

LEA COUNTY, NEW MEXICO

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FINANCIAL STATEMENTS  
with  
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Year Ended June 30, 2010

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**JOHNSON, MILLER & CO.**

*Certified Public Accountants  
A Professional Corporation*

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*An Independent Member of BDO Seidman Alliance*

LEA COUNTY, NEW MEXICO

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Year Ended June 30, 2010

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# LEA COUNTY, NEW MEXICO

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OFFICIAL ROSTER  
June 30, 2010

## COUNTY COMMISSIONERS

Name	Title
Gregory Fulfer	Chairman
Michael Scot Whitehead	Member
Hector Ramirez	Member
Dale Dunlap	Member
Ron Black	Member

## COUNTY OFFICIALS

Pat Chappelle	County Clerk
Donna Duncan	County Treasurer
Deanna Robinson	County Assessor
Roderick Coffman	Sheriff
Melba Hamby	Probate Judge
Sherri Bunch, CPA	Assistant Finance Director
Jim Burke	Acting County Manager/ Finance Director



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An Independent Member Of BDO Seidman Alliance

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, 2010, 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, 2010, 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, 2010, 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, 2010, 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 12, 2010 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 12, 2010

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

The financial information contained herein is for the County of Lea (the County). The County provides security, constructs and maintains roads, operates a detention facility, maintains and operates convenience facilities for solid waste disposal, maintains and operates a fairgrounds and rodeo arena, maintains and operates an event center and banquet facility, maintains and operates three airports, administers elections, assesses and collects property tax, and provides rural fire protection services. 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, as well as recreational infrastructure. In the fiscal year ended June 30, 2010, 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, 2010); 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, 2010). 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>6/30/2010</u>	<u>6/30/2009</u>
Total assets	\$ 163,077,009	\$ 150,484,397
Capital assets	(85,027,307)	(77,422,531)
Restricted assets	(3,354,542)	(3,228,121)
Total unrestricted net assets	<u>\$ 74,695,160</u>	<u>\$ 69,833,745</u>

The increase in capital assets is related to Lea County's focus on investing in the community. Lea County has invested in the community by improving county roads, runways, and public facilities. The increase in total assets is attributable to oil and gas production, but revenues are not anticipated to continue at the same level due to the current economic climate.

**LIABILITIES:**

Total current and long-term liabilities for the years ended June 30, 2010 and 2009 are shown in the schedule below:

	<u>6/30/2010</u>	<u>6/30/2009</u>
Current liabilities	\$ 4,591,512	\$ 4,108,342
Long-term liabilities	12,977,133	12,900,837
Total liabilities	<u>\$ 17,568,645</u>	<u>\$ 17,009,179</u>

In total, liabilities increased due to infrastructure payables at June 30, 2010.

**NET ASSETS:**

The schedule below details the increase in net assets for the respective years ending June 30, 2010 and June 30, 2009:

	<u>6/30/2010</u>	<u>6/30/2009</u>
Beginning net assets	\$ 150,484,397	\$ 137,234,758
Increase in net assets	12,592,612	13,249,639
Total net assets	<u>\$ 163,077,009</u>	<u>\$ 150,484,397</u>

The increase in net assets in the current year is due to excess of revenues over expenditures resulting from oil and gas revenues in excess of budgeted revenues, as well as conservative spending. However, revenues from oil and gas production and equipment are not expected to remain at current levels.

**NET ASSETS (continued):**

Net assets for the years ended June 30, 2010 and 2009 are broken out as follows:

	<u>6/30/2010</u>	<u>6/30/2009</u>
Invested in capital assets, net of related debt	85,027,307	77,422,531
Restricted for:		
Fire districts	220,992	197,353
Debt service	1,780,425	1,677,643
Restricted permanent fund	1,353,125	1,353,125
Unrestricted	74,695,160	69,833,745
Total net assets	<u>\$ 163,077,009</u>	<u>\$ 150,484,397</u>

The increase in net assets invested in capital assets is due to the investment of oil and gas revenues in improvements to county roads, runways and facilities. Lea County plans to continue investing in long-term infrastructure for the benefit of Lea County and its citizens.

**REVENUES**

The total revenues recognized by Lea County for the years ended June 30, 2010 and 2009 were \$54,469,759 and \$55,200,654, respectively. The schedule below shows revenue by major category.

	<u>6/30/2010</u>	<u>6/30/2009</u>
General revenue:		
Oil & gas production tax	\$ 19,780,114	\$ 19,837,571
Property tax	10,994,388	9,756,777
Public service tax	8,672,326	10,201,961
Miscellaneous taxes	385,841	349,252
Program revenue:		
Grants and reimbursements	5,729,819	5,084,060
Charges for services	8,907,271	9,971,025
Total revenues	<u>\$ 54,469,759</u>	<u>\$ 55,200,646</u>

The net decrease in total revenues is due to decreasing public service taxes and charges for services as a result of the current economic climate.

**EXPENSES:**

The total expenses incurred by the County for the years ended June 30, 2010 and June 30, 2009 were \$41,805,715 and \$41,951,540, respectively. The schedule below shows expenses by function and change in net assets.

	<u>6/30/2010</u>	<u>6/30/2009</u>
Program expenses:		
General government	\$ 18,836,275	\$ 18,661,001
Public safety	13,554,518	13,151,897
Health, welfare and sanitation	4,697,956	5,382,796
Interest on long-term debt	569,505	587,205
Public works	1,266,495	759,150
Culture & recreation	2,880,966	3,409,491
<b>Total expenses</b>	<b>\$ 41,805,715</b>	<b>\$ 41,951,540</b>
<b>Excess (deficiency) before special items</b>	<b>\$ 12,664,044</b>	<b>\$ 13,249,106</b>
Special item: gain (loss) on disposal of asset	(71,432)	533
<b>Change in net assets</b>	<b>\$ 12,592,612</b>	<b>\$ 13,249,639</b>

**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, 2010 was \$12,400,000, of which \$ 11,775,000 was long-term (due beyond one year), and \$ 625,000 was due within one year. The notes to the financial statements include payoff information concerning these bonds.

**FUND BALANCES:**

**6/30/2010**

General Fund: The general fund balance increase of \$ 4,379,811 is due to oil and gas revenues and property tax base increases resulting in increased property tax revenue.

Indigent Fund: The indigent fund balance decrease of \$ (42,581) is due to reduced gross receipts revenue.

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

Special Revenue Funds: The decrease of \$ (780,377) is related to expenditures for grant projects.

**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.

**BUDGET ANALYSIS:**

**6/30/2010**

There were approved budget revenue and expense increases and decreases after the initial approved budget for 2010. 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. Overall increases in budgeted expenditures were due to long-range infrastructure planning.

GENERAL FUND	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>			
Sales and miscellaneous taxes	\$ 22,872,141	\$ 31,697,899	\$ 8,825,758
Fees and fines	60,000	78,345	18,345
Licenses and permits	420,858	396,255	(24,603)
Intergovernmental	5,068,568	3,655,713	(1,412,855)
Charges for services	2,219,012	2,783,339	564,327
Investment earnings	955,100	904,919	(50,181)
Miscellaneous	855,050	2,429,577	1,574,527
<b>Total Revenues</b>	<b>32,450,729</b>	<b>41,946,047</b>	<b>9,495,318</b>
<b>EXPENDITURES</b>			
Current:			
General government	22,614,967	15,820,975	6,793,992
Public safety	12,982,148	12,013,029	969,119
Highways and roads	6,871,085	4,353,574	2,517,511
Economic development	925,750	705,826	219,924
Airport	557,257	435,353	121,904
Culture and recreation	2,914,402	2,305,960	608,442
Capital outlay	26,786,422	2,320,030	24,466,392
<b>Total Expenditures</b>	<b>73,652,031</b>	<b>37,954,747</b>	<b>35,697,284</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (41,201,302)</b>	<b>\$ 3,991,300</b>	<b>\$ 45,192,602</b>

The net positive variance of budgeted vs. actual is the result of long-range capital projects budgeted but not completed in the current year.

**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, 2010. The following schedule provides a summary of the changes in capital assets:

	<b>Balance 6/30/10</b>	<b>Balance 6/30/09</b>
<b>Depreciable assets</b>		
Buildings	\$ 57,690,850	\$ 55,926,842
Other Improvements	2,308,964	2,277,351
Furniture & Equipment	17,812,015	16,411,714
Infrastructure	43,717,054	38,027,743
Vehicles	5,949,509	5,639,761
<b>Total depreciable assets</b>	<b>127,478,392</b>	<b>118,283,411</b>
Less accumulated depreciation:		
Buildings	11,923,273	10,227,641
Other Improvements	1,158,267	979,034
Furniture & Equipment	11,506,187	10,486,620
Infrastructure	10,132,936	9,447,028
Vehicles	4,139,105	4,064,255
<b>Total accumulated depreciation</b>	<b>38,859,768</b>	<b>35,204,578</b>
<b>Net depreciable assets</b>	<b>88,618,624</b>	<b>83,078,833</b>
<b>Non-depreciable assets</b>		
Land	3,226,847	2,184,138
Construction in Process	5,581,836	5,164,560
<b>Total non-depreciable assets</b>	<b>8,808,683</b>	<b>7,348,698</b>
<b>Net capital assets</b>	<b>\$ 97,427,307</b>	<b>\$ 90,427,531</b>

Net capital assets increased due to investment in roads, runways, facilities and economic development plans.

**FISCAL YEAR 2011:**

Oil and gas production and equipment taxes are expected to decrease during the fiscal year ending June 30, 2011, and interest revenues are expected to decline further. Property taxes are expected to remain stable, reflecting the increases in revenue during 2009-2010 due to increased property tax bases.

There are two major construction projects beginning in the first half of the fiscal year - new facilities to house the Sheriff's Department and an emergency operations center expecting to cost \$6 million and \$8 million respectively. With a conservative approach to budgeting and the current financial position of Lea County, the expenditure for these structures will not adversely affect the County's ability to provide the current level of service to the community, but will enhance the safety and security of the citizens of Lea County.

**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, 2010

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 72,063,402
Investment	100,145
Current property taxes receivable	458,562
Other receivables	3,889,126
Receivable from other governments	5,081,300
Non-current assets:	
Cash and cash equivalents - restricted	1,443,125
Bond issue costs	182,687
Capital assets:	
Land and improvements, not being depreciated	3,226,847
Construction in progress, not being depreciated	5,581,836
Infrastructure and infrastructure in progress	43,717,054
Buildings	57,690,850
Equipment and furniture	17,812,015
Vehicles	5,949,509
Other capital assets	2,308,964
Less: Accumulated depreciation	<u>(38,859,768)</u>
Total capital assets	<u>97,427,307</u>
<b>Total Assets</b>	<b>180,645,654</b>
<b>LIABILITIES</b>	
Accounts payable	2,012,071
Accrued payroll liabilities	519,340
Deferred revenues	1,980,527
Bond premium	79,574
Long-term liabilities	
Due within one year	
Bonds and contracts	625,000
Compensated absences	124,449
Due in more than one year	
Bonds and contracts	11,775,000
Compensated absences	<u>452,684</u>
<b>Total Liabilities</b>	<b>17,568,645</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	85,027,307
Restricted for:	
Debt service	1,780,425
Fire districts	220,992
Restricted Permanent Fund	
Nonexpendable	1,353,125
Unrestricted	<u>74,695,160</u>
<b>Total Net Assets</b>	<b>\$ 163,077,009</b>

The accompanying notes are an integral part of these statements.



## LEA COUNTY, NEW MEXICO

### Statement of Activities For the Year Ended June 30, 2010

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	
<b>Governmental Activities:</b>					
General government	\$ 18,836,275	\$ 8,716,794	\$ 1,907,943	\$ 1,354,937	\$ (6,856,601)
Public safety	13,554,518	120,063	737,126	-	(12,697,329)
Public works	1,266,495	70,414	742,004	849,226	395,149
Health, welfare and sanitation	4,697,956	-	-	-	(4,697,956)
Culture and recreation	2,880,966	-	138,583	-	(2,742,383)
Interest on long-term debt	569,505	-	-	-	(569,505)
<b>Total Governmental Activities</b>	<b>\$ 41,805,715</b>	<b>\$ 8,907,271</b>	<b>\$ 3,525,656</b>	<b>\$ 2,204,163</b>	<b>\$ (27,168,625)</b>
<b>General revenues:</b>					
Property taxes					10,994,388
Oil and gas taxes					19,780,114
Public service taxes					8,672,326
Miscellaneous taxes					385,841
Special item-gain on disposal of assets					(71,432)
<b>Total general revenues, special items, and transfers</b>					<b>39,761,237</b>
<b>Change in net assets</b>					<b>12,592,612</b>
<b>Net assets - beginning of year</b>					<b>150,484,397</b>
<b>Net assets - end of year</b>					<b>\$ 163,077,009</b>

The accompanying notes are an integral part of these statements.

# LEA COUNTY, NEW MEXICO

## BALANCE SHEET - GOVERNMENTAL FUNDS June 30, 2010

	General Fund	Indigent	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 63,300,445	\$ 1,248,871	\$ 7,514,086	\$ 72,063,402
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	458,562	-	-	458,562
Other receivables	392,792	603,220	803,607	1,799,619
Receivable from other governments	5,081,300	-	-	5,081,300
<b>TOTAL ASSETS</b>	<b>\$ 69,233,099</b>	<b>\$ 1,852,091</b>	<b>\$ 9,950,973</b>	<b>\$ 81,036,163</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 1,555,250	\$ 7,162	\$ 449,663	\$ 2,012,075
Accrued payroll liabilities	519,340	-	-	519,340
Due to other funds	10	-	90,000	90,010
Payable to other governments	-	-	-	-
Deferred revenue	2,278,723	-	74,277	2,353,000
<b>TOTAL LIABILITIES</b>	<b>4,353,323</b>	<b>7,162</b>	<b>613,940</b>	<b>4,974,425</b>
<b>FUND BALANCES:</b>				
Reserved for:				
Debt service	-	-	1,780,425	1,780,425
Fire districts	-	-	220,992	220,992
Unreserved	64,879,776	1,844,929	-	66,724,705
Unreserved, reported in non-major:				
Special revenue funds	-	-	5,982,490	5,982,490
Permanent fund	-	-	1,353,125	1,353,125
<b>TOTAL FUND BALANCES</b>	<b>64,879,776</b>	<b>1,844,929</b>	<b>9,337,032</b>	<b>76,061,737</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 69,233,099</b>	<b>\$ 1,852,091</b>	<b>\$ 9,950,972</b>	

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

Bond issue costs relate to long-term debt and, therefore, are not reported in the funds.	182,687
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	97,427,307
Amounts due from other entities not considered available at year-end are not reported in the funds.	2,089,507
Certain other assets related to deferred revenues are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	372,473
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.	(12,977,133)
Premiums on bonds payable relate to long-term debt and, therefore, are not reported in the funds.	(79,569)

**Net Assets of Governmental Activities in the Statement of Net Assets**

**\$ 163,077,009**

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, 2010

	General Fund	Indigent	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property, sales, and miscellaneous taxes	\$ 30,934,536	\$ 3,292,312	\$ 4,468,129	\$ 38,694,977
Fees and fines	78,345	-	-	78,345
Licenses and permits	378,389	-	48,136	426,525
Intergovernmental	3,780,713	-	1,505,886	5,286,599
Charges for services	2,694,533	-	363,107	3,057,640
Investment earnings	785,550	6,211	52,657	844,418
Miscellaneous	2,427,323	1,430,928	725,395	4,583,646
<b>Total Revenues</b>	<b>41,079,389</b>	<b>4,729,451</b>	<b>7,163,310</b>	<b>52,972,150</b>
<b>EXPENDITURES</b>				
Current:				
General government	16,134,540	-	4,235,544	20,370,084
Public safety	11,936,213	-	76,687	12,012,900
Highway and roads	4,967,164	-	-	4,967,164
Health and sanitation	-	4,696,656	-	4,696,656
Culture and recreation	2,290,871	-	13,874	2,304,745
Economic development	718,326	-	-	718,326
Airport	410,941	-	-	410,941
Education	-	-	4,676	4,676
Farm and range	-	-	290,060	290,060
Debt service:				
Principal	-	-	605,000	605,000
Interest and other charges	-	-	569,505	569,505
Capital outlay	2,264,534	75,376	22,548	2,362,458
<b>Total Expenditures</b>	<b>38,722,589</b>	<b>4,772,032</b>	<b>5,817,894</b>	<b>49,312,515</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2,356,800</b>	<b>(42,581)</b>	<b>1,345,416</b>	<b>3,659,635</b>
<b>OTHER FINANCING SOURCES (USES), INCLUDING TRANSFERS</b>				
Transfers in	15,753,061	-	682,399	16,435,460
Transfers out	(13,730,050)	-	(2,705,410)	(16,435,460)
<b>Total other financing sources (uses), including transfers</b>	<b>2,023,011</b>	<b>-</b>	<b>(2,023,011)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>4,379,811</b>	<b>(42,581)</b>	<b>(677,595)</b>	<b>3,659,635</b>
<b>Fund balances - beginning of year</b>	<b>60,499,965</b>	<b>1,887,510</b>	<b>10,014,627</b>	<b>72,402,102</b>
<b>Fund balances - end of year</b>	<b>\$ 64,879,776</b>	<b>\$ 1,844,929</b>	<b>\$ 9,337,032</b>	<b>\$ 76,061,737</b>

The accompanying notes are an integral part of these statements.

## LEA COUNTY, NEW MEXICO

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### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2010

Net change in fund balances - total governmental funds:	\$ 3,659,635
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.	7,087,384
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.	(87,613)
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.	1,344,640
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.	605,000
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.	(9,560)
Change in net assets of governmental activities:	<u>\$ 12,592,612</u>

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

**LEA COUNTY, NEW MEXICO**

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**GENERAL FUND**

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

# LEA COUNTY, NEW MEXICO

## Statement of Revenues, Expenditures and Changes in Fund Balances Budget (non-GAAP Budgetary Basis) and Actual General Fund For the Year Ended June 30, 2010

Statement A-1

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>				
Sales and miscellaneous taxes	\$ 22,872,141	\$ 22,872,141	\$ 31,697,899	\$ 8,825,758
Fees and fines	60,000	60,000	78,345	18,345
Licenses and permits	420,858	420,858	396,255	(24,603)
Intergovernmental	5,068,568	5,068,568	3,655,713	(1,412,855)
Charges for services	2,219,012	2,219,012	2,783,339	564,327
Investment earnings	955,100	955,100	904,919	(50,181)
Miscellaneous	855,050	855,050	2,429,577	1,574,527
<b>Total Revenues</b>	<b>32,450,729</b>	<b>32,450,729</b>	<b>41,946,047</b>	<b>9,495,318</b>
<b>EXPENDITURES</b>				
Current:				
General government	21,916,586	22,614,967	15,820,975	6,793,992
Public safety	12,982,148	12,982,148	12,013,029	969,119
Highways and roads	6,871,085	6,871,085	4,353,574	2,517,511
Economic development	925,750	925,750	705,826	219,924
Airport	557,257	557,257	435,353	121,904
Culture and recreation	3,363,908	2,914,402	2,305,960	608,442
Capital outlay	27,035,297	26,786,422	2,320,030	24,466,392
<b>Total Expenditures</b>	<b>73,652,031</b>	<b>73,652,031</b>	<b>37,954,747</b>	<b>35,697,284</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(41,201,302)</b>	<b>(41,201,302)</b>	<b>3,991,300</b>	<b>\$ 45,192,602</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	200	200	16,180	(15,980)
Transfers in	2,041,795	3,751,857	2,705,410	1,046,447
Transfers out	(130,727)	(571,113)	(731,949)	160,836
<b>Total other financing sources and (uses)</b>	<b>1,911,268</b>	<b>3,180,944</b>	<b>1,989,641</b>	<b>\$ 1,191,303</b>
Prior year cash balance	57,319,505	57,319,505	-	
<b>Net change in fund balances</b>	<b>\$ 18,029,471</b>	<b>\$ 19,299,147</b>	<b>5,980,941</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in taxes receivable			63,129	
Change in other receivables			97,850	
Change in due from other governments			(956,791)	
Change in accrued liabilities			(67,735)	
Change in accounts payable			(817,867)	
Change in deferred revenue			80,284	
<b>Net change in fund balance</b>			<b>\$ 4,379,811</b>	

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, 2010**

**Statement A-2**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Sales and miscellaneous taxes	\$ 3,150,000	\$ 3,150,000	\$ 3,189,531	\$ 39,531
Investment earnings	-	-	6,211	6,211
Miscellaneous	2,010,000	2,010,000	1,679,262	(330,738)
<b>Total Revenues</b>	<b>5,160,000</b>	<b>5,160,000</b>	<b>4,875,004</b>	<b>(284,996)</b>
<b>EXPENDITURES</b>				
Current:				
General government	500	500	-	500
Health and sanitation	5,335,629	5,335,629	4,933,309	402,320
Capital Outlay	-	-	75,376	(75,376)
<b>Total Expenditures</b>	<b>5,336,129</b>	<b>5,336,129</b>	<b>5,008,685</b>	<b>327,444</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(176,129)</b>	<b>(176,129)</b>	<b>(133,681)</b>	<b>\$ 42,448</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Prior year cash balance	1,382,553	1,382,553	-	
<b>Net change in fund balances</b>	<b>\$ 1,206,424</b>	<b>\$ 1,206,424</b>	<b>(133,681)</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in other receivables			(145,552)	
Change in accounts payable			236,652	
<b>Net change in fund balance</b>			<b>\$ (42,581)</b>	

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

## LEA COUNTY, NEW MEXICO

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**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2010**

**ASSETS:**

Cash and cash equivalents	\$ 4,580,723
Taxes receivable	891,752
Due from other governments	<u>62,050</u>

**Total assets** \$ 5,534,525

**LIABILITIES:**

Taxes paid in advance	46,017
Deposits held in trust for others	4,576,985
Due to other taxing units/governments	891,752
Due to other governments	<u>19,771</u>

**Total liabilities** \$ 5,534,525

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



**NOTES TO FINANCIAL STATEMENTS**

## LEA COUNTY, NEW MEXICO

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### NOTES TO FINANCIAL STATEMENTS

#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 1. *Reporting Entity*

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

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

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

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### NOTES TO FINANCIAL STATEMENTS

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

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

The government-wide financial statements include the statement of net assets and the statement of activities. Government-wide statements report, except for County fiduciary 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

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## NOTES TO FINANCIAL STATEMENTS

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

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

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

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

The government reports the following major governmental funds:

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

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

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

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

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### 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

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## 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

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### NOTES TO FINANCIAL STATEMENTS

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

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

The County's permanent, full-time employees accrue 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

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### 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, 2010.

#### 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, 2010, the carrying amount of the County's deposits was \$ 73,606,672 , excluding cash held as fiduciary of \$4,580,723 . Total cash and cash equivalents balance per the financial institutions of \$73,606,672 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 \$ 56,401,686 was covered by collateral held in joint safekeeping by a third party.



## LEA COUNTY, NEW MEXICO

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### 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, 2010, \$ 56,401,686 of the County's bank balance of \$73,560,602 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; \$ 15,510,645 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, 2010, the County's LGIP balance was \$ 8,338 .

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

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## 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 AAA by Standard & Poor's, and the fund's WAM is 53 days as of June 30, 2010.

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, 2010 are considered to be fully collectible and are composed of the following:

	<b>Governmental Activities</b>
Other Receivables:	
Accounts Receivable	\$ 1,624,045
Grant Receivable	2,089,508
Interest Receivable	175,573
	<hr/>
<b>Totals</b>	<b>\$ 3,889,126</b>

## LEA COUNTY, NEW MEXICO

### NOTES TO FINANCIAL STATEMENTS

#### NOTE E - DUE FROM OTHER GOVERNMENTS

The amounts due from other governments at June 30, 2010 are considered to be fully collectible and are composed of the following:

	<u>Governmental Activities</u>
Due from State of New Mexico:	
Taxation & Revenue	\$ 3,283,773
Other	15,152
Lea County Solid Waste Authority	1,780,087
Lea County Water Users Association	<u>2,288</u>
<b>Totals</b>	<b><u>\$ 5,081,300</u></b>

#### 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, 2010, were as follows:

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

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, 2010 were as follows:

	<u>Governmental Activities</u>
<b>Transfers Out:</b>	
<b>General Fund:</b>	
To Farm and Range Special Revenue Fund	\$ (112,735)
To Recreation Special Revenue Fund	(12,492)
To Airport Fire District Special Revenue Fund	(5,500)
To Magistrate Court	(15,600)
To Other Grants	(168,876)
To US Department of Energy Grant	(78,870)
To US Department of Justice Grant	(34,685)
To DWI Special Revenue Fund	(8,562)
To DWI Other Grants Special Revenue Fund	(87,097)
To JAG Grant	(46,305)
To HIDTA Region VI Grant	(75,044)
Lea County Drug Task Force	(111,677)
<b>Indigent Funds:</b>	
To General Fund	(54,233)
<b>From Grants</b>	
To General Fund	(59,773)
<b>Non-Major Debt Service Funds:</b>	
To General Fund from Gross Receipts Debt Reserve Debt Service Fund	(2,036,754)
<b>Total Transfers Out</b>	<u>(2,908,203)</u>
<b>Transfers In:</b>	
<b>General Fund</b>	
From Gross Receipts Debt Reserve Debt Service Fund	2,036,754
From US Department of Energy Grant	59,773
From Indigent Fund	54,233
<b>Non-Major Special Revenue Funds:</b>	
From General Fund to Farm and Range Special Revenue Fund	112,735
From General Fund to Recreation Special Revenue Fund	12,492
From General Fund to Airport Fire District Special Revenue Fund	5,500
From General Fund to Magistrate Court	15,600
From General Fund to Other Grants	168,876
From General Fund to Department of Energy Grant	78,870
From General Fund to Department of Justice Grant	34,685
From General Fund to JAG Grant	46,305
From General Fund to HIDTA Region VI Grant	75,044
From General Fund to Lea County Drug Task Force	111,677
From DWI Special Revenue Fund	8,562
From DWI Other Grants Special Revenue Fund	87,097
<b>Total Transfers In</b>	<u>2,908,203</u>
<b>Total</b>	<u>\$ -</u>

## **LEA COUNTY, NEW MEXICO**

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### **NOTES TO FINANCIAL STATEMENTS**

#### **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.

#### **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.

## LEA COUNTY, NEW MEXICO

### NOTE I - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance 6/30/09	Additions	Deletions	Balance 6/30/10
<b>Depreciable assets</b>				
Buildings	\$ 55,926,842	\$ 1,764,008	\$ -	\$ 57,690,850
Other Improvements	2,277,351	31,613	-	2,308,964
Furniture & Equipment	16,411,714	1,720,343	320,042	17,812,015
Infrastructure	38,027,743	5,689,311	-	43,717,054
Vehicles	5,639,761	677,276	367,528	5,949,509
<b>Total depreciable assets</b>	<b>118,283,411</b>	<b>9,882,551</b>	<b>687,570</b>	<b>127,478,392</b>
<b>Less accumulated depreciation:</b>				
Buildings	10,227,641	1,695,632	-	11,923,273
Other Improvements	979,034	179,233	-	1,158,267
Furniture & Equipment	10,486,620	1,285,947	266,380	11,506,187
Infrastructure	9,447,028	685,908	-	10,132,936
Vehicles	4,064,255	408,427	333,577	4,139,105
<b>Total accumulated depreciation</b>	<b>35,204,578</b>	<b>4,255,147</b>	<b>599,957</b>	<b>38,859,768</b>
<b>Net depreciable assets</b>	<b>83,078,833</b>	<b>5,627,404</b>	<b>87,613</b>	<b>88,618,624</b>
<b>Non-depreciable assets</b>				
Land	2,184,138	1,042,708	-	3,226,847
Construction in Process	5,164,560	2,782,310	2,365,034	5,581,836
<b>Total non-depreciable assets</b>	<b>7,348,698</b>	<b>3,825,018</b>	<b>2,365,034</b>	<b>8,808,683</b>
<b>Net capital assets</b>	<b>\$ 90,427,531</b>	<b>\$ 9,452,422</b>	<b>\$ 2,452,647</b>	<b>\$ 97,427,307</b>
<b>*Depreciation expense was charged to functions as follows:</b>				
<b>Governmental activities:</b>				
General				\$ 3,389,884
Public safety				489,575
Culture and recreation				375,688
<b>Total governmental activities depreciation expense</b>				<b>\$ 4,255,147</b>

**LEA COUNTY, NEW MEXICO**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE I - CHANGES IN CAPITAL ASSETS (continued)**

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

**NOTE J - LONG-TERM DEBT**

**Revenue Bonds**

Bonds outstanding at June 30, 2010 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, 2010 was as follows:

	<u>June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2010</u>	<u>Due Within One Year</u>
Gross Receipts Revenue Bonds					
Series: April 23, 2003	\$ 13,005,000	\$ -	\$ 605,000	\$ 12,400,000	\$ 625,000
Compensated Absences (Note A)	567,573	288,236	278,676	577,133	124,449
<b>Totals</b>	<b>\$ 13,572,573</b>	<b>\$ 288,236</b>	<b>\$ 883,676</b>	<b>\$ 12,977,133</b>	<b>\$ 749,449</b>

The annual debt service requirements to maturity, including principal and interest for long-term debt as of June 30, 2010, 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>
2011	\$ 549,843	\$ 625,000	\$ 1,174,843
2012	527,968	645,000	1,172,968
2013	503,780	670,000	1,173,780
2014	478,655	680,000	1,158,655
2015	451,455	710,000	1,161,455
2016-2020	1,767,526	4,025,000	5,792,526
2021-2025	746,198	5,045,000	5,791,198
<b>Total</b>	<b>\$ 5,025,426</b>	<b>\$ 12,400,000</b>	<b>\$ 17,425,426</b>

The County paid interest on long-term debt of \$569,505 during the fiscal year 2010.

## LEA COUNTY, NEW MEXICO

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### NOTES TO FINANCIAL STATEMENTS

#### NOTE J - LONG-TERM DEBT (continued)

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

#### 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](http://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, 2010, 2009 and 2008 were \$1,628,347, \$1,527,291, and \$1,382,150, 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



## **LEA COUNTY, NEW MEXICO**

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### **NOTES TO FINANCIAL STATEMENTS**

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

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](http://www.nmrhca.state.nm.us).

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, 2010, 2009 and 2008 were \$182,686, \$174,571, and \$157,546, 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

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### 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 - \$1,780,088) 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, 2010.

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**

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### **NOTES TO FINANCIAL STATEMENTS**

#### **NOTE O - JOINT POWERS AGREEMENTS (continued)**

The County established a joint powers agreement with the City of Hobbs on January 4, 2010 to further the public interest and protect the safety, health and welfare of the people of Hobbs, New Mexico and Lea County, New Mexico and to define the role of the City and County in establishing a joint Emergency Communications Center, namely, the joint management and operations of an emergency communications district.

#### **NOTE P – CONSTRUCTION COMMITMENTS**

The County has active construction projects at June 30, 2010. These projects include the completion of the Sheriff's Facility and the South Hobbs By-pass Road, which represent future commitments of approximately \$11.1 million.

#### **NOTE Q – SUBSEQUENT EVENTS**

The entity has evaluated subsequent events through November 12, 2010, the date which the financial statements were available to be issued.

#### **NOTE R – DEFICIT FUND BALANCES**

At June 30, 2010, the following non-major special revenue funds exhibited a fund balance deficit. This deficit will be financed through future revenues of the funds.

Fund	Deficit
Rural Law Enforcement	\$ 4,631
High Intensity Drug Trafficking Areas (HIDTA)	12,612
Other Grants	<u>274,120</u>
Total deficit	<u>\$291,363</u>

**SUPPLEMENTAL INFORMATION**

## LEA COUNTY, NEW MEXICO

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### NON-MAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

## LEA COUNTY, NEW MEXICO

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

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

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

**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.

**Lea County Drug Task Force (HIDTA)** – Special revenue fund established by resolution to account for revenues and expenditures related to education and local enforcement of the drug program. This program is financed with federal grants aiming to ameliorate High Intensity Drug Trafficking Areas.

**Magistrate Court Security** – To account for activity related to security services for the Court, contracted by Lea County and the City of Hobbs. Initial funding was provided by Lea County and the City of Hobbs. Contract continuation is contingent upon sufficient appropriations and authorization being made by the County and the City.

**Rural Law Enforcement** – To account for revenues and expenditures related to activity under the Detention Centers Rural Operations Enhancement Program funded by the Department of Justice.

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

**LEA COUNTY, NEW MEXICO**

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Combining Balance Sheet  
 Non-major Special Revenue Funds  
 June 30, 2010

Statement B-1  
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	Farm and Range	Recreation	County Clerk	Maljamar Fire District	Knowles Fire District
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 11,849	\$ 43,199	\$ 97,700	\$ 32,691
Investments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Other receivables	-	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 11,849</b>	<b>\$ 43,199</b>	<b>\$ 97,700</b>	<b>\$ 32,691</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ 1,236	\$ 248	\$ 3,526	\$ 453
Deferred revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>1,236</b>	<b>248</b>	<b>3,526</b>	<b>453</b>
Fund balances:					
Reserved for fire districts	-	-	-	94,174	32,238
Unreserved	-	10,613	42,951	-	-
<b>Total fund balances</b>	<b>-</b>	<b>10,613</b>	<b>42,951</b>	<b>94,174</b>	<b>32,238</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 11,849</b>	<b>\$ 43,199</b>	<b>\$ 97,700</b>	<b>\$ 32,691</b>

The accompanying notes are an integral part of these statements.

**LEA COUNTY, NEW MEXICO**

**Combining Balance Sheet (continued)  
Non-major Special Revenue Funds  
June 30, 2010**

**Statement B-1  
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	Airport Fire District	Monument Fire District	DWI	House Bill 198 Grant	Correction Fees
<b>ASSETS</b>					
Cash and cash equivalents	\$ 25,010	\$ 81,565	\$ 82,153	\$ 9,044	\$ 915,794
Investments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Other receivables	-	-	-	-	-
<b>Total assets</b>	<b>\$ 25,010</b>	<b>\$ 81,565</b>	<b>\$ 82,153</b>	<b>\$ 9,044</b>	<b>\$ 915,794</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ 11,995	\$ 1,271	\$ -	\$ 10,200
Deferred revenue	-	-	74,277	-	-
<b>Total liabilities</b>	<b>-</b>	<b>11,995</b>	<b>75,548</b>	<b>-</b>	<b>10,200</b>
Fund balances:					
Reserved for fire districts	25,010	69,570	-	-	-
Unreserved	-	-	6,605	9,044	905,594
<b>Total fund balances</b>	<b>25,010</b>	<b>69,570</b>	<b>6,605</b>	<b>9,044</b>	<b>905,594</b>
<b>Total liabilities and fund balances</b>	<b>\$ 25,010</b>	<b>\$ 81,565</b>	<b>\$ 82,153</b>	<b>\$ 9,044</b>	<b>\$ 915,794</b>

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



**LEA COUNTY, NEW MEXICO**

**Combining Balance Sheet (continued)  
Non-major Special Revenue Funds  
June 30, 2010**

**Statement B-1  
Page 3 of 6**

	<b>Paving District</b>	<b>Property Valuation</b>	<b>Hospital Records</b>	<b>Lea County Event Center Stipulation</b>	<b>Knowles EMS Grant</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 412,453	\$ -	\$ 251,903	\$ 444
Investments	-	-	-	-	-
Due from other funds	-	-	10	90,000	-
Other receivables	-	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 412,453</b>	<b>\$ 10</b>	<b>\$ 341,903</b>	<b>\$ 444</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ 283	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>283</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:					
Reserved for fire districts	-	-	-	-	-
Unreserved	-	412,170	10	341,903	444
<b>Total fund balances</b>	<b>-</b>	<b>412,170</b>	<b>10</b>	<b>341,903</b>	<b>444</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 412,453</b>	<b>\$ 10</b>	<b>\$ 341,903</b>	<b>\$ 444</b>

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

**LEA COUNTY, NEW MEXICO**

**Combining Balance Sheet (continued)  
Non-major Special Revenue Funds  
June 30, 2010**

**Statement B-1  
Page 4 of 6**

	Law Enforcement Project	Maljamar EMS Grant	Fire Excise Tax	Monument EMS Grant	Jal CDBG Wastewater
<b>ASSETS</b>					
Cash and cash equivalents	\$ 21,529	\$ 7,731	\$ 2,306,406	\$ 3,103	\$ 23,038
Investments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Other receivables	-	-	-	-	-
<b>Total assets</b>	<b>\$ 21,529</b>	<b>\$ 7,731</b>	<b>\$ 2,306,406</b>	<b>\$ 3,103</b>	<b>\$ 23,038</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:					
Reserved for fire districts	-	-	-	-	-
Unreserved	21,529	7,731	2,306,406	3,103	23,038
<b>Total fund balances</b>	<b>21,529</b>	<b>7,731</b>	<b>2,306,406</b>	<b>3,103</b>	<b>23,038</b>
<b>Total liabilities and fund balances</b>	<b>\$ 21,529</b>	<b>\$ 7,731</b>	<b>\$ 2,306,406</b>	<b>\$ 3,103</b>	<b>\$ 23,038</b>

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

**LEA COUNTY, NEW MEXICO**

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Combining Balance Sheet (continued)  
 Non-major Special Revenue Funds  
 June 30, 2010

Statement B-1  
 Page 5 of 6

	Convenience Centers	Revolving Loan Fund	PRCA Steer Roping	High Intensity Drug Trafficking Areas	Rural Law Enforcement
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,835,693	\$ 960	\$ 68,236	\$ 106,380	\$ -
Investments	-	100,145	-	-	-
Due from other funds	-	-	-	-	-
Other receivables	200,387	-	-	-	-
<b>Total assets</b>	<b>\$ 2,036,080</b>	<b>\$ 101,105</b>	<b>\$ 68,236</b>	<b>\$ 106,380</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 22,709	\$ -	\$ -	\$ 118,992	\$ 4,631
Deferred revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>22,709</b>	<b>-</b>	<b>-</b>	<b>118,992</b>	<b>4,631</b>
Fund balances:					
Reserved for fire districts	-	-	-	-	-
Unreserved	2,013,371	101,105	68,236	(12,612)	(4,631)
<b>Total fund balances</b>	<b>2,013,371</b>	<b>101,105</b>	<b>68,236</b>	<b>(12,612)</b>	<b>(4,631)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,036,080</b>	<b>\$ 101,105</b>	<b>\$ 68,236</b>	<b>\$ 106,380</b>	<b>\$ -</b>

The accompanying notes are an integral part of these statements.

**LEA COUNTY, NEW MEXICO**

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**Combining Balance Sheet (continued)  
Non-major Special Revenue Funds  
June 30, 2010**

**Statement B-1  
Page 6 of 6**

	Magistrate Court Security	Other Grants	Total Non- Major Special Revenue Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ 6,336,881
Investments	-	-	100,145
Due from other funds	-	-	90,010
Other receivables	-	-	200,387
<b>Total assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,727,423</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ 274,120	\$ 449,664
Deferred revenue	-	-	74,277
<b>Total liabilities</b>	<b>-</b>	<b>274,120</b>	<b>523,941</b>
Fund balances:			
Reserved for fire districts	-	-	220,992
Unreserved	-	(274,120)	5,982,490
<b>Total fund balances</b>	<b>-</b>	<b>(274,120)</b>	<b>6,203,482</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,727,423</b>

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

# LEA COUNTY, NEW MEXICO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Non-major Special Revenue Funds  
 For the Year Ended June 30, 2010

Statement B-2

Page 1 of 6

	Farm and Range	Recreation	County Clerk	Maljamar Fire District	Knowles Fire District
<b>REVENUES</b>					
Property, sales, and miscellaneous taxes	\$ -	\$ 66	\$ -	\$ -	\$ -
Licenses and permits	-	-	47,952	-	-
Intergovernmental	13,582	-	-	98,996	51,635
Charges for services	-	-	-	-	-
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	-	-	33,380
Other revenue 1	-	-	-	-	-
<b>Total revenues</b>	<b>13,582</b>	<b>66</b>	<b>47,952</b>	<b>98,996</b>	<b>85,015</b>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	6,052	93,641	73,349
Public safety	-	-	-	-	-
Culture and recreation	-	13,874	-	-	-
Education	-	-	-	-	-
Farm and range	128,000	-	-	-	-
Capital outlay	-	-	15,055	-	-
<b>Total expenditures</b>	<b>128,000</b>	<b>13,874</b>	<b>21,107</b>	<b>93,641</b>	<b>73,349</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(114,418)</b>	<b>(13,808)</b>	<b>26,845</b>	<b>5,355</b>	<b>11,666</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	112,736	12,492	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>112,736</b>	<b>12,492</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(1,682)</b>	<b>(1,316)</b>	<b>26,845</b>	<b>5,355</b>	<b>11,666</b>
<b>Fund balances - beginning of year</b>	<b>1,682</b>	<b>11,929</b>	<b>16,106</b>	<b>88,819</b>	<b>20,572</b>
<b>Fund balances - end of year</b>	<b>\$ -</b>	<b>\$ 10,613</b>	<b>\$ 42,951</b>	<b>\$ 94,174</b>	<b>\$ 32,238</b>

The accompanying notes are an integral part of these statements.

**LEA COUNTY, NEW MEXICO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)**  
**Non-major Special Revenue Funds**  
**For the Year Ended June 30, 2010**

Page 2 of 6

	Airport Fire District	Monument Fire District	DWI	House Bill 198 Grant	Correction Fees
<b>REVENUES</b>					
Property, sales, and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	184	-	-
Intergovernmental	-	51,636	462,317	-	155,717
Charges for services	-	-	-	-	-
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	64,875	-	-
Other revenue 1	-	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>51,636</b>	<b>527,376</b>	<b>-</b>	<b>155,717</b>
<b>EXPENDITURES</b>					
Current:					
General government	-	46,232	514,313	-	-
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Education	-	-	-	-	4,676
Farm and range	-	-	-	-	162,060
Capital outlay	-	4,286	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>50,518</b>	<b>514,313</b>	<b>-</b>	<b>166,736</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>1,118</b>	<b>13,063</b>	<b>-</b>	<b>(11,019)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	5,500	-	20,615	-	-
Transfers out	-	-	(84,181)	-	-
<b>Total other financing sources (uses)</b>	<b>5,500</b>	<b>-</b>	<b>(63,566)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>5,500</b>	<b>1,118</b>	<b>(50,503)</b>	<b>-</b>	<b>(11,019)</b>
<b>Fund balances - beginning of year</b>	<b>19,510</b>	<b>68,452</b>	<b>57,108</b>	<b>9,044</b>	<b>916,613</b>
<b>Fund balances - end of year</b>	<b>\$ 25,010</b>	<b>\$ 69,570</b>	<b>\$ 6,605</b>	<b>\$ 9,044</b>	<b>\$ 905,594</b>

The accompanying notes are an integral part of these statements.

# LEA COUNTY, NEW MEXICO

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)

Non-major Special Revenue Funds  
For the Year Ended June 30, 2010

Page 3 of 6

	Paving District	Property Valuation	Hospital Records	Lea County Event Center Stipulation	Knowles EMS Grant
<b>REVENUES</b>					
Property, sales, and miscellaneous taxes	\$ 15,891	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	5,284
Charges for services	-	231,727	-	-	-
Investment earnings	12,773	-	-	6,170	-
Miscellaneous	-	-	-	-	-
Other revenue 1	4,116	-	-	-	-
<b>Total revenues</b>	<b>32,780</b>	<b>231,727</b>	<b>-</b>	<b>6,170</b>	<b>5,284</b>
<b>EXPENDITURES</b>					
Current:					
General government	-	175,185	-	-	-
Public safety	-	-	-	-	5,025
Culture and recreation	-	-	-	-	-
Education	-	-	-	-	-
Farm and range	-	-	-	-	-
Capital outlay	-	3,207	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>178,392</b>	<b>-</b>	<b>-</b>	<b>5,025</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>32,780</b>	<b>53,335</b>	<b>-</b>	<b>6,170</b>	<b>259</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	(524,702)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(524,702)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(491,922)</b>	<b>53,335</b>	<b>-</b>	<b>6,170</b>	<b>259</b>
<b>Fund balances - beginning of year</b>	<b>491,922</b>	<b>358,835</b>	<b>10</b>	<b>335,733</b>	<b>185</b>
<b>Fund balances - end of year</b>	<b>\$ -</b>	<b>\$ 412,170</b>	<b>\$ 10</b>	<b>\$ 341,903</b>	<b>\$ 444</b>

The accompanying notes are an integral part of these statements.

**LEA COUNTY, NEW MEXICO**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)  
 Non-major Special Revenue Funds  
 For the Year Ended June 30, 2010

Page 4 of 6

	Law Enforcement Project	Maljamar EMS Grant	Fire Excise Tax	Monument EMS Grant	Jal CDBG Wastewater
<b>REVENUES</b>					
Property, sales, and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	59,881	3,043	-	5,356	-
Charges for services	-	-	-	-	-
Investment earnings	-	-	7,869	-	-
Miscellaneous	-	-	-	-	-
Other revenue 1	-	-	-	-	-
<b>Total revenues</b>	<b>59,881</b>	<b>3,043</b>	<b>7,869</b>	<b>5,356</b>	<b>-</b>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	23,889	-	25,287
Public safety	61,997	3,851	-	5,814	-
Culture and recreation	-	-	-	-	-
Education	-	-	-	-	-
Farm and range	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>61,997</b>	<b>3,851</b>	<b>23,889</b>	<b>5,814</b>	<b>25,287</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(2,116)</b>	<b>(808)</b>	<b>(16,020)</b>	<b>(458)</b>	<b>(25,287)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(2,116)</b>	<b>(808)</b>	<b>(16,020)</b>	<b>(458)</b>	<b>(25,287)</b>
<b>Fund balances - beginning of year</b>	<b>23,645</b>	<b>8,539</b>	<b>2,322,426</b>	<b>3,561</b>	<b>48,325</b>
<b>Fund balances - end of year</b>	<b>\$ 21,529</b>	<b>\$ 7,731</b>	<b>\$ 2,306,406</b>	<b>\$ 3,103</b>	<b>\$ 23,038</b>

The accompanying notes are an integral part of these statements.



## LEA COUNTY, NEW MEXICO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)  
 Non-major Special Revenue Funds  
 For the Year Ended June 30, 2010

Page 5 of 6

	Convenience Centers	Revolving Loan Fund	PRCA Steer Roping	High Intensity Drug Trafficking Areas
<b>REVENUES</b>				
Property, sales, and miscellaneous taxes	\$ 1,159,860	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	25,000	106,380
Investment earnings	-	-	-	-
Miscellaneous	-	-	850	128
Other revenue 1	-	-	-	-
<b>Total revenues</b>	<b>1,159,860</b>	<b>-</b>	<b>25,850</b>	<b>106,508</b>
<b>EXPENDITURES</b>				
Current:				
General government	884,081	-	-	305,840
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Education	-	-	-	-
Farm and range	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>884,081</b>	<b>-</b>	<b>-</b>	<b>305,840</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>275,779</b>	<b>-</b>	<b>25,850</b>	<b>(199,332)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	186,720
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>186,720</b>
<b>Net change in fund balances</b>	<b>275,779</b>	<b>-</b>	<b>25,850</b>	<b>(12,612)</b>
<b>Fund balances - beginning of year</b>	<b>1,737,592</b>	<b>101,105</b>	<b>42,386</b>	<b>-</b>
<b>Fund balances - end of year</b>	<b>\$ 2,013,371</b>	<b>\$ 101,105</b>	<b>\$ 68,236</b>	<b>\$ (12,612)</b>

The accompanying notes are an integral part of these statements.

**LEA COUNTY, NEW MEXICO**

**Combining Statement of Revenues,  
Expenditures and Changes in Fund  
Non-major Special Revenue Funds  
For the Year Ended June 30, 2010**

Page 6 of 6

	Rural Law Enforcement	Magistrate Court Security	Other Grants	Total Non-Major Special Revenue Funds
<b>REVENUES</b>				
Property, sales, and miscellaneous taxes	\$ -	\$ -	\$ -	\$ 1,175,817
Licenses and permits	-	-	-	48,136
Intergovernmental	99,640	14,000	484,799	1,505,886
Charges for services	-	-	-	363,107
Investment earnings	-	-	-	26,812
Miscellaneous	-	-	626,162	725,395
Other revenue 1	-	-	-	4,116
<b>Total revenues</b>	<b>99,640</b>	<b>14,000</b>	<b>1,110,961</b>	<b>3,849,269</b>
<b>EXPENDITURES</b>				
Current:				
General government	138,956	29,600	1,919,119	4,235,544
Public safety	-	-	-	76,687
Culture and recreation	-	-	-	13,874
Education	-	-	-	4,676
Farm and range	-	-	-	290,060
Capital outlay	-	-	-	22,548
<b>Total expenditures</b>	<b>138,956</b>	<b>29,600</b>	<b>1,919,119</b>	<b>4,643,389</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(39,316)</b>	<b>(15,600)</b>	<b>(808,158)</b>	<b>(794,120)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	34,685	15,600	294,051	682,399
Transfers out	-	-	(59,773)	(668,656)
<b>Total other financing sources (uses)</b>	<b>34,685</b>	<b>15,600</b>	<b>234,278</b>	<b>13,743</b>
<b>Net change in fund balances</b>	<b>(4,631)</b>	<b>-</b>	<b>(573,880)</b>	<b>(780,377)</b>
<b>Fund balances - beginning of year</b>	<b>-</b>	<b>-</b>	<b>299,760</b>	<b>6,983,859</b>
<b>Fund balances - end of year</b>	<b>\$ (4,631)</b>	<b>\$ -</b>	<b>\$ (274,120)</b>	<b>\$ 6,203,482</b>

The accompanying notes are an integral part of these statements.

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget (non-GAAP Budgetary Basis) and Actual  
Farm and Range  
For the Year Ended June 30, 2010**

**Statement B-3**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 14,500	\$ 14,500	\$ 13,583	\$ (917)
<b>Total revenues</b>	<b>14,500</b>	<b>14,500</b>	<b>13,583</b>	<b>(917)</b>
<b>EXPENDITURES</b>				
Farm and Range	151,250	151,250	151,250	-
<b>Total expenditures</b>	<b>151,250</b>	<b>151,250</b>	<b>151,250</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(136,750)</b>	<b>(136,750)</b>	<b>(137,667)</b>	<b>\$ (917)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	111,819	112,735	112,735	-
<b>Total other financing sources and (uses)</b>	<b>111,819</b>	<b>112,735</b>	<b>112,735</b>	<b>\$ -</b>
Prior year cash balance	24,932	24,932	-	
<b>Net change in fund balances</b>	<b>\$ 1</b>	<b>\$ 917</b>	<b>(24,932)</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Decrease in accounts payable			23,250	
<b>Net change in fund balance</b>			<b>\$ (1,682)</b>	

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

# LEA COUNTY, NEW MEXICO

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget (non-GAAP Budgetary Basis) and Actual  
Recreation  
For the Year Ended June 30, 2010**

**Statement B-4**

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>				
Sales and miscellaneous taxes	\$ 50	\$ 50	\$ 66	\$ 16
<b>Total revenues</b>	<b>50</b>	<b>50</b>	<b>66</b>	<b>16</b>
<b>EXPENDITURES</b>				
Culture and recreation	26,000	26,000	14,168	11,832
<b>Total expenditures</b>	<b>26,000</b>	<b>26,000</b>	<b>14,168</b>	<b>11,832</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(25,950)</b>	<b>(25,950)</b>	<b>(14,102)</b>	<b>\$ 11,848</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	12,492	12,492	12,492	-
<b>Total other financing sources and (uses)</b>	<b>12,492</b>	<b>12,492</b>	<b>12,492</b>	<b>\$ -</b>
Prior year cash balance	13,458	13,458	-	
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(1,610)</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in accounts payable			294	
<b>Net change in fund balance</b>			<b>\$ (1,316)</b>	

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

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget (non-GAAP Budgetary Basis) and Actual  
County Clerk  
For the Year Ended June 30, 2010**

**Statement B-5**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Licenses and permits	\$ 65,000	\$ 65,000	\$ 47,952	\$ (17,048)
<b>Total revenues</b>	<b>65,000</b>	<b>65,000</b>	<b>47,952</b>	<b>(17,048)</b>
<b>EXPENDITURES</b>				
General government	20,600	20,600	5,956	14,644
Capital Outlay	15,500	15,500	15,055	445
<b>Total expenditures</b>	<b>36,100</b>	<b>36,100</b>	<b>21,011</b>	<b>15,089</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>28,900</b>	<b>28,900</b>	<b>26,941</b>	<b>\$ (1,959)</b>
Prior year cash balance	16,261	16,261	-	
<b>Net change in fund balances</b>	<b>\$ 45,161</b>	<b>\$ 45,161</b>	<b>26,941</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in accounts payable			(96)	
<b>Net change in fund balance</b>			<b>\$ 26,845</b>	

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

# LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget (non-GAAP Budgetary Basis) and Actual  
 Maljamar Fire District  
 For the Year Ended June 30, 2010

Statement B-6

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 39,058	\$ 39,058	\$ 98,996	\$ 59,938
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>39,058</b>	<b>39,058</b>	<b>98,996</b>	<b>59,938</b>
<b>EXPENDITURES</b>				
General government	129,958	129,958	92,197	37,761
<b>Total expenditures</b>	<b>129,958</b>	<b>129,958</b>	<b>92,197</b>	<b>37,761</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(90,900)</b>	<b>(90,900)</b>	<b>6,799</b>	<b>\$ 97,699</b>
Prior year cash balance	90,902	90,902	-	
<b>Net change in fund balances</b>	<b>\$ 2</b>	<b>\$ 2</b>	<b>6,799</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in accounts payable			(1,444)	
<b>Net change in fund balance</b>			<b>\$ 5,355</b>	

The accompanying notes are an integral part of these statements.

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget (non-GAAP Budgetary Basis) and Actual  
Knowles Fire District  
For the Year Ended June 30, 2010**

**Statement B-7**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 39,058	\$ 39,058	\$ 51,636	\$ 12,578
Miscellaneous	45,900	45,900	33,380	(12,520)
<b>Total revenues</b>	<b>84,958</b>	<b>84,958</b>	<b>85,016</b>	<b>58</b>
<b>EXPENDITURES</b>				
General government	64,858	78,258	78,199	59
<b>Total expenditures</b>	<b>64,858</b>	<b>78,258</b>	<b>78,199</b>	<b>59</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>20,100</b>	<b>6,700</b>	<b>6,817</b>	<b>\$ 117</b>
Prior year cash balance	25,877	25,877	-	
<b>Net change in fund balances</b>	<b>\$ 45,977</b>	<b>\$ 32,577</b>	<b>6,817</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in accounts payable			4,849	
<b>Net change in fund balance</b>			<b>\$ 11,666</b>	

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

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget (non-GAAP Budgetary Basis) and Actual  
Airport Fire District  
For the Year Ended June 30, 2010**

**Statement B-8**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES</b>				
General government	25,000	25,000	-	25,000
<b>Total expenditures</b>	<b>25,000</b>	<b>25,000</b>	<b>-</b>	<b>25,000</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(25,000)</b>	<b>(25,000)</b>	<b>-</b>	<b>\$ 25,000</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	5,500	5,500	5,500	-
<b>Total other financing sources and (uses)</b>	<b>5,500</b>	<b>5,500</b>	<b>5,500</b>	<b>\$ -</b>
Prior year cash balance	19,510	19,510	-	
<b>Net change in fund balances</b>	<b>\$ 10</b>	<b>\$ 10</b>	<b>5,500</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Net change in fund balance			<u>\$ 5,500</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  
Monument Fire District  
For the Year Ended June 30, 2010**

**Statement B-9**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 84,958	\$ 84,958	\$ 51,636	\$ (33,322)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>84,958</b>	<b>84,958</b>	<b>51,636</b>	<b>(33,322)</b>
<b>EXPENDITURES</b>				
General government	109,258	109,258	40,280	68,978
<b>Total expenditures</b>	<b>109,258</b>	<b>109,258</b>	<b>40,280</b>	<b>68,978</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(24,300)</b>	<b>(24,300)</b>	<b>11,356</b>	<b>\$ 35,656</b>
Prior year cash balance	70,207	70,207	-	
<b>Net change in fund balances</b>	<b>\$ 45,907</b>	<b>\$ 45,907</b>	<b>11,356</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in accounts payable			(10,238)	
<b>Net change in fund balance</b>			<b>\$ 1,118</b>	

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

# LEA COUNTY, NEW MEXICO

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget (non-GAAP Budgetary Basis) and Actual  
DWI  
For the Year Ended June 30, 2010**

**Statement B-10**

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>				
Licenses and permits	\$ -	\$ -	\$ 184	\$ 184
Intergovernmental	559,252	559,252	536,594	(22,658)
Miscellaneous	64,800	64,800	64,875	75
<b>Total revenues</b>	<b>624,052</b>	<b>624,052</b>	<b>601,653</b>	<b>(22,399)</b>
<b>EXPENDITURES</b>				
Current:				
General government	482,128	585,344	519,324	66,020
<b>Total expenditures</b>	<b>482,128</b>	<b>585,344</b>	<b>519,324</b>	<b>66,020</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>141,924</b>	<b>38,708</b>	<b>82,329</b>	<b>\$ 43,621</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	20,615	20,615	20,615	-
Transfers out	-	-	(84,181)	(84,181)
<b>Total other financing sources and (uses)</b>	<b>20,615</b>	<b>20,615</b>	<b>(63,566)</b>	<b>\$ (84,181)</b>
Prior year cash balance	63,386	63,386	-	
<b>Net change in fund balances</b>	<b>\$ 225,925</b>	<b>\$ 122,709</b>	<b>18,763</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Decrease in due from other funds				
Decrease in other receivables			(74,277)	
Decrease in accounts payable			5,011	
<b>Net change in fund balance</b>			<b>\$ (50,503)</b>	

The accompanying notes are an integral part of these statements.

**LEA COUNTY, NEW MEXICO**

Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget (non-GAAP Budgetary Basis) and Actual  
 House Bill 198 Grant  
 For the Year Ended June 30, 2010

Statement B-11

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

The accompanying notes are an integral part of these statements.

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget (non-GAAP Budgetary Basis) and Actual  
Correction Fees  
For the Year Ended June 30, 2010**

**Statement B-12**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 155,700	\$ 155,700	\$ 155,717	\$ 17
<b>Total revenues</b>	<b>155,700</b>	<b>155,700</b>	<b>155,717</b>	<b>17</b>
<b>EXPENDITURES</b>				
Current:	-	-	-	-
General government	-	154,975	152,511	2,464
Education	-	1,625	4,025	(2,400)
<b>Total expenditures</b>	<b>-</b>	<b>156,600</b>	<b>156,536</b>	<b>64</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>155,700</b>	<b>(900)</b>	<b>(819)</b>	<b>\$ 81</b>
Prior year cash balance	916,614	916,614	-	
<b>Net change in fund balances</b>	<b>\$ 1,072,314</b>	<b>\$ 915,714</b>	<b>(819)</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in accounts payable			(10,200)	
<b>Net change in fund balance</b>			<b>\$ (11,019)</b>	

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

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget (non-GAAP Budgetary Basis) and Actual  
Paving District  
For the Year Ended June 30, 2010**

**Statement B-13**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ 15,890	\$ 15,890
Investment earnings	150	150	16,890	16,740
<b>Total revenues</b>	<b>150</b>	<b>150</b>	<b>32,780</b>	<b>32,630</b>
<b>EXPENDITURES</b>				
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>150</b>	<b>150</b>	<b>32,780</b>	<b>\$ 32,630</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(524,702)	(524,702)	(524,702)	-
<b>Total other financing sources and (uses)</b>	<b>(524,702)</b>	<b>(524,702)</b>	<b>(524,702)</b>	<b>-</b>
Prior year cash balance	491,923	491,923	-	
<b>Net change in fund balances</b>	<b>\$ (32,629)</b>	<b>\$ (32,629)</b>	<b>(491,922)</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
<b>Net change in fund balance</b>			<b>\$ (491,922)</b>	

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

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget (non-GAAP Budgetary Basis) and Actual  
Property Valuation  
For the Year Ended June 30, 2010**

**Statement B-14**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Charges for services	\$ 150,000	\$ 150,000	\$ 231,727	\$ 81,727
<b>Total revenues</b>	<b>150,000</b>	<b>150,000</b>	<b>231,727</b>	<b>81,727</b>
<b>EXPENDITURES</b>				
General government	398,326	398,326	177,439	220,887
Capital Outlay	59,000	59,000	3,207	55,793
<b>Total expenditures</b>	<b>457,326</b>	<b>457,326</b>	<b>180,646</b>	<b>276,680</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(307,326)</b>	<b>(307,326)</b>	<b>51,081</b>	<b>\$ 358,407</b>
Prior year cash balance	361,374	361,374	-	
<b>Net change in fund balances</b>	<b>\$ 54,048</b>	<b>\$ 54,048</b>	<b>51,081</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in accounts payable			2,254	
<b>Net change in fund balance</b>			<b>\$ 53,335</b>	

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

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget (non-GAAP Budgetary Basis) and Actual  
Lea County Event Center Stipulation  
For the Year Ended June 30, 2010**

**Statement B-15**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Investment earnings	\$ 20,000	\$ 20,000	\$ 6,170	\$ (13,830)
<b>Total revenues</b>	<b>20,000</b>	<b>20,000</b>	<b>6,170</b>	<b>(13,830)</b>
<b>EXPENDITURES</b>				
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>20,000</b>	<b>20,000</b>	<b>6,170</b>	<b>\$ (13,830)</b>
Prior year cash balance	245,733	245,733	-	
<b>Net change in fund balances</b>	<b>\$ 265,733</b>	<b>\$ 265,733</b>	<b>6,170</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
<b>Net change in fund balance</b>			<b>\$ 6,170</b>	

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

# LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget (non-GAAP Budgetary Basis) and Actual  
 Knowles EMS Grant  
 For the Year Ended June 30, 2010

Statement B-16

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 5,486	\$ 5,486	\$ 5,284	\$ (202)
<b>Total revenues</b>	<b>5,486</b>	<b>5,486</b>	<b>5,284</b>	<b>(202)</b>
<b>EXPENDITURES</b>				
Public safety	5,671	5,671	5,025	646
<b>Total expenditures</b>	<b>5,671</b>	<b>5,671</b>	<b>5,025</b>	<b>646</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(185)</b>	<b>(185)</b>	<b>259</b>	<b>\$ 444</b>
Prior year cash balance	186	186	-	
<b>Net change in fund balances</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>259</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
<b>Net change in fund balance</b>			<b>\$ 259</b>	

The accompanying notes are an integral part of these statements.



**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget (non-GAAP Budgetary Basis) and Actual  
Law Enforcement Project  
For the Year Ended June 30, 2010**

**Statement B-17**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 47,600	\$ 47,600	\$ 59,881	\$ 12,281
<b>Total revenues</b>	<b>47,600</b>	<b>47,600</b>	<b>59,881</b>	<b>12,281</b>
<b>EXPENDITURES</b>				
General government	-	-	-	-
Public safety	71,244	71,244	61,997	9,247
<b>Total expenditures</b>	<b>71,244</b>	<b>71,244</b>	<b>61,997</b>	<b>9,247</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(23,644)</b>	<b>(23,644)</b>	<b>(2,116)</b>	<b>\$ 21,528</b>
Prior year cash balance	23,645	23,645	-	
<b>Net change in fund balances</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>(2,116)</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
<b>Net change in fund balance</b>			<b>\$ (2,116)</b>	

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

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget (non-GAAP Budgetary Basis) and Actual  
Maljamar EMS Grant  
For the Year Ended June 30, 2010**

Statement B-18

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 3,053	\$ 3,053	\$ 3,043	\$ (10)
<b>Total revenues</b>	<b>3,053</b>	<b>3,053</b>	<b>3,043</b>	<b>(10)</b>
<b>EXPENDITURES</b>				
Public safety	11,823	11,823	4,085	7,738
<b>Total expenditures</b>	<b>11,823</b>	<b>11,823</b>	<b>4,085</b>	<b>7,738</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(8,770)</b>	<b>(8,770)</b>	<b>(1,042)</b>	<b>\$ 7,728</b>
Prior year cash balance	8,773	8,773	-	
<b>Net change in fund balances</b>	<b>\$ 3</b>	<b>\$ 3</b>	<b>(1,042)</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in accounts payable			234	
<b>Net change in fund balance</b>			<b>\$ (808)</b>	

The accompanying notes are an integral part of these statements.

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget (non-GAAP Budgetary Basis) and Actual  
Fire Excise Tax  
For the Year Ended June 30, 2010**

**Statement B-19**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Investment earnings	\$ 30,000	\$ 30,000	\$ 10,030	\$ (19,970)
<b>Total revenues</b>	<b>30,000</b>	<b>30,000</b>	<b>10,030</b>	<b>(19,970)</b>
<b>EXPENDITURES</b>				
General government	75,000	75,000	23,889	51,111
<b>Total expenditures</b>	<b>75,000</b>	<b>75,000</b>	<b>23,889</b>	<b>51,111</b>
Excess (deficiency) of revenues over expenditures	(45,000)	(45,000)	(13,859)	\$ 31,141
Prior year cash balance	2,320,263	2,320,263	-	
<b>Net change in fund balances</b>	<b>\$ 2,275,263</b>	<b>\$ 2,275,263</b>	<b>(13,859)</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in oher receivables			(2,161)	
<b>Net change in fund balance</b>			<b>\$ (16,020)</b>	

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

# LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget (non-GAAP Budgetary Basis) and Actual  
 Monument EMS Grant  
 For the Year Ended June 30, 2010

Statement B-20

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 7,642	\$ 7,642	\$ 5,356	\$ (2,286)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>7,642</b>	<b>7,642</b>	<b>5,356</b>	<b>(2,286)</b>
<b>EXPENDITURES</b>				
Public safety	11,203	11,203	5,814	5,389
<b>Total expenditures</b>	<b>11,203</b>	<b>11,203</b>	<b>5,814</b>	<b>5,389</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(3,561)</b>	<b>(3,561)</b>	<b>(458)</b>	<b>\$ 3,103</b>
Prior year cash balance	3,561	3,561	-	
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(458)</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Decrease in accounts payable			-	
<b>Net change in fund balance</b>			<b>\$ (458)</b>	

The accompanying notes are an integral part of these statements.

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget (non-GAAP Budgetary Basis) and Actual  
Jal CDBG Wastewater  
For the Year Ended June 30, 2010**

**Statement B-21**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES</b>				
General government	48,325	48,325	25,287	23,038
<b>Total expenditures</b>	<b>48,325</b>	<b>48,325</b>	<b>25,287</b>	<b>23,038</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(48,325)</b>	<b>(48,325)</b>	<b>(25,287)</b>	<b>\$ 23,038</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
<b>Total other financing sources and (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Prior year cash balance	48,325	48,325	-	-
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(25,287)</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Net change in fund balance			<b>\$ (25,287)</b>	

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

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget (non-GAAP Budgetary Basis) and Actual  
Convenience Centers  
For the Year Ended June 30, 2010**

**Statement B-22**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Sales and miscellaneous taxes	\$ 1,200,000	\$ 1,200,000	\$ 1,129,576	\$ (70,424)
<b>Total revenues</b>	<b>1,200,000</b>	<b>1,200,000</b>	<b>1,129,576</b>	<b>(70,424)</b>
<b>EXPENDITURES</b>				
Current:				
General government	1,469,399	1,469,399	951,503	517,896
<b>Total expenditures</b>	<b>1,469,399</b>	<b>1,469,399</b>	<b>951,503</b>	<b>517,896</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(269,399)</b>	<b>(269,399)</b>	<b>178,073</b>	<b>\$ 447,472</b>
Prior year cash balance	1,657,622	1,657,622	-	
<b>Net change in fund balances</b>	<b>\$ 1,388,223</b>	<b>\$ 1,388,223</b>	<b>178,073</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Decrease in accounts payable			67,421	
Increase in other receivables			30,285	
<b>Net change in fund balance</b>			<b>\$ 275,779</b>	

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

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget (non-GAAP Budgetary Basis) and Actual  
Revolving Loan Fund  
For the Year Ended June 30, 2010**

Statement B-23

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>				
Investment earnings	100	100	\$ -	(100)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>100</b>	<b>100</b>	<b>-</b>	<b>(100)</b>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>100</b>	<b>100</b>	<b>-</b>	<b>\$ (100)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources and (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Prior year cash balance	960	960	-	-
<b>Net change in fund balances</b>	<b>\$ 1,060</b>	<b>\$ 1,060</b>	<b>-</b>	<b>-</b>
<b>RECONCILIATION TO GAAP BASIS:</b>				
<b>Net change in fund balance</b>			<b>\$ -</b>	<b>-</b>

The accompanying notes are an integral part of these statements.

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget (non-GAAP Budgetary Basis) and Actual  
PRCA Steer Roping  
For the Year Ended June 30, 2010**

**Statement B-24**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Charges for services	-	-	25,000	25,000
Miscellaneous	-	-	850	850
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>25,850</b>	<b>25,850</b>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>25,850</b>	<b>\$ 25,850</b>
Prior year cash balance	43,237	43,237	-	
<b>Net change in fund balances</b>	<b>\$ 43,237</b>	<b>\$ 43,237</b>	<b>25,850</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Net change in fund balance			<b>\$ 25,850</b>	

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



# LEA COUNTY, NEW MEXICO

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget (non-GAAP Budgetary Basis) and Actual  
Other Grants  
For the Year Ended June 30, 2010**

**Statement B-25**

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 3,284,780	\$ 3,284,780	\$ 484,799	\$ (2,799,981)
Miscellaneous	1,395,407	1,395,407	626,162	(769,245)
<b>Total revenues</b>	<b>4,680,187</b>	<b>4,680,187</b>	<b>1,110,961</b>	<b>(3,569,226)</b>
<b>EXPENDITURES</b>				
Current:				
General government	4,963,527	5,003,827	1,701,716	3,302,111
<b>Total expenditures</b>	<b>4,963,527</b>	<b>5,003,827</b>	<b>1,701,716</b>	<b>3,302,111</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(283,340)</b>	<b>(323,640)</b>	<b>(590,755)</b>	<b>\$ (267,115)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	294,051	(294,051)
Transfers out	-	-	(59,773)	59,773
<b>Total other financing sources and (uses)</b>	<b>-</b>	<b>-</b>	<b>234,278</b>	<b>\$ (294,051)</b>
Prior year cash balance	356,476	356,476	-	356,476
<b>Net change in fund balances</b>	<b>\$ 73,136</b>	<b>\$ 32,836</b>	<b>\$ (356,477)</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in accounts payable			(217,403)	
<b>Net change in fund balance</b>			<b>\$ (573,880)</b>	

The accompanying notes are an integral part of these statements.

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget (non-GAAP Budgetary Basis) and Actual  
HIDTA Fund  
For the Year Ended June 30, 2010**

**Statement B-26**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Fees and fines	\$ -	\$ -	\$ 106,380	\$ 106,380
Miscellaneous	-	-	128	128
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>106,508</b>	<b>106,508</b>
<b>EXPENDITURES</b>				
Current:				
General government	-	187,009	186,848	161
<b>Total expenditures</b>	<b>-</b>	<b>187,009</b>	<b>186,848</b>	<b>161</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>(187,009)</b>	<b>(80,340)</b>	<b>\$ 106,669</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	186,720	186,720	
<b>Total other financing sources and (uses)</b>	<b>-</b>	<b>186,720</b>	<b>186,720</b>	
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ (289)</b>	<b>106,380</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in accounts payable			(118,992)	
<b>Net change in fund balance</b>			<b>\$ (12,612)</b>	

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget (non-GAAP Budgetary Basis) and Actual  
Magistrate Court Security  
For the Year Ended June 30, 2010**

Statement B-27

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	14,000	14,000	14,000	\$ -
<b>Total revenues</b>	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>	<b>-</b>
<b>EXPENDITURES</b>				
Current:				
General government	29,600	29,600	29,600	-
<b>Total expenditures</b>	<b>29,600</b>	<b>29,600</b>	<b>29,600</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(15,600)</b>	<b>(15,600)</b>	<b>(15,600)</b>	<b>\$ -</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	15,600	15,600	15,600	
Transfers out	-	-	-	
<b>Total other financing sources and (uses)</b>	<b>15,600</b>	<b>15,600</b>	<b>15,600</b>	
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Decrease in other receivables			-	
<b>Net change in fund balance</b>			<b>\$ -</b>	

**LEA COUNTY, NEW MEXICO**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget (non-GAAP Budgetary Basis) and Actual  
Rural Law Enforcement  
For the Year Ended June 30, 2010**

Statement B-28

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	159,760	159,760	99,640	\$ (60,120)
<b>Total revenues</b>	<b>159,760</b>	<b>159,760</b>	<b>99,640</b>	<b>(60,120)</b>
<b>EXPENDITURES</b>				
Current:				
General government	-	159,760	134,325	25,435
<b>Total expenditures</b>	<b>-</b>	<b>159,760</b>	<b>134,325</b>	<b>25,435</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>159,760</b>	<b>-</b>	<b>(34,685)</b>	<b>\$ (34,685)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	159,760	34,685	
Transfers out	-	-	-	
<b>Total other financing sources and (uses)</b>	<b>-</b>	<b>159,760</b>	<b>34,685</b>	
<b>Net change in fund balances</b>	<b>\$ 159,760</b>	<b>\$ 159,760</b>	<b>-</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in accounts payable			(4,631)	
<b>Net change in fund balance</b>			<b>\$ (4,631)</b>	

## LEA COUNTY, NEW MEXICO

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### DEBT SERVICE FUNDS

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

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

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

**LEA COUNTY, NEW MEXICO**

**Combining Balance Sheet  
Debt Service Funds  
June 30, 2010**

**Statement C-1**

	<b>Detention Bond Reserve</b>	<b>Gross Receipts Debt Service</b>	<b>Total Non-Major Debt Service Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,177,205	\$ -	\$ 1,177,205
Other receivables	-	603,220	603,220
<b>Total assets</b>	<b>\$ 1,177,205</b>	<b>\$ 603,220</b>	<b>\$ 1,780,425</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:			
Reserved	1,177,205	603,220	1,780,425
<b>Total fund balances</b>	<b>1,177,205</b>	<b>603,220</b>	<b>1,780,425</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,177,205</b>	<b>\$ 603,220</b>	<b>\$ 1,780,425</b>

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

**LEA COUNTY, NEW MEXICO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Debt Service Funds  
For the Year Ended June 30, 2010**

**Statement C-2**

	Detention Bond Reserve	Gross Receipts Debt Service	Total Non-major Debt Service Funds
<b>REVENUES</b>			
Property, sales and miscellaneous taxes	\$ -	\$ 3,292,312	\$ 3,292,312
Investment earnings	-	21,729	21,729
<b>Total revenues</b>	<b>-</b>	<b>3,314,041</b>	<b>3,314,041</b>
<b>EXPENDITURES</b>			
Current:			
Principal	-	605,000	605,000
Interest and other charges	-	569,505	569,505
<b>Total expenditures</b>	<b>-</b>	<b>1,174,505</b>	<b>1,174,505</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>2,139,536</b>	<b>2,139,536</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	-	(2,036,754)	(2,036,754)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(2,036,754)</b>	<b>(2,036,754)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>102,782</b>	<b>102,782</b>
<b>Fund balances - beginning of year</b>	<b>1,177,205</b>	<b>500,438</b>	<b>1,677,643</b>
<b>Fund balances - end of year</b>	<b>\$ 1,177,205</b>	<b>\$ 603,220</b>	<b>\$ 1,780,425</b>

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

**LEA COUNTY, NEW MEXICO**

Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget (non-GAAP Budgetary Basis) and Actual  
 Detention Bond Reserve  
 For the Year Ended June 30, 2010

Statement C-3

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>EXPENDITURES</b>	-	-	-	-
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	-	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Net change in fund balance			\$ -	

The accompanying notes are an integral part of these statements.



# LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget (non-GAAP Budgetary Basis) and Actual  
 Gross Receipts Debt Service  
 For the Year Ended June 30, 2010

Statement C-4

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>				
Sales and miscellaneous taxes	\$ 3,181,260	\$ 3,181,259	\$ 3,189,531	\$ 8,272
Investment earnings	30,000	30,000	21,729	(8,271)
<b>Total revenues</b>	<b>3,211,260</b>	<b>3,211,259</b>	<b>3,211,260</b>	<b>1</b>
<b>EXPENDITURES</b>				
Current:				
Principal	605,000	605,000	605,000	-
Interest and other charges	569,505	569,505	569,505	-
<b>Total expenditures</b>	<b>1,174,505</b>	<b>1,174,505</b>	<b>1,174,505</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>2,036,755</b>	<b>2,036,754</b>	<b>2,036,755</b>	<b>1</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(2,005,495)	(2,036,754)	(2,036,754)	-
<b>Total other financing sources and (uses)</b>	<b>(2,005,495)</b>	<b>(2,036,754)</b>	<b>(2,036,754)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 31,260</b>	<b>\$ -</b>	<b>1</b>	
<b>RECONCILIATION TO GAAP BASIS:</b>				
Increase in taxes receivable (excluding property tax)			102,781	
<b>Net change in fund balance</b>			<b>\$ 102,782</b>	

The accompanying notes are an integral part of these statements.

**LEA COUNTY, NEW MEXICO**

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**PERMANENT FUND**

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

# LEA COUNTY, NEW MEXICO

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Combining Balance Sheet  
Permanent Fund  
June 30, 2010

Statement D-1

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

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

**LEA COUNTY, NEW MEXICO**

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Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Permanent Fund  
For the Year Ended June 30, 2010

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, 2010**

**Statement D-3**

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

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

## **LEA COUNTY, NEW MEXICO**

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### **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, 2010

Statement E-1  
Page 1 of 3

	June 30, 2009	Additions	Deletions	June 30, 2010
<b>COUNTY TREASURER'S OFFICE</b>				
<b>Assets</b>				
Cash	\$ 1,060,166	\$ 64,376,519	\$ 63,735,982	\$ 1,700,703
Taxes receivable	747,988	28,489,920	28,346,156	891,752
<b>Total assets</b>	<b>\$ 1,808,154</b>	<b>\$ 92,866,439</b>	<b>\$ 92,082,138</b>	<b>\$ 2,592,455</b>
<b>Liabilities</b>				
Taxes paid in advance	\$ 38,570	\$ 32,393	\$ 24,946	\$ 46,017
Deposits held in trust for others	1,021,596	64,344,126	63,711,036	1,654,686
Due to other taxing units/governments	747,988	28,489,920	28,346,156	891,752
<b>Total liabilities</b>	<b>\$ 1,808,154</b>	<b>\$ 92,866,439</b>	<b>\$ 92,082,138</b>	<b>\$ 2,592,455</b>
<b>COUNTY CLERK'S OFFICE</b>				
<b>Assets</b>				
Cash	\$ 20,299	\$ 226,843	\$ 224,165	\$ 22,977
<b>Total assets</b>	<b>\$ 20,299</b>	<b>\$ 226,843</b>	<b>\$ 224,165</b>	<b>\$ 22,977</b>
<b>Liabilities</b>				
Deposits held in trust for others	\$ 20,299	\$ 226,843	\$ 224,165	\$ 22,977
<b>Total liabilities</b>	<b>\$ 20,299</b>	<b>\$ 226,843</b>	<b>\$ 224,165</b>	<b>\$ 22,977</b>
<b>COUNTY PROBATE JUDGE'S OFFICE</b>				
<b>Assets</b>				
Cash	\$ 113	\$ 4,327	\$ 3,990	\$ 450
<b>Total assets</b>	<b>\$ 113</b>	<b>\$ 4,327</b>	<b>\$ 3,990</b>	<b>\$ 450</b>
<b>Liabilities</b>				
Deposits held in trust for others	\$ 113	\$ 4,327	\$ 3,990	\$ 450
<b>Total liabilities</b>	<b>\$ 113</b>	<b>\$ 4,327</b>	<b>\$ 3,990</b>	<b>\$ 450</b>

The accompanying notes are an integral part of these statements.

## LEA COUNTY, NEW MEXICO

Agency Funds - Combining Statement of Changes in Assets and Liabilities (continued)  
For the Year Ended June 30, 2010

Page 2 of 3

	June 30, 2009	Additions	Deletions	June 30, 2010
<b>DETENTION INMATE TRUST</b>				
<b>Assets</b>				
Cash	\$ 29,456	\$ 321,938	\$ 327,707	\$ 23,687
<b>Total assets</b>	<b>\$ 29,456</b>	<b>\$ 321,938</b>	<b>\$ 327,707</b>	<b>\$ 23,687</b>
<b>Liabilities</b>				
Deposits held in trust for others	\$ 29,456	\$ 321,938	\$ 327,707	\$ 23,687
<b>Total liabilities</b>	<b>\$ 29,456</b>	<b>\$ 321,938</b>	<b>\$ 327,707</b>	<b>\$ 23,687</b>
<b>LEA COUNTY SOLID WASTE AUTHORITY</b>				
<b>Assets</b>				
Cash	\$ 2,038,094	\$ 2,812,417	\$ 2,063,750	\$ 2,786,761
<b>Total assets</b>	<b>\$ 2,038,094</b>	<b>\$ 2,812,417</b>	<b>\$ 2,063,750</b>	<b>\$ 2,786,761</b>
<b>Liabilities</b>				
Deposits held in trust for others	\$ 2,038,094	\$ 2,812,417	\$ 2,063,750	\$ 2,786,761
<b>Total liabilities</b>	<b>\$ 2,038,094</b>	<b>\$ 2,812,417</b>	<b>\$ 2,063,750</b>	<b>\$ 2,786,761</b>
<b>LEA COUNTY WATER USERS ASSOCIATION</b>				
<b>Assets</b>				
Cash	\$ 6,574	\$ 73,570	\$ 36,762	\$ 43,382
Due from other governments	78,078	33,522	49,550	62,050
<b>Total assets</b>	<b>\$ 84,652</b>	<b>\$ 107,092</b>	<b>\$ 86,312</b>	<b>\$ 105,432</b>
<b>Liabilities</b>				
Due to others	\$ 3,743	\$ 16,028	\$ -	\$ 19,771
Deposits held in trust for others	80,909	91,064	86,312	85,661
<b>Total liabilities</b>	<b>\$ 84,652</b>	<b>\$ 107,092</b>	<b>\$ 86,312</b>	<b>\$ 105,432</b>

The accompanying notes are an integral part of these statements.



**LEA COUNTY, NEW MEXICO**

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Agency Funds - Combining Statement of Changes in Assets and Liabilities (continued)  
 For the Year Ended June 30, 2010

Page 3 of 3

	June 30, 2009	Additions	Deletions	June 30, 2010
<b>DETENTION BOND ACCOUNT</b>				
<b>Assets</b>				
Cash	\$ 11,828	\$ 97,311	\$ 106,377	\$ 2,762
<b>Total assets</b>	<b>\$ 11,828</b>	<b>\$ 97,311</b>	<b>\$ 106,377</b>	<b>\$ 2,762</b>
<b>Liabilities</b>				
Deposits held in trust for others	\$ 11,828	\$ 97,311	\$ 106,377	\$ 2,762
<b>Total liabilities</b>	<b>\$ 11,828</b>	<b>\$ 97,311</b>	<b>\$ 106,377</b>	<b>\$ 2,762</b>
<b>TOTALS</b>				
<b>Assets</b>				
Cash	\$ 3,166,530	\$ 67,912,925	\$ 66,498,731	\$ 4,580,723
Taxes receivable	747,988	28,489,920	28,346,156	891,752
Due from other governments	78,078	33,522	49,550	62,050
<b>Total assets</b>	<b>\$ 3,992,596</b>	<b>\$ 96,436,367</b>	<b>\$ 94,894,437</b>	<b>\$ 5,534,525</b>
<b>Liabilities</b>				
Taxes paid in advance	\$ 38,570	\$ 32,393	\$ 24,946	\$ 46,017
Deposits held in trust for others	3,202,295	67,898,026	66,523,335	4,576,985
Due to other taxing units/governments	747,988	28,489,920	28,346,156	891,752
Due to others	3,743	16,028	-	19,771
<b>Total liabilities</b>	<b>\$ 3,992,596</b>	<b>\$ 96,436,367</b>	<b>\$ 94,894,437</b>	<b>\$ 5,534,525</b>

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, 2010

Schedule F-1

	Taxes Receivable 7/1/2009	Net Taxes Charged to Treasurer	Collections	Taxes Receivable 6/30/2010	Distributions
<b>Lea County funds:</b>					
General	\$ 395,434	\$ 10,449,333	\$ 10,386,205	\$ 458,562	\$ 10,386,205
New Mexico Junior College	197,109	5,087,485	5,056,270	228,324	5,056,270
Nor-Lea Hospital	32,845	818,411	814,243	37,013	814,243
Jal Hospital	2,849	124,992	124,125	3,716	124,125
Livestock	3,095	179,723	180,130	2,688	180,130
Eunice Hospital District	3,478	101,657	103,450	1,685	103,450
<b>Municipalities:</b>					
Lovington	21,181	293,739	290,502	24,418	290,502
Eunice	9,057	153,221	154,996	7,282	154,996
Hobbs	87,870	1,768,952	1,740,512	116,310	1,740,512
Jal	7,631	81,836	78,924	10,543	78,924
Tatum	1,509	17,347	16,818	2,038	16,818
State of New Mexico	54,761	1,230,487	1,224,530	60,718	1,224,530
<b>Schools:</b>					
Lovington	55,546	1,217,283	1,214,067	58,762	1,214,067
Eunice	6,683	424,473	425,017	6,139	425,017
Hobbs	248,474	5,879,598	5,819,206	308,866	5,819,206
Jal	2,790	124,685	123,814	3,661	123,814
Tatum	3,296	249,197	245,355	7,138	245,355
Taxes in Advance	666	70,681	69,947	1,400	69,947
Re-appraisal	9,147	233,627	231,726	11,048	231,726
<b>Total taxes</b>	<b>\$ 1,143,421</b>	<b>\$ 28,506,727</b>	<b>\$ 28,299,837</b>	<b>\$ 1,350,311</b>	<b>\$ 28,299,837</b>

### Property Taxes Receivable by years:

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
2010	225,236
<b>Total Taxes Receivable</b>	<b>\$ 1,350,311</b>

The accompanying notes are an integral part of these statements.

# LEA COUNTY, NEW MEXICO

## COUNTY TREASURER'S PROPERTY TAX SCHEDULE Year Ended June 30, 2010

Schedule F-2

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
<b>Lea County funds:</b>											
General	\$ 8,059	\$ 8,505	\$ 9,328	\$ 9,096	\$ 12,150	\$ 14,937	\$ 41,268	\$ 66,888	\$ 218,181	\$ 70,170	\$ 458,562
New Mexico Junior College	3,292	3,553	5,499	5,372	5,828	7,215	19,915	33,030	109,339	35,283	228,324
Nor-Lea Hospital	186	58	225	230	402	543	4,573	5,319	21,190	4,277	37,013
Jal Hospital	3	6	6	6	25	25	77	580	2,117	871	3,716
Livestock	-	-	-	-	-	828	1,330	1,280	41	(791)	2,688
Eunice Hospital District	-	-	-	21	71	162	235	477	2,130	(1,411)	1,685
<b>Municipalities:</b>											
Lovington	170	56	272	272	322	415	783	3,814	15,015	3,299	24,418
Eunice	2	6	31	42	188	475	653	1,330	6,327	(1,772)	7,282
Hobbs	343	588	862	683	788	1,016	7,094	17,359	59,077	28,500	116,310
Jal	7	17	18	18	70	71	220	1,682	5,522	2,918	10,543
Tatum	47	12	12	13	13	22	37	203	1,102	577	2,038
State of New Mexico	1,502	1,775	1,239	1,643	1,211	1,809	5,195	8,584	30,479	7,281	60,718
<b>Schools:</b>											
Lovington	227	72	341	348	613	785	7,093	9,362	36,606	3,315	58,762
Eunice	18	30	31	37	124	299	437	1,040	4,651	(528)	6,139
Hobbs	6,008	6,342	9,519	10,104	9,213	10,250	21,679	40,031	129,915	65,805	308,886
Jal	2	6	6	6	24	25	76	573	2,069	874	3,661
Tatum	77	16	20	22	30	54	100	533	2,349	3,937	7,188
<b>Nonrendered:</b>	-	-	-	-	-	-	76	591	-	733	1,400
<b>1% Assessor</b>	-	178	221	228	256	320	917	1,607	5,423	1,898	11,048
<b>Total taxes</b>	<b>\$ 19,943</b>	<b>\$ 21,230</b>	<b>\$ 27,630</b>	<b>\$ 28,141</b>	<b>\$ 31,326</b>	<b>\$ 39,251</b>	<b>\$ 111,758</b>	<b>\$ 194,263</b>	<b>\$ 651,533</b>	<b>\$ 225,236</b>	<b>\$ 1,350,311</b>

The accompanying notes are an integral part of these statements.

# LEA COUNTY, NEW MEXICO

## SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS June 30, 2010

Schedule F-3

Account Type	Account Name	Lea County State Bank	Western Commerce Bank	Pioneer Savings Bank	Wells Fargo	First American Bank	New Mexico State Treasurer	Total
Checking	Lea County Treasurer	\$ 151,520						\$ 151,520
Checking	Lea County Clerk	22,977						\$ 22,977
Checking	Lea County Probate Clerk	450						\$ 450
Checking	Lea County Treasurer EFTPS	62,817						\$ 62,817
Checking	Lea County Detention Facility	2,762						\$ 2,762
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	1,000,000						\$ 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	60,000						\$ 60,000
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				2,028,952			\$ 2,028,952
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				1,000,000			\$ 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				1,500,000			\$ 1,500,000
CD	Lea County Treasurer				1,000,000			\$ 1,000,000
CD	Lea County Treasurer				1,443,125			\$ 1,443,125
Checking	LCDC Inmate Trust Account				23,687			\$ 23,687
Saving	Wells Fargo Savings				24,536,872			\$ 24,536,872
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		2,000,000					\$ 2,000,000
CD	Lea County Treasurer		481,919					\$ 481,919
CD	Lea County Treasurer		850,000					\$ 850,000
CD	Lea County Treasurer		1,000,000					\$ 1,000,000
CD	Lea County Treasurer		500,000					\$ 500,000
Checking	LCDTF-HIDTA Travel Fund		1,008					\$ 1,008
Checking	LCDTF-State Forfeiture Fund		69,865					\$ 69,865
Checking	LCDTF-Justice Forfeiture Fund		36,518					\$ 36,518
Checking	Region VI Drug Enf C Counsel		1,792					\$ 1,792
Checking	Region VI Drug Task Force		650					\$ 650
LGP	Lea County Treasurer						8,338	\$ 8,338
Amounts on Deposit		\$ 8,400,671	\$ 9,441,752	\$ 6,000,000	\$ 40,532,636	\$ 9,177,205	\$ 8,338	\$ 73,560,602
Cash and returned checks on hand		1,000	-	-	-	-	-	1,000
Outstanding items		(4,553,923)	-	-	4,598,993	-	-	45,070
		\$ 3,847,748	\$ 9,441,752	\$ 6,000,000	\$ 45,131,629	\$ 9,177,205	\$ 8,338	\$ 73,606,672
Restricted cash								Unrestricted cash 72,063,402
								Restricted cash 1,443,125
								Investment 100,145
Total cash								\$ 73,606,672

The accompanying notes are an integral part of these statements.

# LEA COUNTY, NEW MEXICO

## SUPPLEMENTAL SCHEDULE OF PLEDGED COLLATERAL June 30, 2010

Schedule F-4

	Lea County State Bank Hobbs, NM	Western Commerce Bank Carlsbad, NM	Pioneer Savings Bank Hobbs, NM	Wells Fargo Bank Hobbs, NM	First American Bank Hobbs, NM	TOTAL
Total amount of deposits	\$ 8,400,871	\$ 9,441,752	\$ 6,000,000	\$ 40,532,638	\$ 9,177,205	\$ 73,552,264
Less: FDIC or FSLIC coverage	(389,933)	(250,000)	(250,000)	(500,000)	(250,000)	(1,639,933)
Total uninsured public funds	8,010,738	9,191,752	5,750,000	40,032,638	8,927,205	71,912,331
Total in Repurchase Agreements				5,668,005		
Collateral requirement - 50%	4,005,369	4,595,876	2,875,000	17,182,315	4,463,603	33,122,166
Collateral Requirement for Repurchase Agreement - 102%				5,781,365		5,781,365
Pledged securities:						
Type of security and security number	CUSIP number	Maturity date				
* FHLMC #E01425	31294KSN6	8/1/2018	-	693,146	-	693,146
* GNMA #8434	36202KLP8	6/20/2024	-	141,483	-	141,483
* GNMA #8668	36202KTX3	7/20/2020	-	108,553	-	108,553
* GNMA #8996	36202K7H2	6/20/2022	-	141,532	-	141,532
* GNMA #780615A	36225AVG2	8/15/2027	-	106,825	-	106,825
* GNMA #80948	36225DBQ6	6/20/2034	-	240,418	-	240,418
* GNMA #80272	36225CJ96	4/20/2029	-	52,772	-	52,772
* FNMA #52597	313817NN8	7/1/2027	-	45,128	-	45,128
* FNMA #133458	31365PE53	5/1/2027	-	40,024	-	40,024
* FNMA #70002	31362SX75	4/1/2018	-	33,070	-	33,070
* FNMA #70619	31362TPC1	8/1/2029	-	35,489	-	35,489
* FNMA #88990	31410GUP6	1/1/2037	-	1,277,194	-	1,277,194
* FHLMC #G02189	3128LXNP1	5/1/2036	-	1,793,544	-	1,793,544
☒ Corrales, NM	22025PAW9	8/1/2016	131,225	-	-	131,225
☒ Gallup McKinley	36401DNF1	8/15/2015	703,249	-	-	703,249
☒ Torrance County	891400BF1	7/1/2016	377,013	-	-	377,013
☒ San Juan County	799360EC3	8/15/2016	1,071,160	-	-	1,071,160
☒ Ruidoso, NM	781338GH5	8/1/2016	645,216	-	-	645,216
☒ Gadsden NM 3.75%	362550KP9	8/15/2016	1,070,310	-	-	1,070,310
☒ Los Lunas SD 3.5%	545562NE6	7/15/2017	742,461	-	-	742,461
☒ Belen SD 3.65 %	077581MN3	8/1/2018	853,648	-	-	853,648
☒ Hobbs NM MSD 4%	433886CQ1	7/15/2019	1,049,540	-	-	1,049,540
* FHLMG #G08323	3128MJLD0	1/2/2039	-	10,328,282	-	10,328,282
* FGIOH #0H00895	3128MS7G9	6/1/2037	-	199,365	-	199,365
* FNIONP #256327	31371MVU8	7/1/2036	-	7,403,922	-	7,403,922
* FNCL #257004	31371NNV3	10/1/2037	-	2,059,495	-	2,059,495
* FNCL #867437	31409CV69	5/1/2036	-	6,573,130	-	6,573,130
* FNIONP #878442	31409T5B0	5/1/2036	-	252,989	-	252,989
* FNCL #879100	31409UUZ6	5/1/2036	-	469,013	-	469,013
* FNMA #953734	31413SBB9	1/11/2037	-	3,382,613	-	3,382,613
* FNMA #963321	31414DVN3	1/5/2038	-	2,137,991	-	2,137,991
* FNCL #968927	31414KAL1	1/1/2038	-	524,191	-	524,191
* FNMA #968223	31415SYU0	1/12/2038	-	538,670	-	538,670
* FHLMC #781088	31349SF32	12/1/2033	-	1,606,209	-	1,606,209
* FHLMC #781721	31349S4E0	7/1/2034	-	956,984	-	956,984
* FHLMC #782804	31349UDH8	11/1/2034	-	287,788	-	287,788
* FHLMC #782847	31349UEU8	11/1/2034	-	326,434	-	326,434
* FHLMC #782928	31349UHD3	1/1/2035	-	212,871	-	212,871
* FHLMC #789868	31285N8D5	9/1/2032	-	119,461	-	119,461
* FNMA #805152	805152J01	1/1/2035	-	297,111	-	297,111
* FNMA #845529	845529J01	12/1/2035	-	465,007	-	465,007
* FHLMC #847032	847032J01	7/1/2032	-	93,356	-	93,356
* BERNALILLO NM STATE	085281AD5	6/1/2012	-	-	381,040	381,040
* UNIV NM AGM	914696CW7	6/1/2012	-	-	200,191	200,191
* MBS GNMA	362918HB6	10/15/2013	-	-	309,184	309,184
* FHLB 1TIME CALL 9/8/11	3133XGSE5	9/8/2018	-	-	300,000	300,000
* DULCE NMS ISO 21-ASSURE	264430HBB	9/1/2017	-	-	758,788	758,788
* MBS FNMA 15 YR	31385W7A1	4/1/2018	-	-	161,516	161,516
* MBS GNMA II 15 YR	36202DV84	4/20/2018	-	-	251,000	251,000
* MBA FHLMC Gold	3128H7FW7	9/1/2018	-	-	183,012	183,012
* ROOSEVELT CTY	77646TAN5	6/1/2019	-	-	361,498	361,498
* LUNA SCH DIST	550340DP5	8/1/2019	-	-	995,143	995,143
* MBS FNMA	31405C2W8	10/1/2019	-	-	215,864	215,864
* LOVINGTON SCH	547473CK2	10/1/2019	-	-	1,029,693	1,029,693
* TEXICO NM MUN	883005CH1	8/1/2021	-	-	170,000	170,000
* GNR 2004-80	38374JGY6	2/20/1931	-	-	998,882	998,882
* MBS GNMA	36202EXW4	11/20/1938	-	-	465,995	465,995
Total pledged securities			6,643,822	4,709,176	4,365,221	33,879,661
Under (over) pledged			(2,638,453)	(113,300)	(1,490,221)	(10,915,981)
Uninsured and uncollateralized			1,366,916	4,482,576	1,384,779	6,152,975
					2,123,399	15,510,645

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, 2010

Schedule G-1

Federal Grantor/ Pass-Through Grantor	Program Title/ Grant Number	Federal CFDA Number	Expenditures
U.S. Department of Transportation Federal Aviation Administration (FAA)	Airport Improvement Program Grant # 3-35-0022-018-2008	20.106	\$ 621,279 (1)
	Airport Improvement Program FAA Contract Tower Program	20.106	299,236
Federal Highway Administration (FHWA)	Transportation Improvement Program "ARRA" South Hobbs Bypass Contract #D12738	20.205	564,670 (1)
U.S. Department of Energy	State Energy Program	81.041	708,744 (1)
U.S. Department of the Interior Bureau of Land Management	Taylor Grazing Act - Wildlife	15.237	71,250
U.S. Department of Health & Human Services Substance Abuse and Mental Health Services Administration	Drug Free Communities Support Program Grants	93.276	51,648
Executive Office of the President Office of National Drug Control Policy	High Intensity Drug Trafficking Area Grant Grant #G09SN0017A	95.001	305,840 (1)
U.S. Department of Justice Bureau of Justice Assistance	State Criminal Alien Assistance Program	16.606	19,051
	Enhancing Rural Detention Operations "ARRA"	16.810	134,324
			<u>\$ 2,776,042</u>

Note A: (1) Denotes Major Federal Financial Assistance Program

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

Note C: Of the federal expenditures presented in the Schedule, Lea County provided awards to subrecipients as follows:

Entity/Program	CFDA Number	Amount Provided
New Mexico Institute of Mining and Technology		
State Energy Program	81.041	\$671,449

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, 2010, and have issued our report thereon dated November 12, 2010. 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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



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.

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 12, 2010



# JOHNSON, MILLER & CO.

Certified Public Accountants

A Professional Corporation

An Independent Member Of BDO Seidman Alliance

Hobbs, New Mexico

Midland, Texas

Odessa, Texas

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

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, 2010. 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, 2010.

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

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

This report is intended solely for the information and use of 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 12, 2010

**State of New Mexico**  
**Lea County**  
**Schedule of Findings and Questioned Costs**  
**Summary of Auditors' Results**  
**June 30, 2010**

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	None
Significant Deficiencies in Internal Control	None
Material Weaknesses in Internal Control	None
Noncompliance Material to the Financial Statements	No material noncompliance related to the financial statements noted.
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.

**State of New Mexico  
Lea County  
Schedule of Findings and Questioned Costs  
Summary of Auditors' Results  
June 30, 2010**

Major Federal programs

Airport improvement program – Electrical  
Grant # 3-35-0022-018-2009  
CFDA# 20.106

Pass Through Entity

Federal Aviation Administration

Transportation Improvement Program "ARRA"  
South Hobbs Bypass  
Contract#D12738  
CFDA#20.205

Pass Through Entity

New Mexico Department of Transportation

State Energy Program  
Membrane Technology for Produced Water in Lea  
County  
Cooperative Agreement #DE-NT0005227  
CFDA#81.041

High Intensity Drug Trafficking Area Program  
Grant #G09SN0017A

Pass Through Entity

Office of National Drug Control Policy

## **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.

Resolved - Comment not repeated

### 09-1

Compensation of "volunteer firefighters" as contract labor rather than employees of  
Lea County.

Resolved - Comment not repeated

## **FINANCIAL STATEMENT PRESENTATION**

The financial statements were prepared from the original books and records of Lea County as of June 30, 2010 by Johnson, Miller & Co., Certified Public Accountants, A Professional Corporation.

## LEA COUNTY, NEW MEXICO

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### OTHER DISCLOSURES Year Ended June 30, 2010

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 10, 2010. The following persons were in attendance.

#### County Officials

Jim Burke, Acting County Manager

Sherri Bunch, Interim Finance Director

Gregory Fulfer, Chairman

#### Auditors

Mary Hinds, CPA

Carmen Montoya, Senior Auditor

## LEA COUNTY, NEW MEXICO

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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 adjustments were identified during the audit for Lea County, New Mexico for the year ended June 30, 2010.

PERA	47,519.65	
FICA	39,729.55	
ACCRUED LIABILITES		87,249.20
PERA	26,432.70	
FICA	44,150.69	
ACCRUED LIABILITES		70,583.39