

LEA COUNTY, NEW MEXICO

FINANCIAL STATEMENTS
with
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
Year Ended June 30, 2009



JOHNSON, MILLER & CO.

*Certified Public Accountants
A Professional Corporation*

An Independent Member of BDO Seidman Alliance

LEA COUNTY, NEW MEXICO

**FINANCIAL STATEMENTS
with
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Year Ended June 30, 2009

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LEA COUNTY, NEW MEXICO

OFFICIAL ROSTER
June 30, 2009

COUNTY COMMISSIONERS

Name	Title
Gary Schubert	Chairman
Gregg Fulfer	Vice-Chairman
Dale Dunlap	Member
Michael Scot Whitehead	Member
Hector Ramirez	Member

COUNTY OFFICIALS

Pat Chappelle	County Clerk
Donna Duncan	County Treasurer
Deanna Robinson	County Assessor
Roderick Coffman	Sheriff
Melba Hamby	Probate Judge
Jim Burke	Finance Director
Michael Beverly	County Manager



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Hobbs, New Mexico

Midland, Texas

Odessa, Texas

Independent Auditors' Report

Hector H. Balderas
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 accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Lea County, New Mexico (the County), as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County's non-major governmental 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, 2009, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2009, and the respective changes in financial position thereof, and the respective budgetary comparisons 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 non-major governmental and fiduciary fund of the County as of June 30, 2009, and the respective changes in financial position thereof and the respective budgetary comparisons for the non-major 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 November 16, 2009 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.

Hector H. Balderas
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 basic financial statements and the combining and individual fund financial statements and budgetary comparisons. The accompanying Schedule of Changes in Assets and Liabilities for the Agency Funds is presented for the purpose of additional analysis as required by the New Mexico State Auditor and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the 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 is not a required part of the basic financial statements. The additional information listed as "other supplemental information" in the Table of Contents, including the Supplemental Schedule of Reconciliation of Tax Rolls, the County Treasurer's Property Tax Schedule, the Supplemental Schedule of Cash and Temporary Investment Accounts, and the Supplemental Schedule of Pledged Collateral, 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
November 16, 2009

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

The financial information contained herein is for the County of Lea (the 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 and operates three airports, handles elections, and 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 in the past years. 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 improving local safety equipment and improving local roadways, airport facilities and runways. In the fiscal year ended June 30, 2009, infrastructure improvements of \$8.6 million were completed.

The financial statements contained herein are comprised of government-wide financial statements and fund financial statements.

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 revenues 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 as of a specific time (June 30, 2009); it shows assets, liabilities and the difference, net assets, as of that date. The statement of activities provides information for a specific period of time (the year ending June 30, 2009). 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 for proprietary and fiduciary funds), which means that revenue is recognized when it is measurable and obtainable, while 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 the user 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, capital assets and restricted and unrestricted assets for the previous two years are scheduled below:

	<u>6/30/2009</u>	<u>6/30/2008</u>
Total assets	\$ 167,493,576	\$ 154,538,305
Capital assets	(90,427,531)	(80,841,438)
Restricted assets	<u>(3,228,121)</u>	<u>(3,411,564)</u>
Unrestricted - undesignated assets	<u>\$ 73,837,924</u>	<u>\$ 70,285,303</u>

The increase in capital assets is related to Lea County's focus on investing in the community. The increase is due to completion of airport terminal, improving county roads and improvements to the fairgrounds. The increase in total assets is due to oil and gas production, but revenues are not anticipated to continue in the future due to major downturn in oil and gas production taxes.

LIABILITIES:

Total current and long-term liabilities for the years ended June 30, 2009 and 2008 are shown in the schedule below:

	<u>6/30/2009</u>	<u>6/30/2008</u>
Current liabilities	\$ 4,108,342	\$ 3,862,636
Long-term liabilities	<u>12,900,837</u>	<u>13,440,911</u>
Total liabilities	<u>\$ 17,009,179</u>	<u>\$ 17,303,547</u>

In total, liabilities decreased due to paying on the principal of bond debt which was used to build the Lea County detention facility.

NET ASSETS:

The schedule below details the increase in net assets for the respective years ending June 30, 2009 and June 30, 2008:

	<u>6/30/2009</u>	<u>6/30/2008</u>
Beginning net assets	\$ 137,234,758	\$ 119,516,798
Increase in net assets	<u>13,249,639</u>	<u>17,717,960</u>
Ending net assets	<u>\$ 150,484,397</u>	<u>\$ 137,234,758</u>

The increase in net assets in the current year is due to excess of revenues over expenditures due primarily to increasing oil and gas revenues in fiscal year 2009, but this economic boom is not expected to continue.

NET ASSETS (continued):

Net assets for the years ended June 30, 2009 and 2008 are broken out as follows:

	<u>6/30/2009</u>	<u>6/30/2008</u>
Invested in capital assets, net of related debt	\$ 77,422,531	\$ 67,246,438
Restricted:		
Fire districts	197,353	175,102
Debt service	1,677,643	1,883,337
Restricted permanent fund	1,353,125	1,353,125
Unrestricted	69,833,745	66,576,756
Total net assets	\$ 150,484,397	\$ 137,234,758

The increase in net assets invested in capital assets is due to the investment of oil and gas revenues in infrastructure. Total net assets increased 13.2 million in fiscal year 2009 vs. a 17.7 million increase in fiscal year 2008. Oil and gas revenues have softened significantly in the first half of fiscal year 2010. Lea County still plans to invest in long term assets and continue to plan for the future of Lea County and its citizens.

REVENUES

The total revenues recognized by Lea County for the years ended June 30, 2009 and 2008 were \$55,200,654 and \$59,919,739, respectively. The schedule below shows revenue by major category.

	<u>6/30/2009</u>	<u>6/30/2008</u>
General revenue:		
Oil & gas production tax	\$ 19,837,571	\$ 28,571,899
Property tax	9,756,777	7,676,089
Public service tax	10,201,961	10,199,294
Miscellaneous taxes	349,252	517,058
Program revenue:		
Grants and reimbursements	5,084,060	4,688,255
Charges for services	9,971,025	8,267,144
Total revenues	\$ 55,200,646	\$ 59,919,739

The decrease in revenues between 2009 and 2008 can be attributed to oil and gas revenues down \$8.7 million. Property tax was up by nearly \$2 million. This increase can be attributed to property value assessments. This has been caused by building of new businesses and building new homes. Lea County has become more aggressive in applying and receiving federal grants to assist in projects which are beneficial to the citizens of Lea County.

EXPENSES:

The total expenses incurred by the County for the years ended June 30, 2009 and June 30, 2008 were \$41,951,540 and \$39,789,084, respectively. The schedule below shows expenses by function and change in net assets.

	<u>6/30/2009</u>	<u>6/30/2008</u>
Program expenses:		
General government	\$ 18,661,001	\$ 17,121,340
Public safety	13,151,897	12,255,235
Health, welfare and sanitation	5,382,796	4,826,045
Interest on long-term debt	587,205	587,205
Public works	759,150	1,727,175
Culture & recreation	3,409,491	3,272,084
Total expenses	\$ 41,951,540	\$ 39,789,084
Excess (deficiency) before special items	\$ 13,249,106	\$ 20,130,655
Special item: gain (loss) on disposal of asset	533	(2,412,695)
Change in net assets	\$ 13,249,639	\$ 17,717,960

Expenses for functions that serve the businesses and residents of Lea County increased as a result of new businesses and residents coming to the County. Although the activity decreased from fiscal year 2008, the first half of fiscal year 2009 continued to be strong with a slight drop in the second half of fiscal year 2009. General government and public safety increased because of the influx of people and businesses. Public works fell back to historical levels due to the slowdown of oil and gas related employment. Health, welfare and sanitation increased due to additional people living in Lea County. Culture and recreation increased due to attempts to provide more entertainment and enjoyment to citizens living in Lea County. Large decrease on loss of disposal of assets was caused by not having all paper work completed on disposal of worn out and worthless assets prior to June 30, 2009. This loss will be reflected in next year's financial statement. In addition, in the prior year the county disposed of significant assets, including the K L Towle Park, Arsbob Park and the Health Walk.

DEBT:

The County issued gross receipts tax bonds to help finance the construction of a four-hundred and thirty-two bed detention facility. The total debt of the County at June 30, 2009 was \$13,005,000, of which \$12,400,000 was long-term (due beyond one year), and \$605,000 was due within one year. The notes to the financial statements include payoff information concerning these bonds.

FUND BALANCES:

6/30/2009

General Fund: The general fund balance increase of \$1,449,316 is due to the increase in property taxes and public service taxes.

Indigent Fund: The indigent fund balance increase of \$1,143,288 is due the participation of local hospitals in indigent care projects. \$900,000 of the funds received this year were for programs associated with the prior year. With the anticipated continued support of the local hospitals this amount will level out and the fund balance should decrease so that we do not have a large positive fund balance.

Debt Service Fund: No significant changes in these fund balances.

Special Revenue Funds: The increase of \$458,789 is related to increase in property sales and miscellaneous taxes.

6/30/2008

General Fund: The general fund balance increase of \$12,687,974 is due to the increase in property taxes and public service taxes, as well as an increase in program revenues.

Indigent Fund: The indigent fund balance decrease of \$572,620 is a result of an increase in operating expenses.

Debt Service Fund: No significant changes in these fund balances.

Special Revenue Funds: The increase of \$1,086,750 is related to increases in property, sales and miscellaneous taxes.

BUDGET ANALYSIS:

6/30/2009

There were approved budget revenue and expense increases and decreases after the initial approved budget for 2009. These increases and decreases were recognized throughout the budget year, approved by the commission and the Department of Finance and Administration and implemented at various times during the year.

General fund budget amounts were increased \$850,000 in the Road Department. This was due to increased cost in road maintenance. The remainder of the general fund budget amounts was unchanged. Budget increases of \$500,000 in the special revenue funds and grants were because of; increase of storage requirements in clerk filing fees fund, increase of indigent care requirements, operating expenses of volunteer fire firefighting department, grants approved after start of fiscal year and increase in gross receipts taxes. This schedule shows final budget and actual amounts for the funds.

	Final Budget	Actual	Variance
Revenues:			
Sales and miscellaneous taxes	\$ 21,760,100	\$ 34,257,108	\$ 12,497,008
Fees and fines	55,000	87,669	32,669
Licenses and permits	404,858	325,713	(79,145)
Intergovernmental	2,528,101	2,131,814	(396,287)
Charges for services	2,699,513	2,565,797	(133,716)
Investment earnings	1,518,250	1,411,420	(106,830)
Miscellaneous	1,379,330	3,077,222	1,697,892
Total revenues	30,345,152	43,856,743	13,511,591
Expenditures:			
General government	\$ 20,577,154	\$ 16,251,887	\$ 4,325,267
Public safety	12,596,522	11,531,131	1,065,391
Highways and roads	4,926,427	4,812,696	113,731
Economic development	725,750	658,235	67,515
Airport	633,817	448,011	185,806
Culture and recreation	2,790,894	2,589,924	200,970
Capital outlay	24,980,285	2,827,007	22,153,278
Total expenditures	67,230,849	39,118,891	28,111,958
Excess (deficiency) of revenues over (under) expenditures	\$ (36,885,697)	\$ 4,737,852	\$ 41,623,549

General fund actual revenues exceed final budget amounts by \$13.5 million due to oil and gas revenues strong but weakened in second half of year.

Actual expenditures in the general fund were \$28.1 million less than budgeted due to long term planning of capital outlay projects.

6/30/2008

There were approved budget revenue and expense increases and decreases after the initial approved budget for 2008. These increases and decreases were recognized throughout the budget year, approved by the commission and the Department of Finance and Administration and implemented at various times during the year.

General fund actual revenues exceeded budgeted revenue in the fiscal year ended June 30, 2008 by approximately \$16.6 million and, general fund actual expenses were \$20.2 million less than budgeted for the fiscal year ended June 30, 2008.

CAPITAL ASSETS:

Lea County's investment in local communities continues to grow. The County purchased and constructed new capital assets in the fiscal year ended June 30, 2009. The following schedule provides a summary of the changes in capital assets:

	<u>6/30/2009</u>	<u>6/30/2008</u>
Capital assets:		
Buildings	\$ 55,926,842	\$ 50,942,703
Other Improvements	2,277,351	2,038,699
Furniture & Equipment	16,411,714	14,798,821
Infrastructure	38,027,743	31,764,820
Vehicles	5,639,761	5,494,254
Land	2,184,138	1,740,991
Construction in Process	5,164,560	5,286,903
Total capital assets	<u>125,632,109</u>	<u>112,067,191</u>
Accumulated depreciation:		
Buildings	\$ 10,227,641	\$ 8,596,259
Other Improvements	979,034	838,680
Furniture & Equipmnt	10,486,620	9,168,071
Infrastructure	9,447,028	8,769,285
Vehicles	4,064,255	3,853,458
Total accumulated depreciation	<u>35,204,578</u>	<u>31,225,753</u>
Net capital assets	<u>\$ 90,427,531</u>	<u>\$ 80,841,438</u>

Total capital assets increased by \$13,564,918 due to purchases of land, purchase of road equipment, completion of constructed assets, including roads, fairground buildings, airport runway improvements and completion of the airport terminal.

Accumulated depreciation increased by \$3,978,825, due to depreciation expense of \$4,093,701, and decreased by disposals of assets during the fiscal year ended June 30, 2009.

FISCAL YEAR 2010:

Due to the stock and commodity market conditions expected during the fiscal year ending June 30, 2010, oil and gas tax revenues and investment earnings are expected to decrease. Several commercial businesses are at or near completion and will increase the property tax base. This along with the County's conservative budgeting process will ensure that any decreases do not adversely affect the County's ability to continue to invest in the community and provide services.

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, 2009

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 66,691,527
Investment	100,145
Current property taxes receivable	395,433
Other receivables	2,125,587
Receivable from other governments	6,115,362
Non-current assets:	
Cash and cash equivalents - restricted	1,443,125
Bond issue costs	194,866
Capital assets:	
Land and improvements, not being depreciated	2,184,138
Construction in progress, not being depreciated	5,164,560
Infrastructure and infrastructure in progress	38,027,743
Buildings	55,926,842
Equipment and furniture	16,411,714
Vehicles	5,639,761
Other capital assets	2,277,351
Less: Accumulated depreciation	<u>(35,204,578)</u>
Total capital assets	<u>90,427,531</u>
Total Assets	167,493,576
LIABILITIES	
Accounts payable	1,172,023
Accrued payroll liabilities	451,605
Deferred revenues	1,727,046
Due to other governments	1,054
Bond premium	84,878
Long-term liabilities	
Due within one year	
Bonds and contracts	605,000
Compensated absences	66,736
Due in more than one year	
Bonds and contracts	12,400,000
Compensated absences	<u>500,837</u>
Total Liabilities	<u>17,009,179</u>
NET ASSETS	
Invested in capital assets, net of related debt	77,422,531
Restricted for:	
Debt service	1,677,643
Fire districts	197,353
Restricted Permanent Fund	
Nonexpendable	1,353,125
Unrestricted	<u>69,833,745</u>
Total Net Assets	<u>\$ 150,484,397</u>

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Statement of Activities For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets - Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General government	\$ 18,661,001	\$ 9,810,823	\$ 1,557,065	\$ 1,014,170	\$ (6,278,943)
Public safety	13,151,897	73,702	773,970	-	(12,304,225)
Public works	759,150	-	1,239,472	154,458	634,780
Health, welfare and sanitation	5,382,796	-	-	-	(5,382,796)
Culture and recreation	3,409,491	86,500	344,925	-	(2,978,066)
Interest on long-term debt	587,205	-	-	-	(587,205)
Total Governmental Activities	\$ 41,951,540	\$ 9,971,025	\$ 3,915,432	\$ 1,168,628	\$ (26,896,455)
General revenues:					
Property taxes					9,756,777
Oil and gas taxes					19,837,571
Public service taxes					10,201,961
Miscellaneous taxes					349,252
Special item-gain on disposal of assets					533
Total general revenues, special items, and transfers					40,146,094
Change in net assets					13,249,639
Net assets - beginning of year					137,234,758
Net assets - end of year					\$ 150,484,397

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

BALANCE SHEET - GOVERNMENTAL FUNDS June 30, 2009

	General Fund	Indigent	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 57,319,505	\$ 1,382,553	\$ 7,989,469	\$ 66,691,527
Investments	-	-	100,145	100,145
Due from other funds	-	-	90,010	90,010
Restricted cash	-	-	1,443,125	1,443,125
Current property taxes receivable	395,433	-	-	395,433
Other receivables	294,943	748,771	672,701	1,716,415
Receivable from other governments	6,039,145	-	-	6,039,145
TOTAL ASSETS	\$ 64,049,026	\$ 2,131,324	\$ 10,295,450	\$ 76,475,800
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 737,386	\$ 243,814	\$ 190,823	\$ 1,172,023
Accrued payroll liabilities	451,605	-	-	451,605
Due to other funds	10	-	90,000	90,010
Payable to other governments	1,054	-	-	1,054
Deferred revenue	2,359,006	-	-	2,359,006
TOTAL LIABILITIES	3,549,061	243,814	280,823	4,073,698
FUND BALANCES:				
Reserved for:				
Debt service	-	-	1,677,643	1,677,643
Fire districts	-	-	197,353	197,353
Construction projects	-	-	-	-
Unreserved	60,499,965	1,887,510	-	62,387,475
Unreserved, reported in non-major:				
Special revenue funds	-	-	6,786,506	6,786,506
Permanent fund	-	-	1,353,125	1,353,125
TOTAL FUND BALANCES	60,499,965	1,887,510	10,014,627	72,402,102
TOTAL LIABILITIES AND FUND BALANCES	\$ 64,049,026	\$ 2,131,324	\$ 10,295,450	

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.	194,866
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	90,427,531
Amounts due from other entities not considered available at year-end are not reported in the funds.	485,389
Certain other assets related to deferred revenues are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	631,960
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 government-wide statements.	(13,572,573)
Premiums on bonds payable relate to long-term debt and, therefore are not reported in the funds.	(84,878)

Net Assets of Governmental Activities in the Statement of Net Assets

\$ 150,484,397

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, 2009

	General Fund	Indigent	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property, sales, and miscellaneous taxes	\$ 28,886,663	\$ 3,920,404	\$ 5,335,005	\$ 38,142,072
Fees and fines	87,669	-	-	87,669
Licenses and permits	267,147	-	51,999	319,146
Intergovernmental	2,206,726	-	3,408,415	5,615,141
Charges for services	2,459,021	-	595,093	3,054,114
Investment earnings	1,290,036	1,809	104,654	1,396,499
Miscellaneous	3,090,519	2,603,871	632,772	6,327,162
Total Revenues	38,287,781	6,526,084	10,127,938	54,941,803
EXPENDITURES				
Current:				
General government	16,600,573	-	5,092,455	21,693,028
Public safety	11,540,773	-	71,527	11,612,300
Highway and roads	4,812,696	-	-	4,812,696
Health and sanitation	-	5,382,796	-	5,382,796
Culture and recreation	2,600,908	-	466,623	3,067,531
Economic development	668,235	-	-	668,235
Airport	471,709	-	-	471,709
Farm and range	-	-	126,500	126,500
Debt service:				
Principal	-	-	590,000	590,000
Interest and other charges	-	-	587,205	587,205
Capital outlay	2,895,466	-	188,638	3,084,104
Total Expenditures	39,590,360	5,382,796	7,122,948	52,096,104
Excess (deficiency) of revenues over (under) expenditures	(1,302,579)	1,143,288	3,004,990	2,845,699
OTHER FINANCING SOURCES (USES), INCLUDING TRANSFERS				
Transfers in	3,751,857	775,000	387,778	4,914,635
Transfers out	(999,962)	(775,000)	(3,139,673)	(4,914,635)
Total other financing sources (uses), including transfers	2,751,895	-	(2,751,895)	-
Net change in fund balances	1,449,316	1,143,288	253,095	2,845,699
Fund balances - beginning of year	59,050,649	744,222	9,761,532	69,556,403
Fund balances - end of year	\$ 60,499,965	\$ 1,887,510	\$ 10,014,627	\$ 72,402,102

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2009

Net change in fund balances - total governmental funds:	\$ 2,845,699
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.	9,598,858
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.	(12,764)
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.	305,714
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)
Principal payment is not reported in the statement of activities. In contrast, this expense is reported as expenditures in governmental funds.	590,000
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.	(70,993)
Change in net assets of governmental activities:	<u>\$ 13,249,639</u>

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

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 (non-GAAP Budgetary Basis) and Actual General Fund For the Year Ended June 30, 2009

Statement A-1

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Sales and miscellaneous taxes	\$ 21,760,100	\$ 21,760,100	\$ 34,257,108	\$ 12,497,008
Fees and fines	55,000	55,000	87,669	32,669
Licenses and permits	404,858	404,858	325,713	(79,145)
Intergovernmental	2,528,101	2,528,101	2,131,814	(396,287)
Charges for services	2,699,513	2,699,513	2,565,797	(133,716)
Investment earnings	1,518,250	1,518,250	1,411,420	(106,830)
Miscellaneous	1,379,330	1,379,330	3,077,222	1,697,892
Total Revenues	30,345,152	30,345,152	43,856,743	13,511,591
EXPENDITURES				
Current:				
General government	19,727,154	20,577,154	16,251,887	4,325,267
Public safety	12,596,522	12,596,522	11,531,131	1,065,391
Highways and roads	4,926,427	4,926,427	4,812,696	113,731
Economic development	725,750	725,750	658,235	67,515
Airport	633,817	633,817	448,011	185,806
Culture and recreation	2,790,894	2,790,894	2,589,924	200,970
Capital outlay	24,980,285	24,980,285	2,827,007	22,153,278
Total Expenditures	66,380,849	67,230,849	39,118,891	28,111,958
Excess (deficiency) of revenues over (under) expenditures	(36,035,697)	(36,885,697)	4,737,852	\$ 41,623,549
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	200	200	13,297	(13,097)
Transfers in	2,041,795	3,751,857	3,751,857	0
Transfers out	(940,500)	(1,042,962)	(1,042,962)	0
Total other financing sources and (uses)	1,101,495	2,709,095	2,722,192	\$ (13,097)
Prior year cash balance	49,859,453	49,859,453	-	
Net change in fund balances	\$ 14,925,251	\$ 15,682,851	7,460,044	
RECONCILIATION TO GAAP BASIS:				
Increase in taxes receivable			15,657	
Decrease in other receivables			(171,471)	
Decrease in due from other governments			(5,527,891)	
Increase in accrued liabilities			(218,061)	
Increase in accounts payable			(210,409)	
Decrease in deferred revenue			101,447	
Net change in fund balance			\$ 1,449,316	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Indigent
For the Year Ended June 30, 2009**

Statement A-2

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Sales and miscellaneous taxes	\$ 4,126,000	\$ 4,126,000	\$ 4,126,098	\$ 98
Investment earnings	34,500	34,500	1,809	(32,691)
Miscellaneous	1,020,000	1,020,000	2,355,538	1,335,538
Total Revenues	5,180,500	5,180,500	6,483,445	1,302,945
EXPENDITURES				
Current:				
General government	500	500	-	500
Health and sanitation	5,094,988	5,219,988	5,218,029	1,959
Total Expenditures	5,095,488	5,220,488	5,218,029	2,459
Excess (deficiency) of revenues over (under) expenditures	85,012	(39,988)	1,265,416	\$ 1,305,404
OTHER FINANCING SOURCES (USES)				
Transfers in	775,000	775,000	775,000	-
Transfers out	-	(775,000)	(775,000)	-
Prior year cash balance	117,137	117,137	-	
Net change in fund balances	\$ 977,149	\$ 77,149	1,265,416	
RECONCILIATION TO GAAP BASIS:				
Increase in other receivables			42,639	
Increase in accounts payable			(164,767)	
Net change in fund balance			\$ 1,143,288	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2009

ASSETS:

Cash and cash equivalents	\$ 3,166,530
Taxes receivable	747,988
Due from other governments	<u>78,078</u>

Total assets \$ 3,992,596

LIABILITIES:

Taxes paid in advance	38,570
Deposits held in trust for others	3,202,295
Due to other taxing units/governments	747,988
Due to other governments	<u>3,743</u>

Total liabilities \$ 3,992,596

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

LEA COUNTY, NEW MEXICO

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, 38, and 41 replaces the fund-group accounting perspective that was previously required. The County has completed the retrospective reporting of infrastructure as required by GASB.

The County has implemented Statements 39, 40, 41, and 42. GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* is 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. Lea County has also implemented GASB Statement No. 42, *Accounting and Financial Reporting for Impairments of Capital Assets and for Insurance Recoveries*. This Statement is effective for period beginning after December 15, 2004.

The County has implemented GASB Statements 45 and 47 in the fiscal year ended June 30, 2008. GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, addresses how state and local governments should account for and report their costs and obligations related to postemployment healthcare and other nonpension benefits, GASB Statement No. 47, *Accounting for Termination Benefits*, provides accounting and reporting guidance for state and local governments that offer benefits such as early retirement incentives or severance to employees that are involuntarily terminated. 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

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 funds, information on all of the activities of the County. The effect of interfund transfers and other internal activity 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

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. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

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.

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.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. *Budgets (continued)*

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 uncollectible amounts.

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, per Section 12-6-10 NMSA 1978, 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 are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	50
Buildings	25-40
Landfill	25
Roads	25
Equipment & Furniture	5-15
Vehicles	5-15
Computer Hardware	5

The County has retroactively reported all major general infrastructure assets in accordance with GASB 34.

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.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. *Compensated Absences (continued)*

The County's permanent, full-time employees accrue 3.75 hours of vacation per pay period (biweekly) from date of employment to five years of service, 4.75 hours per pay period from 6 years to 10 years of service, 5.75 hours per pay period from 11 years to 15 years of service, and 6.75 hours per pay period for 16 or greater 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.

The County's permanent, full-time employees accrue sick leave at the rate of eight 3.75 hours per pay period (biweekly) from date of employment to ten years of service and 4.75 hours per pay period for 11 or greater years of continuous employment. 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 the 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. *Net Assets*

Net assets are presented as invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets have constraints placed on net asset use that are either externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. A further classification of restricted net assets exists for those assets included in permanent endowments or permanent fund principal amounts. These net assets are either classified as either expendable or nonexpendable. Nonexpendable net assets are those that are required to be retained in perpetuity. Unrestricted net assets consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

13. *Interfund Transactions (continued)*

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.

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.

16. *Investments*

State statutes authorize the investment of County funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the County properly followed State investment requirements as of June 30, 2009.

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 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, 2009, the carrying amount of the County's deposits was \$68,234,797, excluding cash held as fiduciary of \$3,166,530. Total cash and cash equivalents balance per the financial institutions of \$67,416,379 consisted of demand deposits, certificates of deposit and United States Government Obligations. Of the demand deposits and certificates of deposit, \$1,639,933 was covered by federal depository insurance and \$46,536,512 was covered by collateral held in joint safekeeping by a third party.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND CASH EQUIVALENTS (continued)

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 Schedule F-4 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 \$250,000 in aggregate and separate from the \$250,000 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, 2009, \$46,536,512 of the County's bank balance of \$67,416,379 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; \$19,188,296 of the County's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

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.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer.

The County has no formal investment policy to limit its concentration of credit risk.

The County keeps excess cash in the State Treasurer Local Government Investment Pool (LGIP). At June 30, 2009, the County's LGIP balance was \$51,641.

All investments purchased for the LGIP must be high quality, with a credit rating of A or better to ensure the highest level of safety; U.S. Governments securities are rated AAA and all commercial paper investments is A-1+. Also, the State Treasurer is required by law to have the overnight repurchase agreements secured by U.S. Government securities at 102%.

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 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND CASH EQUIVALENTS (continued)

The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested.

Participation in the local government investment pool is voluntary.

The LGIP is rated as AAAm by Standard & Poor's, and the fund's WAM is 43 days as of June 30, 2009.

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 the county clerk, sheriff, probate judge, inmate trust, detention bond, 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.

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, 2009 are considered to be fully collectible and are composed of the following:

	Governmental Activities
Other Receivables:	
Accounts Receivable	1,419,312
Grant Receivable	409,172
Interest Receivable	297,103
Totals	\$ 2,125,587

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE E - DUE FROM OTHER GOVERNMENTS

The amounts due from other governments at June 30, 2009 are considered to be fully collectible and are composed of the following:

	<u>Governmental Activities</u>
Due from State of New Mexico:	
Taxation & Revenue	\$ 4,215,597
Other	15,152
Lea County Solid Waste Authority	1,882,325
Lea County Water Users Association	<u>2,288</u>
Totals	<u>\$ 6,115,362</u>

NOTE F - DUE FROM/TO OTHER FUNDS AND TRANSFERS

Due from/to other funds consists of monies which were transferred between governmental funds to support the Lea County Event Center and fund activities. The County expects these amounts to be repaid in the upcoming year.

Individual fund interfund receivables and payable balances at June 30, 2009, were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund:		
Due to Hospital Records	\$ -	\$ 10
Special Revenue Fund:		
Due to Lea County Event Center Stipulation	-	90,000
Due from General Fund	10	-
Permanent Fund:		
Due from Lea County Event Center Permanent	<u>90,000</u>	<u>-</u>
Total	<u>\$ 90,010</u>	<u>\$ 90,010</u>

Transfers from the General Fund to Special Revenue funds are made to support the funds' activities. Revenues in excess of servicing the debt service requirement in the Gross Receipts Debt Service fund are transferred annually to the General Fund. Transfers of grant funds received by the General Fund are made as needed.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

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

Transfers for the year ended June 30, 2009 were as follows:

	<u>Governmental Activities</u>
Transfers Out:	
General Fund:	
To Farm and Range Special Revenue Fund	\$ (110,100)
To Recreation Special Revenue Fund	(8,000)
To Airport Fire District Special Revenue Fund	(4,400)
To Indigent Fund	(775,000)
To DWI Special Revenue Fund	(14,974)
To DWI Other Grants Special Revenue Fund	(87,488)
Indigent Funds:	
To General Fund	(775,000)
Non-Major Special Revenue Funds:	
To Jal CDBG Wastewater Special Revenue Fund from Revolving Loan Fund	(162,816)
Non-Major Debt Service Funds:	
To General Fund from Gross Receipts Debt Reserve Debt Service Fund	(2,976,857)
Total Transfers Out	<u>(4,914,635)</u>
Transfers In:	
General Fund	
From Gross Receipts Debt Reserve Debt Service Fund	\$ 2,976,857
From Indigent Fund	775,000
Indigent Funds:	
From General Fund	775,000
Non-Major Special Revenue Funds:	
From General Fund to Farm and Range Special Revenue Fund	110,100
From General Fund to Recreation Special Revenue Fund	8,000
From General Fund to Airport Fire District Special Revenue Fund	4,400
From Revolving Loan Fund to Jal CDBG Wastewater Special Revenue Fund	162,816
From DWI Special Revenue Fund	14,974
From DWI Other Grants Special Revenue Fund	87,488
Total Transfers In	<u>4,914,635</u>
Total	<u>\$ -</u>

NOTE G - RISKS OF LOSS

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

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.

Insurance settlements have not exceeded insurance coverage for any of the past three fiscal years.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE H - 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.

NOTE I - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance 6/30/08	Additions	Deletions	Balance 6/30/09
Depreciable assets				
Buildings	\$ 50,942,703	\$ 4,984,139	\$ -	\$ 55,926,842
Other Improvements	2,038,699	238,652	-	2,277,351
Furniture & Equipment	14,798,821	1,612,893	-	16,411,714
Infrastructure	31,764,820	6,262,923	-	38,027,743
Vehicles	5,494,254	273,147	127,640	5,639,761
Total depreciable assets	105,039,297	13,371,754	127,640	118,283,411
Less accumulated depreciation:				
Buildings	8,596,259	1,631,382	-	10,227,641
Other Improvements	838,680	140,354	-	979,034
Furniture & Equipment	9,168,071	1,318,549	-	10,486,620
Infrastructure	8,769,285	677,473	-	9,447,028
Vehicles	3,853,458	325,673	114,876	4,064,255
Total accumulated depreciation	31,225,753	4,093,431	114,876	35,204,578
Net depreciable assets	73,813,544	9,278,323	12,764	83,078,833
Non-depreciable assets				
Land	1,740,991	443,147	-	2,184,138
Construction in Process	5,286,903	4,085,940	4,208,283	5,164,560
Total non-depreciable assets	7,027,894	4,529,087	4,208,283	7,348,698
Net capital assets	\$ 80,841,438	\$ 13,807,410	\$ 4,221,047	\$ 90,427,531

*Depreciation expense was charged to functions as follows:

Governmental activities:

General	3,397,182
Public safety	331,015
Culture and recreation	365,504
	<u>365,504</u>

Total governmental activities depreciation expense **\$ 4,093,701**

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 J - LONG-TERM DEBT

Revenue Bonds

Bonds outstanding at June 30, 2009 consist of the following issue:

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, 2009 was as follows:

	<u>June 30, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2009</u>	<u>Due Within One Year</u>
Gross Receipts Revenue Bonds					
Series: April 23, 2003	13,595,000	\$ -	\$ 590,000	\$ 13,005,000	\$ 605,000
Compensated Absences (Note A)	496,580	306,186	235,193	567,573	66,736
Totals	\$ 14,091,580	\$ 306,186	\$ 825,193	\$ 13,572,573	\$ 671,736

The annual debt service requirements to maturity, including principal and interest for long-term debt as of June 30, 2009, are as follows:

<u>Year Ending June 30,</u>	<u>Gross Receipts Bonds Series 2003</u>		
	<u>Interest</u>	<u>Principal</u>	<u>Total Payment</u>
2010	844,425	605,000	1,449,425
2011	538,905	625,000	1,163,905
2012	515,874	645,000	1,160,874
2013	491,218	670,000	1,161,218
2014	465,056	680,000	1,145,056
2015-2019	1,852,431	3,855,000	5,707,431
2020-2025	887,021	5,925,000	6,812,021
Total	\$ 5,594,930	\$ 13,005,000	\$ 18,599,930

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

NOTES TO FINANCIAL STATEMENTS

NOTE K - 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 benefits, disability benefits, survivor benefits and cost-of living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P. O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy—Plan members are required to contribute 9.15% of their gross salary, except for sheriff's deputies who are required to contribute 12.35% of their gross salary. The County is required to contribute 9.15% for employees other than sheriff's deputies and 18.5% for deputies. The contribution requirements of plan members and the County are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The County's contributions to PERA for the years ended June 30, 2009, 2008 and 2007 were \$1,527,291, \$1,382,150 and \$1,266,691, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE L - POST EMPLOYMENT BENEFITS

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

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

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

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

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE L – POST EMPLOYMENT BENEFITS (continued)

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

The County's contributions to the RHCA for the years ended June 30, 2009, 2008 and 2007 were \$174,571, \$157,546 and \$136,544, which equal the required contributions for each year.

NOTE M - 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 N - 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

NOTES TO FINANCIAL STATEMENTS

NOTE O - 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 - \$1,882,325) 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. The County did not remit any funds to the Association in the fiscal year ended June 30, 2009.

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.

On July 25, 2006, the County entered into a joint powers agreement with the Southeastern New Mexico Economic Development District/COG. The purpose of the agreement is to facilitate economic development in the region through planning, development, legislative, and strategizing services. The agreement is indefinite in term.

The County established a joint powers agreement with the Eddy-Lea Energy Alliance on July 29, 2006. The goal of this agreement is to evaluate a site for use by the Global Nuclear Energy Partnership and the United States Department of Energy. This is hoped to bring new, higher-wage jobs to the area and strengthen the economic base of the region. The agreement is perpetual, but may be terminated with the written consent of all voting members.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE P – CONSTRUCTION COMMITMENTS

The County has active construction projects at June 30, 2009. These projects include the installation of a new roof and two major building remodels with future commitments of approximately \$2.7 million.

SUPPLEMENTAL INFORMATION

LEA COUNTY, NEW MEXICO

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

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.

Jal CDBG Waterwaster – To account for revenues and expenditures under the Community Block Development Grant #86-C-NR-1-04-GA-091.

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.

Revolving Loan Fund – To account for the loan funds received under the 1986 Community Development Block Grant Program (CDBG) #86-C-NR-I-04-GA-091.

PRCA Steer Roping Fund – To account for the operations of the PRCA associated with the National Finals Steer Roping (NFSR) held at the Lea County Events Center. Lea County has entered into an agreement with the PRCA to hold the NFSR in Lea County for the years 2006, 2007, and 2008. This fund was created pursuant to the County's 2006 Agreement with the PRCA.

Other Grants -- To account for grants and grant expenditures that are subject to tracking requirements by grant agreements.

LEA COUNTY, NEW MEXICO

Combining Balance Sheet
 Non-major Special Revenue Funds
 June 30, 2009

Statement B-1
 Page 1 of 5

	Farm and Range	Recreation	County Clerk	Maljamar Fire District	Knowles Fire District
ASSETS					
Cash and cash equivalents	\$ 24,932	\$ 13,459	\$ 16,258	\$ 90,901	\$ 25,874
Investments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Other receivables	-	-	-	-	-
Total assets	\$ 24,932	\$ 13,459	\$ 16,258	\$ 90,901	\$ 25,874
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 23,250	\$ 1,530	\$ 152	\$ 2,082	\$ 5,302
Due to other funds	-	-	-	-	-
Total liabilities	23,250	1,530	152	2,082	5,302
Fund balances:					
Reserved for fire districts	-	-	-	88,819	20,572
Unreserved	1,682	11,929	16,106	-	-
Total fund balances	1,682	11,929	16,106	88,819	20,572
Total liabilities and fund balances	\$ 24,932	\$ 13,459	\$ 16,258	\$ 90,901	\$ 25,874

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, 2009

Statement B-1
 Page 2 of 5

	Airport Fire District	Monument Fire District	DWI	House Bill 198 Grant	Correction Fees
ASSETS					
Cash and cash equivalents	\$ 19,510	\$ 70,209	\$ 63,389	\$ 9,044	\$ 916,613
Investments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Other receivables	-	-	-	-	-
Total assets	\$ 19,510	\$ 70,209	\$ 63,389	\$ 9,044	\$ 916,613
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 1,757	\$ 6,281	\$ -	\$ -
Due to other funds	-	-	-	-	-
Total liabilities	-	1,757	6,281	-	-
Fund balances:					
Reserved for fire districts	19,510	68,452	-	-	-
Unreserved	-	-	57,108	9,044	916,613
Total fund balances	19,510	68,452	57,108	9,044	916,613
Total liabilities and fund balances	\$ 19,510	\$ 70,209	\$ 63,389	\$ 9,044	\$ 916,613

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, 2009**

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

	Paving District	Property Valuation	Hospital Records	Lea County Event Center Stipulation	Knowles EMS Grant
ASSETS					
Cash and cash equivalents	\$ 491,922	\$ 361,372	\$ -	\$ 245,733	\$ 185
Investments	-	-	-	-	-
Due from other funds	-	-	10	90,000	-
Other receivables	-	-	-	-	-
Total assets	\$ 491,922	\$ 361,372	\$ 10	\$ 335,733	\$ 185
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 2,537	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Total liabilities	-	2,537	-	-	-
Fund balances:					
Reserved for fire districts	-	-	-	-	-
Unreserved	491,922	358,835	10	335,733	185
Total fund balances	491,922	358,835	10	335,733	185
Total liabilities and fund balances	\$ 491,922	\$ 361,372	\$ 10	\$ 335,733	\$ 185

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, 2009

Statement B-1
 Page 4 of 5

	Law Enforcement Project	Maljamar EMS Grant	Fire Excise Tax	Monument EMS Grant	Jal CDBG Wastewater
ASSETS					
Cash and cash equivalents	\$ 23,645	\$ 8,773	\$ 2,320,265	\$ 3,561	\$ 48,325
Investments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Other receivables	-	-	2,161	-	-
Total assets	\$ 23,645	\$ 8,773	\$ 2,322,426	\$ 3,561	\$ 48,325
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 234	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Total liabilities	-	234	-	-	-
Fund balances:					
Reserved for fire districts	-	-	-	-	-
Unreserved	23,645	8,539	2,322,426	3,561	48,325
Total fund balances	23,645	8,539	2,322,426	3,561	48,325
Total liabilities and fund balances	\$ 23,645	\$ 8,773	\$ 2,322,426	\$ 3,561	\$ 48,325

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, 2009

Statement B-1
 Page 5 of 5

	Convenience Centers	Revolving Loan Fund	PRCA Steer Roping	Other Grants	Total Non- Major Special Revenue Funds
ASSETS					
Cash and cash equivalents	\$ 1,657,621	\$ 960	\$ 43,236	\$ 356,477	\$ 6,812,264
Investments	-	100,145	-	-	100,145
Due from other funds	-	-	-	-	90,010
Other receivables	170,102	-	-	-	172,263
Total assets	\$ 1,827,723	\$ 101,105	\$ 43,236	\$ 356,477	\$ 7,174,682
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 90,131	\$ -	\$ 850	\$ 56,717	\$ 190,823
Due to other funds	-	-	-	-	-
Total liabilities	90,131	-	850	56,717	190,823
Fund balances:					
Reserved for fire districts	-	-	-	-	197,353
Unreserved	1,737,592	101,105	42,386	299,760	6,786,506
Total fund balances	1,737,592	101,105	42,386	299,760	6,983,859
Total liabilities and fund balances	\$ 1,827,723	\$ 101,105	\$ 43,236	\$ 356,477	\$ 7,174,682

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, 2009**

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

	Farm and Range	Recreation	County Clerk	Maljamar Fire District	Knowles Fire District
REVENUES					
Property, sales, and miscellaneous taxes	\$ -	\$ 418	\$ -	\$ -	\$ -
Licenses and permits	-	-	51,992	-	-
Intergovernmental	16,121	-	-	42,631	42,631
Charges for services	-	-	-	-	-
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	-	6,859	52,862
Total revenues	16,121	418	51,992	49,490	95,493
EXPENDITURES					
Current:					
General government	-	-	4,716	41,105	73,994
Public safety	-	-	-	-	-
Culture and recreation	-	13,857	-	-	-
Farm and range	126,500	-	-	-	-
Capital outlay	-	-	177,491	-	-
Total expenditures	126,500	13,857	182,207	41,105	73,994
Excess (deficiency) of revenues over expenditures	(110,379)	(13,439)	(130,215)	8,385	21,499
OTHER FINANCING SOURCES (USES)					
Transfers in	110,100	8,000	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	110,100	8,000	-	-	-
Net change in fund balances	(279)	(5,439)	(130,215)	8,385	21,499
Fund balances - beginning of year	1,961	17,368	146,321	80,434	(927)
Fund balances - end of year	\$ 1,682	\$ 11,929	\$ 16,106	\$ 88,819	\$ 20,572

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, 2009

Page 2 of 5

	Airport Fire District	Monument Fire District	DWI	House Bill 198 Grant	Correction Fees
REVENUES					
Property, sales, and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	7	-	-
Intergovernmental	-	52,404	431,893	-	140,646
Charges for services	-	-	-	-	-
Investment earnings	-	-	-	-	-
Miscellaneous	-	11,351	36,775	-	-
Total revenues	-	63,755	468,675	-	140,646
EXPENDITURES					
Current:					
General government	9,917	65,871	485,679	-	-
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Farm and range	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	9,917	65,871	485,679	-	-
Excess (deficiency) of revenues over expenditures	(9,917)	(2,116)	(17,004)	-	140,646
OTHER FINANCING SOURCES (USES)					
Transfers in	4,400	-	14,974	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	4,400	-	14,974	-	-
Net change in fund balances	(5,517)	(2,116)	(2,030)	-	140,646
Fund balances - beginning of year	25,027	70,568	59,138	9,044	775,967
Fund balances - end of year	\$ 19,510	\$ 68,452	\$ 57,108	\$ 9,044	\$ 916,613

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, 2009

Page 3 of 5

	Paving District	Property Valuation	Hospital Records	Lea County Event Center Stipulation	Knowles EMS Grant
REVENUES					
Property, sales, and miscellaneous taxes	\$ 6,230	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	5,486
Charges for services	-	179,789	-	-	-
Investment earnings	3,773	-	-	41,192	-
Miscellaneous	-	-	-	-	-
Total revenues	10,003	179,789	-	41,192	5,486
EXPENDITURES					
Current:					
General government	-	219,432	-	-	-
Public safety	-	-	-	-	11,160
Culture and recreation	-	-	-	-	-
Farm and range	-	-	-	-	-
Capital outlay	-	11,147	-	-	-
Total expenditures	-	230,579	-	-	11,160
Excess (deficiency) of revenues over expenditures	10,003	(50,790)	-	41,192	(5,674)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	10,003	(50,790)	-	41,192	(5,674)
Fund balances - beginning of year	481,919	409,625	10	294,541	5,859
Fund balances - end of year	\$ 491,922	\$ 358,835	\$ 10	\$ 335,733	\$ 185

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, 2009

Page 4 of 5

	Law Enforcement Project	Maljamar EMS Grant	Fire Excise Tax	Monument EMS Grant	Jal CDBG Wastewater
REVENUES					
Property, sales, and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	65,213	3,053	-	5,442	-
Charges for services	-	-	-	-	-
Investment earnings	-	-	29,769	-	-
Miscellaneous	-	-	-	2,200	-
Total revenues	65,213	3,053	29,769	7,642	-
EXPENDITURES					
Current:					
General government	12,281	-	32,668	-	114,491
Public safety	35,131	9,068	-	16,168	-
Culture and recreation	-	-	-	-	-
Farm and range	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	47,412	9,068	32,668	16,168	114,491
Excess (deficiency) of revenues over expenditures	17,801	(6,015)	(2,899)	(8,526)	(114,491)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	162,816
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	162,816
Net change in fund balances	17,801	(6,015)	(2,899)	(8,526)	48,325
Fund balances - beginning of year	5,844	14,554	2,325,325	12,087	-
Fund balances - end of year	\$ 23,645	\$ 8,539	\$ 2,322,426	\$ 3,561	\$ 48,325

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
For the Year Ended June 30, 2009

Page 5 of 5

	Convenience Centers	Revolving Loan Fund	PRCA Steer Roping	Other Grants	Total Non-Major Special Revenue Funds
REVENUES					
Property, sales, and miscellaneous taxes	\$ 1,407,953	\$ -	\$ -	\$ -	\$ 1,414,601
Licenses and permits	-	-	-	-	51,999
Intergovernmental	-	-	-	2,602,895	3,408,415
Charges for services	-	-	415,304	-	595,093
Investment earnings	-	1,956	-	-	76,690
Miscellaneous	-	-	-	522,725	632,772
Total revenues	1,407,953	1,956	415,304	3,125,620	6,179,570
EXPENDITURES					
Current:					
General government	1,150,667	-	-	2,881,634	5,092,455
Public safety	-	-	-	-	71,527
Culture and recreation	-	-	452,766	-	466,623
Farm and range	-	-	-	-	126,500
Capital outlay	-	-	-	-	188,638
Total expenditures	1,150,667	-	452,766	2,881,634	5,945,743
Excess (deficiency) of revenues over expenditures	257,286	1,956	(37,462)	243,986	233,827
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	87,488	387,778
Transfers out	-	(162,816)	-	-	(162,816)
Total other financing sources (uses)	-	(162,816)	-	87,488	224,962
Net change in fund balances	257,286	(160,860)	(37,462)	331,474	458,789
Fund balances - beginning of year	1,480,306	261,965	79,848	(31,714)	6,525,070
Fund balances - end of year	\$ 1,737,592	\$ 101,105	\$ 42,386	\$ 299,760	\$ 6,983,859

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget (non-GAAP Budgetary Basis) and Actual
 Farm and Range
 For the Year Ended June 30, 2009

Statement B-3

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 14,500	\$ 14,500	\$ 16,121	\$ 1,621
Total revenues	14,500	14,500	16,121	1,621
EXPENDITURES				
Farm and Range	126,500	126,500	103,250	23,250
Total expenditures	126,500	126,500	103,250	23,250
Excess (deficiency) of revenues over expenditures	(112,000)	(112,000)	(87,129)	\$ 24,871
OTHER FINANCING SOURCES (USES)				
Transfers in	110,100	110,100	110,100	-
Total other financing sources and (uses)	110,100	110,100	110,100	\$ -
Prior year cash balance	1,961	1,961	-	-
Net change in fund balances	\$ 61	\$ 61	22,971	
RECONCILIATION TO GAAP BASIS:				
Increase in accounts payable			(23,250)	
Net change in fund balance			\$ (279)	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Recreation
For the Year Ended June 30, 2009**

Statement B-4

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Sales and miscellaneous taxes	\$ -	\$ -	\$ 418	\$ 418
Total revenues	-	-	418	418
EXPENDITURES				
Culture and recreation	26,000	26,000	13,072	12,928
Total expenditures	26,000	26,000	13,072	12,928
Excess (deficiency) of revenues over expenditures	(26,000)	(26,000)	(12,654)	\$ 13,346
OTHER FINANCING SOURCES (USES)				
Transfers in	8,000	8,000	8,000	-
Total other financing sources and (uses)	8,000	8,000	8,000	\$ -
Prior year cash balance	18,113	18,113	-	-
Net change in fund balances	\$ 113	\$ 113	(4,654)	
RECONCILIATION TO GAAP BASIS:				
Increase in accounts payable			(785)	
Net change in fund balance			\$ (5,439)	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget (non-GAAP Budgetary Basis) and Actual
 County Clerk
 For the Year Ended June 30, 2009

Statement B-5

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Licenses and permits	\$ 65,000	\$ 65,000	\$ 51,992	\$ (13,008)
Total revenues	65,000	65,000	51,992	(13,008)
EXPENDITURES				
General government	20,600	20,600	4,716	15,884
Capital Outlay	123,000	162,000	177,491	(15,491)
Total expenditures	143,600	182,600	182,207	393
Excess (deficiency) of revenues over expenditures	(78,600)	(117,600)	(130,215)	\$ (12,615)
Prior year cash balance	146,474	146,474	-	
Net change in fund balances	\$ 67,874	\$ 28,874	(130,215)	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ (130,215)	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget (non-GAAP Budgetary Basis) and Actual
 Maljamar Fire District
 For the Year Ended June 30, 2009

Statement B-6

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 39,058	\$ 39,058	\$ 42,631	\$ 3,573
Miscellaneous	-	-	6,859	6,859
Total revenues	39,058	39,058	49,490	10,432
EXPENDITURES				
General government	119,998	119,998	39,529	80,469
Total expenditures	119,998	119,998	39,529	80,469
Excess (deficiency) of revenues over expenditures	(80,940)	(80,940)	9,961	\$ 90,901
Prior year cash balance	80,940	80,940	-	
Net change in fund balances	\$ -	\$ -	9,961	
RECONCILIATION TO GAAP BASIS:				
Increase in accounts payable			(1,576)	
Net change in fund balance			\$ 8,385	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget (non-GAAP Budgetary Basis) and Actual Knowles Fire District For the Year Ended June 30, 2009

Statement B-7

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 39,058	\$ 39,058	\$ 42,632	\$ 3,574
Miscellaneous	52,862	52,862	52,862	-
Total revenues	91,920	91,920	95,494	3,574
EXPENDITURES				
General government	43,325	74,325	73,885	440
Total expenditures	43,325	74,325	73,885	440
Excess (deficiency) of revenues over expenditures	48,595	17,595	21,609	\$ 4,014
Prior year cash balance	4,267	4,267	-	
Net change in fund balances	\$ 52,862	\$ 21,862	21,609	
RECONCILIATION TO GAAP BASIS:				
Increase in accounts payable			(110)	
Net change in fund balance			\$ 21,499	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget (non-GAAP Budgetary Basis) and Actual
 Airport Fire District
 For the Year Ended June 30, 2009

Statement B-8

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
General government	29,400	29,400	9,917	19,483
Total expenditures	29,400	29,400	9,917	19,483
Excess (deficiency) of revenues over expenditures	(29,400)	(29,400)	(9,917)	\$ 19,483
OTHER FINANCING SOURCES (USES)				
Transfers in	4,400	4,400	4,400	-
Total other financing sources and (uses)	4,400	4,400	4,400	\$ -
Prior year cash balance	25,027	25,027	-	
Net change in fund balances	\$ 27	\$ 27	(5,517)	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ (5,517)	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Monument Fire District
For the Year Ended June 30, 2009**

Statement B-9

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 39,058	\$ 39,058	\$ 52,405	\$ 13,347
Miscellaneous	-	-	11,351	11,351
Total revenues	39,058	39,058	63,756	24,698
EXPENDITURES				
General government	111,255	111,255	65,745	45,510
Total expenditures	111,255	111,255	65,745	45,510
Excess (deficiency) of revenues over expenditures	(72,197)	(72,197)	(1,989)	\$ 70,208
Prior year cash balance	72,198	72,198	-	
Net change in fund balances	\$ 1	\$ 1	(1,989)	
RECONCILIATION TO GAAP BASIS:				
Increase in accounts payable			(127)	
Net change in fund balance			\$ (2,116)	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
DWI
For the Year Ended June 30, 2009**

Statement B-10

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Licenses and permits	\$ -	\$ -	\$ 7	\$ 7
Intergovernmental	515,426	515,426	431,893	(83,533)
Miscellaneous	44,323	44,323	36,775	(7,548)
Total revenues	559,749	559,749	468,675	(91,074)
EXPENDITURES				
Current:				
General government	561,500	522,154	481,236	40,918
Total expenditures	561,500	522,154	481,236	40,918
Excess (deficiency) of revenues over expenditures	(1,751)	37,595	(12,561)	\$ (50,156)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	14,974	14,974	-
Total other financing sources and (uses)	-	14,974	14,974	\$ -
Prior year cash balance	60,975	60,975	-	
Net change in fund balances	\$ 59,224	\$ 113,544	2,413	
RECONCILIATION TO GAAP BASIS:				
Increase in accounts payable			(4,443)	
Net change in fund balance			\$ (2,030)	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget (non-GAAP Budgetary Basis) and Actual
 House Bill 198 Grant
 For the Year Ended June 30, 2009

Statement B-11

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	\$ -
Prior year cash balance	9,044	9,044	-	
Net change in fund balances	\$ 9,044	\$ 9,044	-	
RECONCILIATION TO GAAP BASIS:				
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 (non-GAAP Budgetary Basis) and Actual
 Correction Fees
 For the Year Ended June 30, 2009

Statement B-12

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 70,000	\$ 70,000	\$ 140,646	\$ 70,646
Total revenues	70,000	70,000	140,646	70,646
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	70,000	70,000	140,646	\$ 70,646
Prior year cash balance	775,967	775,967	-	
Net change in fund balances	\$ 845,967	\$ 845,967	140,646	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ 140,646	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget (non-GAAP Budgetary Basis) and Actual Paving District For the Year Ended June 30, 2009

Statement B-13

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Property taxes	\$ -	\$ -	\$ 6,230	\$ 6,230
Investment earnings	300	300	3,773	3,473
Total revenues	300	300	10,003	9,703
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	300	300	10,003	\$ 9,703
Prior year cash balance	481,919	481,919	-	
Net change in fund balances	\$ 482,219	\$ 482,219	10,003	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ 10,003	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Property Valuation
For the Year Ended June 30, 2009**

Statement B-14

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Charges for services	\$ 150,000	\$ 150,000	\$ 179,789	\$ 29,789
Total revenues	150,000	150,000	179,789	29,789
EXPENDITURES				
General government	328,530	328,530	217,494	111,036
Capital Outlay	66,500	66,500	11,147	55,353
Total expenditures	395,030	395,030	228,641	166,389
Excess (deficiency) of revenues over expenditures	(245,030)	(245,030)	(48,852)	\$ 196,178
Prior year cash balance	410,225	410,225	-	
Net change in fund balances	\$ 165,195	\$ 165,195	(48,852)	
RECONCILIATION TO GAAP BASIS:				
Increase in accounts payable			(1,938)	
Net change in fund balance			\$ (50,790)	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Lea County Event Center Stipulation
For the Year Ended June 30, 2009**

Statement B-15

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Investment earnings	\$ 45,000	\$ 45,000	\$ 41,192	\$ (3,808)
Total revenues	45,000	45,000	41,192	(3,808)
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	45,000	45,000	41,192	\$ (3,808)
Prior year cash balance	204,542	204,542	-	
Net change in fund balances	\$ 249,542	\$ 249,542	41,192	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			<u>\$ 41,192</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 (non-GAAP Budgetary Basis) and Actual
Knowles EMS Grant
For the Year Ended June 30, 2009**

Statement B-16

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 6,532	\$ 6,532	\$ 5,486	\$ (1,046)
Total revenues	6,532	6,532	5,486	(1,046)
EXPENDITURES				
Public safety	12,391	12,391	11,160	1,231
Total expenditures	12,391	12,391	11,160	1,231
Excess (deficiency) of revenues over expenditures	(5,859)	(5,859)	(5,674)	\$ 185
Prior year cash balance	5,860	5,860	-	
Net change in fund balances	\$ 1	\$ 1	(5,674)	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ (5,674)	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Law Enforcement Project
For the Year Ended June 30, 2009**

Statement B-17

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 43,400	\$ 43,400	\$ 65,213	\$ 21,813
Total revenues	43,400	43,400	65,213	21,813
EXPENDITURES				
General government	-	-	12,281	(12,281)
Public safety	49,243	49,243	35,131	14,112
Total expenditures	49,243	49,243	47,412	1,831
Excess (deficiency) of revenues over expenditures	(5,843)	(5,843)	17,801	\$ 23,644
Prior year cash balance	5,844	5,844	-	
Net change in fund balances	\$ 1	\$ 1	17,801	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ 17,801	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Maljamar EMS Grant
For the Year Ended June 30, 2009**

Statement B-18

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 3,000	\$ 3,000	\$ 3,053	\$ 53
Total revenues	3,000	3,000	3,053	53
EXPENDITURES				
Public safety	17,787	17,787	9,068	8,719
Total expenditures	17,787	17,787	9,068	8,719
Excess (deficiency) of revenues over expenditures	(14,787)	(14,787)	(6,015)	\$ 8,772
Prior year cash balance	14,788	14,788	-	
Net change in fund balances	\$ 1	\$ 1	(6,015)	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ (6,015)	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Fire Excise Tax
For the Year Ended June 30, 2009**

Statement B-19

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Investment earnings	\$ 75,000	\$ 75,000	\$ 32,251	\$ (42,749)
Total revenues	75,000	75,000	32,251	(42,749)
EXPENDITURES				
General government	75,000	75,000	32,668	42,332
Total expenditures	75,000	75,000	32,668	42,332
Excess (deficiency) of revenues over expenditures	-	-	(417)	\$ (417)
Prior year cash balance	2,320,682	2,320,682	-	
Net change in fund balances	\$ 2,320,682	\$ 2,320,682	(417)	
RECONCILIATION TO GAAP BASIS:				
Decrease in oher receivables			(2,482)	
Net change in fund balance			\$ (2,899)	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Monument EMS Grant
For the Year Ended June 30, 2009**

Statement B-20

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 5,705	\$ 5,705	\$ 5,442	\$ (263)
Miscellaneous	-	-	2,200	2,200
Total revenues	5,705	5,705	7,642	1,937
EXPENDITURES				
Public safety	17,791	17,791	16,168	1,623
Total expenditures	17,791	17,791	16,168	1,623
Excess (deficiency) of revenues over expenditures	(12,086)	(12,086)	(8,526)	\$ 3,560
Prior year cash balance	12,087	12,087	-	
Net change in fund balances	\$ 1	\$ 1	(8,526)	
RECONCILIATION TO GAAP BASIS:				
Decrease in accounts payable			-	
Net change in fund balance			\$ (8,526)	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Jal CDBG Wastewater
For the Year Ended June 30, 2009**

Statement B-21

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
General government	160,000	160,000	114,491	45,509
Total expenditures	160,000	160,000	114,491	45,509
Excess (deficiency) of revenues over expenditures	(160,000)	(160,000)	(114,491)	\$ 45,509
OTHER FINANCING SOURCES (USES)				
Transfers in	162,816	162,816	162,816	
Total other financing sources and (uses)	162,816	162,816	162,816	
Prior year cash balance	-	-	-	
Net change in fund balances	\$ 2,816	\$ 2,816	48,325	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ 48,325	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Convenience Centers
For the Year Ended June 30, 2009**

Statement B-22

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Sales and miscellaneous taxes	\$ 1,000,000	\$ 1,000,000	\$ 1,486,843	\$ 486,843
Total revenues	1,000,000	1,000,000	1,486,843	486,843
EXPENDITURES				
Current:				
General government	1,392,304	1,392,304	1,107,455	284,849
Total expenditures	1,392,304	1,392,304	1,107,455	284,849
Excess (deficiency) of revenues over expenditures	(392,304)	(392,304)	379,388	\$ 771,692
Prior year cash balance	1,278,234	1,278,234	-	
Net change in fund balances	\$ 885,930	\$ 885,930	379,388	
RECONCILIATION TO GAAP BASIS:				
Increase in accounts payable			(43,213)	
Decrease in other receivables			(78,889)	
Net change in fund balance			\$ 257,286	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Revolving Loan Fund
For the Year Ended June 30, 2009**

Statement B-23

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Investment earnings	-	-	\$ 1,956	1,956
Miscellaneous	-	-	-	-
Total revenues	-	-	1,956	1,956
EXPENDITURES				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	1,956	\$ 1,956
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(162,816)	(162,816)	
Total other financing sources and (uses)	-	(162,816)	(162,816)	
Prior year cash balance	261,965	261,965	-	
Net change in fund balances	\$ 261,965	\$ 99,149	(160,860)	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ (160,860)	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget (non-GAAP Budgetary Basis) and Actual PRCA Steer Roping For the Year Ended June 30, 2009

Statement B-24

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Charges for services	620,000	620,000	415,304	(204,696)
Total revenues	620,000	620,000	415,304	(204,696)
EXPENDITURES				
Current:				
Culture and recreation	620,000	620,000	452,766	167,234
Total expenditures	620,000	620,000	452,766	167,234
Excess (deficiency) of revenues over expenditures	-	-	(37,462)	\$ (37,462)
Prior year cash balance	80,698	80,698	-	
Net change in fund balances	\$ 80,698	\$ 80,698	(37,462)	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			<u>\$ (37,462)</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 (non-GAAP Budgetary Basis) and Actual
Other Grants
For the Year Ended June 30, 2009**

Statement B-25

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 2,957,396	\$ 2,957,396	\$ 2,602,895	\$ (354,501)
Other revenue 1	-	-	-	-
Total revenues	4,389,396	4,389,396	3,125,620	(1,263,776)
EXPENDITURES				
Current:				
General government	3,828,697	4,164,697	2,856,634	1,308,063
Total expenditures	3,828,697	4,164,697	2,856,634	1,308,063
Excess (deficiency) of revenues over expenditures	560,699	224,699	268,986	\$ 44,287
OTHER FINANCING SOURCES (USES)				
Transfers in	-	87,488	87,488	-
Total other financing sources and (uses)	-	87,488	87,488	\$ -
Net change in fund balances	\$ 560,699	\$ 312,187	\$ 356,474	
RECONCILIATION TO GAAP BASIS:				
Increase in accounts payable			(25,000)	
Net change in fund balance			\$ 331,474	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

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, 2009

Statement C-1

	Detention Bond Reserve	Gross Receipts Debt Service	Total Non-Major Debt Service Funds
ASSETS			
Cash and cash equivalents	\$ 1,177,205	\$ -	\$ 1,177,205
Other receivables	-	500,438	500,438
Total assets	\$ 1,177,205	\$ 500,438	\$ 1,677,643
LIABILITIES AND FUND BALANCES			
Liabilities:	\$ -	\$ -	\$ -
Total liabilities	-	-	-
Fund balances:			
Reserved	1,177,205	500,438	1,677,643
Total fund balances	1,177,205	500,438	1,677,643
Total liabilities and fund balances	\$ 1,177,205	\$ 500,438	\$ 1,677,643

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Debt Service Funds
For the Year Ended June 30, 2009**

Statement C-2

	Detention Bond Reserve	Gross Receipts Debt Service	Total Non-major Debt Service Funds
REVENUES			
Property, sales and miscellaneous taxes	\$ -	\$ 3,920,404	\$ 3,920,404
Investment earnings	-	27,964	27,964
Total revenues	-	3,948,368	3,948,368
EXPENDITURES			
Current:			
Principal	-	590,000	590,000
Interest and other charges	-	587,205	587,205
Total expenditures	-	1,177,205	1,177,205
Excess (deficiency) of revenues over expenditures	-	2,771,163	2,771,163
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(2,976,857)	(2,976,857)
Total other financing sources (uses)	-	(2,976,857)	(2,976,857)
Net change in fund balances	-	(205,694)	(205,694)
Fund balances - beginning of year	1,177,205	706,132	1,883,337
Fund balances - end of year	\$ 1,177,205	\$ 500,438	\$ 1,677,643

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Detention Bond Reserve
For the Year Ended June 30, 2009**

Statement C-3

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	\$ -
Prior year cash balance	1,177,205	1,177,205	-	
Net change in fund balances	\$ 1,177,205	\$ 1,177,205	-	
RECONCILIATION TO GAAP BASIS:				
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 (non-GAAP Budgetary Basis) and Actual
Gross Receipts Debt Service
For the Year Ended June 30, 2009**

Statement C-4

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Sales and miscellaneous taxes	\$ 3,150,001	\$ 3,150,000	\$ 4,126,098	\$ 976,098
Investment earnings	69,000	69,000	27,964	(41,036)
Total revenues	3,219,001	3,219,000	4,154,062	935,062
EXPENDITURES				
Current:				
Principal	590,000	590,000	590,000	-
Interest and other charges	587,205	587,205	587,205	-
Total expenditures	1,177,205	1,177,205	1,177,205	-
Excess (deficiency) of revenues over expenditures	2,041,796	2,041,795	2,976,857	\$ 935,062
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,041,795)	(2,976,857)	(2,976,857)	-
Total other financing sources and (uses)	(2,041,795)	(2,976,857)	(2,976,857)	\$ -
Net change in fund balances	\$ 1	\$ (935,062)		
RECONCILIATION TO GAAP BASIS:				
Increase in taxes receivable (excluding property tax)			(205,694)	
Net change in fund balance			\$ (205,694)	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

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

Combining Balance Sheet
Permanent Fund
June 30, 2009

Statement D-1

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

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Permanent Fund
For the Year Ended June 30, 2009

Statement D-2

	<u>Lea County Event Center Permanent</u>
REVENUES	<u>\$ -</u>
Total revenues	<u>-</u>
EXPENDITURES	<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 (non-GAAP Budgetary Basis) and Actual
Permanent Fund
For the Year Ended June 30, 2009**

Statement D-3

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	\$ -
Prior year cash balance	1,443,125	1,443,125	-	
Net change in fund balances	\$ 1,443,125	\$ 1,443,125	-	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ -	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

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 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.

Detention Bond Account – This account is used to hold the cash bonds of prisoners at the detention facility until the bonds are remitted to the appropriate agency.

LEA COUNTY, NEW MEXICO

Agency Funds - Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2009

Statement E-1
Page 1 of 3

	June 30, 2008	Additions	Deletions	June 30, 2009
COUNTY TREASURER'S OFFICE				
Assets				
Cash	\$ 2,056,529	\$ 56,735,855	\$ 57,732,218	\$ 1,060,166
Taxes receivable	718,429	220,820,564	220,791,005	747,988
Total assets	\$ 2,774,958	\$ 277,556,419	\$ 278,523,223	\$ 1,808,154
Liabilities				
Taxes paid in advance	\$ 32,243	\$ 36,875	\$ 30,548	\$ 38,570
Deposits held in trust for others	2,024,286	56,698,980	57,701,670	1,021,596
Due to other taxing units/governments	718,429	220,820,564	220,791,005	747,988
Total liabilities	\$ 2,774,958	\$ 277,556,419	\$ 278,523,223	\$ 1,808,154
COUNTY CLERK'S OFFICE				
Assets				
Cash	\$ 24,491	\$ 241,176	\$ 245,368	\$ 20,299
Total assets	\$ 24,491	\$ 241,176	\$ 245,368	\$ 20,299
Liabilities				
Deposits held in trust for others	\$ 24,491	\$ 241,176	\$ 245,368	\$ 20,299
Total liabilities	\$ 24,491	\$ 241,176	\$ 245,368	\$ 20,299
COUNTY PROBATE JUDGE'S OFFICE				
Assets				
Cash	\$ 270	\$ 3,210	\$ 3,367	\$ 113
Total assets	\$ 270	\$ 3,210	\$ 3,367	\$ 113
Liabilities				
Deposits held in trust for others	\$ 270	\$ 3,210	\$ 3,367	\$ 113
Total liabilities	\$ 270	\$ 3,210	\$ 3,367	\$ 113

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, 2009

Page 2 of 3

	June 30, 2008	Additions	Deletions	June 30, 2009
DETENTION INMATE TRUST				
Assets				
Cash	\$ 34,444	\$ 380,703	\$ 385,691	\$ 29,456
Total assets	\$ 34,444	\$ 380,703	\$ 385,691	\$ 29,456
Liabilities				
Deposits held in trust for others	\$ 34,444	\$ 380,703	\$ 385,691	\$ 29,456
Total liabilities	\$ 34,444	\$ 380,703	\$ 385,691	\$ 29,456
 LEA COUNTY SOLID WASTE AUTHORITY				
Assets				
Cash	\$ 1,076,073	\$ 2,524,732	\$ 1,562,711	\$ 2,038,094
Total assets	\$ 1,076,073	\$ 2,524,732	\$ 1,562,711	\$ 2,038,094
Liabilities				
Deposits held in trust for others	\$ 1,076,073	\$ 2,524,732	\$ 1,562,711	\$ 2,038,094
Total liabilities	\$ 1,076,073	\$ 2,524,732	\$ 1,562,711	\$ 2,038,094
 LEA COUNTY WATER USERS ASSOCIATION				
Assets				
Cash	\$ -	\$ 64,117	\$ 57,543	\$ 6,574
Due from other governments	80,623	40,455	43,000	78,078
Total assets	\$ 80,623	\$ 104,572	\$ 100,543	\$ 84,652
Liabilities				
Due to others	\$ 1,198	\$ 2,545	\$ -	\$ 3,743
Deposits held in trust for others	79,425	102,027	100,543	80,909
Total liabilities	\$ 80,623	\$ 104,572	\$ 100,543	\$ 84,652

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, 2009

Page 3 of 3

	June 30, 2008	Additions	Deletions	June 30, 2009
DETENTION BOND ACCOUNT				
Assets				
Cash	\$ 1,527	\$ 171,173	\$ 160,872	\$ 11,828
Total assets	\$ 1,527	\$ 171,173	\$ 160,872	\$ 11,828
Liabilities				
Deposits held in trust for others	\$ 1,527	\$ 171,173	\$ 160,872	\$ 11,828
Total liabilities	\$ 1,527	\$ 171,173	\$ 160,872	\$ 11,828
TOTALS				
Assets				
Cash	\$ 3,193,334	\$ 60,120,966	\$ 60,147,770	\$ 3,166,530
Taxes receivable	718,429	220,820,564	220,791,005	747,988
Due from other governments	80,623	40,455	43,000	78,078
Total assets	\$ 3,992,386	\$ 280,981,985	\$ 280,981,775	\$ 3,992,596
Liabilities				
Taxes paid in advance	\$ 32,243	\$ 36,875	\$ 30,548	\$ 38,570
Deposits held in trust for others	3,240,516	60,122,001	60,160,222	3,202,295
Due to other taxing units/governments	718,429	220,820,564	220,791,005	747,988
Due to others	1,198	2,545	-	3,743
Total liabilities	\$ 3,992,386	\$ 280,981,985	\$ 280,981,775	\$ 3,992,596

The accompanying notes are an integral part of these statements.

OTHER SUPPLEMENTAL INFORMATION

LEA COUNTY, NEW MEXICO

SUPPLEMENTAL SCHEDULE OF RECONCILIATION OF TAX ROLLS
Year Ended June 30, 2009

Schedule F-1

	Taxes Receivable 7/1/2008	Net Taxes Charged to Treasurer	Collections	Taxes Receivable 6/30/2009	Distributions
Lea County funds:					
General	\$ 379,777	\$ 7,917,484	\$ 7,901,826	\$ 395,434	\$ 7,901,826
New Mexico Junior College	189,460	3,871,298	3,863,648	197,109	3,863,648
Nor-Lea Hospital	31,986	755,692	754,834	32,845	754,834
Jal Hospital	2,444	88,455	88,050	2,849	88,050
Livestock	2,629	151,104	150,638	3,095	150,638
Eunice Hospital District	8,120	91,977	96,619	3,478	96,619
Municipalities:					
Lovington	21,144	276,037	276,001	21,181	276,001
Eunice	7,754	128,785	127,482	9,057	127,482
Hobbs	85,871	1,564,303	1,562,304	87,870	1,562,304
Jal	6,436	66,537	65,341	7,631	65,341
Tatum	1,652	14,738	14,882	1,509	14,882
State of New Mexico	51,435	1,020,900	1,017,574	54,761	1,017,574
Schools:					
Lovington	50,078	1,174,320	1,168,852	55,546	1,168,852
Eunice	5,556	338,200	337,073	6,683	337,073
Hobbs	237,295	3,997,926	3,986,748	248,474	3,986,748
Jal	2,412	87,928	87,550	2,790	87,550
Tatum	5,324	161,939	163,967	3,296	163,967
Taxes in Advance	76	7,886	7,296	666	7,296
Re-appraisal	8,755	180,181	179,789	9,147	179,789
Total taxes	\$ 1,098,205	\$ 21,895,690	\$ 21,850,474	\$ 1,143,421	\$ 21,850,474

Property Taxes Receivable by years:

2000	\$ 18,346
2001	19,943
2002	21,230
2003	27,630
2004	28,141
2005	31,326
2006	39,251
2007	111,758
2008	194,263
2009	651,533
Total Taxes Receivable	\$ 1,143,421

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

COUNTY TREASURER'S PROPERTY TAX SCHEDULE Year Ended June 30, 2009

Schedule F-2

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
Lea County funds:											
General	\$ 7,041	\$ 8,059	\$ 8,505	\$ 9,328	\$ 9,096	\$ 12,150	\$ 14,937	\$ 41,268	\$ 66,888	\$ 218,181	\$ 395,433
New Mexico Junior College	4,070	3,292	3,553	5,499	5,372	5,826	7,215	19,915	33,030	109,339	197,111
Nor-Lea Hospital	108	186	68	225	230	402	543	4,573	5,319	21,190	32,844
Jal Hospital	3	3	6	6	6	25	25	77	580	2,117	2,848
Livestock	-	-	-	-	-	-	828	1,330	1,280	41	3,479
Eunice Hospital District	-	-	-	-	21	71	162	235	477	2,130	3,096
Municipalities:											
Lovington	62	170	56	272	272	322	415	783	3,814	15,015	21,181
Eunice	2	2	6	31	42	188	475	653	1,330	6,327	9,056
Hobbs	59	343	588	862	683	788	1,016	7,094	17,359	59,077	87,869
Jal	7	7	17	18	18	70	71	220	1,682	5,522	7,632
Tatum	47	47	12	12	13	13	22	37	203	1,102	1,508
State of New Mexico	1,323	1,502	1,775	1,239	1,643	1,211	1,809	5,195	8,584	30,479	54,760
Schools:											
Lovington	98	227	72	341	348	613	785	7,093	9,362	36,606	55,545
Eunice	17	18	30	31	37	124	299	437	1,040	4,651	6,684
Hobbs	5,412	6,008	6,342	9,519	10,104	9,213	10,250	21,679	40,031	129,915	248,473
Jal	2	2	6	6	6	24	25	76	573	2,069	2,789
Tatum	95	77	16	20	22	30	54	100	533	2,349	3,296
Nonrendered:											
	-	-	-	-	-	-	-	76	591	-	667
1% Assessor											
	-	-	178	221	228	256	320	917	1,607	5,423	9,150
Total taxes	\$ 18,346	\$ 19,943	\$ 21,230	\$ 27,630	\$ 28,141	\$ 31,326	\$ 39,251	\$ 111,758	\$ 194,263	\$ 651,533	\$ 1,143,421

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
JUNE 30, 2009

Schedule F-3

Account Type	Account Name	Lea County State Bank	Western Commerce Bank	Pioneer Savings Bank	Wells Fargo	First National Bank	New Mexico State Treasurer	Total
Checking	Lea County Treasurer	\$ 112,912						\$ 112,912
Checking	Lea County Clerk	20,299						\$ 20,299
Checking	Lea County Probate Clerk	113						\$ 113
Checking	Lea County Treasurer EFTPS	15,080						\$ 15,080
Checking	Lea County Detention Facility	11,828						\$ 11,828
Tbill	Lea County Treasurer	2,000,000						\$ 2,000,000
CD	Lea County Treasurer	2,000,000						\$ 2,000,000
CD	Lea County Treasurer	1,000,000						\$ 1,000,000
CD	Lea County Treasurer	1,009,904						\$ 1,009,904
CD	Lea County Treasurer	1,000,000						\$ 1,000,000
CD	Lea County Treasurer	1,000,000						\$ 1,000,000
CD	Lea County Treasurer	2,000,000						\$ 2,000,000
CD	Lea County Treasurer	1,000,000						\$ 1,000,000
CD	Lea County Treasurer	1,000,000						\$ 1,000,000
CD	Lea County Treasurer	1,000,000						\$ 1,000,000
CD	Lea County Treasurer	1,000,000						\$ 1,000,000
CD	Lea County Treasurer	1,000,000						\$ 1,000,000
CD	Lea County Treasurer	1,000,000						\$ 1,000,000
CD	Lea County Treasurer	500,000						\$ 500,000
CD	Lea County Treasurer	1,000,000						\$ 1,000,000
CD	Lea County Treasurer	481,919						\$ 481,919
CD	Lea County Treasurer					1,177,205		\$ 1,177,205
CD	Lea County Treasurer					1,000,000		\$ 1,000,000
CD	Lea County Treasurer					1,000,000		\$ 1,000,000
CD	Lea County Treasurer					1,000,000		\$ 1,000,000
CD	Lea County Treasurer					1,000,000		\$ 1,000,000
CD	Lea County Treasurer					2,000,000		\$ 2,000,000
CD	Lea County Treasurer					1,000,000		\$ 1,000,000
CD	Lea County Treasurer					1,000,000		\$ 1,000,000
Tbill	Lea County Treasurer	100,145						\$ 100,145
CD	Lea County Treasurer			1,000,000				\$ 1,000,000
CD	Lea County Treasurer			1,000,000				\$ 1,000,000
CD	Lea County Treasurer			1,000,000				\$ 1,000,000
CD	Lea County Treasurer			1,000,000				\$ 1,000,000
CD	Lea County Treasurer			2,000,000				\$ 2,000,000
Checking	Lea County Treasurer				2,108,356			\$ 2,108,356
CD	Lea County Treasurer				1,000,000			\$ 1,000,000
CD	Lea County Treasurer				500,000			\$ 500,000
CD	Lea County Treasurer				1,000,000			\$ 1,000,000
CD	Lea County Treasurer				1,000,000			\$ 1,000,000
CD	Lea County Treasurer				4,000,000			\$ 4,000,000
CD	Lea County Treasurer				2,000,000			\$ 2,000,000
CD	Lea County Treasurer				1,000,000			\$ 1,000,000
CD	Lea County Treasurer				1,000,000			\$ 1,000,000
CD	Lea County Treasurer				1,000,000			\$ 1,000,000
CD	Lea County Treasurer				1,000,000			\$ 1,000,000
CD	Lea County Treasurer				1,000,000			\$ 1,000,000
CD	Lea County Treasurer				1,000,000			\$ 1,000,000
CD	Lea County Treasurer				1,443,125			\$ 1,443,125
CD	Lea County Treasurer				1,500,000			\$ 1,500,000
Checking	LCDC Inmate Trust Account				29,452			\$ 29,452
Saving	Wells Fargo Savings				8,004,400			\$ 8,004,400
CD	Lea County Treasurer		1,000,000					\$ 1,000,000
CD	Lea County Treasurer		1,000,000					\$ 1,000,000
CD	Lea County Treasurer		2,000,000					\$ 2,000,000
CD	Lea County Treasurer		500,000					\$ 500,000
CD	Lea County Treasurer		850,000					\$ 850,000
LGIP	Lea County Treasurer						51,641	\$ 51,641
Amounts on Deposit		\$ 17,252,200	\$ 5,350,000	\$ 6,000,000	\$ 29,585,333	\$ 9,177,205	\$ 51,641	\$ 67,416,379
Cash and returned checks on hand		1,000	-	-	-	-	-	1,000
Outstanding items		(3,136,521)	-	-	3,953,939	-	-	817,418
		\$ 14,116,679	\$ 5,350,000	\$ 6,000,000	\$ 33,539,272	\$ 9,177,205	\$ 51,641	\$ 68,234,797
Restricted cash								Unrestricted cash 66,691,527
								Restricted cash 1,443,125
								Investment 100,145
Total cash								\$ 68,234,797

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

SUPPLEMENTAL SCHEDULE OF PLEDGED COLLATERAL June 30, 2009

Schedule F-4

	Lea County State Bank Hobbs, NM	Western Commerce Bank Carlsbad, NM	Pioneer Savings Bank Hobbs, NM	Weiss Fargo Bank Hobbs, NM	First National Bank Hobbs, NM	TOTAL
Total amount of deposits	\$ 17,252,200	\$ 5,350,000	\$ 6,000,000	\$ 29,585,336	\$ 9,177,205	\$ 67,364,741
Less: FDIC or FSLIC coverage	(389,933)	(250,000)	(250,000)	(500,000)	(250,000)	(1,639,933)
Total uninsured public funds	16,862,267	5,100,000	5,750,000	29,085,336	8,927,205	65,724,808
Total in Repurchase Agreements				5,400,955		
Collateral requirement - 50%	8,431,134	2,550,000	2,875,000	11,842,191	4,463,803	30,161,927
Collateral Requirement for Repurchase Agreement - 102%				5,508,974		5,508,974
Pledged securities:						
Type of security and security number	CUSIP number	Maturity date				
* FHLMC #E01425	31294KSN6	8/1/2018	-	-	-	858,689
* GNMA #8434	36202KLP8	6/20/2024	-	-	-	152,423
* GNMA #8686	36202KT3	7/20/2020	-	-	-	115,747
* GNMA #8996	36202KH2	6/20/2022	-	-	-	158,819
* GNMA #780615A	36225AVG2	8/15/2027	-	-	-	125,645
* GNMA #80946	36225DBQ6	6/20/2034	-	-	-	316,957
* GNMA #80272	36225CJ56	4/20/2029	-	-	-	58,322
* FNMA #52597	313617NN8	7/1/2027	-	-	-	51,292
* FNMA #133456	31365PE53	5/1/2027	-	-	-	48,005
* FNMA #70002	31362SX75	4/1/2018	-	-	-	37,373
* FNMA #70619	31362TPC1	8/1/2029	-	-	-	40,852
* FNMA #888990	31410GUP8	1/1/2037	-	-	-	1,668,632
☼ Corrales, NM	22025PAW9	8/1/2016	125,245	-	-	125,245
☼ Gallup McKinley	364010NF1	8/15/2015	691,281	-	-	691,281
☼ Torrance County	891400BF1	7/1/2016	364,665	-	-	364,665
☼ Alamogordo NM	011464FE9	8/1/2011	1,037,440	-	-	1,037,440
☼ FHR 2982 NG	31395UQB0	2/15/2023	313,240	-	-	313,240
☼ San Juan County	798360EC3	8/15/2016	1,029,260	-	-	1,029,260
☼ Ruidoso, NM	781338GH5	8/1/2016	620,256	-	-	620,256
☼ Eastern NM Univ 3.625%	27678NAN3	8/15/2014	688,857	-	-	688,857
☼ Gadsden NM 3.75%	362550KP9	8/15/2016	1,040,230	-	-	1,040,230
☼ Los Lunas SD 3.5%	545562NE6	7/15/2017	718,534	-	-	718,534
☼ Belen SD 3.65 %	077581MN3	8/1/2018	834,080	-	-	834,080
☼ Hobbs NM MSD 4%	433866CQ1	7/15/2019	1,029,330	-	-	1,029,330
☼ Dulce NM ISD 4.25%	.264430GM5	6/1/2011	785,775	-	-	785,775
☼ FGIOH #0H00895	3128MS7G9	6/1/2037	-	264,345	-	264,345
☼ FNIONP #256327	31371MVU8	7/1/2036	-	7,023,777	-	7,023,777
☼ FNCL #257004	31371NNV3	10/1/2037	-	2,923,673	-	2,923,673
☼ FNCL #867437	31409CV69	5/1/2036	-	1,807,087	-	1,807,087
☼ FNCL #867437	31409CV69	5/1/2036	-	7,180,249	-	7,180,249
☼ FNIONP #878442	31409TSB0	5/1/2036	-	599,760	-	599,760
☼ FNCL #879100	31409UU26	5/1/2036	-	610,742	-	610,742
☼ FNCL #968927	31414KAL1	1/1/2038	-	870,697	-	870,697
* FNMA #805152	31408BQD5	1/1/2035	-	604,427	-	604,427
* FNMA #845529	31408ALJ7	12/1/2035	-	631,841	-	631,841
* FHLMC #781086	31349SF32	12/1/2033	-	2,019,329	-	2,019,329
* FHLMC #781721	31349S4E0	7/1/2034	-	1,043,602	-	1,043,602
* FHLMC #782804	31349UDH8	11/1/2034	-	378,332	-	378,332
* FHLMC #782847	31349UEU8	11/1/2034	-	415,259	-	415,259
* FHLMC #782928	31349UHD3	1/1/2035	-	311,266	-	311,266
* FHLMC #789868	31295N6D5	9/1/2032	-	121,188	-	121,188
* FHLMC #847032	3128HDY52	7/1/2032	-	117,598	-	117,598
* Cloudcroft, NM	189134DE6	8/1/2009	-	-	200,213	200,213
* FHLB 1TIME CALL 9/8/11	3133XGSE5	9/8/2016	-	-	300,000	300,000
* BERNALILLO NM STATE	085281AD5	6/1/2012	-	-	381,557	381,557
* DULCE	264430HB8	9/1/2017	-	-	760,308	760,308
* MBS GNMA	36291BHB6	10/15/2013	-	-	421,881	421,881
* MBS FNMA	31390P7C5	2/1/2018	-	-	377,887	377,887
* MBA FHLMC #e99181	3128H7FW7	9/1/2018	-	-	232,597	232,597
* MBA FHLMC #e99273	3128H7JS2	10/1/2018	-	-	427,228	427,228
* MBS FHLMC #e99742	3128H7ZF2	10/1/2018	-	-	280,525	280,525
* MBS FNMA #681286	31391Y2T3	2/1/2018	-	-	527,161	527,161
* MBS FNMA #555389	31385W7A1	4/1/2018	-	-	210,162	210,162
* MBS FNMA #785689	31405C2W8	10/1/2019	-	-	317,043	317,043
* MBS GNMA #003369	36202DW64	4/20/2018	-	-	330,065	330,065
* Luca Cnty NM Sch Dist	550340DP5	8/1/2019	-	-	995,794	995,794
* 883005CH1 TEXICO NM MUN			-	-	170,000	170,000
* 6202EXW4 MBS GNMA			-	-	769,970	769,970
Total pledged securities			9,278,193	3,632,756	5,642,842	21,280,330
Under (over) pledged			(847,060)	(1,082,756)	(2,767,842)	(3,929,165)
Uninsured and uncollateralized			7,584,074	1,467,244	107,158	7,805,006
				2,224,814		2,224,814
						19,188,296

Name and Location
of Safekeeper:

* Federal Home Loan Bank
Dallas, TX

☐ Wells Fargo Corporation
Minneapolis, MN

☼ Lea County State Bank
Hobbs, NM

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, 2009

Schedule G-1

Federal Grantor/ Pass-Through Grantor	Program Title/ Grant Number	Federal CFDA Number	Expenditures
U.S. Department of Transportation	Airport Improvement Program Grant # 3-35-0022-018-2009	20.106 \$	508,265 (1)
	Airport Improvement Program FAA Contract Tower Program	20.106	264,258
U.S. Department of Energy	State Energy Program	81.041	124,081
U.S. Department of Health & Human Services	Drug Free Communities Support Program Grants	93.276	100,153
U.S. Department of Justice	State Criminal Alien Assistance Program	16.606	20,762
			<u>\$ 1,017,519</u>

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2009

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 - Major program

NOTE 2 - This schedule was prepared on the accrual basis of accounting.

The accompanying notes are an integral part of these statements.



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

Hector H. Balderas
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 financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds presented as supplemental information of Lea County, New Mexico (the County), as of and for the year ended June 30, 2009, and have issued our report thereon dated November 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the agency's internal control. We consider the deficiency described at 08-1 in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Hector H. Balderas
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 and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that are required to be reported under Government Auditing Standards January 2007 Revision paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as finding 09-1.

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

This report is intended solely for the information and use of the Board of Commissioners, management, others within the agency, the New Mexico State Auditor, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

Johnson, Miller & Co.

Hobbs, New Mexico
November 16, 2009



JOHNSON, MILLER & CO.

Certified Public Accountants

A Professional Corporation

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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

Hector H. Balderas
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, 2009. 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 consider 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, 2009.

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 an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
County Manager, Board of Commissioners and
Citizens of Lea County
Lovington, New Mexico

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the Board of Commissioners, management, others within the agency, the New Mexico State Auditor, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

Johnson, Miller & Co.

Hobbs, New Mexico
November 16, 2009

State of New Mexico
Lea County
Schedule of Findings and Questioned Costs
Summary of Auditors' Results
June 30, 2009

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

<u>ITEM</u>	<u>DESCRIPTION</u>
Type of report on financial statements	Unqualified opinion
Other Matter	One
Significant Deficiencies in Internal Control	One
Material Weaknesses in Internal Control	None
Noncompliance Material to the Financial Statements	The level of noncompliance was not material in relation to financial statements covering federal programs.
Significant Deficiencies in Internal Control over Major Programs	None
Material Weaknesses in Internal Control over Major Programs	None
Type of Report on Compliance with Major Programs	Unqualified opinion
Audit Findings Required to be Reported under 510(a) of Circular A-133	None
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 low-risk auditee in context of OMB-Circular A-133.
Major Federal programs	Airport improvement program – Electrical Grant # 3-35-0022-018-2009 CFDA# 20.106
Pass Through Entity	Federal Aviation Administration

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINDING 08-1

Condition Found:	The financial statements and related disclosures are not being prepared by the County.
Criteria:	Per SAS 112, the County's system of internal control should include controls over financial statement preparation, including footnote disclosure.
Effect:	Insufficient controls over the preparation of financial statements and related disclosures limits the County's ability to prevent or detect a misstatement in its financial statements.
Cause:	The County does not have the personnel or time to prepare the financial statements and related disclosures.
Recommendation:	We recommend the County's management and personnel receive training on financial reporting.
Agency Response:	Lea County will continue to send staff to financial reporting training to achieve a better understanding of preparation of financial statements and disclosures. In addition, Lea County is seeking to add an additional person to the Finance Department. It is planned that the additional person will have knowledge of financial statements and disclosures. If this person does not have this knowledge, they will be trained on this subject.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINDING 09-1

Condition Found:	Lea County compensates "volunteer firefighters" as contract labor rather than employees of the county when they are reimbursed for services on state or federal land.
Criteria:	State Audit Rule 2.2.2.10.H(2)(c) states that volunteer firefighters who are reimbursed when they provide services on state or federal land have been determined by the IRS to be employees of the respective city or county.
Effect:	According to the State Audit Rule, the County is not in compliance with IRS regulations regarding the classification of "volunteer firefighters".
Cause:	Management has been researching the proper treatment of "volunteer firefighters" since the issue was discovered early in the current fiscal year.
Recommendation:	Complete the evaluation of "volunteer firefighters" and comply with IRS regulations.
Agency Response:	Lea County has been researching this problem since July 2008. We have been trying to determine the proper treatment of the "volunteer firefighters". Lea County will comply with the State Audit Rule and treat the "volunteer firefighters" as part-time employees. This change will go into effect immediately and they will be treated as part-time employees.

SCHEDULE OF STATUS OF PRIOR FINDINGS

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
County Manager, Board of Commissioners and
Citizens of LEA County
Lovington, New Mexico

08-1

Financial Statements & related disclosures are not being prepared by the county.

Comment repeated

FINANCIAL STATEMENT PRESENTATION

The financial statements were prepared from the original books and records of Lea County as of June 30, 2009 by Johnson, Miller & Co., Certified Public Accountants, A Professional Corporation.

LEA COUNTY, NEW MEXICO

OTHER DISCLOSURES

Year Ended June 30, 2009

Hector H. Balderas
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 16, 2009. The following persons were in attendance.

County Officials

Jim Burke, Finance Director

Gary Schubert, Chairman

Michael Beverly, County Manager

Auditors

Mary Hinds, CPA

LEA COUNTY, NEW MEXICO

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
County Manager, Board of Commissioners and
Citizens of LEA County
Lovington, New Mexico

PASSED ADJUSTMENTS

The State Auditor's Rule 2.2.2.10 J (2) states that the auditor must present a list of passed adjustments to the agency management and governing board representatives, and a copy of the list must be attached to the audit report submitted to the State Auditor for review.

The following passed adjustment was identified during the audit for Lea County, New Mexico for the year ended June 30, 2009.

PERA	41,321.88	
FICA	34,547.80	
ACCRUED LIABILITES		75,869.68
PERA	25,994.84	
FICA	43,419.33	
HEALTH INSURANCE	10,500.10	
ACCRUED LIABILITIES		79,914.27
CASH	43,206.19	
SPECIAL WEAPONS AND TACTICS-SWAT		10,802.03
TERMINAL RECONSTRUCTION-HOBBS		32,404.16