

LEA COUNTY, NEW MEXICO

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FINANCIAL STATEMENTS  
with  
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Year Ended June 30, 2006

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# LEA COUNTY, NEW MEXICO

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OFFICIAL ROSTER  
June 30, 2006

## COUNTY COMMISSIONERS

<b>Name</b>	<b>Title</b>
Harry Teague	Chairman
Gary Schubert	Vice-Chairman
Darrold Stephenson	Member
Hector Ramirez	Member
Randy McCormick	Member

## COUNTY OFFICIALS

Melinda Hughes	County Clerk
Pam Zimmerman	County Treasurer
Shirley Tyler	County Assessor
Keith Rice	Sheriff
Melba Hamby	Probate Judge
Rick Bruce, CPA	Finance Director/ Co-County Manager
Bill Gatchell	Airport Supervisor/ Co-County Manager



# JOHNSON, MILLER & CO.

Certified Public Accountants

A Professional Corporation

An Independent Member Of BDO Seidman Alliance

Hobbs, New Mexico

Midland, Texas

Odessa, Texas

## Independent Auditors' Report

Mr. Domingo P. Martinez, CGFM  
New Mexico State Auditor  
The Office of Management and Budget and  
County Manager, Board of Commissioners and  
Citizens of Lea County  
Lovington, New Mexico

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lea County, New Mexico (the County), as of and for the year ended June 30, 2006. We have also audited the budgetary comparison statements, aggregate nonmajor governmental funds and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2006, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information and each fiduciary fund type of the County, as of June 30, 2006, and the respective changes in financial position, thereof, and the budgetary comparison for the general and indigent funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and fiduciary fund of the County, and the respective changes in financial position, thereof and the respective budgetary comparisons for the nonmajor governmental funds 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 our report dated September 8, 2006 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Mr. Domingo P. Martinez, CGFM  
New Mexico State Auditor  
The Office of Management and Budget and  
County Manager, Board of Commissioners and  
Citizens of Lea County  
Lovington, New Mexico

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements and combining and individual financial statements and the budgetary comparisons presented as supplemental information. The accompanying Schedule of Expenditures of Federal Awards, Schedule of Findings and Questioned Costs, and Schedule of Status of Prior Findings are presented for purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and are not a required part of the basic financial statement. The additional information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the County. Such information has been subjected to the auditing procedures applied in the audit of the basic, combining and individual fund financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements of each of the respective individual funds and the basic financial statements taken as a whole.

*Johnson, Miller & Co.*

Hobbs, New Mexico  
September 8, 2006

## **LEA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS**

The financial information contained herein is for the County of Lea (County). The County provides security, maintains and builds roads, houses prisoners, maintains and operates convenience facilities (trash disposal), maintains and operates the fairgrounds, maintains and operates an event center and banquet facility, maintains a health walk, maintains and operates three airports, handles elections, assesses and collects property tax. The County's main sources of revenue are from oil and gas production tax, property tax, grants, gross receipts tax and charges for services.

Lea County, as the contained financial information summarizes and supports, has invested aggressively in the community for the past five years. The current asset to current liability ratio has declined due to this investing – however net assets have remained constant due to the assets transferring from cash (current assets) to property, plant and equipment. The County Commission has expressed a desire to invest in assets that would benefit the citizens of the County as opposed to building cash reserves. This attitude has been carried out by building a banquet hall, health walk, four convenience stations, and new barns and improvements to the fairgrounds. The County completed construction which began in the year ended June 30, 2005 on a four-hundred and thirty-two bed detention facility costing approximately \$23 million to house federal prisoners as well as the County inmates that we are required to house during the year ended June 30, 2006. Also, infrastructure improvements of \$2.7 million were completed during the current year.

The addition of the banquet hall to the event center makes it the second largest facility of its type in the state. The hall is capable of seating up to five hundred people and is attached to the County's event center located on the north side of Hobbs. The County has invested two million dollars in this facility. The health walk is a bike-jog-walk trail located on the north side of Hobbs. It is a one and a half mile trail that winds in front of a college, a hospital, the County's road department, the County's event center and an oilfield company. The health walk has vastly improved the appearance of the north entrance into Hobbs and provides a needed activity source to the area. The County has invested one million two hundred thousand dollars in this improvement. The four convenience stations are located in North Hobbs, Knowles, Maljamar and Monument. These are free dump sights for residential garbage, these sights do not accept/refuse from businesses. The County's appearance has noticeably improved since the opening of these stations. The County has invested one million, five hundred and six thousand dollars in these facilities. The improvements to the fairgrounds include new livestock pavilions and a new sound system.

The financial statements contained herein are comprised of government-wide financial statements and fund financial statements. The County is not required to capitalize infrastructure until the fiscal year end 6/30/08 and has not elected earlier implementation, all other requirements of GASB 34 have been implemented.

Government-wide financial statements give a picture of the entire County's operations as a whole. These statements are prepared on the accrual basis of accounting which recognizes revenue and expenses as they are earned and incurred. The government-wide financials include a statement of net assets and statement of activities as well as notes that support the assertions of these financial statements. The statement of net assets is a report that is of a specific time (June 30, 2006); it shows assets, liabilities and the difference – net assets as of those dates. The statement of activities provides information for a specific period of time (year ending June 30, 2006). This statement of activities provides the results (financially) of operations for this period of time, how much revenue was earned or dedicated and the expenses incurred for the same period of time. Furthermore, all transfers between funds cancel each other out to prevent grossing-up of amounts on the presentation of the government-wide financial statements.

The fund financial statements are prepared on the modified accrual basis of accounting (except proprietary and fiduciary funds) which means revenue is recognized when it is measurable and obtainable; expenses are recognized as they are incurred. Proprietary funds are accounted for on the accrual basis of accounting as are fiduciary funds with the exception of certain liabilities of defined benefit

pension plans and certain post-employment healthcare plans. Funds are sometimes established by state statute and sometimes by the County in order to track certain segments of the County's operations. Fund financial statements allow you to view the revenue available and where it is utilized for specific programs. These financial statements include a balance sheet and statement of revenues, expenditures and changes in fund balance.

There is also a reconciliation statement that reconciles net assets to the fund financial statements and a reconciliation statement of the changes in net assets for the respective financial statements. This reconciliation includes the items that are reported for the government-wide financial statements that are not required for the funds financial statements.

**ASSETS:**

Total assets, current assets and restricted and unrestricted assets for the previous two years are scheduled below:

	<u>6/30/2006</u>	<u>6/30/2005</u>
Total assets	\$ 115,951,067	\$ 100,597,078
Capital assets	(71,516,084)	(68,750,682)
Restricted assets	<u>(3,209,711)</u>	<u>(3,085,033)</u>
Unrestricted - undesignated assets	<u>\$ 41,225,272</u>	<u>\$ 28,761,363</u>

**LIABILITIES:**

Total current and long-term liabilities for the years ended June 30, 2006 and 2005 are shown in the schedule below:

	<u>6/30/2006</u>	<u>6/30/2005</u>
Current liabilities	\$ 3,977,376	\$ 3,278,410
Long-term liabilities	<u>13,384,549</u>	<u>13,935,701</u>
Total liabilities	<u>\$ 17,361,925</u>	<u>\$ 17,214,111</u>

**NET ASSETS:**

The above revenue and expense number netted leave the following increases in net assets for the respective years ending June 30, 2006 and June 30, 2005.

	<u>6/30/2006</u>	<u>6/30/2005</u>
Beginning net assets	\$ 83,382,967	\$ 73,056,786
Prior period adjustments (see notes to financial statements)	-	2,221,148
Increase in net assets	<u>15,000,928</u>	<u>8,105,033</u>
Ending net assets	<u>\$ 98,383,895</u>	<u>\$ 83,382,967</u>



**NET ASSETS (continued):**

Net assets for the years ended June 30, 2006 and 2005 are broken out as follows:

	<u>6/30/2006</u>	<u>6/30/2005</u>
Invested in capital assets, net of related debt	\$ 57,921,084	\$ 55,293,164
Restricted:		
Fire districts	156,120	131,985
Debt service	1,700,466	1,599,923
Construction projects	-	-
Unreserved permanent fund	1,353,125	1,353,125
Unrestricted	<u>37,253,100</u>	<u>25,004,770</u>
 Total net assets	 <u>98,383,895</u>	 <u>83,382,967</u>

The financial position of the County of Lea has improved by \$15,000,928.

**REVENUES**

The total revenue recognized by Lea County for the years ended June 30, 2006 and 2005 were \$44,663,282 and \$32,516,119, respectively. The schedule below is revenue by major category.

	<u>6/30/2006</u>	<u>6/30/2005</u>
<u>General revenue:</u>		
Oil & gas production tax	\$ 20,586,260	\$ 15,337,301
Property tax	6,880,919	6,291,292
Public service tax	7,176,636	5,643,768
Other	349,326	349,609
 <u>Program revenue:</u>		
Grants and reimbursements	3,523,947	1,825,729
Charges for services	<u>6,146,194</u>	<u>3,068,420</u>
 <b>Total revenue</b>	 <u>\$ 44,663,282</u>	 <u>\$ 32,516,119</u>

**EXPENSES:**

The total expenses incurred by the County for the years ended June 30, 2006 and June 30, 2005 were \$29,662,354 and \$24,411,083, respectively. The schedule below is expenses by function.

	<u>6/30/2006</u>	<u>6/30/2005</u>
<u>Program expenses:</u>		
General government	\$ 13,419,772	\$ 11,067,447
Public safety	10,032,157	7,770,091
Health, welfare and sanitation	3,060,466	2,645,196
Interest on long-term debt	587,205	710,857
Public works	541,151	680,134
Culture & recreation	2,021,603	1,537,358
<b>Total expenses</b>	<b>\$ 29,662,354</b>	<b>\$ 24,411,083</b>

**DEBT:**

The County issued gross receipts tax bond to help finance the construction of a four-hundred and thirty-two bed detention facility. The total debt of the County at June 30, 2006 and 2005 was \$13,595,000 with \$13,595,000 being long-term (due beyond one year). The notes to the financial statements include payoff information concerning these bonds.

**FUND BALANCES:**

**6/30/2006**

- General Fund: The general fund balance increase of \$11,271,686 is due to the increase in Oil and Gas taxes and Public service taxes as well as an increase in program revenues.
- Indigent Fund: The indigent fund balance increase of \$294,262 is a result of an increase in sales tax revenue.
- Debt Service Fund: No significant changes in these fund balances.
- Capital Projects Fund: No significant changes in these fund balances.
- Special Revenue Funds: The increase of \$576,631 is related to increase in sales at the convention centers.

**6/30/2005**

- General Fund: The general fund balance increase of \$146,146 is due to higher Oil and Gas taxes.
- Indigent Fund: The indigent fund balance decrease of \$144,176 is a trend that is not likely to change due to more qualifying indigent claims than revenue available.
- Debt Service Fund: The \$566,631 decrease in the debt service is attributable to debt defeasement and transferring excess reserve from the prior year to the general fund and making annual principal payments and semi-annual interest payments.
- Capital Projects Fund: The decrease of \$2,102,787 is expenditures for the detention facility construction.
- Special Revenue Funds: No significant changes in these fund balances.

**BUDGET ANALYSIS:**

**6/30/2006**

There were approved budget expense increases and decreases after the initial approved budget for 2006. These increases and decreases were recognized throughout the budget year, approved by the commission and Department of Finance and Administration and implemented at various times during the year.

General fund actual revenues exceeded final budget amounts by \$8.95 million due to a much stronger than expected economy in Lea County during the year ended June 30, 2006. Actual expenditures were \$8 million less than budgeted due to various long term construction projects being completely budgeted in the year construction starts but completed in later years.

**6/30/2005**

There were approved budget expense increases after the initial approved budget for 2005. These increases were recognized throughout the budget year, approved by the commission and Department of Finance and Administration and implemented at various times during the year.

**SUMMARY:**

The above information is a summary of what is supported with the remainder of the financial statements. We hope it is useful with the users' financial overview of our entity. More information may be obtained upon request at:

Administrative Services Department  
100 North Main  
Lovington, NM 88260

**BASIC FINANCIAL STATEMENTS**

# LEA COUNTY, NEW MEXICO

## Statement of Net Assets June 30, 2006

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 34,274,692
Property taxes receivable	412,930
Other receivables	2,281,507
Receivable from other governments	5,541,323
Non-current assets:	
Cash and cash equivalents - restricted	1,443,125
Long-term notes receivable	250,000
Bond issue costs	231,406
Capital assets:	
Land and improvements, not being depreciated	1,740,991
Construction in progress, not being depreciated	247,651
Infrastructure and infrastructure in progress, not being depreciated	10,760,075
Buildings	58,311,873
Equipment and furniture	11,566,570
Vehicles	5,122,499
Other capital assets	3,186,938
Less: Accumulated depreciation	<u>(19,420,513)</u>
Total Capital assets	<u>71,516,084</u>
<b>Total Assets</b>	<b>115,951,067</b>
<b>LIABILITIES</b>	
Accounts payable	532,063
Accrued payroll liabilities	205,247
Deferred revenues	2,705,555
Bond premium	100,793
Long-term liabilities	
Due within one year	
Bonds and contracts	587,205
Compensated absences	51,760
Due in more than one year	
Bonds and contracts	13,007,795
Compensated absences	<u>376,754</u>
<b>Total Liabilities</b>	<b><u>17,567,172</u></b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	57,921,084
Restricted for:	
Construction projects	-
Debt service	1,700,466
Fire districts	156,120
Restricted Permanent Fund	
Nonexpendable	1,353,125
Unrestricted	<u>37,253,100</u>
<b>Total Net Assets</b>	<b><u>\$ 98,383,895</u></b>

The accompanying notes are an integral part of these statements.

# LEA COUNTY, NEW MEXICO

## Statement of Activities For the Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Assets - Governmental Activities
		Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
General government	\$ 13,419,772	\$ 5,401,107	\$ 756,750	\$ (7,261,915)
Public safety	10,032,157	50,136	748,460	(9,233,561)
Public works	541,151	694,951	1,979,906	2,133,706
Health, welfare and sanitation	3,060,466	-	-	(3,060,466)
Culture and recreation	2,021,603	-	38,831	(1,982,772)
Interest on long-term debt	587,205	-	-	(587,205)
<b>Total Governmental Activities</b>	<b>\$ 29,662,354</b>	<b>\$ 6,146,194</b>	<b>\$ 3,523,947</b>	<b>\$ (19,992,213)</b>
<b>General revenues:</b>				
Property taxes				6,880,919
Oil and gas taxes				20,586,260
Public service taxes				7,176,636
Miscellaneous taxes				449,596
Special item - loss on disposal of assets				(100,270)
Transfers				-
<b>Total general revenues, special items, and transfers</b>				<b>34,993,141</b>
<b>Change in net assets</b>				<b>15,000,928</b>
<b>Net assets - beginning of year</b>				<b>83,382,967</b>
<b>Net assets - end of year</b>				<b>\$ 98,383,895</b>

The accompanying notes are an integral part of these statements.

# LEA COUNTY, NEW MEXICO

## BALANCE SHEET - GOVERNMENTAL FUNDS June 30, 2006

	General Fund	Indigent	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 28,146,586	\$ 507,986	\$ 7,063,245	\$ 35,717,817
Due from other funds	202,530	-	90,010	292,540
Taxes receivable	412,930	-	-	412,930
Other receivables	855,293	523,264	902,949	2,281,506
Receivable from other governments	5,541,323	-	-	5,541,323
Long-term notes receivable	250,000	-	-	250,000
<b>TOTAL ASSETS</b>	<b>\$ 35,408,662</b>	<b>\$ 1,031,250</b>	<b>\$ 8,056,204</b>	<b>\$ 44,496,116</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 457,247	\$ 68,036	\$ 6,780	\$ 532,063
Other accrued expenses	205,246	-	-	205,246
Due to other funds	10	-	292,530	292,540
Deferred revenue	2,991,189	-	4,045	2,995,234
<b>TOTAL LIABILITIES</b>	<b>3,653,692</b>	<b>68,036</b>	<b>303,355</b>	<b>4,025,083</b>
<b>FUND BALANCES:</b>				
Reserved for:				
Debt service	-	-	1,700,466	1,700,466
Fire districts	-	-	156,120	156,120
Unreserved	31,754,970	963,214	-	32,718,184
Unreserved, reported in non-major:				
Special revenue funds	-	-	4,543,138	4,543,138
Permanent fund	-	-	1,353,125	1,353,125
<b>TOTAL FUND BALANCES</b>	<b>31,754,970</b>	<b>963,214</b>	<b>7,752,849</b>	<b>40,471,033</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 35,408,662</b>	<b>\$ 1,031,250</b>	<b>\$ 8,056,204</b>	

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

Bond issue costs relate to long-term debt and, therefore, are not reported in the funds.	231,406
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	71,516,084
Certain other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	289,679
Some long-term liabilities are not due and payable in the current period and are not included in the fund financial statement, but are reported in the funds.	(14,023,514)
Premiums on bonds payable relate to long-term debt and, therefore, are not reported in the funds.	(100,793)
<b>Net Assets of Governmental Activities in the Statement of Net Assets</b>	<b>\$ 98,383,895</b>

The accompanying notes are an integral part of these statements.

# LEA COUNTY, NEW MEXICO

## Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2006

	General Fund	Indigent	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Sales and miscellaneous taxes	\$ 27,854,777	\$ 2,945,944	\$ 3,901,176	\$ 34,701,897
Fees and fines	75,201	-	-	75,201
Licenses and permits	322,061	-	85,313	407,374
Intergovernmental	3,307,718	-	1,023,944	4,331,662
Charges for services	1,466,856	-	137,546	1,604,402
Investment earnings	1,346,400	-	195,251	1,541,651
Miscellaneous	1,663,095	385,768	45,692	2,094,555
<b>Total Revenues</b>	<b>36,036,108</b>	<b>3,331,712</b>	<b>5,388,922</b>	<b>44,756,742</b>
<b>EXPENDITURES</b>				
Current:				
General government	9,610,793	-	1,315,769	10,926,562
Public safety	8,323,323	-	277,039	8,600,362
Highway and roads	159,895	-	-	159,895
Health and sanitation	-	3,037,450	-	3,037,450
Culture and recreation	2,036,008	-	14,092	2,050,100
Economic development	333,850	-	-	333,850
Airport	490,268	-	-	490,268
Farm and range	-	-	60,000	60,000
Debt service:				
Interest and other charges	-	-	587,205	587,205
Capital outlay	6,195,947	-	75,016	6,270,963
<b>Total Expenditures</b>	<b>27,150,084</b>	<b>3,037,450</b>	<b>2,329,121</b>	<b>32,516,655</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>8,886,024</b>	<b>294,262</b>	<b>3,059,801</b>	<b>12,240,087</b>
<b>OTHER FINANCING SOURCES (USES), INCLUDING TRANSFERS</b>				
Transfers in	2,432,887	-	59,391	2,492,278
Transfers out	(50,260)	-	(2,442,018)	(2,492,278)
<b>Total other financing sources (uses), including transfers</b>	<b>2,382,627</b>	<b>-</b>	<b>(2,382,627)</b>	<b>-</b>
<b>SPECIAL AND EXTRAORDINARY ITEMS</b>				
Proceeds from sale of land	3,035	-	-	3,035
<b>Total special and extraordinary items</b>	<b>3,035</b>	<b>-</b>	<b>-</b>	<b>3,035</b>
<b>Net change in fund balances</b>	<b>11,271,686</b>	<b>294,262</b>	<b>677,174</b>	<b>12,243,122</b>
<b>Fund balances - beginning of year</b>	<b>20,483,284</b>	<b>668,952</b>	<b>7,075,675</b>	<b>28,227,911</b>
<b>Fund balances - end of year</b>	<b>\$ 31,754,970</b>	<b>\$ 963,214</b>	<b>\$ 7,752,849</b>	<b>\$ 40,471,033</b>

The accompanying notes are an integral part of these statements.



## LEA COUNTY, NEW MEXICO

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### 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, 2006

Net change in fund balances - total governmental funds: \$ 12,243,122

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlay exceeded depreciation in the current period. 2,881,973

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold. (116,572)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. 42,923

Governmental funds do not present bond premium amortization. In contrast, such revenues are reported in the Statement of Activities when earned. 5,305

Expenses related to amortization of bond issue costs are reported in the statement of activities. In contrast, these expenses do not require the use of current financial resources and are not reported as expenditures in governmental funds. (12,179)

Expenses related to accrued compensation are reported in the statement of activities. In contrast, these expenses do not require the use of current financial resources and are not reported as expenditures in governmental funds. (43,644)

Change in net assets of governmental activities: \$ 15,000,928

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

## LEA COUNTY, NEW MEXICO

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### Statement of Fiduciary Assets and Liabilities Agency Fund June 30, 2006

#### ASSETS:

Cash and cash equivalents	\$ 2,754,851
Taxes receivable	772,202
Due from other governments	<u>81,821</u>

#### Total assets

\$ 3,608,874

#### LIABILITIES:

Taxes paid in advance	27,252
Deposits held in trust for others	2,800,827
Due to other taxing units/governments	772,202
Due to others	<u>8,593</u>

#### Total liabilities

\$ 3,608,874

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

**LEA COUNTY, NEW MEXICO**

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**GENERAL FUND**

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

# LEA COUNTY, NEW MEXICO

## Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (with Variances) General Fund For the Year Ended June 30, 2006

Statement A-1

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>				
Sales and miscellaneous taxes	\$ 18,078,450	\$ 18,078,450	\$ 27,237,723	\$ 9,159,273
Fees and fines	55,000	55,000	75,201	20,201
Licenses and permits	334,608	334,608	406,061	71,453
Intergovernmental	5,064,134	5,064,134	2,486,762	(2,577,372)
Charges for services	149,500	149,500	1,239,630	1,090,130
Investment earnings	301,250	301,250	1,206,754	905,504
Miscellaneous	1,389,780	1,389,780	1,674,136	284,356
<b>Total Revenues</b>	<b>25,372,722</b>	<b>25,372,722</b>	<b>34,326,267</b>	<b>8,953,545</b>
<b>EXPENDITURES</b>				
Current:				
General government	9,787,233	9,919,647	9,323,635	596,012
Public safety	8,746,588	8,358,992	8,327,477	31,515
Highways and roads	294,647	160,384	160,384	-
Economic development	295,000	339,200	333,850	5,350
Airport	536,059	470,815	467,115	3,700
Culture and recreation	1,806,897	2,234,347	2,031,513	202,834
Capital outlay	14,220,227	13,143,503	5,981,268	7,162,235
<b>Total Expenditures</b>	<b>35,686,651</b>	<b>34,626,888</b>	<b>26,625,242</b>	<b>8,001,646</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(10,313,929)</b>	<b>(9,254,166)</b>	<b>7,701,025</b>	<b>\$ 16,955,191</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale capital assets	-	-	3,035	
Prior year cash balance	18,290,286	18,290,286	-	
Transfers in	-	-	3,132,887	
Transfers out	-	-	(790,260)	
<b>Total other financing sources and (uses)</b>	<b>18,290,286</b>	<b>18,290,286</b>	<b>2,345,662</b>	
<b>Net change in fund balances</b>	<b>\$ 7,976,357</b>	<b>\$ 9,036,120</b>	<b>10,046,687</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in taxes receivable			89,310	
Decrease in other receivables			767,164	
Increase in due from other governments			722,489	
Increase in accrued liabilities			(205,246)	
Decrease in accounts payable			(288,194)	
Decrease in deferred revenue			139,476	
<b>Net change in fund balance</b>			<b>\$ 11,271,686</b>	

The accompanying notes are an integral part of these statements.

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (with Variances)  
Indigent  
For the Year Ended June 30, 2006**

**Statement A-2**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Sales and miscellaneous taxes	\$ 2,800,000	\$ 2,800,000	\$ 2,845,400	\$ 45,400
Investment earnings	25,000	25,000	-	(25,000)
Miscellaneous	120,000	120,000	385,768	265,768
<b>Total Revenues</b>	<b>2,945,000</b>	<b>2,945,000</b>	<b>3,231,168</b>	<b>286,168</b>
<b>EXPENDITURES</b>				
Health and sanitation	2,256,766	3,050,016	3,024,812	25,204
<b>Total Expenditures</b>	<b>2,256,766</b>	<b>3,050,016</b>	<b>3,024,812</b>	<b>25,204</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>688,234</b>	<b>(105,016)</b>	<b>206,356</b>	<b>\$ 311,372</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Prior year cash balance	301,631	301,631	-	
<b>Total other financing sources and (uses)</b>	<b>301,631</b>	<b>301,631</b>	<b>-</b>	
<b>Net change in fund balances</b>	<b>\$ 989,865</b>	<b>\$ 196,615</b>	<b>206,356</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in other receivables			100,544	
Increase in accounts payable			(12,638)	
<b>Net change in fund balance</b>			<b>\$ 294,262</b>	

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

**NOTES TO FINANCIAL STATEMENTS**

# LEA COUNTY, NEW MEXICO

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## NOTES TO FINANCIAL STATEMENTS

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 1. *Reporting Entity*

Lea County (the County), New Mexico was created in accordance with Section 40-3-1 NMSA 1978 Compilation on September 25, 1916. The powers of the County are exercised by an elected Board of County Commissioners. During general elections in the State of New Mexico, a County Treasurer, County Clerk, Probate Judge, County Sheriff, County Assessor, and County Commissioners are elected. The County is operated by a County Manager who is appointed by the County Commissioners.

The County assesses, collects, and distributes all property taxes, records property and legal documents, provides law enforcement services, health and social services, culture and recreation, tourist promotion and maintains County roads.

As of July 1, 2002, the County was required to implement Governmental Accounting Standards Board (GASB) 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*; GASB 35 – *Basic Financial Statements and Management's Discussion and Analysis for Public College and Universities*; GASB 37 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*; and GASB 38 – *Certain Financial Statement Note Disclosures*. This financial report provides an entity-wide perspective of the County's assets, liabilities, and net assets, revenue, expenses, changes in net assets, and cash flows. Presentation under GASB 34, 35, 37 and 38 replaces the fund-group accounting perspective that was previously required.

The County has implemented Statements 39 and 40. GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* – an amendment of GASB Statement No. 14 which provides additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units. GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, an amendment of GASB Statement No. 3, applies to periods beginning after June 15, 2004. The County implemented this pronouncement in the prior year. The most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

#### **Lea County Fair Board**

The Lea County Fair Board is appointed by the Lea County Commissioners. The Lea County Commissioners provide facilities for the annual fair and rodeo and the finances required over and above the resources provided by the fair and rodeo. The operations of the fairgrounds are incorporated into the general fund of the County and reported therein.

The County does not have any component units.

# LEA COUNTY, NEW MEXICO

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## NOTES TO FINANCIAL STATEMENTS

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2. *Government-wide and fund financial statements*

The government-wide financial statements include the statement of net assets and the statement of activities. Government-wide statements report, except for County fiduciary activity, information on all of the activities of the County. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues.

The statement of activities reflects 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. 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 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 in program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General Fund meets the criteria as a major governmental fund. Each major fund is reported in separate columns in the fund financial statements. Non-major funds include other Special Revenue, Capital Projects, Debt Service and Permanent funds. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for non-major funds are presented within Combining and Individual Fund Statements and Schedules.

#### 3. *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. This measurement focus is also used for the 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. Major revenue types, which have been accrued, are revenue from the investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met. Derived tax revenues are recognized when the underlying exchange transaction takes place.

Revenues are classified as program revenues and general revenues. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, and grants not restricted to specific programs and investment earnings.

Governmental fund-level financial statements are reported using 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue. Those revenues susceptible to accrual include interest revenues, franchise taxes, gross receipts taxes, charges for services, and grants from other governments. Property taxes are not considered available, thus although they are accrued, they are also fully allowed for.



# LEA COUNTY, NEW MEXICO

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## NOTES TO FINANCIAL STATEMENTS

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3. *Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)*

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

Indirect expenses of the County are not allocated among functional activities on the statement of activities on the government-wide presentation. Instead, depreciation and other indirect expenses are reported as a part of general government, and interest on long-term debt is reported as a separate line item.

The government reports the following major governmental funds:

**The General Fund** is the general operating fund of the County and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, judicial, public welfare, health services and capital acquisition.

**The Indigent Fund** is used to account for the payment of indigent hospital costs. Financing is provided by gross receipts tax and is restricted to indigent claims as authorized by Section 27-5-5, NMSA 1978 and County policy.

Other Fund types include fiduciary funds, which are considered as non-major funds. Non-major funds include special revenue funds, capital projects funds, debt service funds and permanent funds.

Fiduciary fund level financial statements include fiduciary funds, which are classified into private purpose trust and agency funds. The County has only agency funds which are used to account for assets held by the County as an agent for individuals, private organizations, other governments and other funds. Agency funds do not involve a formal trust agreement. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both 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 subject to this same limitation. The County has elected not to follow subsequent private sector guidance.

The County has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The County has elected not to apply FASB pronouncements issued after the applicable date.

# LEA COUNTY, NEW MEXICO

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## NOTES TO FINANCIAL STATEMENTS

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4. *Budgets*

Budgets are adopted on the cash basis, which is not in accordance with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue, capital projects, debt service and permanent funds. All annual appropriations lapse at the fiscal year-end.

The County Manager is responsible for preparing the budget from requests submitted by department directors. The preliminary budget is submitted to a budget committee for approval and then the comprehensive budget package is brought before the County Commissioners for approval by resolution. The proposed budget is then submitted by June 1 to the New Mexico Department of Finance and Administration Local Government Division (DFA) for approval. DFA certifies a preliminary budget by July 1 with final certification of the budget by the first Monday of September. The expenditure section of the budget, once adopted, is legally binding.

Increases or decreases in the budget of a fund or transfers of appropriations between funds must be presented to the County Commission for approval by resolution and must subsequently have DFA approval. Amendments made to the original budget are included in the budgetary comparison statements of this report, which reflect actual to budget. Budgets and amendments to the budgets for all funds are adopted in a legally permissible manner. The legal level of budgetary control is the fund level.

#### 5. *Cash and Cash Equivalents*

Cash includes amounts on demand deposits, as well as short-term investments with a maturity date within twelve months of the date acquired by the County.

In accordance with Section 6-10-17, NMSA, 1978 Compilation, the County is required to collateralize an amount equal to one-half of the public money in excess of insured funds at each financial institution.

#### 6. *Receivables and Payables*

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

Lending or borrowing between funds is reflected as "due to or due from" (current portion) or "advances to/from other funds" (non-current). 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. Interfund activity reflected in "due to or due from" is eliminated on the government-wide statements.

#### 7. *Advances to Other Funds*

Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

# LEA COUNTY, NEW MEXICO

## NOTES TO FINANCIAL STATEMENTS

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 8. *Inventories*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and in the fund financial statements are offset by a reservation of fund balance which indicates they do not represent "available spendable resources." Immaterial amounts of inventory are not recorded by the County. Inventory items are expensed when purchased.

#### 9. *Capital Assets*

Capital assets, which include land, buildings and improvements, equipment, software and infrastructure assets are reported in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$5,000 or more. Infrastructure assets include County-owned roads and bridges. Information technology equipment, including software is capitalized in accordance with NMAC 2.20.1.9 C (5). Capital assets are recorded at historical costs if purchased or constructed. 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. Capital assets except for infrastructure are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25-40
Landfill	25
Roads	25
Equipment & Furniture	5-15
Vehicles	5-15
Computer Hardware	5

#### 10. *Compensated Absences*

A liability for unused vacation and sick time for all full-time employees is calculated and reported in the government-wide statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

- leave or compensation is attributable to services already rendered
- leave or compensation is not contingent on a specific event (such as illness).

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e., are due for payment). Compensated absences are accrued in the government-wide statements.

The County's permanent, full-time employees accrue 3.077 hours of vacation per pay period (biweekly) from date of employment to two years of service, 3.692 hours per pay period from 2 years to 5 years of service, and 4.615 hours per pay period from 5 to 10 years of services, 5.538 hours per pay period from 10 to 15 years of service, 6.462 hours per pay period from 15 to 20 years of service and 7.692 hours per pay period in excess of 20 years of continuous employment. Upon termination from County employment, an employee shall be entitled to payment of up to 240 hours of accrued but unused hours of vacation.

# LEA COUNTY, NEW MEXICO

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## NOTES TO FINANCIAL STATEMENTS

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 10. *Compensated Absences (continued)*

The County's permanent, full-time employees accrue sick leave at the rate of eight hours per month. Sick leave is paid to current employees if the employees are absent from work due to illness, injury or other situations requiring medical attention. An employee who involuntarily terminates employment of the County shall receive no compensation for accrued sick leave.

Amounts of accrued vacation leave are accrued in the government-wide financial statements.

#### 11. *Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities statement of net assets. On new bond issues, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

#### 12. *Fund Equity*

Fund equity is presented as reserved, designated for subsequent year's expenditures, or unreserved-undesignated. Reserves represent those portions of fund equity that cannot be appropriated for expenditures or are legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

#### 13. *Interfund Transactions*

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

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

#### 14. *Estimates*

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

# LEA COUNTY, NEW MEXICO

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## NOTES TO FINANCIAL STATEMENTS

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 15. *Restricted Assets*

Restricted assets are assets which have third-party limitations on their use. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

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, 2006.

### NOTE B - CASH AND CASH EQUIVALENTS

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

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

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

At June 30, 2006, the carrying amount of the County's deposits were \$35,717,817, excluding cash held as fiduciary of \$1,365,075. Total cash and cash equivalents balance per the financial institutions of \$31,660,947 consisted of demand deposits, certificates of deposit and amounts on deposit with New Mexico State Treasurer. Of the demand deposits and certificates of deposit, \$500,000 was covered by federal depository insurance and \$30,748,969 was covered by collateral held in joint safekeeping by a third party.

Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the County for at least one-half of the amount on deposit with the institution.

The collateral pledged is listed on Statement G-3 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 Authority, public unit deposits are funds owned by the County. Time deposits, savings deposits and interest bearing 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.

*Deposit Custodial Credit Risk* – In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to them. The County does not have a deposit policy for custodial credit risk. As of June 30, 2006, \$29,743,841 of the County's bank balance of \$30,243,841 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the County's name.

# LEA COUNTY, NEW MEXICO

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## NOTES TO FINANCIAL STATEMENTS

### NOTE B - CASH AND CASH EQUIVALENTS (continued)

Interest Rate Risk – The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Quality Risk – State law limits investment in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The County has no investment policy that would further limit its investment choices. As of June 30, 2006, the County's investment in the state investment pool was rated as follows:

<u>Investment Type</u>	<u>Rating</u>
U S Government Obligations	no rating
Commercial Paper	A-1, P-1 by 2 national rating services
Corporate Bonds	BBB+ or Baa1
Asset-Backed Obligations	AAA
Repurchase Agreements	no rating
Bank, Savings and Loan Association or Credit Union Deposits	no rating
Securities Lending	no rating
Variable Rate Notes	no rating
Tax Exempt Securities	A
Mutual Funds	no rating

The investments are valued at fair value based on quoted market prices as of the valuation date.

The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-101, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment funds in securities that are issued by the United States Government. The Local Government investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The Pool does not have unit shares; 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 \$1,417,106 approximates the fair value of all investments at June 30, 2006. The State of New Mexico is the regulatory oversight entity and participation in the pool is voluntary. The State Treasurer's separately issued financial statements disclose the collateral pledged to secure State Treasurer cash and investments; this may be viewed for verification of the Local Government Investment Pool collateralization.

The County utilizes pooled accounts for their funds. The general, special revenue and agency funds are all in one account and the capital projects and debt service funds are in their own accounts. Separate accounts also exist for sheriff and metro agency related funds.

### NOTE C - PROPERTY TAXES

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, November 10th and April 10th. The taxes become delinquent in December of the year in which the tax bill was prepared and mailed, and in May of the following year.

# LEA COUNTY, NEW MEXICO

## NOTES TO FINANCIAL STATEMENTS

### NOTE C – PROPERTY TAXES (continued)

Fund financial statements are kept on a modified accrual basis of accounting. Hence, accounting principles generally accepted in the United States of America require recognition of property taxes when they are considered both measurable and available for the fund financial statements. Therefore, the delinquent property taxes are not recorded as revenue in the fund financial statements until they become both "measurable" and "available" to finance expenditures of the fiscal period.

Government-wide financial statements are kept on a full accrual basis of accounting. Hence, accounting principles generally accepted in the United States of America require recognition of property taxes when the taxes are levied. The delinquent property taxes are recorded as revenue in the government-wide financial statements in the period of levy.

### NOTE D – OTHER RECEIVABLES

Other Receivables at June 30, 2006 are composed of the following:

	<u>General Fund</u>
Other Receivables:	
Accounts Receivable	\$ 1,211,054
Grant Receivable	857,632
Interest Receivable	<u>212,821</u>
<b>Totals</b>	<b><u>\$ 2,281,507</u></b>

### NOTE E - DUE FROM OTHER GOVERNMENTS

The amounts due from other governments at June 30, 2006 are composed of the following:

	<u>General Fund</u>
Due from State of New Mexico:	
Taxation & Revenue	\$ 3,418,999
Other	15,152
Lea County Solid Waste Authority	2,104,884
Lea County Water Users Association	<u>2,288</u>
<b>Totals</b>	<b><u>\$ 5,541,323</u></b>

### NOTE F - DUE FROM/TO OTHER FUNDS AND TRANSFERS

Due from/to other funds consists of monies which were transferred from the General Fund to Special Revenue Funds as advances to Lea County fire districts and as operating funds for federally funded reimbursement grants and individual fund interfund receivables and payables. Advances to the fire districts are recorded due to General Fund for the portion which is expected to be paid during the fiscal year ending June 30, 2006 while any additional balance is recorded as an advance from the General Fund.

# LEA COUNTY, NEW MEXICO

## NOTES TO FINANCIAL STATEMENTS

### NOTE F - DUE FROM/TO OTHER FUNDS AND TRANSFERS( continued)

Individual fund interfund receivables and payable balances at June 30, 2006, were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b>General Fund:</b>		
Due from SAMHSA Grant	\$ 122,236	\$ -
Due from OJJDP - Juvenile	76,896	-
Due from Knowles Fire District	3,398	-
Due to Hospital Records	-	10
<b>Special Revenue Fund:</b>		
Due to the General Fund	-	202,530
Due to Lea County Event Center Stipulation	-	90,000
Due from General Fund	10	-
<b>Permanent Fund:</b>		
Due from Lea County Event Center Permanent	90,000	-
<b>Total</b>	<b>\$ 292,540</b>	<b>\$ 292,540</b>

Transfers from the General Fund to the Farm and Range fund occur annually. Revenues in excess of servicing the debt service requirement in the Gross Receipts Debt Service fund are transferred annually to the General Fund.

Transfers for the year ended June 30, 2006 were as follows:

	<u>Transfers In</u>				<u>Total</u>
	<u>General Fund</u>	<u>Non-Major Special Revenue Funds</u>			
		Farm and Range	Law Enforcement Block Grant	Law Enforcement Project	
<b>Transfers Out:</b>					
General Fund	\$ -	\$ 50,000	\$ -	\$ 260	\$ 50,260
Non-Major Special Revenue Fund:					
DWI	73,943	-	-	-	73,943
Law Enforcement Project	8,053	-	9,131	-	17,184
Non-Major Debt Service Fund:					
Gross Receipts Debt Service	2,350,891	-	-	-	2,350,891
<b>Total</b>	<b>\$ 2,432,887</b>	<b>\$ 50,000</b>	<b>\$ 9,131</b>	<b>\$ 260</b>	<b>\$ 2,492,278</b>

### NOTE G - LONG-TERM RECEIVABLE

The County was awarded a \$250,000 Community Development Block Grant through the State Department of Finance and Administration. These funds were loaned to the Economic Development Corporation of Lea County (EDC) and used to construct a building for lease to the Soaring Society of Hobbs, New Mexico, and upon termination of the lease, which is for 99 years, the building will become the property of the City of Hobbs. The County has entered into a loan agreement with EDC that provides for repayment without interest on February 15, 2007. The loan is secured by \$250,000 par value zero coupon Treasury Certificates due on February 15, 2007. The long-term receivable in the Road Fund represents the amounts expended on construction of the building and is equally offset by deferred revenue in the amount of \$250,000.



## **LEA COUNTY, NEW MEXICO**

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### **NOTES TO FINANCIAL STATEMENTS**

#### **NOTE H - RISKS OF LOSS**

The County is insured through the New Mexico Insurance Authority. The Authority acts as the common carrier for the State of New Mexico counties. The actuarial gains and losses were not available at the date of this report. The Pool pays for claims on certain risks of loss at different limits; however, amounts in excess of these limits are covered through an Excess Reinsurance Policy.

The County participates in the New Mexico County Insurance Authority Workers Compensation Pool. The pool is self-insured for workers' compensation claims up to \$300,000. Above that amount, the pool maintains an Excess Employers' Reinsurance Policy.

#### **NOTE I - ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds and Permanent Funds.

**LEA COUNTY, NEW MEXICO**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE J - CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets follows:

	<b>Balance 6/30/05</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6/30/06</b>
Land	\$ 1,682,548	58,443	\$ -	\$ 1,740,991
Buildings	35,410,032	22,902,215	374	58,311,873
Other Improvements	2,860,958	327,730	1,750	3,186,938
Furniture & Equipment	11,165,205	684,498	283,133	11,566,570
Construction in Process	21,865,514	37,342	21,655,205	247,651
Infrastructure	8,076,853	2,683,222	-	10,760,075
Vehicles	5,114,684	337,714	329,899	5,122,499
<b>Total Capital assets</b>	<b>86,175,794</b>	<b>27,031,164</b>	<b>22,270,361</b>	<b>90,936,597</b>
Less accumulated depreciation:				
Land	-	-	-	-
Buildings	6,218,510	1,141,199	22	7,359,687
Other Improvements	624,105	202,418	1,575	824,948
Furniture & Equipment	6,711,173	893,544	239,854	7,364,863
Construction in Process	-	-	-	-
Infrastructure	-	-	-	-
Vehicles	3,871,324	284,190	284,499	3,871,015
<b>Total accumulated depreciation</b>	<b>17,425,112</b>	<b>2,521,351</b>	<b>525,950</b>	<b>19,420,513</b>
<b>Net capital assets</b>	<b>\$ 68,750,682</b>	<b>\$ 24,509,813</b>	<b>\$ (21,744,411)</b>	<b>\$ 71,516,084</b>

\*Depreciation expense was charged to functions as follows:

Governmental activities:

General	\$ 2,444,167
Public safety	37,970
Culture and recreation	18,346
Health, welfare and sanitation	20,868

**Total governmental activities depreciation expense**

**\$ 2,521,351**

In accordance with GASB 34, depreciation policies were adopted to include useful lives and classification by function.

# LEA COUNTY, NEW MEXICO

## NOTES TO FINANCIAL STATEMENTS

### NOTE K - LONG-TERM DEBT

#### Revenue Bonds

Bonds outstanding at June 30, 2006 consist of the following issues:

Gross Receipts Tax Revenue Bonds  
 Series: April 23, 2003  
 Original Issue: \$13,595,000  
 Principal: June 1  
 Interest: June 1 and December 1  
 Rates: 3.000% to 5.000%

The bonds are special and limited obligations of the County and are secured by and payable solely from the pledged gross receipts tax revenue. The Bond agreement requires the creation and maintenance of certain funds including a reserve fund with a required minimum of \$1,177,205. The County is in compliance with all significant requirements of the various bond covenants.

Long-term liability for the year ended June 30, 2006 was as follows:

	July 1, 2005	Additions	Reductions	June 30, 2006	Due Within One Year
Gross Receipts Revenue Bonds					
Series: April 23, 2003	\$ 13,595,000	\$ -	\$ -	\$ 13,595,000	\$ 587,205
Compensated Absences (Note A)	384,870	462,134	418,490	428,514	51,760
<b>Totals</b>	<b>\$ 13,979,870</b>	<b>\$ 462,134</b>	<b>\$ 418,490</b>	<b>\$ 14,023,514</b>	<b>\$ 638,965</b>

The annual debt service requirements to maturity, including principal and interest for long-term debt as of June 30, 2006, are as follows:

Year Ending June 30,	Gross Receipts Bonds	
	2003	
2007	\$	587,205
2008		587,205
2009		587,205
2010		1,177,205
2011		1,174,505
2012-2016		5,841,700
2017-2021		5,792,525
2022-2025		5,203,995
Principal & interest		20,951,545
less interest		(7,356,545)
<b>Liability as of June 30, 2006</b>	<b>\$</b>	<b>13,595,000</b>

Specific years for payment of compensated absences payable are not determinable. The General Fund is typically used for liquidation of compensated absences.

## **LEA COUNTY, NEW MEXICO**

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### **NOTES TO FINANCIAL STATEMENTS**

#### **NOTE K – LONG TERM DEBT (continued)**

##### **Advance Refunding**

On June 22, 2005 the County purchased from available resources U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$1,695,000 of Series 1997 Gross Receipts Tax Revenue Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. This advance refunding was undertaken to reduce total debt service payments over the next 3 years by \$132,892 and resulted in an economic loss of \$23,048.

#### **NOTE L - PERA PENSION PLAN**

**Plan Description**—Substantially all of the County's full-time employees participate in a public employee retirement system authorized under the Public Employee 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 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.

**Funding Policy**—Plan members are required to contribute 9.15% of their gross salary, except for sheriff's deputies who are required to contribute 7% of their gross salary. The County is required to contribute 9.15% for employees other than sheriff's deputies and 15% for deputies. The County's contributions to PERA for the years ended June 30, 2006, 2005 and 2004 were \$1,160,375, \$1,058,263 and \$1,055,675, respectively. Lea County's employee contributions to PERA for the year ending June 30, 2006, 2005 and 2004 were \$406,860, \$373,929 and \$351,892, respectively.

The contribution requirements of plan members and the County of Lea are established in Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature.

#### **NOTE M - POST EMPLOYMENT BENEFITS**

The Retiree Health Care Act (Chapter 10, Article 7C NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Retiree Health Care Authority is the administrator of the plan. The purpose is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into the Retiree Health Care Fund and by co-payments or the out-of-pocket payments of eligible retirees.

Monies flow to the Retiree Health Care Fund on a pay-as-you-go basis from eligible employers and eligible retirees. Eligible employers consist of institutions of higher education, school districts, or other entities participating in the Public School Insurance Authority, state agencies, state courts, magistrate courts, municipalities or counties, which are affiliated under or covered by the Educational Retirement Act, Public Employees Retirement Act, Volunteer Firefighters Retirement Act, Judicial Retirement Act or the Magistrate Retirement Act.

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the Retiree Health Care Act on the person's behalf, unless that person retires before the employer's

## **LEA COUNTY, NEW MEXICO**

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### **NOTES TO FINANCIAL STATEMENTS**

#### **NOTE M – POST EMPLOYMENT BENEFITS (continued)**

NMRHCA effective date, in which event the time period required for the employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; or (2) retirees defined by the Act who retired prior to July 1, 1990; and former legislators who served at least two years.

Each participating employer makes contributions to the fund in the amount of 1.3 percent of each participating employee's annual salary. Each participating employee contributes to the fund an employee contribution equal to 0.65 percent of the employee's annual salary. Each participating retiree pays a monthly premium for medical plus basic life plan and an additional five dollars (\$5.00) if the eligible participant retired prior to the employer's NMRHCA effective date or is a former legislator. Participants may also enroll in optional plans of coverage.

Contributions from participating employers and employees become the property of the Retiree Health Care Fund and are not refundable under any circumstances, including termination of employment or termination of the participating employer's operation or participation in the Retiree Health Care Act. The employer, employee, and retiree contributions are required to be remitted to the Retiree Health Care Authority on a monthly basis.

The Retiree Health Care Authority issues a separate, publicly available audited financial report that includes post-employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee, and retiree) and net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan. That report may be obtained by writing to the Retiree Health Care Authority, 4308 Carlisle Blvd NE Ste 104 Albuquerque, New Mexico 87107.

For the fiscal years ended June 30, 2006, 2005 and 2004, the County remitted \$96,899, \$88,731 and \$88,426 in employer contributions and \$46,699, \$44,374 and \$44,213 in employee contributions respectively to the Retiree Health Care Authority.

#### **NOTE N - DEFERRED COMPENSATION PLAN**

The State of New Mexico offers state, local government and school district employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all State employees and those local government and school district employees whose employers have elected participation in the plan, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) held in trust for the participants in the plan.

There are employees that are making contributions to the Deferred Compensation Plan. Neither the County nor the State of New Mexico make any contributions to the Deferred Compensation Plan. All contributions withheld from participant's wages by the County have been paid to the New Mexico Employees' Retirement Association, which administers the plan.

#### **NOTE O - CONTINGENT LIABILITIES**

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

# LEA COUNTY, NEW MEXICO

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## NOTES TO FINANCIAL STATEMENTS

### NOTE P - JOINT POWERS AGREEMENTS

As of March 6, 1995, the County entered into a joint powers agreement with all municipalities in Lea County for the Lea County Solid Waste Authority (Authority). The agreement was renewed March 31, 1998. As a result of the joint venture, the County has agreed to a loan to the Authority for the construction of a solid waste disposal facility. The loan, bearing interest at 4.65% per annum, will be repaid from the net revenues of the Authority. Repayment terms are to be determined by the members of the Authority on an annual basis. The loan is secured by the gross revenue of the Authority and the real estate and solid waste disposal facility. The County is accounting for its activity (in the capacity of a fiscal agent) in the joint venture including the loan to the Authority (current balance - \$2,104,884) in the Authority's financial statements, as it is a separate entity from the County. The agreement cannot be terminated until the loan to the Authority is paid in full.

The County entered into a joint powers agreement with all municipalities in Lea County for the Lea County Water Users Association (Association) on September 23, 1997. The agreement automatically renews for an additional two years unless terminated by the Executive Board. The purpose of the agreement is to enact a water management plan for the citizens of Lea County. The County is designated the fiscal agent of the Association and is responsible for 45.8% of the proposed funding needed for the Association, of which \$31,404 was contributed in the current year.

The County along with the City of Hobbs formed a joint powers agreement regarding the cleanup and disposal of trash illegally dumped on approximately 222 acres of land belonging to the New Mexico State Land Office. The purpose of the agreement is to allocate financial responsibility of the costs to be incurred in connection with cleanup. The County's responsibility is to contract with the Lea County Solid Waste Authority, as necessary, for the services of hauling trash and debris. Costs involved in the project are to be allocated with the County responsible for paying 25%. The County must also invoice the party responsible for the illegal disposal, Occidental/Permian Limited Partnership ("Oxy"), for another 25% of the disposal costs. Expenditures for the County are not to exceed \$15,000 without prior written consent of all parties involved. The agreement became effective November 17, 2003, and either party to the agreement can terminate participation by providing thirty days written notice.

The County also established a joint powers agreement with the Hobbs Municipal School District, City of Hobbs, New Mexico Junior College, City of Lovington, Eunice Municipal School District, Tatum Municipal School District and Jal Municipal School District for the purpose of enabling the parties involved to benefit from substantial savings in the procurement of similar services, construction or tangible personal property. The agreement became effective November 17, 2003, and any party to the agreement can terminate participation by providing thirty days written notice. Any of the participating agencies may act as the Lead Agency whereby that agency shall contact the remaining participating agencies to determine if they are willing to participate in a bid or proposal for quote to be prepared by the Lead Agency.

### NOTE Q - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURE

Accounting principles generally accepted in the United States of America require disclosures as part of the Combined Statements - Overview of certain information concerning individual funds including:

Deficit fund balance of individual funds - The following fund reflected such a balance as of June 30, 2006:

Knowles Fire District

### NOTE R - CONSTRUCTION COMMITMENTS

The County has active construction projects as of June 30, 2006. These projects include a new airport terminal building, new roof at the Event Center and new HVAC at the Event Center. Each of these projects are approximately \$3 million dollars for a total commitment of approximately \$9 million dollars.

**SUPPLEMENTAL INFORMATION**

## LEA COUNTY, NEW MEXICO

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### NON-MAJOR SPECIAL REVENUE FUNDS

**Farm and Range Fund** – To account for funds collected under the Taylor Grazing Act for the control of animals specified in Section 6-11-6 NMSA 1978.

**Recreation Fund** – To account for revenues from cigarette tax restricted for the maintenance of County parks as specified in Section 7-12-15 NMSA 1978.

**County Clerk Recording and Filing** – To account for equipment recording fees that shall be expensed for rent, purchase lease, or lease-purchase equipment associated with recording, filing, maintaining or reproducing documents in the County Clerk's office. The fund is authorized by Section 14-8-12.2, NMSA 1978.

**All Fire District Funds** – To account for the operations of the County's fire departments. Financing is provided by the State Fire Protection Fund and is restricted to fire protection use as authorized by Section A-53-4, NMSA 1978.

**Lea County DWI Grant** – To account for funds received from the state of New Mexico to be spent on the DWI program. The fund is authorized by Sections 11-6A-1 through 11-6A-6, NMSA 1978.

**House Bill 198 Grant** – To account for funds provided by the New Mexico Highway Department to be used for litter control and highway beautification. The fund was authorized by Section 67-14, NMSA 1978 and the New Mexico Litter Control and Beautification Act of 1985.

**Correction Fees Fund** – To account for funds from the state of New Mexico that are restricted to providing care for prisoners in the County detention facility. The fund is authorized by Section 33-3-5, NMSA 1978.

**Paving Districts** – To account for funds expended in engineering and construction of pavement on Piedras Drive, Baggett Drive and Sandcastle Subdivision. The County chose the Petition Method 4-55A-3(2) to create the District. The fund was authorized by Section 4-55A-1 to 4-55A-43, NMSA 1978.

**Property Valuation Fund** – To account for revenues provided by 2 percent of the property taxes received by the County to be used for appraisal programs presented by the County Assessor and approved by the majority of the County Commissioners. The fund is authorized by Section 7-38-38.1 NMSA 1978.

**Hospital Records** – To account for hospital operations. Financing is provided by miscellaneous sources and is restricted to hospital use. The fund was established in 1977 by action of the Lea County Commissioners after the hospitals were closed to continue collection on accounts receivable. This Fund is authorized by Section 7-20C, NMSA 1978.

**Lea County Event Center Stipulation** – To account for funds expended to complete construction of the Event Center and to receive interest from the non-expendable trust fund investments and use them to defray the cost of operating the Event Center. This fund was created as a result of the court ordered "stipulation for dismissal" in the litigation between certain plaintiffs and the Board of Commissioners of Lea County.

**Emergency Medical Service Funds** – To account for funds received from the state of New Mexico to be spent on emergency medical services equipment and operations for the Emergency Medical Services Departments as authorized by 24A-1, NMSA 1978.



## LEA COUNTY, NEW MEXICO

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### NON-MAJOR SPECIAL REVENUE FUNDS (continued)

**Law Enforcement Protection Fund** – To account for the state funds received for law enforcement training and equipment as specified in Section 29-13-1, NMSA 1978.

**Fire Excise Tax** – To account for revenues provided by the imposition of an excise tax to one-fourth of one percent of gross receipts of businesses doing business in the County. The excise tax was approved by the electorate of the County on July 12, 1990, with the tax effective January 1, 1991. The funds are to be used to finance capital outlay costs of Lea County's independent fire districts. This fund is authorized by Sections 7-20E, NMSA 1978.

**SAMHSA Grant** – To account for the female recidivism reduction program. This fund is authorized by PHS Act Section 501(D)(5).

**Convenience Centers** – To account for revenues provided by one-eighth of one percent of County environmental services gross receipts tax imposed by County Ordinance #59.

**QJJD-Juvenile** – To account for funds received from the U.S. Department of Justice, Office of Juvenile Justice Delinquency Prevention to provide to be spent on the provision of a Juvenile Behavioral Modification Program in the Lea County Detention Facility.

**Law Enforcement Block Grant** – To account for funds received from the U.S. Department of Justice, Bureau of Justice Assistance that are restricted to underwrite projects to reduce crime and improve public safety in accordance with the following purpose areas: law enforcement, enhancing security measures at locations deemed to be at risk for crime, establishing or supporting drug courts, enhancing the adjudication process of cases involving violent offenders, establishing a multi-jurisdictional task force, establishing cooperative crime prevention programs between community and law enforcement, and defraying the cost of indemnification insurance for law enforcement officers.

# LEA COUNTY, NEW MEXICO

Combining Balance Sheet  
 Non-major Special Revenue Funds  
 June 30, 2006

Statement B-1  
 Page 1 of 5

	Farm and Range	Recreation	County Clerk	Majamar Fire District	Knowles Fire District
<b>ASSETS</b>					
Cash and cash equivalents	\$ 7,135	\$ 16,801	\$ 67,561	\$ 126,893	\$ -
Due from other funds	-	-	-	-	-
Other receivables	-	-	-	-	-
<b>Total assets</b>	<b>\$ 7,135</b>	<b>\$ 16,801</b>	<b>\$ 67,561</b>	<b>\$ 126,893</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 435
Due to other funds	-	-	-	-	3,398
Deferred revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,833</b>
Fund balances:					
Reserved for fire districts	-	-	-	126,893	(3,833)
Unreserved	7,135	16,801	67,561	-	-
<b>Total fund balances</b>	<b>7,135</b>	<b>16,801</b>	<b>67,561</b>	<b>126,893</b>	<b>(3,833)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,135</b>	<b>\$ 16,801</b>	<b>\$ 67,561</b>	<b>\$ 126,893</b>	<b>\$ -</b>

The accompanying notes are an integral part of these statements.

**LEA COUNTY, NEW MEXICO**

**Combining Balance Sheet (continued)  
Non-major Special Revenue Funds  
June 30, 2006**

**Statement B-1  
Page 2 of 5**

	Airport Fire District	Monument Fire District	DWI	House Bill 198 Grant	Correction Fees
<b>ASSETS</b>					
Cash and cash equivalents	\$ 29,448	\$ 3,878	\$ 63,116	\$ 9,044	\$ 484,831
Due from other funds	-	-	-	-	-
Other receivables	-	-	-	-	-
<b>Total assets</b>	<b>\$ 29,448</b>	<b>\$ 3,878</b>	<b>\$ 63,116</b>	<b>\$ 9,044</b>	<b>\$ 484,831</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ 266	\$ 4,744	\$ -	\$ -
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>266</b>	<b>4,744</b>	<b>-</b>	<b>-</b>
Fund balances:					
Reserved for fire districts	29,448	3,612	-	-	-
Unreserved	-	-	58,372	9,044	484,831
<b>Total fund balances</b>	<b>29,448</b>	<b>3,612</b>	<b>58,372</b>	<b>9,044</b>	<b>484,831</b>
<b>Total liabilities and fund balances</b>	<b>\$ 29,448</b>	<b>\$ 3,878</b>	<b>\$ 63,116</b>	<b>\$ 9,044</b>	<b>\$ 484,831</b>

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

**LEA COUNTY, NEW MEXICO**

**Combining Balance Sheet (continued)  
Non-major Special Revenue Funds  
June 30, 2006**

**Statement B-1  
Page 3 of 5**

	<b>Paving District</b>	<b>Law Enforcement Block Grant</b>	<b>Property Valuation</b>	<b>Hospital Records</b>	<b>Lea County Event Center Stipulation</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 471,053	\$ 6	\$ 473,052	\$ -	\$ 34,995
Due from other funds	-	-	-	10	90,000
Other receivables	-	-	-	-	-
<b>Total assets</b>	<b>\$ 471,053</b>	<b>\$ 6</b>	<b>\$ 473,052</b>	<b>\$ 10</b>	<b>\$ 124,995</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 239	\$ -	\$ -
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>239</b>	<b>-</b>	<b>-</b>
Fund balances:					
Reserved for fire districts	-	-	-	-	-
Unreserved	471,053	6	472,813	10	124,995
<b>Total fund balances</b>	<b>471,053</b>	<b>6</b>	<b>472,813</b>	<b>10</b>	<b>124,995</b>
<b>Total liabilities and fund balances</b>	<b>\$ 471,053</b>	<b>\$ 6</b>	<b>\$ 473,052</b>	<b>\$ 10</b>	<b>\$ 124,995</b>

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

**LEA COUNTY, NEW MEXICO**

**Combining Balance Sheet (continued)  
Non-major Special Revenue Funds  
June 30, 2006**

**Statement B-1  
Page 4 of 5**

	<b>Knowles EMS Grant</b>	<b>Law Enforcement Project</b>	<b>Maljamar EMS Grant</b>	<b>Fire Excise Tax</b>	<b>Monument EMS Grant</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,206	\$ -	\$ 10,905	\$ 2,198,782	\$ 6,955
Due from other funds	-	-	-	-	-
Other receivables	-	-	-	6,796	-
<b>Total assets</b>	<b>\$ 3,206</b>	<b>\$ -</b>	<b>\$ 10,905</b>	<b>\$ 2,205,578</b>	<b>\$ 6,955</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:					
Reserved for fire districts	-	-	-	-	-
Unreserved	3,206	-	10,905	2,205,578	6,955
<b>Total fund balances</b>	<b>3,206</b>	<b>-</b>	<b>10,905</b>	<b>2,205,578</b>	<b>6,955</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,206</b>	<b>\$ -</b>	<b>\$ 10,905</b>	<b>\$ 2,205,578</b>	<b>\$ 6,955</b>

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

# LEA COUNTY, NEW MEXICO

Combining Balance Sheet (continued)  
 Non-major Special Revenue Funds  
 June 30, 2006

Statement B-1  
 Page 5 of 5

	SAMHSA Grant	Convenience Centers	Maintenance and Improvements	OJJDP- Juvenile	Total Non-Major Special Revenue Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 435,254	\$ -	\$ -	\$ 4,442,915
Due from other funds	-	-	-	-	90,010
Other receivables	131,466	164,530	-	76,896	379,688
<b>Total assets</b>	<b>\$ 131,466</b>	<b>\$ 599,784</b>	<b>\$ -</b>	<b>\$ 76,896</b>	<b>\$ 4,912,613</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ 1,096	\$ -	\$ -	\$ 6,780
Due to other funds	122,236	-	-	76,896	202,530
Deferred revenue	4,045	-	-	-	4,045
<b>Total liabilities</b>	<b>126,281</b>	<b>1,096</b>	<b>-</b>	<b>76,896</b>	<b>213,355</b>
Fund balances:					
Reserved for fire districts	-	-	-	-	156,120
Unreserved	5,185	598,688	-	-	4,543,138
<b>Total fund balances</b>	<b>5,185</b>	<b>598,688</b>	<b>-</b>	<b>-</b>	<b>4,699,258</b>
<b>Total liabilities and fund balances</b>	<b>\$ 131,466</b>	<b>\$ 599,784</b>	<b>\$ -</b>	<b>\$ 76,896</b>	<b>\$ 4,912,613</b>

The accompanying notes are an integral part of these statements.

# LEA COUNTY, NEW MEXICO

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-major Special Revenue Funds For the Year Ended June 30, 2006

Statement B-2  
Page 1 of 5

	Farm and Range	Recreation	County Clerk	Maljamar Fire District	Knowles Fire District
<b>REVENUES</b>					
Sales and miscellaneous taxes	\$ -	\$ 50	\$ -	\$ -	\$ -
Licenses and permits	-	-	63,463	-	-
Intergovernmental	17,135	-	-	35,802	35,802
Charges for services	-	-	-	-	-
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	-	2,854	28,990
<b>Total revenues</b>	<b>17,135</b>	<b>50</b>	<b>63,463</b>	<b>38,656</b>	<b>64,792</b>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	200	13,490	68,060
Public safety	-	-	-	-	-
Culture and recreation	-	14,092	-	-	-
Farm and range	60,000	-	-	-	-
Capital outlay	-	-	72,477	-	-
<b>Total expenditures</b>	<b>60,000</b>	<b>14,092</b>	<b>72,677</b>	<b>13,490</b>	<b>68,060</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(42,865)</b>	<b>(14,042)</b>	<b>(9,214)</b>	<b>25,166</b>	<b>(3,268)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	50,000	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>7,135</b>	<b>(14,042)</b>	<b>(9,214)</b>	<b>25,166</b>	<b>(3,268)</b>
<b>Fund balances - beginning of year</b>	<b>-</b>	<b>30,843</b>	<b>76,775</b>	<b>101,727</b>	<b>(565)</b>
<b>Fund balances - end of year</b>	<b>\$ 7,135</b>	<b>\$ 16,801</b>	<b>\$ 67,561</b>	<b>\$ 126,893</b>	<b>\$ (3,833)</b>

The accompanying notes are an integral part of these statements.

**LEA COUNTY, NEW MEXICO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)**  
**Non-major Special Revenue Funds**  
**For the Year Ended June 30, 2006**

Page 2 of 5

	Airport Fire District	Monument Fire District	DWI	House Bill 198 Grant	Correction Fees
<b>REVENUES</b>					
Sales and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	21,850	-	-
Intergovernmental	-	35,804	334,752	-	113,670
Charges for services	-	-	-	-	-
Investment earnings	-	-	-	-	-
Miscellaneous	-	13,708	140	-	-
<b>Total revenues</b>	<b>-</b>	<b>49,512</b>	<b>356,742</b>	<b>-</b>	<b>113,670</b>
<b>EXPENDITURES</b>					
Current:					
General government	2,306	44,970	374,566	-	-
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Farm and range	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>2,306</b>	<b>44,970</b>	<b>374,566</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(2,306)</b>	<b>4,542</b>	<b>(17,824)</b>	<b>-</b>	<b>113,670</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	(73,943)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(73,943)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(2,306)</b>	<b>4,542</b>	<b>(91,767)</b>	<b>-</b>	<b>113,670</b>
<b>Fund balances - beginning of year</b>	<b>31,754</b>	<b>(930)</b>	<b>150,139</b>	<b>9,044</b>	<b>371,161</b>
<b>Fund balances - end of year</b>	<b>\$ 29,448</b>	<b>\$ 3,612</b>	<b>\$ 58,372</b>	<b>\$ 9,044</b>	<b>\$ 484,831</b>

The accompanying notes are an integral part of these statements.



**LEA COUNTY, NEW MEXICO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)**  
**Non-major Special Revenue Funds**  
**For the Year Ended June 30, 2006**

Page 3 of 5

	Paving District	Law Enforcement Block Grant	Property Valuation	Hospital Records	Lea County Event Center Stipulation
<b>REVENUES</b>					
Sales and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	137,546	-	-
Investment earnings	-	-	-	-	30,598
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>137,546</b>	<b>-</b>	<b>30,598</b>
<b>EXPENDITURES</b>					
Current:					
General government	-	9,125	36,233	-	-
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Farm and range	-	-	-	-	-
Capital outlay	-	-	2,539	-	-
<b>Total expenditures</b>	<b>-</b>	<b>9,125</b>	<b>38,772</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>(9,125)</b>	<b>98,774</b>	<b>-</b>	<b>30,598</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	9,131	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>9,131</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>6</b>	<b>98,774</b>	<b>-</b>	<b>30,598</b>
<b>Fund balances - beginning of year</b>	<b>471,053</b>	<b>-</b>	<b>374,039</b>	<b>10</b>	<b>94,397</b>
<b>Fund balances - end of year</b>	<b>\$ 471,053</b>	<b>\$ 6</b>	<b>\$ 472,813</b>	<b>\$ 10</b>	<b>\$ 124,995</b>

The accompanying notes are an integral part of these statements.

# LEA COUNTY, NEW MEXICO

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Non-major Special Revenue Funds For the Year Ended June 30, 2006

Page 4 of 5

	Knowles EMS Grant	Law Enforcement Project	Maljamar EMS Grant	Fire Excise Tax	Monument EMS Grant
<b>REVENUES</b>					
Sales and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	6,314	53,152	2,639	-	6,435
Charges for services	-	-	-	-	-
Investment earnings	-	-	-	71,958	-
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<b>6,314</b>	<b>53,152</b>	<b>2,639</b>	<b>71,958</b>	<b>6,435</b>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	6,556	-
Public safety	4,800	51,420	1,938	-	4,077
Culture and recreation	-	-	-	-	-
Farm and range	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>4,800</b>	<b>51,420</b>	<b>1,938</b>	<b>6,556</b>	<b>4,077</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,514</b>	<b>1,732</b>	<b>701</b>	<b>65,402</b>	<b>2,358</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	260	-	-	-
Transfers out	-	(17,184)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(16,924)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>1,514</b>	<b>(15,192)</b>	<b>701</b>	<b>65,402</b>	<b>2,358</b>
<b>Fund balances - beginning of year</b>	<b>1,692</b>	<b>15,192</b>	<b>10,204</b>	<b>2,140,176</b>	<b>4,597</b>
<b>Fund balances - end of year</b>	<b>\$ 3,206</b>	<b>\$ -</b>	<b>\$ 10,905</b>	<b>\$ 2,205,578</b>	<b>\$ 6,955</b>

The accompanying notes are an integral part of these statements.

**LEA COUNTY, NEW MEXICO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)**  
**Non-major Special Revenue Funds**  
**For the Year Ended June 30, 2006**

	SAMHSA Grant	Convenience Centers	Maintenance and Improvements	OJJDP- Juvenile	Total Non-Major Special Revenue Funds
<b>REVENUES</b>					
Sales and miscellaneous taxes	\$ -	\$ 955,182	\$ -	\$ -	\$ 955,232
Licenses and permits	-	-	-	-	85,313
Intergovernmental	198,201	-	-	184,238	1,023,944
Charges for services	-	-	-	-	137,546
Investment earnings	-	-	-	-	102,556
Miscellaneous	-	-	-	-	45,692
<b>Total revenues</b>	<b>198,201</b>	<b>955,182</b>	<b>-</b>	<b>184,238</b>	<b>2,350,283</b>
<b>EXPENDITURES</b>					
Current:					
General government	-	576,025	-	184,238	1,315,769
Public safety	214,804	-	-	-	277,039
Culture and recreation	-	-	-	-	14,092
Farm and range	-	-	-	-	60,000
Capital outlay	-	-	-	-	75,016
<b>Total expenditures</b>	<b>214,804</b>	<b>576,025</b>	<b>-</b>	<b>184,238</b>	<b>1,741,916</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(16,603)</b>	<b>379,157</b>	<b>-</b>	<b>-</b>	<b>608,367</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	59,391
Transfers out	-	-	-	-	(91,127)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(31,736)</b>
<b>Net change in fund balances</b>	<b>(16,603)</b>	<b>379,157</b>	<b>-</b>	<b>-</b>	<b>576,631</b>
<b>Fund balances - beginning of year</b>	<b>21,788</b>	<b>219,531</b>	<b>-</b>	<b>-</b>	<b>4,122,627</b>
<b>Fund balances - end of year</b>	<b>\$ 5,185</b>	<b>\$ 598,688</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,699,258</b>

The accompanying notes are an integral part of these statements.

# LEA COUNTY, NEW MEXICO

## Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (with Variances) Farm and Range For the Year Ended June 30, 2006

Statement B-3

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 14,500	\$ 14,500	\$ 17,135	\$ 2,635
<b>Total revenues</b>	<b>14,500</b>	<b>14,500</b>	<b>17,135</b>	<b>2,635</b>
<b>EXPENDITURES</b>				
Farm and Range	60,000	60,000	60,000	-
<b>Total expenditures</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(45,500)</b>	<b>(45,500)</b>	<b>(42,865)</b>	<b>\$ 2,635</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	50,000	50,000	50,000	
<b>Total other financing sources and (uses)</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	
<b>Net change in fund balances</b>	<b>\$ 4,500</b>	<b>\$ 4,500</b>	<b>7,135</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
<b>Net change in fund balance</b>			<b>\$ 7,135</b>	

The accompanying notes are an integral part of these statements.

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (with Variances)  
Recreation  
For the Year Ended June 30, 2006**

**Statement B-4**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Sales and miscellaneous taxes	\$ -	\$ -	\$ 50	\$ 50
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>50</b>
<b>EXPENDITURES</b>				
Culture and recreation	27,000	27,000	14,294	12,706
<b>Total expenditures</b>	<b>27,000</b>	<b>27,000</b>	<b>14,294</b>	<b>12,706</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(27,000)</b>	<b>(27,000)</b>	<b>(14,244)</b>	<b>\$ 12,756</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Prior year cash balance	31,045	31,045	-	
<b>Total other financing sources and (uses)</b>	<b>31,045</b>	<b>31,045</b>	<b>-</b>	
<b>Net change in fund balances</b>	<b>\$ 4,045</b>	<b>\$ 4,045</b>	<b>(14,244)</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Decrease in accounts payable			202	
<b>Net change in fund balance</b>			<b>\$ (14,042)</b>	

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

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (with Variances)  
County Clerk  
For the Year Ended June 30, 2006**

**Statement B-5**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>				
Licenses and permits	\$ 60,000	\$ 60,000	\$ 63,462	\$ 3,462
<b>Total revenues</b>	<b>60,000</b>	<b>60,000</b>	<b>63,462</b>	<b>3,462</b>
<b>EXPENDITURES</b>				
General government	1,000	1,100	1,099	1
Capital Outlay	68,000	72,800	72,477	323
<b>Total expenditures</b>	<b>69,000</b>	<b>73,900</b>	<b>73,576</b>	<b>324</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(9,000)</b>	<b>(13,900)</b>	<b>(10,114)</b>	<b>\$ 3,786</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Prior year cash balance	77,674	77,674	-	
<b>Total other financing sources and (uses)</b>	<b>77,674</b>	<b>77,674</b>	<b>-</b>	
<b>Net change in fund balances</b>	<b>\$ 68,674</b>	<b>\$ 63,774</b>	<b>(10,114)</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in accounts payable			900	
<b>Net change in fund balance</b>			<b>\$ (9,214)</b>	

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

# LEA COUNTY, NEW MEXICO

## Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (with Variances) Maljamar Fire District For the Year Ended June 30, 2006

Statement B-6

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 32,548	\$ 32,548	\$ 35,803	\$ 3,255
Miscellaneous	-	-	2,854	2,854
<b>Total revenues</b>	<b>32,548</b>	<b>32,548</b>	<b>38,657</b>	<b>6,109</b>
<b>EXPENDITURES</b>				
General government	32,548	32,548	13,996	18,552
<b>Total expenditures</b>	<b>32,548</b>	<b>32,548</b>	<b>13,996</b>	<b>18,552</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>24,661</b>	<b>\$ 24,661</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Prior year cash balance	102,233	102,233	-	
<b>Total other financing sources and (uses)</b>	<b>102,233</b>	<b>102,233</b>	<b>-</b>	
<b>Net change in fund balances</b>	<b>\$ 102,233</b>	<b>\$ 102,233</b>	<b>24,661</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in accounts payable			505	
<b>Net change in fund balance</b>			<b>\$ 25,166</b>	

The accompanying notes are an integral part of these statements.

# LEA COUNTY, NEW MEXICO

## Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (with Variances) Knowles Fire District For the Year Ended June 30, 2006

Statement B-7

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 32,548	\$ 32,548	\$ 35,803	\$ 3,255
Miscellaneous	370	370	28,990	28,620
<b>Total revenues</b>	<b>32,918</b>	<b>32,918</b>	<b>64,793</b>	<b>31,875</b>
<b>EXPENDITURES</b>				
General government	32,248	68,300	68,190	110
<b>Total expenditures</b>	<b>32,248</b>	<b>68,300</b>	<b>68,190</b>	<b>110</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>670</b>	<b>(35,382)</b>	<b>(3,397)</b>	<b>\$ 31,985</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
<b>Total other financing sources and (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 670</b>	<b>\$ (35,382)</b>	<b>(3,397)</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in accounts payable			129	
<b>Net change in fund balance</b>			<b>\$ (3,268)</b>	

The accompanying notes are an integral part of these statements.



# LEA COUNTY, NEW MEXICO

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (with Variances)  
Airport Fire District  
For the Year Ended June 30, 2006**

**Statement B-8**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 29,120	\$ 29,120	\$ -	\$ (29,120)
<b>Total revenues</b>	<b>29,120</b>	<b>29,120</b>	<b>-</b>	<b>(29,120)</b>
<b>EXPENDITURES</b>				
General government	29,120	29,120	2,306	26,814
Capital Outlay	30,000	30,000	-	30,000
<b>Total expenditures</b>	<b>59,120</b>	<b>59,120</b>	<b>2,306</b>	<b>56,814</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(30,000)</b>	<b>(30,000)</b>	<b>(2,306)</b>	<b>\$ 27,694</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Prior year cash balance	31,754	31,754	-	
<b>Total other financing sources and (uses)</b>	<b>31,754</b>	<b>31,754</b>	<b>-</b>	
<b>Net change in fund balances</b>	<b>\$ 1,754</b>	<b>\$ 1,754</b>	<b>(2,306)</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
<b>Net change in fund balance</b>			<b>\$ (2,306)</b>	

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

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (with Variances)  
Monument Fire District  
For the Year Ended June 30, 2006**

**Statement B-9**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 32,548	\$ 32,548	\$ 35,804	\$ 3,256
Miscellaneous	-	-	13,708	13,708
<b>Total revenues</b>	<b>32,548</b>	<b>32,548</b>	<b>49,512</b>	<b>16,964</b>
<b>EXPENDITURES</b>				
General government	57,548	71,548	45,632	25,916
<b>Total expenditures</b>	<b>57,548</b>	<b>71,548</b>	<b>45,632</b>	<b>25,916</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(25,000)</b>	<b>(39,000)</b>	<b>3,880</b>	<b>\$ 42,880</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Prior year cash balance	-	-	-	-
Transfers in	55,000	55,000	-	-
<b>Total other financing sources and (uses)</b>	<b>55,000</b>	<b>55,000</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 30,000</b>	<b>\$ 16,000</b>	<b>3,880</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Decrease in accounts payable			662	
<b>Net change in fund balance</b>			<b>\$ 4,542</b>	

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

# LEA COUNTY, NEW MEXICO

## Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (with Variances) DWI For the Year Ended June 30, 2006

Statement B-10

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>				
Licenses and permits	\$ 15,000	\$ 15,000	\$ 21,850	\$ 6,850
Intergovernmental	357,802	357,802	335,036	(22,766)
Miscellaneous	-	-	140	140
<b>Total revenues</b>	<b>372,802</b>	<b>372,802</b>	<b>357,026</b>	<b>(15,776)</b>
<b>EXPENDITURES</b>				
General government	357,802	372,472	370,384	2,088
<b>Total expenditures</b>	<b>357,802</b>	<b>372,472</b>	<b>370,384</b>	<b>2,088</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>15,000</b>	<b>330</b>	<b>(13,358)</b>	<b>\$ (13,688)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Prior year cash balance	150,415	150,415	-	
Transfers out	-	-	(73,943)	
<b>Total other financing sources and (uses)</b>	<b>150,415</b>	<b>150,415</b>	<b>(73,943)</b>	
<b>Net change in fund balances</b>	<b>\$ 165,415</b>	<b>\$ 150,745</b>	<b>(87,301)</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in other receivables			(284)	
Increase in accounts payable			(4,182)	
<b>Net change in fund balance</b>			<b>\$ (91,767)</b>	

The accompanying notes are an integral part of these statements.

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual (with Variances)  
 House Bill 198 Grant  
 For the Year Ended June 30, 2006**

**Statement B-11**

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Total revenues	-	-	-	-
<b>EXPENDITURES</b>	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	\$ -
<b>OTHER FINANCING SOURCES (USES)</b>				
Prior year cash balance	9,044	9,044	-	
Total other financing sources and (uses)	9,044	9,044	-	
Net change in fund balances	\$ 9,044	\$ 9,044	-	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Net change in fund balance			\$ -	

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

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (with Variances)  
Correction Fees  
For the Year Ended June 30, 2006**

**Statement B-12**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 140,000	\$ 140,000	\$ 113,670	\$ (26,330)
<b>Total revenues</b>	<b>140,000</b>	<b>140,000</b>	<b>113,670</b>	<b>(26,330)</b>
<b>EXPENDITURES</b>				
	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>140,000</b>	<b>140,000</b>	<b>113,670</b>	<b>\$ (26,330)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Prior year cash balance	371,161	371,161	-	
<b>Total other financing sources and (uses)</b>	<b>371,161</b>	<b>371,161</b>	<b>-</b>	
<b>Net change in fund balances</b>	<b>\$ 511,161</b>	<b>\$ 511,161</b>	<b>113,670</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
<b>Net change in fund balance</b>			<b>\$ 113,670</b>	

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

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (with Variances)  
Paving District  
For the Year Ended June 30, 2006**

**Statement B-13**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Property taxes	\$ 1,500	\$ 1,500	\$ -	\$ (1,500)
Investment earnings	250	250	-	(250)
<b>Total revenues</b>	<b>1,750</b>	<b>1,750</b>	<b>-</b>	<b>(1,750)</b>
<b>EXPENDITURES</b>				
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,750</b>	<b>1,750</b>	<b>-</b>	<b>\$ (1,750)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Prior year cash balance	471,053	471,053	-	
<b>Total other financing sources and (uses)</b>	<b>471,053</b>	<b>471,053</b>	<b>-</b>	
<b>Net change in fund balances</b>	<b>\$ 472,803</b>	<b>\$ 472,803</b>	<b>-</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Net change in fund balance			<u>\$ -</u>	

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

# LEA COUNTY, NEW MEXICO

## Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (with Variances) Law Enforcement Block Grant For the Year Ended June 30, 2006

Statement B-14

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>				
Sales and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES</b>				
Current:				
General government	-	9,131	9,125	6
Public safety	-	-	-	-
Highways and roads	-	-	-	-
Health and sanitation	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>9,131</b>	<b>9,125</b>	<b>6</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>-</b>	<b>(9,131)</b>	<b>(9,125)</b>	<b>\$ 6</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Prior year cash balance	-	-	-	-
<b>Total other financing sources and (uses)</b>	<b>-</b>	<b>-</b>	<b>9,131</b>	
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ (9,131)</b>	<b>6</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in other receivables			-	
Increase in accounts payable			-	
<b>Net change in fund balance</b>			<b>\$ 6</b>	

The accompanying notes are an integral part of these statements.

# LEA COUNTY, NEW MEXICO

## Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (with Variances) Property Valuation For the Year Ended June 30, 2006

Statement B-15

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 100,000	\$ 100,000	\$ 137,547	\$ 37,547
<b>Total revenues</b>	<b>100,000</b>	<b>100,000</b>	<b>137,547</b>	<b>37,547</b>
<b>EXPENDITURES</b>				
General government	40,265	41,105	37,329	3,776
Capital Outlay	40,000	40,000	2,539	37,461
<b>Total expenditures</b>	<b>80,265</b>	<b>81,105</b>	<b>39,868</b>	<b>41,237</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>19,735</b>	<b>18,895</b>	<b>97,679</b>	<b>\$ 78,784</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Prior year cash balance	375,374	375,374	-	
<b>Total other financing sources and (uses)</b>	<b>375,374</b>	<b>375,374</b>	<b>-</b>	
<b>Net change in fund balances</b>	<b>\$ 395,109</b>	<b>\$ 394,269</b>	<b>97,679</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in accounts payable			1,095	
<b>Net change in fund balance</b>			<b>\$ 98,774</b>	

The accompanying notes are an integral part of these statements.



**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (with Variances)  
Lea County Event Center Stipulation  
For the Year Ended June 30, 2006**

**Statement B-17**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>				
Investment earnings	\$ 28,000	\$ 28,000	\$ 30,598	\$ 2,598
<b>Total revenues</b>	<b>28,000</b>	<b>28,000</b>	<b>30,598</b>	<b>2,598</b>
<b>EXPENDITURES</b>				
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>28,000</b>	<b>28,000</b>	<b>30,598</b>	<b>\$ 2,598</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Prior year cash balance	4,397	4,397	-	
<b>Total other financing sources and (uses)</b>	<b>4,397</b>	<b>4,397</b>	<b>-</b>	
<b>Net change in fund balances</b>	<b>\$ 32,397</b>	<b>\$ 32,397</b>	<b>30,598</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
<b>Net change in fund balance</b>			<b>\$ 30,598</b>	

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

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (with Variances)  
Knowles EMS Grant  
For the Year Ended June 30, 2006**

**Statement B-18**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 5,759	\$ 5,759	\$ 5,759	\$ -
<b>Total revenues</b>	<b>5,759</b>	<b>5,759</b>	<b>5,759</b>	<b>-</b>
<b>EXPENDITURES</b>				
Public safety	5,759	6,313	5,496	817
<b>Total expenditures</b>	<b>5,759</b>	<b>6,313</b>	<b>5,496</b>	<b>817</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>(554)</b>	<b>263</b>	<b>\$ 817</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Prior year cash balance	2,943	2,943	-	
<b>Total other financing sources and (uses)</b>	<b>2,943</b>	<b>2,943</b>	<b>-</b>	
<b>Net change in fund balances</b>	<b>\$ 2,943</b>	<b>\$ 2,389</b>	<b>263</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in deferred revenue			555	
Increase in accounts payable			696	
<b>Net change in fund balance</b>			<b>\$ 1,514</b>	

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

# LEA COUNTY, NEW MEXICO

## Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (with Variances) Law Enforcement Project For the Year Ended June 30, 2006

Statement B-19

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 45,000	\$ 45,000	\$ 44,600	\$ (400)
<b>Total revenues</b>	<b>45,000</b>	<b>45,000</b>	<b>44,600</b>	<b>(400)</b>
<b>EXPENDITURES</b>				
Public safety	45,000	55,180	54,875	305
<b>Total expenditures</b>	<b>45,000</b>	<b>55,180</b>	<b>54,875</b>	<b>305</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>(10,180)</b>	<b>(10,275)</b>	<b>\$ (95)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Prior year cash balance	27,200	27,200	-	
Transfers in	-	-	260	
Transfers out	-	-	(17,184)	
<b>Total other financing sources and (uses)</b>	<b>27,200</b>	<b>27,200</b>	<b>(16,924)</b>	
<b>Net change in fund balances</b>	<b>\$ 27,200</b>	<b>\$ 17,020</b>	<b>(27,199)</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in accounts payable			3,455	
Increase in deferred revenue			8,552	
<b>Net change in fund balance</b>			<b>\$ (15,192)</b>	

The accompanying notes are an integral part of these statements.

# LEA COUNTY, NEW MEXICO

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (with Variances)  
Maljamar EMS Grant  
For the Year Ended June 30, 2006**

Statement B-20

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 2,700	\$ 2,700	\$ 2,700	\$ -
<b>Total revenues</b>	<b>2,700</b>	<b>2,700</b>	<b>2,700</b>	<b>-</b>
<b>EXPENDITURES</b>				
Public safety	2,700	2,700	1,938	762
<b>Total expenditures</b>	<b>2,700</b>	<b>2,700</b>	<b>1,938</b>	<b>762</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>762</b>	<b>\$ 762</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Prior year cash balance	10,143	10,143	-	
<b>Total other financing sources and (uses)</b>	<b>10,143</b>	<b>10,143</b>	<b>-</b>	
<b>Net change in fund balances</b>	<b>\$ 10,143</b>	<b>\$ 10,143</b>	<b>762</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in other receivables			(61)	
<b>Net change in fund balance</b>			<b>\$ 701</b>	

The accompanying notes are an integral part of these statements.

# LEA COUNTY, NEW MEXICO

## Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (with Variances) Fire Excise Tax For the Year Ended June 30, 2006

Statement B-21

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>				
Investment earnings	\$ 22,200	\$ 22,200	\$ 76,064	\$ 53,864
<b>Total revenues</b>	<b>22,200</b>	<b>22,200</b>	<b>76,064</b>	<b>53,864</b>
<b>EXPENDITURES</b>				
General government	21,000	21,200	7,187	14,013
<b>Total expenditures</b>	<b>21,000</b>	<b>21,200</b>	<b>7,187</b>	<b>14,013</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,200</b>	<b>1,000</b>	<b>68,877</b>	<b>\$ 67,877</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Prior year cash balance	2,129,903	2,129,903	-	
<b>Total other financing sources and (uses)</b>	<b>2,129,903</b>	<b>2,129,903</b>	<b>-</b>	
<b>Net change in fund balances</b>	<b>\$ 2,131,103</b>	<b>\$ 2,130,903</b>	<b>68,877</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in interest receivable			(4,108)	
Increase in accounts payable			633	
<b>Net change in fund balance</b>			<b>\$ 65,402</b>	

The accompanying notes are an integral part of these statements.

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (with Variances)  
Monument EMS Grant  
For the Year Ended June 30, 2006**

**Statement B-22**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 5,938	\$ 5,938	\$ 5,939	\$ 1
<b>Total revenues</b>	<b>5,938</b>	<b>5,938</b>	<b>5,939</b>	<b>1</b>
<b>EXPENDITURES</b>				
Public safety	5,938	6,432	4,077	2,355
<b>Total expenditures</b>	<b>5,938</b>	<b>6,432</b>	<b>4,077</b>	<b>2,355</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>(494)</b>	<b>1,862</b>	<b>\$ 2,356</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Prior year cash balance	5,093	5,093	-	
<b>Total other financing sources and (uses)</b>	<b>5,093</b>	<b>5,093</b>	<b>-</b>	
<b>Net change in fund balances</b>	<b>\$ 5,093</b>	<b>\$ 4,599</b>	<b>1,862</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in deferred revenue			496	
<b>Net change in fund balance</b>			<b>\$ 2,358</b>	

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

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (with Variances)  
SAMHSA Grant  
For the Year Ended June 30, 2006**

**Statement B-23**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 384,403	\$ 384,403	\$ 104,712	\$ (279,691)
<b>Total revenues</b>	<b>384,403</b>	<b>384,403</b>	<b>104,712</b>	<b>(279,691)</b>
<b>EXPENDITURES</b>				
Public safety	316,018	316,175	214,804	101,371
<b>Total expenditures</b>	<b>316,018</b>	<b>316,175</b>	<b>214,804</b>	<b>101,371</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>68,385</b>	<b>68,228</b>	<b>(110,092)</b>	<b>\$ (178,320)</b>
<b>Net change in fund balances</b>	<b>\$ 68,385</b>	<b>\$ 68,228</b>	<b>(110,092)</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in deferred revenue			(4,045)	
Increase in other receivables			97,534	
<b>Net change in fund balance</b>			<b>\$ (16,603)</b>	

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

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (with Variances)  
Convenience Centers  
For the Year Ended June 30, 2006**

**Statement B-24**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Sales and miscellaneous taxes	\$ 500,000	\$ 500,000	\$ 916,644	\$ 416,644
<b>Total revenues</b>	<b>500,000</b>	<b>500,000</b>	<b>916,644</b>	<b>416,644</b>
<b>EXPENDITURES</b>				
Current:				
General government	553,100	575,650	575,332	318
<b>Total expenditures</b>	<b>553,100</b>	<b>575,650</b>	<b>575,332</b>	<b>318</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(53,100)</b>	<b>(75,650)</b>	<b>341,312</b>	<b>\$ 416,962</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Prior year cash balance	93,941	93,941	-	
<b>Total other financing sources and (uses)</b>	<b>93,941</b>	<b>93,941</b>	<b>-</b>	
<b>Net change in fund balances</b>	<b>\$ 40,841</b>	<b>\$ 18,291</b>	<b>341,312</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in accounts payable			(693)	
Increase in other receivables			38,538	
<b>Net change in fund balance</b>			<b>\$ 379,157</b>	

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



# LEA COUNTY, NEW MEXICO

## Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (with Variances) OJJDP-Juvenile For the Year Ended June 30, 2006

Statement B-26

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 1,845	\$ 1,845	\$ 107,342	\$ 105,497
<b>Total revenues</b>	<b>1,845</b>	<b>1,845</b>	<b>107,342</b>	<b>105,497</b>
<b>EXPENDITURES</b>				
Current:				
General government	-	184,500	184,238	262
<b>Total expenditures</b>	<b>-</b>	<b>184,500</b>	<b>184,238</b>	<b>262</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,845</b>	<b>(182,655)</b>	<b>(76,896)</b>	<b>\$ 105,759</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
<b>Total other financing sources and (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Net change in fund balances</b>	<b>\$ 1,845</b>	<b>\$ (182,655)</b>	<b>(76,896)</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in other receivables			76,896	
<b>Net change in fund balance</b>			<b>\$ -</b>	

The accompanying notes are an integral part of these statements.

## LEA COUNTY, NEW MEXICO

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### NON-MAJOR CAPITAL PROJECTS FUNDS

**Bond Acquisition Fund** – To account for financial resources to be used for the acquisition or construction of major capital facilities financed by bond proceeds.

**LEA COUNTY, NEW MEXICO**

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**Combining Balance Sheet  
Non-major Capital Projects Funds  
June 30, 2006**

**Statement C-1**

	<u><b>Bond Acquisition</b></u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ -
<b>Total assets</b>	<u>\$ -</u>
 <b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	\$ -
<b>Total liabilities</b>	<u>-</u>
Fund balances:	
Reserved for:	
Construction projects	<u>-</u>
<b>Total fund balances</b>	<u>-</u>
<b>Total liabilities and fund balances</b>	<u>\$ -</u>

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

**LEA COUNTY, NEW MEXICO**

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**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-major Capital Projects Funds  
For the Year Ended June 30, 2006**

**Statement C-2**

	<u>Bond Acquisition</u>
<b>REVENUES</b>	
Investment earnings	\$ -
<b>Total revenues</b>	<u>-</u>
<b>EXPENDITURES</b>	
<b>Total expenditures</b>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
<b>Total other financing sources (uses)</b>	<u>-</u>
<b>Net change in fund balances</b>	-
<b>Fund balances - beginning of year</b>	<u>-</u>
<b>Fund balances - end of year</b>	<u>\$ -</u>

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

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (with Variances)  
Bond Acquisition  
For the Year Ended June 30, 2006**

**Statement C-3**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES</b>				
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ -</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Prior year cash balance	0	0	-	
Transfers out	-	-	-	
<b>Total other financing sources and (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
<b>Net change in fund balance</b>			<b>\$ -</b>	

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

## LEA COUNTY, NEW MEXICO

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### DEBT SERVICE FUNDS

**Gross Receipts Reserve** – To account for the required reserve amount per the bond agreement.

**Detention Bond Reserve** – To account for the required reserve amount per the bond agreement.

**Gross Receipts Debt Service Fund** – To account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources provided by gross receipts tax revenue bonds.

**LEA COUNTY, NEW MEXICO**

**Combining Balance Sheet  
Debt Service Funds  
June 30, 2006**

**Statement D-1**

	<b>Gross Receipts Reserve</b>	<b>Detention Bond Reserve</b>	<b>Gross Receipts Debt Service</b>	<b>Total Non- Major Debt Service Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 1,177,205	\$ -	\$ 1,177,205
Other receivables	-	-	523,261	523,261
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 1,177,205</b>	<b>\$ 523,261</b>	<b>\$ 1,700,466</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:	\$ -	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:				
Reserved	-	1,177,205	523,261	1,700,466
<b>Total fund balances</b>	<b>-</b>	<b>1,177,205</b>	<b>523,261</b>	<b>1,700,466</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 1,177,205</b>	<b>\$ 523,261</b>	<b>\$ 1,700,466</b>

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

**LEA COUNTY, NEW MEXICO**

**Combing Statement of Revenues, Expenditures and Changes in Fund Balances  
Debt Service Funds  
For the Year Ended June 30, 2006**

**Statement D-2**

	<b>Gross Receipts Reserve</b>	<b>Detention Bond Reserve</b>	<b>Gross Receipts Debt Service</b>	<b>Total Non-major Debt Service Funds</b>
<b>REVENUES</b>				
Sales and miscellaneous taxes	\$ -	\$ -	\$ 2,945,944	\$ 2,945,944
Investment earnings	-	-	92,695	92,695
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>3,038,639</b>	<b>3,038,639</b>
<b>EXPENDITURES</b>				
Interest and other charges	-	-	587,205	587,205
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>587,205</b>	<b>587,205</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>2,451,434</b>	<b>2,451,434</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	(2,350,891)	(2,350,891)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(2,350,891)</b>	<b>(2,350,891)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>100,543</b>	<b>100,543</b>
<b>Fund balances - beginning of year</b>	<b>-</b>	<b>1,177,205</b>	<b>422,718</b>	<b>1,599,923</b>
<b>Fund balances - end of year</b>	<b>\$ -</b>	<b>\$ 1,177,205</b>	<b>\$ 523,261</b>	<b>\$ 1,700,466</b>

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



**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (with Variances)  
Gross Receipts Reserve  
For the Year Ended June 30, 2006**

**Statement D-3**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over     expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ -</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Prior year cash balance	-	-	-	
Transfers out	-	-	-	
<b>Total other financing sources and (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
<b>Net change in fund balance</b>			<b>\$ -</b>	

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

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (with Variances)  
Detention Bond Reserve  
For the Year Ended June 30, 2006**

**Statement D-4**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Total revenues	-	-	-	-
<b>EXPENDITURES</b>	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	\$ -
<b>OTHER FINANCING SOURCES (USES)</b>				
Prior year cash balance	1,177,205	1,177,205	-	
Total other financing sources and (uses)	1,177,205	1,177,205	-	
Net change in fund balances	\$ 1,177,205	\$ 1,177,205	-	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Net change in fund balance			\$ -	

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

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (with Variances)  
Gross Receipts Debt Service  
For the Year Ended June 30, 2006**

**Statement D-5**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Sales and miscellaneous taxes	\$ 2,000,000	\$ 2,000,000	\$ 2,845,400	\$ 845,400
Investment earnings	30,000	30,000	92,696	62,696
<b>Total revenues</b>	<b>2,030,000</b>	<b>2,030,000</b>	<b>2,938,096</b>	<b>908,096</b>
<b>EXPENDITURES</b>				
Principal	590,000	590,000	-	590,000
Interest and other charges	587,205	587,205	587,205	-
<b>Total expenditures</b>	<b>1,177,205</b>	<b>1,177,205</b>	<b>587,205</b>	<b>590,000</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>852,795</b>	<b>852,795</b>	<b>2,350,891</b>	<b>\$ 1,498,096</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Prior year cash balance	-	-	-	
Transfers out	-	-	(2,350,891)	
<b>Total other financing sources and (uses)</b>	<b>-</b>	<b>-</b>	<b>(2,350,891)</b>	
<b>Net change in fund balances</b>	<b>\$ 852,795</b>	<b>\$ 852,795</b>	<b>-</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in taxes receivable (excluding property tax)			100,543	
<b>Net change in fund balance</b>			<b>\$ 100,543</b>	

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

## LEA COUNTY, NEW MEXICO

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### PERMANENT FUND

**Lea County Event Center Permanent Fund** – To account for funds permanently restricted by a court-ordered stipulation agreement, subsequent to the completion of construction of the Lea County Event Center.

**LEA COUNTY, NEW MEXICO**

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**Combining Balance Sheet  
Non-major Permanent Fund  
June 30, 2006**

**Statement E-1**

	<u>Lea County Event Center Permanent</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,443,125
<b>Total assets</b>	<u>\$ 1,443,125</u>
 <b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Due to other funds	\$ 90,000
<b>Total liabilities</b>	<u>90,000</u>
Fund balances:	
Restricted	<u>1,353,125</u>
<b>Total fund balances</b>	<u>1,353,125</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,443,125</u>

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

**LEA COUNTY, NEW MEXICO**

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**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Permanent Fund**  
**For the Year Ended June 30, 2006**

**Statement E-2**

	<u>Lea County Event Center Permanent</u>
<b>REVENUES</b>	<u>\$ -</u>
Total revenues	<u>-</u>
<b>EXPENDITURES</b>	<u>-</u>
Total expenditures	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>
 Net change in fund balances	 -
Fund balances - beginning of year	<u>1,353,125</u>
Fund balances - end of year	<u>\$ 1,353,125</u>

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

# LEA COUNTY, NEW MEXICO

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (with Variances)  
Lea County Event Center Permanent  
For the Year Ended June 30, 2006**

Statement E-3

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>Excess (deficiency) of revenues over expenditures</b>	-	-	-	\$ -
<b>OTHER FINANCING SOURCES (USES)</b>				
Prior year cash balance	1,443,125	1,443,125	-	
<b>Total other financing sources and (uses)</b>	1,443,125	1,443,125	-	
<b>Net change in fund balances</b>	\$ 1,443,125	\$ 1,443,125	-	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Net change in fund balance			\$ -	

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

## LEA COUNTY, NEW MEXICO

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### FIDUCIARY FUNDS

#### Agency Funds

**County Treasurer's Office** – To account for collection and payment to the County of taxes collected on its behalf.

**County Clerk's Office** – To account for collection and payment to the County of fees collected on its behalf.

**County Sheriff's Trust Fund** – To account for the collection and payment to the County of fees collected on its behalf.

**County Probate Judge's Office** – To account for the collection and payment to the County of fees collected on its behalf.

**Detention Inmate Trust** – To account for funds belonging to the inmates of the Detention Facility. The funds are used for incidental expenses of the inmates at their discretion and purchase of commissary inventory. Profits from sale of commissary inventory are used to provide equipment and supplies for inmates' benefit.

**Lea County Solid Waste Authority (LCSWA)** – To account for the fiscal agency responsibility of the County in the construction and operation of the LCSWA.

**Lea County Water Users Association (LCWUA)** – To account for the fiscal agency responsibility of the County in the collection of monies from various entities to pay for the consultation and attorney fees to conduct the water plan program.



# LEA COUNTY, NEW MEXICO

## Agency Funds - Combining Statement of Changes in Assets and Liabilities For the Year Ended June 30, 2006

Statement F-1  
Page 1 of 3

	June 30, 2005	Additions	Deletions	June 30, 2006
<b>COUNTY TREASURER'S OFFICE</b>				
<b>Assets</b>				
Cash	\$ 1,243,817	\$ 45,402,403	\$ 45,288,355	\$ 1,357,865
Taxes receivable	666,051	10,700,102	10,593,951	772,202
<b>Total assets</b>	<b>\$ 1,909,868</b>	<b>\$ 56,102,505</b>	<b>\$ 55,882,306</b>	<b>\$ 2,130,067</b>
<b>Liabilities</b>				
Taxes paid in advance	\$ 16,873	\$ 10,379	\$ -	\$ 27,252
Deposits held in trust for others	1,226,944	103,669	-	1,330,613
Due to other taxing units/governments	666,051	10,700,102	10,593,951	772,202
<b>Total liabilities</b>	<b>\$ 1,909,868</b>	<b>\$ 10,814,150</b>	<b>\$ 10,593,951</b>	<b>\$ 2,130,067</b>
<b>COUNTY CLERK'S OFFICE</b>				
<b>Assets</b>				
Cash	\$ -	\$ 338,089	\$ 308,330	\$ 29,759
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 338,089</b>	<b>\$ 308,330</b>	<b>\$ 29,759</b>
<b>Liabilities</b>				
Deposits held in trust for others	\$ -	\$ 338,089	\$ 308,330	\$ 29,759
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ 338,089</b>	<b>\$ 308,330</b>	<b>\$ 29,759</b>
<b>COUNTY SHERIFF'S TRUST FUND</b>				
<b>Assets</b>				
Cash	\$ 930	\$ 43,714	\$ 43,088	\$ 1,556
<b>Total assets</b>	<b>\$ 930</b>	<b>\$ 43,714</b>	<b>\$ 43,088</b>	<b>\$ 1,556</b>
<b>Liabilities</b>				
Deposits held in trust for others	\$ 930	\$ 43,714	\$ 43,088	\$ 1,556
<b>Total liabilities</b>	<b>\$ 930</b>	<b>\$ 43,714</b>	<b>\$ 43,088</b>	<b>\$ 1,556</b>

The accompanying notes are an integral part of these statements.

**LEA COUNTY, NEW MEXICO**

**Agency Funds - Combining Statement of Changes in Assets and Liabilities (continued)**  
**For the Year Ended June 30, 2006**

Page 2 of 3

	June 30, 2005	Additions	Deletions	June 30, 2006
<b>COUNTY PROBATE JUDGE'S OFFICE</b>				
<b>Assets</b>				
Cash	\$ 150	\$ 2,520	\$ 2,490	\$ 180
<b>Total assets</b>	<b>\$ 150</b>	<b>\$ 2,520</b>	<b>\$ 2,490</b>	<b>\$ 180</b>
<b>Liabilities</b>				
Deposits held in trust for others	\$ 150	\$ 2,520	\$ 2,490	\$ 150
<b>Total liabilities</b>	<b>\$ 150</b>	<b>\$ 2,520</b>	<b>\$ 2,490</b>	<b>\$ 150</b>
<b>DETENTION INMATE TRUST</b>				
<b>Assets</b>				
Cash	\$ 28,363	\$ 285,372	\$ 305,674	\$ 8,061
<b>Total assets</b>	<b>\$ 28,363</b>	<b>\$ 285,372</b>	<b>\$ 305,674</b>	<b>\$ 8,061</b>
<b>Liabilities</b>				
Deposits held in trust for others	\$ 28,363	\$ 285,372	\$ 305,674	\$ 8,061
<b>Total liabilities</b>	<b>\$ 28,363</b>	<b>\$ 285,372</b>	<b>\$ 305,674</b>	<b>\$ 8,061</b>
<b>LEA COUNTY SOLID WASTE AUTHORITY</b>				
<b>Assets</b>				
Cash	\$ 768,648	\$ 2,022,525	\$ 1,450,593	\$ 1,340,580
<b>Total assets</b>	<b>\$ 768,648</b>	<b>\$ 2,022,525</b>	<b>\$ 1,450,593</b>	<b>\$ 1,340,580</b>
<b>Liabilities</b>				
Deposits held in trust for others	\$ 768,648	\$ 2,022,525	\$ 1,450,593	\$ 1,340,580
<b>Total liabilities</b>	<b>\$ 768,648</b>	<b>\$ 2,022,525</b>	<b>\$ 1,450,593</b>	<b>\$ 1,340,580</b>

The accompanying notes are an integral part of these statements.

**LEA COUNTY, NEW MEXICO**

**Agency Funds - Combining Statement of Changes in Assets and Liabilities (continued)**  
**For the Year Ended June 30, 2006**

Page 3 of 3

	June 30, 2005	Additions	Deletions	June 30, 2006
<b>LEA COUNTY WATER USERS ASSOCIATION</b>				
<b>Assets</b>				
Cash	\$ -	\$ 62,175	\$ 46,222	\$ 15,953
Due from other governments	22,175	59,646		81,821
<b>Total assets</b>	<b>\$ 22,175</b>	<b>\$ 121,821</b>	<b>\$ 46,222</b>	<b>\$ 97,774</b>
<b>Liabilities</b>				
Due to others	\$ 2,285	\$ 6,308	\$ -	\$ 8,593
Deposits held in trust for others	19,890	69,291		89,181
<b>Total liabilities</b>	<b>\$ 22,175</b>	<b>\$ 75,599</b>	<b>\$ -</b>	<b>\$ 97,774</b>
<b>DETENTION BOND ACCOUNT</b>				
<b>Assets</b>				
Cash	\$ 2,500	\$ 130,805	\$ 132,408	\$ 897
<b>Total assets</b>	<b>\$ 2,500</b>	<b>\$ 130,805</b>	<b>\$ 132,408</b>	<b>\$ 897</b>
<b>Liabilities</b>				
Deposits held in trust for others	\$ 2,500	\$ 130,805	\$ 132,408	\$ 897
<b>Total liabilities</b>	<b>\$ 2,500</b>	<b>\$ 130,805</b>	<b>\$ 132,408</b>	<b>\$ 897</b>
<b>TOTALS</b>				
<b>Assets</b>				
Cash	\$ 2,044,408	\$ 48,287,603	\$ 47,577,160	\$ 2,754,851
Taxes receivable	666,051	10,700,102	10,593,951	772,202
Due from other governments	22,175	59,646	-	81,821
<b>Total assets</b>	<b>\$ 2,732,634</b>	<b>\$ 59,047,351</b>	<b>\$ 58,171,111</b>	<b>\$ 3,608,874</b>
<b>Liabilities</b>				
Taxes paid in advance	\$ 16,873	\$ 10,379	\$ -	\$ 27,252
Deposits held in trust for others	2,047,425	2,995,985	2,242,583	2,800,827
Due to other taxing units/governments	666,051	10,700,102	10,593,951	772,202
Due to other funds	-	-	-	-
Due to others	2,285	6,308	-	8,593
<b>Total liabilities</b>	<b>\$ 2,732,634</b>	<b>\$ 13,712,774</b>	<b>\$ 12,836,534</b>	<b>\$ 3,608,874</b>

The accompanying notes are an integral part of these statements.

**ADDITIONAL INFORMATION**

# LEA COUNTY, NEW MEXICO

## SUPPLEMENTAL SCHEDULE OF RECONCILIATION OF TAX ROLLS Year Ended June 30, 2006

Schedule G-1

	Taxes Receivable 7/1/2005	Net Taxes Charged to Treasurer	Collections	Taxes Receivable 6/30/2006	Distributions
<b>Lea County funds:</b>					
General	\$ 323,620	\$ 6,106,632	\$ 6,017,322	\$ 412,930	\$ 6,017,322
New Mexico Junior College	168,138	2,988,373	2,949,135	207,376	2,949,135
Nor-Lea Hospital	31,719	635,081	624,143	42,657	624,143
Jal Hospital	2,136	79,193	78,882	2,447	78,882
Livestock	2,045	93,682	92,123	3,604	92,123
Eunice Hospital District	3,199	112,075	111,953	3,321	111,953
<b>Municipalities:</b>					
Lovington	23,485	223,610	225,315	21,780	225,315
Eunice	8,449	74,576	74,001	9,024	74,001
Hobbs	76,605	1,249,929	1,247,518	79,016	1,247,518
Jal	5,637	58,164	57,517	6,284	57,517
Tatum	1,392	12,053	11,972	1,473	11,972
State of New Mexico	44,812	767,453	756,424	55,841	756,424
<b>Schools:</b>					
Lovington	45,754	800,817	794,320	52,251	794,320
Eunice	6,378	213,314	213,216	6,476	213,216
Hobbs	231,724	3,104,738	3,080,256	256,206	3,080,256
Jal	2,079	79,041	78,705	2,415	78,705
Tatum	4,891	162,784	155,089	12,586	155,089
Taxes in Advance	59	12,102	11,992	169	11,992
Re-appraisal	7,548	139,273	137,544	9,277	137,544
<b>Total taxes</b>	<b>\$ 989,670</b>	<b>\$ 16,912,890</b>	<b>\$ 16,717,427</b>	<b>\$ 1,185,133</b>	<b>\$ 16,717,427</b>

Property Taxes Receivable by years:

1996	\$ 17,531
1997	1,245
1998	2,209
1999	19,402
2000	22,078
2001	27,031
2002	41,931
2003	63,315
2004	187,677
2005	802,714

**Total Taxes Receivable** **\$ 1,185,133**

The accompanying notes are an integral part of these statements.



LEA COUNTY, NEW MEXICO

SUPPLEMENTAL SCHEDULE OF PLEDGED COLLATERAL

Schedule G-3

June 30, 2006

Total amount of deposits  
Less: FDIC or FSLIC coverage

Total uninsured public funds

Collateral requirement - 50%

Pledged securities:

Type of security and security number	CUSIP number	Maturity date	Lea County State Bank Hobbs, NM	Western Commerce Bank Carlsbad, NM	Pioneer Savings Bank Hobbs, NM	Wells Fargo Bank Hobbs, NM	First National Bank Hobbs, NM	TOTAL	Name and Location of Safekeeper
• FHLMC #80691	31282RXU3	7/1/2008	-	18,253	-	-	-	18,253	
• GNMA #254187	31371KJL5	12/1/2008	-	177,407	-	-	-	177,407	* Federal Home Loan Bank Dallas, TX
• GNMA #780615A	36225AVG2	8/15/2027	-	212,451	-	-	-	212,451	
• GNMA #80346	362250B06	6/20/2034	-	653,988	-	-	-	653,988	
• GNMA #80272	36225C156	4/20/2029	-	164,101	-	-	-	164,101	Wells Fargo Corporation Minneapolis, MN
• Torrance County			501,345	-	-	-	-	501,345	Lea County State Bank Hobbs, NM
• Torrance County			118,741	-	-	-	-	118,741	
• Torrance County			640,636	-	-	-	-	640,636	
• Torrance County			362,692	-	-	-	-	362,692	
• Torrance County			284,900	-	-	-	-	284,900	
• Torrance County			650,111	-	-	-	-	650,111	
• Torrance County			2,929,970	-	-	-	-	2,929,970	
• FNCL #323715	31371TSC4	5/1/2029	-	213,835	-	-	-	213,835	
• FNCL #617276	31388WMD3	1/1/2032	-	684,332	-	-	-	684,332	First National Bank Artesia, NM
• FNCL #725016	31402CN99	10/1/2033	-	430,626	-	-	-	430,626	
• FNCL #725610	31402DDP2	6/1/2034	-	554,505	-	-	-	554,505	
• FNCL #735602	31402KDF3	4/1/2035	-	216,799	-	-	-	216,799	
• FNCL #774802	31404PY71	4/1/2034	-	456,868	-	-	-	456,868	
• FNCL #779754	31404YK4	7/1/2034	-	1,071,676	-	-	-	1,071,676	
• FNCL #782454	31404YH70	6/1/2034	-	104,357	-	-	-	104,357	
• FNCL #782510	31404YF3	6/1/2034	-	6,221,301	-	-	-	6,221,301	
• FNCL #788270	31403FW73	7/1/2034	-	193,198	-	-	-	193,198	
• FNCL #789040	31409GT86	7/1/2034	-	894,993	-	-	-	894,993	
• FNCL #867571	31409C2C8	3/1/2036	-	433,746	-	-	-	433,746	
• FNCL #880283	31409Y6N9	2/1/2036	-	4,083,333	-	-	-	4,083,333	
• GZSF #3133	36202DPS4	9/20/2031	-	36,119	-	-	-	36,119	
• GNSF #781215	36225B669	12/15/2029	-	27,487	-	-	-	27,487	
• GNSF #781215	36225BK49	9/15/2029	-	71,494	-	-	-	71,494	
• GNSF #781285	36225B6N5	12/15/2029	-	223,954	-	-	-	223,954	
• GNMA #805692		12/20/2031	-	584,074	-	-	-	584,074	
• FHLMC #180951		7/1/2033	-	965,685	-	-	-	965,685	
• FHLMC #782804		9/1/2032	-	416,729	-	-	-	416,729	
• FHLMC #661745		4/1/2033	-	1,726,824	-	-	-	1,726,824	
• FNMA #596460		1/15/2011	-	7,952	-	-	-	7,952	
• GNMA #780313-1		12/1/2033	-	2,037,450	-	-	-	2,037,450	
• FHLMC #781086		11/1/2034	-	708,397	-	-	-	708,397	
• FHLMC #782804		9/1/2032	-	840,953	-	-	-	840,953	
• FHLMC #789688		8/1/2009	-	207,812	-	-	-	207,812	
• Municipal Bond-Clearcoff, NM	189134DE6	6/1/2011	-	101,855	-	-	-	101,855	
• MBS FNMA #250579	31337TJY9	7/1/2011	-	118,549	-	-	-	118,549	
• MBS FHLMC #E20252	31335KH68	4/1/2018	-	399,171	-	-	-	399,171	
• MBS FNMA #555359	31385V7A1		-	827,387	-	-	-	827,387	
Total pledged securities			5,488,695	1,226,200	7,288,064	15,918,623	827,387	30,748,869	
Under (over) pledged			\$(4,345,179)	\$(258,580)	\$(2,088,064)	\$(886,442)	\$(288,785)	\$(15,877,049)	

The accompanying notes are an integral part of these statements.

**LEA COUNTY, NEW MEXICO**

**SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2006**

**Schedule H-1**

Federal Grantor/ Pass-Through Grantor	Program Title/ Grant Number	Federal CFDA Number	Expenditures
U.S. Department of Transportation	Hobbs Airport	20.106	\$ 579,543
U.S. Department of Transportation	Hobbs Airport	20.106	153,750
U.S. Department of Transportation	Lovington Airport	20.106	184,986
U.S. Department of Transportation	Jal Airport	20.106	152,819
U.S. Department of Transportation	FAA Tower	20.106	226,204
U.S. Department of Justice	SAMSHA - Female Recidivism	04.002	214,804
U.S. Department of Justice	OJJDP - Juvenile	16.541	184,238
U.S. Department of Justice	SAMHSA - Drug Free	93.276	100,667
U.S. Department of Justice	HIDTA - Drug Task Force	16.579	1,473
U.S. Department of Justice	SCAAP	16.606	6,930
			<u>\$ 1,805,414</u>

(1) Denotes Major Federal Financial Assistance Program

Note: This schedule is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

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



## LEA COUNTY, NEW MEXICO

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### SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2006

#### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**NOTE 1** - Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, and when such funds are received, they are recorded as deferred revenues until earned.

**NOTE 2** - The period of availability for federal funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H. Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Supplement.

**NOTE 3** - This schedule was prepared on the accrual basis of accounting.



# JOHNSON, MILLER & CO.

Certified Public Accountants

A Professional Corporation

An Independent Member Of BDO Seidman Alliance

Hobbs, New Mexico

Midland, Texas

Odessa, Texas

## **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**

Domingo P. Martinez, CGFM  
New Mexico State Auditor  
The Office of Management and Budget and  
County Manager, Board of Commissioners and  
Citizens of Lea County  
Lovington, New Mexico

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lea County, New Mexico (the County), as of and for the year ended June 30, 2006. We have also audited the budgetary comparison statements, aggregate nonmajor governmental funds and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2006, as listed in the table of contents, and have issued our report thereon dated September 8, 2006. 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 the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws (including New Mexico State Auditor Ruling 2.2.2 NMAC), regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings as items 06-1, 06-2, and 06-3.

Domingo P. Martinez, CGFM  
New Mexico State Auditor  
The Office of Management and Budget and  
County Manager, Board of Commissioners and  
Citizens of Lea County  
Lovington, New Mexico

This report is intended solely for the information and use of the Board of Commissioners, management, New Mexico State Auditor 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.

*Johnson, Miller & Co.*

Hobbs, New Mexico  
September 8, 2006



# JOHNSON, MILLER & CO.

Certified Public Accountants

A Professional Corporation

An Independent Member Of BDO Seidman Alliance

Hobbs, New Mexico

Midland, Texas

Odessa, Texas

## **REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Domingo P. Martinez, CGFM  
New Mexico State Auditor  
The Office of Management and Budget and  
County Manager, Board of Commissioners and  
Citizens of Lea County  
Lovington, New Mexico

### Compliance

We have audited the compliance of Lea County, New Mexico (the County) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

### Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Domingo P. Martinez, CGFM  
New Mexico State Auditor  
The Office of Management and Budget and  
County Manager, Board of Commissioners and  
Citizens of Lea County  
Lovington, New Mexico

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board Members, audit committee, management, New Mexico State Auditor, New Mexico State Legislature and its committees, 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.

*Johnson, Miller & Co.*

Hobbs, New Mexico  
September 8, 2006

**State of New Mexico  
Lea County  
Summary of Auditor's Results  
June 30, 2006**

Domingo P. Martinez, CGFM  
New Mexico State Auditor  
The Office of Management and Budget and  
The Board of Commissioners  
Lea County  
Lea County, New Mexico

<u>PROGRAM</u>	<u>DESCRIPTION</u>																		
Type of report on financial statements	Unqualified opinion																		
Reportable Conditions	Three																		
Material Weaknesses Involving Reportable Conditions	None																		
Noncompliance material to the financial statements	The level of noncompliance was not material in relation to financial statements covering federal programs																		
Type of Report on Compliance with major programs	Unqualified opinion																		
Findings and Questioned Costs for Federal Awards	None																		
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$300,000																		
Low Risk Auditee Statements	The County is classified as a high-risk auditee in context of OMB-Circular A-133																		
Major Federal programs	<table border="0" style="width: 100%;"> <tr> <td>Hobbs Airport</td> <td>CFDA # 20-106</td> </tr> <tr> <td>Lovington Airport</td> <td>CFDA # 20-106</td> </tr> <tr> <td>Jal Airport</td> <td>CFDA # 20-106</td> </tr> <tr> <td>FAA Tower</td> <td>CFDA # 20-106</td> </tr> <tr> <td>SAMSHA - Female Recidivism</td> <td>CFDA # 04-002</td> </tr> <tr> <td>OJJDP – Juvenile</td> <td>CFDA # 16.541</td> </tr> <tr> <td>SAMHSA - Drug Free</td> <td>CFDA # 93-276</td> </tr> <tr> <td>HIDTA - Drug Task Force</td> <td>CFDA # 16.579</td> </tr> <tr> <td>SCAAP</td> <td>CFDA # 16.606</td> </tr> </table>	Hobbs Airport	CFDA # 20-106	Lovington Airport	CFDA # 20-106	Jal Airport	CFDA # 20-106	FAA Tower	CFDA # 20-106	SAMSHA - Female Recidivism	CFDA # 04-002	OJJDP – Juvenile	CFDA # 16.541	SAMHSA - Drug Free	CFDA # 93-276	HIDTA - Drug Task Force	CFDA # 16.579	SCAAP	CFDA # 16.606
Hobbs Airport	CFDA # 20-106																		
Lovington Airport	CFDA # 20-106																		
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OJJDP – Juvenile	CFDA # 16.541																		
SAMHSA - Drug Free	CFDA # 93-276																		
HIDTA - Drug Task Force	CFDA # 16.579																		
SCAAP	CFDA # 16.606																		
Pass Through Entity	Federal Aviation Administration																		

**BASIC FINANCIAL STATEMENT FINDINGS**

**SCHEDULE REFERENCE NUMBER: 06-1**

**Disposal of items without notification**

Criteria:

The County is to abide by New Mexico State Audit Rule 2.2.2.10W and Sections 13-6-1 and 13-6-2 NMSA 1978, which governs disposition of obsolete, worn-out or unusable tangible personal property. This rule states the governing board must approve the disposition and written notification must be sent to the State Auditor at least thirty days prior to any proposed disposition of tangible personal property.

Condition Found:

The County did not provide notification to the State Auditor for the disposition of items prior to disposal.

Effect:

The County is not in compliance with New Mexico State Audit Rule 2.2.2.10W and Sections 13-6-1 and 13-6-2 NMSA 1978.

Cause:

The County forgot to notify the SAO at least thirty days prior to the disposition.

Recommendation:

The County should obtain approval and notify the State Auditor at least thirty days prior to the disposition of tangible personal property.

Agency Response:

We agree. We will notify the State Auditor at least 30 days prior to future disposals.

## BASIC FINANCIAL STATEMENT FINDINGS

### SCHEDULE REFERENCE NUMBER: 06-2

Criteria:

#### Property Tax Schedule

Under New Mexico State Auditor Rule 2.2.2.12D the County must include a Property Tax Schedule as supplementary information to the financial statements. The schedule should detail by agency, the amount of taxes: levied; collected in the current year; collected to-date; distributed in the current year; distributed to-date; the amount determined to be uncollectible in the current year; the uncollectible amount to-date; and the outstanding receivable balance at the end of the fiscal year, by agency. This data should be compiled for the past ten years.

Condition found:

The County is able to prepare the information required in the Property Tax Schedule for the years 2002, 2003, 2004, and 2005. However, information is unavailable for the years 1996 through 2001.

Effect:

The County is not in compliance with New Mexico State Audit Rule 2.2.2.12D.

Cause:

The Department of Finance and Administration requires that records be retained for six years, whereas the State Auditor requires a ten year retention. The County had been following the requirements set by the Department of Finance and Administration.

Recommendation:

Assemble information for the years 1996 through 2001 to complete the Property Tax Schedule.

Agency Response:

We agree. Records are now being kept to prepare the required schedules.



**BASIC FINANCIAL STATEMENT FINDINGS**

**SCHEDULE REFERENCE NUMBER: 06-3**

**Budgeted Expenditures Exceeded Budgeted Revenues Plus Prior Year Cash Balance**

Criteria:	Under State Audit Rule 2.2.2.10O budgeted expenditures cannot exceed budgeted revenues plus prior year cash balance.
Condition found:	The Knowles Fire District Fund, Law Enforcement Block Grant Fund, and OJJDP-Juvenile Fund budgeted expenditures exceeded budgeted revenue amounts plus prior year cash balances.
Effect:	The County is not in compliance with State Audit Rule 2.2.2.10P.
Cause:	Management was not aware of the requirements of State Audit Rule 2.2.2.10P.
Recommendation:	The County should verify budgeted expenditures do not exceed budgeted revenues plus prior year cash balance.
Agency Response:	The County realizes expenditures were budgeted in excess of budgeted revenues. However, the budgeted expenditures did not exceed the actual revenues.

## SCHEDULE OF STATUS OF PRIOR FINDINGS

Domingo P. Martinez, CGFM  
New Mexico State Auditor  
The Office of Management and Budget and  
County Manager, Board of Commissioners and  
Citizens of LEA County  
Lovington, New Mexico

### 05-1

Disposal of items without notification

See modified repeat, comment at 06-1

### 05-2

Personnel files

Resolved, comment not repeated

### 05-3

Property Tax schedule

See modified, repeat comment at 06-2

### 05-4

Budgeted expendiutes exceeded budgeted  
revenues plus prior year cash balance

See modified repeat comment at 06-3.

### 05-5

Unrecorded donated asset

Resolved, comment not repeated.

## FINANCIAL STATEMENT PRESENTATION

The financial statements were prepared from the original books and records of Lea County as of June 30, 2006 by Johnson, Miller & Co., Certified Public Accountants, A Professional Corporation.

## LEA COUNTY, NEW MEXICO

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### OTHER DISCLOSURES

Year Ended June 30, 2006

Domingo P. Martinez, CGFM  
New Mexico State Auditor  
The Office of Management and Budget and  
County Manager, Board of Commissioners and  
Citizens of Lea County  
Lovington, New Mexico

### EXIT CONFERENCE

The contents of this report and its schedules were discussed on November 14, 2006. The following persons were in attendance.

#### County Officials

Rick Bruce, CPA, Finance Director/ Co-County Manager  
Gary Schubert, Vice-Chairman  
Randy McCormick, Board Member

#### Auditors

David Wheat, CPA