

**STATE OF NEW MEXICO
CHAVES COUNTY
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011**

**STATE OF NEW MEXICO
CHAVES COUNTY**

<u>CONTENTS</u>	<u>Page</u>
OFFICIAL ROSTER	i
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Required Supplementary Information)	4
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Assets	18
Statement of Activities	19
Fund Financial Statements:	
Balance Sheet – Governmental Funds	22
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	25
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	26
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	28
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	29
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Road Fund	30
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Indigent Hospital Claims Fund	31
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Restricted Health Services Fund	32
Statement of Net Assets – Proprietary Funds	33

**STATE OF NEW MEXICO
CHAVES COUNTY**

<u>CONTENTS (Cont'd)</u>	<u>Page</u>
BASIC FINANCIAL STATEMENTS (Concl'd)	
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	34
Statement of Cash Flows – Proprietary Funds	35
Statement of Fiduciary Assets and Liabilities	36
Notes to Financial Statements	37
REQUIRED SUPPLEMENTARY INFORMATION	
Infrastructure Assets Reported Using the Modified Approach	58
SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Revenue Bond Reserve Fund	60
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – County Permanent Fund	61
Combining Balance Sheet – All Non-Major Governmental Funds – By Fund Type	63
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All Non-Major Governmental Funds – By Fund Type	64
Special Revenue Governmental Funds:	
Combining Balance Sheet	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	72
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
Farm and Range Fund	78
Recreation Fund	79
Dunken Fire District Fund	80
East Grand Plains Fire District Fund	81
Penasco Fire District Fund	82
Midway Fire District Fund	83
Berrendo Fire District Fund	84
Sierra Fire District Fund	85
Rio Felix Fire District Fund	86

**STATE OF NEW MEXICO
CHAVES COUNTY**

CONTENTS (Cont'd)

Page

SUPPLEMENTARY INFORMATION (Cont'd)

Chaves County Fire District #8 Fund	87
Fire and Ambulance Excise Tax Fund	88
Law Enforcement Grant Fund	89
Public Safety Grant Fund	90
DWI Grant Fund	91
Sheriff Forfeiture Fund	92
Correction Fund	93
Environmental Fund	94
Hospital Aged Accounts Fund	95
County Income Fund	96
Flood Control Fund	97
Road Special Construction Fund	98
Clerk Recording and Filing Fund	99
Property Valuation Fund	100
Other Grants and Contracts Fund	101
CDBG Fund	102
 Debt Service Funds:	
Combining Balance Sheet	104
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	106
Schedule of Revenues, Expenditures and Changes in Fund Balance– Budget and Actual	
G.O. Bond Fund	108
2007 Refunding Bonds Fund	109
Revenue Bond #2 Fund	110
 Capital Projects Funds:	
Combining Balance Sheet	112
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	114

**STATE OF NEW MEXICO
CHAVES COUNTY**

<u>CONTENTS (Concl'd)</u>	<u>Page</u>
SUPPLEMENTARY INFORMATION (Concl'd)	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
Emergency Capital Outlay Fund	116
Detention Construction Fund	117
Admin Center Construction Fund	118
Courthouse Construction Fund	119
Internal Service Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	122
Agency Fund:	
Statement of Changes in Assets and Liabilities – Agency Fund	124
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Deposit and Investment Accounts	127
Schedule of Pledged Collateral	128
Tax Roll Reconciliation of Changes in the County Treasurer's Property Tax Receivable	129
Property Tax Schedule	130
Schedule of Joint Powers Agreements	134
Schedule of Memorandums of Understanding	136
SINGLE AUDIT SECTION	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	141
Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	143
Schedule of Expenditures of Federal Awards	145
Notes to Schedule of Expenditures of Federal Awards	146
Schedule of Findings and Questioned Costs	147
Summary Schedule of Prior Audit Findings	150
Exit Conference	151

**STATE OF NEW MEXICO
CHAVES COUNTY
OFFICIAL ROSTER
JUNE 30, 2011**

County Commissioners

James W. Duffey	District 1 Commissioner
Kim Chesser	District 2 Commissioner
Kile D. "Smiley" Wooton	District 3 Commissioner
Richard C. Taylor	District 4 Commissioner
Greg Nibert	District 5 Commissioner

Elected Officials

Ron Lethgo	County Assessor
Rhoda C. Coakley	County Clerk
Rob Coon	County Sheriff
Steve Harris	County Treasurer

Administrative Officials

Stanton L. Riggs	County Manager
Joe Sedillo	Finance Director
Sonny Chancey	Public Services Director
Craig Russell	IT Director
Marlin Johnson	Planning and Zoning Director
Richard "Dick" Smith	Flood Control Superintendent
Sandra Stewart	Adult and Juvenile Detention Administrator

**STATE OF NEW MEXICO
CHAVES COUNTY
REPORT ON AUDIT OF FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

(This page intentionally left blank)



HEINFELD, MEECH & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS



INDEPENDENT AUDITORS' REPORT

Mr. Hector H. Balderas
New Mexico State Auditor

County Commissioners of the
State of New Mexico, Chaves County

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the General Fund and other major special revenue funds, of Chaves County, New Mexico (County), as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County's nonmajor governmental funds, internal service fund, fiduciary fund, and the budgetary comparisons for the major debt service fund, permanent fund and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements and schedules as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements and schedules are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements and schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Chaves County, New Mexico, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of each nonmajor governmental funds, internal service fund, and fiduciary fund of Chaves County, New Mexico as of June 30, 2011, and the respective changes in financial position thereof and the respective budgetary comparisons for the major debt service fund, permanent fund and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended June 30, 2011, which represents a change in accounting principle.

In accordance with *Government Auditing Standards*, we have also issued our report date November 9, 2011, on our consideration of Chaves County, New Mexico's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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 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.

In addition, accounting principles generally accepted in the United States of America require that the information about Infrastructure Assets Reported Using the Modified Approach on page 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB 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 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. Although our opinion on the basic financial statements is not affected, the results of the limited procedures have raised doubts about whether material modifications should be made to the required supplementary information for it to be presented in accordance with guidelines established by GASB.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements and budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The additional schedules listed as Agency Funds and Other Supplementary Information in the table of contents are presented for the purposes of additional analysis and are not a required part of the financial statements. The Schedule of Expenditures of Federal Awards, Agency Funds Schedules and Other Supplementary Information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

November 9, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information)

**STATE OF NEW MEXICO
CHAVES COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

As management of the Chaves County, New Mexico (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the current fiscal year.

FINANCIAL HIGHLIGHTS

The financial statements which follow the Management's Discussion and Analysis provide those significant key financial highlights for 2010-11 as follows.

- The County's total net assets of governmental activities increased \$4.4 million primarily due to an unexpended balance of a donation to the County for insurance payments, which represents a 2 percent increase from the prior year.
- General revenues from governmental activities accounted for \$23.7 million in revenue, or 64 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$13.1 million or 36 percent of total governmental activities revenues.
- The County had \$32.4 million in expenses related to governmental activities, an increase of less than one percent from the prior fiscal year.
- The General Fund had \$15.6 million in revenues, which primarily consisted of property tax and intergovernmental revenues. The total expenditures of the General Fund were \$13.9 million. The General Fund's fund balance decreased \$4.5 million to \$17.1 million primarily due to a decrease in private donations of approximately \$4.0 million.
- The Road Fund had \$1.7 million in revenues, which primarily consisted of gasoline and motor vehicle taxes and intergovernmental revenues. The total expenditures of the Road Fund were \$4.0 million. The Road Fund's fund balance decreased \$9,274 to \$1.3 million at current fiscal year end.
- The Indigent Hospital Claims Fund had \$3.5 million in revenues, which primarily consisted of gross receipts taxes. The total expenditures of the Indigent Hospital Claims Fund were \$5.3 million. The Indigent Hospital Claims Fund's fund balance increased \$1.2 million from prior fiscal year end to \$1.6 million at current fiscal year end primarily due to unexpended proceeds from a one-time donation from UNM Hospital.
- The Restricted Health Services Fund was established by the Board of County Commissioners during the fiscal year to account for direct health related contributions and expenditures. The fund had \$5.0 million in revenues, which consisted of a donation from Eastern New Mexico Medical Center. The total expenditures of the Restricted Health Services Fund were \$2.1 million. The Indigent Hospital Claims Fund's fund balance at current fiscal year end was \$2.9 million.

**STATE OF NEW MEXICO
CHAVES COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements outline functions of the County that are principally supported by taxes and intergovernmental revenues. The governmental activities of the County include general government, public safety, public works, culture and recreation, health and welfare, and interest on long-term debt.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**STATE OF NEW MEXICO
CHAVES COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General, Road, Indigent Hospital Claims, Restricted Health Services, Revenue Bond Reserve, and County Permanent Funds, all of which are considered to be the County's major governmental funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of supplementary individual and combining schedules.

Proprietary funds. The County maintains one type of proprietary funds. The internal service fund is an accounting device used to accumulate and allocate costs internally amount the County's various functions. The internal service fund accounts for purchases of bulk supplies at a discount which are then transferred to the departments as requisitioned.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Under New Mexico Administrative Code Section 2.2.2, governments in New Mexico must include the budgetary comparison statement for the General Fund and major special revenue fund data as a component of the fund financial statements within the basic financial statements.

**STATE OF NEW MEXICO
CHAVES COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

During the year ended June 30, 2011, the County implemented the provisions of the Governmental Standards Accounting Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 establishes standards for financial reporting, including note disclosure requirements, for fund balance classifications of the governmental funds and clarifies existing governmental fund type definitions. Additional information on the fund balance classifications, components of fund balance, and other information related to fund balance can be found in Note 2.

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$237.5 million at the current fiscal year end.

The largest portion of Chaves County's net assets reflects its investment in capital assets (e.g., land, construction in progress, infrastructure, buildings and improvements, and vehicles, furniture and equipment) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, the County's net assets reflect the net assets of the Permanent Fund. An additional portion of Chaves County's net assets represents resources that are subject to external restrictions on how they may be used. A significant portion of the County's net assets are related to the permanent fund. As a result of Ordinance #54 in fiscal year 1999, the County commissioners established a Permanent Fund. The principal amount of \$50 million must be maintained; accordingly these net assets are not available for future spending.

The County's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors.

**STATE OF NEW MEXICO
CHAVES COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

The following table presents a summary of the County's net assets for the fiscal years ended June 30, 2011 and June 30, 2010.

	As of June 30, 2011	As of June 30, 2010 (as restated)
Current and other assets	\$ 88,207,273	\$ 86,357,555
Capital assets, net	<u>160,557,107</u>	<u>159,014,302</u>
Total assets, net	<u>248,764,380</u>	<u>245,371,857</u>
Current and other liabilities	1,251,301	1,538,704
Long-term liabilities	<u>9,995,831</u>	<u>10,706,464</u>
Total liabilities	<u>11,247,132</u>	<u>12,245,168</u>
Invested in capital assets, net of related debt	151,171,973	148,712,125
Restricted	70,667,370	70,797,133
Unrestricted	<u>15,677,905</u>	<u>13,617,431</u>
Total net assets	<u>\$ 237,517,248</u>	<u>\$ 233,126,689</u>

At the end of the current fiscal year the County reported positive balances in all three categories of net assets. The same situation held true for the prior fiscal year. The County's financial position is the product of several financial transactions including the net result of activities, the acquisition of capital assets, and the depreciation of capital assets. The following are significant current year transactions that had an impact on the Statement of Net Assets.

- The principal retirement of \$790,000 of bonds.
- The net addition of \$6.6 million of construction in progress, infrastructure, equipment and building improvements.

**STATE OF NEW MEXICO
CHAVES COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

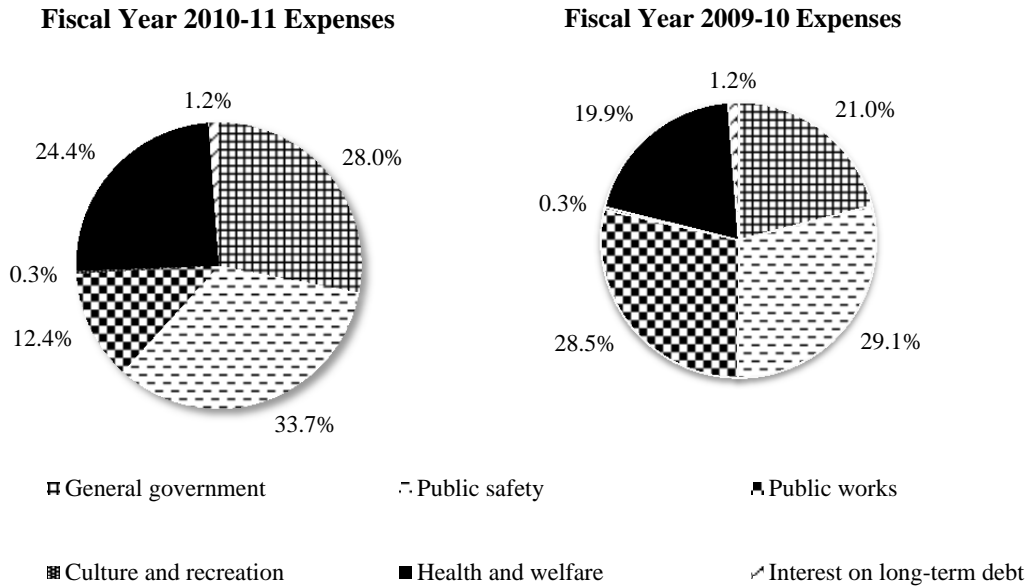
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Changes in net assets. The County's total revenues for the current fiscal year were \$36.7 million. The total cost of all programs and services was \$32.4 million. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2011 and June 30, 2010.

	Fiscal Year Ended June 30, 2011	Fiscal Year Ended June 30, 2010
Revenues:		
Program revenues:		
Charges for services	\$ 1,279,840	\$ 1,881,864
Operating grants and contributions	9,103,069	7,968,370
Capital grants and contributions	2,667,906	
General revenues:		
Property taxes, levied for general purposes	7,902,236	8,315,195
Property taxes, levied for capital projects	1,191,958	1,097,026
Gross receipts taxes	7,424,494	7,852,548
Gasoline and motor vehicle taxes	2,195,484	2,343,430
Other taxes	1,218,259	468,905
Unrestricted federal aid	2,865,630	2,837,287
Investment income	873,486	3,016,728
Total revenues	<u>36,722,362</u>	<u>35,781,353</u>
Expenses:		
General government	9,064,603	6,755,562
Public safety	10,917,930	9,336,016
Public works	4,005,389	9,163,682
Culture and recreation	108,600	102,480
Health and welfare	7,893,800	6,409,068
Interest on long-term debt	341,481	395,601
Total expenses	<u>32,331,803</u>	<u>32,162,409</u>
Changes in net assets	<u>\$ 4,390,559</u>	<u>\$ 3,618,944</u>

**STATE OF NEW MEXICO
CHAVES COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)



The following are significant current year transactions that had an impact on the change in net assets.

- Operating grants and contributions increased \$1.1 million or 14% due to a donation of \$5.0 million from Eastern New Mexico Medical Center.
- Capital grants and contributions increased \$2,667,906 primarily due to the receipt of a community development block grant for road improvements and appropriations in the Other Grants and Contracts Fund.
- Other taxes increased \$749,354 as a result of the receipt of County supported Medicaid.
- Investment income decreased \$2.1 million primarily due to a downturn in the investment portfolio.
- General government expenses increased \$2.3 million due to increased working capital department needs.
- Public safety expenses increased \$1.6 million as a result of increased operating costs and software purchases.
- Public works expenses decreased \$5.1 million or 56% as a result of decreased road projects compared to prior years.
- Health and welfare expense increased \$1.5 million primarily due to increased health provider payments.

Governmental activities. The following table presents the cost of the six major County functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and County's taxpayers by each of these functions.

**STATE OF NEW MEXICO
CHAVES COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)

	<u>Year Ended June 30, 2011</u>		<u>Year Ended June 30, 2010</u>	
	<u>Total</u> Expenses	<u>Net</u> (Expense)/ Revenue	<u>Total</u> Expenses	<u>Net</u> (Expense)/ Revenue
General government	\$ 9,064,603	\$ (496,553)	\$ 6,755,562	\$ 1,249,326
Public safety	10,917,930	(8,178,323)	9,336,016	(7,674,408)
Public works	4,005,389	(2,725,446)	9,163,682	(9,001,802)
Culture and recreation	7,893,800	(7,430,585)	6,409,068	(6,362,173)
Health and welfare	108,600	(108,600)	102,480	(102,480)
Interest on long-term debt	341,481	(341,481)	395,601	(395,601)
Total	<u>\$ 32,331,803</u>	<u>\$(19,280,988)</u>	<u>\$32,162,409</u>	<u>\$(22,287,138)</u>

- The cost of all governmental activities this year was \$32.3 million.
- Charges for services and contributions subsidized certain governmental programs with revenues of \$13.1 million.
- Net cost of governmental activities of \$19.3 million was financed by general revenues, which are made up of primarily property taxes and gross receipts taxes of \$16.5 million.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

The financial performance of the County as a whole is reflected in its governmental funds. As the County completed the year, its governmental funds reported a combined fund balance of \$86.7 million, an increase of \$2.3 million primarily due to unexpended donation revenue in the Restricted Health Services Fund.

The General Fund is the principal operating fund of the County. The General Fund's fund balance decreased \$4.5 million to \$17.1 million at year end primarily due to the utilization of fund balance as a result of decreased contributions from private donors.

The Road Fund's fund balance increased \$9,274 to \$1.3 million as of fiscal year end. Road Fund revenues increased \$274,684 to \$1.7 million at fiscal year end and expenditures decreased \$467,143 to \$4.0 million.

**STATE OF NEW MEXICO
CHAVES COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (Cont'd)

The Indigent Hospital Fund's fund balance increased \$1.2 million to \$1.6 million at fiscal year end due to increased private funds received and a decrease in sole community provider payments.

The Restricted Health Services Fund's fund balance was \$2.9 million at fiscal year end due to the unexpended balance of a donation to be used for future year's insurance expenditures.

BUDGETARY HIGHLIGHTS

County budgets reflect the same pattern as seen in the revenue and expenditures of the County. The State of New Mexico budget process is defined under state law and regulation. To enhance the process of developing a budget at the county level, Chaves County utilizes goals and objectives defined by the County Commissioners, community input meetings, long term plans and input from various staff groups to develop the County budget. County priorities are well defined through this process.

A statement reporting the original and final budget amounts compared to the County's actual financial activity for the General Fund is provided in this report as a basic financial statement. The significant variances are summarized as follows.

- The favorable variance of \$5.7 million in general government was a result of a change in sole community provider payments designated to the Restricted Health Service Fund.
- The favorable variance of \$94,075 in health and welfare was a result of actual expenditures being less than anticipated.

**STATE OF NEW MEXICO
CHAVES COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the County had invested \$186.4 million in capital assets, including buildings, construction in progress, equipment, and infrastructure assets. This amount represents a net increase prior to depreciation of \$3.2 million. Total depreciation expense for the current fiscal year was \$3.3 million. The following schedule presents capital asset balances for the fiscal years ended June 30, 2011 and June 30, 2010.

<u>Governmental Activities</u>	As of June 30, 2011	As of June 30, 2010 (as restated)
Land	\$ 3,677,862	\$ 3,677,862
Land improvements	395,485	395,485
Buildings and improvements	41,608,430	41,365,210
Equipment	25,343,549	25,401,668
Construction in progress	1,854,664	1,096,727
Infrastructure	113,242,950	110,990,750
Fine art	300,822	300,822
Less: Accumulated depreciation	<u>(25,866,655)</u>	<u>(24,214,222)</u>
Total	<u>\$ 160,557,107</u>	<u>\$ 159,014,302</u>

The estimated cost to complete current construction projects is \$115,559.

The County utilizes the modified approach to recording and reporting infrastructure. The County's policy is to resurface roads every 7 years which requires approximately 67 miles be resurfaced annually. The most recent assessment found that the County's roads were not within the prescribed parameters as 30 miles were maintained during fiscal year 2010-11; however, the remaining miles were carried over into fiscal year 2011-12.

Additional information on the County's capital assets can be found in Note 6.

Debt Administration. At year end, the County had \$9.4 million in long-term debt outstanding. The following table presents a summary of the County's outstanding long-term debt for the fiscal years ended June 30, 2011 and June 30, 2010.

	2011	2010
Bonds payable	\$ 8,710,000	\$ 9,500,000
Loans payable	675,134	596,154
Total	<u>\$ 9,385,134</u>	<u>\$ 10,096,154</u>

State statutes currently limit the amount of general obligation debt a County may issue to 4 percent of its total taxable property for general purposes. The current debt limitation for general purposes for the County is \$119.8 million.

**STATE OF NEW MEXICO
CHAVES COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the County's administration during the process of developing the fiscal year 2011-12 budget. Among them:

- Employee salaries.
- The unemployment rate of Chaves County is currently 7.6 percent, which is an increase from a rate of 6 percent a year ago. This is equal to the state's average unemployment rate of 6.8 percent and favorably with the national average rate of 9.1 percent.
- Inflationary trends in the region compare favorably to national indices, 3.56%.

Also considered in the development of the budget is the local economy and inflation of the surrounding area.

Budgeted expenditures in the General Fund increased 2 percent to \$21.0 million in fiscal year 2011-12. Increased payroll and employee benefit costs is the primary reason for the increase. Gross receipts and property taxes are expected to be the primary funding sources.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Finance Director, Chaves County, P. O. Box 1597, Roswell, New Mexico 88202-1597 or visit our website at www.co.chaves.nm.us.

BASIC FINANCIAL STATEMENTS

(This page intentionally left blank)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
CHAVES COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2011**

	Governmental Activites
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 7,434,081
Investments	25,912,049
Receivables	2,530,674
Inventory	1,094,439
Prepaid items	236,030
Total current assets	37,207,273
Noncurrent assets:	
Cash and cash equivalents	1,000,000
Investments	50,000,000
Land	3,677,862
Land improvements	395,485
Buildings and improvements	41,608,430
Equipment	25,343,549
Construction in progress	1,854,664
Infrastructure	113,242,950
Fine art	300,822
Accumulated depreciation	(25,866,655)
Total noncurrent assets	211,557,107
Total assets	248,764,380
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	814,651
Accrued payroll	112,461
Compensated absences payable	470,000
Loans payable	49,441
Bonds payable	815,000
Accrued interest payable	141,148
Total current liabilities	2,402,701
Noncurrent liabilities:	
Deferred bond items	183,041
Non-current portion of long-term obligations	8,661,390
Total noncurrent liabilities	8,844,431
Total liabilities	11,247,132
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	151,171,973
Restricted for:	
Special purposes	12,440,842
Debt service	4,945,741
Capital outlay	3,280,787
Nonexpendable	50,000,000
Unrestricted	15,677,905
Total net assets	\$ 237,517,248

**STATE OF NEW MEXICO
CHAVES COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 9,064,603	\$ 1,212,970	\$ 5,993,920	\$ 1,361,160	\$ (496,553)
Public safety	10,917,930	7,193	2,094,588	637,826	(8,178,323)
Public works	4,005,389	59,677	551,346	668,920	(2,725,446)
Culture and recreation	108,600				(108,600)
Health and welfare	7,893,800		463,215		(7,430,585)
Interest on long-term debt	341,481				(341,481)
Total governmental activities	<u>\$ 32,331,803</u>	<u>\$ 1,279,840</u>	<u>\$ 9,103,069</u>	<u>\$ 2,667,906</u>	<u>(19,280,988)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	7,902,236
Property taxes, levied for capital purposes	1,191,958
Gross receipts taxes	7,424,494
Gasoline and motor vehicle taxes	2,195,484
Other taxes	1,218,259
Unrestricted federal aid	2,865,630
Investment income	873,486
Total general revenues	<u>23,671,547</u>

Changes in net assets 4,390,559

Net assets, beginning of year 180,460,031

Net assets, restatement 52,666,658

Net assets, beginning of year, as restated 233,126,689

Net assets, end of year \$ 237,517,248

(This page intentionally left blank)

FUND FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
CHAVES COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>General</u>	<u>Road</u>	<u>Indigent Hospital Claims</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 454,284	\$ 313,053	\$ 1,104,422
Cash and cash equivalents - restricted			
Investments	15,292,672		
Investments - restricted			
Receivables	1,034,885	100,029	459,904
Inventory		1,094,439	
Prepaid items			
Due from other funds	1,024,552		
Total assets	<u>\$ 17,806,393</u>	<u>\$ 1,507,521</u>	<u>\$ 1,564,326</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 185,018	\$ 208,509	\$ 339
Accrued payroll	87,460	15,769	773
Deferred revenue	443,068		
Due to other funds			
Total liabilities	<u>715,546</u>	<u>224,278</u>	<u>1,112</u>
Fund balances:			
Nonspendable		1,094,439	
Restricted	1,000,000	188,804	1,563,214
Committed			
Unassigned	16,090,847		
Total fund balances	<u>17,090,847</u>	<u>1,283,243</u>	<u>1,563,214</u>
Total liabilities and fund balances	<u>\$ 17,806,393</u>	<u>\$ 1,507,521</u>	<u>\$ 1,564,326</u>

The notes to the basic financial statements are an integral part of this statement.

<u>Restricted Health Services</u>	<u>Revenue Bond Reserve</u>	<u>County Permanent</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$	\$	\$ 5,482,352	\$ 7,354,111
2,741,256	1,000,000		7,878,121	1,000,000
		50,000,000		25,912,049
			935,856	50,000,000
236,030				2,530,674
			20,125	1,094,439
<u>\$ 2,977,286</u>	<u>\$ 1,000,000</u>	<u>\$ 50,000,000</u>	<u>\$ 14,316,454</u>	<u>\$ 89,171,980</u>
\$ 87,030	\$	\$	\$ 332,661	\$ 813,557
			8,459	112,461
13,400	1,000,000		82,497	525,565
<u>100,430</u>	<u>1,000,000</u>		<u>31,277</u>	<u>1,044,677</u>
			<u>454,894</u>	<u>2,496,260</u>
236,030		50,000,000		51,330,469
2,640,826			13,129,372	15,881,390
			732,188	3,373,014
<u>2,876,856</u>		<u>50,000,000</u>	<u>13,861,560</u>	<u>16,090,847</u>
<u>\$ 2,977,286</u>	<u>\$ 1,000,000</u>	<u>\$ 50,000,000</u>	<u>\$ 14,316,454</u>	<u>\$ 89,171,980</u>

(This page intentionally left blank)

**STATE OF NEW MEXICO
CHAVES COUNTY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011**

Total governmental fund balances **\$ 86,675,720**

Amounts reported for *governmental activities* in the Statement of Net Assets are different because:

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

Governmental capital assets	\$ 186,423,762	
Less accumulated depreciation	<u>(25,866,655)</u>	160,557,107

Some revenues will not be available to pay for current period expenditures and, therefore, are deferred in the governmental funds.

Property taxes	421,098	
Other taxes	<u>104,467</u>	525,565

The Internal Service Fund is used by management to charge the costs of supplies to the individual departments. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.

78,876

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued interest payable	(141,148)	
Deferred bond items	(183,041)	
Compensated absences payable	(610,697)	
Loans payable	(675,134)	
Bonds payable	<u>(8,710,000)</u>	<u>(10,320,020)</u>

Net assets of governmental activities **\$ 237,517,248**

**STATE OF NEW MEXICO
CHAVES COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

	<u>General</u>	<u>Road</u>	<u>Indigent Hospital Claims</u>
Revenues:			
Property taxes	\$ 8,193,267	\$	\$
Gasoline and motor vehicle taxes	1,233,163	962,321	
Gross receipts taxes	249,311	282,000	2,325,243
Other taxes	126,423		726,183
Charges for services	280,322	9,013	
Licenses and fees	468,452		
Intergovernmental	3,134,550	365,057	
Investment income	833,376		14,015
Contributions			
Other	1,127,723	38,311	416,307
Total revenues	<u>15,646,587</u>	<u>1,656,702</u>	<u>3,481,748</u>
Expenditures:			
Current -			
General government	6,475,273		
Public safety	7,147,935		
Public works		3,991,584	
Culture and recreation	108,798		
Health and welfare	193,060		5,302,443
Capital outlay		35,997	
Debt service -			
Principal			
Interest and fees			
Total expenditures	<u>13,925,066</u>	<u>4,027,581</u>	<u>5,302,443</u>
Excess (deficiency) of revenues over expenditures	<u>1,721,521</u>	<u>(2,370,879)</u>	<u>(1,820,695)</u>
Other financing sources (uses):			
Transfers in		2,500,000	3,000,000
Transfers out	(6,252,000)		
Loan proceeds			
Total other financing sources (uses):	<u>(6,252,000)</u>	<u>2,500,000</u>	<u>3,000,000</u>
Changes in fund balances	<u>(4,530,479)</u>	<u>129,121</u>	<u>1,179,305</u>
Fund balances, beginning of year	21,621,326	1,292,517	383,909
Increase (decrease) in reserve for inventory		(138,395)	
Fund balances, end of year	<u>\$ 17,090,847</u>	<u>\$ 1,283,243</u>	<u>\$ 1,563,214</u>

The notes to the basic financial statements are an integral part of this statement.

<u>Restricted Health Services</u>	<u>County Permanent</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$	\$ 1,198,026	\$ 9,391,293
			2,195,484
		4,567,940	7,424,494
		261,186	1,113,792
		39,317	328,652
			468,452
		4,649,201	8,148,808
		26,095	873,486
5,000,000			5,000,000
		388,192	1,970,533
<u>5,000,000</u>	<u></u>	<u>11,129,957</u>	<u>36,914,994</u>
		216,120	6,691,393
		2,062,011	9,209,946
		1,088,110	5,079,694
			108,798
2,123,144		275,267	7,893,914
		4,404,828	4,440,825
		837,895	837,895
		379,082	379,082
<u>2,123,144</u>	<u></u>	<u>9,263,313</u>	<u>34,641,547</u>
<u>2,876,856</u>	<u></u>	<u>1,866,644</u>	<u>2,273,447</u>
		2,547,300	8,047,300
		(1,795,300)	(8,047,300)
		126,875	126,875
		878,875	126,875
<u>2,876,856</u>	<u></u>	<u>2,745,519</u>	<u>2,400,322</u>
	50,000,000	11,116,041	84,413,793
			(138,395)
<u>\$ 2,876,856</u>	<u>\$ 50,000,000</u>	<u>\$ 13,861,560</u>	<u>\$ 86,675,720</u>

**STATE OF NEW MEXICO
CHAVES COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011**

Net changes in fund balances - total governmental funds **\$ 2,261,927**

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Expenditures for capital assets	\$ 5,031,921	
Less current year depreciation	<u>(3,259,446)</u>	1,772,475

Revenues in the governmental funds that provide current financial resources are not included in the Statement of Activities because they were recognized in a prior period.

Property taxes	(297,099)	
Other taxes	<u>104,467</u>	(192,632)

Issuance of debt provides current financial resources to governmental funds, but the issuance increases long-term liabilities in the Statement of Net Assets. (126,875)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Bond principal retirement	790,000	
Loan principal retirement	<u>47,895</u>	837,895

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.

Loss on disposal of capital assets	(229,670)	
Compensated absences payable	(287)	
Amortization of deferred bond issuance items	22,982	
Accrued interest on long-term debt	<u>14,619</u>	(192,356)

Internal Service Fund is used by management to charge the costs of supplies to the individual departments. The change in net assets of the Internal Service Fund is reported with governmental activities in the Statement of Activities. 30,125

Change in net assets in governmental activities **\$ 4,390,559**

The notes to the basic financial statements are integral part of this statement.

**STATE OF NEW MEXICO
CHAVES COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$ 8,185,434	\$ 8,190,434	\$ 8,197,962	\$ 7,528
Gasoline and motor vehicle taxes	1,515,630	1,515,630	1,421,664	(93,966)
Gross receipts taxes	275,000	275,000	249,311	(25,689)
Other taxes	600	600	126,423	125,823
Charges for services	426,000	426,000	280,322	(145,678)
Licenses and fees	310,950	337,450	468,452	131,002
Intergovernmental	2,936,000	3,127,522	3,153,985	26,463
Investment income	120,390	390	27,119	26,729
Contributions				
Other	1,190,472	1,087,450	1,120,283	32,833
Total revenues	14,960,476	14,960,476	15,045,521	85,045
Cash balance carryforward	11,630,710	11,630,710		
Total	\$ 26,591,186	\$ 26,591,186		
Expenditures:				
Current -				
General government	\$ 5,545,177	\$ 11,396,246	6,430,976	4,965,270
Public safety	7,439,785	7,744,384	7,147,935	596,449
Public works				
Culture and recreation	108,885	129,035	108,798	20,237
Health and welfare	282,377	286,557	192,482	94,075
Capital outlay	155,000			
Debt service -				
Principal				
Interest and fees				
Total expenditures	13,531,224	19,556,222	13,880,191	5,676,031
Other financing sources (uses):				
Transfers in		180,000		180,000
Transfers out		(6,063,500)	(5,077,000)	(986,500)
Loan proceeds				
Total other financing sources (uses)		(5,883,500)	(5,077,000)	(806,500)
Change in fund balance -budgetary basis			(3,911,670)	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			(225,003)	
Expenditure accruals, net of prior year amounts			(3,826)	
Change in fund balance for fund budgeted separately from the General Fund			(389,980)	
Change in fund balance - GAAP basis			\$ (4,530,479)	

**STATE OF NEW MEXICO
CHAVES COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - ROAD
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes	270,000	270,000	988,934	718,934
Gross receipts taxes	300,000	300,000	282,000	(18,000)
Other taxes				
Charges for services	17,000	17,000	9,013	(7,987)
Licenses and fees				
Intergovernmental	892,500	892,500	365,057	(527,443)
Investment income				
Contributions				
Other			38,311	38,311
Total revenues	<u>1,479,500</u>	<u>1,479,500</u>	<u>1,683,315</u>	<u>203,815</u>
Cash balance carryforward	<u>94,930</u>	<u>94,930</u>		
Total	<u>\$ 1,574,430</u>	<u>\$ 1,574,430</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Public works	4,455,236	4,454,236	3,997,604	456,632
Culture and recreation				
Health and welfare				
Capital outlay	112,175	113,175	35,997	77,178
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>4,567,411</u>	<u>4,567,411</u>	<u>4,033,601</u>	<u>533,810</u>
Other financing sources (uses):				
Transfers in		3,869,000	2,500,000	1,369,000
Transfers out				
Loan proceeds				
Total other financing sources (uses)		<u>3,869,000</u>	<u>2,500,000</u>	<u>1,369,000</u>
Change in fund balance - budgetary basis			149,714	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			(26,613)	
Expenditure accruals, net of prior year amounts			<u>6,020</u>	
Change in fund balance - GAAP basis			<u>\$ 129,121</u>	

**STATE OF NEW MEXICO
CHAVES COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - INDIGENT HOSPITAL CLAIMS
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes		2,159,000	2,295,575	136,575
Other taxes		640,000	663,045	23,045
Charges for services				
Licenses and fees				
Intergovernmental				
Investment income		7,000	14,015	7,015
Contributions				
Other		10,000	416,307	406,307
Total revenues		2,816,000	3,388,942	572,942
Cash balance carryforward		21,777	21,777	
Total	\$ 21,777	\$ 2,837,777		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Public works				
Culture and recreation				
Health and welfare	3,356,258	8,481,258	5,302,758	3,178,500
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures	3,356,258	8,481,258	5,302,758	3,178,500
Other financing sources (uses):				
Transfers in		4,085,000	3,000,000	1,085,000
Transfers out				
Loan proceeds				
Total other financing sources (uses)		4,085,000	3,000,000	1,085,000
Change in fund balance - budgetary basis			1,086,184	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			92,806	
Expenditure accruals, net of prior year amounts			315	
Change in fund balance - GAAP basis			\$ 1,179,305	

**STATE OF NEW MEXICO
CHAVES COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - RESTRICTED HEALTH SERVICES
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental				
Investment income				
Contributions		6,000,000	5,000,000	(1,000,000)
Other				
Total revenues		<u>6,000,000</u>	<u>5,000,000</u>	<u>(1,000,000)</u>
Cash balance carryforward				
Total	<u>\$</u>	<u>\$ 6,000,000</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Public works				
Culture and recreation				
Health and welfare		6,000,000	2,208,477	3,791,523
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures		<u>6,000,000</u>	<u>2,208,477</u>	<u>3,791,523</u>
Other financing sources (uses):				
Transfers in				
Transfers out				
Loan proceeds				
Total other financing sources (uses)				
Change in fund balance - budgetary basis			2,791,523	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			85,333	
Expenditure accruals, net of prior year amounts			<u>85,333</u>	
Change in fund balance - GAAP basis			<u>\$ 2,876,856</u>	

**STATE OF NEW MEXICO
CHAVES COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011**

	Governmental Activities: Internal Service Funds
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 79,970
Total current assets	79,970
Total assets	79,970
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	1,094
Total current liabilities	1,094
Total liabilities	1,094
 <u>NET ASSETS</u>	
Unrestricted	78,876
Total net assets	\$ 78,876

The notes to the basic financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
CHAVES COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Governmental Activities: Internal Service Funds
Operating revenues:	
Sales of supplies	\$ 33,433
Total operating revenues	<u>33,433</u>
Operating expenses:	
Supplies	<u>3,308</u>
Total operating expenses	<u>3,308</u>
Changes in net assets	<u>30,125</u>
Total net assets, beginning of year	48,751
Total net assets, end of year	<u><u>\$ 78,876</u></u>

The notes to the basic financial statements are an integral part of this statement.

STATE OF NEW MEXICO
 CHAVES COUNTY
 STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>Internal Service</u>
<u>Increase in Cash and Cash Equivalents</u>	
Cash flows from operating activities:	
Cash received from sales of supplies	\$ 33,433
Cash payments to suppliers for goods and services	(3,107)
	30,326
Net cash provided by operating activities	30,326
Net increase in cash and cash equivalents	30,326
Cash and cash equivalents, beginning of year	49,644
Cash and cash equivalents, end of year	\$ 79,970
 <u>Reconciliation of Operating Income to</u>	
<u>Net Cash Provided by Operating Activities</u>	
Change in net assets	\$ 30,125
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Increase in accounts payable	201
Total adjustments	201
Net cash provided by operating activities	\$ 30,326

**STATE OF NEW MEXICO
CHAVES COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2011**

	<u>Agency</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 589,535
Taxes receivable	1,673,183
Total assets	<u>\$ 2,262,718</u>
<u>LIABILITIES</u>	
Deposits held for others	\$ 107,282
Due to other taxing entities	2,155,436
Total liabilities	<u>\$ 2,262,718</u>

The notes to the basic financial statements are an integral part of this statement.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Chaves County (the County) is a political subdivision of the State of New Mexico established under the provisions of Section 4-4-1 of NMSA, 1978 compilation, and regulated by the constitution of the State of New Mexico. The County operates under a Board of County Commissioners-manager form of government and provides the following services as authorized by public law: public safety (police, fire, emergency medical, etc.), roads, health and social services, farm and range, recreation, property assessment, tourist promotion and general administrative services.

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

During the year ended June 30, 2011, the County implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 establishes standards for financial reporting, including note disclosure requirements, for fund balance classifications of the governmental funds, and clarifies existing governmental fund type definitions.

The County's significant accounting policies are described below.

A. Reporting Entity

The County's major operations include public safety, collection of and distribution of property taxes, farm and range, planning and zoning, certain health and social services, general administration services, and jail operations.

The financial reporting entity consists of a primary government and its component units. The County is a primary government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the County for financial statement presentation purposes, and the County is not included in any other governmental reporting entity. Consequently, the County's financial statements include only the financial activity of those organizational entities for which its elected governing body is financially accountable.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) present financial information about the County as a whole. The reported information includes all of the nonfiduciary activities of the County. For the most part, the effect of internal activity has been removed from these statements. These statements distinguish between governmental and business-type activities of the County. The County does not have any business-type activities. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, investment income and other items not included among program revenues, but are reported instead as general revenues.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. In addition, the fiduciary fund financial statements are reported on the accrual basis of accounting. 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 grantor or provider have been met. As a general rule the effect of internal activity has been eliminated from the government-wide financial statements, however the effect of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their exchange value. The County does not allocate indirect expenses to functions in the statement of activities.

Fund Financial Statements – 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 County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. In addition, derived tax revenues, such as gross receipts, gasoline and motor vehicle taxes, are recognized as revenues when the underlying exchange transaction has occurred. 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.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property taxes, gross receipts taxes, state shared taxes, charges for services, and investment income 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. Miscellaneous revenue is not susceptible to accrual because generally they are not measurable until received.

Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Deferred revenue also arise when resources are received by the County before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Property taxes recognized are net of estimated refunds and uncollectible amounts. Delinquent property taxes have been recorded as deferred revenue. Receivables that will not be collected within the available period have also been reported as deferred revenue on the governmental fund financial statements.

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 County reports the following major governmental funds.

General Fund – This fund accounts all financial activities except those required to be accounted for in other funds. It is funded primarily through property, gross receipts and other miscellaneous taxes.

Road Fund – This special revenue fund accounts for the motor vehicle fees flowing through the State, General Fund transfers and other miscellaneous sources used to maintain county roads. (4-55A-40 through 43 NMSA 1978)

Indigent Hospital Claims Fund – This special revenue fund accounts for monies received from a countywide tax levy. Expenditures are restricted to the payment of approved claims and administrative costs. (Ordinance #18-6-85, 27-5-7 NMSA 1978)

Restricted Health Services Fund – This special revenue fund accounts for direct health related contributions and expenditures based on a memorandum of understanding with Eastern New Mexico Medical Center. (Resolution R-10-049)

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue Bond Reserve Fund – This debt service fund accounts for a required bond covenant and is part of a bond ordinance. (Resolution R-02-14)

The County Permanent Fund – This fund accounts for monies transferred to the Permanent Fund as established as a result of Ordinance #54 by the County Commissioners. The amount that may be deposited in the Permanent Fund is any portion of the unappropriated General Fund surplus that is in excess of 50% of the prior year's budget of the County. At June 30, 1999, \$50,000,000 was transferred to the Permanent Fund; investment earnings on the Permanent fund are recorded in the County Income Fund. Overall, it is the County's intention that certain assets resulting from the sale of Eastern New Mexico Medical Center (effective April 1, 1998), and currently reported in the County Income Fund be deposited into the Permanent Fund.

Additionally, the County reports the following fund type:

Proprietary Fund – The Proprietary Fund is an Internal Service Fund that accounts for activities related to the County's purchase of bulk supplies at a discount which is then transferred to the departments that need the supplies.

Fiduciary Fund – The Fiduciary Fund is an Agency Fund which accounts for resources held by the County for others. This fund is issued to account for the collection and payment of property taxes and special fees to other governmental agencies.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Cash and Investments

For purposes of the Statement of Cash Flows, the County considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. .

New Mexico Statutes Annotated (NMSA) authorizes the County to invest public monies in the State Treasurer's Local Government Investment Pool, interest-bearing savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of New Mexico, counties, cities, school districts, and special districts as specified by statute.

The State of New Mexico local government investment pool is a pool that is not registered with the United States Securities Exchange Commission. Section 6-10-101, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the local government investment pool is voluntary. The investment in the State of New Mexico local government investment pool approximates the value of the participant's pool share.

A significant portion of the cash and investments of funds of the County is pooled for investment purposes. Equity in pooled cash and investments includes amounts in demand deposit accounts, money market accounts, certificates of deposit, U.S. Treasury securities, and repurchase agreements secured by collateral with a market value greater than 102% of the value of the agreement. The securities are held by a third party in the County's name. The market value of the repurchase agreements approximate cost at June 30, 2011. Interest earned is allocated to the applicable County funds based on the County's policy of allocating interest to those funds which are required by law or by debt covenants. The remaining interest income is recorded in the General Fund.

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest investment contracts with a remaining maturity of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Certain resources set aside for the repayment of debt are classified as cash and investments – restricted on the statement of net assets/balance sheet, because their use is limited by applicable bond covenants. A trust account, recorded in the Revenue Bond Debt Service Fund, is used to segregate resources accumulated for future debt service payments.

E. Investment Income

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” All receivables are shown net of allowance for uncollectibles.

The County is responsible for assessing, collecting and distributing property taxes for its own operational and debt service purposes and for certain outside entities. Taxes are levied on November 1 and are payable in two installments no later than November 10 and April 10. Unpaid property taxes attach as an enforceable lien on property thirty (30) days thereafter. Collections and remittance of property taxes are accounted for in the County Treasurer's Agency Fund. Amounts are recognized as revenue in the applicable governmental fund types under accounting principles generally accepted in the United States. The property taxes receivable for the General Fund and for the Flood Control Fund in the governmental fund financial statements are net of an allowance for uncollectible. Refunds related to the settlement of property tax protests are only recorded when the case is completed.

G. Inventory

All inventories are valued using the average cost method. Inventories consist of materials used in the Road Department's operations. Inventories are recorded as expenses when consumed on the government-wide financial statements and as expenditures when purchased on the fund financial statements.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

H. Capital Assets

Capital assets include land and improvements; buildings and improvements; plant; vehicles, furniture, and equipment; construction in progress; computer software; fine art; and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). Information technology equipment including software, is capitalized and included in furniture, fixtures and equipment in accordance with State Law. The County defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Effective July 1, 2006, State law requires capitalization of assets greater than \$5,000. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Unpaved roads are not depreciated since once they are placed in operation, only annual maintenance is required to keep them operational for an indefinite period. Infrastructure assets are not depreciated as the County has elected to use the modified method in accounting for infrastructure assets. The modified method allows governments to report as expenses in lieu of depreciation, infrastructure expenditures that maintain the asset but do not add to nor improve the asset. Additions and improvements to infrastructure assets are capitalized. The County uses an asset management system to rate the condition of infrastructure assets and quantify the results of maintenance efforts. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Governmental capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40
Land improvements	40
Equipment	5-30

I. Compensated Absences

The County's employee vacation and sick leave policies provide for granting vacation and sick leave with pay. Employees accrue vacation leave with pay based upon years of service and accrue a maximum of eighty (80) hours of sick leave annually. In the event of termination, an employee is reimbursed for all accrued vacation. The current and long-term liabilities, including related benefits, for accumulated vacation and sick leave are reported on the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund are used to pay for compensated absences.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

J. Long-term Obligations

In the government-wide financial statements and proprietary fund types, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. Bond premiums and discounts, as well as issuance costs, and the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight line method over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund statements are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

L. Budgets

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, Local Government Division. Amendments may include 1) budget increases, 2) transfers of budget or cash between funds, and 3) budget decreases. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, the legal level of budgetary control is the fund level. Expenditures may not legally exceed budgeted appropriations at the fund level.

The budgets of the County are prepared on a basis inconsistent with generally accepted accounting principles (GAAP). Budgetary basis expenditures exclude encumbrances. The budget secures appropriations of funds for only one year. Carryover funds must be reappropriated in the budget of the subsequent year. The following funds were not budgeted in fiscal year 2011: Revenue Bond Reserve Fund and County Permanent Fund. The Revenue Bond Reserve Fund does not report any activity. The only activity recorded by the County Permanent fund is the fund balance.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concl'd)

M. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

N. Prepaid Items

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

NOTE 2 – FUND BALANCE CLASSIFICATIONS

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

Nonspendable. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Board of County Commissioners. Those committed amounts cannot be used for any other purpose unless the Board of County Commissioners removes or changes the specified use by taking the same type of action it employed to previously commit those accounts.

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

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Cont'd)

Assigned. Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of County Commissioners or a management official delegated that authority by the formal Board of County Commissioners action.

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had be restricted, committed, or assigned.

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The table below provides detail of the major components of the County's fund balance classifications at year end.

	<u>General Fund</u>	<u>Road Fund</u>	<u>Indigent Hospital Claims Fund</u>	<u>Restricted Health Services Fund</u>	<u>County Permanent Fund</u>	<u>Non-Major Governmental Funds</u>
Fund Balances:						
Nonspendable:						
Inventory	\$	\$ 1,094,439	\$	\$	\$	\$
Prepaid items				236,030		
Permanent					50,000,000	
Restricted:						
Debt service	1,000,000					3,945,741
Capital projects		188,804				2,501,518
State/Federal projects						6,328,201
Other purposes			1,563,214			353,912
Committed:						
Other Purposes				2,640,826		732,188
Unassigned	<u>16,090,847</u>					
Total fund balances	<u>\$17,090,847</u>	<u>\$ 1,283,243</u>	<u>\$ 1,563,214</u>	<u>\$ 2,876,856</u>	<u>\$ 50,000,000</u>	<u>\$ 13,861,560</u>

The July 1, 2010 fund balances of the General Fund and Non-Major Governmental Funds do not agree to the prior year financial statements for the reclassification of certain funds due to the new fund type definitions specified in GASB Statement No. 54.

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

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Concl'd)

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>
Fund balance, June 30, 2010, as previously reported	\$ 13,826,107	\$ 18,911,260
Reclassification of funds	<u>7,795,219</u>	<u>(7,795,219)</u>
Fund balance, July 1, 2010, as restated	<u>\$ 21,621,326</u>	<u>\$ 11,116,041</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of differences is presented on each individual budgetary statement.

NOTE 4 – CASH AND INVESTMENTS

At year end, the carrying amount of the County's deposits was \$9,023,616 and the bank balance was \$9,011,439. The difference represents outstanding checks, deposits, and other reconciling items.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. The County has a deposit policy for custodial credit risk; which follows New Mexico law. All deposits with financial institutions must be collateralized in an amount not less than 50% of the uninsured balance. The County's agreement with its sole depository requires pledged collateral of 102% of the public money in each account. No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation (FDIC) and the Dodd-Frank Wall Street Reform and Consumer Protection Act . At year end, \$13,891,544 of the County's bank balance was exposed to custodial credit risk as uninsured and was collateralized with securities held by the pledging financial institution's trust department.

The pledged collateral by bank at year end consists of the following.

Deposits	\$15,922,661
Less FDIC and Frank-Dodd coverage	<u>2,031,117</u>
Total unsecured public funds	13,891,544
50% collateral requirement	6,945,772
Pledged securities, fair value	<u>9,007,776</u>
Pledged in excess of requirement	<u>\$ 2,062,004</u>

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

NOTE 4 – CASH AND INVESTMENTS (Concl'd)

At year end the County's investments consisted of the following.

Investment Type	Fair Value	Investment Maturities (in Years)				Credit Risk Concentrations
		Less than 1	1-5	6-10	More than 10	
Money market - investments	\$ 2,938,032	\$ 2,938,032	\$	\$	\$	3.87%
State Investment Pool	4,000,000	4,000,000				5.27
CD - marketable	3,000,000	3,000,000				3.95
Corporate Bond	1,024,030		1,024,030			1.35
U.S. Treasuries	19,711,765		19,711,765			25.96
U.S. Agencies:						
Federal Farm Credit Bank	3,112,621		3,112,621			4.10
Federal National Mortgage Association	18,445,622		18,445,622			24.30
Federal Home Loan Mortgage Corporation	10,428,466	2,800,675	4,147,140	2,499,418	981,233	13.74
Federal Home Loan Bank	13,246,495		13,246,495			17.45
Government National Mortgage Association	5,018		5,018			0.01
Total	\$ 75,912,049	\$ 12,738,707	\$59,692,691	\$ 2,499,418	\$ 981,233	100.00 %

Interest Rate Risk. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The weighted average maturity of the State Treasurer's local government investment pool was 36 days at year end.

Credit Quality Risk. The County has an investment policy that would further limit its investment choices. All of the County's investments in U.S. Agencies in the preceding table were rated Aaa by Moody's Investors Service and AAA by Standard & Poor's. The *New MexiGROW* Local Government Investment Pool (LGIP), a government investment pool is rated AAAM by Standard & Poor's and is authorized by the New Mexico State statute.

Custodial Credit Risk - Investments. To control custody risk State law and the County adopted Investment Policy requires all securities and all collateral for time and demand deposits as well as repurchase agreement collateral be transferred delivery versus payment and held by an independent party required to provide original safekeeping receipts. Repurchase agreements must be collateralized to 102%.

The County's investment in the New Mexico State Treasurer's Investment Pool represents a proportionate interest in the Pool's portfolio. The County's portion is not identified with specific investments and is not subject to custodial risk; however, separately issued financial statements of the Office of the State Treasurer disclose the collateral pledged to secure the State Treasurer's cash and investments. The most recent report may be obtained by contacting the Office of the State Treasurer, P.O. Box 5135, Santa Fe, New Mexico 87505-5135.

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

NOTE 5 – RECEIVABLES

Governmental receivable balances, net of allowance for uncollectible accounts, as of year end for the County’s individual major governmental funds and non-major governmental funds in the aggregate, were as follows.

	<u>General Fund</u>	<u>Road Fund</u>	<u>Indigent Hospital Claims Fund</u>	<u>Non-Major Governmental Funds</u>
Property Taxes	\$ 429,198	\$	\$	\$ 105,964
Gasoline and Motor Vehicle	11,519	87,262		
Gross Receipts			459,904	779,056
Other Taxes	346,391			
Accounts	<u>247,777</u>	<u>12,767</u>		<u>50,836</u>
Net receivables	<u>\$ 1,034,885</u>	<u>\$ 100,029</u>	<u>\$ 459,904</u>	<u>\$ 935,856</u>

Governmental funds report deferred 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 current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows.

	<u>Unavailable</u>
Delinquent property taxes receivable (General Fund)	\$ 338,601
Other taxes receivable (General Fund)	104,467
Delinquent property taxes receivable (Non-major Governmental Funds)	<u>82,497</u>
Total deferred revenue for governmental funds	<u>\$ 525,565</u>

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

NOTE 6 – CAPITAL ASSETS

A summary of capital asset activity for the current fiscal year follows.

Governmental Activities	Beginning Balance (as restated)	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,677,862	\$	\$	\$ 3,677,862
Construction in progress	1,096,727	1,127,470	369,533	1,854,664
Infrastructure	110,990,750	2,311,100	58,900	113,242,950
Fine Art	300,822			300,822
Total capital assets, not being depreciated	<u>116,066,161</u>	<u>3,438,570</u>	<u>428,433</u>	<u>119,076,298</u>
Capital assets, being depreciated:				
Land improvements	395,485			395,485
Buildings and improvements	41,365,210	358,876	115,656	41,608,430
Vehicles, furniture, and equipment	25,401,668	1,604,008	1,662,127	25,343,549
Total capital assets being depreciated	<u>67,162,363</u>	<u>1,962,884</u>	<u>1,777,783</u>	<u>67,347,464</u>
Less accumulated depreciation for:				
Land improvements	(142,973)	(25,515)		(168,488)
Buildings and improvements	(9,407,690)	(1,587,539)	(15,481)	(10,979,748)
Vehicles, furniture, and equipment	(14,663,559)	(1,646,392)	(1,591,532)	(14,718,419)
Total accumulated depreciation	<u>(24,214,222)</u>	<u>(3,259,446)</u>	<u>(1,607,013)</u>	<u>(25,866,655)</u>
Total capital assets, being depreciated, net	42,948,141	(1,296,562)	170,770	41,480,809
Governmental activities capital assets, net	<u>\$ 159,014,302</u>	<u>\$ 2,142,008</u>	<u>\$ 599,203</u>	<u>\$ 160,557,107</u>

Governmental capital expenditures by function were as follows:

General government	\$ 1,020,900
Public safety	1,491,555
Public works	746,991
Total	<u>\$ 3,259,446</u>

Construction Commitments – At year end, the County had contractual commitments related to capital projects for the construction of the Joy Center and Memorial Project. At year end the County had spent \$1.9 million on the projects and had estimated remaining contractual commitments of \$115,559. These projects are being funded with bond proceeds.

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

NOTE 7 – BONDS PAYABLE

Bonds payable at year end consisted of the following outstanding general obligation bond. The bond is callable with interest payable semiannually. Gross receipts taxes as applicable from the respective debt service funds are used to pay bonded debt. In addition, the terms of the bond issuance require a \$1,000,000 reserve requirement which is reported in the Revenue Bond Reserve Fund.

General obligation bonds outstanding as reported in governmental-type activities at year end were as follows.

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Maturity</u>	<u>Outstanding Principal June 30, 2011</u>	<u>Due Within One Year</u>
Governmental activities:					
2007 Refunding Bonds	\$ 10,000,000	3.70% - 4.10%	7/1/11-19	\$ 8,710,000	\$ 815,000
Total				<u>\$ 8,710,000</u>	<u>\$ 815,000</u>

Annual debt service requirements to maturity on revenue and refunding bonds for governmental activities at year end are summarized as follows.

Year ending June 30:	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 815,000	\$ 323,678
2013	860,000	292,475
2014	885,000	259,535
2015	955,000	224,336
2016	1,060,000	185,415
2017-20	4,135,000	301,265
Total	<u>\$ 8,710,000</u>	<u>\$ 1,586,704</u>

Pledged revenues – governmental activities. The County has pledged future gross receipts tax revenues to repay outstanding revenue bonds of \$8.7 million as of June 30, 2011. Proceeds from the original bond issuances provided financing for the construction, furnishing, equipping, rehabilitating, and expanding and improving the County Courthouse and County Administrative buildings. The bonds are paid solely from the County’s gross receipts tax and are payable through 2019. Total annual principal and interest payments for all gross receipts tax revenue bonds are expected to require less than 15% of gross revenues. Total principal and interest to be paid on the bonds is \$10.3 million. The current total gross receipts tax revenues were \$7.4 million and the total principal and interest paid on the bonds was \$1.1 million, or 15% of gross revenues.

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

NOTE 8 – LOANS PAYABLE

NMFA Loans. The County entered into several debt finance agreements with New Mexico Finance Authority (NMFA) to purchase various equipment. The principal and interest payments are recorded in the East Grand Plains Fire District, Midway Fire District, Berrendo Fire District and Chaves County Fire District #8 Funds, all non-major governmental funds. The NMFA loans are as follows.

Description	Date of Issue	Maturity	Interest Rates	Original Amount of Issue	Balance June 30, 2011
Berrendo Fire Equipment	October 2001	May 2012	3%	\$ 60,000	\$ 6,831
Berrendo Fire Equipment	June 2002	May 2013	3	32,000	7,360
District #8 Fire Equipment	March 2003	May 2023	3	125,000	83,903
East Grand Plains Fire Equipment	April 2004	May 2024	3	269,708	194,851
East Grand Plains Fire Equipment	September 2006	May 2017	3	150,000	98,958
Midway Fire Equipment	April 2009	May 2030	3	162,400	156,356
East Grand Plains Fire Equipment	May 2011	May 2022	3	126,875	126,875
Total				<u>\$ 925,983</u>	<u>\$ 675,134</u>

Year ending June 30:	Principal	Interest
2012	\$ 49,441	\$ 19,454
2013	48,229	25,635
2014	45,960	20,352
2015	47,518	18,752
2016	49,174	17,168
2017-21	252,726	51,666
2022-26	141,510	16,852
2027-30	40,576	3,088
Total	<u>\$ 675,134</u>	<u>\$ 172,967</u>

NOTE 9 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the current fiscal year was as follows.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 9,500,000	\$	\$ 790,000	\$ 8,710,000	\$ 815,000
NMFA Loans Payable	596,154	126,875	47,895	675,134	49,441
Compensated absences	610,410	539,110	538,823	610,697	470,000
Total	<u>\$ 10,706,564</u>	<u>\$ 665,985</u>	<u>\$ 1,376,718</u>	<u>\$ 9,995,831</u>	<u>\$ 1,334,441</u>

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

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, interfund balances were as follows.

Due to/from other funds:

Due to	Due from		Total
	General Fund	Non-Major Governmental Funds	
Revenue Bond Reserve Fund	\$ 1,000,000	\$	\$ 1,000,000
Restricted Health Services Fund	13,400		13,400
Non-Major Governmental Funds	11,152	20,125	31,277
Total	\$ 1,024,552	\$ 20,125	\$ 1,044,677

At year end, temporary borrowing was recorded between funds. In addition, interfund activity was recorded between the Revenue Bond Reserve Fund and the General Fund to demonstrate the reserve requirements of the refunding bonds were met. All interfund balances are expected to be paid within one year.

Interfund transfers:

Interfund transfers were utilized by the County during the fiscal year as approved in the annual budget to transfer resources received in one fund and transferred to the proper fund for expenditures. Transfers made were as follows.

Transfers out	Transfers in		Total
	General Fund	Non-Major Governmental Funds	
Road Fund	\$ 2,500,000	\$	\$ 2,500,000
Indigent Hospital Claims Fund	3,000,000		3,000,000
Non-Major Governmental Funds	752,000	1,795,300	2,547,300
Total	\$ 6,252,000	\$ 1,795,300	\$ 8,047,300

NOTE 11 – PRIOR PERIOD ADJUSTMENT

The July 1, 2010 government-wide net assets do not agree to the prior year financial statements due to the inclusion of unpaved roadways in infrastructure assets. In prior years, unpaved roads were not included in the capital asset balances.

	Statement of Activities
Net Assets, June 30, 2010, as previously reported	\$ 180,460,031
Correction of capital assets	52,666,658
Net Assets, July 1, 2010, as restated	\$ 233,126,689

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

NOTE 12 – CONTINGENT LIABILITIES

Compliance – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures/expenses that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

NOTE 13 – RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The County belongs to the New Mexico County Insurance Authority (NMCIA), a public entity risk pool currently operating as a common risk management and insurance program for its member counties. The County pays an annual premium to NMCIA for all of its general and workers' compensation insurance coverage. The agreement for formation of the NMCIA provides that NMCIA will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of amounts that range from \$150,000 for property to \$300,000 for other liability claims.

The County carries commercial insurance for all other risks of loss including property, liability, and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The County has established a self-insured dental program for employees, employees' spouses, and their dependents. Payments are made to Dental Source for 100 percent of preventative services, 80 percent of basic services, and 50 percent of major services. The Plan has a maximum of \$1,000 per enrolled person on a contract year basis. During the year, the County paid claims in the amount of \$42,832 and administrative fees of \$65.

NOTE 14 – PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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

Funding Policy. Plan members are required to contribute 15.65% for municipal plan members and 16.30% for law enforcement employees (ranges from 4.0% to 16.65% depending upon the plan – i.e., state general, state hazardous duty, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officer) of their gross salary. The County is required to contribute 18.50% for law enforcement plan members; 11.65% for all other plan members

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

NOTE 14 – PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Cont'd)

(ranges from 7.0% to 25.72% depending upon the plan) of the gross covered salary. The contribution requirements of plan members and the County are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The County's contributions to PERA for the years ended June 30, 2011, 2010, and 2009 were \$1.2 million, \$1.3 million and \$1.1 million, respectively, which were equal to the amount of the required contributions for each year.

NOTE 15 – POSTEMPLOYMENT BENEFITS – STATE RETIREE HEALTHCARE PLAN

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

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

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

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

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

**NOTE 15 – POSTEMPLOYMENT BENEFITS – STATE RETIREE HEALTHCARE PLAN
(Concl'd)**

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee is required to contribute .8333% of their salary. In the fiscal years ending June 30, 2012 and June 30, 2013 the contribution rates for employees and employers will rise as follows.

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

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
2012	1.834%	0.917%
2013	2.000%	1.000%

For employees who are members of an enhanced retirement plan (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4 and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]), during the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 2.084% of each participating employee's annual salary, and each participating employee was required to contribute 1.042% of their salary. In the fiscal years ending June 30, 2012 and June 30, 2013 the contributions rates for both employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
2012	2.292%	1.146%
2013	2.500%	1.250%

Also, employers joining the program after January 1, 1998 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The County's contributions to the RHCA for the years ended June 30, 2011, 2010 and 2009 were \$142,247, \$103,930 and \$106,370, respectively, which equal the required contributions for each year.

NOTE 16 – SUBSEQUENT EVENT

In October 2011, management became aware of misuse of a County issued fuel card. The County is currently in the process of investigating and determining the financial impact, however, management does not believe the misuse is material to the financial position of the County.

**INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH
(REQUIRED SUPPLEMENTARY INFORMATION)**

**STATE OF NEW MEXICO
CHAVES COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011**

Modified Approach for County Streets Infrastructure Capital Assets

The County has elected to use the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting for its Streets Pavement System. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

- The County manages the eligible infrastructure capital assets using an asset management system with characteristics of (1) an up-to-date inventory; (2) ability to perform condition assessments and summarize the results using a measurement scale; and (3) ability to estimate annual amount to maintain and preserve at the established condition assessment level.
- The County documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level.

The County maintains 469 miles of chip sealed/paved roadways and 990.69 miles of unpaved roadways. A goal of the County Road Department is to develop and provide a cost effective pavement maintenance and rehabilitation program for its paved roads that preserves the County's investment in its road network and enhances public transportation and safety. The chip sealed roadway surface on the County's paved roads is assumed to have an expected life of approximately 10 years. In order to prevent chip seal road surface from failing completely, thus requiring complete reconstruction, the County attempts to resurface these roads every 7 years. This goal requires the County to resurface approximately 67 miles of paved roads each year.

Due to increasing road maintenance material costs, increasing fuel and labor costs, and relatively flat road fund revenues, the County, in recent years, has not been able to meet these goals.

<u>Fiscal Year</u>	<u>Miles Maintained</u>	<u>Actual Cost</u>
2010-11	30	\$ 494,311
2009-10	65	1,497,298
2008-09	61	1,115,980
2007-08	47	718,531
2006-07	57	977,278

Although these resurfacing projects are planned and budgeted in their respective fiscal year, the work must be performed in the summer months and will occasionally cross over into the next fiscal year.

The County's streets are constantly deteriorating resulting from the following four factors: (1) traffic using the streets; (2) the sun's ultra-violet rays drying out and breaking down the top layer of pavement; (3) utility company/private development interests trenching operations; and (4) water damage from natural precipitation and other urban runoff. The County is continuously taking actions to arrest the deterioration through short-term maintenance activities such as pothole patching; culvert and cattle guard repair and replacement. In addition, the County is continuously grading its unpaved roadways including the roadside ditches and drainage turnouts.

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - REVENUE BOND RESERVE FUND
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental				
Investment income				
Contributions				
Other				
Total revenues				
Cash balance carryforward				
Total	\$	\$		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Public works				
Culture and recreation				
Health and welfare				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures				
Other financing sources (uses):				
Transfers in				
Transfers out				
Loan proceeds				
Total other financing sources (uses)				
Change in fund balance - budgetary basis				
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditure accruals, net of prior year amounts				
Outstanding encumbrances recorded as budgetary expenditures				
Change in fund balance - GAAP basis			\$	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - COUNTY PERMANENT FUND
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental				
Investment income				
Contributions				
Other				
Total revenues				
Cash balance carryforward				
Total	\$	\$		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Public works				
Culture and recreation				
Health and welfare				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures				
Other financing sources (uses):				
Transfers in				
Transfers out				
Loan proceeds				
Total other financing sources (uses)				
Change in fund balance - budgetary basis				
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditure accruals, net of prior year amounts				
Outstanding encumbrances recorded as budgetary expenditures				
Change in fund balance - GAAP basis			\$	

**COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS
AND SCHEDULES**

**STATE OF NEW MEXICO
CHAVES COUNTY
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2011**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 3,549,815	\$ 9,681	\$ 1,922,856	\$ 5,482,352
Investments	4,338,827	3,539,294		7,878,121
Receivables	275,476	396,766	263,614	935,856
Due from other funds			20,125	20,125
Total assets	<u>\$ 8,164,118</u>	<u>\$ 3,945,741</u>	<u>\$ 2,206,595</u>	<u>\$ 14,316,454</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 188,307	\$	\$ 144,354	\$ 332,661
Accrued payroll	8,459			8,459
Deferred revenue	82,497			82,497
Due to other funds	31,277			31,277
Total liabilities	<u>310,540</u>		<u>144,354</u>	<u>454,894</u>
Fund balances:				
Restricted	7,146,331	3,945,741	2,037,300	13,129,372
Committed	707,247		24,941	732,188
Total fund balances	<u>7,853,578</u>	<u>3,945,741</u>	<u>2,062,241</u>	<u>13,861,560</u>
Total liabilities and fund balances	<u>\$ 8,164,118</u>	<u>\$ 3,945,741</u>	<u>\$ 2,206,595</u>	<u>\$ 14,316,454</u>

**STATE OF NEW MEXICO
CHAVES COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2011**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:				
Property taxes	\$ 1,197,886	\$ 140	\$	\$ 1,198,026
Gross receipts taxes	712,691	2,325,243	1,530,006	4,567,940
Other taxes	261,186			261,186
Charges for services	39,317			39,317
Intergovernmental	3,980,281		668,920	4,649,201
Investment income	26,095			26,095
Other	388,192			388,192
Total revenues	<u>6,605,648</u>	<u>2,325,383</u>	<u>2,198,926</u>	<u>11,129,957</u>
Expenditures:				
Current -				
General government	216,120			216,120
Public safety	2,062,011			2,062,011
Public works	1,088,110			1,088,110
Health and welfare	275,267			275,267
Capital outlay	2,443,840		1,960,988	4,404,828
Debt service -				
Principal	47,895	790,000		837,895
Interest and fees	25,534	353,548		379,082
Total expenditures	<u>6,158,777</u>	<u>1,143,548</u>	<u>1,960,988</u>	<u>9,263,313</u>
Excess (deficiency) of revenues over expenditures	<u>446,871</u>	<u>1,181,835</u>	<u>237,938</u>	<u>1,866,644</u>
Other financing sources (uses):				
Transfer in	777,000	1,150,000	620,300	2,547,300
Transfer out	(25,000)	(1,650,000)	(120,300)	(1,795,300)
Loan proceeds	126,875			126,875
Total other financing sources (uses):	<u>878,875</u>	<u>(500,000)</u>	<u>500,000</u>	<u>878,875</u>
Changes in fund balances	<u>1,325,746</u>	<u>681,835</u>	<u>737,938</u>	<u>2,745,519</u>
Fund balances, beginning of year	6,527,832	3,263,906	1,324,303	11,116,041
Fund balances, end of year	<u>\$ 7,853,578</u>	<u>\$ 3,945,741</u>	<u>\$ 2,062,241</u>	<u>\$ 13,861,560</u>

SPECIAL REVENUE FUNDS

Farm and Range – To account for the Farm and Range Improvement Act which directs the county commissioners to expend funds that are derived from the state's share of the 1934 Taylor Grazing Act public lands grazing district fees paid to the Bureau of Land Management. The funds may be used for the purposes of soil and water conservation, control of rodents and predatory animals, extermination of poisonous noxious weeds, and construction and maintenance of secondary roads within the County. (6-11-6 NMSA 1978)

Recreation – To account for the operation, maintenance, and construction of County owned recreational facilities. Financing is provided by cigarette tax and other miscellaneous sources. (7-12-15 NMSA 1978)

Fire District Funds – To account for the operations and maintenance of the County's fire districts of Dunken, East Grand Plains, Penasco, Midway, Berrendo, Sierra, Rio Felix and Chaves County Fire District #8. Financing is provided by allotments from the State of New Mexico and other miscellaneous sources. (Ordinance #41, 11-24-93)

Fire and Ambulance Excise Tax – To account for one-eighth of one cent gross receipts tax for the purpose of assisting the County's safety programs. (7-20E-15 NMSA 1978)

Law Enforcement Grant – To account for a state grant restricted to training and equipment purchases for use in law enforcement. (29-13-1 NMSA 1978)

Public Safety Grant – To account for revenues and expenditures for the D.A.R.E. and Narcotics grant programs. (Resolution R-92-35)

DWI Grant – To account for revenues and expenditures from DWI grants in accordance with guidelines for DFA quarterly reporting. (Resolution 96-42)

Sheriff Forfeiture – To account for money that is received from the US Marshal's Office from locally confiscated monies acquired during arrests of individual for trafficking and in possession of illegal drugs. (Resolution R-06-041)

Correction – To account for the County's portion of the penalty assessment attachment to each traffic violation handled through the Magistrate Court. Expenditures are restricted to the law enforcement area. (33-3-25 NMSA 1978)

Environmental – To account for funds generated by the Environmental Gross Receipts Tax. (Ordinance #33, 3-38-91, 7-20E-17 NMSA 1978)

Hospital Aged Accounts – To account for the sale of Eastern New Mexico Medical Center, the County receives patient accounts receivable of approximately \$22.5 million. Funds received from collection of the patient accounts receivable are recorded in this fund and are available for any purpose the County Commission deems appropriate. (Resolution R-98-33)

County Income – To account for earnings from the investments of the Permanent Fund. The money may be budgeted and appropriated for any purpose the County Commissioners deem appropriate. (Ordinance #55)

Flood Control – To account for flood control activities. Financing is provided by property taxes. (1948 Resolution)

Road Special Construction – To account for funds received for maintenance of special private roads through a Commission approved agreement. (Resolution 95-41)

Clerk Recording and Filing – To account for funds received from charges for County services. Funds are used to maintain clerk equipment. (Resolution 95-41)

Property Valuation – To account for the administrative fee of reappraisal of property for the purpose of assessing taxes. (7-38-38.1 NMSA 1978)

Other Grants and Contracts – To account for revenues and expenditures to assist in meeting the cost of grants and projects. (Resolution 95-41)

CDBG – To account for revenues and expenditures under a pass-through program from the State. Expenditures are restricted to the purposes approved in the grant application. (Resolution 95-41)

**STATE OF NEW MEXICO
CHAVES COUNTY
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011**

	<u>Farm and Range</u>	<u>Recreation</u>	<u>Dunken Fire District</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 4,121	\$ 3,161	\$ 74,600
Investments			
Receivables			
Total assets	<u>\$ 4,121</u>	<u>\$ 3,161</u>	<u>\$ 74,600</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$ 4,144
Accrued payroll			
Deferred revenue			
Due to other funds			
Total liabilities			<u>4,144</u>
Fund balances:			
Restricted	4,121	3,161	70,456
Committed			
Total fund balances	<u>4,121</u>	<u>3,161</u>	<u>70,456</u>
 Total liabilities and fund balances	 <u>\$ 4,121</u>	 <u>\$ 3,161</u>	 <u>\$ 74,600</u>

<u>East Grand Plains Fire District</u>	<u>Penasco Fire District</u>	<u>Midway Fire District</u>	<u>Berrendo Fire District</u>	<u>Sierra Fire District</u>	<u>Rio Felix Fire District</u>
\$ 232,671	\$ 83,474	\$ 77,963	\$ 206,545	\$ 113,956	\$ 232,506
<u>\$ 232,671</u>	<u>\$ 83,474</u>	<u>\$ 77,963</u>	<u>369</u> <u>\$ 206,914</u>	<u>\$ 113,956</u>	<u>\$ 232,506</u>
\$ 2,080	\$ 5,488	\$ 5,901	\$ 15,850	\$ 14,185	\$ 4,170
<u>2,080</u>	<u>5,488</u>	<u>5,901</u>	<u>15,850</u>	<u>14,185</u>	<u>4,170</u>
230,591	77,986	72,062	191,064	99,771	228,336
<u>230,591</u>	<u>77,986</u>	<u>72,062</u>	<u>191,064</u>	<u>99,771</u>	<u>228,336</u>
<u>\$ 232,671</u>	<u>\$ 83,474</u>	<u>\$ 77,963</u>	<u>\$ 206,914</u>	<u>\$ 113,956</u>	<u>\$ 232,506</u>

(Continued)

**STATE OF NEW MEXICO
CHAVES COUNTY
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011**

	Chaves County Fire District #8	Fire and Ambulance Excise Tax	Law Enforcement Grant
<u>ASSETS</u>			
Cash and cash equivalents	\$ 30,308	\$	\$ 35,393
Investments		3,192,059	
Receivables	5,706	79,117	7,643
Total assets	\$ 36,014	\$ 3,271,176	\$ 43,036
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 5,722	\$	\$ 6,162
Accrued payroll			
Deferred revenue			
Due to other funds			
Total liabilities	5,722		6,162
Fund balances:			
Restricted	30,292	3,271,176	36,874
Committed			
Total fund balances	30,292	3,271,176	36,874
 Total liabilities and fund balances	 \$ 36,014	 \$ 3,271,176	 \$ 43,036

<u>Public Safety Grant</u>	<u>DWI Grant</u>	<u>Sheriff Forfeiture</u>	<u>Correction</u>	<u>Environmental</u>	<u>Flood Control</u>
\$ 100,215	\$ 220,839	\$ 53,985	\$ 212,799	\$ 218,696	\$ 1,146,768
2,759	34,359			39,559	105,964
<u>\$ 102,974</u>	<u>\$ 255,198</u>	<u>\$ 53,985</u>	<u>\$ 212,799</u>	<u>\$ 258,255</u>	<u>\$ 1,252,732</u>
\$ 260	\$ 67,878 957	\$	\$ 5,793 2,276	\$ 14,494 501	\$ 30,130 4,056 82,497
11,152	20,125				
<u>11,412</u>	<u>88,960</u>		<u>8,069</u>	<u>14,995</u>	<u>116,683</u>
91,562	166,238		204,730	243,260	1,136,049
<u>91,562</u>	<u>166,238</u>	<u>53,985</u>	<u>204,730</u>	<u>243,260</u>	<u>1,136,049</u>
<u>\$ 102,974</u>	<u>\$ 255,198</u>	<u>\$ 53,985</u>	<u>\$ 212,799</u>	<u>\$ 258,255</u>	<u>\$ 1,252,732</u>

(Continued)

**STATE OF NEW MEXICO
CHAVES COUNTY
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011**

	<u>Road Special Construction</u>	<u>Clerk Recording and Filing</u>	<u>Property Valuation</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 454,344	\$ 200,592	\$ 354,615
Investments			
Receivables			
Total assets	<u>\$ 454,344</u>	<u>\$ 200,592</u>	<u>\$ 354,615</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$ 1,674	\$ 294
Accrued payroll			409
Deferred revenue			
Due to other funds			
Total liabilities	<u></u>	<u>1,674</u>	<u>703</u>
Fund balances:			
Restricted			353,912
Committed	454,344	198,918	
Total fund balances	<u>454,344</u>	<u>198,918</u>	<u>353,912</u>
 Total liabilities and fund balances	 <u>\$ 454,344</u>	 <u>\$ 200,592</u>	 <u>\$ 354,615</u>

Other Grants and Contracts	CDBG	Totals
\$ 537,032	\$ 102,000	\$ 3,549,815
		4,338,827
		275,476
<u>\$ 537,032</u>	<u>\$ 102,000</u>	<u>\$ 8,164,118</u>
\$ 4,342	\$	\$ 188,307
		8,459
		82,497
		31,277
<u>4,342</u>	<u></u>	<u>310,540</u>
532,690	102,000	7,146,331
		707,247
<u>532,690</u>	<u>102,000</u>	<u>7,853,578</u>
<u>\$ 537,032</u>	<u>\$ 102,000</u>	<u>\$ 8,164,118</u>

**STATE OF NEW MEXICO
CHAVES COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011**

	<u>Farm and Range</u>	<u>Recreation</u>	<u>Dunken Fire District</u>
Revenues:			
Property taxes	\$	\$	\$
Gross receipts taxes			
Other taxes		61	
Charges for services			
Intergovernmental	46,908		71,522
Investment income			
Other			26
Total revenues	<u>46,908</u>	<u>61</u>	<u>71,548</u>
Expenditures:			
Current -			
General government			
Public safety			104,422
Public works			
Health and welfare	49,000		
Capital outlay			
Debt service -			
Principal			
Interest and fees			
Total expenditures	<u>49,000</u>	<u></u>	<u>104,422</u>
Excess (deficiency) of revenues over expenditures	<u>(2,092)</u>	<u>61</u>	<u>(32,874)</u>
Other financing sources (uses):			
Transfer in			
Transfer out			(2,000)
Loan proceeds			
Total other financing sources (uses):	<u></u>	<u></u>	<u>(2,000)</u>
Changes in fund balances	<u>(2,092)</u>	<u>61</u>	<u>(34,874)</u>
Fund balances (deficits), beginning of year	6,213	3,100	105,330
Fund balances, end of year	<u>\$ 4,121</u>	<u>\$ 3,161</u>	<u>\$ 70,456</u>

East Grand Plains Fire District	Penasco Fire District	Midway Fire District	Berrendo Fire District	Sierra Fire District	Rio Felix Fire District
\$	\$	\$	\$	\$	\$
210,332	70,210	181,440	235,457	263,884	50,332
	69	101	2,203	3,664	27
<u>210,332</u>	<u>70,279</u>	<u>181,541</u>	<u>237,660</u>	<u>267,548</u>	<u>50,359</u>
106,520	185,051	105,582	215,462	248,421	51,697
126,875					
25,962		6,044	10,152		
12,708		9,406	730		
<u>272,065</u>	<u>185,051</u>	<u>121,032</u>	<u>226,344</u>	<u>248,421</u>	<u>51,697</u>
<u>(61,733)</u>	<u>(114,772)</u>	<u>60,509</u>	<u>11,316</u>	<u>19,127</u>	<u>(1,338)</u>
(4,000)	(3,000)	(4,000)	(5,000)	(4,000)	(1,000)
126,875					
<u>122,875</u>	<u>(3,000)</u>	<u>(4,000)</u>	<u>(5,000)</u>	<u>(4,000)</u>	<u>(1,000)</u>
<u>61,142</u>	<u>(117,772)</u>	<u>56,509</u>	<u>6,316</u>	<u>15,127</u>	<u>(2,338)</u>
169,449	195,758	15,553	184,748	84,644	230,674
<u>\$ 230,591</u>	<u>\$ 77,986</u>	<u>\$ 72,062</u>	<u>\$ 191,064</u>	<u>\$ 99,771</u>	<u>\$ 228,336</u>

(Continued)

**STATE OF NEW MEXICO
CHAVES COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011**

	<u>Chaves County Fire District #8</u>	<u>Fire and Ambulance Excise Tax</u>	<u>Law Enforcement Grant</u>
Revenues:			
Property taxes	\$	\$	\$
Gross receipts taxes		475,160	
Other taxes			
Charges for services			
Intergovernmental	109,158		5,880
Investment income		26,091	
Other		230,613	
Total revenues	<u>109,158</u>	<u>731,864</u>	<u>5,880</u>
Expenditures:			
Current -			
General government			
Public safety	112,364		37,515
Public works			
Health and welfare			
Capital outlay		122,481	
Debt service -			
Principal	5,737		
Interest and fees	2,690		
Total expenditures	<u>120,791</u>	<u>122,481</u>	<u>37,515</u>
Excess (deficiency) of revenues over expenditures	<u>(11,633)</u>	<u>609,383</u>	<u>(31,635)</u>
Other financing sources (uses):			
Transfer in		30,000	
Transfer out	(2,000)		
Loan proceeds			
Total other financing sources (uses):	<u>(2,000)</u>	<u>30,000</u>	
Changes in fund balances	<u>(13,633)</u>	<u>639,383</u>	<u>(31,635)</u>
Fund balances (deficits), beginning of year	43,925	2,631,793	68,509
Fund balances, end of year	<u>\$ 30,292</u>	<u>\$ 3,271,176</u>	<u>\$ 36,874</u>

<u>Public Safety Grant</u>	<u>DWI Grant</u>	<u>Sheriff Forfeiture</u>	<u>Correction</u>	<u>Environmental</u>	<u>Flood Control</u>
\$	\$	\$	\$	\$	\$ 1,197,886
				237,531	
20,337	566,061		309,975		71,289
1,133					12,323
<u>21,470</u>	<u>566,061</u>	<u></u>	<u>309,975</u>	<u>237,531</u>	<u>1,281,498</u>
13,366	467,278		414,333		1,068,480
				226,267	
36,540					389,039
<u>49,906</u>	<u>467,278</u>	<u></u>	<u>414,333</u>	<u>226,267</u>	<u>1,457,519</u>
<u>(28,436)</u>	<u>98,783</u>	<u></u>	<u>(104,358)</u>	<u>11,264</u>	<u>(176,021)</u>
10,000			260,000		
<u>10,000</u>	<u></u>	<u></u>	<u>260,000</u>	<u></u>	<u></u>
<u>(18,436)</u>	<u>98,783</u>	<u></u>	<u>155,642</u>	<u>11,264</u>	<u>(176,021)</u>
109,998	67,455	53,985	49,088	231,996	1,312,070
<u>\$ 91,562</u>	<u>\$ 166,238</u>	<u>\$ 53,985</u>	<u>\$ 204,730</u>	<u>\$ 243,260</u>	<u>\$ 1,136,049</u>

(Continued)

**STATE OF NEW MEXICO
CHAVES COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011**

	<u>Road Special Construction</u>	<u>Clerk Recording and Filing</u>	<u>Property Valuation</u>
Revenues:			
Property taxes	\$	\$	\$
Gross receipts taxes			
Other taxes			261,125
Charges for services		39,317	
Intergovernmental			
Investment income	4		
Other	115,000	22,156	
Total revenues	<u>115,004</u>	<u>61,473</u>	<u>261,125</u>
Expenditures:			
Current -			
General government		5,662	208,422
Public safety			
Public works	19,630		
Health and welfare			
Capital outlay			
Debt service -			
Principal			
Interest and fees			
Total expenditures	<u>19,630</u>	<u>5,662</u>	<u>208,422</u>
Excess (deficiency) of revenues over expenditures	<u>95,374</u>	<u>55,811</u>	<u>52,703</u>
Other financing sources (uses):			
Transfer in			
Transfer out			
Loan proceeds			
Total other financing sources (uses):	<u> </u>	<u> </u>	<u> </u>
Changes in fund balances	<u>95,374</u>	<u>55,811</u>	<u>52,703</u>
Fund balances (deficits), beginning of year	358,970	143,107	301,209
Fund balances, end of year	<u>\$ 454,344</u>	<u>\$ 198,918</u>	<u>\$ 353,912</u>

Other Grants and Contracts	CDBG	Totals
\$	\$	\$
		1,197,886
		712,691
		261,186
		39,317
1,360,283	407,213	3,980,281
		26,095
877		388,192
<u>1,361,160</u>	<u>407,213</u>	<u>6,605,648</u>
	2,036	216,120
		2,062,011
		1,088,110
		275,267
1,369,836	399,069	2,443,840
		47,895
		25,534
<u>1,369,836</u>	<u>401,105</u>	<u>6,158,777</u>
<u>(8,676)</u>	<u>6,108</u>	<u>446,871</u>
375,000	102,000	777,000
		(25,000)
		126,875
<u>375,000</u>	<u>102,000</u>	<u>878,875</u>
<u>366,324</u>	<u>108,108</u>	<u>1,325,746</u>
166,366	(6,108)	6,527,832
<u>\$ 532,690</u>	<u>\$ 102,000</u>	<u>\$ 7,853,578</u>

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - FARM AND RANGE
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental		46,000	46,908	908
Investment income				
Contributions				
Other				
Total revenues		46,000	46,908	908
Cash balance carryforward	6,213	6,213		
Total	\$ 6,213	\$ 52,213		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Public works				
Culture and recreation				
Health and welfare	51,000	51,000	49,000	2,000
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures	51,000	51,000	49,000	2,000
Other financing sources (uses):				
Transfers in				
Transfers out				
Loan proceeds				
Total other financing sources (uses)				
Change in fund balance - budgetary basis			(2,092)	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditure accruals, net of prior year amounts				
Change in fund balance - GAAP basis			\$ (2,092)	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - RECREATION
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes		300	61	(239)
Charges for services				
Licenses and fees				
Intergovernmental				
Investment income				
Contributions				
Other				
Total revenues		<u>300</u>	<u>61</u>	<u>(239)</u>
Cash balance carryforward	<u>3,100</u>	<u>3,100</u>		
Total	<u>\$ 3,100</u>	<u>\$ 3,400</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Public works				
Culture and recreation				
Health and welfare				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures				
Other financing sources (uses):				
Transfers in				
Transfers out				
Loan proceeds				
Total other financing sources (uses)				
Change in fund balance - budgetary basis			61	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditure accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$ 61</u>	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - DUNKEN FIRE DISTRICT
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental		72,622	71,522	(1,100)
Investment income				
Contributions				
Other			26	26
Total revenues		72,622	71,548	(1,074)
Cash balance carryforward	101,816	101,816		
Total	\$ 101,816	\$ 174,438		
Expenditures:				
Current -				
General government	\$	\$		
Public safety	168,046	168,046	104,422	63,624
Public works				
Culture and recreation				
Health and welfare				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures	168,046	168,046	104,422	63,624
Other financing sources (uses):				
Transfers in				
Transfers out		(2,000)	(2,000)	
Loan proceeds				
Total other financing sources (uses)		(2,000)	(2,000)	
Change in fund balance - budgetary basis			(34,874)	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditure accruals, net of prior year amounts				
Change in fund balance - GAAP basis			\$ (34,874)	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - EAST GRAND PLAINS FIRE DISTRICT
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental		171,913	171,662	(251)
Investment income				
Contributions				
Other				
Total revenues		171,913	171,662	(251)
Cash balance carryforward	165,574	165,574		
Total	\$ 165,574	\$ 337,487		
Expenditures:				
Current -				
General government	\$	\$		
Public safety	331,937	320,981	106,520	214,461
Public works				
Culture and recreation				
Health and welfare				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures	331,937	320,981	106,520	214,461
Other financing sources (uses):				
Transfers in				
Transfers out		(4,000)	(4,000)	
Loan proceeds				
Total other financing sources (uses)		(4,000)	(4,000)	
Change in fund balance - budgetary basis			61,142	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			38,670	
Expenditure accruals, net of prior year amounts			(38,670)	
Proceeds of intercept loan agreement			126,875	
Expenditures related to intercept loan agreement			(126,875)	
Change in fund balance - GAAP basis			\$ 61,142	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - PENASCO FIRE DISTRICT
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental		73,210	70,210	(3,000)
Investment income				
Contributions				
Other			69	69
Total revenues		<u>73,210</u>	<u>70,279</u>	<u>(2,931)</u>
Cash balance carryforward	<u>192,573</u>	<u>192,573</u>		
Total	<u>\$ 192,573</u>	<u>\$ 265,783</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety	169,770	302,093	185,051	117,042
Public works				
Culture and recreation				
Health and welfare				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures		<u>169,770</u>	<u>302,093</u>	<u>185,051</u>
Other financing sources (uses):				
Transfers in				
Transfers out		(3,000)	(3,000)	
Loan proceeds				
Total other financing sources (uses)		<u>(3,000)</u>	<u>(3,000)</u>	
Change in fund balance - budgetary basis			(117,772)	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditure accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$ (117,772)</u>	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MIDWAY FIRE DISTRICT
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental		166,560	165,990	(570)
Investment income				
Contributions				
Other			101	101
Total revenues		166,560	166,091	(469)
Cash balance carryforward	14,596	14,596		
Total	\$ 14,596	\$ 181,156		
Expenditures:				
Current -				
General government	\$	\$		
Public safety	121,898	128,098	105,582	22,516
Public works				
Culture and recreation				
Health and welfare				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures	121,898	128,098	105,582	22,516
Other financing sources (uses):				
Transfers in				
Transfers out		(4,000)	(4,000)	
Loan proceeds				
Total other financing sources (uses)		(4,000)	(4,000)	
Change in fund balance - budgetary basis			56,509	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			15,450	
Expenditure accruals, net of prior year amounts			(15,450)	
Change in fund balance - GAAP basis			\$ 56,509	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BERRENDO FIRE DISTRICT
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental		188,478	224,575	36,097
Investment income				
Contributions				
Other			2,203	2,203
Total revenues		<u>188,478</u>	<u>226,778</u>	<u>38,300</u>
Cash balance carryforward	<u>183,228</u>	<u>183,228</u>		
Total	<u>\$ 183,228</u>	<u>\$ 371,706</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety	152,794	235,725	215,462	20,263
Public works				
Culture and recreation				
Health and welfare				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>152,794</u>	<u>235,725</u>	<u>215,462</u>	<u>20,263</u>
Other financing sources (uses):				
Transfers in				
Transfers out		(5,000)	(5,000)	
Loan proceeds				
Total other financing sources (uses)		<u>(5,000)</u>	<u>(5,000)</u>	
Change in fund balance - budgetary basis			6,316	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			10,882	
Expenditure accruals, net of prior year amounts			<u>(10,882)</u>	
Change in fund balance - GAAP basis			<u>\$ 6,316</u>	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - SIERRA FIRE DISTRICT
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental		234,766	263,884	29,118
Investment income				
Contributions				
Other			3,664	3,664
Total revenues		234,766	267,548	32,782
Cash balance carryforward	87,212	87,212		
Total	\$ 87,212	\$ 321,978		
Expenditures:				
Current -				
General government	\$	\$		
Public safety	271,427	271,427	248,421	23,006
Public works				
Culture and recreation				
Health and welfare				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures	271,427	271,427	248,421	23,006
Other financing sources (uses):				
Transfers in				
Transfers out		(4,000)	(4,000)	
Loan proceeds				
Total other financing sources (uses)		(4,000)	(4,000)	
Change in fund balance - budgetary basis			15,127	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditure accruals, net of prior year amounts				
Change in fund balance - GAAP basis			\$ 15,127	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - RIO FELIX FIRE DISTRICT
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental		51,582	50,332	(1,250)
Investment income				
Contributions				
Other			27	27
Total revenues		51,582	50,359	(1,223)
Cash balance carryforward	228,228	228,228		
Total	\$ 228,228	\$ 279,810		
Expenditures:				
Current -				
General government	\$	\$		
Public safety	136,030	136,030	51,697	84,333
Public works				
Culture and recreation				
Health and welfare				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures	136,030	136,030	51,697	84,333
Other financing sources (uses):				
Transfers in				
Transfers out		(1,000)	(1,000)	
Loan proceeds				
Total other financing sources (uses)		(1,000)	(1,000)	
Change in fund balance - budgetary basis			(2,338)	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditure accruals, net of prior year amounts				
Change in fund balance - GAAP basis			\$ (2,338)	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - CHAVES COUNTY FIRE DISTRICT #8
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental		61,895	100,731	38,836
Investment income				
Contributions				
Other				
Total revenues		<u>61,895</u>	<u>100,731</u>	<u>38,836</u>
Cash balance carryforward	<u>41,689</u>	<u>41,689</u>		
Total	<u>\$ 41,689</u>	<u>\$ 103,584</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety	102,305	117,005	112,364	4,641
Public works				
Culture and recreation				
Health and welfare				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>102,305</u>	<u>117,005</u>	<u>112,364</u>	<u>4,641</u>
Other financing sources (uses):				
Transfers in				
Transfers out		(2,000)	(2,000)	
Loan proceeds				
Total other financing sources (uses)		<u>(2,000)</u>	<u>(2,000)</u>	
Change in fund balance - budgetary basis			(13,633)	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			8,427	
Expenditure accruals, net of prior year amounts			<u>(8,427)</u>	
Change in fund balance - GAAP basis			<u>\$ (13,633)</u>	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - FIRE AND AMBULANCE EXCISE TAX
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes		351,605	478,871	127,266
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental				
Investment income		24,000	26,091	2,091
Contributions				
Other			230,613	230,613
Total revenues		<u>375,605</u>	<u>735,575</u>	<u>359,970</u>
Cash balance carryforward	<u>2,548,965</u>	<u>2,548,965</u>		
Total	<u>\$ 2,548,965</u>	<u>\$ 2,924,570</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Public works				
Culture and recreation				
Health and welfare				
Capital outlay	392,500	392,500	122,481	270,019
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>392,500</u>	<u>392,500</u>	<u>122,481</u>	<u>270,019</u>
Other financing sources (uses):				
Transfers in		30,000	30,000	
Transfers out				
Loan proceeds				
Total other financing sources (uses)		<u>30,000</u>	<u>30,000</u>	
Change in fund balance - budgetary basis			643,094	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			(3,711)	
Expenditure accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$ 639,383</u>	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - LAW ENFORCEMENT GRANT FUND
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental		45,000	48,680	3,680
Investment income				
Contributions				
Other				
Total revenues		45,000	48,680	3,680
Cash balance carryforward	27,379	27,379		
Total	\$ 27,379	\$ 72,379		
Expenditures:				
Current -				
General government	\$	\$		
Public safety	55,800	79,208	37,515	41,693
Public works				
Culture and recreation				
Health and welfare				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures	55,800	79,208	37,515	41,693
Other financing sources (uses):				
Transfers in				
Transfers out				
Loan proceeds				
Total other financing sources (uses)				
Change in fund balance - budgetary basis			11,165	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			(42,800)	
Expenditure accruals, net of prior year amounts				
Change in fund balance - GAAP basis			\$ (31,635)	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - PUBLIC SAFETY GRANT
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental			20,337	20,337
Investment income				
Contributions				
Other			1,133	1,133
Total revenues			<u>21,470</u>	<u>21,470</u>
Cash balance carryforward	<u>121,736</u>	<u>121,736</u>		
Total	<u>\$ 121,736</u>	<u>\$ 121,736</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety		24,541	13,475	11,066
Public works				
Culture and recreation				
Health and welfare				
Capital outlay		55,619	36,540	19,079
Debt service -				
Principal				
Interest and fees				
Total expenditures		<u>80,160</u>	<u>50,015</u>	<u>30,145</u>
Other financing sources (uses):				
Transfers in			10,000	(10,000)
Transfers out				
Loan proceeds				
Total other financing sources (uses)			<u>10,000</u>	<u>(10,000)</u>
Change in fund balance - budgetary basis			(18,545)	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			109	
Expenditure accruals, net of prior year amounts			<u>109</u>	
Change in fund balance - GAAP basis			<u>\$ (18,436)</u>	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - DWI GRANT
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental		491,297	566,061	74,764
Investment income				
Contributions				
Other				
Total revenues		<u>491,297</u>	<u>566,061</u>	<u>74,764</u>
Cash balance carryforward	<u>151,539</u>	<u>151,539</u>		
Total	<u>\$ 151,539</u>	<u>\$ 642,836</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety	442,193	487,193	478,778	8,415
Public works				
Culture and recreation				
Health and welfare				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>442,193</u>	<u>487,193</u>	<u>478,778</u>	<u>8,415</u>
Other financing sources (uses):				
Transfers in				
Transfers out				
Loan proceeds				
Total other financing sources (uses)				
Change in fund balance - budgetary basis			87,283	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			11,500	
Expenditure accruals, net of prior year amounts			<u>11,500</u>	
Change in fund balance - GAAP basis			<u>\$ 98,783</u>	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - SHERIFF FORFEITURE
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental				
Investment income				
Contributions				
Other				
Total revenues				
Cash balance carryforward	53,985	53,985		
Total	\$ 53,985	\$ 53,985		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Public works				
Culture and recreation				
Health and welfare				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures				
Other financing sources (uses):				
Transfers in				
Transfers out				
Loan proceeds				
Total other financing sources (uses)				
Change in fund balance - budgetary basis				
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditure accruals, net of prior year amounts				
Change in fund balance - GAAP basis			\$	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - CORRECTION FUND
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental	175,000	175,000	309,975	134,975
Investment income				
Contributions				
Other				
Total revenues	<u>175,000</u>	<u>175,000</u>	<u>309,975</u>	<u>134,975</u>
Cash balance carryforward	<u>36,289</u>	<u>36,289</u>		
Total	<u>\$ 211,289</u>	<u>\$ 211,289</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety	463,101	463,101	417,950	45,151
Public works				
Culture and recreation				
Health and welfare				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>463,101</u>	<u>463,101</u>	<u>417,950</u>	<u>45,151</u>
Other financing sources (uses):				
Transfers in		260,000	260,000	
Transfers out				
Loan proceeds				
Total other financing sources (uses)		<u>260,000</u>	<u>260,000</u>	
Change in fund balance - budgetary basis			152,025	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditure accruals, net of prior year amounts			<u>3,617</u>	
Change in fund balance - GAAP basis			<u>\$ 155,642</u>	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - ENVIRONMENTAL
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes	200,850	200,850	239,386	38,536
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental				
Investment income				
Contributions				
Other				
Total revenues	<u>200,850</u>	<u>200,850</u>	<u>239,386</u>	<u>38,536</u>
Cash balance carryforward	<u>193,315</u>	<u>193,315</u>		
Total	<u>\$ 394,165</u>	<u>\$ 394,165</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Public works				
Culture and recreation				
Health and welfare	216,747	235,587	226,267	9,320
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>216,747</u>	<u>235,587</u>	<u>226,267</u>	<u>9,320</u>
Other financing sources (uses):				
Transfers in				
Transfers out				
Loan proceeds				
Total other financing sources (uses)				
Change in fund balance - budgetary basis			13,119	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			(1,855)	
Expenditure accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$ 11,264</u>	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - HOSPITAL AGED ACCOUNTS
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental				
Investment income				
Contributions				
Other			7,440	7,440
Total revenues			7,440	7,440
Cash balance carryforward	31,615	31,615		
Total	\$ 31,615	\$ 31,615		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Public works				
Culture and recreation				
Health and welfare	5,000	5,000	578	4,422
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures	5,000	5,000	578	4,422
Other financing sources (uses):				
Transfers in				
Transfers out				
Loan proceeds				
Total other financing sources (uses)				
Change in fund balance - budgetary basis			6,862	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditure accruals, net of prior year amounts				
Change in fund balance reported in the General Fund			(6,862)	
Change in fund balance - GAAP basis			\$	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - COUNTY INCOME
YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Non-GAAP Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental				
Investment income	1,175,000	1,134,520	925,882	(208,638)
Contributions				
Other				
Total revenues	<u>1,175,000</u>	<u>1,134,520</u>	<u>925,882</u>	<u>(208,638)</u>
Cash balance carryforward	<u>6,656,351</u>	<u>6,656,351</u>		
Total	<u>\$ 7,831,351</u>	<u>\$ 7,790,871</u>		
Expenditures:				
Current -				
General government	\$	\$ 40,480	40,471	9
Public safety				
Public works				
Culture and recreation				
Health and welfare				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures		<u>40,480</u>	<u>40,471</u>	<u>9</u>
Other financing sources (uses):				
Transfers in				
Transfers out		(1,293,500)	(1,175,000)	(118,500)
Loan proceeds				
Total other financing sources (uses)		<u>(1,293,500)</u>	<u>(1,175,000)</u>	<u>(118,500)</u>
Change in fund balance - budgetary basis			(289,589)	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			(107,253)	
Expenditure accruals, net of prior year amounts				
Change in fund balance reported in the General Fund			<u>396,842</u>	
Change in fund balance - GAAP basis			<u>\$</u>	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - FLOOD CONTROL
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$ 988,000	\$ 1,190,822	\$ 202,822
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental		90,000	94,817	4,817
Investment income				
Contributions				
Other			12,323	12,323
Total revenues		1,078,000	1,297,962	219,962
Cash balance carryforward	1,300,713	1,300,713		
Total	\$ 1,300,713	\$ 2,378,713		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Public works	1,422,759	1,208,720	1,069,854	138,866
Culture and recreation				
Health and welfare				
Capital outlay		389,039	389,039	
Debt service -				
Principal				
Interest and fees				
Total expenditures	1,422,759	1,597,759	1,458,893	138,866
Other financing sources (uses):				
Transfers in				
Transfers out				
Loan proceeds				
Total other financing sources (uses)				
Change in fund balance - budgetary basis			(160,931)	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			(16,464)	
Expenditure accruals, net of prior year amounts			1,374	
Change in fund balance - GAAP basis			\$ (176,021)	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - ROAD SPECIAL CONSTRUCTION
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental				
Investment income		4,000	4	(3,996)
Contributions				
Other	129,000	57,700	115,000	57,300
Total revenues	<u>129,000</u>	<u>61,700</u>	<u>115,004</u>	<u>53,304</u>
Cash balance carryforward	<u>358,970</u>	<u>358,970</u>		
Total	<u>\$ 487,970</u>	<u>\$ 420,670</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Public works		67,300	19,630	47,670
Culture and recreation				
Health and welfare				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures		<u>67,300</u>	<u>19,630</u>	<u>47,670</u>
Other financing sources (uses):				
Transfers in				
Transfers out				
Loan proceeds				
Total other financing sources (uses)				
Change in fund balance - budgetary basis			95,374	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditure accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$ 95,374</u>	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - CLERK RECORDING AND FILING
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes				
Charges for services	43,300	43,300	39,317	(3,983)
Licenses and fees				
Intergovernmental				
Investment income				
Contributions				
Other			22,156	22,156
Total revenues	43,300	43,300	61,473	18,173
Cash balance carryforward	143,107	143,107		
Total	\$ 186,407	\$ 186,407		
Expenditures:				
Current -				
General government	\$ 102,450	\$ 102,450	5,662	96,788
Public safety				
Public works				
Culture and recreation				
Health and welfare				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures	102,450	102,450	5,662	96,788
Other financing sources (uses):				
Transfers in				
Transfers out				
Loan proceeds				
Total other financing sources (uses)				
Change in fund balance - budgetary basis			55,811	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditure accruals, net of prior year amounts				
Change in fund balance - GAAP basis			\$ 55,811	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - PROPERTY VALUATION
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes	220,000	220,000	261,125	41,125
Charges for services				
Licenses and fees				
Intergovernmental				
Investment income				
Contributions				
Other				
Total revenues	<u>220,000</u>	<u>220,000</u>	<u>261,125</u>	<u>41,125</u>
Cash balance carryforward	<u>314,132</u>	<u>314,132</u>		
Total	<u>\$ 534,132</u>	<u>\$ 534,132</u>		
Expenditures:				
Current -				
General government	\$ 238,061	\$ 238,061	209,140	28,921
Public safety				
Public works				
Culture and recreation				
Health and welfare				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>238,061</u>	<u>238,061</u>	<u>209,140</u>	<u>28,921</u>
Other financing sources (uses):				
Transfers in				
Transfers out				
Loan proceeds				
Total other financing sources (uses)				
Change in fund balance - budgetary basis			51,985	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			718	
Expenditure accruals, net of prior year amounts			<u>718</u>	
Change in fund balance - GAAP basis			<u>\$ 52,703</u>	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - OTHER GRANTS AND CONTRACTS
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental		1,814,482	1,830,326	15,844
Investment income				
Contributions				
Other			877	877
Total revenues		<u>1,814,482</u>	<u>1,831,203</u>	<u>16,721</u>
Cash balance carryforward	<u>282,008</u>	<u>282,008</u>		
Total	<u>\$ 282,008</u>	<u>\$ 2,096,490</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Public works				
Culture and recreation				
Health and welfare				
Capital outlay	1,701,466	1,811,116	1,369,836	441,280
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>1,701,466</u>	<u>1,811,116</u>	<u>1,369,836</u>	<u>441,280</u>
Other financing sources (uses):				
Transfers in			375,000	(375,000)
Transfers out				
Loan proceeds				
Total other financing sources (uses)			<u>375,000</u>	<u>(375,000)</u>
Change in fund balance - budgetary basis			836,367	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			(470,043)	
Expenditure accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$ 366,324</u>	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - CDBG
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental		407,213	407,213	
Investment income				
Contributions				
Other				
Total revenues		<u>407,213</u>	<u>407,213</u>	
Cash balance carryforward	<u>95,892</u>	<u>95,892</u>		
Total	<u>\$ 95,892</u>	<u>\$ 503,105</u>		
Expenditures:				
Current -				
General government	\$ 8,144	\$ 8,144	2,036	6,108
Public safety				
Public works				
Culture and recreation				
Health and welfare				
Capital outlay	399,069	399,069	399,069	
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>407,213</u>	<u>407,213</u>	<u>401,105</u>	<u>6,108</u>
Other financing sources (uses):				
Transfers in			102,000	(102,000)
Transfers out				
Loan proceeds				
Total other financing sources (uses)			<u>102,000</u>	<u>(102,000)</u>
Change in fund balance - budgetary basis			108,108	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditure accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$ 108,108</u>	

DEBT SERVICE FUNDS

The following debt service funds are maintained by the County,

G.O. Bond – To account for accumulation of resources for, and the payment of, general long-term principal, interest and related costs of general obligation bonds. The primary source of revenue is property taxes. Authorization is by Chaves County Commission.

2007 Refunding Bonds – To account for funds for the refunding of New Mexico Gross Receipts Tax Revenue Bonds Series 2002. Authorization is by Chaves County Commission.

Revenue Bond #2 – To account for set aside pledged revenues deposited monthly into the Gross Receipts Tax Income Fund by the County Treasurer, and transferred, by the County Treasurer to the Debt Service Fund, Capital Projects Fund, Reserve Fund, and Extraordinary Redemption Fund. Authorization is by Chaves County Commission.

**STATE OF NEW MEXICO
CHAVES COUNTY
COMBINING BALANCE SHEET - NON-MAJOR DEBT SERVICE FUNDS
JUNE 30, 2011**

	G.O. Bond	2007 Refunding Bonds	Revenue Bond #2
<u>ASSETS</u>			
Cash and cash equivalents	\$ 440	\$ 9,241	\$
Investments			3,539,294
Receivables			396,766
Total assets	\$ 440	\$ 9,241	\$ 3,936,060
 Fund balances:			
Restricted	440	9,241	3,936,060
Total fund balances	440	9,241	3,936,060
 Total liabilities and fund balances	\$ 440	\$ 9,241	\$ 3,936,060

Totals

\$	9,681
	3,539,294
	<u>396,766</u>
\$	<u><u>3,945,741</u></u>

	<u>3,945,741</u>
	<u>3,945,741</u>
\$	<u><u>3,945,741</u></u>

**STATE OF NEW MEXICO
CHAVES COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2011**

	G.O. Bond	2007 Refunding Bonds	Revenue Bond #2
Revenues:			
Property taxes	\$ 140	\$	\$
Gross receipts taxes			2,325,243
Total revenues	<u>140</u>		<u>2,325,243</u>
Expenditures:			
Debt service -			
Principal		790,000	
Interest and fees		353,548	
Total expenditures		<u>1,143,548</u>	
Excess (deficiency) of revenues over expenditures	<u>140</u>	<u>(1,143,548)</u>	<u>2,325,243</u>
Other financing sources (uses):			
Transfer in		1,150,000	
Transfer out			(1,650,000)
Total other financing sources (uses):		<u>1,150,000</u>	<u>(1,650,000)</u>
Changes in fund balances	<u>140</u>	<u>6,452</u>	<u>675,243</u>
Fund balances, beginning of year	300	2,789	3,260,817
Fund balances, end of year	<u>\$ 440</u>	<u>\$ 9,241</u>	<u>\$ 3,936,060</u>

Totals

\$ 140
2,325,243
2,325,383

790,000
353,548
1,143,548
1,181,835

1,150,000
(1,650,000)
(500,000)

681,835

3,263,906
\$ 3,945,741

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - G.O. BOND
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$ 140	\$ 140
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental				
Investment income				
Contributions				
Other				
Total revenues			140	140
Cash balance carryforward	300	300		
Total	\$ 300	\$ 300		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Public works				
Culture and recreation				
Health and welfare				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures				
Other financing sources (uses):				
Transfers in				
Transfers out				
Loan proceeds				
Total other financing sources (uses)				
Change in fund balance - budgetary basis			140	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditure accruals, net of prior year amounts				
Change in fund balance - GAAP basis			\$ 140	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - 2007 REFUNDING BONDS
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental				
Investment income				
Contributions				
Other				
Total revenues				
Cash balance carryforward	2,789	2,789		
Total	\$ 2,789	\$ 2,789		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Public works				
Culture and recreation				
Health and welfare				
Capital outlay				
Debt service -				
Principal	790,000	790,000	790,000	
Interest and fees	355,173	371,563	353,548	18,015
Total expenditures	1,145,173	1,161,563	1,143,548	18,015
Other financing sources (uses):				
Transfers in		1,150,000	1,150,000	
Transfers out				
Loan proceeds				
Total other financing sources (uses)		1,150,000	1,150,000	
Change in fund balance - budgetary basis			6,452	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditure accruals, net of prior year amounts				
Change in fund balance - GAAP basis			\$ 6,452	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - REVENUE BOND #2
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes		2,159,000	2,295,575	136,575
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental				
Investment income				
Contributions				
Other				
Total revenues		<u>2,159,000</u>	<u>2,295,575</u>	<u>136,575</u>
Cash balance carryforward	<u>2,893,719</u>	<u>2,893,719</u>		
Total	<u>\$ 2,893,719</u>	<u>\$ 5,052,719</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Public works				
Culture and recreation				
Health and welfare				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures				
Other financing sources (uses):				
Transfers in				
Transfers out		(3,192,000)	(1,650,000)	(1,542,000)
Loan proceeds				
Total other financing sources (uses)		<u>(3,192,000)</u>	<u>(1,650,000)</u>	<u>(1,542,000)</u>
Change in fund balance - budgetary basis			645,575	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			29,668	
Expenditure accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$ 675,243</u>	

CAPITAL PROJECTS FUNDS

The following capital projects funds are maintained by the County.

Emergency Capital Outlay – To account for emergencies, surrounding local government emergency services, and capital projects and purchases. (Ordinance #34, 7-1-91)

Detention Construction – To account for the construction of a new detention center. (Ordinance #39, 6-21-93)

Admin Center Construction – To account for the construction of the new administrative complex. Authorization is by Chaves County Commission.

Courthouse Construction – To account for the remodeling of the Courthouse. Authorization is by Chaves County Commission.

**STATE OF NEW MEXICO
CHAVES COUNTY
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2011**

	<u>Emergency Capital Outlay</u>	<u>Detention Construction</u>	<u>Admin Center Construction</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 788,615	\$ 1,109,300	\$ 682
Receivables		263,614	
Due from other funds		20,125	
Total assets	<u>\$ 788,615</u>	<u>\$ 1,393,039</u>	<u>\$ 682</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 116,784	\$ 27,570	\$
Total liabilities	<u>116,784</u>	<u>27,570</u>	<u></u>
Fund balances:			
Restricted	671,831	1,365,469	
Committed			682
Total fund balances	<u>671,831</u>	<u>1,365,469</u>	<u>682</u>
 Total liabilities and fund balances	 <u>\$ 788,615</u>	 <u>\$ 1,393,039</u>	 <u>\$ 682</u>

<u>Courthouse Construction</u>	<u>Totals</u>
\$ 24,259	\$ 1,922,856
	263,614
	20,125
<u>\$ 24,259</u>	<u>\$ 2,206,595</u>

<u>\$</u>	\$ 144,354
	<u>144,354</u>

	2,037,300
<u>24,259</u>	<u>24,941</u>
<u>24,259</u>	<u>2,062,241</u>
<u>\$ 24,259</u>	<u>\$ 2,206,595</u>

**STATE OF NEW MEXICO
CHAVES COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2011**

	Emergency Capital Outlay	Detention Construction	Admin Center Construction
Revenues:			
Gross receipts taxes	\$	\$ 1,530,006	\$
Intergovernmental	668,920		
Total revenues	<u>668,920</u>	<u>1,530,006</u>	
Expenditures:			
Capital outlay	905,412	1,055,451	
Total expenditures	<u>905,412</u>	<u>1,055,451</u>	
Excess (deficiency) of revenues over expenditures	<u>(236,492)</u>	<u>474,555</u>	
Other financing sources (uses):			
Transfer in	500,000	120,300	
Transfer out	(120,300)		
Total other financing sources (uses):	<u>379,700</u>	<u>120,300</u>	
Changes in fund balances	<u>143,208</u>	<u>594,855</u>	
Fund balances, beginning of year	528,623	770,614	682
Fund balances, end of year	<u>\$ 671,831</u>	<u>\$ 1,365,469</u>	<u>\$ 682</u>

Courthouse Construction	Totals
\$	\$ 1,530,006
	668,920
	<u>2,198,926</u>
	620,300
125	<u>1,960,988</u>
<u>125</u>	<u>1,960,988</u>
(125)	<u>237,938</u>
	620,300
	<u>(120,300)</u>
	<u>500,000</u>
(125)	<u>737,938</u>
24,384	1,324,303
<u>\$ 24,259</u>	<u>\$ 2,062,241</u>

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - EMERGENCY CAPITAL OUTLAY
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental		879,000	668,920	(210,080)
Investment income				
Contributions				
Other				
Total revenues		879,000	668,920	(210,080)
Cash balance carryforward	551,199	551,199		
Total	\$ 551,199	\$ 1,430,199		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Public works				
Culture and recreation				
Health and welfare				
Capital outlay	879,000	879,000	788,628	90,372
Debt service -				
Principal				
Interest and fees				
Total expenditures	879,000	879,000	788,628	90,372
Other financing sources (uses):				
Transfers in			500,000	(500,000)
Transfers out		(120,300)	(120,300)	
Loan proceeds				
Total other financing sources (uses)		(120,300)	379,700	(500,000)
Change in fund balance - budgetary basis			259,992	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditure accruals, net of prior year amounts			(116,784)	
Change in fund balance - GAAP basis			\$ 143,208	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - DETENTION CONSTRUCTION
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes	1,455,240	1,528,640	1,514,430	(14,210)
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental				
Investment income				
Contributions				
Other		260		(260)
Total revenues	1,455,240	1,528,900	1,514,430	(14,470)
Cash balance carryforward	488,362	488,362		
Total	\$ 1,943,602	\$ 2,017,262		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Public works				
Culture and recreation				
Health and welfare				
Capital outlay	1,647,422	1,694,062	1,054,585	639,477
Debt service -				
Principal				
Interest and fees				
Total expenditures	1,647,422	1,694,062	1,054,585	639,477
Other financing sources (uses):				
Transfers in		120,300	120,300	
Transfers out				
Loan proceeds				
Total other financing sources (uses)		120,300	120,300	
Change in fund balance - budgetary basis			580,145	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			15,576	
Expenditure accruals, net of prior year amounts			(866)	
Change in fund balance - GAAP basis			\$ 594,855	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - ADMIN CENTER CONSTRUCTION
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental				
Investment income				
Contributions				
Other				
Total revenues	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash balance carryforward	<u>682</u>	<u>682</u>		
Total	<u>\$ 682</u>	<u>\$ 682</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Public works				
Culture and recreation				
Health and welfare				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other financing sources (uses):				
Transfers in				
Transfers out				
Loan proceeds				
Total other financing sources (uses)	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Change in fund balance - budgetary basis				
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditure accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$</u>	

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - COURTHOUSE CONSTRUCTION FUND
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Property taxes	\$	\$	\$	\$
Gasoline and motor vehicle taxes				
Gross receipts taxes				
Other taxes				
Charges for services				
Licenses and fees				
Intergovernmental				
Investment income				
Contributions				
Other				
Total revenues				
Cash balance carryforward	24,384	24,384		
Total	\$ 24,384	\$ 24,384		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Public works				
Culture and recreation				
Health and welfare				
Capital outlay		125	125	
Debt service -				
Principal				
Interest and fees				
Total expenditures		125	125	
Other financing sources (uses):				
Transfers in				
Transfers out				
Loan proceeds				
Total other financing sources (uses)				
Change in fund balance - budgetary basis			(125)	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditure accruals, net of prior year amounts				
Change in fund balance - GAAP basis			\$ (125)	

(This page intentionally left blank)

INTERNAL SERVICE FUND

Internal Service - to account for activities related to the County's purchase of bulk supplies at a discount which is then transferred to the departments that need the supplies.

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
Operating revenues:				
Sale of supplies	\$	\$	\$ 33,433	\$ (33,433)
Total operating revenues			33,433	\$ (33,433)
Cash balance carryforward	49,644	49,644		
Total	\$ 49,644	\$ 49,644		
Operating expenses:				
General and administrative	\$	\$		
Personnel services				
Contractual services				
Supplies and purchased power	67,660	67,660	3,308	64,352
Maintenance and materials				
Utilities				
Miscellaneous				
Total operating expenses	67,660	67,660	3,308	64,352
Operating income (loss)	(67,660)	(67,660)	30,125	30,919
Non-operating revenues				
Operating grants				
Interest income				
Interest expense				
Miscellaneous				
Total non-operating revenues (expenses)				
Change in fund balance - Budgetary basis			30,125	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditure accruals, net of prior year amounts				
Change in fund balance - GAAP basis			\$ 30,125	

AGENCY FUND

Treasurer's Fund - To account for collections and payment to the County and other recipient entities of property taxes, interest and penalties and other taxes billed and collected by the County on their behalf.

STATE OF NEW MEXICO
 CHAVES COUNTY
 STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 YEAR ENDED JUNE 30, 2011

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>TREASURER'S FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 494,873	\$ 20,273,427	\$ 20,178,765	\$ 589,535
Taxes receivable	<u>1,675,362</u>	<u>19,683,892</u>	<u>19,686,071</u>	<u>1,673,183</u>
Total assets	<u>\$ 2,170,235</u>	<u>\$ 39,957,319</u>	<u>\$ 39,864,836</u>	<u>\$ 2,262,718</u>
<u>Liabilities</u>				
Deposits held for others	\$ 494,873	\$ 107,282	\$ 494,873	\$ 107,282
Due to other taxing entities	<u>1,675,362</u>	<u>20,166,145</u>	<u>19,686,071</u>	<u>2,155,436</u>
Total liabilities	<u>\$ 2,170,235</u>	<u>\$ 20,273,427</u>	<u>\$ 20,180,944</u>	<u>\$ 2,262,718</u>

OTHER SUPPLEMENTARY INFORMATION

(This page intentionally left blank)

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
JUNE 30, 2011**

	Account Type	Total Deposits and Investments	Reconciling Items	Reconciled Balance
James Polk Stone Community Bank	Checking	\$ 6,388,294	\$ (919,036)	\$ 5,469,258
James Polk Stone Community Bank	Certificates of Deposit	500,000		500,000
James Polk Stone Community Bank	Checking	54,536	(54,154)	382
James Polk Stone Community Bank	Checking	102,000		102,000
James Polk Stone Community Bank	Checking	454,344		454,344
James Polk Stone Community Bank	Checking	2,741,256		2,741,256
Bank of the Southwest	Certificates of Deposit	500,000		500,000
Bank of the Southwest	Certificates of Deposit	500,000		500,000
Cutwater Asset Management	FFCB	3,112,621		3,112,621
Cutwater Asset Management	FHLB	12,752,110		12,752,110
Cutwater Asset Management	FHLMC	9,422,746		9,422,746
Cutwater Asset Management	FNMA	18,445,622		18,445,622
Cutwater Asset Management	Money Market	36,918		36,918
Cutwater Asset Management	Treasury Notes	19,711,765		19,711,765
Cutwater Asset Management	U.S. Agency	1,024,030		1,024,030
First America Bank	Certificates of Deposit	500,000		500,000
Merrill Lynch	FHLB	494,385		494,385
Merrill Lynch	FHLMC	1,005,720		1,005,720
Merrill Lynch	Money Market	131,285		131,285
Merrill Lynch	Money Market	2,264,480		2,264,480
NM State Investment Pool	State Treasurer LGIP	3,983,209		3,983,209
NM State Investment Pool	State Treasurer LGIP	16,791		16,791
Pioneer Bank	Certificates of Deposit	500,000		500,000
Pioneer Bank	Checking	1,725		1,725
Pioneer Bank	Checking	105,557		105,557
Washington Federal	Money Market	505,020		505,020
Wells Fargo/Advisors	Certificates of Deposit	500,000		500,000
Wells Fargo/Advisors	Checking	100,000		100,000
Wells Fargo/Advisors	Checking	36,917		36,917
Wells Fargo/Advisors	GNMA	5,018		5,018
Wells Fargo/Advisors	Money Market	329		329
		<u>\$ 85,896,678</u>	<u>\$ (973,190)</u>	<u>\$ 84,923,488</u>

STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2011

	James Polk Community Bank	Pioneer Bank	Bank of the Southwest	First America Bank	Wells Fargo	Merrill Lynch	Cutwater Asset Management	Washington Federal	Total	
Bank Accounts:										
Checking accounts	\$ 9,740,430	\$ 107,282			\$ 136,917				\$ 9,984,629	
Savings accounts					329	2,395,765	36,918	505,020	2,938,032	
Certificates of deposit	500,000	500,000	1,000,000	500,000	500,000				3,000,000	
Total amount of deposits	10,240,430	607,282	1,000,000	500,000	637,246	2,395,765	36,918	505,020	15,922,661	
Less: Dodd-Frank Act coverage		107,282			136,917				244,199	
Less: FDIC coverage	250,000	250,000	250,000	250,000	250,000	250,000	36,918	250,000	1,786,918	
Total uninsured public funds	9,990,430	250,000	750,000	250,000	250,329	2,145,765		255,020	13,891,544	
Collateral requirements (Per 6-10-10 & 6-10-17, NMSA 1978):										
50% of uninsured time and demand accounts	4,995,215	125,000	375,000	125,000	125,165	1,072,883		127,510	6,945,772	
Total collateral required	4,995,215	125,000	375,000	125,000	125,165	1,072,883		127,510	6,945,772	
Pledged collateral at fair market value:										
<i>Type</i>	<i>Description</i>	<i>Maturity</i>	<i>CUSIP Number</i>							
Note	FHLB Callable	8/23/2013	313370MA3	1,001,310						
Note	FHLB Call Only 12/30/11	3/20/2015	313374DW7	1,004,403						
Note	FHLMC Call Only 3/30/12	9/30/2014	3134G2LZ3	1,001,602						
Note	FHLMC Call Only 12/30/11	12/30/2014	3134G2MM1	500,518						
Note	FNMA Call Only 10/18/11	10/18/2013	011464FG4	1,002,357						
Bond	Alamogordo NM Sch Dist	8/1/2011	011464FG4	350,753						
Bond	Bloomfield NM Mun Sch Dist	9/1/2011	094077KE3	201,112						
Note	FHLMC 1 Yr Cmt	11/1/2034	782804	256,808						
Bond	Belen NM Cons Sch Dist	8/1/2020	077581MQ6		184,646					
Note	FHLB Agency	8/26/2025	313370L63					1,961,332		
Note	FHLB Letter of Credit	6/6/2012	N/A						375,000	
Note	FNMS	1/1/2036	31371MNG8		197,717					
Note	FNMS	4/1/2036	31371MSH1		371,725					
Note	FNMS	4/1/2037	31412FMN0		598,493					
Total collateral				5,062,055	256,808	375,000	184,646	1,167,935	1,961,332	9,007,776
Over / (under) secured	\$ 66,840	\$ 131,808	\$	\$ 59,646	\$ 1,042,770	\$ (1,072,883)	\$	\$ 1,833,822	\$ 2,062,004	
Custodial Credit Risk:										
Insured	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 36,918	\$ 250,000	\$ 1,786,918	
Collateralized with securities held by pledging financial institution's trust department		357,282	750,000			2,145,765			3,253,047	
Uninsured and uncollateralized										
Total deposits	\$ 250,000	\$ 607,282	\$ 1,000,000	\$ 250,000	\$ 250,000	\$ 2,395,765	\$ 36,918	\$ 250,000	\$ 5,039,965	

Location of collateral:
The Independent Bankers Bank, Irving, TX
Federal Home Loan Bank, Dallas, TX

**STATE OF NEW MEXICO
CHAVES COUNTY
TAX ROLL RECONCILIATION OF CHANGES IN THE COUNTY
TREASURER'S PROPERTY TAX RECEIVABLE
YEAR ENDED JUNE 30, 2011**

Property taxes receivable, beginning of year	\$	2,351,593
Changes to Tax Roll:		
Net taxes charged to Treasurer for fiscal year		28,158,112
Adjustments:		
Charge off of taxes receivable		<u>(56,492)</u>
Total receivables prior to collections		30,453,213
Collections for fiscal year ended June 30, 2011		<u>(28,020,016)</u>
Property taxes receivable, end of year	\$	<u><u>2,433,197</u></u>

Property taxes receivable as of year end,
Property taxes receivable by year:

2001		754
2002		3,185
2003		4,454
2004		7,323
2005		20,343
2006		22,548
2007		61,388
2008		523,817
2009		506,612
2010		<u>1,282,773</u>

Total taxes receivable, net	\$	<u><u>2,433,197</u></u>
-----------------------------	----	-------------------------

**STATE OF NEW MEXICO
CHAVES COUNTY
PROPERTY TAX SCHEDULE
YEAR ENDED JUNE 30, 2011**

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	County Receivable at Year End	
Chaves County:							
County Operational Non-Res.							
	2001-2009	\$ 31,968,657	\$ 172,569	\$ 31,671,137	\$ 172,569	\$ 31,671,137	\$ 297,520
	2010	4,632,549	4,470,810	4,470,810	4,470,810	4,470,810	161,739
	Total	36,601,206	4,643,379	36,141,947	4,643,379	36,141,947	459,259
County Operational Res.							
	2001-2009	23,816,959		23,730,806		23,730,806	86,153
	2010	3,417,643	3,236,337	3,309,076	3,236,337	3,236,337	108,567
	Total	27,234,602	3,236,337	27,039,882	3,236,337	26,967,143	194,720
County Debt Service							
	2001-2009	745,093	159	745,022	159	745,022	71
	2010						
	Total	745,093	159	745,022	159	745,022	71
Total Chaves County		\$ 64,580,901	\$ 7,879,875	\$ 63,926,851	\$ 7,879,875	\$ 63,854,112	\$ 654,050
State of New Mexico:							
State Debt							
	2001-2009	\$ 8,428,956	\$ 49,275	\$ 8,378,888	\$ 49,275	\$ 8,378,888	\$ 50,068
	2010	1,477,203	1,411,258	1,411,258	1,411,258	1,411,258	65,945
	Total	9,906,159	1,460,533	9,790,146	1,460,533	9,790,146	116,013
Cattle							
	2001-2009	425,619	2,126	420,557	2,126	420,557	5,062
	2010	52,920	50,533	50,533	50,533	50,533	2,387
	Total	478,539	52,659	471,090	52,659	471,090	7,449
Horse							
	2001-2009	21,661	170	21,458	170	21,458	203
	2010	1,620	1,543	1,543	1,543	1,543	77
	Total	23,281	1,713	23,001	1,713	23,001	280
Dairy							
	2001-2009	1,220,449	704	1,193,835	704	1,193,835	26,614
	2010	158,732	158,731	158,731	158,731	158,731	1
	Total	1,379,181	159,435	1,352,566	159,435	1,352,566	26,615
Sheep and Goats							
	2001-2009	31,476	98	31,399	98	31,399	77
	2010	1,309	932	932	932	932	377
	Total	32,785	1,030	32,331	1,030	32,331	454
Bison							
	2001-2009	73		73		73	
	2010	5	5	5	5	5	
	Total	78	5	78	5	78	
Total State of New Mexico		\$ 11,820,023	\$ 1,675,375	\$ 11,669,212	\$ 1,675,375	\$ 11,669,212	\$ 150,811
Municipalities:							
City of Roswell Non-Res.							
	2001-2009	\$ 11,192,650	\$ 84,350	\$ 11,136,804	\$ 84,350	\$ 11,136,804	\$ 55,846
	2010	1,712,287	1,627,130	1,627,130	1,627,130	1,627,130	85,157
	Total	12,904,937	1,711,480	12,763,934	1,711,480	12,763,934	141,003
City of Roswell Res.							
	2001-2009	19,033,853	132,419	18,973,474		18,973,474	60,379
	2010	2,678,449	2,541,037	2,541,037	2,541,037	2,541,037	137,412
	Total	21,712,302	2,673,456	21,514,511	2,541,037	21,514,511	197,791
City of Roswell Debt Service							
	2001-2009	6,374,181	40,248	6,351,970	40,248	6,351,970	22,211
	2010	815,685	774,306	774,306	774,306	774,306	41,379
	Total	7,189,866	814,554	7,126,276	814,554	7,126,276	63,590
Town of Lake Arthur Non-Res.							
	2001-2009	8,430	13	8,420	13	8,420	10
	2010	905	893	893	893	893	12
	Total	9,335	906	9,313	906	9,313	22
Town of Lake Arthur Res.							
	2001-2009	14,650	412	14,374		14,374	276
	2010	1,937	1,613	1,613	1,613	1,613	324
	Total	16,587	2,025	15,987	1,613	15,987	600

Agency		Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	County Receivable at Year End
Town of Hagerman Non-Res.	2001-2009	19,461	86	19,345	86	19,345	116
	2010	3,145	3,003	3,003	3,003	3,003	142
	Total	22,606	3,089	22,348	3,089	22,348	258
Town of Hagerman Res.	2001-2009	45,890	621	45,489	621	45,489	401
	2010	6,252	5,434	5,434	5,434	5,434	818
	Total	52,142	6,055	50,923	6,055	50,923	1,219
Town of Dexter Non-Res.	2001-2009	32,716	275	32,376	275	32,376	340
	2010	3,971	3,588	3,588	3,588	3,588	383
	Total	36,687	3,863	35,964	3,863	35,964	723
Town of Dexter Res.	2001-2009	48,384	433	48,081	433	48,081	303
	2010	7,049	6,385	6,385	6,385	6,385	664
	Total	55,433	6,818	54,466	6,818	54,466	967
Total Municipalities		\$ 41,999,895	\$ 5,222,247	\$ 41,593,722	\$ 5,089,415	\$ 41,593,722	\$ 406,173
School Districts:							
ENMU Non-Res.	2001-2009	\$ 3,013,834	\$ 16,617	\$ 2,985,284		\$ 2,985,284	\$ 28,550
	2010	438,302	422,943	422,943	422,943	422,943	15,359
	Total	3,452,136	439,560	3,408,227	422,943	3,408,227	43,909
ENMU Res.	2001-2009	3,203,321	22,778	3,191,667	22,778	3,191,667	11,654
	2010	461,081	436,651	436,651	436,651	436,651	24,430
	Total	3,664,402	459,429	3,628,318	459,429	3,628,318	36,084
ENMU Debt Service	2001-2009	8,945,821	56,932	8,889,227	56,932	8,889,227	56,594
	2010	1,308,006	1,249,484	1,249,484	1,249,484	1,249,484	58,522
	Total	10,253,827	1,306,416	10,138,711	1,306,416	10,138,711	115,116
NM Jr. College Non-Res.	2001-2009	1,104		1,104		1,104	
	2010	104	104	104	104	104	
	Total	1,208	104	1,208	104	1,208	
NM Jr. College Res.	2001-2009	1,024		1,024		1,024	
	2010	120	120	120	120	120	
	Total	1,144	120	1,144	120	1,144	
Roswell Ind. Schools Non-Res.	2001-2009	6,197,137	36,605	6,144,479	36,605	6,144,479	52,658
	2010	900,858	865,479	865,479	865,479	865,479	35,379
	Total	7,097,995	902,084	7,009,958	902,084	7,009,958	88,037
Roswell Ind. Schools Res.	2001-2009	7,508,182		7,483,575		7,483,575	24,607
	2010	1,079,083	1,024,953	1,024,953	1,024,953	1,024,953	54,130
	Total	8,587,265	1,024,953	8,508,528	1,024,953	8,508,528	78,737
Roswell Ind. Schools Debt Service	2001-2009	28,953,061	200,429	28,784,576	200,429	28,784,576	168,485
	2010	4,821,189	4,601,696	4,601,696	4,601,696	4,601,696	219,493
	Total	33,774,250	4,802,125	33,386,272	4,802,125	33,386,272	387,978
Artesia Public Schools Non-Res.	2001-2009	318,294	308	317,990	308	317,990	304
	2010	37,954	36,411	36,411	36,411	36,411	1,543
	Total	356,248	36,719	354,401	36,719	354,401	1,847
Artesia Public Schools Res.	2001-2009	72,662	18	72,662	18	72,662	
	2010	11,068	10,101	10,101	10,101	10,101	967
	Total	83,730	10,119	82,763	10,119	82,763	967
Artesia Public Schools Debt Service	2001-2009	57,316	44	57,272	44	57,272	44
	2010	5,590	5,303	5,303	5,303	5,303	287
	Total	62,906	5,347	62,575	5,347	62,575	331

(Continued)

**STATE OF NEW MEXICO
CHAVES COUNTY
PROPERTY TAX SCHEDULE
YEAR ENDED JUNE 30, 2011
(Concluded)**

Agency		Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	County Receivable at Year End
Lake Arthur Muni. Schools Non-Res.	2001-2009	213,083	2,885	207,617	2,885	207,617	5,466
	2010	32,452	32,224	32,224	32,224	32,224	228
	Total	<u>245,535</u>	<u>35,109</u>	<u>239,841</u>	<u>35,109</u>	<u>239,841</u>	<u>5,694</u>
Lake Arthur Muni. Schools Res.	2001-2009	35,551	1,030	35,063	1,030	35,063	488
	2010	5,331	4,636	4,636	4,636	4,636	695
	Total	<u>40,882</u>	<u>5,666</u>	<u>39,699</u>	<u>5,666</u>	<u>39,699</u>	<u>1,183</u>
Lake Arthur Muni. Schools Debt Service	2001-2009	492,430	2,726	486,833	2,726	486,833	5,597
	2010	36,977	36,011	36,011	36,011	36,011	966
	Total	<u>529,407</u>	<u>38,737</u>	<u>522,844</u>	<u>38,737</u>	<u>522,844</u>	<u>6,563</u>
Elida Muni. Schools #27 Non-Res.	2001-2009	36,091	14	35,728	14	35,728	363
	2010	4,937	4,886	4,886	4,886	4,886	51
	Total	<u>41,028</u>	<u>4,900</u>	<u>40,614</u>	<u>4,900</u>	<u>40,614</u>	<u>414</u>
Elida Muni. Schools #27 Res.	2001-2009	3,116		3,116		3,116	
	2010	487	487	487	487	487	
	Total	<u>3,603</u>	<u>487</u>	<u>3,603</u>	<u>487</u>	<u>3,603</u>	
Elida Muni. Schools #27 Debt Service.	2001-2009	71,136	22	70,617	22	70,617	519
	2010	10,971	10,866	10,866	10,866	10,866	105
	Total	<u>82,107</u>	<u>10,888</u>	<u>81,483</u>	<u>10,888</u>	<u>81,483</u>	<u>624</u>
Elida Muni. Schools #28 Non-Res.	2001-2009	25,044	11	25,042	11	25,042	2
	2010	3,864	3,820	3,820	3,820	3,820	44
	Total	<u>28,908</u>	<u>3,831</u>	<u>28,862</u>	<u>3,831</u>	<u>28,862</u>	<u>46</u>
Elida Muni. Schools #28 Res.	2001-2009	3,326		3,324		3,324	2
	2010	577	574	574	574	574	3
	Total	<u>3,903</u>	<u>574</u>	<u>3,898</u>	<u>574</u>	<u>3,898</u>	<u>5</u>
Elida Muni. Schools #28 Debt Service.	2001-2009	51,424	16	51,417	16	51,417	7
	2010	8,982	8,889	8,889	8,889	8,889	93
	Total	<u>60,406</u>	<u>8,905</u>	<u>60,306</u>	<u>8,905</u>	<u>60,306</u>	<u>100</u>
Hagerman Muni. Schools Non-Res.	2001-2009	350,502		341,005		341,005	9,497
	2010	51,731	51,009	51,009	51,009	51,009	722
	Total	<u>402,233</u>	<u>51,009</u>	<u>392,014</u>	<u>51,009</u>	<u>392,014</u>	<u>10,219</u>
Hagerman Muni. Schools Res.	2001-2009	128,686		126,831		126,831	1,855
	2010	19,146	16,703	16,703	16,703	16,703	2,443
	Total	<u>147,832</u>	<u>16,703</u>	<u>143,534</u>	<u>16,703</u>	<u>143,534</u>	<u>4,298</u>
Hagerman Muni. Schools Debt Service	2001-2009	1,425,858		1,392,325		1,392,325	33,533
	2010	218,777	208,578	208,578	208,578	208,578	10,199
	Total	<u>1,644,635</u>	<u>208,578</u>	<u>1,600,903</u>	<u>208,578</u>	<u>1,600,903</u>	<u>43,732</u>
Dexter Cons. Schools Non-Res.	2001-2009	762,843	1,334	759,440	1,334	759,440	3,403
	2010	110,712	108,645	108,645	108,645	108,645	2,067
	Total	<u>873,555</u>	<u>109,979</u>	<u>868,085</u>	<u>109,979</u>	<u>868,085</u>	<u>5,470</u>
Dexter Cons. Schools Res.	2001-2009	283,752	2,986	281,758	2,986	281,758	1,994
	2010	42,027	38,547	38,547	38,547	38,547	3,480
	Total	<u>325,779</u>	<u>41,533</u>	<u>320,305</u>	<u>41,533</u>	<u>320,305</u>	<u>5,474</u>
Dexter Cons. Schools Debt Service	2001-2009	4,223,992	11,049	4,202,286	11,049	4,202,286	21,706
	2010	603,320	580,465	580,465	580,465	580,465	22,855
	Total	<u>4,827,312</u>	<u>591,514</u>	<u>4,782,751</u>	<u>591,514</u>	<u>4,782,751</u>	<u>44,561</u>
Tatum Muni. Schools Non-Res.	2001-2009	576		576		576	
	2010	52	52	52	52	52	
	Total	<u>628</u>	<u>52</u>	<u>628</u>	<u>52</u>	<u>628</u>	

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	County Receivable at Year End
Tatum Muni. Schools Res.						
2001-2009	528		528		528	
2010	67	67	67	67	67	
Total	595	67	595	67	595	
Tatum Muni. Schools Debt Service						
2001-2009	168		168		168	
2010	175	175	175	175	175	
Total	343	175	343	175	343	
Total School Districts	\$ 76,593,802	\$ 10,115,683	\$ 75,712,413	\$ 10,099,066	\$ 75,712,413	\$ 881,389
Special Districts:						
Flood Control						
2001-2009	\$ 8,176,051	\$ 57,835	\$ 8,129,056	\$	\$ 8,129,056	\$ 46,995
2010	1,175,935	1,116,966	1,116,966	1,116,966	1,116,966	58,969
Total	9,351,986	1,174,801	9,246,022	1,116,966	9,246,022	105,964
Pecos Valley Conservancy District						
2001-2009	4,844,470	75,125	4,809,596	75,125	4,809,596	34,874
2010	1,515,626	1,434,341	1,434,341	1,434,341	1,434,341	81,285
Total	6,360,096	1,509,466	6,243,937	1,509,466	6,243,937	116,159
Chaves County S&W Conservancy Non-Res.						
2001-2009	690,824	2,796	677,879	2,796	677,879	12,945
2010	60,420	57,732	57,732	57,732	57,732	2,688
Total	751,244	60,528	735,611	60,528	735,611	15,633
Chaves County S&W Conservancy Res.						
2001-2009	524,086	2,960	522,469		522,469	1,617
2010	96,020	92,058	92,058	92,058	92,058	3,962
Total	620,106	95,018	614,527	92,058	614,527	5,579
Upper Hondo S&W Conservancy Non-Res.						
2001-2009	99		99		99	
2010	10					10
Total	109		99		99	10
Upper Hondo S&W Conservancy Res.						
2001-2009	16		16		16	
2010	1	1	1	1	1	
Total	17	1	17	1	17	
Hagerman-Dexter S&W Conservancy Non-Res.						
2001-2009	136,758	350	135,947	350	135,947	811
2010	17,229	16,872	16,872	16,872	16,872	357
Total	153,987	17,222	152,819	17,222	152,819	1,168
Hagerman-Dexter S&W Conservancy Res.						
2001-2009	65,696	541	65,261	541	65,261	435
2010	10,257	9,679	9,679	9,679	9,679	578
Total	75,953	10,220	74,940	10,220	74,940	1,013
Penasco S&W Conservancy						
2001-2009	29,862	161	29,852		29,852	10
2010	3,164	2,940	2,940	2,940	2,940	224
Total	33,026	3,101	32,792	2,940	32,792	234
Central Valley S&W Conservancy Non-Res.						
2001-2009	14,703	501	14,689	501	14,689	14
2010	1,203	1,187	1,187	1,187	1,187	16
Total	15,906	1,688	15,876	1,688	15,876	30
Central Valley S&W Conservancy Res.						
2001-2009	3,153	84	3,143	84	3,143	10
2010	387	375	375	375	375	12
Total	3,540	459	3,518	459	3,518	22
Border S&W Conservancy						
2001-2009	14,513		14,513		14,513	
2010						
Total	14,513		14,513		14,513	
Cottonwood-Walnut Creek S&W Conservancy						
2001-2009	1,149		1,149		84,269	
2010	10,693	10,667	10,667	10,667	10,667	26
Total	11,842	10,667	11,816	10,667	94,936	94,962
Total Special Districts	\$ 17,392,325	\$ 2,883,170	\$ 17,146,487	\$ 2,822,215	\$ 17,229,607	\$ 340,774
Grand Total	\$ 212,386,946	\$ 27,776,350	\$ 210,048,685	\$ 27,565,946	\$ 210,059,066	\$ 2,433,197

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF JOINT POWERS AGREEMENTS
JUNE 30, 2011**

Agreement Number	Participants	Parties Responsible for Operations	Description	Beginning and Ending Dates
	New Mexico Counties	NM Association of Counties	Creation and operation of a worker's compensation fund	7/01/87 - indefinite
	New Mexico Counties	NM Association of Counties	To provide a multi-line fund for property and casualty insurance	7/01/87 - indefinite
A-84-83	Chaves County and Otero County	Chaves County and Otero County	Construction and maintenance of County roads	10/19/84 - indefinite
A-90-15	Chaves County and City of Roswell	Chaves County and City of Roswell	Coordinating control of all disasters within their respective jurisdictions	4/12/90 - indefinite
A-95-77	NM State Highway Department; SNMEDD; SEPRO	NM State Highway Department	Data collection requirements of the Intermodal Surface Transportation Efficiency Act	10/17/95 - indefinite
A-98-90	NM State Highway Department and Chaves County	Chaves County	Energy and maintenance of warning flashers at the intersection of the Relief Route and Sunset	11/24/98 - indefinite
A-99-66	Chaves County and State of New Mexico Department of Corrections	Chaves County	House and feed the Parole Violator, provide and operate the detention facility, detain parolees for the Department	5/26/99 - 6/30/00 annually
A-01-24	NMPRC Insurance Division; Fire Marshal's Office and Chaves County (WIPP Grant)	Chaves County	Develop and implement a county-wide hazardous materials emergency response training program	4/09/01 - indefinite
A-02-157	County Flood Commission, City of Roswell, and Corp of Engineers	County Flood Commission, City of Roswell, and Corp of Engineers	For the parties to work cooperatively to undertake and complete the work necessary to increase the Rio Hondo channel capacity	1/31/10-12/31/10
A-02-165	NM State Highway Department and Chaves County	Chaves County	To provide electrical energy and maintenance of lighting at the intersection of US 285 and the Roswell Relief Route	1/24/03 - indefinite
A-02-172	Chaves County and State of New Mexico Department of Corrections	Chaves County	To establish the rights and responsibilities of the parties as to the operation of the Chaves County District 8 Fire Station	12/13/02 - indefinite
A-04-91	Natural Resources, Chaves County	Chaves County	The control of timber, grass and woodland fires in and adjacent to developed areas	9/13/04 - indefinite
A-05-15	City of Roswell and Chaves County	Pecos Valley Regional Communication Center District	joint enhanced 911 Regional Emergency Communication Center	7/19/05 - indefinite
A-05-045	Chaves County and the Town of Dexter	Chaves County and the Town of Dexter	by enforcement codes and standards for flood plain management	N/A
A-06-014	Chaves County and Flood Control	Chaves County and Flood Control	To establish Flood Control as a Chaves County department	4/06/06 - indefinite

Total Estimated Amount of the Project and Portion Applicable to the Entity	Amount of Agency Contribution in the Current Fiscal Year	Name of Government Agency where Revenues and Expenditures are		
		Audit Responsibility	Reported	Fiscal Agent (if applicable)
N/A	N/A	NM Association of Counties	NM Association of Counties	NM Association of Counties
N/A	N/A	NM Association of Counties	NM Association of Counties	NM Association of Counties
N/A	N/A	Chaves County and Otero County	N/A	Chaves County and Otero County
N/A	N/A	Chaves County and City of Roswell	Chaves County and City of Roswell	Chaves County and City of Roswell
N/A	N/A	SNMEDD		SNMEDD
N/A	N/A	Chaves County	N/A	Chaves County
N/A	N/A	Chaves County	N/A	Chaves County
N/A	N/A	Chaves County	N/A	Chaves County
N/A	N/A	Chaves County Flood Commission, City of Roswell, and Corp of Engineers	N/A	Chaves County Flood Commission, City of Roswell, and Corp of Engineers
N/A	N/A	Chaves County	N/A	Chaves County
N/A	N/A	Chaves County	N/A	Chaves County
N/A	N/A	Chaves County	N/A	Chaves County
\$330,000	\$390,800	Pecos Valley Regional Communication Center District	N/A	Pecos Valley Regional Communication Center District
N/A	N/A	Chaves County	N/A	Chaves County
N/A	N/A	Chaves County	N/A	Chaves County

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF MEMORANDUMS OF UNDERSTANDING
JUNE 30, 2011**

Memorandum Number	County Number	Participants	Parties Responsible for Operations	Description
M-10-003	A-07-28	Chaves County & Dianne S. Meda	Chaves County	Renewal of professional services contract
M-10-004	A-08-041	Chaves County & JL Norris Counselin	Chaves County	Renewal of professional services contract
M-10-005	N-08-008	Chaves County & Character Counts	Chaves County	Renewal of Project Graduation Celebration
M-10-006	N-08-011	Chaves County & Dexter Independent School District	Dexter Independent School District	Renewal of Project Graduation Celebration
M-10-007	A-07-037	Chaves County & Aspen of New Mexico	Chaves County	Renewal of professional services contract
M-10-008	A-06-053	Chaves County & Dr. Jack Graham	Chaves County	Renewal of lease agreement
M-10-009	A-08-014	Chaves County & Dr. Donald Wenner	Dr. Donald Wenner	Renewal of lease agreement
M-10-011	A-08-015	Chaves County & New Mexico Senior Olympics	Chaves County	Renewal of lease agreement
M-10-012	A-07-033	Chaves County & The Boys & Girls Club of Roswell, Inc.	Boys & Girls Club of Roswell, Inc.	For providing recreation and counseling services to the your of Chaves County
M-10-013	A-07-051	Chaves County & The Chaves Soil and Water Conservancy District		
M-10-014	N-08-019	Chaves County & The Town of Dexter	Chaves County	For emergency services
M-10-015	N-08-018	Chaves County & The Town of Hagerman	Chaves County	For emergency services
M-10-016	N-08-020	Chaves County & The Town of Lake Arthur	Chaves County	For emergency services
M-10-017	A-05-008	Chaves County & The Roswell Refuge for Battered Adults	Chaves County	Renewal of lease agreement
M-10-018	A-05-009	Chaves County & Counseling Associates	Chaves County	Renewal of lease agreement
M-10-019	A-07-034	Chaves County & New Mexico Cooperative Extention Service	Chaves County	Sponsorship of the Chaves County Agricultural Youth Fair
M-10-020	A-07-035	Chaves County & Summit Food Service Management, Inc.	Summit Food Service Management, Inc.	Renewal of professional food management contract
M-10-021		Chaves County & DSI-ITI, LLC	DSI-ITI, LLC	Provisioning of inmate banking services
N-10-020		Chaves County & City of Roswell	Chaves County	For Electornic Monitoring and Drug Screening
A-10-039		Chaves County & Eastern New Mexico Medical Center	Chaves County	For health care and related services to county residents
A-11-005		Chaves County & UNM Hospitals	Chaves County	For the advancement of sole community provider funds

<u>Beginning and Ending Dates</u>	<u>Total Estimated Amount of the Project and Portion Applicable to the Entity</u>	<u>Amount of entity Contribution in the Current Fiscal Year</u>	<u>Audit Responsibility</u>	<u>Name of Government Agency where Revenues and Expenditures are Reported</u>	<u>Fiscal Agent (if applicable)</u>
7/1/10 - 6/30/11	\$28,000	\$28,000	Chaves County	Chaves County	N/A
7/1/10 - 6/30/11	\$45,000	\$45,000	Chaves County	Chaves County	N/A
7/1/10 - 6/30/11	\$6,000	\$6,000	Chaves County	Chaves County	N/A
7/1/10 - 6/30/11	\$4,000	\$4,000	Chaves County	Chaves County	N/A
7/1/10 - 6/30/11	\$45,000	\$45,000	Chaves County	Chaves County	N/A
7/1/10 - 6/30/11	\$14,100	\$14,100	Chaves County	Chaves County	N/A
7/1/10 - 6/30/11	\$36,600	\$36,600	Chaves County		N/A
7/1/10 - 6/30/11	\$400	\$400	Chaves County	Chaves County	N/A
7/1/10 - 6/30/11	\$20,000	\$20,000	Boys & Girls Club of Roswell, Inc.	Boys and Girls Club of Roswell, Inc.	N/A
7/1/10 - 6/30/11	\$10,000	\$10,000			N/A
7/1/10 - 6/30/11	\$17,500	\$17,500	Chaves County	Chaves County	N/A
7/1/10 - 6/30/11	\$17,500	\$17,500	Chaves County	Chaves County	N/A
7/1/10 - 6/30/11	\$17,500	\$17,500	Chaves County	Chaves County	N/A
7/1/10 - 6/30/11	\$300	\$300	Chaves County	Chaves County	N/A
7/1/10 - 6/30/11	\$300	\$300	Chaves County	Chaves County	N/A
7/1/10 - 6/30/11	\$25,000	\$25,000	Chaves County	Chaves County	N/A
7/1/10 - 6/30/11	\$600,000	\$628,576	Summit Food Service Management, Inc.	Chaves County	N/A
7/1/10 - 6/30/10	n/a	n/a	DSI-ITI, LLC	DSI-ITI, LLC	N/A
7/1/10 - 6/30/10	n/a	n/a	Chaves County	Chaves County	N/A
9/1/10 - 8/31/11	\$6,000,000	\$2,208,477	Chaves County	Chaves County	N/A
9/1/10 - 8/31/11	\$387,588	\$387,588	Chaves County	Chaves County	N/A

(This page intentionally left blank)

SINGLE AUDIT SECTION

(This page intentionally left blank)



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Mr. Hector H. Balderas
New Mexico State Auditor

County Commissioners of the
State of New Mexico, Chaves County

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the General Fund and other major special revenue funds, the combining and individual funds and related budgetary comparisons presented as supplementary information of Chaves County, New Mexico (County) as of and for the year ended June 30, 2011 and have issued our report thereon dated November 9, 2011, which was modified as to consistency because of the implementation of Governmental Accounting Standards Board Statement No. 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Chaves County, New Mexico is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Chaves County, New Mexico's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Chaves County, New Mexico's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Chaves County, New Mexico's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 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 questioned costs as item 2011-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chaves County, New Mexico's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Chaves County, New Mexico's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Chaves County, New Mexico's response and, accordingly, we express no opinion on it.

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

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

November 9, 2011



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

Independent Auditors' Report

Mr. Hector H. Balderas
New Mexico State Auditor

County Commissioners of the
State of New Mexico, Chaves County

Compliance

We have audited Chaves County, New Mexico's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Chaves County, New Mexico's major federal programs for the year ended June 30, 2011. Chaves County, New Mexico's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Chaves County, New Mexico's management. Our responsibility is to express an opinion on Chaves County, New Mexico's compliance based on our audit.

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

In our opinion, Chaves County, New Mexico complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

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

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

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

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

November 9, 2011

STATE OF NEW MEXICO
 CHAVES COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2011

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures and Transfers</u>
<u>U.S. Department of Interior</u>			
Direct:			
Payment in Lieu of Taxes	15.266	n/a	\$ 2,865,630
Passed through New Mexico Bureau of Land Management:			
National Fire Plan - Rural Fire Assistance	15.242	L10AP16387	7,373
National Fire Plan - Rural Fire Assistance	15.242	L10AP16398	12,022
National Fire Plan - Rural Fire Assistance	15.242	L10AP16389	14,000
National Fire Plan - Rural Fire Assistance	15.242	L10AP16394	23,800
National Fire Plan - Rural Fire Assistance	15.242	22520-9265-0000-411G-2A	11,000
Total U.S. Department of Interior			<u>2,933,825</u>
<u>U.S. Department of Agriculture</u>			
Passed through New Mexico Energy, Minerals and Natural Resources Department:			
Cooperative Forestry Assistance	10.664	09-DG-11031600-084	18,000
Schools and Roads	10.666	none	46,909
Total U.S. Department of Agriculture			<u>64,909</u>
<u>U.S. Department of Justice</u>			
Passed through City of Roswell:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	none	6,445
<u>U.S. Department of Transportation</u>			
Passed through New Mexico Department of Transportation:			
Highway Planning and Construction - Recovery Act	20.205	D12774/ES21250	127,228
<u>U.S. Department of Housing and Urban Development</u>			
Passed through State of New Mexico Department of Finance and Administration:			
Community Development Block Grants	14.228	09-C-NR-I-01-G-37	407,213
Total Expenditures of Federal Awards			<u>\$ 3,539,620</u>

**STATE OF NEW MEXICO
CHAVES COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011**

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Chaves County, New Mexico and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 - CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2011 *Catalog of Federal Domestic Assistance*.

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grants
15.266	Payment in Lieu of Taxes

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes X no

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Reference Number: 2011-1

Type of Finding: Material Weakness

Description: Cash reconciliation

CONDITION/CONTEXT

The erroneous posting of unrealized gains was not identified by County management.

CRITERIA

Management is responsible for establishing and maintaining effective internal controls for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives of the County are met.

EFFECT

Cash balances and investment income were overstated by approximately \$2.7 million and required an audit adjustment which was recorded by the County.

CAUSE

The error occurred due to a posting of unrealized gains related to the closing of the investment account and transfer to another institution. Monthly bank reconciliations were performed, however the erroneous activity recorded during the transition resulted in an overstatement of the fair market value of the account at year end.

RECOMMENDATION

Based on our review of the County's internal controls over the reconciliation process, we determined this was an isolated incident with a remote possibility of reoccurrence. An internal control structure should include processes designed to provide reasonable assurance regarding the achievement of several objectives including reliability of financial reporting. The County should consider developing additional procedures as necessary to ensure unusual or irregular transactions are properly recorded and reviewed.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

We concur that this was indeed an isolated incident with remote possibility of reoccurrence. In order to address the potential that this error, or something similar involving the complicated nature of the investment, a systematic approach to receiving the monthly statement and posting of gains (losses) has been established. Further, an additional layer of review between the Senior Accountant, who is charged with posting the monthly gains, and the County Treasurer have also been established. Further, documentation of these procedures has been completed. These procedures will be applied to all existing investments for Chaves County and the Treasurer's Office. We concur with the finding.

**STATE OF NEW MEXICO
CHAVES COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None reported.

**STATE OF NEW MEXICO
CHAVES COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2011**

Status of Prior Year Findings

Finding No. FS 2010-01
Status: Corrected.

Finding No. FS 2010-02
Status: Corrected.

Finding No. FS 2010-03
Status: Corrected.

Finding No. FS 2010-04
Status: Corrected.

Finding No. FA 2010-01
Status: Corrected.

FINANCIAL STATEMENT PREPARATION

These financial statements were prepared by Heinfeld, Meech & Co., P.C. from the original books and records of the Chaves County, New Mexico.

**STATE OF NEW MEXICO
CHAVES COUNTY
EXIT CONFERENCE
YEAR ENDED JUNE 30, 2011**

An exit conference was conducted on October 31, 2011, in a closed meeting, in which the contents of this report were discussed with the following.

Chaves County

Greg Nibert, County Commissioner
Richard C. Naylor, County Commissioner
Stanton L. Riggs, County Manager
Steve Harris, County Treasurer
Arturo Sanchez, Chief Deputy Treasurer
Joe Sedillo, Finance Director
Sonny Chancey, Public Service Director
Tammy Brisco, Purchasing Director

Heinfeld, Meech & Co., P.C.

Melissa Spangler, Partner

(This page intentionally left blank)