund is purely custodial (assets equal liabilities) and does not involve measurement of results of operations. The County's fiduciary fund is used to account for the collection and payment of property taxes to other governmental agencies.

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.

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 proprietary fund distinguishes operating revenues and expenses from nonoperating 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 services related to the care of prisoners. 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 nonoperating revenues and expenses.

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position

Cash, Cash Equivalents, and 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:

- 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 resold 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 two 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.

Accounts Receivable—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 days thereafter, at which time they become delinquent. Collections and remittance of County property taxes are accounted for in the Agency Fund.

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position - Continued

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.

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. Information technology equipment, including software, is being capitalized and included in furniture and equipment, as the County did not maintain internally developed software.

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, 2015.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives.

Assets	Years
Buildings and improvements	30
Furniture and equipment	5 - 10
Vehicles	5 - 10
Infrastructure	30

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

Assets	Years
Buildings and improvements	30
Furniture and equipment	5 - 10
Vehicles	5 - 10

Interfund Transactions—Lending and borrowing arrangements between funds that are not expected to be paid back within a year are referred to as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Unearned Revenues—The County recognizes grant revenue at the time the related expenditure is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended are shown as unearned revenues.

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position - Continued

Amounts receivable from property taxes levied for the current year that are not considered to be “available” under the current financial resources measurement focus are reported as unearned revenues in the governmental fund financial statements.

Long-term Obligations—In the government-wide fund financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type or proprietary fund type statement of net position.

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.

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.

In the governmental financial statements, fund balances are classified and 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.

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position - Continued

The constraints on fund balance are detailed in the table below:

	<u>General fund</u>	Comp Drain Plan & Waste Water	Debt Service Fund	Total Major Funds	Nonmajor Governmental Funds	Total Primary Government
Non-spendable	\$ 201,617	\$	\$	\$ 201,617	\$	\$ 201,617
Restricted for:						
Care of indigents					1,123,390	1,123,390
Road					529,807	529,807
Debt service			14,591,965	14,591,965		14,591,965
Capital Projects					46,058	46,058
VFD					842,741	842,741
EMS					69,634	69,634
Farm and range					5,724	5,724
Law enforcement					43,246	43,246
County Fire Protection					417,717	417,717
County clerk					121,615	121,615
Property reappraisal					273,396	273,396
Unassigned (deficit)	<u>8,679,865</u>	<u>(410,678)</u>	<u></u>	<u>8,269,187</u>	<u>(302,985)</u>	<u>7,966,202</u>
Total fund balance	<u>\$ 8,881,482</u>	<u>\$ (410,678)</u>	<u>\$ 14,591,965</u>	<u>\$ 23,062,769</u>	<u>\$ 3,170,343</u>	<u>\$ 26,233,112</u>

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

- (a) *Net Investment in capital assets* is equity that is equal to the value of 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* is equity 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.
- (c) *Unrestricted* is residual amount of equity that does not meet the definition of “restricted” or “investment in capital assets.”

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

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position - Continued

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.

Pension—For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due, and payable in accordance with the benefit terms. Investments are reported at fair value.

New Accounting Pronouncements—The following GASB pronouncements have been issued, but are not yet effective at June 30, 2015:

- GASB Statement No. 72 Fair Value Measurement and Application
- GASB Statement No. 73 Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68
- GASB Statement No. 74 Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans
- GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions
- GASB Statement No. 76 The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments
- GASB Statement No. 77 Tax Abatement Disclosures

The County will implement the new GASB pronouncements in the fiscal year no later than the required effective date.

Reclassifications—Certain reclassifications of prior year information have been made to conform to the current period.

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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. The County may not over-expend at the function level.

These budgets are prepared on a 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 Computer Equipment and Software Capital Projects Fund, and the Computer Equipment and Software Debt Capital Projects Fund do not have budgets for the year.

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 County's legal level of control is at the expenditure function.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis.

NOTE 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the County consisted of the following at June 30, 2015:

Bank deposits	\$ 18,034,426
Money markets/certificates of deposit	7,450,015
Cash held with New Mexico Finance Authority	38,457
State Local Government Investment Pool	668
Petty cash	<u>400</u>
Total county cash and cash equivalents according to the statement of net position	<u><u>\$ 25,523,966</u></u>

In addition, the Agency Fund held the following cash balance at June 30, 2015:

Bank deposits	<u>\$ 404,177</u>
Total agency fund cash and cash equivalents according to the statement of fiduciary net position	<u><u>\$ 404,177</u></u>

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3. CASH AND CASH EQUIVALENTS (CONTINUED)

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, 2015.

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 bonds given by the financial institution.

The rate of interest in nondemand 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 asking price on United States treasury bills of the same maturity on the day of deposit.

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

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

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing 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.

Deposits

The County utilizes pooled accounts for their funds, therefore, individual fund cash balances are held in multiple accounts. 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 at least one half of the amount on deposit with the institution. The pledged collateral by the bank at June 30, 2015 was as follows:

	Wells Fargo Bank	Bank of New Mexico	U.S. Bank	Total
Total amounts of deposits	\$ 18,876,462	\$ 5,364,958	\$ 2,226,278	\$ 26,467,698
FDIC coverage	<u>500,000</u>	<u>500,000</u>	<u>250,000</u>	<u>1,250,000</u>
Total uninsured public funds	<u>18,376,462</u>	<u>4,864,958</u>	<u>1,976,278</u>	<u>25,217,698</u>
Collateral requirement (50% of uninsured public funds Line of credit held by County)	9,188,231	2,432,479	988,139	12,608,849
Pledged collateral held by pledging bank's trust department or by agent in County's name	<u>10,430,079</u>	<u>5,536,993</u>	<u>2,500,000</u>	<u>18,467,072</u>
Total under (over) collateralized	<u>\$ (1,241,848)</u>	<u>\$ (3,104,514)</u>	<u>\$ (1,511,861)</u>	<u>\$ (5,858,223)</u>

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3. CASH AND CASH EQUIVALENTS (CONTINUED)

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, 2015, none of the County’s bank balance of \$26,467,698 was exposed to custodial credit risk.

NOTE 4. RECEIVABLES

Receivables as of June 30, 2015, are as follows:

	General Fund	Other Governmental Funds	Total Governmental Activities	Proprietary Funds	Total Primary Government
Property taxes	\$ 1,382,802	\$	\$ 1,382,802	\$	\$ 1,382,802
Gross receipts taxes	515,410	243,965	759,375	106,005	865,380
Service charges	<u> </u>	<u> </u>	<u> </u>	<u>307,967</u>	<u>307,967</u>
Total receivables	<u>\$ 1,898,212</u>	<u>\$ 243,965</u>	<u>\$ 2,142,177</u>	<u>\$ 413,972</u>	<u>\$ 2,556,149</u>

The above receivables are deemed 100% collectible. In accordance with GASB No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, property tax receivables are presented net of deferred revenues in the governmental balance sheet. Unearned revenue – property taxes totaled \$1,336,693 as presented in the general fund.

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Receivables and payables from interfund transactions as of June 30, 2015 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 from other funds</u>	<u>Amount</u>	<u>Due to other funds</u>	<u>Amount</u>
Major governmental funds:		Major governmental funds:	
General Fund	\$ 1,650,059	General Fund	\$ 16,471
	<u> </u>	Comp Drain Plan & Waste Water	<u>412,393</u>
Total major governmental funds	<u>1,650,059</u>	Total major governmental funds	<u>428,864</u>

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Due from other funds	Amount	Due to other funds	Amount
Total nonmajor governmental funds	-	Total nonmajor governmental funds	483,831
		Business-type activities - Detention center fund	737,364
Grand total	\$ 1,650,059	Grand total	\$ 1,650,059

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

Transfer In	Amount	Transfer Out	Amount
Major governmental funds:		Major governmental funds:	
General Fund	\$ 191,318	General Fund	\$ 2,475,264
Debt Service Fund	1,395,893	Debt Service Fund	1,266,924
Total major governmental funds	1,587,211	Total major governmental funds	3,742,188
Total nonmajor governmental funds	1,139,409	Total nonmajor governmental funds	190,934
Business-type activities - Detention center fund	1,206,502		
Grand total	\$ 3,933,122	Grand total	\$ 3,933,122

NOTE 6 CAPITAL ASSETS

The County does not have sufficient accounting records to substantiate the capital asset or depreciation balances in the roll-forward below. The County is in the process of updating its capital asset records so that complete and accurate capital asset balances, including accumulated depreciation and depreciation expense, can be presented in the statement of net positions and statement of activities in future years.

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Prior period adjustments	Restated Beginning Balance	Additions	Deletions	Adjustments/ Transfers	Ending Balance
Governmental Activities:							
<i>Capital assets, not being depreciated:</i>							
Land	\$ 716,912	\$	\$ 716,912	\$	\$	\$	\$ 716,912
Land - infrastructure	3,181,657		3,181,657				3,181,657
Constructions in progress	<u>942,979</u>	<u>(744,862)</u>	<u>198,117</u>			<u>(198,117)</u>	
Total capital assets not being depreciated	<u>4,841,548</u>	<u>(744,862)</u>	<u>4,096,686</u>	<u>0</u>	<u>0</u>	<u>(198,117)</u>	<u>3,898,569</u>
<i>Capital assets, being depreciated:</i>							
Land improvements				56,634			56,634
Buildings and improvements	20,173,339		20,173,339	1,143,392		198,117	21,514,848
Furniture and equipment	5,611,193	67,675	5,678,868	199,177	(330,197)		5,547,848
Vehicles	4,346,258	42,010	4,388,268	334,447			4,722,715
Infrastructure	<u>13,728,176</u>		<u>13,728,176</u>				<u>13,728,176</u>
Total capital assets, being depreciated	<u>43,858,966</u>	<u>109,685</u>	<u>43,968,651</u>	<u>1,733,650</u>	<u>(330,197)</u>	<u>198,117</u>	<u>45,570,221</u>
<i>Less accumulated depreciation for:</i>							
Land improvements				(3,304)			(3,304)
Buildings and improvements	(8,925,704)		(8,925,704)	(657,653)	330,197		(9,253,160)
Furniture and equipment	(4,543,042)		(4,543,042)	(288,508)			(4,831,550)
Vehicles	(2,536,774)		(2,536,774)	(283,033)			(2,819,807)
Infrastructure	<u>(13,728,176)</u>		<u>(13,728,176)</u>				<u>(13,728,176)</u>
Total accumulated depreciation	<u>(29,733,696)</u>	<u>0</u>	<u>(29,733,696)</u>	<u>(1,232,498)</u>	<u>330,197</u>	<u>0</u>	<u>(30,635,997)</u>
Total capital assets, being depreciated, net	<u>14,125,270</u>	<u>109,685</u>	<u>14,234,955</u>	<u>501,152</u>	<u>0</u>	<u>198,117</u>	<u>14,934,224</u>
Governmental Activity, capital assets, net	<u>\$ 18,966,818</u>	<u>\$ (635,177)</u>	<u>\$ 18,331,641</u>	<u>\$ 501,152</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,832,793</u>

Depreciation expense for the year ended June 30, 2015 was charged to governmental activities as follows:

General government	\$ 134,714
Public safety	452,300
Health and welfare	465,991
Public works	171,905
Culture and recreation	<u>7,588</u>
	<u>\$ 1,232,498</u>

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 CAPITAL ASSETS (CONTINUED)

Other Business-Type activity for the year ending June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>
<u>Business-type Activities:</u>			
<i>Capital assets, not being depreciated:</i>			
Land and easements	\$ <u>124,966</u>	\$ _____	\$ <u>124,966</u>
Total capital assets not being depreciated	<u>124,966</u>	<u>0</u>	<u>124,966</u>
<i>Capital assets, being depreciated:</i>			
Buildings and improvements	7,723,371		7,723,371
Furniture and equipment	442,731		442,731
Vehicles	<u>183,049</u>		<u>183,049</u>
Total capital assets being depreciated	<u>8,349,151</u>	<u>0</u>	<u>8,349,151</u>
<i>Less accumulated depreciation for:</i>			
Buildings and improvements	(2,870,303)	(110,438)	(2,980,741)
Furniture and equipment	(184,894)	(16,958)	(201,852)
Vehicles	<u>(84,386)</u>	<u>(7,267)</u>	<u>(91,653)</u>
Total accumulated depreciation	<u>(3,139,583)</u>	<u>(134,663)</u>	<u>(3,274,246)</u>
Total capital assets, being depreciated, net	<u>5,209,568</u>	<u>(134,663)</u>	<u>5,074,905</u>
Other business-type activity programs capital assets, net	<u>\$ 5,334,534</u>	<u>\$ (134,663)</u>	<u>\$ 5,199,871</u>

Depreciation expense charged to business-type activities for the year ended June 30, 2015 was \$134,663.

NOTE 7 LONG-TERM DEBT

During the year ended June 30, 2015, the following changes occurred in the long-term liabilities reported in the government-wide statement of net position:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Current Maturities</u>
Governmental Activities					
Bonds payable	\$ 6,170,000	\$ 19,040,000	\$ 6,605,000	\$ 18,605,000	\$ 530,000
Notes payable	629,636		52,525	577,111	54,311
Deferred bonds premium		<u>1,051,635</u>	<u>26,737</u>	<u>1,024,898</u>	<u>55,012</u>
Total	6,799,636	20,091,635	6,684,262	20,207,009	639,323
Compensated absences	<u>147,856</u>	<u>119,969</u>	<u>117,888</u>	<u>149,937</u>	<u>117,888</u>
Total long-term debt	<u>\$ 6,947,492</u>	<u>\$ 20,211,604</u>	<u>\$ 6,802,150</u>	<u>\$ 20,356,946</u>	<u>\$ 757,211</u>

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the bond and notes payable as of June 30, 2015, including interest payments are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 639,323	\$ 741,896	\$ 1,381,219
2017	660,773	724,845	1,385,618
2018	663,260	707,129	1,370,389
2019	679,231	689,316	1,368,547
2020	705,254	665,199	1,370,453
2021-2025	3,989,450	2,858,662	6,848,112
2026-2030	4,760,000	1,926,728	6,686,728
2031-2035	2,456,255	1,310,475	3,766,730
2036-2040	2,911,255	861,500	3,772,755
2041-2045	<u>2,742,208</u>	<u>273,800</u>	<u>3,016,008</u>
	<u>\$ 20,207,009</u>	<u>\$ 10,759,550</u>	<u>\$ 30,966,559</u>

Interest expense paid on long-term debt totaled \$483,510 for the year ended June 30, 2015.

Bonds Payable—At June 30, 2015, the County had the following bonds outstanding:

New Bond Issuance: On January 23, 2015, the County issued \$12,995,000 of General Obligation Bonds, Series 2014B with interest rates ranging from 3.00% to 5.00%. The bonds were issued at a premium of \$420,298, and incurred underwriting discounts and issuance costs of \$272,897. The purpose of the Bonds is to finance the renovation, remodeling, and furnishing of public buildings.

Current and Advance Refunding: On January 23, 2015, the County issued \$6,045,000 of General Obligation Bonds, Series 2014A with interest rates ranging from 3.00% to 5.00%. The bonds were issued at a premium of \$631,337, and incurred underwriting discounts and issuance costs of \$117,857. The \$6,170,000 bond proceeds were used to current refund \$230,000 and advance refund of \$5,940,000 for the series of 2006B bond for the purpose of achieving debt service savings.

The net bond proceeds were deposited with the escrow agent in an amount necessary to accomplish on their scheduled redemption dates, the discharge and final payment of the refunded bonds. The refunding resulted in an economic gain (present value savings) of \$540,849.

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 LONG-TERM DEBT (CONTINUED)

The gross receipts tax revenue bonds outstanding as of June 30, 2015 are comprised of the following issues:

<u>Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Issued</u>	<u>Outstanding 06/30/2015</u>
Series 2014A	06/01/2030	3.00% to 5.00%	\$ 6,045,000	\$ 5,755,000
Series 2014B	06/01/2044	3.00% to 5.00%	12,995,000	12,850,000
			<u>\$ 19,040,000</u>	<u>\$ 18,605,000</u>

Notes Payable—The County maintains multiple loans through NMFA. Loan principal and interest payments (and intercept payments) are made on an annual basis to the New Mexico Finance Authority (NMFA) as is required per the loan’s debt schedules. Interest rates on the loans vary from 1.05% to 3.99%, and loan payments are scheduled through 2027.

At June 30, 2015, the County had the following notes outstanding:

NMFA Loan—Volunteer Fire Departments

The County has pledged future fire allotment revenues, net of specified operating expenses, to repay \$893,032 in loans issued June 2006 through June 2011. 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 remaining to be paid on the loans is \$577,111. Principal and interest (including administrative fees) paid for the current year were \$52,525 and \$15,409 respectively.

<u>Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Issued</u>	<u>Outstanding 06/30/2015</u>
Candy Kitchen Fire Station-12	05/01/2027	3.00% to 4.50%	\$ 554,529	\$ 378,667
Cubero VFD (Cibola 11)	05/01/2027	3.00% to 4.50%	245,425	153,895
Lobo Canyon FD-13	05/01/2017	3.00%	67,703	26,266
Lobo Canyon Fire Truck-15	05/01/2022	2.00% to 3.00%	25,375	18,283
			<u>\$ 893,032</u>	<u>\$ 577,111</u>

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 LONG-TERM DEBT (CONTINUED)

Compensated Absences—Employees of the County are able to accrue a limited amount of vacation and other compensatory time during the year. During the fiscal year, the accrual for compensated absences increased \$2,081.

During the year ended June 30, 2015, the following changes occurred in the long-term liabilities reported in the business-type activities and proprietary fund statement of net position:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Current Maturities</u>
Business-Type Activities					
Compensated absences	\$ <u>32,781</u>	\$ <u>45,743</u>	\$ <u>32,377</u>	\$ <u>46,147</u>	\$ <u>32,377</u>

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, 2015, the accrual for compensated absences increased \$13,366.

NOTE 8 UNEARNED REVENUE

In accordance with the terms of certain grant agreements, 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, 2015, Cibola County had no unearned revenues related to special revenue funds.

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the fiscal year, unearned revenue reported in the governmental funds was attributed to property tax revenues, and totaled \$1,336,693.

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
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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 2015, Cibola County contributed \$135,169 to the Workers' Compensation Pool. The self-insured retention level for the pool during the period of coverage July 01, 2014 through June 30, 2015 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 \$189,726 for the calendar year ended December 31, 2015. Cibola County paid premiums to the Law Enforcement Liability pool of \$326,282 for the year ended December 31, 2015.

The self-insured retention level for this pool during the period of coverage January 1, 2015 through December 31, 2015 is \$150,000 for property and \$500,000 for liability per occurrence (that is the maximum amount of coverage for each insured event before obtaining reinsurance).

The pool has reinsurance coverage for losses above that amount from County Reinsurance Limited, to a statutory limit of \$2,000,000.

The pooling agreements require the pools to be self-sustaining; it is not possible to estimate the range of contingent losses to be borne by the County. The pool boards retain \$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, 2015, 2014 and 2013.

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 RISK MANAGEMENT (CONTINUED)

The New Mexico County Insurance Authority has published its own financial reports for the fiscal year ended June 30, 2014, 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, 2015, 2014 and 2013.

NOTE 10 DEFICIT FUND BALANCE

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, 2015:

Governmental Funds

Major funds

Comp Drain Plan & Waste Water Fund Special Revenue Fund	\$	410,678
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Nonmajor funds

Grant Fund Special Revenue Fund		283,093
Computer Equipment and Software Capital Project Fund		409
Computer Equipment and Software Debt Capital Project Fund		19,349
VFD Loans Capital Project Fund		134

Total nonmajor funds		302,985
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Total primary government	\$	713,663
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B. Excess expenditures over appropriations: Budgetary authority is at the function level. The following funds exceeded appropriations for the year ended June 30, 2015:

Major funds

General Fund - Culture and Recreation	\$	37,106
General Fund - Health and Welfare		2,500
General Fund - Capital Outlay		66,665
Comp Drain Special Revenue Fund - Capital Outlay		1,143,391

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NOTES TO FINANCIAL STATEMENTS
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NOTE 10 DEFICIT FUND BALANCE (CONTINUED)

Major funds (Cont'd)

Debt Service Fund - Principal	267,525
Debt Service Fund - Interest	188,566
Debt Service Fund - Bond issuance cost	390,754
Detention Center Enterprise Fund - Personal services	160,988
Detention Center Enterprise Fund - Contractual services	220,931
Detention Center Enterprise Fund - Maintenance and materials	172,416
Detention Center Enterprise Fund - Other operating expenses	<u>143,796</u>
Total Major funds	<u>2,794,638</u>

Nonmajor funds

VFD Special Revenue Fund - Capital outlay	58,311
Farm & Range Special Revenue Fund - Health and welfare	5,285
Road Special Revenue Fund - General Government	30,402
Road Special Revenue Fund - Public work	272,083
Grant Special Revenue Fund - Public safety	102,002
Total nonmajor funds	<u>468,083</u>
Total primary government	<u>\$ 3,262,721</u>

NOTE 11 PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)

Plan description. The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

STATE OF NEW MEXICO
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NOTES TO FINANCIAL STATEMENTS
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NOTE 11 PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
(CONTINUED)

Benefits provided. Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members.

Generally, the amount retirement pension is based on its final average salary, which is defined under Tier I as the average salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

Contributions. The contribution requirements of defined benefit plan members and the County is established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at http://saonm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf. The PERA coverage options that apply to Cibola County are Municipal General Division and Municipal Police Division. Statutorily required contributions to the pension plan from the County were \$470,513, and there were no employer paid member benefits that were “picked up” by the employer for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2014.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The County's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity’s percentage of that membership group’s total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of June 30, 2013 to June 30, 2014 were included in the total contributions for a specific employer.

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
(CONTINUED)

Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division Municipal General, at June 30, 2015, the County reported a liability of \$3,635,300 for its proportionate share of the net pension liability. At June 30, 2014, the County's proportion was 0.4660%, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the County recognized PERA Fund Division Municipal General pension expense of \$151,664. At June 30, 2015, the County reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$	\$ 2,464
Net difference between projected and actual earnings on pension plan investments		1,422,225
County's contributions subsequent to the measurement date	<u>342,523</u>	<u> </u>
Total	<u>\$ 342,523</u>	<u>\$ 1,424,689</u>

\$342,523 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>Amount</u>
2016	\$ 356,169
2017	356,169
2018	356,169
2019	356,169
2020	13
Thereafter	<u>0</u>
Total	<u>\$ 1,424,689</u>

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
(CONTINUED)

For PERA Fund Division Municipal Police, at June 30, 2015, the County reported a liability of \$1,021,324 for its proportionate share of the net pension liability. At June 30, 2014, the County's proportion was 0.3133%, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the County recognized PERA Fund Division Police pension expense of \$68,587. At June 30, 2015, the County reported PERA Fund Division Police deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$	\$ 82,966
Net difference between projected and actual earnings on pension plan investments		379,773
County's contributions subsequent to the measurement date	127,990	
Total	\$ 127,990	\$ 462,739

\$127,990 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Amount
2016	\$ 115,582
2017	115,582
2018	115,582
2019	115,582
2020	411
Thereafter	0
Total	\$ 462,739

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
(CONTINUED)

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
• Investment rate of return	7.75% annual rate, net of investment expense
• Payroll growth	3.50% annual rate
• Projected salary increases	3.50% to 14.25% annual rate
• Includes inflation at	3.00% annual rate

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>All Funds - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	21.1%	5.00%
International Equity	24.8	5.2
Private Equity	7	8.2
Core and Global Fixed Income	26.1	1.85
Fixed Income Plus Sectors	5	4.8
Real Estate	5	5.30
Real Assets	7	5.7
Absolute Return	4	4.15
Total	<u>100</u> %	

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members, as determined in accordance with GASB 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

STATE OF NEW MEXICO
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NOTE 11 PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
(CONTINUED)

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the County's net pension liability in each PERA Fund Division that the County participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

PERA Fund Municipal General Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 6,853,358	\$ 3,635,300	\$ 1,149,196

PERA Fund Police Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 1,947,666	\$ 1,021,324	\$ 329,637

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. The County doesn't have any amount due to the plan at June 30, 2015.

NOTE 12 POST-EMPLOYMENT BENEFITS—STATE RETIREE HEALTH CARE PLAN

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.

STATE OF NEW MEXICO
CIBOLA COUNTY
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NOTE 12 POST-EMPLOYMENT BENEFITS STATE RETIREE HEALTH CARE PLAN
(CONTINUED)

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

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

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

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. For employees that were members of an enhanced retirement plan (state police and adult correctional Officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention Officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The County's contributions to the RHCA for the years ended June 30, 2015, 2014, and 2013 were \$96,904, \$91,651, \$85,467 respectively, which equals the required contributions for each year.

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NOTES TO FINANCIAL STATEMENTS
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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.

NOTE 14 RESTATEMENT OF BEGINNING FUND BALANCES AND NET POSITION

During 2015, the County determined that the accounts payable balances totaling \$317,221 were not correctly stated in the prior year. Also, the County had overstated construction in progress totaling \$744,862, and did not record furniture & equipment totaling \$67,675 and vehicles totaling \$42,010 in the prior years. Therefore, the County has restated the beginning capital assets, accounts payable, fund balances, and net position of the County and related funds. Also, a prior period adjustment has been reflected in the County's financial statements to record the net pension asset/liability, deferred outflows/inflows, and adjusted pension expense and net position in accordance with GASB 68.

	<u>General Fund</u>	<u>Indigent Fund</u>	<u>Road Fund</u>	<u>VFD Fund</u>	<u>EMS Fund</u>	<u>Grant Fund</u>	<u>Capital Outlay Transfers Fund</u>
Governmental Funds							
Fund balance, as previously reported	\$ 8,557,874	\$ 325,611	\$ 328,146	\$ 862,952	\$ 35,538	\$ (269,264)	\$(14,378)
Adjustment to restate prior-period fund balance to correct accounts payable in previous years	<u>124,383</u>	<u>11,363</u>	<u>51,930</u>	<u>42,177</u>	<u>11,570</u>	<u>24,475</u>	<u>40,203</u>
Fund balance, July 01, 2014, as restated	<u>\$ 8,682,257</u>	<u>\$ 336,974</u>	<u>\$ 380,076</u>	<u>\$ 905,129</u>	<u>\$ 47,108</u>	<u>\$ (244,789)</u>	<u>\$ 25,825</u>
							<u>Detention Center</u>
Proprietary Funds							
Net position, as previously reported							\$ 5,448,337
Adjustment to restate prior-period fund balance to correct accounts payable in previous years							<u>11,120</u>
Net position, July 01, 2014, as restated							<u>\$ 5,459,457</u>

STATE OF NEW MEXICO
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NOTE 14 RESTATEMENT OF BEGINNING FUND BALANCES AND NET POSITION
(CONTINUED)

Governmental Activities

Net position, as previously reported	\$ 63,991,571
Adjustment to restate prior-period fund balance to correct accounts payable in previous years	306,101
Adjustment to restate prior-period net position to correctly record the capital assets owned by the County	(635,177)
Implementation GASB 68:	
Net pension liability (measurement date)	(5,153,984)
Deferred outflows - County's contributions made during fiscal year 2014	<u>347,895</u>
Net position, July 01, 2014, as restated	<u>\$ 58,856,406</u>

Business-type Activities

Net position, as previously reported	\$ 5,448,337
Adjustment to restate prior-period fund balance to correct accounts payable in previous years	11,120
Implementation GASB 68:	
Net pension liability (measurement date)	(1,627,574)
Deferred outflows - County's contributions made during fiscal year 2014	<u>109,862</u>
Net position, July 01, 2014, as restated	<u>\$ 3,941,745</u>

NOTE 15 JOINT POWERS AGREEMENTS

The County is partnered with many agencies in several joint powers agreements. The details of each of these agreements can be found at Schedule IV of this report.

NOTE 16 CIBOLA GENERAL HOSPITAL – COMPONENT UNIT

Nature of Operations and Reporting Entity

Cibola General Hospital Corporation (Hospital or Corporation) is a New Mexico not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (Code), and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Hospital is located in Grants, New Mexico. The primary interest of the Hospital is to provide medical services to the residents of Grants, Cibola County, and the surrounding area. The Hospital is a component unit of Cibola County (County), and the Board of County Commissioners appoints four out of nine members to the Board of Trustees of the Hospital. The Hospital does not have component units as defined by Governmental Accounting Standards Board (GASB) Codification, Section 2300.106(a)(2). The Hospital primarily earns revenues by providing inpatient, outpatient, and emergency care services to patients in the Cibola County area.

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CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
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NOTE 16 CIBOLA GENERAL HOSPITAL - COMPONENT UNIT (CONTINUED)

In June 2015, the Hospital made a formal application to the National Rural ACO organization to become part of an accountable care organization (ACO). This ACO will commence activity on January 1, 2016. This move will focus the Hospital and other ACO members on providing quality, patient centered care to the population within our service area. The Hospital believes this is a prudent move toward strengthening quality, cost effectiveness, and transparency of health care delivery.

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

Basis of Presentation

The Hospital's financial statements have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, and liabilities from exchange and exchange-like transactions are recognized when the exchange takes place, while those from government-mandated non-exchange transactions (principally federal and state grants and county appropriations) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated non-exchange transactions. Government-mandated non-exchange transactions that are not program-specific (such as county appropriations), ad valorem taxes, investment income, losses on sales of capital assets, changes in unrealized losses of certificates of deposit, and other income and expenses are included in nonoperating revenues and expenses. The Hospital first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available. The Hospital prepares its financial statements as a business-type activity in conformity with applicable GASB pronouncements.

Use of Estimates

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

Risk Management

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

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CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 16 CIBOLA GENERAL HOSPITAL - COMPONENT UNIT (CONTINUED)

Cash and Cash Equivalents

The Hospital considers all liquid investments with original maturities of three months or less to be 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. Certificates of deposit have original maturities in excess of three months, and are not considered to be cash equivalents.

Patient Accounts Receivable and Allowance

Patient accounts receivable represent the amount billed but uncollected for services provided to patients. Such receivables are carried at the billed amount less estimates for contractual discounts and allowances as well as for doubtful accounts. Management determines the allowance for doubtful accounts by examining aging categories by payor and by using historical experience applied to the aging. Individual accounts receivables 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.

Management believes that the allowances for doubtful accounts and contractual allowances are adequate. Because of the uncertainty regarding the ultimate collectability of patient accounts receivable, there is a possibility that recorded estimates of the allowance for doubtful accounts and contractual allowances may change by a material amount in the near term.

Inventories

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

Assets Whose Use is Limited

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

Property and Equipment

Acquisitions of property and equipment are recorded at cost when the useful life exceeds one year, and cost exceeds \$5,000 or more in accordance with Section 12-6-10 NMSA 1978. Depreciation is provided over the estimated useful life of the asset, and is computed using the straight-line method. The estimated useful lives used to depreciate assets, by each class, are as follows:

Assets	Years
Equipment	3 - 20 years
Buildings and improvements	10 - 40 years

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 16 CIBOLA GENERAL HOSPITAL - COMPONENT UNIT (CONTINUED)

Equipment under capital lease obligations is amortized using the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the accompanying statements of activities. Costs incurred for repairs and maintenance are expensed as incurred.

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. Upon dissolution of the agreement between the Hospital and the County for any reason, all physical and tangible items of the Hospital will revert to the County.

Compensated Absences

Under terms of employment, employees are granted paid time off (PTO) and Extended Illness Bank (EIB) in varying amounts. Employees accumulate PTO hours for subsequent use according to the length of continuous employment and within established maximum accrual limits, which may be paid out at separation of employment. EIB hours are not paid out at separation of employment. PTO may be accrued up to a maximum of 400 hours. Hours in excess of the maximum personal leave available are written off and are not payable to the employee.

When employees are terminated, they are compensated at their current hourly rate for accumulated unpaid PTO hours. All accumulated PTO is recorded as an expense and a liability in the Hospital's financial statements.

Change in Net Position

The accompanying statements of revenues, expenses and changes in net position may 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).

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.

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 16 CIBOLA GENERAL HOSPITAL - COMPONENT UNIT (CONTINUED)

Mil Levy Taxes

Mil levy taxes are collected by the County on behalf of the Hospital. They are considered imposed non-exchange transactions under Governmental Accounting Standards Board Statement No. 33, and therefore, are recorded by the Hospital in the period for which the taxes are levied, based on amounts reported by the County to the Hospital.

Charity Care

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

Donor Restricted Gifts

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 restricted net position. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished by the Hospital, the net position is reclassified as unrestricted. Donor restricted contributions whose restrictions are met within the same year as received are reported as contributions, and included in unrestricted net position in the accompanying financial statements.

Income Taxes

The Hospital is a not-for-profit corporation and has been recognized as tax-exempt under Code Section 501(c)(3) of the Internal Revenue Code. As such, its normal activities do not result in any income tax liability.

Budget Process

The Hospital's budget is prepared on a basis consistent with generally accepted accounting principles (GAAP), using an estimate of the anticipated revenues and expenditures. Budgets are approved and amended by the Board of Trustees. Formal budgetary integration is employed as a management control device during the year. Since the Hospital is a proprietary entity and does not receive legislative appropriations, the budget is not a binding budget.

Fair Value of Financial Instruments

Financial instruments include various cash equivalents, receivables, and payables. The carrying amount of those financial instruments has been estimated by management to approximate fair value due to their short maturity.

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 16 CIBOLA GENERAL HOSPITAL - COMPONENT UNIT (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.

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 cost-based 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 52% of the Hospital's net patient service revenue for the year ended June 30, 2015.

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. The 2015 cost reports have not been prepared. Management believes that estimated settlement amounts accrued for at June 30, 2015 are adequate to provide for the settlement of all open cost reports. Estimates are continually monitored and reviewed, and as settlements are made or more information becomes available to improve estimates, differences are reflected in current operations. Medicare and Medicaid cost report receivables (liabilities) are as follows:

<u>Medicare</u>	
2013	\$ 301,615
2015	<u>(953,195)</u>
	<u>\$ (651,580)</u>

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 16 CIBOLA GENERAL HOSPITAL - COMPONENT UNIT (CONTINUED)

<u>Medicaid</u>	
2012	28,646
2013	20,897
2014	<u>12,626</u>
	<u>62,169</u>
Estimated third-party payor settlements	<u>\$ (589,411)</u>

As of June 30, 2015, in addition to \$589,411 the Hospital also recorded general reserves related to third-party settlements. These reserves were \$30,946 for Medicare and \$516,000 for Medicaid, and were included in the net patient account receivable balance on the balance sheet.

Other Third-Party Payors—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:

Gross charges	
Inpatient gross charges	\$ 15,519,105
Outpatient gross charges	<u>44,343,095</u>
	<u>59,862,200</u>
Less	
Third-party contractual discounts and allowances	29,764,201
Un-sponsored charges, including community care	<u>4,545,170</u>
Net patient service revenue	<u>\$ 25,552,829</u>

Sole Community Provider Indigent Care Program (SCP)—The Hospital, due to its isolated location and service to indigent patients, participated in a sole community provider indigent care program that was administered by the State of New Mexico. The program was funded by the County by way of an intergovernmental transfer, which paid the County’s share amount to the State, that was required to draw down federal monies. The supplemental payments were based on service to indigent and Medicaid patients as well as consideration of the Hospital’s Medicaid contractual write-offs. Revenues from the SCP program were approximately \$0 million for fiscal years 2015. The SCP was terminated and replaced with the Safety Net Care Pool Program at December 31, 2013.

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 16 CIBOLA GENERAL HOSPITAL - COMPONENT UNIT (CONTINUED)

Safety Net Care Pool Program (SNCP)—Senate Bill 314 amended and repealed various sections of existing statute to comply with federally approved changes to the Sole Community Provider Fund. The law provides for a county-imposed tax of one-twelfth percent of gross receipts be permanently transferred to the “Safety Net Care Pool Fund” and expended pursuant to the Indigent Hospital and County Health Care Act. The law allows counties to budget for expenditures on ambulance services, burial expenses, and hospital or medical expenses for indigent residents of their county. The law requires that qualifying hospitals receiving payment from the Safety Net Care Pool file a quarterly report on all indigent health care funding with the Human Services Department (HSD) and the County Commission, and the HSD to submit a quarterly report to the Legislative Finance Committee containing the previous quarter’s Safety Net Care Pool Fund receipts and the disposition of funds. Revenues from the SNCP were approximately \$402,000 for the year ended June 30, 2015, of which approximately \$16,000 was due to the Hospital at June 30, 2015

All SNCP hospitals are to complete an application to the State by December 31, 2015 for funding based upon 2014 indigent costs. State funding for SNCP is currently limited. With recent expanded Medicaid eligibility and a Medicaid rate increase, the amount allocable to a hospital may decrease. Prior overpayments to a hospital could be recouped once the State makes a determination of the amount. Accordingly, the Hospital has established an allowance for possible repayment.

Cash and Cash Equivalents

Custodial credit risk is the risk that in the event of a bank failure, the Hospital’s deposits may not be returned to it. In accordance with Section 6-10-17, NMSA, 1978 compilation, the Hospital is required to obtain collateral in an amount equal to one-half of the deposited public money in excess of \$250,000 and 102 percent for repurchase agreements. The Hospital’s policy is to require collateral in accordance with state statutes. As of June 30, 2015, the Hospital was in compliance with the state statutes

As of June 30, 2015, the Hospital had deposits with a bank balance of \$28,780,037 which were all properly collateralized in accordance with state statute. The remainder of the \$8,574,386 uninsured and uncollateralized amount, while subject to custodial credit risk, does not fall out of compliance with the applicable State regulations.

On June 4, 2014, the Hospital was designated as a beneficiary by a bank on a Line-of- Credit (LOC) issued by a Federal Home Loan Bank in the amount of up to \$1,250,000 to secure uninsured deposits. The LOC expires on June 1, 2016, and as of June 30, 2015, it has not been drawn on.

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 16 CIBOLA GENERAL HOSPITAL - COMPONENT UNIT (CONTINUED)

Funds Set Aside for Future Capital Asset Acquisitions/Replacements

Funds set aside for future capital asset acquisitions/replacements are stated at fair value (which approximates cost), and are comprised of the following at June 30, 2015:

Certificates of deposit	\$ 8,971,000
Money market	13,331,455
Interest receivable	<u>(5,512)</u>
Total Funds Set Aside for Future Capital Asset Acquisitions/Replacements	<u><u>\$ 22,296,943</u></u>

At June 30, 2015, the Hospital had deposits and investments with the following maturities:

Type	Fair value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
Certificates of deposit	\$ 8,965,488	\$ 1,300,000	\$ 7,665,488	\$ 0	\$ 0
Deposits and money market	<u>13,331,455</u>	<u>3,331,455</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u><u>\$ 22,296,943</u></u>	<u><u>\$ 4,631,455</u></u>	<u><u>\$ 7,665,488</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

Interest Rate Risk—As a means of limiting its exposure to fair value losses arising from rising interest rates, the Hospital’s practice is to invest in certificates of deposits with maturities of less than five years.

Custodial Credit Risk—For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Hospital will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk—The Hospital places no limit on the amount that may be invested in any one issuer.

Reconciliation to Balance Sheets

The carrying values of cash, cash equivalents, and funds set aside for future capital asset acquisitions/replacements at June 30, 2015 is included in the balance sheet as follows:

Carrying value	
Deposits	\$ 19,555,499
Certificates of deposit	8,965,488
Money market	308,802
Petty cash	<u>780</u>
	<u><u>\$ 28,830,569</u></u>

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 16 CIBOLA GENERAL HOSPITAL - COMPONENT UNIT (CONTINUED)

Reconciliation to Balance Sheets - continued

Included in the following balance sheets captions

Cash and cash equivalents	\$	6,533,626
Funds set aside for future capital asset acquisitions/ replacements - cash and cash equivalents		13,331,455
Funds set aside for future capital asset acquisitions/ replacements - investments		1,300,000
Funds set aside for future capital asset acquisitions/ replacements - investments		<u>7,665,488</u>
	<u>\$</u>	<u>28,830,569</u>

Capital Assets

The Hospital is a 501 (c)(3) not-for-profit corporation operating as a component unit of Cibola County. Consequently, the County holds title to certain assets capitalized on the Hospital balance sheets. The Hospital building and the Cibola Family Health Center building are utilized by the Hospital Corporation to provide patient care services, for the use of which, annual rental payment of \$338,000 is rendered by the Hospital Corporation to the County in quarterly increments of \$84,500. This amount is agreed upon by the respective County and Hospital Corporation governing bodies, and is subject to change when the County - Hospital Corporation Agreement is up for renewal.

Capital asset activity of the Hospital for the year ended June 30 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals and Retirements</u>	<u>Transfers</u>	<u>Ending Balance</u>
<i>Capital assets, not being depreciated:</i>					
Land	\$ 128,777	\$	\$	\$	\$ 128,777
Construction in progress	<u>664,437</u>	<u></u>	<u></u>	<u>(451,465)</u>	<u>212,972</u>
Total capital assets not being depreciated	<u>793,214</u>	<u>0</u>	<u>0</u>	<u>(451,465)</u>	<u>341,749</u>
<i>Capital assets, being depreciated:</i>					
Buildings and leasehold improvements	9,346,930	37,240	(11,267)		9,372,903
Equipment	<u>7,943,272</u>	<u>912,018</u>	<u>(665,474)</u>		<u>8,189,816</u>
Total capital assets being depreciated	<u>17,290,202</u>	<u>949,258</u>	<u>(676,741)</u>	<u>0</u>	<u>17,562,719</u>
Total capital assets	<u>\$ 18,083,416</u>	<u>\$ 949,258</u>	<u>\$ (676,741)</u>	<u>\$ (451,465)</u>	<u>\$ 17,904,468</u>

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 16 CIBOLA GENERAL HOSPITAL - COMPONENT UNIT (CONTINUED)

Capital Assets - Continued

Less accumulated depreciation for:

Buildings and leasehold improvements	\$ 2,068,414	\$ 440,594	\$ (8,556)	\$	\$ 2,500,452
Equipment	<u>4,405,028</u>	<u>942,586</u>	<u>(505,381)</u>	<u> </u>	<u>4,842,233</u>
Total accumulated depreciation	<u>6,473,442</u>	<u>1,383,180</u>	<u>(513,937)</u>	<u>0</u>	<u>7,342,685</u>
Total capital assets, being depreciated, net	<u>10,816,760</u>	<u>(433,922)</u>	<u>(162,804)</u>	<u>0</u>	<u>10,220,034</u>
Total capital assets, net	<u>\$ 11,609,974</u>	<u>\$ (433,922)</u>	<u>\$ (162,804)</u>	<u>\$ (451,465)</u>	<u>\$ 10,561,783</u>

Accrued Liabilities

Accrued liabilities consisted of the following at June 30, 2015:

Accrued compensated absences	\$ 474,698
Accrued wages	413,967
Accrued payroll taxes	167,866
Other	<u>212,399</u>
Total accrued liabilities	<u>\$ 1,268,930</u>

A schedule of changes in the Hospital's accrued compensated absences for the year ended June 30, 2015 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Compensated absences	\$ <u>490,486</u>	\$ <u>587,929</u>	\$ <u>603,717</u>	\$ <u>474,698</u>	\$ <u>474,698</u>

Ad Valorem Taxes

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 an ad valorem tax in 2011. The Hospital recorded \$1,278,315 and in the year ended June 30, 2015 in ad valorem taxes. The amounts were used in accordance with the provisions of the ad valorem tax referendum. The Hospital receives ad valorem taxes from the Treasurer of Cibola County. The County serves as the intermediary collecting agency and remits the Hospital's share of ad valorem tax collections. The Hospital does not maintain detailed records of ad valorem taxes receivable by the individual taxpayer.

Ad valorem 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, 2015

NOTE 16 CIBOLA GENERAL HOSPITAL - COMPONENT UNIT (CONTINUED)

Commitments and contingencies

Operating Leases-The Hospital has agreed, as part of a settlement with the County of Cibola, to a five-year lease agreement, with an additional five-year renewal with the consent of both parties, for the use of the Hospital facility effective February 20, 2014 with an annual lease amount of \$338,000. The Hospital also leases various equipment under operating leases expiring at various dates through 2021. The Hospital paid \$465,829 in rental expense in the year ended June 30, 2015.

The following schedule details future minimum lease payments as of June 30, 2015, for operating leases with initial or remaining lease terms in excess of one year:

Year Ending June 30		
2016	\$	456,830
2017		459,165
2018		441,388
2019		287,023
2020		45,918
Thereafter		<u>39,016</u>
Total due	\$	<u><u>1,729,340</u></u>

Healthcare Regulatory Environment—The healthcare industry is subject to laws and regulations of federal, state, and local governments. These laws and regulations include, but are not limited to, matters such as licensure, accreditation, government healthcare participation requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse. The government continues to conduct reviews and investigations of allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayment for patient services previously billed.

Management believes that the Hospital is in compliance with fraud and abuse statutes as well as other applicable laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

The Health Insurance Portability and Accountability Act (HIPAA) was enacted August 21, 1996, to assure health insurance portability, guarantee security and privacy of health information, enforce standards for health information and establish administrative simplification provisions. Under the Health Information Technology for Economic and Clinical Health (HITECH) Act, several of the HIPAA security and privacy requirements have been expanded, including business associates being subject to civil and criminal penalties and enforcement proceedings for violations of HIPAA. Management believes that the Hospital is in compliance with all applicable provisions of HIPAA and HITECH.

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.

STATE OF NEW MEXICO
CIBOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 16 CIBOLA GENERAL HOSPITAL - COMPONENT UNIT (CONTINUED)

Medical Malpractice Claims—The Hospital purchases medical malpractice insurance under a claims-made policy on a fixed premium basis. Accounting principles generally accepted in the United States of America require a healthcare provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the Hospital’s claim experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

Litigation—In the ordinary course of business, claims alleging malpractice and other matters may have been filed against the Hospital. Claims may also be filed for incidents that have occurred, including some of which the Hospital is not presently aware. It is not possible to estimate the likelihood and amount of such potential 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 year ended June 30, 2015. 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.

Defined Contribution Retirement Plan

The Hospital has a 403(b) Plan (the “Plan”) to provide retirement and incidental benefits for its employees. The Plan allows eligible employees to defer a portion of their annual compensation pursuant to Section 403(b) of the Internal Revenue Code. The Hospital matches 50% of an employee’s contributions subject to IRS per-employee dollar limits. 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 \$149,625 in 2015.

Concentration of Credit Risk

Receivables—The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. Management believes that estimates made for the allowance for doubtful accounts are adequate.

Because of the uncertainty regarding the ultimate collectability of patient accounts receivable, there is at least a reasonable possibility that recorded estimates of the allowance for doubtful accounts will change by a material amount in the near term.

The Hospital recognizes that revenue and receivables from government agencies are significant to its operations, however does not believe that there are any significant credit risks associated with these governmental agencies. The mix of receivables from patients and third-party payors at June 30, 2015 was as follows:

Medicare	23 %
Medicaid	32 %
Commercial insurance	9 %
All other payors	36 %
	100 %

SUPPLEMENTARY INFORMATION

**COMBINING STATEMENTS OF
NONMAJOR GOVERNMENTAL FUNDS**

STATE OF NEW MEXICO
CIBOLA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue Funds	Capital Project Funds	Total Other Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 3,587,421	\$ 46,927	\$ 3,634,348
Receivable:			
Gross receipt taxes	<u>243,965</u>	<u> </u>	<u>243,965</u>
Total assets	<u>3,831,386</u>	<u>46,927</u>	<u>3,878,313</u>
LIABILITIES AND FUND BALANCES			
Accounts payable	224,139		224,139
Interfund payables	<u>463,070</u>	<u>20,761</u>	<u>483,831</u>
Total liabilities	<u>687,209</u>	<u>20,761</u>	<u>707,970</u>
FUND BALANCES (DEFICIT)			
Restricted	3,427,270	46,058	3,473,328
Unassigned (deficit)	<u>(283,093)</u>	<u>(19,892)</u>	<u>(302,985)</u>
Total fund balances (deficit)	<u>3,144,177</u>	<u>26,166</u>	<u>3,170,343</u>
Total liabilities and fund balances (deficit)	<u>\$ 3,831,386</u>	<u>\$ 46,927</u>	<u>\$ 3,878,313</u>

**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, 2015**

	Special Revenue Funds	Capital Project Funds	Total Other Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES:			
Property taxes	\$ 2,967	\$	\$ 2,967
Gross receipts taxes	1,499,162		1,499,162
Other taxes	404,241		404,241
State and local sources	1,962,828	51,324	2,014,152
Federal sources	311,967		311,967
Licenses and fees	154,188		154,188
Charges for services	5,025		5,025
Miscellaneous	<u>160,721</u>		<u>160,721</u>
<i>Total revenues</i>	<u>4,501,099</u>	<u>51,324</u>	<u>4,552,423</u>
EXPENDITURES:			
Current:			
General government	1,671,357	31,091	1,702,448
Public safety	1,543,485		1,543,485
Public works	932,365		932,365
Health and welfare	26,785		26,785
Capital outlay	<u>361,594</u>		<u>361,594</u>
<i>Total expenditures</i>	<u>4,535,586</u>	<u>31,091</u>	<u>4,566,677</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(34,487)</u>	<u>20,233</u>	<u>(14,254)</u>
OTHER FINANCING SOURCES (USES):			
Transfer in	1,139,409		1,139,409
Transfers (Out)	<u>(190,934)</u>		<u>(190,934)</u>
<i>Total other financing sources (uses)</i>	<u>948,475</u>	<u>0</u>	<u>948,475</u>
Net change in fund balance	<u>913,988</u>	<u>20,233</u>	<u>934,221</u>
Fund balance - beginning of year	2,088,674	(34,270)	2,054,404
Restatement	<u>141,515</u>	<u>40,203</u>	<u>181,718</u>
Fund balance - beginning of year, as restated	<u>2,230,189</u>	<u>5,933</u>	<u>2,236,122</u>
Fund balance - end of year	<u>\$ 3,144,177</u>	<u>\$ 26,166</u>	<u>\$ 3,170,343</u>

NONMAJOR SPECIAL REVENUE FUNDS

**STATE OF NEW MEXICO
CIBOLA COUNTY**

**DESCRIPTION OF NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015**

Indigent Fund—Accounts 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).

Volunteer Fire Districts (VFD)—Accounts 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 (EMS)—Accounts for the expenditure of grant monies received for emergency medical services within the County. See Section 24-10A-6, NMSA 1978.

Road 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. Funds are 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.

Farm and Range—Accounts 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.

County Clerk Record and Filing—Accounts 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 County procedures and equipment. See Section 14-8-12.2 NMSA 1978.

Law Enforcement Protection—Accounts 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—Accounts 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.

Grant Fund—Accounts for the 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/document.

Reappraisal—Accounts 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, 2015

	<u>Indigent</u>	<u>VFD</u>	<u>EMS</u>	<u>Road</u>	<u>Farm & Range</u>
ASSETS					
Cash and cash equivalents	\$ 1,072,478	\$ 854,428	\$ 69,658	\$ 638,130	\$ 6,858
Receivable:					
Gross receipt taxes	<u>219,210</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>1,291,688</u>	<u>854,428</u>	<u>69,658</u>	<u>638,130</u>	<u>6,858</u>
LIABILITIES AND FUND BALANCES					
Accounts payable	166,678	11,687		38,219	1,134
Interfund payables	<u>1,620</u>	<u> </u>	<u>24</u>	<u>70,104</u>	<u> </u>
Total liabilities	<u>168,298</u>	<u>11,687</u>	<u>24</u>	<u>108,323</u>	<u>1,134</u>
FUND BALANCES					
Restricted	1,123,390	842,741	69,634	529,807	5,724
Unassigned (deficit)	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficit)	<u>1,123,390</u>	<u>842,741</u>	<u>69,634</u>	<u>529,807</u>	<u>5,724</u>
Total liabilities and fund balances (deficit)	<u>\$ 1,291,688</u>	<u>\$ 854,428</u>	<u>\$ 69,658</u>	<u>\$ 638,130</u>	<u>\$ 6,858</u>

STATE OF NEW MEXICO
CIBOLA COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015

	<u>County Clerk Recording and Filing</u>	<u>Law Enforcement Protection</u>	<u>County Fire Protection</u>	<u>Grant Fund</u>
ASSETS				
Cash and cash equivalents	\$ 121,879	\$ 43,246	\$ 396,295	\$ 110,757
Receivable:				
Gross receipt taxes	<u> </u>	<u> </u>	<u>24,755</u>	<u> </u>
Total assets	<u>121,879</u>	<u>43,246</u>	<u>421,050</u>	<u>110,757</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	264		3,333	2,824
Interfund payables	<u> </u>	<u> </u>	<u> </u>	<u>391,026</u>
Total liabilities	<u>264</u>	<u>0</u>	<u>3,333</u>	<u>393,850</u>
FUND BALANCES				
Restricted	121,615	43,246	417,717	
Unassigned (deficit)	<u> </u>	<u> </u>	<u> </u>	<u>(283,093)</u>
Total fund balances (deficit)	<u>121,615</u>	<u>43,246</u>	<u>417,717</u>	<u>(283,093)</u>
Total liabilities and fund balances (deficit)	<u>\$ 121,879</u>	<u>\$ 43,246</u>	<u>\$ 421,050</u>	<u>\$ 110,757</u>

STATE OF NEW MEXICO
CIBOLA COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015

	Reappraisal Fund	Total	
ASSETS			
Cash and cash equivalents	\$ 273,692	\$ 3,587,421	
Receivable:			
Gross receipt taxes	_____	243,965	
Total assets	<u>273,692</u>	<u>3,831,386</u>	
LIABILITIES AND FUND BALANCES			
Accounts payable		224,139	
Interfund payables	296	463,070	
Total liabilities	<u>296</u>	<u>687,209</u>	
FUND BALANCES			
Restricted	273,396	3,427,270	
Unassigned (deficit)	_____	(283,093)	
Total fund balances (deficit)	<u>273,396</u>	<u>3,144,177</u>	
Total liabilities and fund balances (deficit)	<u>\$ 273,692</u>	<u>\$ 3,831,386</u>	

**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, 2015**

	Indigent	VFD	EMS	Road	Farm & Range
REVENUES:					
Property taxes	\$ 2,268	\$	\$	\$	\$
Gross receipts taxes	1,162,436			189,068	
Other taxes				404,241	
State and local sources	268,575	512,222	50,805	420,068	
Federal sources			6,000	210,276	
Licenses and fees					5,525
Charges for services					
Miscellaneous	<u> </u>	<u>14,000</u>	<u> </u>	<u>61,099</u>	<u> </u>
<i>Total revenues</i>	<u>1,433,279</u>	<u>526,222</u>	<u>56,805</u>	<u>1,284,752</u>	<u>5,525</u>
EXPENDITURES:					
Current:					
General government	646,863			976,952	
Public safety		282,082	34,279		
Public works				932,365	
Health and welfare					26,785
Capital outlay	<u> </u>	<u>361,594</u>	<u> </u>	<u> </u>	<u> </u>
<i>Total expenditures</i>	<u>646,863</u>	<u>643,676</u>	<u>34,279</u>	<u>1,909,317</u>	<u>26,785</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>786,416</u>	<u>(117,454)</u>	<u>22,526</u>	<u>(624,565)</u>	<u>(21,260)</u>
OTHER FINANCING SOURCES (USES):					
Transfer in		123,000		774,296	13,051
Transfers (Out)	<u> </u>	<u>(67,934)</u>	<u> </u>	<u> </u>	<u> </u>
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>55,066</u>	<u>0</u>	<u>774,296</u>	<u>13,051</u>
Net change in fund balance	<u>786,416</u>	<u>(62,388)</u>	<u>22,526</u>	<u>149,731</u>	<u>(8,209)</u>
Fund balance - beginning of year	325,611	862,952	35,538	328,146	13,933
Restatement	<u>11,363</u>	<u>42,177</u>	<u>11,570</u>	<u>51,930</u>	<u>0</u>
Fund balance - beginning of year, as restated	<u>336,974</u>	<u>905,129</u>	<u>47,108</u>	<u>380,076</u>	<u>13,933</u>
Fund balance - end of year	<u>\$ 1,123,390</u>	<u>\$ 842,741</u>	<u>\$ 69,634</u>	<u>\$ 529,807</u>	<u>\$ 5,724</u>

**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, 2015**

	County Clerk Recording and Filing	Law Enforcement Protection	County Fire protection	Grant Fund
REVENUES:				
Property taxes	\$	\$	\$ 699	\$
Gross receipts taxes			147,658	
Other taxes				
State and local sources		30,200		680,958
Federal sources				95,691
Licenses and fees	25,778			25,132
Charges for services				5,025
Miscellaneous	<u> </u>	<u>4,500</u>	<u>8</u>	<u>81,114</u>
<i>Total revenues</i>	<u>25,778</u>	<u>34,700</u>	<u>148,365</u>	<u>887,920</u>
EXPENDITURES:				
Current:				
General government	24,920			2,112
Public safety		26,045	47,905	1,153,174
Public works				
Health and welfare				
Capital outlay	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total expenditures</i>	<u>24,920</u>	<u>26,045</u>	<u>47,905</u>	<u>1,155,286</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>858</u>	<u>8,655</u>	<u>100,460</u>	<u>(267,366)</u>
OTHER FINANCING SOURCES (USES):				
Transfer in				229,062
Transfers (Out)	<u> </u>	<u> </u>	<u>(123,000)</u>	<u> </u>
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>0</u>	<u>(123,000)</u>	<u>229,062</u>
Net change in fund balance	<u>858</u>	<u>8,655</u>	<u>(22,540)</u>	<u>(38,304)</u>
Fund balance - beginning of year	120,757	34,591	440,257	(269,264)
Restatement	<u>0</u>	<u>0</u>	<u>0</u>	<u>24,475</u>
Fund balance - beginning of year, as restated	<u>120,757</u>	<u>34,591</u>	<u>440,257</u>	<u>(244,789)</u>
Fund balance - end of year	<u>\$ 121,615</u>	<u>\$ 43,246</u>	<u>\$ 417,717</u>	<u>\$ (283,093)</u>

**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, 2015**

	Reappraisal Fund	Total
REVENUES:		
Property taxes	\$	\$ 2,967
Gross receipts taxes		1,499,162
Other taxes		404,241
State and local sources		1,962,828
Federal sources		311,967
Licenses and fees	97,753	154,188
Charges for services		5,025
Miscellaneous		<u>160,721</u>
<i>Total revenues</i>	<u>97,753</u>	<u>4,501,099</u>
EXPENDITURES:		
Current:		
General government	20,510	1,671,357
Public safety		1,543,485
Public works		932,365
Health and welfare		26,785
Capital outlay		<u>361,594</u>
<i>Total expenditures</i>	<u>20,510</u>	<u>4,535,586</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>77,243</u>	<u>(34,487)</u>
OTHER FINANCING SOURCES (USES):		
Transfer in		1,139,409
Transfers (Out)		<u>(190,934)</u>
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>948,475</u>
Net change in fund balance	<u>77,243</u>	<u>913,988</u>
Fund balance - beginning of year	196,153	2,088,674
Restatement	<u>0</u>	<u>141,515</u>
Fund balance - beginning of year, as restated	<u>196,153</u>	<u>2,230,189</u>
Fund balance - end of year	<u>\$ 273,396</u>	<u>\$ 3,144,177</u>

**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

**STATE OF NEW MEXICO
CIBOLA COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - INDIGENT
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance Final Budget vs. Actual Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Property Taxes	\$	\$	2,268	\$ 2,268
Gross receipts taxes	440,000	440,000	1,162,436	722,436
State and local sources	293,000	293,000	268,575	(24,425)
<i>Total revenues</i>	733,000	733,000	1,433,279	700,279
EXPENDITURES:				
Current:				
General government	711,888	711,888	646,863	65,025
<i>Total expenditures</i>	711,888	711,888	646,863	65,025
<i>Excess (deficiency) of revenues over (under) expenditures</i>	21,112	21,112	786,416	765,304
Net changes in fund balances	\$ 21,112	\$ 21,112	786,416	\$ 765,304
Fund balance - beginning of Year, as restated			336,974	
Fund balance - End of Year			\$ 1,123,390	

**STATE OF NEW MEXICO
CIBOLA COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - VFD
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance Final Budget vs. Actual Favorable (Unfavorable)
	Original	Final		
REVENUES:				
State and local sources	\$ 520,217	\$ 506,217	\$ 512,222	\$ 6,005
Miscellaneous	<u> </u>	<u> </u>	14,000	14,000
<i>Total revenues</i>	<u>520,217</u>	<u>506,217</u>	<u>526,222</u>	<u>20,005</u>
EXPENDITURES:				
Current:				
General government	18,803	18,803	-	18,803
Public safety	497,934	479,040	282,082	196,958
Capital Outlay	<u>565,762</u>	<u>303,283</u>	<u>361,594</u>	<u>(58,311)</u>
<i>Total expenditures</i>	<u>1,082,499</u>	<u>801,126</u>	<u>643,676</u>	<u>157,450</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(562,282)</u>	<u>(294,909)</u>	<u>(117,454)</u>	<u>177,455</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	111,000	30,000	123,000	93,000
Transfers Out	<u>(67,934)</u>	<u>(67,934)</u>	<u>(67,934)</u>	<u> </u>
<i>Total other financing sources (uses)</i>	<u>43,066</u>	<u>(37,934)</u>	<u>55,066</u>	<u>93,000</u>
<i>Net change in fund balance</i>	<u>\$ (519,216)</u>	<u>\$ (332,843)</u>	<u>(62,388)</u>	<u>\$ 270,455</u>
Fund balance - beginning of year, as restated			<u>905,129</u>	
Fund balance - end of year			<u>\$ 842,741</u>	

**STATE OF NEW MEXICO
CIBOLA COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - EMS
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance Final Budget vs. Actual Favorable (Unfavorable)
	Original	Final		
REVENUES:				
State and local sources	\$ 56,962	\$ 56,962	\$ 50,805	\$ (6,157)
Federal sources	<u> </u>	<u> </u>	<u>6,000</u>	<u>6,000</u>
<i>Total revenues</i>	<u>56,962</u>	<u>56,962</u>	<u>56,805</u>	<u>(157)</u>
EXPENDITURES:				
Current:				
Public safety	<u>65,265</u>	<u>61,705</u>	<u>34,279</u>	<u>27,426</u>
<i>Total expenditures</i>	<u>65,265</u>	<u>61,705</u>	<u>34,279</u>	<u>27,426</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u><u>\$ (8,303)</u></u>	<u><u>\$ (4,743)</u></u>	<u>22,526</u>	<u><u>\$ 27,269</u></u>
Fund balance - beginning of year, as restated			<u>47,108</u>	
Fund balance - end of year			<u><u>\$ 69,634</u></u>	

**STATE OF NEW MEXICO
CIBOLA COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - ROAD FUND
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Amounts	Variance Final Budget vs. Actual Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Gross receipts taxes	\$ 366,666	\$ 366,666	\$ 189,068	\$ (177,598)
Other taxes	375,000	375,000	404,241	29,241
State and local sources	451,475	451,475	420,068	(31,407)
Federal sources	205,884	205,884	210,276	4,392
Miscellaneous	<u> </u>	<u> </u>	<u>61,099</u>	<u>61,099</u>
<i>Total revenues</i>	<u>1,399,025</u>	<u>1,399,025</u>	<u>1,284,752</u>	<u>(114,273)</u>
EXPENDITURES:				
Current:				
General government	946,550	946,550	976,952	(30,402)
Public safety	4,000	4,000		4,000
Public works	1,160,282	660,282	932,365	(272,083)
<i>Total expenditures</i>	<u>2,110,832</u>	<u>1,610,832</u>	<u>1,909,317</u>	<u>(298,485)</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(711,807)</u>	<u>(211,807)</u>	<u>(624,565)</u>	<u>(412,758)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>774,296</u>	<u>274,296</u>	<u>774,296</u>	<u>500,000</u>
<i>Total other financing sources (uses)</i>	<u>774,296</u>	<u>274,296</u>	<u>774,296</u>	<u>500,000</u>
Net changes in fund balances	<u>\$ 62,489</u>	<u>\$ 62,489</u>	149,731	<u>\$ 87,242</u>
Fund balance - beginning of year, as restated			<u>380,076</u>	
Fund balance - end of year			<u>\$ 529,807</u>	

**STATE OF NEW MEXICO
CIBOLA COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - FARM AND RANGE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance Final Budget vs. Actual Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Licenses and fees	\$ 8,449	\$ 8,449	\$ 5,525	\$ (2,924)
<i>Total revenues</i>	8,449	8,449	5,525	(2,924)
EXPENDITURES:				
Current:				
Health and welfare	21,500	21,500	26,785	(5,285)
<i>Total expenditures</i>	21,500	21,500	26,785	(5,285)
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(13,051)	(13,051)	(21,260)	(8,209)
OTHER FINANCING SOURCES (USES):				
Transfers in	13,051	13,051	13,051	
<i>Total other financing sources (uses)</i>	13,051	13,051	13,051	0
<i>Net change in fund balance</i>	\$ 0	\$ 0	(8,209)	\$ (8,209)
Fund balance - beginning of year			13,933	
Fund balance - end of year			\$ 5,724	

**STATE OF NEW MEXICO
CIBOLA COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - COUNTY CLERK RECORDING AND FILING
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget vs. Actual Favorable (Unfavorable)
REVENUES:				
Licenses and fees	\$ 25,000	\$ 25,000	\$ 25,778	\$ 778
<i>Total revenues</i>	<u>25,000</u>	<u>25,000</u>	<u>25,778</u>	<u>778</u>
EXPENDITURES:				
Current:				
General government	<u>25,229</u>	<u>25,229</u>	<u>24,920</u>	<u>309</u>
<i>Total expenditures</i>	<u>25,229</u>	<u>25,229</u>	<u>24,920</u>	<u>309</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>\$ (229)</u>	<u>\$ (229)</u>	<u>858</u>	<u>\$ 1,087</u>
Fund balance - beginning of year			<u>120,757</u>	
Fund balance - end of year			<u>\$ 121,615</u>	

**STATE OF NEW MEXICO
CIBOLA COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - LAW ENFORCEMENT PROTECTION
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance Final Budget vs. Actual Favorable (Unfavorable)
	Original	Final		
REVENUES:				
State and local sources	\$ 30,200	\$ 30,200	\$ 30,200	\$
Miscellaneous			4,500	4,500
<i>Total revenues</i>	30,200	30,200	34,700	4,500
EXPENDITURES:				
Current:				
Public safety	65,619	31,028	26,045	4,983
<i>Total expenditures</i>	65,619	31,028	26,045	4,983
<i>Excess (deficiency) of revenues over (under) expenditures</i>	\$ (35,419)	\$ (828)	8,655	\$ 9,483
Fund balance - beginning of year			34,591	
Fund balance - end of year			\$ 43,246	

**STATE OF NEW MEXICO
CIBOLA COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - FIRE PROTECTION
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance Final Budget vs. Actual Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Property taxes	\$	\$	\$ 699	\$ 699
Gross receipt taxes	130,000	130,000	147,658	17,658
Miscellaneous	<u> </u>	<u> </u>	<u>8</u>	<u>8</u>
<i>Total revenues</i>	<u>130,000</u>	<u>130,000</u>	<u>148,365</u>	<u>18,365</u>
EXPENDITURES:				
Current:				
Public safety	<u>60,000</u>	<u>60,000</u>	<u>47,905</u>	<u>12,095</u>
<i>Total expenditures</i>	<u>60,000</u>	<u>60,000</u>	<u>47,905</u>	<u>12,095</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>70,000</u>	<u>70,000</u>	<u>100,460</u>	<u>30,460</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>(123,000)</u>	<u>(30,000)</u>	<u>(123,000)</u>	<u>(93,000)</u>
<i>Total other financing sources (uses)</i>	<u>(123,000)</u>	<u>(30,000)</u>	<u>(123,000)</u>	<u>(93,000)</u>
<i>Net change in fund balance</i>	<u>\$ (53,000)</u>	<u>\$ 40,000</u>	<u>(22,540)</u>	<u>\$ (62,540)</u>
Fund balance - beginning of year			<u>440,257</u>	
Fund balance - end of year			<u>\$ 417,717</u>	

**STATE OF NEW MEXICO
CIBOLA COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GRANT
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Amounts	Variance Final Budget vs. Actual Favorable (Unfavorable)
	Original	Final		
REVENUES:				
State and local sources	\$ 651,548	\$ 632,662	\$ 680,958	\$ 48,296
Federal sources	167,716	99,196	95,691	(3,505)
Licenses and fees	6,300	6,300	25,132	18,832
Charges for services	5,000	5,000	5,025	25
Miscellaneous	<u>19,022</u>	<u>19,022</u>	<u>81,114</u>	<u>62,092</u>
<i>Total revenues</i>	<u>849,586</u>	<u>762,180</u>	<u>887,920</u>	<u>125,740</u>
EXPENDITURES:				
Current:				
General government	16,656	14,156	2,112	12,044
Public safety	<u>1,119,692</u>	<u>1,051,172</u>	<u>1,153,174</u>	<u>(102,002)</u>
<i>Total expenditures</i>	<u>1,136,348</u>	<u>1,065,328</u>	<u>1,155,286</u>	<u>(89,958)</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(286,762)</u>	<u>(303,148)</u>	<u>(267,366)</u>	<u>35,782</u>
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	<u>290,446</u>	<u>309,642</u>	<u>229,062</u>	<u>(80,580)</u>
<i>Total other financing sources (uses)</i>	<u>290,446</u>	<u>309,642</u>	<u>229,062</u>	<u>(80,580)</u>
Net changes in fund balances	\$ <u><u>3,684</u></u>	\$ <u><u>6,494</u></u>	(38,304)	\$ <u><u>(44,798)</u></u>
Fund balance - beginning of year, as restated			<u>(244,789)</u>	
Fund balance - end of year			\$ <u><u>(283,093)</u></u>	

**STATE OF NEW MEXICO
CIBOLA COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - REAPPRAISAL
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance Final Budget vs. Actual Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Licenses and fees	\$ 55,000	\$ 55,000	\$ 97,753	\$ 42,753
<i>Total revenues</i>	55,000	55,000	97,753	42,753
EXPENDITURES:				
Current:				
General government	67,739	67,739	20,510	47,229
<i>Total expenditures</i>	67,739	67,739	20,510	47,229
<i>Excess (deficiency) of revenues over (under) expenditures</i>	\$ (12,739)	\$ (12,739)	77,243	\$ 89,982
Fund balance - beginning of year			196,153	
Fund balance - end of year			\$ 273,396	

NONMAJOR CAPITAL PROJECT FUNDS

**STATE OF NEW MEXICO
CIBOLA COUNTY**

DESCRIPTION OF NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2015

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

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

Capital Outlay Transfers—Accounts for the construction, repair and purchase of equipment and vehicles for various projects. Funding is from a combination of state and local funding.

STATE OF NEW MEXICO
CIBOLA COUNTY
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2015

	Computer Equipment & Software	Computer Equipment & Software Debt Service	VFD Loans	Capital Outlay Projects	Total
ASSETS					
Cash and cash equivalents	\$ <u>869</u>	\$ _____	\$ _____	\$ <u>46,058</u>	\$ <u>46,927</u>
Total assets	<u>869</u>	-	-	<u>46,058</u>	<u>46,927</u>
LIABILITIES AND FUND BALANCES					
Interfund payables	<u>1,278</u>	<u>19,349</u>	<u>134</u>	_____	<u>20,761</u>
Total liabilities	<u>1,278</u>	<u>19,349</u>	<u>134</u>	-	<u>20,761</u>
FUND BALANCES					
Restricted	-	-	-	46,058	46,058
Unassigned (deficit)	<u>(409)</u>	<u>(19,349)</u>	<u>(134)</u>	_____	<u>(19,892)</u>
Total fund balances (deficit)	<u>(409)</u>	<u>(19,349)</u>	<u>(134)</u>	<u>46,058</u>	<u>26,166</u>
Total liabilities and fund balances (deficit)	<u>\$ <u>869</u></u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ <u>46,058</u></u>	<u>\$ <u>46,927</u></u>

**STATE OF NEW MEXICO
CIBOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Computer Equipment & Software</u>	<u>Computer Equipment & Software Debt Service</u>	<u>VFD Loans</u>	<u>Capital Outlay Projects</u>	<u>Total</u>
REVENUES					
State and local sources	\$ _____	\$ _____	\$ _____	\$ <u>51,324</u>	\$ <u>51,324</u>
Total revenues	<u> -</u>	<u> -</u>	<u> -</u>	<u>51,324</u>	<u>51,324</u>
EXPENDITURES					
Current					
General government	<u> -</u>	<u> -</u>	<u> -</u>	<u>31,091</u>	<u>31,091</u>
Total expenditures	<u> -</u>	<u> -</u>	<u> -</u>	<u>31,091</u>	<u>31,091</u>
Net change in fund balance	<u> -</u>	<u> -</u>	<u> -</u>	<u>20,233</u>	<u>20,233</u>
Fund balance - beginning of year	(409)	(19,349)	(134)	(14,378)	(34,270)
Restatement	<u> -</u>	<u> -</u>	<u> -</u>	<u>40,203</u>	<u>40,203</u>
Fund balance - beginning of year, as restated	<u>(409)</u>	<u>(19,349)</u>	<u>(134)</u>	<u>25,825</u>	<u>5,933</u>
Fund balance - end of year	<u><u>\$ (409)</u></u>	<u><u>\$ (19,349)</u></u>	<u><u>\$ (134)</u></u>	<u><u>\$ 46,058</u></u>	<u><u>\$ 26,166</u></u>

**STATE OF NEW MEXICO
CIBOLA COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - VFD LOANS
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance Final Budget vs. Actual Favorable (Unfavorable)
	Original	Final		
REVENUES:				
State and local sources	\$ _____	\$ _____	\$ _____	\$ _____
<i>Total revenues</i>	0	0	0	0
EXPENDITURES:				
Public safety	67,934	67,934	_____	67,934
<i>Total expenditures</i>	67,934	67,934	0	67,934
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(67,934)	(67,934)	0	67,934
OTHER FINANCING SOURCES (USES):				
Transfers in	67,934	67,934	_____	(67,934)
<i>Total other financing sources (uses)</i>	67,934	67,934	0	(67,934)
<i>Excess of revenues and other financing sources over expenditures and other financing uses</i>	0	0	0	0
Fund balance - beginning of year			(134)	
Fund balance - end of year			(134)	

**STATE OF NEW MEXICO
CIBOLA COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CAPITAL OUTLAY TRANSFERS
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance Final Budget vs. Actual Favorable (Unfavorable)
	Original	Final		
REVENUES:				
State and local sources	\$ 230,000	\$ 230,000	\$ 51,324	\$ (178,676)
<i>Total revenues</i>	230,000	230,000	51,324	(178,676)
EXPENDITURES:				
General government	230,000	230,000	31,091	198,909
<i>Total expenditures</i>	230,000	230,000	31,091	198,909
<i>Excess (deficiency) of revenues over (under) expenditures</i>	\$ 0	\$ 0	20,233	\$ 20,233
Fund balance - beginning of year, as restated			25,825	
Fund balance - end of year			\$ 46,058	

**STATE OF NEW MEXICO
CIBOLA COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance Final Budget vs. Actual Favorable (Unfavorable)
	Original	Final		
<i>OPERATING REVENUES:</i>				
Property taxes	\$	\$	2,712	2,712
Gross receipts taxes	13,356,614	843,000	339,095	(503,905)
State and local sources	1,135,688	567,844		(567,844)
Other taxes			378,137	378,137
Interest income			<u>2,338</u>	<u>2,338</u>
<i>Total revenues</i>	<u>14,492,302</u>	<u>1,410,844</u>	<u>722,282</u>	<u>(688,562)</u>
<i>EXPENDITURES:</i>				
Current:				
General government	762,839	567,844	258,356	309,488
Contractual services	2,000	2,000		2,000
Debt service:				
Principal	220,000	220,000	487,525	(267,525)
Interest	294,944	294,944	483,510	(188,566)
Bond issuance cost	<u>52,580</u>		<u>390,754</u>	<u>(390,754)</u>
<i>Total expenditures</i>	<u>1,332,363</u>	<u>1,084,788</u>	<u>1,620,145</u>	<u>(535,357)</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>13,159,939</u>	<u>326,056</u>	<u>(897,863)</u>	<u>(1,223,919)</u>
<i>OTHER FINANCING SOURCES (USES):</i>				
Bond premium			1,051,635	1,051,635
Bond proceeds			19,040,000	19,040,000
Payment to escrow agent			(6,558,523)	(6,558,523)
Transfers in	(1,266,881)		1,395,893	1,395,893
Transfers Out	<u>524,524</u>	<u>524,524</u>	<u>(1,266,924)</u>	<u>(1,791,448)</u>
<i>Total other financing sources (uses)</i>	<u>(742,357)</u>	<u>524,524</u>	<u>13,662,081</u>	<u>13,137,557</u>
<i>Net change in fund balance</i>	<u>\$ 12,417,582</u>	<u>\$ 850,580</u>	<u>12,764,218</u>	<u>\$ 11,913,638</u>
Fund balance - beginning of year			<u>1,827,747</u>	
Fund balance - end of year			<u>\$ 14,591,965</u>	

**STATE OF NEW MEXICO
CIBOLA COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - DETENTION CENTRE
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance Final Budget vs. Actual Favorable (Unfavorable)
	Original	Final		
OPERATING REVENUES:				
Gross receipts taxes	\$ 595,000	\$ 595,000	\$ 490,875	\$ (104,125)
Charges for services	2,067,000	2,067,000	1,904,244	(162,756)
Miscellaneous	<u>50,000</u>	<u>50,000</u>	<u>61,423</u>	<u>11,423</u>
<i>Total operating revenues</i>	<u>2,712,000</u>	<u>2,712,000</u>	<u>2,456,542</u>	<u>(255,458)</u>
OPERATING EXPENSES:				
Personal services	2,671,029	2,455,778	2,616,766	(160,988)
Contractual services	28,000	28,000	248,931	(220,931)
Maintenance and materials	135,356	31,942	204,358	(172,416)
Other operating expenses	<u>828,506</u>	<u>819,506</u>	<u>963,302</u>	<u>(143,796)</u>
<i>Total operating expenses</i>	<u>3,662,891</u>	<u>3,335,226</u>	<u>4,033,357</u>	<u>(698,131)</u>
<i>Operating loss</i>	<u>(950,891)</u>	<u>(623,226)</u>	<u>(1,576,815)</u>	<u>(953,589)</u>
NONOPERATING INCOME (EXPENSES):				
Transfers in (Out)	<u>1,206,502</u>	<u>585,248</u>	<u>1,206,502</u>	<u>621,254</u>
<i>Total nonoperating income (expenses)</i>	<u>1,206,502</u>	<u>585,248</u>	<u>1,206,502</u>	<u>621,254</u>
<i>Net income (loss)</i>	<u>\$ 255,611</u>	<u>\$ (37,978)</u>	<u>(370,313)</u>	<u>\$ (332,335)</u>
Net Position - beginning of year, as restated			3,941,745	
Expenses not budgeted - Depreciation			<u>(134,663)</u>	
Net position, end of year			<u>\$ 3,436,769</u>	

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF DEPOSITORIES
FOR THE YEAR ENDED JUNE 30, 2015

Schedule I

<u>Bank Name</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>Carrying Balance</u>
<u>Wells Fargo Bank</u>					
	Interest-Bearing				
Operational	Checking	\$ 3,953,042	\$ 46,038	\$ 792,525	\$ 3,206,555
Savings	Savings	13,841,188			13,841,188
Savings	Savings		24		24
Brokerage	Money Market	<u>1,082,232</u>			<u>1,082,232</u>
Subtotal Wells Fargo Bank		<u>18,876,462</u>	<u>46,062</u>	<u>792,525</u>	<u>18,129,999</u>
<u>Bank of New Mexico</u>					
Public checking	Interest-Bearing Checking	1,212,630			1,212,630
CDBG	Interest-Bearing Checking	1			1
Inmate trust account	Interest-Bearing Checking	10,910	137	2,885	8,162
Money market	Money Market	3,616,071			3,616,071
Certificate of deposit	CD	<u>525,346</u>			<u>525,346</u>
Subtotal Bank of NM		<u>5,364,958</u>	<u>137</u>	<u>2,885</u>	<u>5,362,210</u>
<u>U.S. Bank</u>					
Business Account	Money Market	1,903,858			1,903,858
Certificate of deposit	CD	153,821			153,821
Certificate of deposit	CD	<u>168,599</u>			<u>168,599</u>
Subtotal U.S. Bank		<u>2,226,278</u>			<u>2,226,278</u>
Total cash in bank		<u>\$ 26,467,698</u>	<u>\$ 46,199</u>	<u>\$ 795,410</u>	25,718,487
Add: Petty Cash					400
Add: State Treasurer's Office LGIP Fund					668
Add: New Mexico Finance Authority (NMFA) Cash					38,457
Add: Other unreconciling items					<u>170,131</u>
Subtotal					<u>25,928,143</u>
Less agency funds					<u>404,177</u>
Total cash and cash equivalents					<u>\$ 25,523,966</u>

**STATE OF NEW MEXICO
CIBOLA COUNTY**

Schedule II

**SCHEDULE OF PLEDGED COLLATERAL
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Security Description</u>	<u>CUSIP Number</u>	<u>Fair Market Value</u>	<u>Maturity Date</u>	<u>Name and Location of Safe keeper</u>
<u>Wells Fargo Bank</u>				
FMAC FGPC 3.000%	3132J7Q70	\$ 210,005	03/01/2043	Bank of New York Mellon, New York, NY
FNMA FNMS 3.500%	3138E9RE2	1,596,039	04/01/2042	Bank of New York Mellon, New York, NY
FNMA FNMS 3.000%	3138MN3G3	5,057,583	12/01/2042	Bank of New York Mellon, New York, NY
FNMA FNMS 3.000%	3138W4Z61	460,960	03/01/2043	Bank of New York Mellon, New York, NY
FNMA FNMS 3.500%	3138X1HU3	477,524	07/01/2043	Bank of New York Mellon, New York, NY
FNMA FNMS 4.000%	3138XBX90	<u>2,627,968</u>	12/01/2043	Bank of New York Mellon, New York, NY
Subtotal Wells Fargo Bank		<u>10,430,079</u>		
<u>Bank of New Mexico</u>				
FNMA #AH9688 4.50%	3138ABXS3	268,174	04/01/2026	The Independent Banker's Bank, Irving, TX
FNMA #AI1806 4.50%	3138AFAG5	261,352	04/01/2026	The Independent Banker's Bank, Irving, TX
FNMA #AL4952 3.00%	3138AJQE5	286,067	11/01/2026	The Independent Banker's Bank, Irving, TX
FNMA # AL0846 3.50%	3138EG5G5	173,084	10/01/2026	The Independent Banker's Bank, Irving, TX
FNMA # AB4090 3.00%	31417ARL5	251,847	12/01/2026	The Independent Banker's Bank, Irving, TX
Albuquerque NM MET Arroyo 3.50%	013572HP0	827,459	08/01/2015	The Independent Banker's Bank, Irving, TX
Chama VY ISD Noncall FR 4.15%	157670EC0	76,538	04/01/2016	The Independent Banker's Bank, Irving, TX
Los Alamos ISD Call FR 3.20%	544228BS7	150,303	08/01/2015	The Independent Banker's Bank, Irving, TX
Los Alamos ISD Call FR 3.35%	544228BT5	135,269	08/01/2016	The Independent Banker's Bank, Irving, TX
Lovington NM Muni SD #1 BQ 2.50%	547473DG0	465,363	10/01/2018	The Independent Banker's Bank, Irving, TX
Santa Fe Cnty NM BQ NONC 4.30%	801889LR5	224,168	07/01/2019	The Independent Banker's Bank, Irving, TX
Southern Sandoval NM BQ GO 3.75%	843789DU9	175,555	08/01/2015	The Independent Banker's Bank, Irving, TX
Artesia NM WTR & SWR REV BQ 4.00%	04310LAR1	253,483	06/01/2025	The Independent Banker's Bank, Irving, TX
Mississippi Dev BK BQ Call 4.00%	60534RSX8	532,865	03/01/2025	The Independent Banker's Bank, Irving, TX
San Miguel Cnty N MEX BQ 3.00%	799108CX1	122,544	06/01/2016	The Independent Banker's Bank, Irving, TX

Continued..

**STATE OF NEW MEXICO
CIBOLA COUNTY**

Schedule II

**SCHEDULE OF PLEDGED COLLATERAL
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Security Description</u>	<u>CUSIP Number</u>	<u>Fair Market Value</u>	<u>Maturity Date</u>	<u>Name and Location of Safe keeper</u>
San Miguel Cnty NM BQ NONC Rev 3.00%	799108CY9	400,080	06/01/2017	The Independent Banker's Bank, Irving, TX
San Miguel Cnty NM BQ NONC Rev 3.00%	799108CZ6	415,252	06/01/2018	The Independent Banker's Bank, Irving, TX
Silver City NM Gross Receipt Rev 2.75%	82750PAG9	233,199	06/01/2018	The Independent Banker's Bank, Irving, TX
Silver City NM Gross Receipt Rev 3.375%	82750PAN4	<u>284,391</u>	06/01/2024	The Independent Banker's Bank, Irving, TX
Subtotal Bank of NM		<u>5,536,993</u>		
<u>U.S. Bank</u>				
Letter of credit	518013	<u>2,500,000</u>	06/01/2015	Cibola County, Grants, NM
Grand total all banks		<u>\$ 18,467,072</u>		

**STATE OF NEW MEXICO
CIBOLA COUNTY**

Schedule III

**TAX ROLL RECONCILIATION
CHANGES IN PROPERTY TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2015**

Property taxes receivable, beginning of year	\$ 4,885,584
Changes to tax roll	
Net taxes charged to treasurer for fiscal year	10,668,261
Adjustments in taxes receivable	<u>192,743</u>
Total receivables prior to collections	15,746,588
Collections of fiscal year ended June 30, 2015	<u>11,645,947</u>
Property taxes receivable, end of year	<u><u>\$ 4,100,641</u></u>

Property taxes receivable by year

2005	218,784
2006	226,668
2007	244,023
2008	311,733
2009	378,646
2010	350,441
2011	426,902
2012	428,693
2013	504,294
2014	<u>1,010,457</u>
Total taxes receivable	<u><u>\$ 4,100,641</u></u>

**STATE OF NEW MEXICO
CIBOLA COUNTY**

Schedule IV

**SCHEDULE OF JOINT POWERS AGREEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Joint Power Agreement</u>	<u>Participants</u>	<u>Responsible Party</u>
Northwest New Mexico Regional Solid Waste Authority	Cibola County, City of Grants, Village of Milan, City of Gallup, and County of McKinley	Northwest New Mexico, Regional Solid Waste Authority
Joint Communications Center	Cibola County, City of Grants, and Village of Milan	Cibola County
Cibola Transit Authority	Cibola County, City of Grants, and Village of Milan	Village of Milan
Senior Citizens Program	Cibola County, City of Grants, and Village of Milan	City of Grants
Mother Whiteside Memorial Library	Cibola County, City of Grants, Village of Milan	City of Grants
Animal Control and Shelter	Cibola County, and City of Grants	City of Grants
Tax and Revenue Department	Cibola County, State of New Mexico Taxation & Revenue Dept.	Cibola County Clerk's Office

**STATE OF NEW MEXICO
CIBOLA COUNTY**

Schedule IV

**SCHEDULE OF JOINT POWERS AGREEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Description</u>	<u>Beginning and Ending Dates</u>	<u>Total Estimated Project Amount and Amount Applicable to County</u>
Provide for the disposition of solid waste by establishing modern solid waste facilities.	05/06 to Indefinite	The County is required to contribute 100% of its Environmental Gross Receipts Tax.
Established and operates a combined communication and dispatch center for Cibola	11/04 to Indefinite	The County is required to provide one half of the yearly operating costs.
Established a transit system to provide transportation to residents and visitors.	09/06 to Indefinite	The County contributes 43% of operating costs.
Establishes a service area of senior citizens	6/81 to Indefinite	The County contributes \$28,000 annually.
Provides capital and operating funds to establish a library	6/81 to Indefinite	The County contributes \$5,000 annually.
Provide sheltering for captured animals for the purpose of preventing nuisance, disease, and animal cruelty.	12/97 to Indefinite	The County contributes \$32,500 annually
Enables the County to register taxpayers with TRD and assign TRD identification numbers to taxpayers engaging in business in the County whose businesses obtain licenses from the County.	8/2010 to Indefinite	Free Service

**STATE OF NEW MEXICO
CIBOLA COUNTY**

Schedule IV

**SCHEDULE OF JOINT POWERS AGREEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Amount Contributed by County During Fiscal Year	Audit	Fiscal Agent and Responsible Reporting Entity
\$ 110,009	Northwest New Mexico Regional Solid Waste	Northwest New Mexico Regional Solid Waste Authority.
-	Cibola County	Cibola County
65,978	Village of Milan	Village of Milan
28,000	City of Grants	City of Grants
5,000	City of Grants	City of Grants
27,917	City of Grants	City of Grants
-	Cibola County	Cibola County

**STATE OF NEW MEXICO
CIBOLA COUNTY**

Schedule V

**SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Balance 1-Jul-14	Additions	Deductions	Balance 30-Jun-15
ASSETS				
Cash	\$ 1,682,560	\$ 32,165,749	\$ 33,444,132	\$ 404,177
Taxes receivable	804,619	1,914,358	-	2,718,977
<i>Total assets</i>	2,487,179	34,080,107	33,444,132	3,123,154
LIABILITIES				
Due to other entities	2,487,179	231,798	-	2,718,977
Taxes paid in advance	-	4,141,930	3,912,726	229,204
Undistributed tax	-	29,706,379	29,531,406	174,973
<i>Total liabilities</i>	\$ 2,487,179	\$ 34,080,107	\$ 33,444,132	\$ 3,123,154

**STATE OF NEW MEXICO
CIBOLA COUNTY**

**SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)
FOR THE YEAR ENDED JUNE 30, 2015**

Prepared by Agency Staff Name: FRANCES R MEDINA Title: CPO Date APRIL 27, 2016

RFB #/ RFP #/ State-wide Price Agreement #	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address of All Vendor(s) that responded	In-state/ Out-of-state Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N)	Brief Description of the Scope of Work
RFB# 15-02	Bid	C&E Concrete	95,000		C&E Concrete, 500 Elkins Road Grants, NM	Y	N	Hauling Road Materials
RFB# 15-03	Bid	C&E Concrete	30,262		C&E Concrete, 500 Elkins Road Grants, NM	Y	N	Tons of Base Course
RFB# 15-04	Bid	C&E Concrete	44,312		C&E Concrete, 500 Elkins Road Grants, NM	Y	N	.5 Chips
RFP# 14-03	Proposal	Stoven	500,000	728,601	Stoven Construction, 2709 Vassar Place NE #F	Y	N	Cibola Co Health Office Remodel
RFP# 14-03	Proposal				ESA Construction, 3435 Girard NE	Y	N	
RFP# 14-03	Proposal				Weil Construction, 3344 Princeton Dr NE	Y	N	
RFP# 14-03	Proposal				TA Cole & Sons PO Box 10660 Albuquerque	Y	N	
RFP# 14-03	Proposal				Longhorn Construction, 9208 Lona Lane NE	N	N	
RFP# 14-03	Proposal				SDV Construction, 6436 Edith NE	Y	Y	
RFP# 14-03	Proposal				Gerald Martin, 4901 Mcleod Rd NE	Y	Y	
RFP# 12-01	Proposal	NCA Architects	100,000		NCA Architects PA, 1306 Rio Grande Blvd	Y		On call Architect

See independent auditor's report

**STATE OF NEW MEXICO
CIBOLA COUNTY**

**SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)
FOR THE YEAR ENDED JUNE 30, 2015**

Prepared by Agency Staff Name: FRANCES R MEDINA Title: CPO Date APRIL 27, 2016

RFB #/ RFP #/ State-wide Price Agreement #	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address of All Vendor(s) that responded	In-state/ Out-of-state Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N)	Brief Description of the Scope of Work
RFP# 12-01	Proposal				Studio SW Architects, 2101 Mountain Road NW	Y		
RFP# 12-01	Proposal				Gilbert Architect, 2428 Baylor Dr SE	Y	N	
RFP# 12-01	Proposal				Gregory Hicks and Assoc, 110 2nd ST #2044	Y	Y	
RFP# 12-01	Proposal				Soleil West, 11930 Menaul Blvd NE # 109	Y		
RFP# 12-01	Proposal				Lee Gamelsky Architects, 2412 Miles Road SE	Y		
RFP# 12-01	Proposal				Huitt-Zollars, 6501 Americas PKWY NE #550	Y		

See independent auditor's report

REQUIRED SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
CIBOLA COUNTY**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF PERA
MUNICIPAL GENERAL DIVISION
FOR THE YEAR ENDED JUNE 30, 2015

<u>Public Employees Retirement Association (PERA) Plan:</u>	<u>2015</u>
County's proportion of the net pension liability (asset)	0.4660%
County's proportionate share of the net pension liability (asset)	\$3,635,300
County's covered-employee payroll	\$2,966,184
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	122.56%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

**STATE OF NEW MEXICO
CIBOLA COUNTY**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF PERA
MUNICIPAL POLICE DIVISON
FOR THE YEAR ENDED JUNE 30, 2015

<u>Public Employees Retirement Association (PERA) Plan:</u>	<u>2015</u>
County's proportion of the net pension liability (asset)	0.3133%
County's proportionate share of the net pension liability (asset)	\$1,021,324
County's covered-employee payroll	\$1,343,394
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	76.03%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

**STATE OF NEW MEXICO
CIBOLA COUNTY**

SCHEDULE OF CONTRIBUTIONS PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)
PLAN MUNICIPAL GENERAL DIVISON
FOR THE YEAR ENDED JUNE 30, 2015

<u>PERA Fund Division</u>	<u>2015</u>
Contractually required contribution	\$ 342,523
Contributions in relation to the contractually required contribution	\$ 342,523
Contribution deficiency (excess)	-
County's covered-employee payroll	\$2,966,184
Contributions as a percentage of covered-employee payroll	11.55%

**STATE OF NEW MEXICO
CIBOLA COUNTY**

SCHEDULE OF CONTRIBUTIONS PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)
PLAN MUNICIPAL POLICE DIVISION
FOR THE YEAR ENDED JUNE 30, 2015

<u>PERA Fund Division</u>	<u>2015</u>
Contractually required contribution	\$ 127,990
Contributions in relation to the contractually required contribution	\$ 127,990
Contribution deficiency (excess)	-
County's covered-employee payroll	\$ 1,343,394
Contributions as a percentage of covered-employee payroll	9.53%

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at

http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at

http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf.

The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S 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

Timothy Kellers, New Mexico State Auditor
Cibola County Board of Commissioners
Grants, New Mexico

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue fund of the Cibola County, New Mexico (County) as of and for the year ended June 30, 2015, and related notes to the financial statements, which collectively comprise the County's basic financial statements, and the combining and individual funds and related budgetary comparisons of the County's, presented as supplemental information, and have issued our report thereon dated May 31, 2016 which was qualified because we were unable to obtain sufficient evidential matter to satisfy ourselves that capital assets, recorded for the governmental activities, business type activities and enterprise fund – Detention Center are complete. The component unit was audited by separate auditor, as described in our report of the County's financial statements. We did not test internal controls, compliance, and other matters of the component units of the County.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2013-001, 2013-006 and 2015-002 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and responses as items 2011-002, 2013-007, 2014-001, 2014-003, 2014-004 and 2015-001 to be significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2013-005, 2013-009, 2013-010, 2013-011, 2014-006, 2014-007 and 2015-003.

The County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harshwal & Company LLP
Certified Public Accountants

Harshwal & Company LLP

Albuquerque, New Mexico
May 31, 2016

**STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015**

SUMMARY OF AUDIT RESULTS

Financial Statements:

Type of auditors' report issued	Qualified
Internal control over financial reporting:	
• Material weakness identified?	Yes
• Significant deficiencies identified not considered to be material weaknesses?	Yes
• Noncompliance material to financial statements noted?	No

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSE
FOR THE YEAR ENDED JUNE 30, 2015

Section I - Financial Statement Findings

2011-002 – Late Audit Report (Significant Deficiency) (Repeated)

Condition: The audit report was submitted to the State Auditor after the required deadline of November 1, 2015. The audit report was submitted on July 13, 2016.

The County did not make any progress in complying with the State Auditor Rule filing date requirements, due to factors experienced in fiscal year 2015, as described in the cause below, which prevented the County from maintaining its financial records in a manner to timely file its financial statements.

Criteria: Local public body audits, which includes Counties, are to be submitted to the State Auditor by November 1st, as required by NMAC 2.2.2.9(1)(c).

Effect: The County is noncompliant with the State Auditor Rule pertaining to submission of audit reports.

Cause: The County's accounts were not reconciled to the general ledger and supporting documentation.

Auditor's Recommendation: The County has several areas of improvement that can assist in having the audit report submitted on a timely basis, as evidenced by the number of findings presented. The County should review their financial statements before the audit and compile the information necessary for the notes and schedules to the financial statements as early as possible.

Management's Response: The County was in the process of converting their finance system, and this process unfortunately delayed their end of the year process, which also delayed the start of our audit. The County knows this is of the utmost importance to correct this matter, and since they have been on their new system for a year now, ending their year should proceed in a more timely fashion which will allow them to start their audit with enough time to have it finished by the November 1st deadline.

Estimated Completion Date: July 2016

Responsible party: Manager's Office and Treasurer's Office

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSE
FOR THE YEAR ENDED JUNE 30, 2015

Section I - Financial Statement Findings - Continued

2013-001 — Capital Assets (Material Weakness) (Repeated) (Modified Opinion)

Condition: The County could not provide a capital assets listing that agreed to the trial balance for governmental or business-type activities. The County also did not conduct a physical inventory in fiscal year 2015, and is unsure as to the date of the last physical inventory. Capital assets as presented at June 30, 2015 were identified to not be in properly existence prior to fiscal year 2015 and required adjustment from the assets listing causing a prior period restatement which reduced capital assets and net position by \$635,177 at June 30, 2015.

The County did not make any progress in resolving this finding. However, the County is in the process of doing a complete inventory of all the County's assets, including retagging all items to ensure this issue is resolved in subsequent years.

Criteria: Section 12-6-10(A) NMSA 1978 and NMAC 2.20,1,16 requires each agency to conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year. The agency shall certify the correctness of the inventory after the physical inventory. This certification should be provided to the agency's auditors. In addition, the County should have detailed capital asset records to support the reported balance on the financial statements. These detailed records should include information such as description (including serial number or other identification number), source, acquisition date and cost, depreciable life, percentage of federal participation in the cost, location, and condition of the asset.

Effect: The County is noncompliant with Section 12-6-10, NMSA, 1978 and NMAC 2.20,1,16. There are limited internal controls implemented for safeguarding assets and no internal controls for establishing accountability for their custody and use. In addition, as the County was unable to provide a capital assets listing that agreed to their records the audit opinion was qualified for both governmental and business-type capital assets.

Cause: The County does not have a process in place to ensure that the capital assets reported on their financial statements are tracked on an ongoing basis. They also do not have a formal closing process in place to ensure that the assets are inventoried at least yearly.

Auditor's Recommendations: The County needs to implement a formalized policy relating to capital assets. The policy should require tagging of capital assets and an annual inventory count to be performed at year-end. The County should also ensure capital assets listings, including additions, agree to the general ledger and are certified by the governing authority.

Management's Response: The County is in the process of doing a complete inventory of all the County's assets, including retagging of all items. The new system they are implementing allows scanning of barcodes, which will allow faster more accurate annual inventory of assets.

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSE
FOR THE YEAR ENDED JUNE 30, 2015

Section I - Financial Statement Findings - Continued

2013-001 — Capital Assets (Material Weakness) (Repeated) (Modified Opinion)

Estimated Completion Date: January 2017

Responsible party: Manager's office, Procurement and Finance

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSE
FOR THE YEAR ENDED JUNE 30, 2015

Section I - Financial Statement Findings - Continued

2013-006 — Credit Cards (Material Weakness) (Repeated and Modified)

Condition: We performed extended procedures on the County's credit card transactions. As a result of our procedures, we noted the following deficiencies:

- One out of twenty-five transactions totaling \$1,165 – The time and date of the purchase could not be found anywhere on the invoice; therefore, we are unable to determine if the purchase was authorized before it was made.
- One out of twenty-five transactions totaling \$1,277 – The reasonableness of the transaction could not be determined due to the receipt not being legible or having a description of items on the invoice.
- One out of twenty-five transactions totaling \$5,865 – The County could only provide the quotes from the vendors with no invoices available; therefore we are unable to determine the reasonableness of the purchase.
- Three out of twenty-five transactions totaling \$4,546 – The purchase requisitions/orders are dated after the payment date, indicating that the purchases were made without proper approval.
- Three out of twenty-five transactions totaling \$3,135 – The County could not provide any supporting documentation.
- Three out of twenty-five transactions totaling \$1,523 – The purchase requisition did not have three authorizing signatures.

The County did not make any progress in resolving this finding. However, the County's management is in the process of implementing an updated purchasing policy with the appropriate personnel to ensure this issue is resolved in subsequent years.

Criteria: An effective internal control structure requires that expenditures be substantiated with supporting documentation that clearly identifies the purpose of the expenditure. A proper control environment also requires that credit card expenditures are not paid until adequate approval and support is obtained.

Effect: There is an increased likelihood that fraudulent purchases will be made using the County's credit cards.

Cause: The County's credit card users are not following the County's policy to obtain prior approval before making credit card purchases and submit supporting documentation for these transactions. In addition, the County is not requiring these receipts to be obtained before payment is made on their credit cards.

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSE
FOR THE YEAR ENDED JUNE 30, 2015

Section I - Financial Statement Findings - Continued

2013-006 — Credit Cards (Material Weakness) (Repeated and Modified) (Repeated)

Auditor's Recommendations: We recommend that the County enforce their policy and not allow credit card transactions to be made without proper approval. We also strongly encourage the County not to make payment on credit card purchases without receipt of supporting documentation. In the event that payment must be made, the County should consider repercussions for the individual(s) not complying with their policy.

Management's Response: The County has taken several steps to correct this issue; the biggest is all p-cards, except those designated for emergency use, have been taken back from the departments. If there is a legitimate need, they can check one out for that use. The County is also in the process of implementing an updated purchasing policy which they believe will provide additional safeguards on the p-cards. Finally, the County will be providing training on the new policy and use of p-cards, especially when it comes to travel.

Estimated Completion Date: July, 2016

Responsible party: County Manager, Finance Director

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSE
FOR THE YEAR ENDED JUNE 30, 2015

Section I - Financial Statement Findings - Continued

2013-007 — Deficiencies in Internal Control Structure Design (Significant Deficiency) (Repeated)

Condition: The County does not have a current comprehensive documented internal control structure.

The county did not make any progress with this finding; however, the County's management is in the process of developing the proper internal control policies.

Criteria: NMAC 2.20.5.8 states that each local body shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP, and that state and federal programs are managed in compliance with applicable laws and regulations. The internal control structure shall include written administrative controls (rules, procedures and practices, and policies that affect the organization) and accounting controls (activity cycles, financial statement captions, accounting applications including computer systems) that are in accordance with GAAP.

Effect: The County has not maintained a formal policy and procedure manual. The lack of formally written policies and procedures may result in grant noncompliance and/or potential errors and misstatements in times of personnel turnover and personnel reductions.

Cause: The County has recently undergone an accounting system conversion, and has not formally written all internal control policies and procedures.

Auditor's Recommendations: The County should document a comprehensive internal control structure, and ensure that it will be followed.

Management's Response: The County agrees with the auditors' recommendations and will be developing the proper internal control policies.

Estimated Completion Date: Office Manager

Responsible party: November 2016

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSE
FOR THE YEAR ENDED JUNE 30, 2015

Section I - Financial Statement Findings - Continued

2014-001 — Journal Entries (Significant Deficiency) (Repeated)

Condition: Journal entries are being posted to the County's accounting system without review or approval from an independent source.

The County did not make any progress with this requirement. The County needs to continue to work with staff to ensure they are following policies and procedures.

Criteria: Good accounting policies and procedures require manual journal entries that are posted to the accounting system be reviewed and approved by someone other than the employee preparing the journal entry.

Effect: The lack of approval of nonroutine journal entries leaves the County open to mistakes not being found in a timely manner.

Cause: The County's policy only requires journal entries to be reviewed if they are initiated at the department level. The Finance Director is allowed to post entries to the accounting system without any review or approval from another employee.

Auditor's Recommendations: We recommend that the County implement a policy where all nonroutine journal entries must be initiated by one employee and approved by another.

Management's Response: As part of the new policies, the County will implement steps that ensure there is a second person approving all journal entries that are posted in the system.

Estimated Completion Date: August 2016 for new policy, signatures were implemented May 2015

Responsible party: Treasurer's Office and Finance Director

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSE
FOR THE YEAR ENDED JUNE 30, 2015

Section I - Financial Statement Findings - Continued

2014-003 — Segregation of Duties (Significant Deficiency) (Repeated)

Condition: The County has one employee who performs both the payroll and human resources functions. Some of these functions, such as entering employee time and changing pay rates should be segregated. The County also does not have an approved payroll policy.

The County is in the process of improving the payroll process that allows HR to spend more time dealing with employee matters to ensure this issue is resolved in subsequent years.

Criteria: Proper internal controls require the segregation of duties between the payroll and human resources functions.

Effect: The County could be at risk due to the fact that the same employee is in charge of certain functions that require segregation of duties.

Cause: The County has tried to get an individual to take over the payroll process, but it seems that they are having a difficult time finding a qualified person for the position.

Auditor's Recommendations: The County should either have one employee in charge of the human resources, and a different employee in charge of payroll or have adequate controls in place where the work performed by the employee is adequately reviewed by management. The County's biggest expense is payroll, and we highly recommend that these controls be put in place as soon as possible. The County should also implement and approve a County-wide payroll process.

Management's Response: This is something the county has been aware of and due to changes in management they were unable to enact this change prior to this audit process. The County has created the payroll position, and hired this person as of December 2015. This will provide the oversight of the payroll process, and allow HR to spend more time dealing with employee matters.

Estimated Completion Date: Was implemented December 2015

Responsible party: Human Resources and Payroll

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSE
FOR THE YEAR ENDED JUNE 30, 2015

Section I - Financial Statement Findings - Continued

2014-004 —IT (Significant Deficiency) (Repeated)

Condition: Based on our review of the County’s information technology environment, we have identified the following issues:

- There is no information technology risk assessment process in place.
- There is no a strategic plan or a disaster recovery plan in place.
- There is no written policy in place for restoring and backing up the financial and accounting data.
- The information technology department is performing backups on the financial and accounting data on a daily basis, but there is no written policy.

The County did not make any progress in resolving this finding. However, The County currently runs backups of their entire main applications to ensure this issue is resolved in subsequent years.

Criteria: Good internal controls over information technology are essential to ensure that the County’s information is safeguarded.

Effect: The lack of policies and procedures could leave the County open to losing valuable information within their information technology system.

Cause: The County does not have policies and procedures in place for their information technology department.

Auditor’s Recommendations: The County needs to implement policies and procedures related to their information technology.

Management’s Response: Management and IT staff of the County are aware of the importance of proper backups. The County currently runs backups of all of their main applications but they currently don’t have a written policy to document the process. The County will put the proper policies and procedures in place to provide the safeguard required.

Estimated Completion Date: January 2017

Responsible party: Information Systems Director.

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSE
FOR THE YEAR ENDED JUNE 30, 2015

Section I - Financial Statement Findings - Continued

2015-001 —Payroll (Significant Deficiency)

Condition: During our testwork of 25 employees' personnel files, we noted that 21 employees did not have a performance evaluation during the year.

Criteria: Performance appraisals shall be completed at least on an annual basis per New Mexico State Personnel Board Rules and Regulations, 1.7.9.9 B NMAC, by the employee's anniversary date.

Effect: Without proper feedback, there is a possibility that employees could be performing their duties incorrectly, and without a documented evaluation it would be difficult for the County to correct this.

Cause: The County's payroll policies were not adequately enforced. The performance appraisals were not completed due to a lack of oversight.

Auditor's Recommendations: We recommend that the County should conduct and document performance evaluations for each employee.

Management's Response: Under the direction of the new County manager, the County will be implementing the proper performance evaluations.

Estimated Completion Date: July 2017

Responsible party: County Manager, Human Resources

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSE
FOR THE YEAR ENDED JUNE 30, 2015

Section I - Financial Statement Findings - Continued

2015-002 —Bank reconciliation- (Material weakness)

Condition:

During our testwork, we noted the following:

- For the year ended June 30, 2015, the County's certificate of deposit reconciled bank balance did not tie with the GL balance. The general ledger reported \$322,508, and the bank reconciliation reports reported \$322,419 for a difference of \$(89).
- The County did not provide documentation to support the cash balance in the trial balance, which amounted to \$170,042.

Criteria: Bank statements should be reconciled to the balances in the general ledger, and subsidiary accounts as required by 1978 NMSA 6.10.2 and 6-NMAC-2.2.1.14.11.

Effect: When bank statements are not reconciled to the general ledger, there is an opportunity for misappropriation of cash assets and incorrect financial reporting.

Cause: The cash was not reconciled to the general ledger in a timely manner.

Auditor's Recommendations: A procedure should be established to allow the cash to be reconciled to the general ledger.

Management's Response: The Manager's office along with the Treasurer's office will implement the proper policies and procedures to ensure the bank balance is reconciled in a timely fashion.

Estimated Completion Date: September 2016

Responsible party: Treasurer's Office, Manager's Office

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSE
FOR THE YEAR ENDED JUNE 30, 2015

Section I - Financial Statement Findings - Continued

2015-003 —Fixed Asset Disposals -- Other Noncompliance

Condition: The County was unable to provide to the auditors evidence that the State Auditor's Office had been properly notified of any dispositions of capital assets for the fiscal year ended June 30, 2015.

Criteria: NMAC 2.2.2.10 T requires that, at least thirty days prior to any disposition of property on the inventory listing, written notification of the official finding and proposed disposition duly sworn and subscribed under oath by each member of the authority approving the action must be sent to the State Auditor.

Effect: The County is not in compliance with state statutes regarding the disposition of capital assets.

Cause: The County's capital assets disposition policies were not adequately enforced.

Auditor's Recommendations: Policies and procedures should be established for the disposal of capital assets. Proper supporting documentation should be retained and provided during the annual audit.

Management's Response: We are focusing a lot of attention to fixing the issues with our assets. As such, we will be implementing new policies and procedures. In these policies, we will include processes to comply with the state on disposition of assets.

Estimated Completion Date: August 2016

Responsible party: Manager's Office, Procurement and Finance

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSE
FOR THE YEAR ENDED JUNE 30, 2015

Section II — Other Findings, as Required by New Mexico State Statute, Section 12-6-5, NMSA 1978

2013-005 — Travel and Per Diem (Other) (Repeated and Modified)

Condition: During our testwork of travel expenditures, we noted the following:

- Eight out of forty instances totaling \$3,573 in which the County could not provide any supporting documentation.
- Fourteen out of forty instances totaling \$4,241, supporting documents do not state the purpose of the travel.

The County did not make any progress in resolving this finding. However, the County is in the process of implementing updates to the travel policies to ensure this issue is resolved in subsequent years.

Criteria: NMSA 1978, section 6-5-8 requires good documentation practices be maintained, and adequate supporting documentation must be present for all travel & per diem expenses and travel reimbursements.

Effect: The County is not in compliance with NMSA 1978, section 6-5-8 in regards to travel and per diem reimbursements.

Cause: It appears the staff may not be submitting proper documentation on expenses for travel and per diem due to inadequate training on travel & per diem requirements.

Auditor's Recommendations: The County should implement procedures to ensure all receipts and supporting documents be provided for all travel & per diem expenses. Management oversight in this area is necessary to ensure records and reimbursements are reasonable, proper, accurate and supported.

Management's Response: The County has adopted a new travel policy, and will be implementing training that will not only cover the policy, but also how that ties into the use of p-card or any and all advance per diem or reimbursements related to travel.

Estimated Completion Date: Policy was adopted in April 2016; the training will be in the first part of fiscal year 2017.

Responsible party: Manager's Office

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSE
FOR THE YEAR ENDED JUNE 30, 2015

Section II — Other Findings, as Required by New Mexico State Statute, Section 12-6-5, NMSA 1978 - Continued

2013-009 — Cash Disbursements (Other) (Repeated and Modified)

Condition: During our testwork of cash disbursements, we noted the following exceptions:

- In 1 out of 40 instances totaling \$7,500, the invoice was not properly authorized.
- In 1 out of 40 instances totaling \$5,285, the expenditure was not related to the fiscal year.

The County's management is in the process of implementing the policy and procedure with the appropriate personnel to ensure these issues are resolved in subsequent years.

Criteria: Good accounting and internal control practices requires that all disbursements must originate with authorizing documents, properly recorded and be supported by properly approved documents such as purchase orders, bill, petty cash reimbursement forms, payroll and time records, leases, contracts, or other supporting documents.

Effect: The County's internal control over authorizations and payments limits management's ability to monitor the accuracy of transactions, and provide assurance with respect to funds. Without proper documentation, there are not adequate controls over expenditures which could result in over spending.

Cause: There is a lack of internal control structure over cash disbursements. The County's purchasing policy is not adequately safeguarding the County's assets by allowing the purchasing policy to be bypassed.

Auditor's Recommendations: The County should implement policies and procedures to maintain proper supporting documentation, to properly review, record and approve the expenditures, and train personnel to adhere to the policies and procedures.

Management's Response: As was previously noted, the County has changed their financial system; additionally, they have also had a change in their procurement officer. Since this change, they have been looking at the way all purchasing is done to evaluate the process and look at ways to improve this. The County is currently working on a new purchasing policy, and will provide proper training to all key staff when the policy is finalized and adopted.

Estimated Completion Date: August 2016

Responsible party: Procurement, Finance Director, and Accounts Payable.

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSE
FOR THE YEAR ENDED JUNE 30, 2015

Section II — Other Findings, as Required by New Mexico State Statute, Section 12-6-5, NMSA 1978 - Continued

2013-010 — Timeliness of Deposits (Other) (Repeated and Modified)

Condition: The Treasurer's County is only receiving deposits from the Sheriff's Department once a month even though cash receipts are being made by the department daily.

The County did make progress in resolving this finding; the County's management is working with the Sheriff's Department to ensure this issue is resolved in subsequent years.

Criteria: All public money in the custody or under the control of any state official or agency obtained or received by any official or agency from any source, except as in Section 6-10-54 NMSA 1978 provided, shall be paid into the state treasury. It is the duty of every official or person in charge of any state agency receiving any money in cash or by check, draft or otherwise for or on behalf of the state or any agency thereof from any source, except as in Section 6-10-54 NMSA 1978 provided, to forthwith and before the close of the next succeeding business day after the receipt of the money to deliver or remit it to the state treasurer.

Effect: The County is not in compliance with the State Audit Rule related to deposits of public money.

Cause: The County does not have a policy in place requiring the department listed above to turn in their receipts daily in accordance with the Section 6-10-54 NMSA 1978.

Auditor's Recommendations: We recommend that the County should modify their cash receipting policies for those departments in order to comply with the State Audit Rule.

Management's Response: Management along with the Treasurer's office will work with the Sheriff's Department and any other department that may collect money on behalf of the county. To insure they are aware of the requirements set forth under State Statues, and help them to implement a process so we are in compliance.

Estimated Completion Date: July 2016

Responsible party: Treasurer's Office and Sheriff's Department.

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSE
FOR THE YEAR ENDED JUNE 30, 2015

Section II — Other Findings, as Required by New Mexico State Statute, Section 12-6-5, NMSA 1978 - Continued

2013-011 — Exceeded Budget Authority (Other) (Repeated)

Condition: The County had the following expenditure functions where actual expenditures exceeded budgetary authority:

Major funds

General Fund - Culture and Recreation	\$ 37,106
General Fund - Health and Welfare	2,500
General Fund - Capital Outlay	66,665
Comp Drain Special Revenue Fund - Capital Outlay	1,143,391
Debt Service Fund - Principal	267,525
Debt Service Fund - Interest	188,566
Debt Service Fund - Bond issuance cost	390,754
Detention Center Enterprise Fund - Personal services	160,988
Detention Center Enterprise Fund - Contractual services	220,931
Detention Center Enterprise Fund - Maintenance and materials	172,416
Detention Center Enterprise Fund - Other operating expenses	<u>143,796</u>
Total Major funds	<u>2,794,638</u>

Nonmajor funds

VFD Special Revenue Fund - Capital outlay	58,311
Farm & Range Special Revenue Fund - Health and welfare	5,285
Road Special Revenue Fund - General Government	30,402
Road Special Revenue Fund - Public work	272,083
Grant Special Revenue Fund - Public safety	102,002
Total nonmajor funds	<u>468,083</u>
Total primary government	<u>\$ 3,262,721</u>

The County Clerk Treasurer has started to review budgets regularly. The County is also developing a process to ensure that funds do not exceed the approved budget.

Criteria: Sound financial management and 6-6-6 NMSA 1978 require that budgets not be exceeded at the legal level of control. The County's legal level of control is at the expenditure function level.

Effect: The County is not in compliance with New Mexico law, and the control established by the use of budgets has been compromised.

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSE
FOR THE YEAR ENDED JUNE 30, 2015

Section II — Other Findings, as Required by New Mexico State Statute, Section 12-6-5, NMSA 1978 - Continued

2013-011 — Exceeded Budget Authority (Other) (Repeated) - (Cont.)

Cause: The County did not make the appropriate budgetary transfers to alleviate the over expenditure.

Auditor's Recommendations: The County should establish a policy of budgetary review at year-end, and make the necessary budget adjustments.

Management's Response: As part of the new financial system, checks were put in place to help prevent departments from going over budget without the proper adjustments. This, along with some new steps that the County is utilizing during their budgeting process should keep the departments more informed of their budgetary limits.

Estimated Completion Date: July 2016

Responsible party: Finance Director, all other Departments

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSE
FOR THE YEAR ENDED JUNE 30, 2015

Section II — Other Findings, as Required by New Mexico State Statute, Section 12-6-5, NMSA 1978 - Continued

2014-006 — Late Submittal of IPA Recommendation Form for FY2015 Audit and Audit Contract to State Auditor – Other Matter (Repeated)

Condition: The IPA Recommendation Form and audit contract were not submitted in a timely manner to the State Auditor by the County. The contract was prepared on August 21, 2015 and approved by the State Auditor's office on September 16, 2015.

The County is working on this issue to ensure this is resolved in subsequent years.

Criteria: According to Paragraph (6) of Subsection G of 2.2.2.8 NMAC, the auditor must include a finding of noncompliance if a completed Independent Public Accountants (IPA) Recommendation Form and audit contract are not delivered to the State Auditor by the deadline, which is May 1st for the County.

Effect: The County is not in compliance with statutory requirements to timely submit the IPA Recommendation Form and audit contract to the State Auditor.

Cause: The County completed a common IPA Recommendation Form and audit contract for fiscal year 2015 audits. The IPA Recommendation Form and audit contract were not completed and submitted by Cibola County to the New Mexico County of State Auditor prior to the required May 1, 2015 deadline.

Auditor's Recommendation: We recommend that management establish controls to ensure that the required forms are submitted to the State Auditor in a timely manner.

Management's Response: After being notified by their previous audit team that they would not continue with any additional years of the agreement, they had to go through the RFP process. This was late in the year, and they were unable to provide the adequate time for the RFP and complete selection process before the deadline. The County understands this is their responsibility, and will put in place the proper guidelines to ensure that if they have to go to RFP that they start the process with enough time to submit the IPA by May 1st.

Estimated Completion Date: May 2016

Responsible party: County Manager and Finance Director

STATE OF NEW MEXICO
CIBOLA COUNTY
SCHEDULE OF FINDINGS AND RESPONSE
FOR THE YEAR ENDED JUNE 30, 2015

Section II — Other Findings, as Required by New Mexico State Statute, Section 12-6-5, NMSA 1978 - Continued

2014-007— Property Tax Schedule Not Included – Other Matter (Repeated)

Condition: The property tax outstanding and receivable, by agency, for the past 10 years was not presented as a supporting schedule of the financial statements.

The County did not make any progress in resolving this finding; however, the County's management is working with the appropriate personnel to ensure this issue is resolved in subsequent years.

Criteria: State Auditor Rule 2.2.2 12D requires property tax outstanding and receivable for the past 10 years to be listed.

Effect: The County may not know the property taxes outstanding and receivable for the past 10 years by individual agency, including the County's portion. The collection and reporting processes may not be as efficient as they could be if they had the required schedule.

Cause: The County Treasurer's software provides the information required for the report. However, the information is not reconciled to the County's accounting software. In addition, the County has not placed alternative procedures in place to capture the information required to complete the schedule.

Auditor's Recommendation: We recommend the County implement a plan to capture this data for inclusion in their annual financial report, and to reconcile the two systems.

Management's Response: The County is working with their support team in order to bring the information from one system over to the other, and have the reconciliation of both systems match.

Estimated Completion Date: January 2017

Responsible party: Treasurer's office and Finance Director

STATE OF NEW MEXICO
CIBOLA COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Section I - Financial Statement Findings

2011-002-- Late Audit Report (Significant Deficiency) - Repeated
2013-001-- Capital Assets (Material Weakness) - Repeated
2013-003-- Preparation of Financial Statements (Significant Deficiency) - Resolved
2013-004--Preparation of Trial Balance (Material Weakness) - Resolved
2013-006-- Credit Cards (Material Weakness) - Repeated
2013-007-- Deficiencies in Internal Control Structure Design (Significant Deficiency) - Repeated
2014-001-- Journal Entries (Significant Deficiency) - Repeated
2014-002-- Notes Payable - (Significant Deficiency) - Resolved
2014-003-- Segregation of Duties (Significant Deficiency) - Repeated
2014-004-- IT (Significant Deficiency) - Repeated

Section II-- Other Findings, as Required by New Mexico State Statute, Section 12-6-5, NMSA 1978

2013-005--- Travel and Per Diem (Other) - Repeated & Modified
2013-009-- Cash Disbursements (Other) - Repeated & Modified
2013-010-- Timeliness of Deposits (Other) - Repeated & Modified
2013-011-- Exceed Budget Authority (Other) - Repeated
2014-005-- Collateralization - Other Matter - Resolved
2014-006-- Late Submittal of IPA Recommendation Form for FY 2014 Audit and Audit Contract to State Auditor - Other Matter - Repeated
2014-007-- Property Tax Schedule Not Included- Other Matter - Repeated
2014-008-- Schedule of Changes in Assets and Liabilities for the Agency Funds Not Included- (Other Matter) - Resolved

Section III - Component Unit Findings

CU-2014-001-- Lack of Pledged Collateral - Significant Deficiency - Resolved
CU-2014-002-- Capital Assets Controls - Other Matter - Resolved
CU-2014-003-- Late Submittal of IPA Recommendation Form for FY 2014 Audit and Audit Contract to State Auditor - Other Matter - Resolved

STATE OF NEW MEXICO
CIBOLA COUNTY
OTHER DISCLOSURES
FOR THE YEAR ENDED JUNE 30, 2015

Exit Conference

The contents of the County's report were discussed on June 29, 2016, The following individuals were in attendance:

County Commissioners

Pat Simpson	Commissioner
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Cibola County Administration

Joseph Sanders	Finance Director
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Tony M. Boyd	Manager
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Harshwal & Company LLP

Sanwar Harshwal, CPA	Managing Partner
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Albert Hwu	Staff Auditor
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Mariem Tall	Staff Auditor
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Preparation of Financial Statements

Harshwal & Company LLP 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.