

LEA COUNTY, NEW MEXICO

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

Year Ended June 30, 2011

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LEA COUNTY, NEW MEXICO

OFFICIAL ROSTER
June 30, 2011

COUNTY COMMISSIONERS

Name	Title
Gregory Fulfer	Chairman
Michael Scot Whitehead	Vice-Chairman
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	Finance Director
Michael Gallagher	County Manager



JOHNSON, MILLER & CO.
Certified Public Accountants
A Professional Corporation

An Independent Member Of BDO Seidman Alliance

Hobbs, New Mexico
Midland, Texas
Odessa, Texas

Independent Auditors' Report

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, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County's 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, 2011, 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, 2011, 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, 2011, 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 7, 2011 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 7, 2011

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 facilities and providing quality equipment. Improvements to local roadways, airport facilities, as well as recreational infrastructure also reflect this attitude. In the fiscal year ended June 30, 2011, infrastructure improvements of \$11.4 million were completed.

Economic development and diversification are of primary importance to Lea County and its citizens. The County plans to aggressively promote and pursue new industry, while supporting its current oil and gas economic base.

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, 2011); 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, 2011). 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>6/30/2011</u>	<u>6/30/2010</u>
Total assets	\$ 191,383,878	\$ 180,645,654
Capital assets	(111,263,703)	(97,427,307)
Restricted assets	<u>(1,443,125)</u>	<u>(1,443,125)</u>
Total unrestricted assets	<u>\$ 78,677,050</u>	<u>\$ 81,775,222</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 decrease in total unrestricted assets is attributable to these expenditures for capital projects and infrastructure.

LIABILITIES:

Total current and long-term liabilities for the years ended June 30, 2011 and 2010 are shown in the schedule below:

	<u>6/30/2011</u>	<u>6/30/2010</u>
Current liabilities	\$ 5,808,503	\$ 4,591,512
Long-term liabilities	<u>11,633,808</u>	<u>12,977,133</u>
Total liabilities	<u>\$ 17,442,311</u>	<u>\$ 17,568,645</u>

Liabilities had no material change.

NET ASSETS:

The schedule below details the increase in net assets for the respective years ending June 30, 2011 and June 30, 2010:

	<u>6/30/2011</u>	<u>6/30/2010</u>
Beginning net assets	\$ 163,077,009	\$ 150,484,397
Restatement	779,670	-
Increase in net assets	<u>10,084,888</u>	<u>12,592,612</u>
Total net assets	<u>\$ 173,941,567</u>	<u>\$ 163,077,009</u>

The increase in net assets in the current year is due to the County's continued investment in capital projects and infrastructure.

NET ASSETS (continued):

Net assets for the years ended June 30, 2011 and 2010 are broken out as follows:

	<u>6/30/2011</u>	<u>6/30/2010</u>
Invested in capital assets, net of related debt	99,488,703	85,027,307
Restricted for:		
Fire districts	50,190	220,992
Debt service	1,968,800	1,780,425
Restricted permanent fund	1,353,125	1,353,125
Unrestricted	71,080,749	74,695,160
Total net assets	<u>\$ 173,941,567</u>	<u>\$ 163,077,009</u>

The increase in net assets is due to construction and improvements of county roads, improvements in public facilities, and investments in land. 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, 2011 and 2010 were \$55,264,400 and \$54,469,759, respectively. The schedule below shows revenue by major category.

	<u>6/30/2011</u>	<u>6/30/2010</u>
General revenue:		
Oil & gas production tax	\$ 20,182,688	\$ 19,780,114
Property tax	11,192,869	10,994,388
Public service tax	10,472,450	8,672,326
Miscellaneous taxes	391,583	385,841
Program revenue:		
Grants and reimbursements	3,530,307	5,729,819
Charges for services	9,494,503	8,907,271
Total revenues	<u>\$ 55,264,400</u>	<u>\$ 54,469,759</u>

The net increase in total revenues is due to increases in gross receipts tax revenue, as well as the continued stability of the oil and gas production tax revenues and property tax revenues. However, Lea County continues to take a conservative stance when budgeting for oil and gas production tax revenue.

EXPENSES:

The total expenses incurred by the County for the years ended June 30, 2011 and June 30, 2010 were \$45,129,754 and \$41,805,715, respectively. The schedule below shows expenses by function and change in net assets.

	<u>6/30/2011</u>	<u>6/30/2010</u>
Program expenses:		
General government	\$ 21,153,715	\$ 18,836,275
Public safety	13,849,426	13,554,518
Health, welfare and sanitation	5,534,408	4,697,956
Interest on long-term debt	549,843	569,505
Public works	968,431	1,266,495
Culture & recreation	3,073,931	2,880,966
Total expenses	\$ 45,129,754	\$ 41,805,715
Excess (deficiency) before special items	\$ 10,134,646	\$ 12,664,044
Special item: gain (loss) on disposal of asset	(49,758)	(71,432)
Change in net assets	\$ 10,084,888	\$ 12,592,612

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, 2011 was \$11,775,000, of which \$ 11,130,000 was long-term (due beyond one year), and \$ 645,000 was due within one year. The notes to the financial statements include payoff information concerning these bonds.

FUND BALANCES:

6/30/2011

General Fund: The general fund balance decrease of \$ (2,634,538) is due to investment of cash balance in capital projects and infrastructure.

Indigent Fund: The indigent fund balance increase of \$ 617,714 is due to increased gross receipts tax revenues.

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

Special Revenue Funds: The increase of \$305,136 is related to increased gross receipts tax revenues.

6/30/2010

General Fund: The general fund balance increase of \$4,379,811 is due to oil and gas revenues and 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.

BUDGET ANALYSIS:

6/30/2011

There were approved budget revenue and expense increases and decreases after the initial approved budget for 2011. 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)
REVENUES			
Sales and miscellaneous taxes	\$ 24,818,074	\$ 30,610,851	\$ 5,792,777
Fees and fines	60,000	94,333	34,333
Licenses and permits	411,350	433,638	22,288
Intergovernmental	3,662,504	3,479,077	(183,427)
Charges for services	2,221,891	2,728,795	506,904
Investment earnings	696,100	554,769	(141,331)
Miscellaneous	1,386,500	2,403,378	1,016,878
Total Revenues	33,256,419	40,304,841	7,048,422
EXPENDITURES			
Current:			
General government	20,260,956	17,935,572	2,325,384
Public safety	12,525,276	11,906,825	618,451
Highways and roads	5,344,104	5,180,837	163,267
Economic development	1,210,000	1,084,647	125,353
Airport	563,402	489,019	74,383
Culture and recreation	3,502,250	2,464,936	1,037,314
Capital outlay	38,472,783	6,523,974	31,948,809
Total Expenditures	81,878,771	45,585,810	36,292,961
Excess (deficiency) of revenues over (under) expenditures	\$ (48,622,352)	\$ (5,280,969)	\$ 43,341,383

The positive variance of budgeted vs. actual for Total Revenues is the result of conservative budgeting of oil and gas production revenues. The positive variance for expenditures is the result of long-range capital projects budgeted but not expended 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, 2011. The following schedule provides a summary of the changes in capital assets:

	Balance 6/30/11	Balance 6/30/10
Depreciable assets		
Buildings	\$ 61,372,039	\$ 57,692,863
Other Improvements	2,828,940	2,308,964
Furniture & Equipment	18,338,268	17,932,968
Infrastructure	50,756,169	44,373,757
Vehicles	6,247,007	5,949,509
Total depreciable assets	139,542,423	128,258,061
Less accumulated depreciation:		
Buildings	13,625,275	11,923,273
Other Improvements	1,344,537	1,158,267
Furniture & Equipment	12,801,973	11,506,187
Infrastructure	10,791,236	10,132,936
Vehicles	4,220,941	4,139,105
Total accumulated depreciation	42,783,962	38,859,768
Net depreciable assets	96,758,461	89,398,293
Non-depreciable assets		
Land	6,110,373	3,226,847
Construction in Process	8,394,869	5,581,836
Total non-depreciable assets	14,505,242	8,808,683
Net capital assets	\$ 111,263,703	\$ 98,206,976

Net capital assets increased due to investment in roads, equipment, facilities and land.

FISCAL YEAR 2012:

Oil and gas production and equipment taxes are expected to remain stable during the fiscal year ending June 30, 2012, but interest revenues are expected to decline further. Property taxes are also expected to remain stable. However, Lea County will continue to budget conservatively for oil and gas production tax revenues.

The facility to house law enforcement operations for Lea County will be completed during fiscal year 2011/2012. Investment in this facility is estimated at approximately \$2.7 million for the upcoming year. With a conservative approach to budgeting and the current financial position of Lea County, the completion of this structure 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.

Lea County will aggressively promote economic development and diversification during fiscal year 2011/2012, recognizing that these two areas are of primary importance to the ongoing prosperity of the Lea County and its citizens.

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, 2011

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 69,593,207
Investment	100,145
Current property taxes receivable	475,857
Other receivables	402,088
Receivable from other governments	7,935,245
Non-current assets:	
Cash and cash equivalents - restricted	1,443,125
Bond issue costs	170,508
Capital assets:	
Land and improvements, not being depreciated	6,110,373
Construction in progress, not being depreciated	8,394,869
Infrastructure and infrastructure in progress	50,756,169
Buildings	61,372,039
Equipment and furniture	18,338,268
Vehicles	6,247,007
Other capital assets	2,828,940
Less: Accumulated depreciation	<u>(42,783,962)</u>
Total capital assets	<u>111,263,703</u>
Total Assets	<u>\$ 191,383,878</u>
LIABILITIES	
Accounts payable	\$ 2,614,807
Accrued payroll liabilities	523,788
Deferred revenues	1,811,190
Bond premium	74,269
Long-term liabilities	
Due within one year	
Bonds and contracts	645,000
Compensated absences	139,449
Due in more than one year	
Bonds and contracts	11,130,000
Compensated absences	<u>503,808</u>
Total Liabilities	<u>17,442,311</u>
NET ASSETS	
Invested in capital assets, net of related debt	99,488,703
Restricted for:	
Debt service	1,968,800
Fire districts	50,190
Restricted Permanent Fund	
Nonexpendable	1,353,125
Unrestricted	<u>71,080,749</u>
Total Net Assets	<u>173,941,567</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 191,383,878</u>

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Statement of Activities For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Assets - Governmental Activities	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental Activities:					
General government	\$ 21,153,715	\$ 9,475,236	\$ 1,887,617	\$ 783,530	\$ (9,007,332)
Public safety	13,849,426	8,079	685,672	-	(13,155,675)
Public works	968,431	11,188	51,371	107,762	(798,110)
Health, welfare and sanitation	5,534,408	-	-	-	(5,534,408)
Culture and recreation	3,073,931	-	14,355	-	(3,059,576)
Interest on long-term debt	549,843	-	-	-	(549,843)
Total Governmental Activities	\$ 45,129,754	\$ 9,494,503	\$ 2,639,015	\$ 891,292	\$ (32,104,944)
General revenues:					
Property taxes					11,192,869
Oil and gas taxes					20,182,688
Public service taxes					10,472,450
Miscellaneous taxes					391,583
Special item-loss on disposal of assets					(49,758)
Total general revenues, special items, and transfers					42,189,832
Change in net assets					10,084,888
Net assets - beginning of year					163,077,009
Prior-period adjustment (NOTE R)					779,670
Net assets - beginning of year (as restated)					163,856,679
Net assets - end of year					\$ 173,941,567

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

BALANCE SHEET - GOVERNMENTAL FUNDS June 30, 2011

	General Fund	Indigent	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 60,437,287	\$ 1,766,040	\$ 7,389,879	\$ 69,593,206
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	475,857	-	-	475,857
Other receivables	401,287	791,594	1,009,445	2,202,326
Receivable from other governments	6,135,007	-	-	6,135,007
TOTAL ASSETS	\$ 67,449,438	\$ 2,557,634	\$ 10,032,604	\$ 80,039,676
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 2,437,694	\$ 94,991	\$ 82,121	\$ 2,614,806
Accrued payroll liabilities	523,788	-	-	523,788
Due to other funds	10	-	90,000	90,010
Payable to other governments	-	-	-	-
Deferred revenue	2,242,708	-	29,940	2,272,648
TOTAL LIABILITIES	5,204,200	94,991	202,061	5,501,252
FUND BALANCES:				
Nonspendable	-	-	-	-
Restricted	-	-	9,534,056	9,534,056
Committed	3,229,904	-	297,207	3,527,111
Assigned	41,310,734	2,462,643	-	43,773,377
Unassigned	17,704,600	-	(720)	17,703,880
TOTAL FUND BALANCES	62,245,238	2,462,643	9,830,543	74,538,424
TOTAL LIABILITIES AND FUND BALANCES	\$ 67,449,438	\$ 2,557,634	\$ 10,032,604	

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.	170,508
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	111,263,703
Amounts due from other entities not considered available at year-end are not reported in the funds.	166,726
Certain other assets related to deferred revenues are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	294,732
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.	(12,418,257)
Premiums on bonds payable relate to long-term debt and, therefore are not reported in the funds.	(74,269)

Net Assets of Governmental Activities in the Statement of Net Assets

\$ 173,941,567

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, 2011

	General Fund	Indigent	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property, sales, and miscellaneous taxes	\$ 31,393,235	\$ 4,137,741	\$ 5,375,342	\$ 40,906,318
Fees and fines	94,333	-	-	94,333
Licenses and permits	300,112	-	50,842	350,954
Intergovernmental	3,692,894	-	2,956,893	6,649,787
Charges for services	2,935,472	-	251,050	3,186,522
Investment earnings	524,939	5,425	25,445	555,809
Miscellaneous	2,283,010	2,008,524	1,260,323	5,551,857
Total Revenues	41,223,995	6,151,690	9,919,895	57,295,580
EXPENDITURES				
Current:				
General government	17,614,795	-	4,619,851	22,234,646
Public safety	11,921,561	-	56,152	11,977,713
Highway and roads	5,020,346	-	-	5,020,346
Health and sanitation	-	5,533,976	-	5,533,976
Culture and recreation	2,428,609	-	26,174	2,454,783
Economic development	1,084,910	-	-	1,084,910
Airport	494,135	-	-	494,135
Education	-	-	15,760	15,760
Farm and range	-	-	521,317	521,317
Debt service:				
Principal	-	-	625,000	625,000
Interest and other charges	-	-	549,843	549,843
Capital outlay	8,072,711	-	233,753	8,306,464
Total Expenditures	46,637,067	5,533,976	6,647,850	58,818,893
Excess (deficiency) of revenues over (under) expenditures	(5,413,072)	617,714	3,272,045	(1,523,313)
OTHER FINANCING SOURCES (USES), INCLUDING TRANSFERS				
Transfers in	3,114,827	-	344,385	3,459,212
Transfers out	(336,293)	-	(3,122,919)	(3,459,212)
Total other financing sources (uses), including transfers	2,778,534	-	(2,778,534)	-
Net change in fund balances	(2,634,538)	617,714	493,511	(1,523,313)
Fund balances - beginning of year	64,879,776	1,844,929	9,337,032	76,061,737
Fund balances - end of year	\$ 62,245,238	\$ 2,462,643	\$ 9,830,543	\$ 74,538,424

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2011

Net change in fund balances - total governmental funds: \$ (1,523,313)

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. 13,118,962

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. (62,236)

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.

Change in deferred taxes (77,741)
Change in grants revenues (1,922,786)

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. 625,000

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. (66,124)

Change in net assets of governmental activities: \$ 10,084,888

LEA COUNTY, NEW MEXICO

GENERAL FUND

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

LEA COUNTY, NEW MEXICO

Statement of Revenues, Expenditures and Changes in Fund Balances Budget (non-GAAP Budgetary Basis) and Actual General Fund For the Year Ended June 30, 2011

Statement A-1

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Sales and miscellaneous taxes	\$ 24,818,074	\$ 24,818,074	\$ 30,610,851	\$ 5,792,777
Fees and fines	60,000	60,000	94,333	34,333
Licenses and permits	411,350	411,350	433,638	22,288
Intergovernmental	3,662,504	3,662,504	3,479,077	(183,427)
Charges for services	2,221,891	2,221,891	2,728,795	506,904
Investment earnings	696,100	696,100	554,769	(141,331)
Miscellaneous	1,386,500	1,386,500	2,403,378	1,016,878
Total Revenues	33,256,419	33,256,419	40,304,841	7,048,422
EXPENDITURES				
Current:				
General government	19,660,956	20,260,956	17,935,572	2,325,384
Public safety	12,418,405	12,525,276	11,906,825	618,451
Highways and roads	4,574,104	5,344,104	5,180,837	163,267
Economic development	1,210,000	1,210,000	1,084,647	125,353
Airport	563,402	563,402	489,019	74,383
Culture and recreation	3,502,250	3,502,250	2,464,936	1,037,314
Capital outlay	38,346,783	38,472,783	6,523,974	31,948,809
Total Expenditures	80,275,900	81,878,771	45,585,810	36,292,961
Excess (deficiency) of revenues over (under) expenditures	(47,019,481)	(48,622,352)	(5,280,969)	\$ 43,341,383
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	100	100	12,478	(12,378)
Transfers in	-	3,114,827	3,114,827	-
Transfers out	-	(336,293)	(336,293)	-
Total other financing sources and (uses)	100	2,778,634	2,791,012	\$ (12,378)
Prior year cash balance	63,300,442	63,300,442	-	
Net change in fund balances	\$ 16,281,061	\$ 17,456,724	(2,489,957)	
RECONCILIATION TO GAAP BASIS:				
Change in taxes receivable			17,295	
Change in other receivables			8,495	
Change in due from other governments			680,511	
Change in accrued liabilities			(4,448)	
Change in accounts payable			(882,448)	
Change in deferred revenue			36,014	
Net change in fund balance			\$ (2,634,538)	

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, 2011**

Statement A-2

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Sales and miscellaneous taxes	\$ 3,100,000	\$ 3,100,000	\$ 3,949,366	\$ 849,366
Investment earnings	2,000	2,000	5,425	3,425
Miscellaneous	1,673,000	1,673,000	2,008,524	335,524
Total Revenues	4,775,000	4,775,000	5,963,315	1,188,315
EXPENDITURES				
Current:				
General government	500	500	-	500
Health and sanitation	5,965,430	5,965,430	5,446,147	519,283
Capital Outlay	-	-	-	-
Total Expenditures	5,965,930	5,965,930	5,446,147	519,783
Excess (deficiency) of revenues over (under) expenditures	(1,190,930)	(1,190,930)	517,168	\$ 1,708,098
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Prior year cash balance	1,248,871	1,248,871	-	
Net change in fund balances	\$ 57,941	\$ 57,941	517,168	
RECONCILIATION TO GAAP BASIS:				
Change in other receivables			188,375	
Change in accounts payable			(87,829)	
Net change in fund balance			\$ 617,714	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Statement of Fiduciary Assets and Liabilities Agency Funds June 30, 2011

ASSETS:

Cash and cash equivalents	\$ 19,303,435
Taxes receivable	989,371
Due from other governments	<u>77,024</u>

Total assets

\$ 20,369,830

LIABILITIES:

Taxes paid in advance	\$ 43,053
Deposits held in trust for others	19,317,635
Due to other taxing units/governments	989,371
Due to other governments	<u>19,771</u>

Total liabilities

\$ 20,369,830

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Reporting Entity*

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

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

As of July 1, 2002, the County was required to implement Governmental Accounting Standards Board (GASB) 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*; GASB 35 – *Basic Financial Statements and Management's Discussion and Analysis for Public College and Universities*; GASB 37 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*; and GASB 38 – *Certain Financial Statement Note Disclosures*. This financial report provides an entity-wide perspective of the County's assets, liabilities, and net assets, revenue, expenses, changes in net assets, and cash flows. Presentation under GASB 34, 35, 37, 38, and 41 replaces the fund-group accounting perspective that was previously required. The County has completed the retrospective reporting of infrastructure as required by GASB.

The County has implemented Statements 39, 40, 41, and 42. GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* is an amendment of GASB Statement No. 14, which provides additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units. GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, an amendment of GASB Statement No. 3, applies to periods beginning after June 15, 2004. Lea County has also implemented GASB Statement No. 42, *Accounting and Financial Reporting for Impairments of Capital Assets and for Insurance Recoveries*. This Statement is effective for period beginning after December 15, 2004.

The County has implemented GASB Statements 45 and 47 in the fiscal year ended June 30, 2008. GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, addresses how state and local governments should account for and report their costs and obligations related to postemployment healthcare and other 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.

The County has adopted the requirements of GASB No.51, *Accounting and Financial Reporting for Intangible Asset*. This statement establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies in reporting of these types of assets. The statement requires that all intangible assets not specifically excluded by its scope and provisions be classified as capital assets.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. *Reporting Entity(continued)*

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.

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.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

8. *Inventories*

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

9. *Capital Assets*

Capital assets, which include land, buildings and improvements, equipment, software and infrastructure assets are reported in the government-wide financial statements. Capital assets such as equipment are defined, per Section 12-6-10 NMSA 1978, as assets with a cost of \$5,000 or more. Infrastructure assets include County-owned roads and bridges. Information technology equipment, including software, is capitalized in accordance with NMAC 2.20.1.9 C (5). Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight line method over the following estimated useful lives:

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

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

10. *Compensated Absences*

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

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

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

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. *Compensated Absences (continued)*

The County's permanent, full-time employees accrue 3.75 hours of vacation per pay period (biweekly) from date of employment to five years of service, 4.75 hours per pay period from 6 years to 10 years of service, 5.75 hours per pay period from 11 years to 15 years of service, and 6.75 hours per pay period for 16 or greater years of continuous employment. Upon termination from County employment, an employee shall be entitled to payment of up to 240 hours of accrued but unused hours of vacation.

The County's permanent, full-time employees accrue sick leave at the rate of eight 3.75 hours per pay period (biweekly) from date of employment to ten years of service and 4.75 hours per pay period for 11 or greater years of continuous employment. Sick leave is paid to current employees if the employees are absent from work due to illness, injury or other situations requiring medical attention. An employee who involuntarily terminates employment of the County shall receive no compensation for accrued sick leave.

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

11. *Long-Term Obligations*

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

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

12. *Net Assets*

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

13. *Interfund Transactions*

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

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

13. *Interfund Transactions (continued)*

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

14. *Estimates*

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

15. *Restricted Assets*

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

16. *Investments*

State statutes authorize the investment of County funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the County properly followed State investment requirements as of June 30, 2011.

17. *Fund Balance Classification*

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

1. Non-spendable Fund Balance

Non spendable fund balance shall mean the portion of the gross fund balance that is not expendable (such as inventories or fixed assets) or is legally marked for a specific use.

2. Restricted Fund Balance

Restricted fund balance shall include amounts constrained to a specific purpose by the provider, such as a grantor.

3. Committed Fund Balance

Committed fund balance shall mean that portion of the fund balance that is constrained to a specific purpose by the Lea County Board of Commissioners.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

17. *Fund Balance Classification (Continued)*

4. Assigned Fund Balance

Assigned fund balance shall mean that portion of the fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose by the Lea County Manager or designee. Such assignment may change and may never be budgeted, or may result in expenditures in future periods of time.

5. Unassigned Fund Balance

Unassigned fund balance shall include amounts available for any legal purpose. The unassigned fund balance shall be the difference between the total fund balance and the total of the non-spendable fund balance, restricted fund balance, committed fund balance and assigned fund balance.

Lea County would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

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, 2011, the carrying amount of the County's deposits was \$71,136,477, excluding cash held as fiduciary of \$19,303,435. Total cash and cash equivalents balance per the financial institutions of \$85,115,807 consisted of demand deposits, certificates of deposit and United States Government Obligations. Of the demand deposits and certificates of deposit, \$3,257,768 was covered by federal depository insurance and \$61,856,043 was covered by collateral held in joint safekeeping by a third party.

Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the County for at least one-half of the amount on deposit with the institution. The collateral pledged is listed on 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 coverage of public unit demand deposits which are fully insured.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND CASH EQUIVALENTS (continued)

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, 2011, \$61,856,043 of the County's bank balance of \$85,122,123. 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; \$20,001,996 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, 2011, the County's LGIP balance was \$6,316.

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 AAAM 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.

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.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND CASH EQUIVALENTS (continued)

The LGIP is rated as AAAM by Standard & Poor's, and the fund's WAM is 36 days as of June 30, 2011.

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, 2011 are considered to be fully collectible and are composed of the following:

	Governmental Activities
Other Receivables:	
Grant Receivable	\$ 255,543
Interest Receivable	146,545
Totals	\$ 402,088

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE E - DUE FROM OTHER GOVERNMENTS

The amounts due from other governments at June 30, 2011 are considered to be fully collectible and are composed of the following:

	<u>Governmental Activities</u>
New Mexico Taxation & Revenue	\$ 5,581,627
Lea County Solid Waste Authority	1,693,934
U.S. Marshall Service	396,587
Lea County Communication Authority	223,809
Eddy County	37,000
Other	2,288
Totals	<u>\$ 7,935,245</u>

NOTE F - DUE FROM/TO OTHER FUNDS AND TRANSFERS

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

Individual fund interfund receivables and payable balances at June 30, 2011, were as follows:

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

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

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

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

Transfers for the year ended June 30, 2011 were as follows:

	<u>Governmental Activities</u>
Transfers Out:	
General Fund:	
To Farm and Range Special Revenue Fund	\$ (113,644)
To Recreation Special Revenue Fund	(38,101)
To Airport Fire District Special Revenue Fund	(10,086)
To Knowles Fire Special Revenue Fund	(18,611)
To Magistrate Court	(15,600)
To Monument EMS Fund	(168)
To US Department of Justice Grant	(21,812)
To DWI Special Revenue Fund	(22,941)
To DWI Other Grants Special Revenue Fund	(3,044)
To LCDTF JAG Grant Fund	(28,322)
To HIDTA Region VI Grant	(21,015)
Lea County Drug Task Force	(42,949)
From Grants	
To General Fund	(69,713)
To Law Enforcement Protection	(8,093)
To JAG Grant Fund	(46,305)
To Lea County Drug Task Force	(111,677)
To HIDTA Region VI Grant	(75,044)
To LDWI Fund	(8,562)
To CDWI Fund	(12,053)
Non-Major Debt Service Funds:	
To General Fund from Gross Receipts Debt Reserve Debt Service Fund	(2,791,472)
Total Transfers Out	<u>(3,459,212)</u>
Transfers In:	
General Fund	
From Gross Receipts Debt Reserve Debt Service Fund	2,791,472
From US Department of Energy Grant	69,713
From JAG Grant Fund to General Fund	46,305
From Lea County Drug Task Force	111,677
From HIDTA Region VI Grant	75,044
From LDWI Fund	8,562
From CDWI Fund	12,053
Non-Major Special Revenue Funds:	
From General Fund to Farm and Range Special Revenue Fund	113,644
From General Fund to Recreation Special Revenue Fund	38,101
From General Fund to Airport Fire District Special Revenue Fund	10,086
From General Fund to Knowles Fire District Special Revenue Fund	18,611
From General Fund to Magistrate Court	15,600
From General Fund to Monument EMS Fund	168
From General Fund to Department of Justice Grant	21,812
From General Fund to LCDTF JAG Grant	28,322
From General Fund to HIDTA Region VI Grant	21,015
From General Fund to Lea County Drug Task Force	42,949
From DWI Special Revenue Fund	22,941
From DWI Other Grants Special Revenue Fund	3,044
From JAG Grant Fund to Law Enforcement Protection Fund	8,093
Total Transfers In	<u>3,459,212</u>
Total	<u>\$ -</u>

LEA COUNTY, NEW MEXICO

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

NOTES TO FINANCIAL STATEMENTS

NOTE I - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance 6/30/10 Restated (Note R)	Additions	Deletions	Balance 6/30/11
Depreciable assets				
Buildings	\$ 57,692,863	\$ 3,680,335	\$ 1,159	\$ 61,372,039
Other Improvements	2,308,964	519,976	-	2,828,940
Furniture & Equipment	17,932,968	523,241	117,941	18,338,268
Infrastructure	44,373,757	6,382,412	-	50,756,169
Vehicles	5,949,509	777,433	479,935	6,247,007
Total depreciable assets	128,258,061	11,883,397	599,035	139,542,423
Less accumulated depreciation:				
Buildings	11,923,273	1,703,045	1,043	13,625,275
Other Improvements	1,158,267	186,270	-	1,344,537
Furniture & Equipment	11,506,187	1,401,546	105,760	12,801,973
Infrastructure	10,132,936	658,299	-	10,791,236
Vehicles	4,139,105	511,833	429,997	4,220,941
Total accumulated depreciation	38,859,768	4,460,993	536,800	42,783,962
Net depreciable assets	89,398,293	7,422,404	62,235	96,758,461
Non-depreciable assets				
Land	3,226,847	2,883,526	-	6,110,373
Construction in Process	5,581,836	5,064,023	2,250,990	8,394,869
Total non-depreciable assets	8,808,683	7,947,549	2,250,990	14,505,242
Net capital assets	\$ 98,206,976	\$ 15,369,953	\$ 2,313,225	\$ 111,263,703

*Depreciation expense was charged to functions as follows:

Governmental activities:

General	\$ 3,450,054
Public safety	608,937
Culture and recreation	402,002

Total governmental activities depreciation expense

\$ 4,460,993

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, 2011 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, 2011 was as follows:

	<u>June 30, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2011</u>	<u>Due Within One Year</u>
Gross Receipts Revenue Bonds					
Series: April 23, 2003	\$ 12,400,000	\$ -	\$ 625,000	\$ 11,775,000	\$ 645,000
Compensated Absences (Note A)	577,133	333,470	267,346	643,257	139,449
Totals	\$ 12,977,133	\$ 333,470	\$ 892,346	\$ 12,418,257	\$ 784,449

The annual debt service requirements to maturity, including principal and interest for long-term debt as of June 30, 2011, 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>
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	423,055	735,000	1,158,055
2017-2021	1,582,112	4,210,000	5,792,112
2022-2024	508,558	4,125,000	4,633,558
Total	\$ 4,475,583	\$ 11,775,000	\$ 16,250,583

The County paid interest on long-term debt of \$549,843 during the fiscal year 2011.

LEA COUNTY, NEW MEXICO

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.

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, 2011, 2010 and 2009 were \$1,587,403, \$1,628,347, and \$1,527,291, 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

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.

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

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY12	1.834%	.917%
FY13	2.000%	1.000%

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 June 30, 2011, 2010 and 2009 were \$245,248, \$182,686, and \$174,571, 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

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

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE N - CONTINGENT LIABILITIES (continued)

Economic Development Agreement – Lea County entered into an economic development agreement dated October 19, 2010, with the Economic Development Corporation of Lea County, Inc. (EDC) to unconditionally guaranty on behalf of EDC any and all amounts that EDC may be required to pay to the Air Carrier pursuant to the revenue guaranty or other provisions of the Air Services Contract, and subject to the limitation that the first \$250,000 due to Air Carrier under revenue guarantee provisions during the first twelve month period of Air Service shall not be guaranteed by the County.

The County has provided EDC with an irrevocable standby letter of credit for \$900,000 as guaranty for performance of this agreement and stand by letter of credit will remain in effect for the term of the Air Services Contract. No payment amounts above the \$250,000 floor have been required from EDC and no liability has been accrued as of June 30, 2011.

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, 2011.

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

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE O - JOINT POWERS AGREEMENTS (continued)

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. The agreement shall terminate at the discretion of the contracting parties.

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

At June 30, 2011 Lea County had the Sheriff's Facility under construction. This project represents a future commitment of approximately \$1.3 million.

NOTE Q – DEFICIT FUND BALANCE

At June 30, 2011, the Knowles Fire District Fund exhibited a \$720 deficit fund balance. This deficit will be financed through future revenues of the funds.

NOTE R – PRIOR PERIOD ADJUSTMENT

Governmental Activities: In fiscal year ended June 30, 2010 Government-Wide statements, capital assets were understated by \$779,670 as a result of accrued additions that were not capitalized. The restatement had a corresponding effect on change in net assets.

	As Previously Reported	Restatement	As Restated
Governmental Activities:			
Net Assets	\$ 163,077,009	\$ 779,670	\$ 163,856,679
Change in net Assets	\$ 12,592,612	\$ 779,670	\$ 13,372,282

NOTE S – SUBSEQUENT EVENTS

The entity has evaluated subsequent events through November 7, 2011, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

LEA COUNTY, NEW MEXICO

NON-MAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

LEA COUNTY, NEW MEXICO

NON-MAJOR SPECIAL REVENUE FUNDS (continued)

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

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

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

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

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

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

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

Combining Balance Sheet
 Non-major Special Revenue Funds
 June 30, 2011

Statement B-1
 Page 1 of 6

	Farm and Range	Recreation	County Clerk	Maljamar Fire District	Knowles Fire District
ASSETS					
Cash and cash equivalents	\$ -	\$ 23,016	\$ 58,061	\$ 22,865	\$ 1
Investments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Other receivables	-	-	-	-	-
Total assets	\$ -	\$ 23,016	\$ 58,061	\$ 22,865	\$ 1
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 467	\$ 132	\$ 1,975	\$ 721
Deferred revenue	-	-	-	-	-
Total liabilities	-	467	132	1,975	721
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	57,929	20,890	-
Committed	-	22,549	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	(720)
Total fund balances	-	22,549	57,929	20,890	(720)
Total liabilities and fund balances	\$ -	\$ 23,016	\$ 58,061	\$ 22,865	\$ 1

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, 2011

Statement B-1
 Page 2 of 6

	Airport Fire District	Monument Fire District	DWI	House Bill 198 Grant	Correction Fees
ASSETS					
Cash and cash equivalents	\$ 11	\$ 31,456	\$ 115,135	\$ 9,044	\$ 685,399
Investments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Other receivables	-	-	-	-	-
Total assets	\$ 11	\$ 31,456	\$ 115,135	\$ 9,044	\$ 685,399
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 1,447	\$ 3,362	\$ -	\$ 1,992
Deferred revenue	-	-	29,940	-	-
Total liabilities	-	1,447	33,302	-	1,992
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	11	30,009	-	9,044	683,407
Committed	-	-	81,833	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	11	30,009	81,833	9,044	683,407
Total liabilities and fund balances	\$ 11	\$ 31,456	\$ 115,135	\$ 9,044	\$ 685,399

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, 2011

Statement B-1
 Page 3 of 6

	Paving District	Property Valuation	Hospital Records	Lea County Event Center Stipulation	Knowles EMS Grant
ASSETS					
Cash and cash equivalents	\$ 590	\$ 459,033	\$ -	\$ 254,816	\$ 595
Investments	-	-	-	-	-
Due from other funds	-	-	10	90,000	-
Other receivables	-	-	-	-	-
Total assets	\$ 590	\$ 459,033	\$ 10	\$ 344,816	\$ 595
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 282	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-
Total liabilities	-	282	-	-	-
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	590	458,751	-	344,816	595
Committed	-	-	10	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	590	458,751	10	344,816	595
Total liabilities and fund balances	\$ 590	\$ 459,033	\$ 10	\$ 344,816	\$ 595

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, 2011**

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

	Law Enforcement Project	Maljamar EMS Grant	Fire Excise Tax	Monument EMS Grant	Jal CDBG Wastewater
ASSETS					
Cash and cash equivalents	\$ 14,993	\$ 8,221	\$ 2,158,328	\$ -	\$ 21,882
Investments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Other receivables	-	-	801	-	-
Total assets	\$ 14,993	\$ 8,221	\$ 2,159,129	\$ -	\$ 21,882
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	14,993	8,221	2,159,129	-	-
Committed	-	-	-	-	21,882
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	14,993	8,221	2,159,129	-	21,882
Total liabilities and fund balances	\$ 14,993	\$ 8,221	\$ 2,159,129	\$ -	\$ 21,882

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, 2011

Statement B-1
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	Convenience Centers	Revolving Loan Fund	PRCA Steer Roping	High Intensity Drug Trafficking Areas	Rural Law Enforcement
ASSETS					
Cash and cash equivalents	\$ 1,997,825	\$ 960	\$ 68,236	\$ 79,377	\$ -
Investments	-	100,145	-	-	-
Due from other funds	-	-	-	-	-
Other receivables	217,050	-	-	-	-
Total assets	\$ 2,214,875	\$ 101,105	\$ 68,236	\$ 79,377	\$ -
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 5,834	\$ -	\$ -	\$ 48,672	\$ -
Deferred revenue	-	-	-	-	-
Total liabilities	5,834	-	-	48,672	-
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	2,209,041	101,105	68,236	30,705	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	2,209,041	101,105	68,236	30,705	-
Total liabilities and fund balances	\$ 2,214,875	\$ 101,105	\$ 68,236	\$ 79,377	\$ -

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, 2011

Statement B-1
Page 6 of 6

	Magistrate Court Security	Other Grants	Total Non- Major Special Revenue Funds
ASSETS			
Cash and cash equivalents	\$ 322	\$ 202,507	\$ 6,212,673
Investments	-	-	100,145
Due from other funds	-	-	90,010
Other receivables	-	-	217,851
Total assets	\$ 322	\$ 202,507	\$ 6,620,679
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 17,237	\$ 82,121
Deferred revenue	-	-	29,940
Total liabilities	-	17,237	112,061
Fund balances:			
Nonspendable	-	-	-
Restricted	-	14,659	6,212,131
Committed	322	170,611	297,207
Assigned	-	-	-
Unassigned	-	-	(720)
Total fund balances	322	185,270	6,508,618
Total liabilities and fund balances	\$ 322	\$ 202,507	\$ 6,620,679

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, 2011**

Statement B-2
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	Farm and Range	Recreation	County Clerk	Maljamar Fire District	Knowles Fire District
REVENUES					
Property, sales, and miscellaneous taxes	\$ -	\$ 9	\$ -	\$ -	\$ -
Licenses and permits	-	-	50,842	-	-
Intergovernmental	14,355	-	-	50,332	50,332
Charges for services	-	-	-	-	-
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenues	14,355	9	50,842	50,332	50,332
EXPENDITURES					
Current:					
General government	-	-	12,811	123,616	101,901
Public safety	-	-	-	-	-
Culture and recreation	-	26,174	-	-	-
Education	-	-	-	-	-
Farm and range	128,000	-	-	-	-
Capital outlay	-	-	23,053	-	-
Total expenditures	128,000	26,174	35,864	123,616	101,901
Excess (deficiency) of revenues over expenditures	(113,645)	(26,165)	14,978	(73,284)	(51,569)
OTHER FINANCING SOURCES (USES)					
Transfers in	113,645	38,101	-	-	18,611
Transfers out	-	-	-	-	-
Total other financing sources (uses)	113,645	38,101	-	-	18,611
Net change in fund balances	-	11,936	14,978	(73,284)	(32,958)
Fund balances - beginning of year	-	10,613	42,951	94,174	32,238
Fund balances - end of year	\$ -	\$ 22,549	\$ 57,929	\$ 20,890	\$ (720)

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, 2011

Statement B-2
Page 2 of 6

	Airport Fire District	Monument Fire District	DWI	House Bill 198 Grant	Correction Fees
REVENUES					
Property, sales, and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	50,330	551,032	-	186,890
Charges for services	-	-	-	-	-
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	52,091	-	-
Other revenue	-	-	-	-	-
Total revenues	-	50,330	603,123	-	186,890
EXPENDITURES					
Current:					
General government	35,085	89,891	533,264	-	-
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Education	-	-	-	-	15,760
Farm and range	-	-	-	-	393,317
Capital outlay	-	-	-	-	-
Total expenditures	35,085	89,891	533,264	-	409,077
Excess (deficiency) of revenues over expenditures	(35,085)	(39,561)	69,859	-	(222,187)
OTHER FINANCING SOURCES (USES)					
Transfers in	10,086	-	25,984	-	-
Transfers out	-	-	(20,615)	-	-
Total other financing sources (uses)	10,086	-	5,369	-	-
Net change in fund balances	(24,999)	(39,561)	75,228	-	(222,187)
Fund balances - beginning of year	25,010	69,570	6,605	9,044	905,594
Fund balances - end of year	\$ 11	\$ 30,009	\$ 81,833	\$ 9,044	\$ 683,407

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, 2011

Statement B-2
Page 3 of 6

	Paving District	Property Valuation	Hospital Records	Lea County Event Center Stipulation	Knowles EMS Grant
REVENUES					
Property, sales, and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	5,079
Charges for services	-	251,050	-	-	-
Investment earnings	-	-	-	2,913	-
Miscellaneous	-	-	-	-	-
Other revenue	590	-	-	-	-
Total revenues	590	251,050	-	2,913	5,079
EXPENDITURES					
Current:					
General government	-	201,262	-	-	-
Public safety	-	-	-	-	4,928
Culture and recreation	-	-	-	-	-
Education	-	-	-	-	-
Farm and range	-	-	-	-	-
Capital outlay	-	3,207	-	-	-
Total expenditures	-	204,469	-	-	4,928
Excess (deficiency) of revenues over expenditures	590	46,581	-	2,913	151
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	590	46,581	-	2,913	151
Fund balances - beginning of year	-	412,170	10	341,903	444
Fund balances - end of year	\$ 590	\$ 458,751	\$ 10	\$ 344,816	\$ 595

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, 2011

Statement B-2
Page 4 of 6

	Law Enforcement Project	Maljamar EMS Grant	Fire Excise Tax	Monument EMS Grant	Jal CDBG Wastewater
REVENUES					
Property, sales, and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	47,000	3,000	-	-	-
Charges for services	-	-	-	-	-
Investment earnings	-	-	4,993	-	-
Miscellaneous	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenues	47,000	3,000	4,993	-	-
EXPENDITURES					
Current:					
General government	-	-	17,476	-	1,156
Public safety	45,443	2,510	-	3,271	-
Culture and recreation	-	-	-	-	-
Education	-	-	-	-	-
Farm and range	-	-	-	-	-
Capital outlay	-	-	134,794	-	-
Total expenditures	45,443	2,510	152,270	3,271	1,156
Excess (deficiency) of revenues over expenditures	1,557	490	(147,277)	(3,271)	(1,156)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	168	-
Transfers out	(8,093)	-	-	-	-
Total other financing sources (uses)	(8,093)	-	-	168	-
Net change in fund balances	(6,536)	490	(147,277)	(3,103)	(1,156)
Fund balances - beginning of year	21,529	7,731	2,306,406	3,103	23,038
Fund balances - end of year	\$ 14,993	\$ 8,221	\$ 2,159,129	\$ -	\$ 21,882

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, 2011

Statement B-2
Page 5 of 6

	Convenience Centers	Revolving Loan Fund	PRCA Steer Roping	High Intensity Drug Trafficking Areas
REVENUES				
Property, sales, and miscellaneous taxes	\$ 1,237,592	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	1,601,801
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Other revenue	-	-	-	-
Total revenues	1,237,592	-	-	1,601,801
EXPENDITURES				
Current:				
General government	1,014,583	-	-	1,421,596
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Education	-	-	-	-
Farm and range	-	-	-	-
Capital outlay	27,339	-	-	42,452
Total expenditures	1,041,922	-	-	1,464,048
Excess (deficiency) of revenues over expenditures	195,670	-	-	137,753
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	92,285
Transfers out	-	-	-	(186,721)
Total other financing sources (uses)	-	-	-	(94,436)
Net change in fund balances	195,670	-	-	43,317
Fund balances - beginning of year	2,013,371	101,105	68,236	(12,612)
Fund balances - end of year	\$ 2,209,041	\$ 101,105	\$ 68,236	\$ 30,705

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Combining Statemnt of Revenues, Expenditures and Changes in Fund Balances (continued)
Non-major Special Revenue Funds
For the Year Ended June 30, 2011

Statement B-2
Page 6 of 6

	Rural Law Enforcement	Magistrate Court Security	Other Grants	Total Non-Major Special Revenue Funds
REVENUES				
Property, sales, and miscellaneous taxes	\$ -	\$ -	\$ -	\$ 1,237,601
Licenses and permits	-	-	-	50,842
Intergovernmental	141,186	14,000	241,556	2,956,893
Charges for services	-	-	-	251,050
Investment earnings	-	-	-	7,906
Miscellaneous	-	-	1,208,232	1,260,323
Other revenue	-	-	-	590
Total revenues	141,186	14,000	1,449,788	5,765,205
EXPENDITURES				
Current:				
General government	158,367	29,278	879,565	4,619,851
Public safety	-	-	-	56,152
Culture and recreation	-	-	-	26,174
Education	-	-	-	15,760
Farm and range	-	-	-	521,317
Capital outlay	-	-	2,908	233,753
Total expenditures	158,367	29,278	882,473	5,473,007
Excess (deficiency) of revenues over expenditures	(17,181)	(15,278)	567,315	292,198
OTHER FINANCING SOURCES (USES)				
Transfers in	21,812	15,600	8,093	344,385
Transfers out	-	-	(116,018)	(331,447)
Total other financing sources (uses)	21,812	15,600	(107,925)	12,938
Net change in fund balances	4,631	322	459,390	305,136
Fund balances - beginning of year	(4,631)	-	(274,120)	6,203,482
Fund balances - end of year	\$ -	\$ 322	\$ 185,270	\$ 6,508,618

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, 2011**

Statement B-3

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Sales and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	14,500	14,500	14,355	(145)
Total revenues	14,500	14,500	14,355	(145)
EXPENDITURES				
Farm and Range	128,000	128,000	128,000	-
Total expenditures	128,000	128,000	128,000	-
Excess (deficiency) of revenues over expenditures	(113,500)	(113,500)	(113,645)	\$ (145)
OTHER FINANCING SOURCES (USES)				
Transfers in	113,500	113,645	113,645	-
Total other financing sources and (uses)	113,500	113,645	113,645	\$ -
Prior year cash balance	-	-	-	-
Net change in fund balances	\$ -	\$ 145	-	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			-	
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
Recreation
For the Year Ended June 30, 2011**

Statement B-4

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Sales and miscellaneous taxes	\$ 50	\$ 50	\$ 9	\$ (41)
Total revenues	50	50	9	(41)
EXPENDITURES				
Culture and recreation	50,000	50,000	26,943	23,057
Total expenditures	50,000	50,000	26,943	23,057
Excess (deficiency) of revenues over expenditures	(49,950)	(49,950)	(26,934)	\$ 23,016
OTHER FINANCING SOURCES (USES)				
Transfers in	38,101	38,101	38,101	-
Total other financing sources and (uses)	38,101	38,101	38,101	\$ -
Prior year cash balance	11,849	11,849	-	
Net change in fund balances	\$ -	\$ -	11,167	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			769	
Net change in fund balance			\$ 11,936	

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, 2011

Statement B-5

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Licenses and permits	\$ 42,000	\$ 42,000	\$ 50,842	\$ 8,842
Total revenues	42,000	42,000	50,842	8,842
EXPENDITURES				
General government	21,100	21,100	12,929	8,171
Capital Outlay	47,500	47,500	23,053	24,447
Total expenditures	68,600	68,600	35,982	32,618
Excess (deficiency) of revenues over expenditures	(26,600)	(26,600)	14,860	\$ 41,460
Prior year cash balance	43,202	43,202	-	
Net change in fund balances	\$ 16,602	\$ 16,602	14,860	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			118	
Net change in fund balance			\$ 14,978	

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, 2011

Statement B-6

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 98,360	\$ 98,360	\$ 50,332	\$ (48,028)
Miscellaneous	-	-	-	-
Total revenues	98,360	98,360	50,332	(48,028)
EXPENDITURES				
General government	196,061	196,061	125,168	70,893
Total expenditures	196,061	196,061	125,168	70,893
Excess (deficiency) of revenues over expenditures	(97,701)	(97,701)	(74,836)	\$ 22,865
Prior year cash balance	97,701	97,701	-	
Net change in fund balances	\$ -	\$ -	(74,836)	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			1,552	
Net change in fund balance			\$ (73,284)	

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, 2011**

Statement B-7

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 51,000	\$ 51,000	\$ 50,332	\$ (668)
Miscellaneous	33,380	33,380	-	(33,380)
Total revenues	84,380	84,380	50,332	(34,048)
EXPENDITURES				
General government	117,074	117,074	101,636	15,438
Total expenditures	117,074	117,074	101,636	15,438
Excess (deficiency) of revenues over expenditures	(32,694)	(32,694)	(51,304)	\$ (18,610)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	18,611	18,611	-
Transfers out	-	-	-	-
Total other financing sources and (uses)	-	18,611	18,611	\$ -
Prior year cash balance	32,694	32,694	-	
Net change in fund balances	\$ -	\$ 18,611	(32,693)	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			(265)	
Net change in fund balance			\$ (32,958)	

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, 2011**

Statement B-8

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
General government	25,000	35,086	35,085	1
Total expenditures	25,000	35,086	35,085	1
Excess (deficiency) of revenues over expenditures	(25,000)	(35,086)	(35,085)	\$ 1
OTHER FINANCING SOURCES (USES)				
Transfers in	-	10,086	10,086	-
Total other financing sources and (uses)	-	10,086	10,086	\$ -
Prior year cash balance	25,010	25,010	-	
Net change in fund balances	\$ 10	\$ 10	(24,999)	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ (24,999)	

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, 2011

Statement B-9

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 62,000	\$ 62,000	\$ 50,330	\$ (11,670)
Miscellaneous	-	-	-	-
Total revenues	62,000	62,000	50,330	(11,670)
EXPENDITURES				
General government	132,564	143,564	100,437	43,127
Total expenditures	132,564	143,564	100,437	43,127
Excess (deficiency) of revenues over expenditures	(70,564)	(81,564)	(50,107)	\$ 31,457
Prior year cash balance	81,564	81,564	-	
Net change in fund balances	\$ 11,000	\$ -	(50,107)	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			10,546	
Net change in fund balance			\$ (39,561)	

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, 2011**

Statement B-10

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 533,565	\$ 533,565	\$ 506,695	\$ (26,870)
Miscellaneous	50,000	50,000	52,090	2,090
Total revenues	583,565	583,565	558,785	(24,780)
EXPENDITURES				
Current:				
General government	515,000	567,948	531,175	36,773
Total expenditures	515,000	567,948	531,175	36,773
Excess (deficiency) of revenues over expenditures	68,565	15,617	27,610	\$ 11,993
OTHER FINANCING SOURCES (USES)				
Transfers in	-	25,985	25,985	-
Transfers out	-	(20,615)	(20,615)	-
Total other financing sources and (uses)	-	5,370	5,370	\$ -
Prior year cash balance	82,150	82,150	-	
Net change in fund balances	\$ 150,715	\$ 103,137	32,980	
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			44,337	
Change in accounts payable			(2,089)	
Net change in fund balance			\$ 75,228	

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, 2011

Statement B-11

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

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Correction Fees
For the Year Ended June 30, 2011**

Statement B-12

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 75,000	\$ 75,000	\$ 186,890	\$ 111,890
Total revenues	75,000	75,000	186,890	111,890
EXPENDITURES				
Current:				
General government	437,100	437,100	400,874	36,226
Education	23,000	23,000	16,413	6,587
Capital Outlay	100,000	100,000	-	100,000
Total expenditures	560,100	560,100	417,287	142,813
Excess (deficiency) of revenues over expenditures	(485,100)	(485,100)	(230,397)	\$ 254,703
Prior year cash balance	915,796	915,796	-	
Net change in fund balances	\$ 430,696	\$ 430,696	(230,397)	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			8,210	
Net change in fund balance			\$ (222,187)	

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, 2011

Statement B-13

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Investment earnings	\$ -	\$ -	\$ 590	\$ 590
Total revenues	-	-	590	590
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	590	\$ 590
Prior year cash balance	-	-	-	
Net change in fund balances	\$ -	\$ -	590	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ 590	

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, 2011

Statement B-14

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Charges for services	\$ 150,000	\$ 150,000	\$ 251,050	\$ 101,050
Total revenues	150,000	150,000	251,050	101,050
EXPENDITURES				
General government	379,901	379,901	201,262	178,639
Capital Outlay	10,000	10,000	3,207	6,793
Total expenditures	389,901	389,901	204,469	185,432
Excess (deficiency) of revenues over expenditures	(239,901)	(239,901)	46,581	\$ 286,482
Prior year cash balance	412,455	412,455	-	
Net change in fund balances	\$ 172,554	\$ 172,554	46,581	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ 46,581	

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, 2011

Statement B-15

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Investment earnings	\$ 3,000	\$ 3,000	\$ 2,913	\$ (87)
Total revenues	3,000	3,000	2,913	(87)
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	3,000	3,000	2,913	\$ (87)
Prior year cash balance	251,901	251,901	-	
Net change in fund balances	\$ 254,901	\$ 254,901	2,913	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ 2,913	

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, 2011

Statement B-16

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 5,134	\$ 5,134	\$ 5,079	\$ (55)
Total revenues	5,134	5,134	5,079	(55)
EXPENDITURES				
Public safety	5,579	5,579	4,928	651
Total expenditures	5,579	5,579	4,928	651
Excess (deficiency) of revenues over expenditures	(445)	(445)	151	\$ 596
Prior year cash balance	445	445	-	
Net change in fund balances	\$ -	\$ -	151	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ 151	

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, 2011**

Statement B-17

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 47,000	\$ 47,000	\$ 47,000	\$ -
Total revenues	47,000	47,000	47,000	-
EXPENDITURES				
General government	-	-	-	-
Public safety	47,000	47,000	45,443	1,557
Total expenditures	47,000	47,000	45,443	1,557
Excess (deficiency) of revenues over expenditures	-	-	1,557	\$ 1,557
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(8,093)	(8,093)	-
Total other financing sources and (uses)	-	(8,093)	(8,093)	\$ -
Prior year cash balance	21,529	21,529	-	
Net change in fund balances	\$ 21,529	\$ 13,436	(6,536)	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ (6,536)	

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, 2011

Statement B-18

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 3,000	\$ 3,000	\$ 3,000	\$ -
Total revenues	3,000	3,000	3,000	-
EXPENDITURES				
Public safety	10,731	10,731	2,510	8,221
Total expenditures	10,731	10,731	2,510	8,221
Excess (deficiency) of revenues over expenditures	(7,731)	(7,731)	490	\$ 8,221
Prior year cash balance	7,731	7,731	-	
Net change in fund balances	\$ -	\$ -	490	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			-	
Net change in fund balance			\$ 490	

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, 2011

Statement B-19

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Investment earnings	\$ 9,000	\$ 9,000	\$ 4,193	\$ (4,807)
Total revenues	9,000	9,000	4,193	(4,807)
EXPENDITURES				
General government	9,000	9,000	17,476	(8,476)
Capital outlay	1,000,000	275,000	134,794	140,206
Total expenditures	1,009,000	284,000	152,270	131,730
Excess (deficiency) of revenues over expenditures	(1,000,000)	(275,000)	(148,077)	\$ 126,923
Prior year cash balance	2,306,403	2,306,403	-	
Net change in fund balances	\$ 1,306,403	\$ 2,031,403	(148,077)	
RECONCILIATION TO GAAP BASIS:				
Change in oher receivables			800	
Net change in fund balance			\$ (147,277)	

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, 2011**

Statement B-20

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 5,134	\$ 5,134	\$ -	\$ (5,134)
Miscellaneous	-	-	-	-
Total revenues	5,134	5,134	-	(5,134)
EXPENDITURES				
Public safety	8,237	8,237	3,271	4,966
Total expenditures	8,237	8,237	3,271	4,966
Excess (deficiency) of revenues over expenditures	(3,103)	(3,103)	(3,271)	\$ (168)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	168	168	-
Transfers out	-	-	-	-
Total other financing sources and (uses)	-	168	168	\$ -
Prior year cash balance	3,103	3,103	-	
Net change in fund balances	\$ -	\$ 168	(3,103)	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			-	
Net change in fund balance			\$ (3,103)	

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, 2011**

Statement B-21

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
General government	20,000	20,000	1,156	18,844
Total expenditures	20,000	20,000	1,156	18,844
Excess (deficiency) of revenues over expenditures	(20,000)	(20,000)	(1,156)	\$ 18,844
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Total other financing sources and (uses)	-	-	-	-
Prior year cash balance	23,038	23,038	-	
Net change in fund balances	\$ 3,038	\$ 3,038	(1,156)	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ (1,156)	

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, 2011

Statement B-22

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Sales and miscellaneous taxes	\$ 1,200,000	\$ 1,200,000	\$ 1,220,929	\$ 20,929
Total revenues	1,200,000	1,200,000	1,220,929	20,929
EXPENDITURES				
Current:				
General government	1,597,229	1,597,229	1,031,458	565,771
Capital Outlay	595,000	595,000	27,339	567,661
Total expenditures	2,192,229	2,192,229	1,058,797	1,133,432
Excess (deficiency) of revenues over expenditures	(992,229)	(992,229)	162,132	\$ 1,154,361
Prior year cash balance	1,835,695	1,835,695	-	
Net change in fund balances	\$ 843,466	\$ 843,466	162,132	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			16,875	
Change in other receivables			16,663	
Net change in fund balance			\$ 195,670	

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, 2011**

Statement B-23

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Investment earnings	\$ 50	\$ 50	\$ -	\$ (50)
Miscellaneous	-	-	-	-
Total revenues	50	50	-	(50)
EXPENDITURES				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	50	50	-	\$ (50)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and (uses)	-	-	-	-
Prior year cash balance	960	960	-	-
Net change in fund balances	\$ 1,010	\$ 1,010	-	-
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ -	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
PRCA Steer Roping
For the Year Ended June 30, 2011**

Statement B-24

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
Culture and recreation	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	\$ -
Prior year cash balance	68,237	68,237	-	
Net change in fund balances	\$ 68,237	\$ 68,237	-	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ -	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget (non-GAAP Budgetary Basis) and Actual Other Grants For the Year Ended June 30, 2011

Statement B-25

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 1,406,307	\$ 1,406,307	\$ 241,556	\$ (1,164,751)
Miscellaneous	1,231,195	1,231,195	1,208,232	(22,963)
Total revenues	2,637,502	2,637,502	1,449,788	(1,187,714)
EXPENDITURES				
Current:				
General government	2,216,191	2,370,975	1,136,447	1,234,528
Capital Outlay	6,300	6,300	2,908	3,392
Total expenditures	2,222,491	2,377,275	1,139,355	1,237,920
Excess (deficiency) of revenues over expenditures	415,011	260,227	310,433	\$ 50,206
OTHER FINANCING SOURCES (USES)				
Transfers in	-	8,093	8,093	-
Transfers out	-	(116,018)	(116,018)	-
Total other financing sources and (uses)	-	(107,925)	(107,925)	\$ -
Prior year cash balance	-	-	-	-
Net change in fund balances	\$ 415,011	\$ 152,302	\$ 202,508	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			256,882	
Net change in fund balance			\$ 459,390	

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, 2011

Statement B-26

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 2,218,997	\$ 2,218,997	\$ 1,601,801	\$ (617,196)
Total revenues	2,218,997	2,218,997	1,601,801	(617,196)
EXPENDITURES				
Current:				
General government	566,603	2,058,148	1,525,275	532,873
Capital Outlay	-	12,910	9,093	3,817
Total expenditures	566,603	2,071,058	1,534,368	536,690
Excess (deficiency) of revenues over expenditures	1,652,394	147,939	67,433	\$ (80,506)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	92,285	92,285	-
Transfers out	-	(186,721)	(186,721)	-
Total other financing sources and (uses)	-	(94,436)	(94,436)	\$ -
Prior year cash balance	106,380	106,380	-	
Net change in fund balances	\$ 1,758,774	\$ 159,883	(27,003)	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			70,320	
Net change in fund balance			\$ 43,317	

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, 2011

Statement B-27

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 14,000	\$ 14,000	\$ 14,000	\$ -
Total revenues	14,000	14,000	14,000	-
EXPENDITURES				
Current:				
General government	29,600	29,600	29,278	322
Total expenditures	29,600	29,600	29,278	322
Excess (deficiency) of revenues over expenditures	(15,600)	(15,600)	(15,278)	\$ 322
OTHER FINANCING SOURCES (USES)				
Transfers in	15,600	15,600	15,600	-
Transfers out	-	-	-	-
Total other financing sources and (uses)	15,600	15,600	15,600	\$ -
Prior year cash balance	-	-	-	
Net change in fund balances	\$ -	\$ -	322	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ 322	

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, 2011

Statement B-28

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 141,186	\$ 141,186	\$ 141,186	\$ -
Total revenues	141,186	141,186	141,186	-
EXPENDITURES				
Current:				
General government	117,852	162,998	162,998	-
Total expenditures	117,852	162,998	162,998	-
Excess (deficiency) of revenues over expenditures	23,334	(21,812)	(21,812)	\$ -
OTHER FINANCING SOURCES (USES)				
Transfers in	21,812	21,812	21,812	-
Transfers out	-	-	-	-
Total other financing sources and (uses)	21,812	21,812	21,812	-
Net change in fund balances	\$ 45,146	\$ -	-	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			4,631	
Net change in fund balance			\$ 4,631	

LEA COUNTY, NEW MEXICO

DEBT SERVICE FUNDS

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, 2011

Statement C-1

	Detention Bond Reserve	Gross Receipts Debt Service	Total Non-Major Debt Service Funds
ASSETS			
Cash and cash equivalents	\$ 1,177,205	\$ 1	\$ 1,177,206
Other receivables	-	791,594	791,594
Total assets	\$ 1,177,205	\$ 791,595	\$ 1,968,800
LIABILITIES AND FUND BALANCES			
Liabilities:	\$ -	\$ -	\$ -
Total liabilities	-	-	-
Fund balances:			
Restricted	1,177,205	791,595	1,968,800
Total fund balances	1,177,205	791,595	1,968,800
Total liabilities and fund balances	\$ 1,177,205	\$ 791,595	\$ 1,968,800

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, 2011

Statement C-2

	Detention Bond Reserve	Gross Receipts Debt Service	Total Non-major Debt Service Funds
REVENUES			
Property, sales and miscellaneous taxes	\$ -	\$ 4,137,741	\$ 4,137,741
Investment earnings	-	16,949	16,949
Total revenues	-	4,154,690	4,154,690
EXPENDITURES			
Current:			
Principal	-	625,000	625,000
Interest and other charges	-	549,843	549,843
Total expenditures	-	1,174,843	1,174,843
Excess (deficiency) of revenues over expenditures	-	2,979,847	2,979,847
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(2,791,472)	(2,791,472)
Total other financing sources (uses)	-	(2,791,472)	(2,791,472)
Net change in fund balances	-	188,375	188,375
Fund balances - beginning of year	1,177,205	603,220	1,780,425
Fund balances - end of year	\$ 1,177,205	\$ 791,595	\$ 1,968,800

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, 2011

Statement C-3

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Prior year cash balance	1,177,205	1,177,205	-	
Net change in fund balances	\$ 1,177,205	\$ 1,177,205	-	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ -	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget (non-GAAP Budgetary Basis) and Actual Gross Receipts Debt Service For the Year Ended June 30, 2011

Statement C-4

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Sales and miscellaneous taxes	\$ 3,949,316	\$ 3,949,315	\$ 3,949,366	\$ 51
Investment earnings	17,000	17,000	16,949	(51)
Total revenues	3,966,316	3,966,315	3,966,315	-
EXPENDITURES				
Current:				
Principal	625,000	625,000	625,000	-
Interest and other charges	549,843	549,843	549,843	-
Total expenditures	1,174,843	1,174,843	1,174,843	-
Excess (deficiency) of revenues over expenditures	2,791,473	2,791,472	2,791,472	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(2,791,472)	(2,791,472)	-
Total other financing sources and (uses)	-	(2,791,472)	(2,791,472)	-
Net change in fund balances	\$ 2,791,473	\$ -	-	
RECONCILIATION TO GAAP BASIS:				
Change in taxes receivable (excluding property tax)			188,375	
Net change in fund balance			\$ 188,375	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

PERMANENT FUND

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

LEA COUNTY, NEW MEXICO

Combining Balance Sheet
Permanent Fund
June 30, 2011

Statement D-1

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

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Permanent Fund
For the Year Ended June 30, 2011

Statement D-2

	<u>Lea County Event Center Permanent</u>
REVENUES	\$ -
Total revenues	<u>-</u>
EXPENDITURES	-
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, 2011**

Statement D-3

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

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

FIDUCIARY FUNDS

Agency Funds

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

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

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

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

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

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

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

Lea County Communications Authority (LCCA) – To account for the fiscal agency responsibility of the County to manage all revenues, maintain all accounts and receive and disburse all funds on behalf of the Authority.

LEA COUNTY, NEW MEXICO

Agency Funds - Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2011

Statement E-1
Page 1 of 4

	June 30, 2010	Additions	Deletions	June 30, 2011
COUNTY TREASURER'S OFFICE				
SUSPENSE FUND				
Assets				
Cash	\$ -	\$ 13,434,423	\$ -	\$ 13,434,423
Total assets	\$ -	\$ 13,434,423	\$ -	\$ 13,434,423
Liabilities				
Deposits held in trust for others	\$ -	\$ 13,434,423	\$ -	\$ 13,434,423
Total liabilities	\$ -	\$ 13,434,423	\$ -	\$ 13,434,423
COUNTY TREASURER'S OFFICE				
Assets				
Cash	\$ 1,700,703	\$ 83,184,271	\$ 82,827,006	\$ 2,057,968
Taxes receivable	891,752	56,581,750	56,484,131	989,371
Total assets	\$ 2,592,455	\$ 139,766,021	\$ 139,311,137	\$ 3,047,339
Liabilities				
Taxes paid in advance	\$ 46,017	\$ 45,604	\$ 48,568	\$ 43,053
Deposits held in trust for others	1,654,686	83,138,667	82,778,438	2,014,915
Due to other taxing units/governments	891,752	56,581,750	56,484,131	989,371
Total liabilities	\$ 2,592,455	\$ 139,766,021	\$ 139,311,137	\$ 3,047,339
COUNTY CLERK'S OFFICE				
Assets				
Cash	\$ 22,977	\$ 244,188	\$ 245,886	\$ 21,279
Total assets	\$ 22,977	\$ 244,188	\$ 245,886	\$ 21,279
Liabilities				
Deposits held in trust for others	\$ 22,977	\$ 244,188	\$ 245,886	\$ 21,279
Total liabilities	\$ 22,977	\$ 244,188	\$ 245,886	\$ 21,279

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, 2011

Page 2 of 4

	June 30, 2010	Additions	Deletions	June 30, 2011
COUNTY PROBATE JUDGE'S OFFICE				
Assets				
Cash	\$ 450	\$ 4,200	\$ 4,140	\$ 510
Total assets	\$ 450	\$ 4,200	\$ 4,140	\$ 510
Liabilities				
Deposits held in trust for others	\$ 450	\$ 4,200	\$ 4,140	\$ 510
Total liabilities	\$ 450	\$ 4,200	\$ 4,140	\$ 510
DETENTION INMATE TRUST				
Assets				
Cash	\$ 23,687	\$ 409,513	\$ 416,948	\$ 16,252
Total assets	\$ 23,687	\$ 409,513	\$ 416,948	\$ 16,252
Liabilities				
Deposits held in trust for others	\$ 23,687	\$ 409,513	\$ 416,948	\$ 16,252
Total liabilities	\$ 23,687	\$ 409,513	\$ 416,948	\$ 16,252
LEA COUNTY SOLID WASTE AUTHORITY				
Assets				
Cash	\$ 2,786,761	\$ 2,759,087	\$ 1,816,981	\$ 3,728,867
Total assets	\$ 2,786,761	\$ 2,759,087	\$ 1,816,981	\$ 3,728,867
Liabilities				
Deposits held in trust for others	\$ 2,786,761	\$ 2,759,087	\$ 1,816,981	\$ 3,728,867
Total liabilities	\$ 2,786,761	\$ 2,759,087	\$ 1,816,981	\$ 3,728,867

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, 2011

Page 3 of 4

	June 30, 2010	Additions	Deletions	June 30, 2011
LEA COUNTY WATER USERS ASSOCIATION				
Assets				
Cash	\$ 43,383	\$ 11,538	\$ 13,718	\$ 41,203
Due from other governments	62,050	14,974	-	77,024
Total assets	\$ 105,433	\$ 26,512	\$ 13,718	\$ 118,227
Liabilities				
Due to others	\$ 19,771	\$ -	\$ -	\$ 19,771
Deposits held in trust for others	85,662	26,512	13,718	98,456
Total liabilities	\$ 105,433	\$ 26,512	\$ 13,718	\$ 118,227
LEA COUNTY COMMUNICATIONS AUTHORITY				
Assets				
Cash	\$ -	\$ 1,251,293	\$ 1,251,293	\$ -
Total assets	\$ -	\$ 1,251,293	\$ 1,251,293	\$ -
Liabilities				
Deposits held in trust for others	-	\$ 1,251,293	\$ 1,251,293	-
Total liabilities	\$ -	\$ 1,251,293	\$ 1,251,293	\$ -
DETENTION BOND ACCOUNT				
Assets				
Cash	\$ 2,762	\$ 112,848	\$ 112,677	\$ 2,933
Total assets	\$ 2,762	\$ 112,848	\$ 112,677	\$ 2,933
Liabilities				
Deposits held in trust for others	\$ 2,762	\$ 112,848	\$ 112,677	\$ 2,933
Total liabilities	\$ 2,762	\$ 112,848	\$ 112,677	\$ 2,933

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

For the Year Ended June 30, 2011

Page 4 of 4

	<u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2011</u>
TOTALS				
Assets				
Cash	\$ 4,580,723	\$ 101,411,361	\$ 86,688,649	\$ 19,303,435
Taxes receivable	891,752	56,581,750	56,484,131	989,371
Due from other governments	62,050	14,974	-	77,024
Total assets	\$ 5,534,525	\$ 158,008,085	\$ 143,172,780	\$ 20,369,830
Liabilities				
Taxes paid in advance	\$ 46,017	\$ 45,604	\$ 48,568	\$ 43,053
Deposits held in trust for others	4,576,985	101,380,731	86,640,081	19,317,635
Due to other taxing units/governments	891,752	56,581,750	56,484,131	989,371
Due to others	19,771	-	-	19,771
Total liabilities	\$ 5,534,525	\$ 158,008,085	\$ 143,172,780	\$ 20,369,830

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, 2011

Schedule F-1

Property taxes receivable, beginning of year	\$ 1,350,311
Changes to Tax Roll:	
Net taxes charged to treasurer for fiscal year 2011 (tax year 2010)	29,715,581
Adjustments:	
Increases in taxes receivables	13,841,485
Decrease in taxes receivables	<u>(203,239)</u>
Total receivables prior to collections	44,704,138
Collections for fiscal year ended June 30, 2011	<u>(43,238,910)</u>
Property taxes receivable, end of year	<u>\$ 1,465,228</u>

Property Taxes Receivable by years:

2002-2010	\$ 525,725
2011	<u>939,503</u>
Total Taxes Receivable	<u>\$ 1,465,228</u>
Less: Trust & Agency Taxes Receivable	<u>989,371</u>
Taxes receivable	<u>\$ 475,857</u>

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

COUNTY TREASURER'S PROPERTY TAX SCHEDULE Year Ended June 30, 2011

Schedule F-2

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
Lea County funds:											
General	\$ 8,071	\$ 8,832	\$ 8,476	\$ 10,626	\$ 10,818	\$ 12,389	\$ 18,205	\$ 26,463	\$ 81,397	\$ 290,580	\$ 475,857
New Mexico Junior College	\$ 3,315	\$ 5,197	\$ 4,990	\$ 5,073	\$ 5,178	\$ 5,958	\$ 8,772	\$ 13,118	\$ 40,582	\$ 145,061	\$ 237,244
Nor-Lea Hospital	\$ 39	\$ 179	\$ 182	\$ 265	\$ 307	\$ 629	\$ 636	\$ 1,140	\$ 6,105	\$ 27,439	\$ 36,921
Jal Hospital	\$ -	\$ -	\$ -	\$ -	\$ 23	\$ 24	\$ 105	\$ 200	\$ 641	\$ 2,868	\$ 3,861
Livestock	\$ -	\$ -	\$ -	\$ -	\$ 45	\$ 41	\$ 57	\$ 70	\$ 158	\$ 790	\$ 1,161
Eunice Hospital District	\$ -	\$ -	\$ -	\$ 1	\$ 1	\$ 3	\$ 48	\$ 139	\$ 430	\$ 2,409	\$ 3,031
Municipalities:											
Lovington	\$ 46	\$ 244	\$ 245	\$ 248	\$ 296	\$ 363	\$ 570	\$ 1,035	\$ 4,739	\$ 17,111	\$ 24,897
Eunice	\$ -	\$ -	\$ -	\$ 3	\$ 3	\$ 9	\$ 51	\$ 364	\$ 997	\$ 6,436	\$ 7,863
Hobbs	\$ 528	\$ 792	\$ 577	\$ 588	\$ 624	\$ 834	\$ 3,481	\$ 6,724	\$ 25,220	\$ 80,179	\$ 119,547
Jal	\$ -	\$ -	\$ -	\$ -	\$ 63	\$ 68	\$ 307	\$ 585	\$ 1,853	\$ 6,511	\$ 9,387
Tatum	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 4	\$ 40	\$ 320	\$ 1,236	\$ 1,602
State of New Mexico	\$ 1,667	\$ 1,160	\$ 1,509	\$ 1,039	\$ 1,231	\$ 1,505	\$ 2,163	\$ 3,500	\$ 10,255	\$ 51,293	\$ 75,322
Schools:											
Lovington	\$ 51	\$ 288	\$ 292	\$ 424	\$ 484	\$ 993	\$ 1,247	\$ 2,108	\$ 10,385	\$ 47,389	\$ 63,661
Eunice	\$ -	\$ -	\$ -	\$ 2	\$ 2	\$ 5	\$ 104	\$ 303	\$ 992	\$ 12,653	\$ 14,061
Hobbs	\$ 6,058	\$ 9,069	\$ 9,462	\$ 8,384	\$ 7,790	\$ 8,127	\$ 12,172	\$ 18,630	\$ 56,841	\$ 233,851	\$ 370,384
Jal	\$ -	\$ -	\$ -	\$ -	\$ 22	\$ 23	\$ 104	\$ 196	\$ 633	\$ 2,837	\$ 3,815
Tatum	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 3	\$ 5	\$ 51	\$ 694	\$ 2,916	\$ 3,674
Nonrendered:	\$ -	\$ -	\$ -	\$ -	\$ 76	\$ 590	\$ -	\$ -	\$ -	\$ -	\$ 666
1% Assessor	\$ 166	\$ 208	\$ 210	\$ 218	\$ 219	\$ 253	\$ 397	\$ 622	\$ 2,037	\$ 7,944	\$ 12,274
Total taxes	\$ 19,942	\$ 25,970	\$ 25,944	\$ 26,872	\$ 27,183	\$ 31,819	\$ 48,428	\$ 75,288	\$ 244,279	\$ 939,503	\$ 1,465,228

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS June 30, 2011

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	\$ 122,284						\$ 122,284
Checking	Lea County Clerk	21,279						\$ 21,279
Checking	Lea County Probate Clerk	510						\$ 510
Checking	Lea County Treasurer EFTPS	58,407						\$ 58,407
Checking	Lea County Detention Facility	2,933						\$ 2,933
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	900,000						\$ 900,000
CD	Lea County Treasurer	120,000						\$ 120,000
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					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				2,020,945			\$ 2,020,945
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				1,000,000			\$ 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						9,395	\$ 9,395
Checking	LCDC Inmate Trust Account						6,858	\$ 6,858
Saving	Wells Fargo Savings				35,199,511			\$ 35,199,511
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		500,000					\$ 500,000
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		1,036					\$ 1,036
Checking	LCDTF-State Forfeiture Fund		60,554					\$ 60,554
Checking	LCDTF- Justice Forfeiture Fund		19,048					\$ 19,048
Checking	Region VI Drug Enf C Counsel		1,815					\$ 1,815
Checking	Region VI Drug Task Force		757					\$ 757
LGIP	Lea County Treasurer						6,316	\$ 6,316
Amounts on Deposit		\$ 9,325,558	\$ 9,433,210	\$ 6,000,000	\$ 51,179,834	\$ 9,177,205	\$ 6,316	\$ 85,122,123
Cash and returned checks on hand		1,000	-	-	-	-	-	1,000
Outstanding items		1,666	-	-	5,315,123	-	-	5,316,789
		\$ 9,328,224	\$ 9,433,210	\$ 6,000,000	\$ 56,494,957	\$ 9,177,205	\$ 6,316	\$ 90,439,912
Unrestricted cash								69,593,207
Trust and Agency Accounts								19,303,435
Restricted cash								1,443,125
Investment								100,145
Total cash								\$ 90,439,912

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

SUPPLEMENTAL SCHEDULE OF PLEDGED COLLATERAL June 30, 2011

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	\$ 9,325,558	\$ 9,433,210	\$ 6,000,000	\$ 51,179,834	\$ 9,177,205	\$ 85,115,807
Less: FDIC or FSLIC coverage	(389,933)	(330,637)	(250,000)	(2,037,198)	(250,000)	(3,257,768)
Total uninsured public funds	8,935,625	9,102,573	5,750,000	49,142,636	8,927,205	81,858,039
Total in Repurchase Agreements				7,239,514		7,239,514
Collateral requirement - 50%	4,467,812	4,551,286	2,875,000	20,951,561	4,463,603	37,309,262
Collateral Requirement for Repurchase Agreement - 102%				7,384,303		7,384,303
Pledged securities:						
Type of security and security number	CUSIP number	Maturity date				
* FHLMC #E01425	31294KSN6	8/1/2018	-	499,017	-	499,017
* GNMA #8434	36202KLP8	6/20/2024	-	122,150	-	122,150
* GNMA #8666	36202KTX3	7/20/2020	-	98,147	-	98,147
* GNMA #8996	36202K7H2	6/20/2022	-	123,977	-	123,977
* GNMA #780615A	36225AVG2	8/15/2027	-	90,275	-	90,275
* GNMA #80946	36225DBQ6	6/20/2034	-	204,177	-	204,177
* GNMA #80272	36225CJ56	4/20/2029	-	45,238	-	45,238
* FNMA #52597	313617NN8	7/1/2027	-	35,222	-	35,222
* FNMA #133456	31365PE53	5/1/2027	-	33,313	-	33,313
* FNMA #70002	31362SX75	4/1/2018	-	26,499	-	26,499
* FNMA #70619	31362TPC1	8/1/2029	-	28,739	-	28,739
* FNMA #888990	31410GUP6	1/1/2037	-	942,530	-	942,530
* FHLMC #G02198	3128LXNP1	5/1/2036	-	1,258,690	-	1,258,690
* FNMA #254758	31371K5T4	6/1/2013	-	62,443	-	62,443
* GNMA #008121	36202KAW5	1/20/2023	-	98,983	-	98,983
* FHLMC #420051	31346ABU8	11/1/2026	-	34,690	-	34,690
* GNMA #002564	36202CZ55	3/20/2028	-	38,277	-	38,277
* GNMA #008994	36202K7F6	6/20/2022	-	30,566	-	30,566
* FNMA #888407	31410GAG8	9/1/2036	-	1,105,551	-	1,105,551
☼ Corrales, NM 3.7%	22025PAW9	8/1/2016	134,979	-	-	134,979
☼ Gallup McKinley 3.5%	364010NF1	8/1/2015	705,611	-	-	705,611
☼ Torrance County 4.9%	891400BF1	7/1/2016	370,275	-	-	370,275
☼ Ruidoso, NM 4.0%	781338GH5	8/1/2016	667,416	-	-	667,416
☼ Gadsden NM 3.75%	362550KP9	8/15/2016	1,088,310	-	-	1,088,310
☼ Los Lunas SD 3.5%	545562NE6	7/15/2017	766,949	-	-	766,949
☼ Belen SD 3.65 %	077581MN3	8/1/2018	875,400	-	-	875,400
☼ Bernalillo NM 4.0%	085279NK1	8/1/2019	764,379	-	-	764,379
☼ Bloomfield NM 5.0%	094077KP8	9/1/2020	813,309	-	-	813,309
☼ Ruidoso, NM 4.125%	781338HD3	8/1/2022	645,990	-	-	645,990
* FNMA-PT256800	31371NGH2	7/1/2037	-	59,128	-	59,128
* FNMA-PT948858	31413LTP4	8/1/2037	-	754,772	-	754,772
* FHLMC-PTH01489	3128MTUN6	4/1/2036	-	132,173	-	132,173
* FNMA-PT831219	31407HPC4	1/1/2036	-	2,849,676	-	2,849,676
* FHLMC-PTG04832	3128M6VZ8	10/1/2038	-	648,740	-	648,740
* FNMA-PT666943	31391G5C6	11/1/2032	-	5,023	-	5,023
* FHLMC-PTG08323	3128MJLD0	2/1/2039	-	7,025,115	-	7,025,115
* FHLMC-PTH00895	3128MS7G9	6/1/2037	-	584,213	-	584,213
* FNMA-PT256327	31371MVU8	7/1/2036	-	5,575,961	-	5,575,961
* FNMA-PT867437	31409CV69	5/1/2036	-	4,786,815	-	4,786,815
* FNMA-PT878442	31409T5B0	5/1/2036	-	176,238	-	176,238
* FNMA-PT879100	31409UUZ6	5/1/2036	-	357,230	-	357,230
* FNMA-953734	31413SBB9	11/1/2037	-	2,393,297	-	2,393,297
* FNMA #257004	31371NNV3	12/1/2037	-	1,504,196	-	1,504,196
* FNMA #963321	31414DVN3	5/1/2038	-	1,553,948	-	1,553,948
* FNMA #988223	31415SYU0	12/1/2038	-	352,083	-	352,083
* FNMA #968927	31414K4L1	1/1/2038	-	335,268	-	335,268
* FHLMC #E02766	31294MCB5	9/1/2025	-	27,298	-	27,298
* FHLMC #G04815	3128M6VG0	9/1/2038	-	260,078	-	260,078
* FHLMC #G18360	3128MMMJ9	8/1/2025	-	550,949	-	550,949
* FNMA #916924	31411WVR5	5/1/2037	-	424,843	-	424,843
* FNMA #983314	31415LK30	7/1/2038	-	2,635,988	-	2,635,988

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

SUPPLEMENTAL SCHEDULE OF PLEDGED COLLATERAL (Continued)

Schedule F-4

June 30, 2011

			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
* FNMA #825776	31407BMZ9	8/1/2035	-	-	-	4,557,593	-	4,557,593
* FNMA #995018	31416BK72	6/1/2038	-	-	-	165,393	-	165,393
* FNMA #988841	31415TP20	8/1/2038	-	-	-	25,086	-	25,086
* FNMA #988643	31415THU7	8/1/2038	-	-	-	76,332	-	76,332
* FNMA #256270	31371MT31	6/1/2036	-	-	-	82,349	-	82,349
* FNMA #866958	31409CE76	2/1/2036	-	-	-	947,984	-	947,984
* FNMA #256233	31371MSW8	5/1/2036	-	-	-	59,938	-	59,938
* FNMA #986458	31415QZX7	8/1/2038	-	-	-	45,408	-	45,408
* FNMA #831087	31407HJ80	11/1/2035	-	-	-	51,843	-	51,843
* FNMA #923865	31412FMN0	4/1/2037	-	-	-	50,293	-	50,293
* FHLMC #781086	781086/001	12/1/2033	-	-	1,480,964	-	-	1,480,964
* FHLMC #781721	781721/001	7/1/2034	-	-	1,252,320	-	-	1,252,320
* FHLMC #782804	782804/001	11/1/2034	-	-	256,808	-	-	256,808
* FHLMC #782847	782847/001	11/1/2034	-	-	291,358	-	-	291,358
* FHLMC #782928	782928/001	1/1/2035	-	-	171,161	-	-	171,161
* FHLMC #789868	789868/001	9/1/2032	-	-	112,361	-	-	112,361
* FNMA #805152	805152/001	1/1/2035	-	-	208,980	-	-	208,980
* FNMA #845529	845529/001	12/1/2035	-	-	381,201	-	-	381,201
* FHLMC #847032	847032/001	7/1/2032	-	-	75,573	-	-	75,573
* FNMA #920547	920547/001	9/1/2036	-	-	234,667	-	-	234,667
≈ BERNALILLO NM STATE	085281AD5	6/1/2012	-	-	-	-	380,502	380,502
≈ UNIV NM AGM	914696CW7	8/1/2013	-	-	-	-	200,098	200,098
≈ FHLB 1TIME CALL 9/8/11	3133XGSE5	9/8/2016	-	-	-	-	300,000	300,000
≈ CHAVES CNTY NM	162634BM0	8/1/2017	-	-	-	-	501,167	501,167
≈ GALLUP MCKINELY CNTY	364010PD4	8/1/2017	-	-	-	-	319,994	319,994
≈ ROOSEVELT CNTY NM	776461AN5	6/1/2019	-	-	-	-	360,500	360,500
≈ CLOVIS NM UNI SD	189414GM1	8/1/2019	-	-	-	-	500,000	500,000
≈ LUNA CNTY NM	550340DP5	8/1/2019	-	-	-	-	996,505	996,505
≈ LOVINGTON NM	547473CK2	10/1/2019	-	-	-	-	1,025,337	1,025,337
≈ TEXICO NM	883005CH1	8/1/2021	-	-	-	-	170,000	170,000
≈ MBS GNMA I	3620AQXB4	2/15/2025	-	-	-	-	896,211	896,211
≈ GNR 2004-80	38374JGY6	2/20/2031	-	-	-	-	675,410	675,410
≈ MBS GNMA II	36202EXW4	11/20/2038	-	-	-	-	298,573	298,573
Total pledged securities			6,832,618	4,878,484	4,465,393	39,055,251	6,624,297	61,856,043
Under (over) pledged			(2,364,806)	(327,198)	(1,590,393)	(10,719,387)	(2,160,694)	(17,162,478)
Uninsured and uncollateralized			\$ 2,103,007	\$ 4,224,089	\$ 1,284,607	\$ 10,087,385	\$ 2,302,908	\$ 20,001,996

Name and Location
of Safekeeper:

* Federal Home Loan Bank
Dallas, TX

≈ First American Bank
Artesia, NM

⊙ Leas 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, 2011

Schedule G-1

Federal Grantor/ Pass-Through Grantor	Program Title/ Grant Number	Federal CFDA Number	Expenditures
U.S. Department of Transportation Federal Highway Administration (FHWA)	Transportation Improvement Program "ARRA" South Hobbs Bypass Contract #D12738	20.205	\$ 266,819
U.S. Department of Energy	State Energy Program	81.041	599,175 (1)
Executive Office of the President Office of National Drug Control Policy	High Intensity Drug Trafficking Area Grant Grant #G09SN0017A	95.001	1,368,849 (1)
U.S. Department of Justice Bureau of Justice Assistance	Enhancing Rural Detention Operations "ARRA" 2009-SD-B9-0101	16.810	159,527
		\$	2,394,370

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	\$581,115

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 and related budgetary comparison presented as supplemental information of Lea County, New Mexico (the County), as of and for the year ended June 30, 2011, and have issued our report thereon dated November 7, 2011. 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 and correct 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 7, 2011



JOHNSON, MILLER & CO.

Certified Public Accountants

A Professional Corporation

An Independent Member Of BDO Seidman Alliance

Hobbs, New Mexico

Midland, Texas

Odessa, Texas

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

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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of 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 7, 2011

**State of New Mexico
Lea County
Schedule of Findings and Questioned Costs
Summary of Auditors' Results
June 30, 2011**

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 Matters	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, 2011**

Major Federal Programs

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
CFDA#95.001

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

PRIOR YEAR FINDINGS

None

FINANCIAL STATEMENT PRESENTATION

The financial statements were prepared from the original books and records of Lea County as of June 30, 2011 by Johnson, Miller & Co., Certified Public Accountants, A Professional Corporation.

LEA COUNTY, NEW MEXICO

OTHER DISCLOSURES

Year Ended June 30, 2011

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 4, 2011. The following persons were in attendance.

County Officials

Michael Gallagher, County Manager

Sherri Bunch, Finance Director

Dale Dunlap, County Commissioner

Auditors

Mary Hinds, CPA

Carmen Montoya, Senior Auditor