

STATE OF NEW MEXICO
GUADALUPE COUNTY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008



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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
GUADALUPE COUNTY
OFFICIAL ROSTER
JUNE 30, 2008

<u>Name</u>		<u>Title</u>
	<u>Board of County Commissioners</u>	
Glenn G. Gonzales		Chairman
James (Bozo) Cordova		Vice Chairman
Richard L. Chavez		Member
	<u>Elected Officials</u>	
Ramona Dodge		County Assessor
Adam J. Gallegos		County Clerk
Robert G. Chavez		County Sheriff
Marcos Salas		County Treasurer
Jose (G.H.) Casuas		Probate Judge
	<u>Administrative Officials</u>	
Andy Madrid		County Manager

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STATE OF NEW MEXICO
GUADALUPE COUNTY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008
TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
INTRODUCTORY SECTION		
Official Roster		i
Table of Contents		ii
FINANCIAL SECTION		
Independent Auditors' Report		iii
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Assets	A-1	1
Statement of Activities	A-2	3
Fund Financial Statements:		
Balance Sheet – Governmental Funds	B-1	5
Reconciliation of the Balance Sheet to the Statement of Net Assets		7
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	B-2	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		10
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual –		
General Fund	C-1	11
Road Fund	C-2	12
Correction Fees Fund	C-3	13
Environmental Gross Receipts Fund	C-4	14
Windmill Pilot Fund	C-5	15
Statement of Fiduciary Net Assets	E-1	16
Notes to the Financial Statements		17-41
SUPPLEMENTARY INFORMATION		
Combining and Individual Fund Statements and Schedules:		
Combining Balance Sheet – Nonmajor Special Revenue Funds	B-1	44
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	B-2	48
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual:		
Farm and Range Special Revenue Fund	B-3	52
Recreation Special Revenue Fund	B-4	53
Indigent Special Revenue Fund	B-5	54
Anton Chico Fire Special Revenue Fund	B-6	55
Puerto de Luna Fire Special Revenue Fund	B-7	56
Guadalupe Fire Special Revenue Fund	B-8	57
County Property Valuation Special Revenue Fund	B-9	58

STATE OF NEW MEXICO
GUADALUPE COUNTY

	<u>Statement/ Schedule</u>	<u>Page</u>
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual: (Continued)		
Law Enforcement Special Revenue Fund	B-10	59
DWI Grant Special Revenue Fund	B-11	60
DWI Distribution Special Revenue Fund	B-12	61
DWI Screening Special Revenue Fund	B-13	62
DWI Donation Special Revenue Fund	B-14	63
Recording and Filing Special Revenue Fund	B-15	64
EMS Special Revenue Fund	B-16	65
Rural Primary Health Care Act Special Revenue Fund	B-17	66
CDBG Public Safety Building Special Revenue Fund	B-18	67
Emergency Management Special Revenue Fund	B-19	68
Homeland Security Special Revenue Fund	B-20	69
E-911 Enhanced Special Revenue Fund	B-21	70
Senior Citizens Special Revenue Fund	B-22	71
La Loma Senior Center Special Revenue Fund	B-23	72
Puerto de Luna Senior Center Special Revenue Fund	B-24	73
Capital Project Fund	C-1	74
 Statement of Changes in Assets and Liabilities for Agency Funds	 E-1	 76
 SUPPORTING SCHEDULES		
Schedule of Collateral Pledged by Depository for Public Funds	I	77
Schedule of Cash and Temporary Investment Accounts	II	78
Tax Roll Reconciliation – Changes in Property Tax Receivable	III	79
Treasurer’s Property Tax Schedule	IV	80
 COMPLIANCE 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>		84
 FEDERAL FINANCIAL ASSISTANCE		
Schedule of Findings and Responses	V	86

FINANCIAL SECTION

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Griego Professional Services, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Hector H. Balderas
New Mexico State Auditor
The Board of Guadalupe County Commissioners
Guadalupe County
Santa Rosa, New Mexico

We have audited the accompanying financial statements of the governmental activities, its discretely presented component unit, each major fund, budgetary comparisons for the general fund and major special revenue funds and the aggregate remaining fund information of Guadalupe County, New Mexico, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the County's major capital project fund, nonmajor governmental and fiduciary funds, including budgetary comparisons, presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of Guadalupe County, New Mexico's, management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Guadalupe County Hospital, a discretely presented component unit of Guadalupe County, which statements reflect total assets of \$3,455,171 as of June 30, 2008, and total revenues of \$4,163,224 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Guadalupe County Hospital, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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, its discretely presented component unit, each major fund, and the aggregate remaining fund information of Guadalupe County, New Mexico, as of June 30, 2008, and the respective changes in financial position and cash flows 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 major capital project funds, each nonmajor governmental and fiduciary fund of Guadalupe County, New Mexico as of June 30, 2008, and the respective changes in financial position thereof and the respective budgetary comparisons for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 22, 2009 on our consideration of Guadalupe 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.

For the year ended June 30, 2008, the County has not presented the *Management's Discussion and Analysis* that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

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

Griego Professional Services, LLC

Griego Professional Services, LLC
Albuquerque, New Mexico
June 22, 2009

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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
GUADALUPE COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2008

Exhibit A-1

	Governmental Activities	Component Unit
ASSETS		
Current Assets		
Cash and temporary investments	\$ 3,268,047	\$ 2,809,524
Receivables (net of allowance for uncollectibles)	487,389	420,585
Supplies inventory and other assets	-	142,540
Total Current Assets	3,755,436	3,372,649
Noncurrent Assets		
Restricted assets:		
Capital assets	34,048,186	489,175
Less: accumulated depreciation	(16,863,515)	(406,653)
Total capital assets	17,184,671	82,522
Total noncurrent Assets	17,184,671	82,522
Total assets	\$ 20,940,107	\$ 3,455,171

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
GUADALUPE COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2008

Exhibit A-1

	Governmental Activities	Component Unit
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 342,257	\$ 117,996
Accrued payroll	42,165	90,911
Accrued interest	186	-
Estimated third party settlement	-	38,147
Current portion of long-term obligations	145,083	-
Total Current Liabilities	529,691	247,054
Noncurrent liabilities:		
Compensated Absences	45,929	-
Noncurrent portion of long-term obligations	1,479,937	-
Total liabilities	2,055,557	247,054
Invested in capital assets, net of related debt	16,436,168	82,522
Restricted for:		
Capital projects	1,071,544	-
Unrestricted	1,376,838	3,125,595
Total net assets	18,884,550	3,208,117
Total liabilities and net assets	\$ 20,940,107	\$ 3,455,171

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 GUADALUPE COUNTY
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 2,887,002	\$ 86,600	\$ 963,983	\$ 613,897
Public safety	494,899	269,152	1,482,178	-
Culture and recreation	39,050	-	7,987	-
Health and welfare	701,785	35	362,622	249,350
Public works	2,091,208	-	-	-
Interest relating to long term debt	33,689	-	-	-
Total primary government	6,247,633	355,787	2,816,770	863,247
Component unit:				
Guadalupe County Hospital	3,560,523	3,427,902	98,380	-
Total component unit	\$ 3,560,523	\$ 3,427,902	\$ 98,380	\$ -

General Revenues:

- Property taxes
- Gross receipts taxes
- Motor vehicle and fuel taxes
- Mill levy
- Other taxes
- Miscellaneous revenue
- Unrestricted investment earnings (loss)
- Sole community provider
- Contribution for future hospital site road construction
- Loss on disposal of fixed assets
- Other non-operating expenses

Total general revenues and transfers

Change in net assets

- Beginning net assets
- Prior period adjustment
- Adjusted net assets - beginning

Ending net assets

The accompanying notes are an integral part of these financial statements

Net (Expenses) Revenue and Changes in Net Assets	
Governmental Activities	Component Unit
\$ (1,222,522)	\$ -
1,256,431	-
(31,063)	-
(89,778)	-
(2,091,208)	-
(33,689)	-
(2,211,829)	-
-	(34,241)
\$ -	\$ (34,241)
1,025,902	-
450,127	-
370,828	-
-	413,965
102	-
240,364	-
27,369	-
-	222,977
-	-
(6,599)	-
-	(4,175)
2,108,093	632,767
(103,736)	598,526
13,374,056	2,609,591
5,614,230	-
18,988,286	2,609,591
\$ 18,884,550	\$ 3,208,117

STATE OF NEW MEXICO
GUADALUPE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General Fund 101	Correction Fees 201	Environmental Gross Receipts 202
ASSETS			
<i>Current:</i>			
Cash and temporary investments	\$ 836,352	\$ -	\$ 264,153
Accounts receivable			
Property taxes	258,917	-	-
Intergovernmental	-	9,873	-
Other receivables	10,002	-	1,509
Interfund balances	70,062	-	-
<i>Total current assets</i>	<u>\$ 1,175,333</u>	<u>\$ 9,873</u>	<u>\$ 265,662</u>
LIABILITIES AND FUND BALANCE			
<i>Current Liabilities:</i>			
Accounts payable	\$ 13,769	\$ 66,760	\$ -
Accrued payroll	25,157	572	2,011
Interfund balances	-	2,528	-
Deferred revenue - property taxes	161,486	-	-
<i>Total current liabilities</i>	<u>200,412</u>	<u>69,860</u>	<u>2,011</u>
<i>Fund balance:</i>			
Reserved			
Reserved for capital projects	-	-	-
Unreserved			
Undesignated, reported in			
General fund	974,921	-	-
Special revenue funds	-	(59,987)	263,651
<i>Total fund balance</i>	<u>974,921</u>	<u>(59,987)</u>	<u>263,651</u>
 <i>Total liabilities and fund balance</i>	 <u>\$ 1,175,333</u>	 <u>\$ 9,873</u>	 <u>\$ 265,662</u>

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

Road Fund 204	Windmill Pilot 2993	Capital Project 300	Nonmajor Governmental Funds	Total Governmental Funds
\$ 265,577	\$ 276,519	\$ 1,251,004	\$ 374,442	\$ 3,268,047
-	-	-	-	258,917
19,452	-	40,984	110,264	180,573
11,383	-	15,003	10,002	47,899
-	-	-	-	70,062
<u>\$ 296,412</u>	<u>\$ 276,519</u>	<u>\$ 1,306,991</u>	<u>\$ 494,708</u>	<u>\$ 3,825,498</u>
\$ 3,076	\$ -	\$ 235,447	\$ 23,205	\$ 342,257
9,535	-	-	4,890	42,165
-	-	-	67,534	70,062
-	-	-	-	161,486
<u>12,611</u>	<u>-</u>	<u>235,447</u>	<u>95,629</u>	<u>615,970</u>
-	-	1,071,544	-	1,071,544
-	-	-	-	974,921
<u>283,801</u>	<u>276,519</u>	<u>-</u>	<u>399,079</u>	<u>1,163,063</u>
<u>283,801</u>	<u>276,519</u>	<u>1,071,544</u>	<u>399,079</u>	<u>3,209,528</u>
<u>\$ 296,412</u>	<u>\$ 276,519</u>	<u>\$ 1,306,991</u>	<u>\$ 494,708</u>	<u>\$ 3,825,498</u>

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

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STATE OF NEW MEXICO
GUADALUPE COUNTY
GOVERNMENTAL FUNDS

Exhibit B-1
(Page 2 of 2)

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008

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

Fund balances - total governmental funds	\$ 3,209,528
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	17,184,671
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds:	
Property taxes	161,486
Accrued interest expense	(186)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Notes payable	(1,625,020)
Compensated absences	(45,929)
Total Net Assets	<u>\$ 18,884,550</u>

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

STATE OF NEW MEXICO
GUADALUPE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund 101	Correction Fees 201	Environmental Gross Receipts 202
<i>Revenues:</i>			
Property taxes	\$ 1,119,072	-	-
Gross receipts taxes	122,947	-	29,814
Other taxes	68	-	-
State grants	425,982	147,010	-
Federal grants	-	-	-
Licenses and fees	-	-	-
Charges for services	28,500	154,161	93,793
Investment income	9,143	86	1,817
Miscellaneous	85,695	-	-
<i>Total revenues</i>	<u>1,791,407</u>	<u>301,257</u>	<u>125,424</u>
<i>Expenditures:</i>			
Current			
General Government	1,592,313	-	-
Public safety	-	351,743	-
Culture and recreation	-	-	-
Health and welfare	-	-	-
Public works	-	-	152,043
Capital outlay	9,888	-	9,665
Debt service			
Principal	-	5,000	-
Interest	-	-	-
<i>Total expenditures</i>	<u>1,602,201</u>	<u>356,743</u>	<u>161,708</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>189,206</u>	<u>(55,486)</u>	<u>(36,284)</u>
<i>Other financing sources (uses):</i>			
Proceeds from note payable	-	-	-
Operating transfers in (out)	(99,936)	37,800	-
<i>Total other financing sources (uses)</i>	<u>(99,936)</u>	<u>37,800</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	89,270	(17,686)	(36,284)
<i>Fund balances - beginning of year</i>	<u>885,651</u>	<u>(42,301)</u>	<u>299,935</u>
<i>Fund balances - end of year</i>	<u>\$ 974,921</u>	<u>\$ (59,987)</u>	<u>\$ 263,651</u>

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

Road Fund 204	Windmill Pilot 2993	Capital Project 300	Nonmajor Governmental Funds	Total Governmental Funds
-	-	-	\$ -	\$ 1,119,072
-	-	184,421	112,945	450,127
370,828	-	-	34	370,930
295,278	-	613,284	1,755,156	3,236,710
-	-	-	129,352	129,352
-	-	-	45,955	45,955
83,125	-	260,705	3,503	623,787
3,318	3,061	-	9,944	27,369
-	136,568	-	18,101	240,364
<u>752,549</u>	<u>139,629</u>	<u>1,058,410</u>	<u>2,074,990</u>	<u>6,243,666</u>
-	-	-	24,216	1,616,529
-	-	-	800,117	1,151,860
-	-	-	39,050	39,050
-	-	-	602,130	602,130
727,575	-	406,786	-	1,286,404
108,671	-	856,698	790,612	1,775,534
-	-	127,375	15,511	147,886
-	-	39,760	-	39,760
<u>836,246</u>	<u>-</u>	<u>1,430,619</u>	<u>2,271,636</u>	<u>6,659,153</u>
<u>(83,697)</u>	<u>139,629</u>	<u>(372,209)</u>	<u>(196,646)</u>	<u>(415,487)</u>
-	-	876,517	-	876,517
5,946	-	(52,745)	108,935	-
<u>5,946</u>	<u>-</u>	<u>823,772</u>	<u>108,935</u>	<u>876,517</u>
(77,751)	139,629	451,563	(87,711)	461,030
<u>361,552</u>	<u>136,890</u>	<u>619,981</u>	<u>486,790</u>	<u>2,748,498</u>
<u>\$ 283,801</u>	<u>\$ 276,519</u>	<u>\$ 1,071,544</u>	<u>\$ 399,079</u>	<u>\$ 3,209,528</u>

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

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STATE OF NEW MEXICO
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Exhibit B-2
(Page 2 of 2)

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

Net change in fund balances - total governmental funds	\$	461,030
--	----	---------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures		1,648,885
Depreciation expense		(1,396,056)
Loss on disposal of assets		(6,599)

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

Change in deferred revenue related to the property taxes receivable		(93,170)
---	--	----------

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

Decrease in accrued interest payable		6,071
Decrease in accrued compensated absences		4,734
Proceeds from note		(876,517)
Principal payments on notes		147,886
		147,886
Changes in Net Assets	\$	(103,736)

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

STATE OF NEW MEXICO

Exhibit C-1

GUADALUPE COUNTY

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 1,277,557	\$ 1,277,557	\$ 1,203,721	\$ (73,836)
Intergovernmental	404,157	416,500	437,360	20,860
Licenses and fees	-	-	-	-
Charges for services	29,400	29,400	28,500	(900)
Investment income	20,000	20,000	13,532	(6,468)
Miscellaneous	92,961	92,961	85,695	(7,266)
<i>Total revenues</i>	<u>1,824,075</u>	<u>1,836,418</u>	<u>1,768,808</u>	<u>(67,610)</u>
<i>Expenditures:</i>				
<i>Current</i>				
General Government	1,715,070	1,827,904	1,594,961	232,943
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	252,708	253,567	9,888	243,679
<i>Debt service</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>1,967,778</u>	<u>2,081,471</u>	<u>1,604,849</u>	<u>476,622</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(143,703)</u>	<u>(245,053)</u>	<u>163,959</u>	<u>409,012</u>
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	(99,936)	(99,936)
Bond proceeds	-	-	-	-
Designated cash	143,703	245,053	-	(245,053)
<i>Total other financing sources (uses)</i>	<u>143,703</u>	<u>245,053</u>	<u>(99,936)</u>	<u>(344,989)</u>
<i>Net change in fund balances</i>	-	-	64,023	64,023
<i>Fund balances - beginning of year</i>	-	-	842,391	842,391
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 906,414</u>	<u>\$ 906,414</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			22,599	
Expenditure accruals			<u>2,648</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 89,270</u>	

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

STATE OF NEW MEXICO

Exhibit C-2

GUADALUPE COUNTY

ROAD FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 380,000	\$ 380,000	\$ 393,129	\$ 13,129
Intergovernmental	236,039	304,882	295,278	(9,604)
Licenses and fees	-	-	-	-
Charges for services	83,125	83,125	83,125	-
Investment income	3,000	3,000	3,318	318
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>702,164</u>	<u>771,007</u>	<u>774,850</u>	<u>3,843</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	857,344	831,458	721,529	109,929
Capital outlay	-	108,675	108,671	4
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>857,344</u>	<u>940,133</u>	<u>830,200</u>	<u>109,933</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(155,180)</u>	<u>(169,126)</u>	<u>(55,350)</u>	<u>113,776</u>
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	5,946	5,946
Bond proceeds	-	-	-	-
Designated cash	155,180	169,126	-	(169,126)
<i>Total other financing sources (uses)</i>	<u>155,180</u>	<u>169,126</u>	<u>5,946</u>	<u>(163,180)</u>
<i>Net change in fund balances</i>	-	-	(49,404)	(49,404)
<i>Fund balances - beginning of year</i>	-	-	314,981	314,981
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 265,577</u>	<u>\$ 265,577</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			(22,301)	
Expenditure accruals			(6,046)	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ (77,751)</u>	

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

STATE OF NEW MEXICO
GUADALUPE COUNTY
CORRECTION FEES FUND

Exhibit C-3

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	223,000	223,000	146,968	(76,032)
Licenses and fees	-	-	-	-
Charges for services	69,834	130,000	154,161	24,161
Investment income	1,000	1,000	86	(914)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>293,834</u>	<u>354,000</u>	<u>301,215</u>	<u>(52,785)</u>
<i>Expenditures:</i>				
<i>Current</i>				
General Government	-	-	-	-
Public safety	384,956	438,199	336,566	101,633
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	5,000	5,000	5,000	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>389,956</u>	<u>443,199</u>	<u>341,566</u>	<u>101,633</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(96,122)</u>	<u>(89,199)</u>	<u>(40,351)</u>	<u>48,848</u>
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	37,800	37,800
Bond proceeds	-	-	-	-
Designated cash	96,122	89,199	-	(89,199)
<i>Total other financing sources (uses)</i>	<u>96,122</u>	<u>89,199</u>	<u>37,800</u>	<u>(51,399)</u>
<i>Net change in fund balances</i>	-	-	(2,551)	(2,551)
<i>Fund balances - beginning of year</i>	-	-	23	23
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,528)</u>	<u>\$ (2,528)</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			42	
Expenditure accruals			(15,177)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (17,686)</u>	

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

STATE OF NEW MEXICO

Exhibit C-4

GUADALUPE COUNTY

ENVIRONMENTAL GROSS RECEIPTS FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 90,000	\$ 90,000	31,235	\$ (58,765)
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	65,000	65,000	93,793	28,793
Investment income	1,000	1,000	1,817	817
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>156,000</u>	<u>156,000</u>	<u>126,845</u>	<u>(29,155)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	169,133	183,500	153,278	30,222
Capital outlay	45,000	29,962	9,665	20,297
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>214,133</u>	<u>213,462</u>	<u>162,943</u>	<u>50,519</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(58,133)</u>	<u>(57,462)</u>	<u>(36,098)</u>	<u>21,364</u>
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash	58,133	57,462	-	(57,462)
<i>Total other financing sources (uses)</i>	<u>58,133</u>	<u>57,462</u>	<u>-</u>	<u>(57,462)</u>
<i>Net change in fund balances</i>	-	-	(36,098)	(36,098)
<i>Fund balances - beginning of year</i>	-	-	300,251	300,251
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264,153</u>	<u>\$ 264,153</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			(1,421)	
Expenditure accruals			<u>1,235</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (36,284)</u>	

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

STATE OF NEW MEXICO

Exhibit C-5

GUADALUPE COUNTY

WINDMILL PILOT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	250	250	3,061	2,811
Miscellaneous	136,568	136,568	136,568	-
<i>Total revenues</i>	<u>136,818</u>	<u>136,818</u>	<u>139,629</u>	<u>2,811</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	33,836	33,836	-	33,836
Capital outlay	239,799	239,799	-	239,799
Debt service				-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>273,635</u>	<u>273,635</u>	<u>-</u>	<u>273,635</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(136,817)</u>	<u>(136,817)</u>	<u>139,629</u>	<u>276,446</u>
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash	136,817	136,817	-	(136,817)
<i>Total other financing sources (uses)</i>	<u>136,817</u>	<u>136,817</u>	<u>-</u>	<u>(136,817)</u>
<i>Net change in fund balances</i>	-	-	139,629	139,629
<i>Fund balances - beginning of year</i>	-	-	136,890	136,890
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 276,519</u>	<u>\$ 276,519</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 139,629</u>	

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

STATE OF NEW MEXICO
GUADALUPE COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
YEAR ENDED JUNE 30, 2008

Exhibit E-1

	<u>Agency Funds</u>
ASSETS	
Property taxes receivable	<u>\$ 328,631</u>
<i>Total assets</i>	<u><u>\$ 328,631</u></u>
LIABILITIES	
Due to other taxing units	<u>\$ 328,631</u>
<i>Total liabilities</i>	<u><u>\$ 328,631</u></u>

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

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STATE OF NEW MEXICO
GUADALUPE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1. Summary of Significant Accounting Policies

Guadalupe County is a political sub-division of the State of New Mexico established and regulated by the constitution of the State of New Mexico. The County operates under a commission-manager form of government and provides the following services as authorized by public law: public safety (sheriff, fire, emergency medical, etc.), roads, health and social services, recreation, sanitation, planning and zoning, property assessment, tax collection and general administrative services.

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

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

The County implemented the provisions of GASB No.'s 34, 37 and 38 effective July 1, 2002.

A. Financial Reporting Entity

GASB Statement No. 14 established criteria for determining the government reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the County is considered a *primary government*, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the County may, without the approval or consent of another government entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The County also has one *component unit*, as defined by GASB Statement No. 14 and / or GASB Statement No. 39. The component unit which the County is financially accountable for is the Guadalupe County Hospital. Separate financial statements for the Hospital may be obtained by contacting Guadalupe County Hospital, 535 Lake Drive, Santa Rosa, NM 88435. There are no other primary governments with which the County Commissioners are financially accountable. There are no other primary governments with which the County has a significant relationship.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities and changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

STATE OF NEW MEXICO
GUADALUPE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

STATE OF NEW MEXICO
GUADALUPE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

The *Correction Fee Fund* is authorized by section 33-3-25, NMSA as amended by Chapter 27, Laws of 1985. Revenue source is from costs assessed in traffic offences committed within the County. Funds are used to defray expense of housing prisoners.

The *Environmental Gross Receipts Tax Fund* is authorized by section 7-20E-17, NMSA to account for a County environmental services gross receipts tax. The County is required to dedicate the entire revenue produced by the tax for the acquisition, construction, operation and maintenance of solid waste facilities, water facilities, sewer systems, and related facilities.

The *Windmill Pilot Fund* is funded by Aragonne Wind, LLC on an annual basis. The company makes annual payments to the county in an amount equal to \$1,517 per mega watt of installed capacity. This results in a total annual PILOT payment to the county of \$136,567 for the life of the bonds (Taxable Industrial Revenue Bonds). The money is to be used towards the construction of the new hospital.

The *Capital Projects Fund* accounts for the construction activities related to the renovation of the County Courthouse Building.

Additionally, the government reports the following fund types:

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

STATE OF NEW MEXICO
GUADALUPE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

STATE OF NEW MEXICO
GUADALUPE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Assets or Equity

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

State statutes authorize the County to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

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

Receivables and Payables: Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "internal balances".

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

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

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the County may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent.

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

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

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. Information technology equipment, including software, is being capitalized and included in furniture and equipment as the County did not maintain internally developed software. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

STATE OF NEW MEXICO
GUADALUPE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2008.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	30-50
Building & Improvements	30
Vehicles	4-12
Computer equipment	3-10
Other furniture and equipment	3-10

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

Compensated Absences: The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expecting to become eligible in the future to receive such payments upon termination are included.

Long-term Obligations: In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

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

Fund Equity: Reservations of fund balances represent amounts that are not appropriable for expenditures or legally segregated for a specific purpose. Designations of fund balances represent tentative management plans that are subject to change. These designations are established to earmark resources for specific future use and to indicate that the fund equity does not represent available spendable resources.

STATE OF NEW MEXICO
GUADALUPE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Fund Equity: Reservations of fund balance represent amounts that are not appropriable for expenditures or legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. These designations are established to earmark resources for specific future use and to indicate that the fund equity does not represent available spendable resources.

Equity Classifications: Equity is classified as net assets and displayed in three components:

- a. Net assets invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Assets:
Consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. The government-wide statement of net assets reports \$1,071,544 of restricted net assets.
- c. Unrestricted Net assets:
All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

Accrued Employee Benefits: County employees may accumulate limited amounts of annual leave, personal leave and comp time which are payable to the employee upon termination or retirement. For governmental funds, expenditures are recognized during the period in which vacation costs become payable from available, expendable resources. A liability for amounts earned but not payable from available, expendable resources is recorded in the statement of net assets.

Interfund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

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

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates affecting the County’s financial statements include management’s estimate of the useful lives of capital assets and the landfill closure and post-closure care costs.

STATE OF NEW MEXICO
GUADALUPE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

The County is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

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

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2008 is presented.

NOTE 3. Cash and Temporary Investments

State statutes authorize the investment of County funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the County properly followed State investment requirements as of June 30, 2008.

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

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

STATE OF NEW MEXICO
GUADALUPE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 3. Cash and Temporary Investments (continued)

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

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

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$100,000 in aggregate and separate from the \$100,000 coverage for public unit demand deposits at the same institution.

Deposits

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

	Wells		Total
	<u>Fargo Bank</u>		<u> </u>
Total amounts of deposits	\$ 785	\$	785
FDIC coverage	<u>(785)</u>	<u> </u>	<u>(785)</u>
Total uninsured public funds	<u>\$ ---</u>	<u>\$</u>	<u>---</u>
Collateral requirement (50% of uninsured public funds)	\$ ---	\$	---
Pledged security	<u>---</u>	<u> </u>	<u>---</u>
Total under (over) collateralized	<u>\$ ---</u>	<u>\$</u>	<u>---</u>

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2008, none of the County's bank balance of \$785 was exposed to custodial credit risk.

Investments

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

STATE OF NEW MEXICO
GUADALUPE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 3. Cash and Temporary Investments (continued)

Investments (continued)

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

	<u>Wells Fargo Bank</u>
Repurchase agreements	
Total amount of deposits	\$ 1,839,545
FDIC coverage	<u>199,215</u>
 Total uninsured public funds	 <u>\$ 1,640,330</u>
 Collateral requirement (102% of uninsured public funds)	 \$ 1,673,137
Pledged collateral	<u>2,080,277</u>
 Over collateralized	 <u>\$ 407,140</u>

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's \$1,839,545 investment in repurchase agreements was held by the investment's counterparty not in the name of the County. The County's policy related to investments is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). The carrying value of the County's repurchase agreements at June 30, 2008 was \$1,839,545.

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

As of June 30, 2008 the County had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>less than 1</u>	<u>1 to 5</u>	<u>6-10</u>	<u>More than 10</u>
Repurchase Agreement*	<u>1,839,545</u>	<u>1,839,545</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>1,839,545</u>	<u>1,839,545</u>	<u>—</u>	<u>—</u>	<u>—</u>
U.S. Treasury Fund	971,875	971,875			
State Treasurer's Investment	100,000	100,000	—	—	—
Certificate of Deposit	<u>711,080</u>	<u>711,080</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>1,782,955</u>	<u>1,782,955</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>3,622,500</u>	<u>3,622,500</u>	<u>—</u>	<u>—</u>	<u>—</u>

Interest rate risk is the risk that interest rate variations may adversely affect an investment's fair value. The prices of securities fluctuate with market interest rates and the securities held in a portfolio will decline if market interest rates rise. The portfolio's weighted average maturity (WAM) is a key determinant of the tolerance of a fund's investments to rising interest rates. At June 30, 2008, the County's investment of New MexiGROW LGIP had a value of \$100,000.

STATE OF NEW MEXICO
GUADALUPE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 3. Cash and Temporary Investments (continued)

Investments (continued)

Credit risk - *Investments*. The County's Investment Policy limits investments to those securities authorized by the laws of the State of New Mexico. As of June 30, 2008, the County's investment of New MexiGROW LGIP had a credit risk rating of AAAM and a WAM of 46 days and the County's investment with in U.S. Treasury Fund (Bank of Albuquerque Trust Account) had a credit risk rating of AAAM and a WAM of 5 days.

Concentration of Credit risk - *Investments*. The County places no limit on the amount the County may invest in any one issuer. The county is invested only in Wells Fargo Certificates of Deposit, U.S. Treasury Fund (Bank of Albuquerque Trust Account), and the State Treasurer's New MexiGROW LGIP.

The State Treasurer Local Government Investment Pool is not SEC Registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment funds in securities that are issued by the United States government or by its departments or agencies and are either backed by the full faith and credit of the United States government or are agencies sponsored by the United States government with ratings A to AAA by Moody's Investors Service and S&P. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares; at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts of the fund were invested. Any unrealized gain or loss on the portfolio is distributed through the investment yield on distribution dates. The carrying amount of the portfolio approximates the fair value of all investments at June 30, 2008. The State of New Mexico is the regulatory oversight entity and participation in the pool is voluntary.

NOTE 4. Receivables

Receivables as of June 30, 2008, are as follows:

	General Fund	Road Fund	Corrections Fund	Environmental Gross Receipts Fund	Windmill Pilot Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Property Taxes	\$ 258,917	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 258,917
Intergovernmental	—	19,452	9,873	—	—	40,984	110,264	180,573
Other Taxes	10,002	11,383	—	1,509	—	15,003	10,002	47,899
Net Receivables	<u>\$ 268,919</u>	<u>30,835</u>	<u>\$ 9,873</u>	<u>\$ 1,509</u>	<u>\$ —</u>	<u>\$ 55,987</u>	<u>\$ 120,266</u>	<u>\$ 487,389</u>

The above receivables are deemed 100% collectible. In accordance with GASB No. 33, property tax receivables are presented net of deferred revenues in the governmental balance sheet. Deferred revenue – property taxes totaled \$161,486, as presented in the general fund.

STATE OF NEW MEXICO
GUADALUPE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5. Interfund Receivables, Payables, and Transfers

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

Transfers from the General Fund to:	
Corrections	\$ 37,800
Farm and Range	22,523
Emergency Management	31,454
Recreation	<u>8,159</u>
Total transfers from the General Fund	<u>\$ 99,936</u>
Transfers from Capital Projects Fund to:	
Senior Citizens Fund	\$ 46,799
Road Fund	<u>5,946</u>
Total transfers from the Capital Projects Fund	<u>\$ 52,745</u>
Transfers from DWI Grant Fund to:	
DWI Distribution	\$ 582
DWI Screening	1,663
DWI Donation Program	<u>300</u>
Total transfers to major and nonmajor governmental funds	<u>\$ 2,545</u>

Receivables and payables from interfund transactions as of June 30, 2008 are listed below. The majority of interfund balances were affected or created due to cash overdrafts and a few other balances are either carried forward from the prior year, or were created when expenditures were inadvertently recorded in the incorrect fund and later adjusted to the correct fund.

	Due to <u>General Fund</u>	Due from <u>Other Funds</u>
General Fund	\$ —	\$ 70,062
Correction Fees Fund	2,528	—
DWI Grant	3,965	—
Homeland Security Fund	<u>63,569</u>	<u>—</u>
Total due to General Fund	<u>\$ 70,062</u>	<u>\$ 70,062</u>

STATE OF NEW MEXICO
GUADALUPE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2008, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land is not subject to depreciation.

Governmental Activities:

	Balance June 30, 2007	Additions	Deletions/ Transfers	Adjustments	Balance June 30, 2008
Capital Assets Used in Governmental Activities:					
Capital Assets not being depreciated:					
Construction in Progress	—	—	—	—	—
Land	\$ 22,000	\$ —	\$ —	\$ 50,400	\$ 72,400
Subtotal	<u>22,000</u>	<u>—</u>	<u>—</u>	<u>50,400</u>	<u>72,400</u>
Capital Assets being depreciated:					
Buildings	3,422,783	406,342	—	767,761	4,596,886
Machinery and Equipment	3,691,332	583,179	(200,278)	1,043,616	5,117,849
Furniture and Fixtures	155,277	640,118	—	305,519	1,100,914
Infrastructure	<u>15,251,489</u>	<u>19,246</u>	<u>—</u>	<u>7,889,402</u>	<u>23,160,137</u>
Subtotal	<u>22,542,881</u>	<u>1,648,885</u>	<u>(200,278)</u>	<u>10,006,298</u>	<u>33,975,786</u>
Total Capital Assets	<u>\$ 22,542,881</u>	<u>\$ 1,648,885</u>	<u>\$ (200,278)</u>	<u>\$ 10,056,698</u>	<u>34,048,186</u>
Less Accumulated Depreciation:					
Furniture and Fixtures	\$ 17,119	\$ 78,324	\$ —	\$ 292,484	2,393,066
Buildings	2,022,258	637,385	—	220,574	3,188,634
Machinery and Equipment	2,524,354	48,943	(193,679)	168,952	235,014
Infrastructure	<u>6,654,939</u>	<u>631,404</u>	<u>—</u>	<u>3,760,458</u>	<u>11,046,801</u>
Total	<u>\$ 11,218,670</u>	<u>\$ 1,396,056</u>	<u>\$ (193,679)</u>	<u>\$ 4,442,468</u>	<u>16,863,515</u>
Net Capital Assets	<u>\$ 11,324,211</u>	<u>\$ 252,829</u>	<u>\$ (6,599)</u>	<u>\$ 5,614,230</u>	<u>17,184,671</u>

Depreciation expense for the year ended June 30, 2008 was charged to the following functions and funds:

Public safety	\$ 9,770
Public Works	1,004,474
Health and welfare	117,784
General government	<u>264,028</u>
Total depreciation expense: governmental activities	<u>\$ 1,396,056</u>

STATE OF NEW MEXICO
GUADALUPE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 7. Long-term Debt

During the year ended June 30, 2008, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Current</u> <u>Maturities</u>
<i>Governmental Activities:</i>					
Notes Payable	\$ 896,389	\$ 876,517	\$ 147,886	\$ 1,625,020	\$ 145,083
Compensated Absences	<u>50,663</u>	<u>5,316</u>	<u>10,050</u>	<u>45,929</u>	<u>—</u>
Total Long-Term Debt	<u>\$ 947,052</u>	<u>\$ 884,833</u>	<u>\$ 154,719</u>	<u>\$ 1,674,166</u>	<u>\$ 145,083</u>

The annual requirements to amortize the notes as of June 30, 2008, including interest payments are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u> <u>Service</u>
2009	\$ 145,083	\$ 42,412	\$ 187,495
2010	232,943	39,553	272,496
2011	134,098	36,382	170,480
2012	77,149	33,253	110,402
2013	72,782	31,642	104,424
2014-2018	336,975	130,481	467,456
2019-2023	375,539	78,644	454,183
2024-2028	<u>250,451</u>	<u>19,535</u>	<u>269,986</u>
	<u>\$ 1,625,020</u>	<u>\$ 411,902</u>	<u>\$ 2,063,922</u>

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

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

Compensated Absences – Employees of the County are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2008, compensated absences decreased \$4,734 over the prior year accrual. See Note 1 for more details.

STATE OF NEW MEXICO
GUADALUPE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 8. Deferred Revenue

In accordance with the terms of the various grant agreements within the Special Revenue Funds, revenues received in excess of expenditures carry over to subsequent years, unless such excess revenues are requested to be returned to the grantor.

NOTE 9. Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters.

Guadalupe County is a member and is insured through the New Mexico County Insurance Authority. The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The Authority acts as the common carrier for the State of New Mexico counties. The County pays an annual premium to the Authority based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. The County is not liable for more than the premiums paid.

NOTE 10. Other Required Individual Fund Disclosures

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

- A. Deficit fund balance of individual funds. The following funds reflected a deficit fund balance as of June 30, 2008:

Governmental Funds:

Major Funds:

Corrections Fund	59,987
Total Major Funds	59,987

Nonmajor Funds:

Homeland Security Fund	8,009
Total Nonmajor Funds	8,009

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

- B. Excess of expenditures over appropriations. There were no funds exceeding approved budgetary authority for the year ended June 30, 2008.

STATE OF NEW MEXICO
GUADALUPE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 11. PERA Pension Plan

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

Funding Policy. Plan members are required to contribute 9.15% (regular) and 7% (law enforcement) of their gross salary. The County is required to contribute 9.15% (regular) and 15% (law enforcement) of the gross covered salary. Effective April 1, 2008, the contribution requirements for law enforcement employees changed to 16.30% for the employee and 18.50% for the employer. Regular employee contributions remained constant for the entire year. The contribution requirements of plan members and the Guadalupe County are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The County's contributions to PERA for the fiscal years ending June 30, 2008, 2007 and 2006 were \$110,714, \$106,635, and \$93,337, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 12. Contingent Liabilities

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

NOTE 13. Federal and State Grants

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

NOTE 14. Subsequent Accounting Standard Pronouncements

In November 2003, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries, which is effective for financial statements for periods beginning after December 15, 2005. This statement requires governments to report the effects of capital asset impairments in their financial statements when they occur rather than as part of the ongoing depreciation expenses for the capital asset or upon disposal of the capital asset. The Statement also requires governments to account for insurance recoveries in the same manner. The County is analyzing the effect that these standards will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In May 2005, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 44, Economic Condition Reporting: The Statistical Section, which is effective for financial statements for periods beginning after June 15, 2008. This Statement improves the understandability and usefulness of statistical section information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model for state and local governments required by Statement 34. The County is analyzing the effect that these standards will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

STATE OF NEW MEXICO
GUADALUPE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 14. Subsequent Accounting Standard Pronouncements (continued)

In December 2005, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 46, Net Assets Restricted by Enabling Legislation, which is effective for financial statements for periods beginning after June 15, 2008. The clarifications in this Statement should improve the understandability and comparability of net asset information by making the assessment of legal enforceability more uniform across governments. The County is analyzing the effect that these standards will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In September 2006, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, which is effective for financial statements for periods beginning after December 15, 2006. This statement establishes the criteria that governments will use to ascertain whether the proceeds received should be reported as revenue or as a liability. The County is analyzing the effect that these standards will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In November 2006, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, which is effective for financial statements for periods beginning after December 15, 2007. This statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current and potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The County is analyzing the effect that these standards will have on its financial statements.

In June 2007, the GASB issued Statement No. 51, *Accounting and financial Reporting for Intangible Assets*, which is effective for financial statements for periods beginning after June 15, 2009. This statement requires that all intangible assets not specifically excluded by its scope provision be classified as capital assets. The County is analyzing the effect that this standard will have on its financial statements.

In November 2007, the GASB issue Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, which is effective for financial statement periods beginning after June 15, 2008. This statement requires endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The County is analyzing the effect that this standard will have on its financial statements.

NOTE 15. Net Assets Restatement

Restatement of net assets were necessary in the following amounts to properly state fixed assets and accumulated depreciation after the County's fixed asset inventory was taken at June 30, 2008:

Net assets, to restate prior year capital assets	10,056,698
Net assets, to restate accumulated depreciation	<u>(4,442,468)</u>
Total restatement	<u>\$ 5,614,230</u>

NOTE 16. Guadalupe County Hospital

Hospital Note 1. Organization

Guadalupe County Hospital (the "Hospital") is a 10-bed county-owned acute care hospital located in Santa Rosa, New Mexico. The Hospital provides inpatient and outpatient medical care services for residents of Guadalupe County (the "County"). The Hospital is a component unit of the County.

The Hospital has a management agreement with New Mexicare, Inc. (New Mexicare), a nonprofit healthcare management company, to supervise and direct the Hospital's daily operations. According to the agreement, the Hospital is to maintain a \$500,000 cash reserve for Hospital operations and to reimburse New Mexicare for all costs

STATE OF NEW MEXICO
GUADALUPE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 16. Guadalupe County Hospital (continued)

Hospital Note 1. Organization (continued)

related to the operations and maintenance of the Hospital. An amendment to the management agreement, dated April 24, 2003, stipulates a monthly fee to be paid New Mexicare based on 4% of generated monthly gross revenues, excluding certain revenues. The amendment also stipulates a monthly fee to be paid the County based on 1% of generated monthly gross revenues, excluding certain revenues. The agreement was renewed on June 20, 2007 for the period of July 1, 2007 through June 30, 2009.

The County may terminate the agreement, with or without cause, upon thirty (30) days written notice to New Mexicare, New Mexicare may terminate the agreement, with or without cause, upon ninety (90) days written notice to the County.

Hospital Note 2. Summary of Significant Accounting Policies

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

Measurement Focus and basis of Accounting. The accompanying financial statements are presented using the economic resources measurement focus and the full accrual basis of accounting. Substantially all revenues and expenses are subject to accrual.

Accounting Standards. The operations of the Hospital are presented in the accompanying basic financial statements as a single proprietary fund of the enterprise. The Hospital has no component units.

The Hospital has elected to apply the provisions of all Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, unless they conflict with or contradict GASB pronouncements. This option was initially provided in GASB Statements No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, and was made permanent for enterprise funds such as the Hospital by GASB Statement No. 34.

Operation Revenues and Expenses. The Hospital's statement of revenues, expenses, and changes in net assets distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services – the Hospital's principal activity. Non-exchange revenues, including contributions received for purposes other than capital assets acquisitions, and additional sole community provider income, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Budgetary Data. The Board formally approves each year's budget. The approved budget is then presented to County Commission. This does not, however, represent a legally binding budget.

Cash and Cash Equivalents. Cash and cash equivalents include cash on hand, demand deposits, and certificates of deposit.

The total balance in any single financial institution may at times exceed the \$100,000 in FDIC coverage available to individual depositors. In accordance with Section 6-10-17, NMSA, 1978 Compilation, the Hospital is required to collateralize an amount equal to one-half of the public money in excess of \$100,000 at each financial institution.

The Hospital does not have any deposits denominated in foreign currency.

Supplies Inventories. Supplies inventories consist of pharmaceutical, medical, and maintenance supplies valued at cost using the first-in, first-out method.

STATE OF NEW MEXICO
GUADALUPE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 16. **Guadalupe County Hospital (continued)**

Hospital Note 2. Summary of Significant Accounting Policies (continued)

Capital Assets. The Hospital building is owned by the County and is included in the County's Capitalized assets. The Hospital does not pay the County for the use of the building.

Acquisitions of capital assets with an initial individual cost of \$5,000 and an estimated useful life in excess of one year are capitalized at cost. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred.

When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statements of operations.

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. The estimated useful lives used to depreciate assets, by asset class are as follows:

Furniture, fixtures, and equipment	5 – 10 years
------------------------------------	--------------

Contributions. From time to time, the Hospital receives contributions from individuals and private organizations. Revenues from contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operation purpose are reported as operating revenues. Amounts restricted to capital acquisitions are reported as non-operating revenues and expenses.

Mill Levy. Property taxes are levied and collected by the Guadalupe County Treasurer on behalf of the Hospital. The taxes are levied in November and payable in two installments, November 10th and April 10th. The County remits to the Hospital a percentage of the collections made during the month. Taxes are considered delinquent and subject to lien, penalty, and interest 30 days after the date on which they are due.

Donated Services and Goods. A substantial number of volunteers have donated hours to the Hospital's program services during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

Restricted Resources. When the Hospital has both restricted and unrestricted resources available to finance a particular program, it is the Hospital's policy to use the restricted resources before unrestricted resources.

Vacation and Sick Leave. Hospital employees accrue vacation as a function of service. In the event of termination or retirement, an employee is reimbursed for accumulated vacation up to 240 hours. Employees with accumulated sick leave in excess of 600 hours may elect to be paid for 50% of such excess on an annual basis up to 120 hours (net 60 hours can be paid).

Net Patient Service Revenues. Net Patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. Net patient service revenue also includes estimated retroactive adjustments under reimbursement agreements with third-party payors.

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Retroactive adjustments are accrued on an estimated basis in the period of the services are rendered and adjusted in future periods as final settlements are determined. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of the settlement. Estimated third-party payor settlement amounts included in the accompanying balance sheets approximate fair value.

STATE OF NEW MEXICO
GUADALUPE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 16. Guadalupe County Hospital (continued)

Hospital Note 2. Summary of Significant Accounting Policies (continued)

Accounts Receivable Allowances. The allowance of doubtful patient accounts receivable is that amount which, in management's judgment, is considered adequate to reduce patient accounts receivable to an amount that is considered to be ultimately collectible. The Hospital calculates its allowance for doubtful accounts based on percentages of accounts receivable aging categories that consider historical write-offs by major payor categories over the past several years. Management believes that estimates made for the allowance for doubtful accounts are adequate. Because of the uncertainty regarding the ultimate collectibility of patient accounts receivable, there is a possibility that recorded estimates of the allowance for doubtful accounts will change.

Additionally, the Hospital evaluates patient accounts receivable balances older than one year to determine possible write off. Accounts are considered uncollectible when there has been no recent payment activity and no other indication that payment will be received. Those balances that are considered uncollectible are written off.

Charity Care. The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Bad debts are often indistinguishable from charity care and could also be considered a component of uncompensated care.

Net Assets. Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Hospital or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Income Taxes. The Hospital is a political subdivision of the County; therefore, it is exempt from federal and state income taxes.

Reclassifications. Certain 2007 amounts have been reclassified to be consistent with the 2008 presentation. These reclassifications have no effect on the previously reported increase in net assets.

Hospital Note 3. Deposit Risk Disclosure

Custodial Credit Risk. Custodial credit risk is the risk, in the event of the failure of a depository financial institution, the Hospital will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Hospital does not have a deposit policy for custodial credit risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are (1) uncollateralized, (2) collateralized with securities held by the pledging financial institution, or (3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the Hospital's name. As of June 30, 2008, the Hospital's bank balance total of \$2,849,184 was exposed to credit risk in the amount of \$2,149,184 as follows:

Uninsured and collateral held by pledging bank's trust department not in Hospital's name	\$ <u>1,032,340</u>
Uninsured and uncollateralized	\$ <u>1,116,844</u>

In accordance with Section 6-10-17, NMSA, 1978 Compilation, the Hospital is required to collateralize an amount equal to one-half of the public money in excess of \$100,000 at each financial institution (see Schedule of Pledged Collateral).

Credit Risk. The Hospital has no formal policy on managing credit risk. State law limits investments to United States Government obligations, commercial paper with A-1 or better ratings, corporate bonds with BBB+ or better rating, asset backed obligations with an AAA or better rating, or repurchase agreements.

STATE OF NEW MEXICO
GUADALUPE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 16. Guadalupe County Hospital (continued)

Hospital Note 4. Patient Accounts Receivable

Patient accounts receivable at June 30, 2008 are summarized as follows:

	2008
Gross Patient accounts receivable	\$ 1,292,232
Contractual allowances & Allowance for doubtful accounts	(879,409)
Net Patient accounts receivable	\$ 412,823

Hospital Note 5. Other Receivables

Other receivables consist mainly of amounts receivable from the Mill Levy and sold community provider funds. Other receivables are deemed to be fully collectible. Accordingly, no allowance for doubtful accounts has been provided.

Hospital Note 6. Capital Assets

Capital asset activity of the Hospital for the year ended June 30, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated				
Equipment	\$ 456,115	\$ 33,060	\$ —	\$ 489,175
Less accumulated depreciation				
Equipment	(385,816)	(20,837)	—	(406,653)
Capital assets, net	\$ 70,299	\$ 12,223	\$ —	\$ 82,522

Hospital Note 7. Net Patient Service Revenue

Agreements with third-party payors provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

A summary of the payment arrangements with major third-party payors follows:

Medicare. Services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient non-acute services, certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary

Medicaid – The State of New Mexico (State) administers its Medicaid program through contracts with three Managed Care Organizations (MCOs). Medicaid beneficiaries are required to enroll with one of the MCOs. The state pays each MCO a per member, per month rate based on their current enrollment. These amounts are allocated by each MCO to separate pools for hospital, physicians, and ancillary providers. As a result the MCOs assume the financial risk of providing healthcare to its members. This arrangement is commonly referred to as “SALUD!” Through the Hospital’s contracts with the MCOs, inpatient acute care services are primarily paid at per diem rates varying according to the level of inpatient services provided. Outpatient services are paid as a percentage of charges.

STATE OF NEW MEXICO
GUADALUPE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 16. Guadalupe County Hospital (continued)

Hospital Note 7. Net Patient Service Revenue (continued)

Medicare and Medicaid costs report liabilities are as follows at June 30, 2008:

	<u>Amount</u>	<u>Status</u>
Medicare		
2007	\$ 5,000	Tentative Settlement
2008	<u>10,000</u>	Not Filed
	<u>15,000</u>	
Medicaid		
2005	7,510	Unaudited
2006	-	Unaudited
2007	5,637	Unaudited
2008	<u>10,000</u>	Not Filed
	<u>23,147</u>	
Estimated third party payor settlements	<u>\$ 38,147</u>	

Management believes that estimated third party payor settlement liabilities are adequate. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Estimates are continually monitored and reviewed, and as settlements are made, differences are reflected in current operations.

Other Third-Party Payors – The Hospital has also entered into payment agreements with certain commercial insurance carriers, HMOs, and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

The following summary details the components of net patient service revenue for the year ended June 30, 2008:

	<u>2008</u>
Gross charges	\$ 4,588,486
Add (less) third-party contractual adjustments and cost report settlements	(467,248)
Less bad debts and changes in allowance for uncollectible accounts	(588,159)
Less charity care	<u>(105,177)</u>
Net patient service revenue	<u>\$ 3,427,902</u>

Hospital Note 8. Operating Leases

The Hospital leases various medical equipment under operating leases, including a CT system in which the Hospital is charged per scan, with a minimum number of scans required each month. Because the charge is based on the number of scans, the Hospital reports the expense in medical fees on the statements of revenue, expenses, and changes in net assets.

The following schedule by year of future minimum lease payments under operating leases as of June 30, 2008, which have an initial lease term in excess of one year:

<u>Year Ending June 30</u>	
2009	108,300
2010	108,300
2011	<u>9,025</u>
	<u>\$ 225,625</u>

STATE OF NEW MEXICO
GUADALUPE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 16. Guadalupe County Hospital (continued)

Hospital Note 9. Retirement Plan

The Hospital establishes a defined contribution retirement plan effective April 2001, entitled “Guadalupe County Hospital 403(b) Plan.” The Plan is administered by the Hospital. Although they have not expressed intent to do so, the Hospital can amend or terminate the plan at any time. All employees are eligible to participate in the plan after a 90-day probationary period. The plan allows eligible employees to defer a portion of their annual compensation pursuant to Section 403(b) of the Internal Revenue Services Code.

The Hospital also established an employer contribution match of up to 3% of the employee’s base wage, effective July 1, 2005. Employer contributions to the plan are discretionary and are fully vested once the employee is eligible to participate in the 403(b) plan. Employees and employer contributions to the plan for the year ended June 30, 2008, were \$39,163 and \$19,849, respectively. Employees and employer contributions to the plan for the year ended June 30, 2007, were \$30,061 and \$17,858, respectively.

Hospital Note 10. Concentration of Credit Risk

Patient Accounts Receivable. The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. Management believes that estimates made for the allowance for doubtful accounts are adequate. Because of the uncertainty regarding the ultimate collectibility of patient accounts receivable, there is at least a reasonable possibility that recorded estimates of the allowance for doubtful accounts will change by a material amount in the near term.

The Hospital recognizes that revenue and receivables from government agencies are significant to the Hospital’s operations, but do not believe that there are any significant credit risks associated with these governmental agencies. The mix of receivables from patients and third-party payors at June 30, 2008 is as follows.

	<u>2008</u>
Medicare	36%
Medicaid	8%
Self-pay	19%
Commercial and other	37%
Total	100%

Hospital Note 11. Contingencies

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

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

The Health Insurance Portability and Accountability Act (HIPAA) was enacted August 21, 1996, to assure health insurance portability, guarantee security and privacy of health information, enforce standards for health information and establish administrative simplification provisions. Management feels that the Hospital is in compliance with all applicable provisions of HIPAA.

STATE OF NEW MEXICO
GUADALUPE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 16. Guadalupe County Hospital (continued)

Hospital Note 11. Contingencies (continued)

Litigation. Management is not aware of any pending or threatened litigation or regulatory investigations. There may be however, claims that are currently unasserted which could be filed for incidents that have occurred which the Hospital is not presently aware.

Risk Management – The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the preceding three years.

Hospital Note 12. Mill Levy

A New Mexico law adopted in 1980, and amended that law in 1981, that allows for counties to provide expanded tax support to qualified hospitals. The Hospital received mill levy proceeds of \$413,965 and \$383,115 in 2008 and 2007, respectively, all of which were used to support operations. The current mill levy expires May 2009.

Hospital Note 13. Sole Community Provider

The Hospital participates in a sole community provider indigent care program administered by the State of New Mexico. Revenues from this program in 2008 and 2007 were \$222,977 and \$184,224, respectively.

Hospital Note 14. Related Party Transactions

The Hospital entered into the following related party transactions during the year ending June 30, 2008:

The Hospital contracts with Alamo Locums, Inc. who provides on-call emergency and urgent medical services for the Hospital. Alamo Locums is owned by the Hospital's Chief of Staff. The amount paid to Alamo Locums in fiscal year 2008 for these services was \$641,430.

The Hospital leases a Siemens Ultra-sound machine from the Santa Rosa Medical Clinic (Clinic). The Clinic's Medical Director is also the Hospital's Chief of Staff. The amount paid to the Clinic during fiscal year 2008 for this lease was \$4,081.

Hospital Note 15. Subsequent Events

Subsequent to June 30, 2008, the following material events occurred:

- The Hospital has hired an architect to design a new hospital. It is the Hospital's intent to build and move into a new hospital during the 2011 fiscal year. The cost of the new hospital is estimated to be approximately \$11,000,000. The Hospital currently has approximately \$5,000,000 in funds available to build the new Hospital.
- On September 29, 2008, the Hospital has received \$2,504,933 in sole community provider matching funds. This amount is included in the \$5,000,000 available for the new hospital building noted above.

Hospital Note 16. Prior Period Adjustment

As part of the Hospital's Auditor's testwork over patient revenue and accounts receivable they performed an analysis of receipts subsequent to year-end. They reviewed deposits for two months after year-end for items that should have been recorded as revenue and receivables during the year. They found that there were significant balances received after year-end that should have been recorded as revenue and receivables at year-end that were not recorded as such.

STATE OF NEW MEXICO
GUADALUPE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 16. Guadalupe County Hospital (continued)

Hospital Note 16. Prior Period Adjustment (continued)

The Hospital prepared reports showing the total amount of revenue at year-end that was recorded as revenue and accounts receivable after year-end. The amounts were \$101,783 in 2008, \$259,055 in 2007, and \$40,030 in 2006.

The Hospital has a combined historical bad debt and contractual discount and allowance rate of 70%. After applying this rate to the unbilled revenue, the impact on the net-patient revenue for the 2008 and 2007 years was (\$47,182) and \$65,708, respectively. The prior year's increase in income was recorded as a prior period adjustment.

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

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SPECIAL REVENUE FUNDS

SPECIAL REVENUE FUNDS

Farm and Range Fund – Authorized by the Federal Taylor Grazing Act. Expenditures are restricted to soil conservation, rodent control, and related activities.

Recreation Fund – Authorized by section 7-1-6.11, NMSA. To account for the provision of recreation to juvenile groups within the County. Revenues are provided by the County's allocation of State cigarette tax.

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

Anton Chico Fire Fund – Authorized by section 59a-53-3, NMSA. To account for the provision of fire and ambulance protection to residents of the Anton Chico area. Financing provided by the allotments from the State.

Puerto De Luna Fire Fund – Authorized by section 59a-53-3, NMSA. To account for the provision of fire and ambulance protection to the residents of Arch area. Financing is provided by allotments from the State.

Guadalupe County Fire Fund – Authorized by section 59a-53-3, NMSA. To account for the provision of fire and ambulance protection to the residents of County. Financing is provided by allotments from the State.

County Property Valuation – To account for funds used to provide valuation services to the County and other local entities. This fund was created by authority of state statute (see Section 7-38-38.1, NMSA 1978 Compilation).

Law Enforcement Fund – To account for revenues and expenditures for maintaining and improving the County's law enforcement department in order to enhance its efficiency and effectiveness. Funding is from the State appropriation authorized by Section 29-13-3f, NMSA.

DWI Grant – To account for grant funds from the Department of Finance and Administration to provide quality substance abuse treatment, community education, outreach and primary prevention services to citizens of Guadalupe County. This fund was created by authority of state statute (see Section 31-12-7 of NMSA).

DWI Distribution Fund – Authorized by NMSA 1978 sections 11-6A-1-6. To account for monies from the State to conduct DWI checkpoints across the State in an effort to reduce the number of people who are driving while under the influence of alcohol.

DWI Screening – Referrals come from Magistrate and Municipal courts and also from the Juvenile Probation office. DWI offenders are normally screened after conviction. We screen at the courthouse and at the sheriff's office. The county charges \$100.00 for the screening fee. These fees are dependent on annual DWI convictions which have been decreasing in Guadalupe County. Costs attributed to screening include court attendance, telephone, internet, copy machine lease, supplies.

DWI Donation – Funding is a donation that comes from Juvenile Probation Office from minors in possession fines in lieu of jail time.

Recording and Filing Fund – To account for monies collected by the County Clerk's office for each instrument recorded and when the instrument is photocopied, in addition to any other fees authorized by law, the County Clerk may charge an equipment recording fee. The equipment recording fee revenues are expected to be expended only to rent, purchase, lease or lease-purchase equipment associated with recording, filing, maintaining or reproducing documents in the County Clerk's office and for staff training on office procedures and equipment. Authorized by NMSA 14-8-12.2.

Emergency Medical Service (EMS) Funds – To account for revenues and expenditures for Emergency Medical Services in Guadalupe County. These funds were created by the authority of state statute (see Section 59A-53-5, NMSA 1978 Compilation).

Rural Primary Health Care Act – To account for state funds relating to the improvement of health care services in the County. The authority to create this fund was given by New Mexico Statute, Chapter 113.

C.D.B.G Public Safety Building – To account for federal funds for various projects. Funding is from a Community Development Block Grant from the Department of H.U.D. through the State Department of Finance and Administration.

SPECIAL REVENUE FUNDS

Emergency Management – A federally funded grant from the Office of Emergency Management used to employ an emergency manager plus fringe benefits.

Homeland Security – State grant issued by NM Department of Homeland Security and Emergency Management. The monies are used for communications, emergency alert system and repeater sites, bay stations and backup batteries for repeaters. LETPP is also part of the grant and is used for Law Enforcement training

E-911 Enhanced Fund – A grant from the State of New Mexico Department of Finance and Administration for the upkeep and maintenance of the communications equipment at the County's 911 dispatch center.

Senior Citizen Fund – A state and federally funded grant received from the Eastern New Mexico Area Agency on Aging. There are also contributions that are collected from the local citizens participating in the food programs. These funds are used to operate two separate senior citizens meal centers in Puerto De Luna, NM and La Loma, NM. These sites include meals at the center as well as meals on wheels to the homebound and sick clients that are part of the program. These funds are also used to pay salaries and employee benefits for employees of the centers.

La Loma Senior Center Fund – Grant from NM Long Term Agency on Aging is to be used for renovations at the La Loma Senior Center.

Puerto De Luna Senior Center Fund – Grant from NM Long Term Agency on Aging is to be used for equipment and renovations at Puerto De Luna Senior Center.

STATE OF NEW MEXICO
GUADALUPE COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008

	Farm and Range Fund 208	Recreation Fund 217	Indigent Fund 220	Anton Chico Fire Fund 2091	Puerto del Luna Fire Fund 2092
ASSETS					
Current:					
Cash and temporary investments	\$ -	\$ 172	\$ 22,116	\$ 104,412	\$ 83,580
Accounts receivable					
Property taxes	-	-	-	-	-
Intergovernmental	-	-	10,002	-	-
Other receivables	-	-	-	-	-
Interfund balances	-	-	-	-	-
Restricted:					
Cash and temporary investments	-	-	-	-	-
<i>Total current assets</i>	<u>\$ -</u>	<u>\$ 172</u>	<u>\$ 32,118</u>	<u>\$ 104,412</u>	<u>\$ 83,580</u>
LIABILITIES AND FUND BALANCE					
<i>Current Liabilities:</i>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-	-
Interfund balances	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Deferred revenue - property taxes	-	-	-	-	-
<i>Total current liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance:</i>					
Reserved					
Reserved for debt service	-	-	-	-	-
Reserved for capital projects	-	-	-	-	-
Unreserved					
Designated for subsequent year's expenditures				-	-
Undesignated, reported in					
General fund	-	-	-	-	-
Special revenue funds	-	172	32,118	104,412	83,580
<i>Total fund balance</i>	<u>-</u>	<u>172</u>	<u>32,118</u>	<u>104,412</u>	<u>83,580</u>
<i>Total liabilities and fund balance</i>	<u>\$ -</u>	<u>\$ 172</u>	<u>\$ 32,118</u>	<u>\$ 104,412</u>	<u>\$ 83,580</u>

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

Guadalupe County Fire Fund 2093	County Property Valuation Fund 203	Law Enforcement Fund 2110	DWI Grant Fund 2231	DWI Distribution Fund 2232	DWI Screening Fund 2233	DWI Donation Fund 2234
\$ 5,695	\$ 104,903	\$ -	\$ -	\$ 8,769	\$ 432	\$ 254
-	-	-	-	-	-	-
8,918	-	20,600	6,419	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 14,613</u>	<u>\$ 104,903</u>	<u>\$ 20,600</u>	<u>\$ 6,419</u>	<u>\$ 8,769</u>	<u>\$ 432</u>	<u>\$ 254</u>
\$ 11,538	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	942	1,403	-	-
-	-	-	3,965	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>11,538</u>	<u>-</u>	<u>-</u>	<u>4,907</u>	<u>1,403</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,075	104,903	20,600	1,512	7,366	432	254
3,075	104,903	20,600	1,512	7,366	432	254
<u>\$ 14,613</u>	<u>\$ 104,903</u>	<u>\$ 20,600</u>	<u>\$ 6,419</u>	<u>\$ 8,769</u>	<u>\$ 432</u>	<u>\$ 254</u>

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

STATE OF NEW MEXICO
GUADALUPE COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008

	Recording and Filing Fund 225	EMS Fund 206	Rural Primary Health Care Act Fund 2186	CDBG Public Safety Building Fund 2185	Emergency Management Fund 2991
ASSETS					
Current:					
Cash and temporary investments	\$ 15,332	\$ 28,057	\$ -	\$ -	\$ -
Accounts receivable					
Property taxes	-	-	-	-	-
Intergovernmental	-	-	12,000	-	-
Other receivables	-	-	-	-	-
Due from other funds	-	-	-	-	-
Restricted:					
Cash and temporary investments	-	-	-	-	-
<i>Total current assets</i>	<u>\$ 15,332</u>	<u>\$ 28,057</u>	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE					
<i>Current Liabilities:</i>					
Accounts payable	\$ -	\$ -	\$ 11,667	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Deferred revenue - property taxes	-	-	-	-	-
<i>Total current liabilities</i>	<u>-</u>	<u>-</u>	<u>11,667</u>	<u>-</u>	<u>-</u>
<i>Fund balance:</i>					
Reserved					
Reserved for debt service	-	-	-	-	-
Reserved for capital projects	-	-	-	-	-
Unreserved					
Designated for subsequent year's expenditures	-				
Undesignated, reported in					
General fund	-	-	-	-	-
Special revenue funds	15,332	28,057	333	-	-
<i>Total fund balance</i>	<u>15,332</u>	<u>28,057</u>	<u>333</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balance</i>	<u>\$ 15,332</u>	<u>\$ 28,057</u>	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ -</u>

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

Homeland Security Fund 2992	E-911 Enhanced Fund 207	Senior Citizen Fund 2190	La Loma Senior Center Fund 2191	Puerto del Luna Senior Center Fund 2192	Total
\$ -	\$ -	\$ 720	\$ -	\$ -	\$ 374,442
-	-	-	-	-	-
55,560	-	6,767	-	-	120,266
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 55,560</u>	<u>\$ -</u>	<u>\$ 7,487</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 494,708</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,205
-	-	2,545	-	-	4,890
63,569	-	-	-	-	67,534
-	-	-	-	-	-
-	-	-	-	-	-
<u>63,569</u>	<u>-</u>	<u>2,545</u>	<u>-</u>	<u>-</u>	<u>95,629</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(8,009)	-	4,942	-	-	399,079
<u>(8,009)</u>	<u>-</u>	<u>4,942</u>	<u>-</u>	<u>-</u>	<u>399,079</u>
<u>\$ 55,560</u>	<u>\$ -</u>	<u>\$ 7,487</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 494,708</u>

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

STATE OF NEW MEXICO
GUADALUPE COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Farm and Range Fund 208	Recreation Fund 217	Indigent Fund 220	Anton Chico Fire Fund 2091	Puerto del Luna Fire Fund 2092
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	112,945	-	-
Other taxes	-	34	-	-	-
State grants	-	-	69,286	332,128	132,610
Federal grants	7,987	-	-	-	-
Licenses and fees	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	358	14	1,670	1,279	4,303
Miscellaneous	-	-	-	-	-
<i>Total revenues</i>	<u>8,345</u>	<u>48</u>	<u>183,901</u>	<u>333,407</u>	<u>136,913</u>
<i>Expenditures:</i>					
Current					
General Government	-	-	-	-	-
Public safety	-	-	-	16,262	21,455
Culture and recreation	31,000	8,050	-	-	-
Health and welfare	-	-	246,368	-	-
Public works	-	-	-	-	-
Capital outlay	-	-	-	304,953	269,742
Debt service					
Principal	-	-	-	5,300	10,211
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>31,000</u>	<u>8,050</u>	<u>246,368</u>	<u>326,515</u>	<u>301,408</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(22,655)</u>	<u>(8,002)</u>	<u>(62,467)</u>	<u>6,892</u>	<u>(164,495)</u>
<i>Other financing sources (uses):</i>					
Operating transfers in (out)	22,523	8,159	-	-	-
<i>Total other financing sources (uses)</i>	<u>22,523</u>	<u>8,159</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	(132)	157	(62,467)	6,892	(164,495)
<i>Fund balances - beginning of year</i>	<u>132</u>	<u>15</u>	<u>94,585</u>	<u>97,520</u>	<u>248,075</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ 172</u>	<u>\$ 32,118</u>	<u>\$ 104,412</u>	<u>\$ 83,580</u>

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

Guadalupe County Fire Fund 2093	County Property Valuation Fund 203	Law Enforcement Fund 2110	DWI Grant Fund 2231	DWI Distribution Fund 2232	DWI Screening Fund 2233	DWI Donation Fund 2234
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
112,206	-	116,800	26,152	60,881	-	-
-	-	-	-	-	-	-
-	30,812	-	-	-	-	-
-	1,403	-	-	-	2,065	-
-	1,653	218	-	-	-	-
-	-	-	-	-	-	200
<u>112,206</u>	<u>33,868</u>	<u>117,018</u>	<u>26,152</u>	<u>60,881</u>	<u>2,065</u>	<u>200</u>
-	22,342	-	-	-	-	-
46,050	-	21,065	24,274	61,549	3,296	246
-	-	-	-	-	-	-
-	-	-	-	-	-	-
63,081	622	766	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>109,131</u>	<u>22,964</u>	<u>21,831</u>	<u>24,274</u>	<u>61,549</u>	<u>3,296</u>	<u>246</u>
<u>3,075</u>	<u>10,904</u>	<u>95,187</u>	<u>1,878</u>	<u>(668)</u>	<u>(1,231)</u>	<u>(46)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,545)</u>	<u>582</u>	<u>1,663</u>	<u>300</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,545)</u>	<u>582</u>	<u>1,663</u>	<u>300</u>
3,075	10,904	95,187	(667)	(86)	432	254
-	93,999	(74,587)	2,179	7,452	-	-
<u>\$ 3,075</u>	<u>\$ 104,903</u>	<u>\$ 20,600</u>	<u>\$ 1,512</u>	<u>\$ 7,366</u>	<u>\$ 432</u>	<u>\$ 254</u>

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

STATE OF NEW MEXICO
GUADALUPE COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Recording and Filing Fund 225	EMS Fund 206	Rural Primary Health Care Act Fund 2186	CDBG Public Safety Building Fund 2185	Emergency Management Fund 2991
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-	-
Other taxes	-	-	-	-	-
State grants	-	157	156,333	25,519	5,942
Federal grants	-	-	-	-	-
Licenses and fees	15,143	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	449	-	-	-
Miscellaneous	-	-	-	-	-
<i>Total revenues</i>	<u>15,143</u>	<u>606</u>	<u>156,333</u>	<u>25,519</u>	<u>5,942</u>
<i>Expenditures:</i>					
Current					
General Government	1,874	-	-	-	-
Public safety	-	1,024	-	25,519	(762)
Culture and recreation	-	-	-	-	-
Health and welfare	-	-	156,000	-	-
Public works	-	-	-	-	-
Capital outlay	16,950	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>18,824</u>	<u>1,024</u>	<u>156,000</u>	<u>25,519</u>	<u>(762)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,681)</u>	<u>(418)</u>	<u>333</u>	<u>-</u>	<u>6,704</u>
<i>Other financing sources (uses):</i>					
Operating transfers in (out)	-	-	-	-	31,454
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,454</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>(3,681)</u>	<u>(418)</u>	<u>333</u>	<u>-</u>	<u>38,158</u>
<i>Fund balances - beginning of year</i>	<u>19,013</u>	<u>28,475</u>	<u>-</u>	<u>-</u>	<u>(38,158)</u>
<i>Fund balances - end of year</i>	<u>\$ 15,332</u>	<u>\$ 28,057</u>	<u>\$ 333</u>	<u>\$ -</u>	<u>\$ -</u>

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

Homeland Security Fund 2992	E-911 Enhanced Fund 207	Senior Citizen Fund 2190	La Loma Senior Center Fund 2191	Puerto del Luna Senior Center Fund 2192	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	112,945
-	-	-	-	-	34
-	580,139	127,070	4,809	5,124	1,755,156
121,365	-	-	-	-	129,352
-	-	-	-	-	45,955
-	-	35	-	-	3,503
-	-	-	-	-	9,944
-	-	17,901	-	-	18,101
<u>121,365</u>	<u>580,139</u>	<u>145,006</u>	<u>4,809</u>	<u>5,124</u>	<u>2,074,990</u>
-	-	-	-	-	24,216
-	580,139	-	-	-	800,117
-	-	-	-	-	39,050
-	-	194,953	4,809	-	602,130
-	-	-	-	-	-
129,374	-	-	-	5,124	790,612
-	-	-	-	-	15,511
-	-	-	-	-	-
<u>129,374</u>	<u>580,139</u>	<u>194,953</u>	<u>4,809</u>	<u>5,124</u>	<u>2,271,636</u>
<u>(8,009)</u>	<u>-</u>	<u>(49,947)</u>	<u>-</u>	<u>-</u>	<u>(196,646)</u>
-	-	46,799	-	-	108,935
-	-	46,799	-	-	108,935
(8,009)	-	(3,148)	-	-	(87,711)
-	-	8,090	-	-	486,790
<u>\$ (8,009)</u>	<u>\$ -</u>	<u>\$ 4,942</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 399,079</u>

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

STATE OF NEW MEXICO
GUADALUPE COUNTY

Statement B-3

FARM AND RANGE - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	10,000	10,000	7,987	(2,013)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	100	100	358	258
Miscellaneous	-	-	-	-
<i>Total revenues</i>	10,100	10,100	8,345	(1,755)
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	31,000	31,000	31,000	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	31,000	31,000	31,000	-
<i>Excess (deficiency) of revenues over expenditures</i>	(20,900)	(20,900)	(22,655)	(1,755)
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	22,523	22,523
Bond proceeds	-	-	-	-
Designated cash	20,900	20,900	-	(20,900)
<i>Total other financing sources (uses)</i>	20,900	20,900	22,523	1,623
<i>Net change in fund balances</i>	-	-	(132)	(132)
<i>Fund balances - beginning of year</i>	-	-	132	132
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ (132)	

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

STATE OF NEW MEXICO
GUADALUPE COUNTY

Statement B-4

RECREATION - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 20	\$ 20	\$ 34	\$ 14
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	14	14
Miscellaneous	-	-	-	-
<i>Total revenues</i>	20	20	48	28
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	5,974	8,194	8,050	144
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	5,974	8,194	8,050	144
<i>Excess (deficiency) of revenues over expenditures</i>	(5,954)	(8,174)	(8,002)	172
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	8,159	8,159
Bond proceeds	-	-	-	-
Designated cash	5,954	8,174	-	(8,174)
<i>Total other financing sources (uses)</i>	5,954	8,174	8,159	(15)
<i>Net change in fund balances</i>	-	-	157	157
<i>Fund balances - beginning of year</i>	-	-	15	15
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 172	\$ 172
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ 157	

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

STATE OF NEW MEXICO

Statement B-5

GUADALUPE COUNTY

INDIGENT - SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 180,000	\$ 180,000	\$ 122,787	\$ (57,213)
Intergovernmental	59,610	59,610	59,284	(326)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	2,500	2,500	1,670	(830)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>242,110</u>	<u>242,110</u>	<u>183,741</u>	<u>(58,369)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	326,853	326,853	246,368	80,485
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>326,853</u>	<u>326,853</u>	<u>246,368</u>	<u>80,485</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(84,743)</u>	<u>(84,743)</u>	<u>(62,627)</u>	<u>22,116</u>
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash	84,743	84,743	-	(84,743)
<i>Total other financing sources (uses)</i>	<u>84,743</u>	<u>84,743</u>	<u>-</u>	<u>(84,743)</u>
<i>Net change in fund balances</i>	-	-	(62,627)	(62,627)
<i>Fund balances - beginning of year</i>	-	-	84,743	84,743
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,116</u>	<u>\$ 22,116</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			160	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (62,467)</u>	

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

STATE OF NEW MEXICO
GUADALUPE COUNTY

Statement B-6

ANTON CHICO FIRE - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	326,828	326,828	326,828	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	1,000	1,000	1,279	279
Miscellaneous	-	-	-	-
<i>Total revenues</i>	327,828	327,828	328,107	279
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	30,000	35,015	16,298	18,717
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	371,962	366,947	304,953	61,994
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	401,962	401,962	321,251	80,711
<i>Excess (deficiency) of revenues over expenditures</i>	(74,134)	(74,134)	6,856	80,990
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash	74,134	74,134	-	(74,134)
<i>Total other financing sources (uses)</i>	74,134	74,134	-	(74,134)
<i>Net change in fund balances</i>	-	-	6,856	6,856
<i>Fund balances - beginning of year</i>	-	-	97,556	97,556
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 104,412	\$ 104,412
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			36	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ 6,892	

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

STATE OF NEW MEXICO
GUADALUPE COUNTY

Statement B-7

PUERTO DE LUNA FIRE - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	42,587	122,587	122,399	(188)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	500	500	4,303	3,803
Miscellaneous	-	-	-	-
<i>Total revenues</i>	43,087	123,087	126,702	3,615
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	60,955	60,955	21,511	39,444
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	200,000	280,000	269,742	10,258
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	260,955	340,955	291,253	49,702
<i>Excess (deficiency) of revenues over expenditures</i>	(217,868)	(217,868)	(164,551)	53,317
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash	217,868	217,868	-	(217,868)
<i>Total other financing sources (uses)</i>	217,868	217,868	-	(217,868)
<i>Net change in fund balances</i>	-	-	(164,551)	(164,551)
<i>Fund balances - beginning of year</i>	-	-	248,131	248,131
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 83,580	\$ 83,580
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			56	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ (164,495)	

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

STATE OF NEW MEXICO
GUADALUPE COUNTY

Statement B-8

GUADALUPE COUNTY FIRE - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	100,000	145,000	103,288	(41,712)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	100,000	145,000	103,288	(41,712)
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	45,176	34,512	10,664
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	100,000	99,824	63,081	36,743
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	100,000	145,000	97,593	47,407
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	5,695	5,695
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	5,695	5,695
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 5,695	\$ 5,695
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			8,918	
Expenditure accruals			(11,538)	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ 3,075	

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

STATE OF NEW MEXICO
GUADALUPE COUNTY

Statement B-9

COUNTY PROPERTY VALUATION - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	28,000	28,000	30,812	2,812
Charges for services	-	-	1,403	1,403
Investment income	1,200	1,200	1,653	453
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>29,200</u>	<u>29,200</u>	<u>33,868</u>	<u>4,668</u>
<i>Expenditures:</i>				
Current				
General Government	83,939	83,939	22,908	61,031
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	3,500	3,500	622	2,878
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>87,439</u>	<u>87,439</u>	<u>23,530</u>	<u>63,909</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(58,239)</u>	<u>(58,239)</u>	<u>10,338</u>	<u>68,577</u>
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash	58,239	58,239	-	(58,239)
<i>Total other financing sources (uses)</i>	<u>58,239</u>	<u>58,239</u>	<u>-</u>	<u>(58,239)</u>
<i>Net change in fund balances</i>	-	-	10,338	10,338
<i>Fund balances - beginning of year</i>	-	-	94,565	94,565
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,903</u>	<u>\$ 104,903</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			<u>566</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 10,904</u>	

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

STATE OF NEW MEXICO
GUADALUPE COUNTY

Statement B-10

LAW ENFORCEMENT - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	96,200	96,200	96,200	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	218	218
Miscellaneous	-	12,000	-	(12,000)
<i>Total revenues</i>	96,200	108,200	96,418	(11,782)
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	21,663	21,663	21,065	598
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	12,000	766	11,234
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	21,663	33,663	21,831	11,832
<i>Excess (deficiency) of revenues over expenditures</i>	74,537	74,537	74,587	50
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash	(74,537)	(74,537)	-	74,537
<i>Total other financing sources (uses)</i>	(74,537)	(74,537)	-	74,537
<i>Net change in fund balances</i>	-	-	74,587	74,587
<i>Fund balances - beginning of year</i>	-	-	(74,587)	(74,587)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			20,600	
Expenditure accruals			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ 95,187	

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

STATE OF NEW MEXICO

Statement B-11

GUADALUPE COUNTY

DWI GRANT - SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	35,000	35,000	19,733	(15,267)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>35,000</u>	<u>35,000</u>	<u>19,733</u>	<u>(15,267)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	37,611	35,000	23,764	11,236
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>37,611</u>	<u>35,000</u>	<u>23,764</u>	<u>11,236</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,611)</u>	<u>-</u>	<u>(4,031)</u>	<u>(4,031)</u>
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	(2,545)	(2,545)
Bond proceeds	-	-	-	-
Designated cash	2,611	-	-	-
<i>Total other financing sources (uses)</i>	<u>2,611</u>	<u>-</u>	<u>(2,545)</u>	<u>(2,545)</u>
<i>Net change in fund balances</i>	-	-	(6,576)	(6,576)
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>2,611</u>	<u>2,611</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,965)</u>	<u>\$ (3,965)</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			6,419	
Expenditure accruals			(510)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (667)</u>	

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

STATE OF NEW MEXICO

Statement B-12

GUADALUPE COUNTY

DWI DISTRIBUTION - SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	68,802	60,881	60,881	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>68,802</u>	<u>60,881</u>	<u>60,881</u>	<u>-</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	76,896	69,593	60,788	8,805
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>76,896</u>	<u>69,593</u>	<u>60,788</u>	<u>8,805</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(8,094)</u>	<u>(8,712)</u>	<u>93</u>	<u>8,805</u>
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	582	582
Bond proceeds	-	-	-	-
Designated cash	8,094	8,712	-	(8,712)
<i>Total other financing sources (uses)</i>	<u>8,094</u>	<u>8,712</u>	<u>582</u>	<u>(8,130)</u>
<i>Net change in fund balances</i>	-	-	675	675
<i>Fund balances - beginning of year</i>	-	-	8,094	8,094
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,769</u>	<u>\$ 8,769</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			(761)	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ (86)</u>	

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

STATE OF NEW MEXICO
GUADALUPE COUNTY

Statement B-13

DWI SCREENING - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	5,029	2,065	(2,964)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	5,029	2,065	(2,964)
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	3,436	3,296	140
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	2,175	-	2,175
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	-	5,611	3,296	2,315
<i>Excess (deficiency) of revenues over expenditures</i>	-	(582)	(1,231)	(649)
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	1,663	1,663
Bond proceeds	-	-	-	-
Designated cash	-	582	-	(582)
<i>Total other financing sources (uses)</i>	-	582	1,663	1,081
<i>Net change in fund balances</i>	-	-	432	432
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 432	\$ 432
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ 432	

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

STATE OF NEW MEXICO

Statement B-14

GUADALUPE COUNTY

DWI DONATION - SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	300	200	(100)
<i>Total revenues</i>	<u>-</u>	<u>300</u>	<u>200</u>	<u>(100)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	300	246	54
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>300</u>	<u>246</u>	<u>54</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(46)</u>	<u>(46)</u>
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	300	300
Bond proceeds	-	-	-	-
Designated cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>300</u>	<u>300</u>
<i>Net change in fund balances</i>	-	-	254	254
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 254</u>	<u>\$ 254</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 254</u>	

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

STATE OF NEW MEXICO
GUADALUPE COUNTY

Statement B-15

RECORDING AND FILING - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	3,600	3,600	15,143	11,543
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	3,600	3,600	15,143	11,543
<i>Expenditures:</i>				
Current				
General Government	5,000	3,050	1,874	1,176
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	15,000	16,950	16,950	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	20,000	20,000	18,824	1,176
<i>Excess (deficiency) of revenues over expenditures</i>	(16,400)	(16,400)	(3,681)	12,719
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash	16,400	16,400	-	(16,400)
<i>Total other financing sources (uses)</i>	16,400	16,400	-	(16,400)
<i>Net change in fund balances</i>	-	-	(3,681)	(3,681)
<i>Fund balances - beginning of year</i>	-	-	19,013	19,013
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 15,332	\$ 15,332
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ (3,681)	

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

STATE OF NEW MEXICO

Statement B-16

GUADALUPE COUNTY

EMS - SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	5,321	5,321	157	(5,164)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	100	100	449	349
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>5,421</u>	<u>5,421</u>	<u>606</u>	<u>(4,815)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	12,168	12,168	1,109	11,059
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	21,813	21,813	-	21,813
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>33,981</u>	<u>33,981</u>	<u>1,109</u>	<u>32,872</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(28,560)</u>	<u>(28,560)</u>	<u>(503)</u>	<u>28,057</u>
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash	28,560	28,560	-	(28,560)
<i>Total other financing sources (uses)</i>	<u>28,560</u>	<u>28,560</u>	<u>-</u>	<u>(28,560)</u>
<i>Net change in fund balances</i>	-	-	(503)	(503)
<i>Fund balances - beginning of year</i>	-	-	28,560	28,560
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,057</u>	<u>\$ 28,057</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			85	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ (418)</u>	

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

STATE OF NEW MEXICO
GUADALUPE COUNTY

Statement B-17

RURAL PRIMARY HEALTH CARE ACT - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	167,167	167,167	155,500	(11,667)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	167,167	167,167	155,500	(11,667)
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	167,167	167,167	155,500	11,667
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	167,167	167,167	155,500	11,667
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			833	
Expenditure accruals			(500)	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ 333	

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

STATE OF NEW MEXICO
GUADALUPE COUNTY

Statement B-18

CDBG WATER PUBLIC SAFETY BUILDING - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	525,000	525,000	25,519	(499,481)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>525,000</u>	<u>525,000</u>	<u>25,519</u>	<u>(499,481)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	63,000	63,000	25,519	37,481
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	525,000	525,000	-	525,000
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>588,000</u>	<u>588,000</u>	<u>25,519</u>	<u>562,481</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(63,000)</u>	<u>(63,000)</u>	<u>-</u>	<u>63,000</u>
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash	63,000	63,000	-	(63,000)
<i>Total other financing sources (uses)</i>	<u>63,000</u>	<u>63,000</u>	<u>-</u>	<u>(63,000)</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ -</u>	

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

STATE OF NEW MEXICO
GUADALUPE COUNTY

Statement B-19

EMERGENCY MANAGEMENT - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	43,000	43,000	5,942	(37,058)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	43,000	43,000	5,942	(37,058)
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	32,202	32,202	764	31,438
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	32,202	32,202	764	31,438
<i>Excess (deficiency) of revenues over expenditures</i>	10,798	10,798	5,178	(5,620)
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	31,454	31,454
Bond proceeds	-	-	-	-
Designated cash	(10,798)	(10,798)	-	10,798
<i>Total other financing sources (uses)</i>	(10,798)	(10,798)	31,454	42,252
<i>Net change in fund balances</i>	-	-	36,632	36,632
<i>Fund balances - beginning of year</i>	-	-	(36,632)	(36,632)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			1,526	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ 38,158	

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

STATE OF NEW MEXICO
GUADALUPE COUNTY

Statement B-20

HOMELAND SECURITY - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	295,952	295,952	65,805	(230,147)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>295,952</u>	<u>295,952</u>	<u>65,805</u>	<u>(230,147)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	591,904	591,904	129,374	462,530
Debt service				-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>591,904</u>	<u>591,904</u>	<u>129,374</u>	<u>462,530</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(295,952)</u>	<u>(295,952)</u>	<u>(63,569)</u>	<u>232,383</u>
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash	295,952	295,952	-	(295,952)
<i>Total other financing sources (uses)</i>	<u>295,952</u>	<u>295,952</u>	<u>-</u>	<u>(295,952)</u>
<i>Net change in fund balances</i>	-	-	(63,569)	(63,569)
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (63,569)</u>	<u>\$ (63,569)</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			55,560	
Expenditure accruals			<u>-</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (8,009)</u>	

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

STATE OF NEW MEXICO
GUADALUPE COUNTY

Statement B-21

E-911 ENHANCED - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,321,247	1,321,247	580,139	(741,108)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	1,321,247	1,321,247	580,139	(741,108)
<i>Expenditures:</i>				
<i>Current</i>				
General Government	-	-	-	-
Public safety	1,321,247	1,321,247	580,139	741,108
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	1,321,247	1,321,247	580,139	741,108
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ -	

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

STATE OF NEW MEXICO
GUADALUPE COUNTY

Statement B-22

SENIOR CITIZENS - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	98,544	123,040	125,913	2,873
Licenses and fees	-	-	-	-
Charges for services	-	-	35	35
Investment income	-	-	-	-
Miscellaneous	16,000	16,000	17,901	1,901
<i>Total revenues</i>	114,544	139,040	143,849	4,809
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	171,277	195,773	195,166	607
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	171,277	195,773	195,166	607
<i>Excess (deficiency) of revenues over expenditures</i>	(56,733)	(56,733)	(51,317)	5,416
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	46,799	46,799
Bond proceeds	-	-	-	-
Designated cash	56,733	56,733	-	(56,733)
<i>Total other financing sources (uses)</i>	56,733	56,733	46,799	(9,934)
<i>Net change in fund balances</i>	-	-	(4,518)	(4,518)
<i>Fund balances - beginning of year</i>	-	-	5,238	5,238
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 720	\$ 720
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			1,157	
Expenditure accruals			213	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ (3,148)	

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

STATE OF NEW MEXICO
GUADALUPE COUNTY

Statement B-23

LA LOMA SENIOR CENTER - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	26,340	26,340	4,809	(21,531)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>26,340</u>	<u>26,340</u>	<u>4,809</u>	<u>(21,531)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	6,000	6,000	4,809	1,191
Public works	-	-	-	-
Capital outlay	20,340	20,340	-	20,340
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>26,340</u>	<u>26,340</u>	<u>4,809</u>	<u>21,531</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
<i>Excess (deficiency) of revenues and other sources over expenditures (GAAP Basis)</i>			<u>\$ -</u>	

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

STATE OF NEW MEXICO
GUADALUPE COUNTY

Statement B-24

PUERTO DE LUNA SENIOR CENTER - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	30,000	45,000	5,124	(39,876)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	30,000	45,000	5,124	(39,876)
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	10,000	10,000	-	10,000
Public works	-	-	-	-
Capital outlay	20,000	35,000	5,124	29,876
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	30,000	45,000	5,124	39,876
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ -	

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

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CAPITAL PROJECT FUND

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STATE OF NEW MEXICO

Statment C-1

GUADALUPE COUNTY

CAPITAL PROJECT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 310,000	\$ 310,000	184,181	\$ (125,819)
Intergovernmental	5,498,029	5,498,029	1,491,157	(4,006,872)
Licenses and fees	-	-	-	-
Charges for services	455,000	460,742	260,607	(200,135)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>6,263,029</u>	<u>6,268,771</u>	<u>1,935,945</u>	<u>(4,332,826)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	4,742,747	4,752,512	440,900	4,311,612
Capital outlay	1,940,639	1,936,081	700,775	1,235,306
Debt service				-
Principal	163,204	122,025	119,187	2,838
Interest	-	41,714	39,760	1,954
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>6,846,590</u>	<u>6,852,332</u>	<u>1,300,622</u>	<u>5,551,710</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(583,561)</u>	<u>(583,561)</u>	<u>635,323</u>	<u>1,218,884</u>
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	(52,745)	(52,745)
Bond proceeds	-	-	-	-
Designated cash	583,561	583,561	-	(583,561)
<i>Total other financing sources (uses)</i>	<u>583,561</u>	<u>583,561</u>	<u>(52,745)</u>	<u>(636,306)</u>
<i>Net change in fund balances</i>	-	-	582,578	582,578
<i>Fund balances - beginning of year</i>	-	-	668,426	668,426
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,251,004</u>	<u>\$ 1,251,004</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(1,018)	
Adjustments to expenditures (liabilities)			<u>(129,997)</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 451,563</u>	

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

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FIDUCIARY FUNDS

FIDUCIARY FUNDS

AGENCY FUNDS

Agency Funds – To account for the collection and payment of property taxes and special fees to other governmental agencies. Agency funds are purely custodial and do not involve measurement of results of operations.

STATE OF NEW MEXICO
GUADALUPE COUNTY
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2008

Statement E-1

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
ASSETS				
Property taxes receivable	\$ 393,854	\$ 1,550,941	\$ 1,616,164	328,631
<i>Total assets</i>	\$ 393,854	\$ 1,550,941	\$ 1,616,164	\$ 328,631
LIABILITIES				
Due to other taxing units	\$ 393,854	\$ 1,550,941	\$ 1,616,164	\$ 328,631
<i>Total liabilities</i>	\$ 393,854	\$ 1,550,941	\$ 1,616,164	\$ 328,631

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

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SUPPORTING SCHEDULES

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STATE OF NEW MEXICO
GUADALUPE COUNTY
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
FOR PUBLIC FUNDS
JUNE 30, 2008

Schedule I

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2007	Name and Location of Safekeeper
Wells Fargo Bank	FNCL 867437 5/1/2036 Cusip 31409CV69 6.0%	\$ 2,080,277	Wells Fargo Bank, N.A. California
Total Pledged Collateral		<u>2,080,277</u>	

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

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STATE OF NEW MEXICO
GUADALUPE COUNTY
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
JUNE 30, 2008

Schedule II

<u>Bank Account Type/Name</u>	<u>Bank of Albuquerque</u>	<u>Wells Fargo Bank</u>	<u>NM State Treasurer</u>	<u>Totals</u>
Checking - Operating Repurchase Account	\$ -	\$ 1,839,545	\$ -	\$ 1,839,545
Checking - Deferred Comp Account	-	785	-	785
Trust - Courthouse	5,441	-	-	5,441
Trust - Courthouse Reserve	31,060	-	-	31,060
Trust - Guadalupe County PG	831,225	-	-	831,225
Trust - Guadalupe County PG Reserve	59,679	-	-	59,679
Trust - Road/Solidwaste Reserve	44,470	-	-	44,470
Certificates of Deposit	-	711,080	100,000	811,080
Total On Deposit	971,875	2,551,410	100,000	3,623,285
Reconciling Items	-	(355,683)	-	(355,683)
Reconciled Balance June 30, 2008	<u>\$ 971,875</u>	<u>\$ 2,195,727</u>	<u>\$ 100,000</u>	<u>\$ 3,267,602</u>
Petty Cash				<u>445</u>
Combined Balance Sheet Total June 30, 2008				<u>\$ 3,268,047</u>

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

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STATE OF NEW MEXICO
 GUADALUPE COUNTY

Schedule III

TAX ROLL RECONCILIATION - CHANGES IN PROPERTY TAXES RECEIVABLE
 FOR THE YEAR ENDED JUNE 30, 2008

Property taxes receivable, beginning of year	\$ 707,733
Changes to Tax Roll:	
Net taxes charged to treasurer for fiscal year	3,008,954
Adjustments:	
Increases in taxes receivables	(43,688)
Charge off of taxes receivables	<u>(1,617)</u>
 Total receivables prior to collections	 3,671,382
 Collections for fiscal year ended June 30, 2007	 <u>(3,083,834)</u>
 Property taxes receivable, end of year	 <u>\$ 587,548</u>
Property taxes receivable by years:	
1997	\$ 12,847
1998	14,327
1999	6,088
2000	22,307
2001	28,850
2002	12,168
2003	79,092
2004	86,918
2005	70,239
2006	<u>254,712</u>
 Total taxes receivable	 <u>\$ 587,548</u>

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

State of New Mexico - Guadalupe County
Tax Reconciliation - Collections and Distributions
For the Year Ended June 30, 2008

	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year-End	County Receivable at Year-End
Guadalupe County									
Guadalupe County 1998	685,278	11	680,620	11	680,620	-	-	-	4,658
Guadalupe County 1999	800,796	18	796,570	18	796,570	-	-	-	4,226
Guadalupe County 2000	849,837	100	846,363	100	846,363	-	-	-	3,474
Guadalupe County 2001	906,328	102	899,364	102	899,364	-	-	-	6,964
Guadalupe County 2002	911,678	729	906,534	729	906,534	-	-	-	5,144
Guadalupe County 2003	923,847	2,458	920,183	2,458	920,183	-	-	-	3,664
Guadalupe County 2004	1,009,764	5,818	986,747	5,818	986,747	-	-	-	23,017
Guadalupe County 2005	1,052,565	38,149	1,025,587	38,149	1,025,587	-	-	-	26,978
Guadalupe County 2006	985,079	54,620	965,051	54,620	965,051	-	-	-	20,028
Guadalupe County 2007	1,047,397	964,625	964,625	964,625	964,625	-	-	-	82,772
Total Guadalupe County	9,172,570	1,066,631	8,991,644	1,066,631	8,991,644	-	-	-	180,926
Administrative fees 1998	719	-	315	-	315	-	-	-	404
Administrative fees 1999	345	-	264	-	264	-	-	-	82
Administrative fees 2000	377	-	330	-	330	-	-	-	47
Administrative fees 2001	236	-	229	-	229	-	-	-	8
Administrative fees 2002	353	-	350	-	350	-	-	-	3
Administrative fees 2003	244	1	242	1	242	-	-	-	2
Administrative fees 2004	1,025	4	905	4	905	-	-	-	120
Administrative fees 2005	272	10	266	10	266	-	-	-	7
Administrative fees 2006	272	35	251	35	251	-	-	-	21
Administrative fees 2007	297	258	258	258	258	-	-	-	39
Total administrative fees	4,141	308	3,408	308	3,408	-	-	-	732
Omitted assessments fee 1998	-	-	-	-	-	-	-	-	-
Omitted assessments fee 1999	-	-	-	-	-	-	-	-	-
Omitted assessments fee 2000	-	-	-	-	-	-	-	-	-
Omitted assessments fee 2001	190	-	-	-	-	-	-	-	190
Omitted assessments fee 2002	-	-	-	-	-	-	-	-	-
Omitted assessments fee 2003	-	-	-	-	-	-	-	-	-
Omitted assessments fee 2004	-	-	-	-	-	-	-	-	-
Omitted assessments fee 2005	-	-	16	-	16	-	-	-	(16)
Omitted assessments fee 2006	-	-	19	-	19	-	-	-	(19)
Omitted assessments fee 2007	-	19	19	19	19	-	-	-	(19)
Total omitted assessments fee	190	19	54	19	54	-	-	-	136

Guadalupe County Hospital 1998	260,313	4	258,639	18	258,639	-	-	-	1,674
Guadalupe County Hospital 1999	302,440	7	300,672	7	300,672	-	-	-	1,768
Guadalupe County Hospital 2000	320,313	46	319,070	46	319,070	-	-	-	1,243
Guadalupe County Hospital 2001	357,084	53	354,144	53	354,144	-	-	-	2,940
Guadalupe County Hospital 2002	360,887	356	356,279	356	356,279	-	-	-	4,608
Guadalupe County Hospital 2003	363,468	1,114	361,796	1,114	361,796	-	-	-	1,672
Guadalupe County Hospital 2004	395,874	2,648	386,919	2,648	386,919	-	-	-	8,955
Guadalupe County Hospital 2005	412,792	14,435	402,251	14,435	402,251	-	-	-	10,541
Guadalupe County Hospital 2006	387,363	23,574	378,398	23,574	378,398	-	-	-	8,965
Guadalupe County Hospital 2007	410,319	375,563	375,563	375,563	375,563	-	-	-	34,755
Total Guadalupe County Hospital	<u>3,570,853</u>	<u>417,800</u>	<u>3,493,732</u>	<u>417,814</u>	<u>3,493,732</u>	-	-	-	<u>77,122</u>
Total Guadalupe County	<u>12,747,755</u>	<u>1,484,757</u>	<u>12,488,838</u>	<u>1,484,771</u>	<u>12,488,838</u>	-	-	-	<u>258,917</u>

State of New Mexico

New Mexico State Treasurers 1998	132,646	1	131,445	1	131,445	-	-	-	1,201
New Mexico State Treasurers 1999	155,132	3	162,459	3	162,459	-	-	-	(7,327)
New Mexico State Treasurers 2000	161,972	19	159,687	19	159,687	-	-	-	2,284
New Mexico State Treasurers 2001	182,616	22	180,516	22	180,516	-	-	-	2,100
New Mexico State Treasurers 2002	132,807	94	126,067	94	126,067	-	-	-	6,740
New Mexico State Treasurers 2003	164,864	411	163,916	411	163,916	-	-	-	948
New Mexico State Treasurers 2004	127,842	1,153	124,283	1,153	124,283	-	-	-	3,559
New Mexico State Treasurers 2005	163,229	5,135	158,300	5,135	158,300	-	-	-	4,929
New Mexico State Treasurers 2006	160,269	9,310	154,980	9,310	154,980	-	-	-	5,289
New Mexico State Treasurers 2007	163,960	150,035	150,035	150,035	150,035	-	-	-	13,925
Total New Mexico State Treasurers	<u>1,545,336</u>	<u>166,182</u>	<u>1,511,688</u>	<u>166,182</u>	<u>1,511,688</u>	-	-	-	<u>33,648</u>
Total State of New Mexico	<u>1,545,336</u>	<u>166,182</u>	<u>1,511,688</u>	<u>166,182</u>	<u>1,511,688</u>	-	-	-	<u>33,648</u>

Municipalities

Municipality of Santa Rosa 1998	93,927	-	93,875	-	93,875	-	-	-	52
Municipality of Santa Rosa 1999	130,030	-	128,859	-	128,859	-	-	-	1,170
Municipality of Santa Rosa 2000	141,248	20	141,253	20	141,253	-	-	-	(5)
Municipality of Santa Rosa 2001	157,192	-	155,211	-	155,211	-	-	-	1,981
Municipality of Santa Rosa 2002	164,346	191	163,833	191	163,833	-	-	-	513
Municipality of Santa Rosa 2003	170,786	740	170,229	740	170,229	-	-	-	557
Municipality of Santa Rosa 2004	179,905	2,414	178,262	2,414	178,262	-	-	-	1,642
Municipality of Santa Rosa 2005	197,870	3,088	187,076	3,088	187,076	-	-	-	10,794
Municipality of Santa Rosa 2006	177,869	23,574	173,355	23,574	173,355	-	-	-	4,515
Municipality of Santa Rosa 2007	183,611	167,583	167,583	167,583	167,583	-	-	-	16,028
Total Municipality of Santa Rosa	<u>1,596,783</u>	<u>197,609</u>	<u>1,559,535</u>	<u>197,609</u>	<u>1,559,535</u>	-	-	-	<u>37,247</u>

Municipality of Vaughn 1998	34,209	5	34,369	5	34,369	-	-	-	(160)
Municipality of Vaughn 1999	41,263	5	41,945	5	41,945	-	-	-	(682)
Municipality of Vaughn 2000	43,102	5	42,830	5	42,830	-	-	-	271
Municipality of Vaughn 2001	44,949	9	44,791	9	44,791	-	-	-	158
Municipality of Vaughn 2002	43,899	204	46,149	204	46,149	-	-	-	(2,250)
Municipality of Vaughn 2003	46,232	292	46,043	292	46,043	-	-	-	189
Municipality of Vaughn 2004	47,003	635	46,667	635	46,667	-	-	-	337
Municipality of Vaughn 2005	48,147	825	47,675	825	47,675	-	-	-	472
Municipality of Vaughn 2006	47,241	2,262	46,163	2,262	46,163	-	-	-	1,078
Municipality of Vaughn 2007	46,845	43,140	43,140	43,140	43,140	-	-	-	3,705
Total Municipality of Vaughn	442,889	47,382	439,772	47,382	439,772	-	-	-	3,118
Total Municipalities	2,039,672	244,992	1,999,307	244,992	1,999,307	-	-	-	40,365
School District									
Santa Rosa Consolidated School #8 1998	407,677	5	403,526	5	403,526	-	-	-	4,150
Santa Rosa Consolidated School #8 1999	650,841	13	647,839	13	647,839	-	-	-	3,002
Santa Rosa Consolidated School #8 2000	642,027	128	640,036	128	640,036	-	-	-	1,992
Santa Rosa Consolidated School #8 2001	637,557	9	631,110	9	631,110	-	-	-	6,447
Santa Rosa Consolidated School #8 2002	669,739	512	658,762	512	658,762	-	-	-	10,976
Santa Rosa Consolidated School #8 2003	679,046	2,223	675,526	2,223	675,526	-	-	-	3,520
Santa Rosa Consolidated School #8 2004	721,514	5,158	714,528	5,158	714,528	-	-	-	6,986
Santa Rosa Consolidated School #8 2005	785,046	33,136	756,728	33,136	756,728	-	-	-	28,319
Santa Rosa Consolidated School #8 2006	847,569	58,364	824,271	58,364	824,271	-	-	-	23,298
Santa Rosa Consolidated School #8 2007	795,666	706,960	706,960	706,960	706,960	-	-	-	88,705
Total Santa Rosa Consolidated School #8	6,836,682	806,509	6,659,287	806,509	6,659,287	-	-	-	177,396
Vaughn Municipal School #33 1998	108,602	5	109,201	5	109,201	-	-	-	(599)
Vaughn Municipal School #33 1999	86,416	4	74,301	4	74,301	-	-	-	12,115
Vaughn Municipal School #33 2000	115,158	4	114,585	4	114,585	-	-	-	573
Vaughn Municipal School #33 2001	154,404	9	154,055	9	154,055	-	-	-	349
Vaughn Municipal School #33 2002	129,114	222	129,020	222	129,020	-	-	-	95
Vaughn Municipal School #33 2003	167,311	412	166,770	412	166,770	-	-	-	541
Vaughn Municipal School #33 2004	182,473	814	151,419	814	151,419	-	-	-	31,054
Vaughn Municipal School #33 2005	169,753	1,289	172,268	1,289	172,268	-	-	-	(2,515)
Vaughn Municipal School #33 2006	186,161	3,537	184,638	3,537	184,638	-	-	-	1,523
Vaughn Municipal School #33 2007	127,268	134,355	134,355	134,355	134,355	-	-	-	(7,086)
Total Vaughn Municipal School #33	1,426,661	140,650	1,390,610	140,650	1,390,610	-	-	-	36,051
Total school district	8,263,343	947,159	8,049,897	947,159	8,049,897	-	-	-	213,446

Special District

Luna Vocational Technical Institute 1998	129,812	1	128,510	1	128,510	-	-	-	1,302
Luna Vocational Technical Institute 1999	153,564	3	153,002	3	153,002	-	-	-	562
Luna Vocational Technical Institute 2000	164,555	25	163,798	25	163,798	-	-	-	757
Luna Vocational Technical Institute 2001	177,364	25	175,620	25	175,620	-	-	-	1,744
Luna Vocational Technical Institute 2002	175,613	124	172,843	124	172,843	-	-	-	2,769
Luna Vocational Technical Institute 2003	180,379	544	179,566	544	179,566	-	-	-	813
Luna Vocational Technical Institute 2004	204,052	1,312	202,168	1,312	202,168	-	-	-	1,884
Luna Vocational Technical Institute 2005	212,685	9,356	205,183	9,356	205,183	-	-	-	7,501
Luna Vocational Technical Institute 2006	194,230	13,203	189,315	13,203	189,315	-	-	-	4,915
Luna Vocational Technical Institute 2007	205,495	186,292	186,402	186,292	186,402	-	-	-	19,093
Total Luna Vocational Technical Institute	<u>1,797,750</u>	<u>210,884</u>	<u>1,756,408</u>	<u>210,884</u>	<u>1,756,408</u>	-	-	-	<u>41,341</u>
Watermaster 1998	2,659	-	2,524	-	2,524	-	-	-	135
Watermaster 1999	2,643	-	2,549	-	2,549	-	-	-	94
Watermaster 2000	3,595	-	3,400	-	3,400	-	-	-	195
Watermaster 2001	2,328	-	2,618	-	2,618	-	-	-	(289)
Watermaster 2002	4,087	-	3,872	-	3,872	-	-	-	215
Watermaster 2003	4,827	2	4,605	2	4,605	-	-	-	221
Watermaster 2004	5,515	-	5,244	-	5,244	-	-	-	270
Watermaster 2005	3,296	-	3,180	-	3,180	-	-	-	116
Watermaster 2006	3,873	374	3,521	374	3,521	-	-	-	352
Watermaster 2007	3,762	2,987	2,987	2,987	2,987	-	-	-	774
Total Watermaster	<u>36,585</u>	<u>3,364</u>	<u>34,501</u>	<u>3,364</u>	<u>34,501</u>	-	-	-	<u>2,084</u>
Guadalupe Soil and Water 1998	4,725	-	4,697	-	4,697	-	-	-	28
Guadalupe Soil and Water 1999	19,998	-	20,679	-	20,679	-	-	-	(681)
Guadalupe Soil and Water 2000	16,665	-	21,409	-	21,409	-	-	-	(4,744)
Guadalupe Soil and Water 2001	24,933	1	25,219	1	25,219	-	-	-	(286)
Guadalupe Soil and Water 2002	23,293	204	23,258	204	23,258	-	-	-	35
Guadalupe Soil and Water 2003	23,359	4	23,319	4	23,319	-	-	-	41
Guadalupe Soil and Water 2004	23,265	(147)	21,999	(147)	21,999	-	-	-	1,266
Guadalupe Soil and Water 2005	25,673	2,233	25,881	2,233	25,881	-	-	-	(207)
Guadalupe Soil and Water 2006	24,761	1,888	24,487	1,888	24,487	-	-	-	274
Guadalupe Soil and Water 2007	24,334	22,314	22,314	22,314	22,314	-	-	-	2,020
Total Guadalupe Soil and Water	<u>211,007</u>	<u>26,496</u>	<u>213,261</u>	<u>26,496</u>	<u>213,261</u>	-	-	-	<u>(2,254)</u>
Total special district	<u>2,045,342</u>	<u>240,744</u>	<u>2,004,171</u>	<u>240,744</u>	<u>2,004,171</u>	-	-	-	<u>41,172</u>
Grand total	<u>26,641,448</u>	<u>3,083,834</u>	<u>26,053,900</u>	<u>3,083,848</u>	<u>26,053,900</u>	-	-	-	<u>587,548</u>

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COMPLIANCE SECTION

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

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget
The Board of Guadalupe County Commissioners
Guadalupe County
Santa Rosa, New Mexico

We have audited the financial statements of the governmental activities, each major fund, each component unit, budgetary comparisons for the general fund and major special revenue funds and the aggregate remaining fund information of Guadalupe County, New Mexico, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents, and have issued our report thereon dated June 22, 2009. We also have audited the financial statements of each of the County's major capital project funds, non-major governmental and fiduciary funds, including budgetary comparisons, presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents, and have issued our report thereon dated June 22, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Guadalupe 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 Guadalupe County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatements of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting as findings FS 06-01, FS 08-02, FS 08-04, and FS 08-05.

A *material weakness* is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider FS 06-01 and FS 08-04 to be material weaknesses.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Guadalupe 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item FS 06-03, FS 08-01, and FS 08-03.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the agency's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, County commission, County management, others within the organization, the Office of the State Auditor, the New Mexico State Legislature and its committees, the New Mexico Department of Finance and Administration, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Grigo Professional Services, LLC

Albuquerque, New Mexico
June 22, 2009

STATE OF NEW MEXICO
GUADALUPE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

Section II – FINANCIAL STATEMENT FINDINGS

FS 06-1 — Financial Records, Repeated

Condition: The County does not maintain a complete, balance general ledger. Cash receipts and disbursements are recorded in the accounting system; however, accruals are not made for accounts receivable, accounts payable or deferred revenue. In addition, the County does not record its capital leases payable and notes payable. Finally, the County's restricted cash account related to the New Mexico Finance Authority loan is not being reconciled and recorded on the general ledger.

Criteria: Sound accounting policies require that a complete, balanced general ledger be maintained to record transactions and report financial information. In addition, accounting principles generally accepted in the United States of America for governments require that certain accruals be made for accounts receivable, accounts payable and deferred revenue and long-term debt accounts be maintained.

Effect: The absence of complete and accurate financial statements on a periodic basis results in management decisions based on incomplete and/or inaccurate information during the fiscal year.

Cause: The County's system does not permit for the preparation of financial statements on a basis consistent with generally accepted accounting principles.

Auditors' Recommendations: The County must utilize the accounting system to maintain a complete and balanced general ledger. Transactions such as accounts receivable, accounts payable and deferred revenue should be recorded periodically to ensure completeness of financial statements reported to the governing council.

Management's Response: Management agrees and County staff continues to work with Triadic consultants to develop our program to produce all the financial documents that are necessary to meet our needs. The County has also been looking into other software for governmental accounting to meet our needs. The county staff is continuing to record accruals in conformity with generally accepted accounting principles.

FS 06-03 — Audit Report Not Submitted Timely, Repeated

Condition: The County's audit report for the year ended June 30, 2008 was not submitted to the State Auditor by the required due date, November 15, 2008.

Criteria: Audit reports not received on or before the due date, November 15, are considered to be in non-compliance with requirements of Section 2.2.2.9.A of the State Audit Rule.

Effect: The result was the late submission of the County's audit report for the year ended June 30, 2008.

Cause: Accounting records were not completed in time to ensure the submission of a timely audit report.

Auditors' Recommendations: The County should ensure that their books of record are closed so that future reports can be submitted timely. The County is making efforts to ensure the County's reports are submitted timely in the future; however, it may take a couple of years to catch up on the process.

Management's Response: Management agrees and County staff will take the necessary steps to ensure that timely submission of the accounting records are available for future audits.

STATE OF NEW MEXICO
GUADALUPE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

Guadalupe County - Hospital

08-1 Travel and Per Diem

Condition: As part of our audit we tested internal controls we tested 14 travel and per diem disbursements. We noted the Hospital passed an ordinance in September 2005 to reimburse mileage at a rate of \$0.485 per mile. The Hospital follows the state of New Mexico's Travel and Per Diem Act. The Act allows \$0.32 cents per mile. The total overpayment of mileage for the items tested was \$310.

Criteria: NMSA Per Diem and Mileage Act Section 10-8-4 subsection D, states that mileage shall be reimbursed at .32 cents a mile when traveling in a privately owned vehicle and the travel is necessary to the discharge of official duties.

Effect: Mileage reimbursements were overpaid by \$310. When the error rate is extrapolated to the total mileage expense for the year under audit it is estimated that the overpayment is \$1,141 in the year under audit. As a result, the Hospital has less money to spend on medical care.

Cause: Because of the rising price of gas the Hospital wanted to reimburse employees at the federal rate. The Hospital was not aware that reimbursement rates were dictated by the state Per Diem and Mileage Act for governmental entities.

Auditor's Recommendation: The Hospital should follow the NMSA Per Diem and Mileage Act when reimbursing mileage.

Management Response: Guadalupe County Hospital will immediately reduce its mileage reimbursement rate to \$.32 per mile to comply with the State of New Mexico's Per Diem and Mileage Act.

08-2 Internal Controls over Payroll Processing

Condition: As part of our audit we tested internal controls over the payroll cycle. We noted that for six of the twenty-three items tested, an I-9 form was not included in the employee file.

Criteria: As required by the Immigration Reform and Control Act of 1986, all employees, citizens and noncitizens hired after November 6, 1986 and working in the United States must complete a Form I-9.

Effect: Employers who fail to obtain the appropriate documentation are not in compliance with federal immigration laws and may be subject to fines.

Cause: The employee maintaining employee files did not know the requirement that an I-9 form should be completed for all employees.

Auditor's Recommendation: The Hospital should obtain a Form I-9 from all new hires. The Hospital should also consider performing an audit on employee personnel files and verify a Form I-9 has been obtained for all employees.

Management Response: Guadalupe County Hospital has issued and collected I-9 Forms for all current employees.

08-3 Pledging of Collateral for Public Money

Condition: The Hospital has deposit accounts for which the bank has not pledged sufficient collateral. The total amount of under-collateralized deposits is \$42,252.

Criteria: Section 6-10-17, NMSA, 1978 Compilation requires the Hospital to collateralize an amount equal to one-half of public money in excess of \$100,000 in each financial institution.

Effect: The Hospital is not in compliance with state statute. The Hospital could also lose its money in excess of FDIC insurance if the financial institution fails.

STATE OF NEW MEXICO
GUADALUPE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

Cause: The Hospital does not have a procedure in place to review the pledge reporting on a monthly basis. The bank used par value in determining if pledged collateral is proper, but the State Auditor requires the market value of securities to be used.

Auditor's Recommendation: The Hospital should inform the bank that they have not pledged sufficient collateralized. The Hospital should review the collateral reports on a monthly basis to ensure that banks are pledging sufficient collateral.

Management Response: Guadalupe County Hospital has brought this discrepancy to Wells Fargo's attention. To ensure that this does not happen again, all Certificates of Deposit purchased in the future will be 100% FDIC covered through a CDARS network investment program.

08-4 Accounting for Patient Revenue and Accounts Receivable (Material Weakness)

Condition: As part of our testwork over patient revenue and accounts receivable we performed an analysis of receipts subsequent to year-end. We reviewed deposits for two months after year-end for items that should have been recorded as revenue and receivables during the year. We found that there were significant balances received after year-end that should have been recorded as revenue and receivables at year-end that were not recorded as such. The Hospital prepared reports showing the total amount of revenue at year-end that was recorded as revenue and accounts receivable after year-end. The amounts were \$101,783 in 2008, \$259,055 in 2007, and \$40,030. The Hospital has a combined historical bad debt and contractual discounts and allowance rate of 70%. After applying this rate to the unbilled revenue, the impact on net-patient revenue for the 2008 and 2007 years was \$(47,182) and \$65,708, respectively.

Criteria: Generally accepted accounting principles and the full accrual basis of accounting require revenue and accounts receivable to be recorded when the Hospital has earned revenue and has rights to collect that revenue.

Effect: The Hospital was understating accounts receivable, and misstating revenue. The Hospitals financial statements were materially misstated before the correction posted by the auditors.

Cause: The Hospital was aware that it had unbilled revenue at year-end, but assumed that it was immaterial. The amount was not recorded because it was believed that it was immaterial.

Auditor's Recommendation: The Hospital should develop a procedure that requires the unbilled revenue to be calculated and recorded at the end of each fiscal-year.

Management Response: Guadalupe County Hospital will develop a procedure to measure and record all unbilled revenue at the end of each fiscal year.

08-5 Business Office Billing and Collection Procedures

Condition: As part of our audit we tested internal controls over the revenue and accounts receivable cycle. We tested 23 patient billings and noted following:

- For three of the items tested we found that charges generated, as documented by the doctors' charts, were omitted from the patient billing or billed at wrong amounts to the insurance company. The net effect of the omissions and errors was an under-billing of \$1,509.

During our documentation of internal control over the revenue and accounts receivable cycle we also noted the following:

- There is no formal policy for collecting patient co-pays. Patients are not being asked for the co-pay when services are provided.
- Contractual adjustments received on Explanation of Benefits are not being compared to contractual agreements with payors. Insurance companies may be underpaying the hospital without the billing office knowing.
- Audits to detect errors and omissions in billing are not being performed on a timely basis.

STATE OF NEW MEXICO
GUADALUPE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

In addition, we evaluated and tested the internal controls and procedures over the business office and the billing and collection procedures. We noted the following:

- Accounts receivable over 101 days old has increased in the year-under audit. This is a sign that the Hospital is not properly collecting past due receivables.
- The Hospital has seventy denied claims in the amount of \$58,916 at year-end. When the auditor inquired about denied claims the staff in the business office could not say how many there were, or what the balance was. Denied claims should be reviewed for the reasons for denial and resubmitted on a timely basis.

Criteria:

- One of the assertions inherent to the financial statements is completeness. Contractual agreements and billings should be reviewed for accuracy in order to determine if billings and subsequent receipts are accurate and complete. Good internal controls also dictate that co-pays should be collected at the time of admission. It is difficult to collect after services have been provided.
- The ability to collect accounts receivable on a timely basis is important because the longer a bill is outstanding, the more difficult it becomes to collect the balance. Hospital industry billing standards suggest the days in *AIR* be 75 days or less.
- It is important to track and understand claims denied by third party payors because those are claims that have been rejected for various reasons. When a claim is denied it delays receipt of payment. Generally a claim that contains no errors are paid fairly quickly, claims that have been rejected take time to understand why the claim was denied, fix the claim, resubmit the claim and finally get paid for that claim. Claims are denied for reasons including errors in coding, demographic information or misunderstand of filing requirements for that particular payor. The billings should be corrected and resubmitted in a timely fashion.
- Claims which are rejected due to being submitted after the third party filing deadline should be tracked so that management can understand how many dollars are being lost for this reason.

Cause:

- Because contractual agreements differ among payors, the Hospital does not believe it is efficient to review contractual agreements for all payments received. Also because co-pays vary among insurance providers and many patients do not have insurance cards or the ability to pay co-pays upon admissions, the Hospital relies on billing patients to collect co-pays.
- The hospital is not collecting or clearing accounts on a timely basis.
- The hospital does not appear to be tracking claims that are denied nor are they tracking claims filed beyond a required deadline.
- The hospital is not reviewing its accounts receivable rollforward on an on-going basis.

Effect:

- Patients are being referred to collections because co-pays are not collected at the time of admission. In addition, the Hospital may be receiving patient payments from insurance companies that are below the amounts contractually agreed upon.
- It may be taking longer to collect needed cash, and in addition, the hospital is losing money that it could potentially collect.
- It may be possible that entries to the billing system are being made in previous months for which may not be known when only doing monthly reconciliations.

Auditor's Recommendation:

- An official procedure should be implemented regarding collection of co-pays. An attempt should be made to collect co-pays from all patients. If the insurance card is not available, the maximum co-pay should be charged. If the patient cannot pay the co-pay at the time of admission, this should be documented on the patient's admission documents.
- The hospital should perform at least quarterly audits of a sample of receipts collected with contractual discounts.
- Annual reviews are currently conducted to detect errors and omissions in billing. Reviewing a years worth of transactions may be time consuming, and does not enable the Hospital to detect errors in a timely basis. We recommend performing monthly reviews of procedure codes to detect unusual transactions.

STATE OF NEW MEXICO
GUADALUPE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

- We recommend that the hospital review all of its accounts for their ability to collect. If a bill is determined to be uncollectible, it should either be written off or sent to collections. If a bill has not been filed for some reason, it should be filed. All bills should be reviewed for timely filing within a reasonable time from discharge.
- We recommend that the hospital create a system that gives management the ability to understand the level of denied claims
- We recommend that the hospital track through a separate adjustment code all claims that are denied due to filing deadlines.
- We recommend that the hospital continue all charges payments and adjustments on an monthly basis and make sure they tie to the general ledger. In addition, we recommend that the hospital reconcile it's *AIR* system on an cumulative basis throughout the year.

Management Response:

- Guadalupe County Hospital will develop and implement policies and procedures to address the collection of co-pays.
- Quarterly audits will be implemented to compare actual receipts with contracted rates.
- Guadalupe County Hospital will improve the system for tracking and reviewing accounts for collectability. A billing software upgrade has been purchased and will be installed on November 14, 2008 to facilitate this and several other billing processes.
- Guadalupe County Hospital will implement a process to identify, measure, and manage denials (software upgrade).
- Guadalupe County Hospital will implement a process to identify, measure, and minimize claims denied due to filing deadlines (software upgrade).
- Guadalupe County Hospital will develop and implement a process for reconciling Accounts Receivable to the General Ledger on a monthly, quarterly, and cumulative basis (software upgrades).

Section III – PRIOR YEAR AUDIT FINDINGS

- FS 06-01 — Financial Records - Repeated.
- FS 06-03 — Audit Report Not Submitted Timely – Repeated.
- FS 06-06 — Capital Assets – Resolved.
- FS 06-07 — SAS 112 Compliance – Resolved.
- FS 07-01 — Travel & Per Diem Advance – Resolved
- FS-07-02 — Purchase Order Procedures (Guadalupe County Hospital) – Resolved

Section V – OTHER DISCLOSURES

Auditor Prepared Financials

The financial statements presented in this report were prepared by the auditors, Griego Professional Services, LLC.

Exit Conference

The contents of this report were discussed on August 31, 2009. The following individuals were in attendance.

Guadalupe County

Glenn Gonzales, Chairman
Andy Madrid, County Manager
Rose Fernandez, Finance
Marcos Salas, Treasurer
Margarita Mireles, Deputy Treasurer
Diana Urban, Accounting

Griego Professional Services, LLC

J.J. Griego, CPA
Ben Martinez, Staff Accountant