

LEA COUNTY, NEW MEXICO

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITORS' REPORT**

Year Ended June 30, 2015

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LEA COUNTY, NEW MEXICO

OFFICIAL ROSTER June 30, 2015

COUNTY COMMISSIONERS

Name	Title
Gregory H. Fulfer	Chairman
Ron R. Black	Vice-Chairman
Dale G. Dunlap	Member
Rebecca Long	Member
James Britton	Member

COUNTY OFFICIALS

Sharla Kennedy	County Assessor
Donna Duncan	County Treasurer
Pat Chappelle	County Clerk
Steve Ackerman	Sheriff
Sandra Goad	Probate Judge
Chip Low, CPA	Finance Director
Michael Gallagher	County Manager



Independent Auditors' Report

Tim Keller
New Mexico State Auditor
The Office of Management and Budget and
County Manager, Board of Commissioners and
Citizens of Lea County
Lovington, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type 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, 2015, and the related notes to the financial statements 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 nonmajor governmental, nonmajor enterprise, fiduciary funds, and the budgetary comparisons for the permanent funds and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2015, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenues funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and nonmajor enterprise fund of the County as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable thereof and the respective budgetary comparisons for the debt service funds, permanent funds and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 to 13 and schedules H-1 and H-2 at pages 122 to 123 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the County's financial statements, the combining and individual fund financial statements, and budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the accompanying information presented in schedules F-1 and G-1 thru G-4, as required by 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and the accompanying information presented in schedules E-1, F-1 thru F-4, and H-1 thru H-2 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the accompanying information presented in schedules E-1 and F-1 thru F-4 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Vendor Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2015 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* in considering the County's internal control over financial reporting and compliance.

Johnson, Miller & Co.

Hobbs, New Mexico
October 30, 2015

**LEA COUNTY, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The financial information contained herein is for the County of Lea (the County). The County provides security and public safety for its citizens, constructs and maintains roads, operates a detention facility, maintains and operates convenience facilities for solid waste disposal, maintains and operates a fairground 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.

Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions was implemented during the year ended June 30, 2015. This resulted in a prior period adjustment and reduction of beginning net position of \$18,139,824. The financial information discussed in the management discussion and analysis does not reflect restated amount for the year ended June 30, 2014 due to the limitation of information related to amounts for the year ended June 30, 2014.

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. Improvements to County roadways, airport facilities, and recreational infrastructure reflect this attitude. During FY 14/15, Lea County funded \$10.3 million on infrastructure improvements.

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 position and statement of activities as well as notes that support the assertions of these financial statements. The statement of net position is a report that is as of a specific time (June 30, 2015); it shows assets, liabilities and the difference, net position, as of that date. The statement of activities provides information for a specific period of time (the year ending June 30, 2015). 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 position to the fund financial statements and a reconciliation statement of the changes in net position 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 fund financial statements.

ASSETS:

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

	<u>6/30/2015</u>	<u>6/30/2014</u>
Total assets and deferred outflows	\$ 248,239,984	\$ 226,243,073
Capital assets	(137,621,669)	(129,215,092)
Restricted assets	-	(1,443,125)
Deferred outflows	(2,123,066)	-
Total unrestricted assets	<u>\$ 108,495,249</u>	<u>\$ 95,584,856</u>

The increase in unrestricted assets is the result of an increase in cash position in the General and Road Funds at June 30, 2015 totaling \$11 million. Oil and Gas tax revenue in excess of \$27 million and record gross receipts taxes contributed to the increase in cash position.

LIABILITIES:

Total current and long-term liabilities for the years ended June 30, 2015 and 2014 are shown in the schedule below:

	<u>6/30/2015</u>	<u>6/30/2014</u>
Current liabilities	\$ 3,967,318	\$ 4,176,897
Long-term liabilities	21,455,640	8,380,332
Total liabilities	<u>25,422,958</u>	<u>12,557,229</u>
Deferred inflows	6,968,688	1,406,249
Total liabilities and deferred inflows	<u>\$ 32,391,646</u>	<u>\$ 13,963,478</u>

The increase in long term liabilities is due to the current year recognition of Net Pension Liability in the amount of \$13,781,866 as required per GASB Statements No. 68.

NET POSITION:

The schedule below details the increase in net position for the respective years ending June 30, 2015 and June 30, 2014:

	<u>6/30/2015</u>	<u>6/30/2014</u>
Beginning net position	\$ 212,279,596	\$ 194,151,850
Restatement	(18,139,824)	(67,675)
Increase in net position	<u>21,708,566</u>	<u>18,195,420</u>
Total net position	<u>\$ 215,848,338</u>	<u>\$ 212,279,595</u>

The increase in net position in the current year is due to the County's continued investment in capital projects and infrastructure as well as increased cash position.

NET POSITION: (continued)

Net position for the years ended June 30, 2015 and 2014 are broken out as follows:

	6/30/2015	6/30/2014
	(As restated)	(As restated)
Net investment in capital assets	129,831,669	118,112,044
Restricted for:		
Fire districts	179,612	108,223
Restricted permanent fund	-	1,353,125
Unrestricted	85,837,057	92,706,203
Net position	\$ 215,848,338	\$ 212,279,595

Net position increased by \$3.5 million. The majority of the increase consists of \$3.5 million increase in revenue along with a slight decrease in expenses. Lea County continues to invest in infrastructure improvements with approximately \$12 million in expenditures during FY14/15.

REVENUES

The total revenues recognized by Lea County for the years ended June 30, 2015 and 2014 were \$76,273,228 and \$73,779,854, respectively. The schedule below shows revenue by major category.

	6/30/2015	6/30/2014
General revenue:		
Oil & gas production tax	\$ 27,438,261	\$ 31,072,987
Property tax	14,360,743	13,286,760
Public service tax	18,093,847	15,488,554
Miscellaneous taxes	445,446	418,383
Program revenue:		
Grants and reimbursements	6,385,947	3,040,136
Charges for services	9,544,483	10,440,156
Revenue from governmental activities	76,268,727	73,746,976
Business revenue:		
Grants and reimbursements	-	25,000
Charges for services	4,501	7,878
Revenue from business-type activities	4,501	32,878
Total revenues	\$ 76,273,228	\$ 73,779,854

Total revenues increased by \$2.49 million for fiscal year 2015. Increases in property taxes, , public service taxes, and grants and reimbursements offset a decrease in oil and gas production taxes. The decrease in oil and gas prices will negatively impact the economic output of Southeast New Mexico which brings the possibility of lower revenues for Lea County.

EXPENSES:

The total expenses incurred by the County for the years ended June 30, 2015 and June 30, 2014 were \$54,791,197 and \$55,313,818, respectively. The schedule below shows expenses by function and change in net position.

EXPENSES: (continued)

	<u>6/30/2015</u>	<u>6/30/2014</u>
Program expense:		
General government	\$ 35,499,112	\$ 27,111,830
Public safety	8,112,584	16,100,559
Health, welfare and sanitation	4,704,778	4,985,881
Interest on long-term debt	181,498	196,131
Public works	1,742,184	722,667
Culture & recreation	4,533,268	6,102,803
Expense from governmental activities	<u>54,773,424</u>	<u>55,219,871</u>
Business expense:		
Operating expenses	17,773	93,947
Expense from business-type activities	<u>17,773</u>	<u>93,947</u>
Total expenses	<u>\$ 54,791,197</u>	<u>\$ 55,313,818</u>
Excess (deficiency) before special items	<u>\$ 21,482,031</u>	<u>\$ 18,466,036</u>
Special item: gain (loss) on disposal of asset	226,535	(270,616)
Change in net position	<u>\$ 21,708,566</u>	<u>\$ 18,195,420</u>

Expenses decreased approximately \$500,000 or 1% from FY 2014 to FY 2015. Lea County continues to maintain a conservative operating budget due to the potential volatility of revenue streams caused by fluctuations in oil and gas prices.

DEBT:

The County issued gross receipts tax bonds to help finance the construction of a four-hundred and thirty-two bed detention facility in 2003. In fiscal year 2013 the County refunded the \$11,130,000 outstanding gross receipts tax revenue bonds, series 2003. To refund its 2003 series gross receipts revenue bonds the County issued and sold gross receipts tax revenue refunding bonds, series 2013 in the amount of \$10,000,000. The total debt of the County at June 30, 2015 was \$7,790,000, of which \$7,095,000 was long-term (due beyond one year), and \$695,000 was due within one year. The notes to the financial statements include payoff information concerning these bonds.

As required per GASB Statement No. 68, Lea County has reported \$13,781,866 in total net pension liability. For PERA Fund Division Municipal General and PERA Fund Division Municipal Police, the County reported a liability of \$9,102,292 and \$4,679,574, respectively, at June 30, 2015, for its proportionate share of the net pension liability.

FUND BALANCES:**6/30/2015**

General Fund:	The general fund balance decrease of \$1,853,940 is due to an increase in investment in roadway infrastructure.
Indigent Fund:	The indigent fund balance decrease of \$1,581,234 is due to remittances for Medicaid payments and contributions under SB 268 being greater than Indigent Gross Tax receipts.
Special Revenue Funds:	The special revenue fund balance increase of \$13,129,440 is related to record gross receipts tax revenues.

FUND BALANCES: (continued)

6/30/2014

General Fund: The general fund balance increase of \$14,418,812 is due to revenue increases in grants and charges for services, and property taxes.

Indigent Fund: The indigent fund balance increase of \$1,470,611 is due to increased gross receipts tax revenues and suspension of 4th quarter Sole Community Provider contributions.

Special Revenue Funds: The decrease of \$248,159 is related to decreased gross receipts tax revenues.

BUDGET ANALYSIS:

6/30/2015

There were approved budget revenue and expense increases and decreases after the initial approved budget for 2015. 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	\$ 37,417,763	\$ 43,197,750	\$ 5,779,987
Fees and fines	75,000	101,675	26,675
Licenses and permits	477,750	835,531	357,781
Intergovernmental	8,874,234	2,782,696	(6,091,538)
Charges for services	163,500	229,630	66,130
Investment earnings	325,035	495,679	170,644
Miscellaneous	4,037,550	4,331,632	294,082
Total Revenues	51,370,832	51,974,593	603,761
EXPENDITURES			
Current:			
General government	21,890,181	14,621,181	7,269,000
Public safety	7,039,359	6,223,045	816,314
Economic development	2,904,000	1,216,912	1,687,088
Culture and recreation	4,507,579	4,137,939	369,640
Capital outlay	18,022,178	12,803,137	5,219,041
Total Expenditures	54,363,297	39,002,214	15,361,083
Excess (deficiency) of revenues over (under) expenditures	\$ (2,992,465)	\$ 12,972,379	\$ 15,964,844

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, 2015. The following schedule provides a summary of the changes in capital assets:

Governmental Activities:	Balance 6/30/15	Balance 6/30/14
Depreciable assets		
Buildings	\$ 74,029,834	\$ 73,466,175
Other Improvements	3,046,543	2,912,666
Furniture & Equipment	18,395,570	18,611,935
Infrastructure	76,851,800	67,639,426
Vehicles	8,613,096	7,655,944
Total depreciable assets	180,936,843	170,286,146
Less accumulated depreciation:		
Buildings	22,006,218	19,845,803
Other Improvements	1,853,832	1,750,453
Furniture & Equipment	13,711,782	13,497,361
Infrastructure	14,390,347	13,866,034
Vehicles	5,520,459	4,933,705
Total accumulated depreciation	57,482,638	53,893,356
Net depreciable assets	123,454,205	116,392,790
Non-depreciable assets		
Land	9,626,518	9,355,117
Construction in Process	1,903,438	849,137
Total non-depreciable assets	11,529,956	10,204,254
Net capital assets	\$ 134,984,161	\$ 126,597,044
Business-type Activities:	Balance 6/30/15	Balance 6/30/14
Non-depreciable assets		
Land and improvements	\$ 575,000	\$ 575,000
Construction in Process	2,062,508	2,043,048
Total non-depreciable assets	2,637,508	2,618,048
Net capital assets	\$ 2,637,508	\$ 2,618,048

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

FISCAL YEAR 2016:

Oil and gas production and equipment taxes are expected to decrease during the fiscal year ending June 30, 2016. Property taxes are expected to remain stable through June 30, 2016. Due to the global volatility of the oil and gas industry and the recent decrease in prices, Lea County will continue to budget conservatively for oil and gas production tax revenues.

Lea County will continue to aggressively promote economic development and diversification during fiscal year ending June 30, 2016, recognizing that these two areas are of primary importance to the ongoing prosperity of the Lea County and its citizens.

Capital improvement projects planned for FY 15/16 include the planning and design of a Judicial Complex, the planning and design of an Indoor Equestrian Center to be located adjacent to the Lea County Event Center, and the planning and design of a larger passenger terminal at Lea Regional Airport, as well as continued improvements to Lea County arterials.

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 Position June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 82,782,082	\$ 1,770,065	\$ 84,552,147
Investments	15,015,039	-	15,015,039
Current property taxes receivable	630,225	-	630,225
Other receivables	2,118,648	-	2,118,648
Receivable from other governments	6,179,190	-	6,179,190
Non-current assets:			
Capital assets:			
Land and improvements, not being depreciated	9,626,518	575,000	10,201,518
Construction in progress, not being depreciated	1,903,438	2,062,508	3,965,946
Infrastructure and infrastructure in progress	76,851,800	-	76,851,800
Buildings	74,029,834	-	74,029,834
Equipment and furniture	18,395,570	-	18,395,570
Vehicles	8,613,096	-	8,613,096
Other capital assets	3,046,543	-	3,046,543
Less: Accumulated depreciation	(57,482,638)	-	(57,482,638)
Total capital assets	134,984,161	2,637,508	137,621,669
Total Assets	241,709,345	4,407,573	246,116,918
DEFERRED OUTFLOWS			
Deferred outflows related to pensions	2,123,066	-	2,123,066
Total Deferred Outflows	2,123,066	-	2,123,066
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 243,832,411	\$ 4,407,573	\$ 248,239,984
LIABILITIES			
Accounts payable	\$ 2,150,543	\$ -	\$ 2,150,543
Accrued payroll liabilities	918,229	-	918,229
Long-term liabilities			
Due within one year			
Bonds and contracts	705,000	-	705,000
Compensated absences	193,546	-	193,546
Due in more than one year			
Bonds and contracts	7,085,000	-	7,085,000
Compensated absences	588,774	-	588,774
Net pension liability	13,781,866	-	13,781,866
Total Liabilities	25,422,958	-	25,422,958
DEFERRED INFLOWS			
Deferred inflows related to pensions	5,687,439	-	5,687,439
Grants restricted by time	1,281,249	-	1,281,249
Total Deferred Inflows	6,968,688	-	6,968,688
NET POSITION			
Net investment in capital assets	127,194,161	2,637,508	129,831,669
Restricted for:			
Fire Districts	179,612	-	179,612
Unrestricted	84,066,992	1,770,065	85,837,057
Total Net Position	211,440,765	4,407,573	215,848,338
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 243,832,411	\$ 4,407,573	\$ 248,239,984

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Statement of Activities For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 35,499,112	9,330,644	\$ 2,314,374	\$ 84,728
Public safety	8,112,584	1,718	860,081	-
Public works	1,742,184	212,121	638,427	2,476,026
Health, welfare and sanitation	4,704,778	-	-	-
Culture and recreation	4,533,268	-	12,311	-
Interest on long-term debt and other charges	181,498	-	-	-
Total Governmental Activities	54,773,424	9,544,483	3,825,193	2,560,754
Business-type Activities:				
Water service proprietary fund	17,773	4,501	-	-
Total Business-type Activities	17,773	4,501	-	-
	\$ 54,791,197	\$ 9,548,984	\$ 3,825,193	\$ 2,560,754

General revenues:

Property taxes
Oil and gas taxes
Public service taxes
Miscellaneous taxes
Special item-gain on disposal of assets
Transfers

Total general revenues, special items, and transfers

Change in net position

Net position - beginning of year
Prior period restatement (Note T)
Net position - beginning of year, as restated

Net position - end of year

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (23,769,366)	\$ -	\$ (23,769,366)
(7,250,785)	-	(7,250,785)
1,584,390	-	1,584,390
(4,704,778)	-	(4,704,778)
(4,520,957)	-	(4,520,957)
(181,498)	-	(181,498)
(38,842,994)	-	(38,842,994)
-	(13,272)	(13,272)
-	(13,272)	(13,272)
(38,842,994)	(13,272)	(38,856,266)
14,360,743	-	14,360,743
27,438,261	-	27,438,261
18,093,847	-	18,093,847
445,446	-	445,446
226,535	-	226,535
(2,116,000)	2,116,000	-
58,448,832	2,116,000	60,564,832
19,605,838	2,102,728	21,708,566
209,974,751	2,304,845	212,279,596
(18,139,824)	-	(18,139,824)
191,834,927	2,304,845	194,139,772
\$ 211,440,765	\$ 4,407,573	\$ 215,848,338

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2015

	Major Funds		Nonmajor Funds	
	General Fund	Indigent	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 54,885,013	\$ 2,197,107	\$ 25,699,962	\$ 82,782,082
Investments	14,914,894	-	100,145	15,015,039
Due from other funds	-	-	90,010	90,010
Current property taxes receivable	630,225	-	-	630,225
Other receivables	1,644,585	-	474,063	2,118,648
Receivable from other governments	3,601,182	1,029,682	1,548,326	6,179,190
TOTAL ASSETS	\$ 75,675,899	\$ 3,226,789	\$ 27,912,506	\$ 106,815,194
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 1,016,123	\$ 88,017	\$ 1,046,403	\$ 2,150,543
Accrued payroll liabilities	918,229	-	-	918,229
Due to other funds	10	-	90,000	90,010
Unearned revenue	-	-	5,573	5,573
TOTAL LIABILITIES	1,934,362	88,017	1,141,976	3,164,355
DEFERRED INFLOWS:				
Grants restricted by time	1,281,249	-	-	1,281,249
Property taxes not available	350,986	-	-	350,986
TOTAL DEFERRED INFLOWS	1,632,235	-	-	1,632,235
FUND BALANCES:				
Restricted	-	3,138,772	17,190,059	20,328,831
Committed	5,935,164	-	9,454,399	15,389,563
Assigned	43,674,931	-	264,196	43,939,127
Unassigned	22,499,207	-	(138,124)	22,361,083
TOTAL FUND BALANCES	72,109,302	3,138,772	26,770,530	102,018,604
TOTAL LIABILITIES AND FUND BALANCES	\$ 75,675,899	\$ 3,226,789	\$ 27,912,506	\$ 106,815,194

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Reconciliation of the Balance Sheet to the Statement of Net Position For the Year Ended June 30, 2015

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund balances - total governmental funds	\$	102,018,604
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		134,984,161
Deferred outflows of resources related to pensions are not financial resources, and, therefore, are not reported in the funds		2,123,066
Revenues not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities:		
Deferred property tax revenues		350,986
Unearned grant revenue		5,573
Certain liabilities, including notes payable, capital leases payable, and current and long-term portions of accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds:		
Compensated absences		(782,320)
Loans payable		(7,790,000)
Net pension liability		(13,781,866)
Deferred inflows of resources related to pensions are not financial resources, and therefore, are not reported in the fund		<u>(5,687,439)</u>
Net Position of Governmental Activities in the Statement of Net Position	\$	<u>211,440,765</u>

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, 2015

	Major Funds		Nonmajor Funds	
	General Fund	Indigent	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property, sales, and miscellaneous taxes	\$ 41,897,444	\$ 7,306,130	\$ 9,685,348	\$ 58,888,922
Fees and fines	101,675	-	-	101,675
Licenses and permits	854,507	-	108,845	963,352
Intergovernmental:				
Federal	3,928,459	-	1,485,633	5,414,092
State	328,300	-	1,843,212	2,171,512
Charges for services	49,274	-	3,308,030	3,357,304
Investment earnings	531,591	1,417	5,017	538,025
Miscellaneous	4,379,945	5,649	432,007	4,817,601
Total Revenues	52,071,195	7,313,196	16,868,092	76,252,483
EXPENDITURES				
Current:				
General government	14,667,481	-	12,360,748	27,028,229
Public safety	6,083,957	-	17,212	6,101,169
Highway and roads	10,464,034	-	-	10,464,034
Health and sanitation	-	8,894,430	-	8,894,430
Culture and recreation	4,181,024	-	12,022	4,193,046
Economic development	1,207,205	-	-	1,207,205
Airport	-	-	603,246	603,246
Farm and range	-	-	48,000	48,000
Debt service:				
Principal	-	-	695,000	695,000
Interest and other charges	-	-	181,498	181,498
Capital outlay	1,422,392	-	3,603,968	5,026,360
Total Expenditures	38,026,093	8,894,430	17,521,694	64,442,217
Excess (deficiency) of revenues over (under) expenditures	14,045,102	(1,581,234)	(653,602)	11,810,266
OTHER FINANCING SOURCES (USES), INCLUDING TRANSFERS				
Transfers in	1,530,518	-	15,313,560	16,844,078
Transfers out	(17,429,560)	-	(1,530,518)	(18,960,078)
Total other financing sources (uses), including transfers	(15,899,042)	-	13,783,042	(2,116,000)
Net change in fund balances	(1,853,940)	(1,581,234)	13,129,440	9,694,266
Fund balances - beginning of year	73,963,242	4,720,006	13,641,090	92,324,338
Fund balances - end of year	\$ 72,109,302	\$ 3,138,772	\$ 26,770,530	\$ 102,018,604

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, 2015

Net change in fund balances - total governmental funds: \$ 9,694,266

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

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

Capital expenditures	12,463,930	
Professional services in general government expenses capitalized into construction in progress at year-end	<u>976,633</u>	
Total capital expenditures		13,440,563
Depreciation expense		(4,779,571)
Gain on disposal of capital assets		226,535
Accumulated depreciation added into basis of new assets		(487,004)

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 inflows	24,068
Change in grant revenues	(5,573)

Principal payment is not reported in the statement of activities. In contrast, this expense is reported as expenditures in governmental funds. 695,000

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. 6,229

Expenses reported in the governmental funds which require the use of current financial resources, but are recorded as deferred outflows on the Statement of Activities since they will be recognized in a different period. 791,325

Change in net assets of governmental activities: \$ 19,605,838

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

GENERAL FUND

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

LEA COUNTY, NEW MEXICO

Statement of Revenues, Expenditures and Changes in Fund Balances Budget (non-GAAP Budgetary Basis) and Actual General Fund For the Year Ended June 30, 2015

Statement A-1

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Sales and miscellaneous taxes	\$ 37,417,763	\$ 37,417,763	\$ 43,197,750	\$ 5,779,987
Fees and fines	75,000	75,000	101,675	26,675
Licenses and permits	477,750	477,750	835,531	357,781
Intergovernmental	8,874,234	8,874,234	2,782,696	(6,091,538)
Charges for services	163,500	163,500	229,630	66,130
Investment earnings	325,035	325,035	495,679	170,644
Miscellaneous	4,037,550	4,037,550	4,331,632	294,082
Total Revenues	\$ 51,370,832	\$ 51,370,832	\$ 51,974,593	\$ 603,761
EXPENDITURES				
Current:				
General government	\$ 21,772,342	\$ 21,890,181	\$ 14,621,181	\$ 7,269,000
Public safety	7,039,198	7,039,359	6,223,045	816,314
Economic development	2,908,000	2,904,000	1,216,912	1,687,088
Culture and recreation	4,491,879	4,507,579	4,137,939	369,640
Capital outlay	14,893,178	18,022,178	12,803,137	5,219,041
Total Expenditures	\$ 51,104,597	\$ 54,363,297	\$ 39,002,214	\$ 15,361,083
Excess (deficiency) of revenues over (under) expenditures	266,235	(2,992,465)	12,972,379	15,964,844
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	\$ -	\$ -	\$ 13,406	\$ (13,406)
Transfers in	17,955,293	17,955,293	13,102,518	4,852,775
Transfers out	(71,469,335)	(71,469,335)	(27,429,560)	(44,039,775)
Total other financing sources and (uses)	\$ (53,514,042)	\$ (53,514,042)	\$ (14,313,636)	\$ (39,200,406)
Prior year cash and investments	72,192,167	72,192,167	-	
Net change in fund balances	\$ 18,944,360	\$ 15,685,660	(1,341,257)	
RECONCILIATION TO GAAP BASIS:				
Change in taxes receivable			198,894	
Change in other receivables			1,469,551	
Change in due from other governments			(2,739,142)	
Change in accrued liabilities			(129,686)	
Change in accounts payable			586,768	
Change in deferred inflows			100,932	
Net change in fund balance			\$ (1,853,940)	

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, 2015**

Statement A-2

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Sales and miscellaneous taxes	\$ 6,320,633	\$ 6,320,633	\$ 7,348,870	\$ 1,028,237
Investment earnings	1,000	1,000	1,417	417
Miscellaneous	1,000	1,000	5,579	4,579
Total Revenues	\$ 6,322,633	\$ 6,322,633	\$ 7,355,866	\$ 1,033,233
EXPENDITURES				
Current:				
Health and sanitation	\$ 8,771,622	\$ 9,000,255	\$ 8,944,043	\$ 56,212
Total Expenditures	\$ 8,771,622	\$ 9,000,255	\$ 8,944,043	\$ 56,212
Excess (deficiency) of revenues over (under) expenditures	(2,448,989)	(2,677,622)	(1,588,177)	1,089,445
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Total other financing sources and (uses)	\$ -	\$ -	\$ -	\$ -
Prior year cash balance	3,785,284	3,785,284	-	
Net change in fund balances	\$ 1,336,295	\$ 1,107,662	(1,588,177)	
RECONCILIATION TO GAAP BASIS:				
Change in other receivables			(42,670)	
Change in accounts payable			49,613	
Net change in fund balance			\$ (1,581,234)	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

**Statement of Net Position
Proprietary Fund
June 30, 2015**

	Water Service Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,770,065
Total current assets	1,770,065
Noncurrent assets:	
Capital assets:	
Land and improvements, not being depreciated	575,000
Construction in progress, not being depreciated	2,062,508
Total capital assets	2,637,508
Total Assets	\$ 4,407,573
LIABILITIES	
Current liabilities:	
Accounts payable	\$ -
Other liabilities	-
Total Liabilities	-
NET POSITION	
Net investment in capital assets	2,637,508
Unrestricted	1,770,065
Total Net Position	4,407,573
TOTAL LIABILITIES AND NET POSITION	\$ 4,407,573

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2014**

	Water Service Enterprise Fund
Operating revenues:	
Charges for services	\$ 4,501
Total operating revenues	4,501
Operating expenses:	
Operating expenses	17,773
Total operating expenses	17,773
Total income (loss) before contributions and transfers	(13,272)
Transfers in	2,116,000
Transfers out	-
Change in net position	2,102,728
Total net position - beginning of year	2,304,845
Total net position - end of year	\$ 4,407,573

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Statement of Cash Flows Proprietary Fund For the Year Ended June 30, 2014

	Water Service Enterprise Fund
Cash flows from operating activities:	
Receipts from user charges	\$ 4,501
Payments to suppliers for goods and services	-
Cash provided (used) by operating activities	4,501
Cash flows from noncapital and related financing activities:	
Transfers from other funds	2,116,000
Cash provided (used) by noncapital and related financing activities	2,116,000
Cash flows from investing activities:	
Purchase of fixed assets	(350,832)
Cash provided (used) by investing activities	(350,832)
Net increase (decrease) in cash and cash equivalents	1,769,669
Cash and cash equivalents, beginning of year	396
Cash and cash equivalents, end of year	\$ 1,770,065
Cash and cash equivalents are classified as:	
Current assets	\$ 1,770,065
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (13,272)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Change in accounts payable	(313,599)
Change in capital assets	331,372
Net cash provided (used) by operating activities	\$ 4,501

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Statement of Fiduciary Assets and Liabilities Agency Funds June 30, 2015

ASSETS:

Cash and cash equivalents	\$ 18,114,827
Taxes receivable	1,127,463
Due from other governments	<u>92,918</u>

Total Assets

\$ 19,335,208

LIABILITIES:

Taxes paid in advance	\$ 77,037
Deposits held in trust for others	18,110,937
Due to other taxing units/governments	1,127,463
Due to other governments	<u>19,771</u>

Total Liabilities

\$ 19,335,208

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.

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

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 position, 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 Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. 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)*

The County has adopted the requirements of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement requires governments to account for deferred outflows of resources, deferred inflows of resources, and net position elements in Concepts Statement No. 4 as it relates to GASB Statements 53 (derivatives) and 60 (SCA's). Concepts Statement No. 4 indicates that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. This statement is effective for periods beginning after December 15, 2011.

The County has adopted the requirements of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which amends or supersedes the accounting and financial reporting guidance for certain items previously required to be reported as assets or liabilities. The objective is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues). Under GASBS No. 65, bond issuance costs will now be expensed when incurred, instead of being amortized over the term of the bond. This statement is effective for periods beginning after December 15, 2012.

The County has adopted the requirements of GASB Statement No. 67, *Financial Reporting for Pension Plans*. This Statement replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trust or equivalent arrangements. The requirements of Statements No. 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. This Statement is effective for financial statements for fiscal years beginning after June 15, 2013.

The County has adopted the requirements of GASB Statement No. 68, *Accounting for Financial Reporting for Pensions*. This Statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and the requirements of GASBS 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts. The requirements of Statements No. 27 and 50 remain applicable for pensions that are not covered by GASBS 68. This Statement is effective for financial statements for fiscal years beginning after June 15, 2014.

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 position 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

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. *Government-wide and Fund Financial Statements (continued)*

activities are supported mainly by taxes and intergovernmental revenues and are reported separately from the business-type activities, which are supported by fees and charges for services provided.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, are revenue from the investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met. Derived tax revenues are recognized when the underlying exchange transaction takes place.

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

Governmental fund-level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as unearned revenue. Those revenues susceptible to accrual include interest revenues, franchise taxes, gross receipts taxes, charges for services, and grants from other governments.

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.

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)*

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 County reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The County reports deferred inflows of resources in the government wide financial statements for inflows received, but not recognized as revenue until future years subject to time restrictions. In the governmental funds, the County recognizes deferred inflows of resources for property taxes and time restricted grants that are not considered available.

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 proprietary funds and 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.

Proprietary funds - The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The County reports the following proprietary fund types:

Enterprise fund is used to account for provision of water and sewer services for which a fee is charged to external users for goods. The activity reported in this fund is reported as business-type activity in the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Service Enterprise fund includes charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary 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

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)*

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.

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, permanent funds and proprietary 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 and cash equivalents in the financial statements, including the statement of cash flows presented for proprietary funds, 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. Deposits in overnight repurchase agreements are required to be covered by pledged collateral equal to 102% of the deposit. All of the County's depositories were in compliance with collateral requirements.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 unearned revenue in the fund statements. Receivables are shown net of an allowance for uncollectible amounts.

Lending or borrowing between funds is reflected as “due to or due from” (current portion) or “advances to/from other funds” (non-current). Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund activity reflected in “due to or due from” is eliminated on the government-wide statements.

7. *Advances to Other Funds*

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

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.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. *Capital Assets (continued)*

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.

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 10 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 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 position. On new bond issues, bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. *Long-Term Obligations (continued)*

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 Position*

Net position includes net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets, 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 position are balances with constraints placed on their 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 position exists for those balances included in permanent endowments or permanent fund principal amounts. These net balances are classified as either expendable or nonexpendable. Nonexpendable net position includes those that are required to be retained in perpetuity. Unrestricted net position consists of net balances that do not meet the definition of "restricted" or "invested in capital assets."

13. *Interfund Transactions*

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund, for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring and nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

14. *Estimates*

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

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.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2015.

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.

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.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

18. *Deferred Inflows and Outflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category on the government-wide statement of net position. It is the County's contributions subsequent to the measurement date of the collective net pension liability and before the end of the employer's reporting period. This will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has four items, of which one item, deferred property taxes, arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred property taxes, is reported only in the governmental funds balance sheet. Grants restricted by time are reported in the government-wide statement of net position and in the governmental funds financial statements. Net difference between projected and actual investment earnings on pension plan investments and the change of assumptions related to the pension plan are also deferred inflows. These amounts will be amortized and recognized in future years.

19. *Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND CASH EQUIVALENTS (continued)

At June 30, 2015, the carrying amount of the County's unrestricted deposits was \$84,552,147, excluding cash held as fiduciary of \$18,114,827. Total cash and cash equivalents balance per the financial institutions of \$91,762,442 consisted of demand deposits and certificates of deposit. Of the demand deposits and certificates of deposit, \$1,815,798 was covered by federal depository insurance and \$87,153,062 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 G-4 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the County. Time deposits, savings deposits and interest bearing accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage of public unit demand deposits at the same institution.

Deposit Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to them. The County does not have a deposit policy for custodial credit risk. As of June 30, 2015, \$89,946,644 of the County's bank balance of \$91,762,442 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; \$2,793,584 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.

NOTE C – INVESTMENTS

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.

New Mexico State Statutes authorize the County to invest in direct obligations of the United States or securities that are backed by the full faith and credit of the United States Government or agencies guaranteed by the U.S. Government. The County does not have an additional investment policy that further limits its investments. State statute also authorizes the County to invest in bonds or negotiable securities of the U. S., the State of New Mexico, or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at anytime within five years last preceding. The County does not have an additional investment policy that further limits its investments. At June 30, 2015, Lea County had long-term investments with Wells Fargo Bank, Lea County State Bank and Western Commerce Bank of \$12,414,894, \$2,100,145 and \$500,000, respectively. The \$15,015,039 in investments approximates the fair value. The investments at Wells Fargo Bank were exposed to custodial credit risk as they are not FDIC insured.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE D - 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 E - OTHER RECEIVABLES

Other receivables at June 30, 2015 are considered to be fully collectible and are composed as follows:

	Governmental Activities
Other Receivables:	
Grants Receivable	\$ 1,999,966
Interest Receivable	118,682
Totals	\$ 2,118,648

NOTE F - DUE FROM OTHER GOVERNMENTS

The amounts due from other governments at June 30, 2015 are considered to be fully collectible and are composed of the following:

	Governmental Activities
New Mexico Taxation & Revenue	\$ 5,984,481
U.S. Marshall Service	178,815
Other	15,894
Totals	\$ 6,179,190

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE G - 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, 2015, 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	-
Due from Lea County Event Center Permanent	90,000	-
Total	\$ 90,010	\$ 90,010

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. Lea County has chosen to leave \$7,048,756 in the Debt Service Fund at June 30, 2015, thereby taking a conservative stance to ensure that annual long-term debt payments are satisfied. Transfers of grant funds received by the General Fund are made as needed.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

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

Transfers for the year ended June 30, 2015 were as follows:

	<u>Governmental Activities</u>
Transfers Out:	
General Fund:	
To Capital Projects Special Revenue Fund	\$ 6,220,000
To Detention Facility Special Revenue Fund	5,969,000
To Lea County Airports Fund	2,464,000
To Airport Fire District Special Revenue Fund	153,000
To Farm and Range Special Revenue Fund	101,000
To Lea County Drug Task Force	100,000
To Misdemeanor Compliance Special Revenue Fund	87,780
To LDWI Special Revenue Fund	81,000
To DWI Screening Special Projects Revenue Fund	62,780
To Magistrate Court	30,000
To Jag Grant	25,000
To Paving District Special Revenue Fund	10,000
To CDWI Special Revenue Fund	10,000
Debt Service Funds:	
To General Fund from Gross Receipts Debt Service Fund	1,200,000
From Non-Major Special Revenue Funds:	
To General Fund from DWI-Alcohol	96,718
To General Fund from Lea County Drug Task Force	91,500
To General Fund from LDWI Fund	81,000
To General Fund from Lea County Airports Fund	50,000
To General Fund from CDWI Fund	5,000
To General Fund from LCDTF JAG	4,300
To General Fund from Region VI JAG	2,000
Total Transfers In	<u>16,844,078</u>
Transfers In:	
General Fund	
From DWI-Alcohol Fund	(96,718)
From Lea County Drug Task Force	(91,500)
From LDWI Fund	(81,000)
From Lea County Airports Fund	(50,000)
From CDWI Fund	(5,000)
From Gross Receipts Debt Service Fund	(1,200,000)
From LCDTF JAG	(4,300)
From Region VI JAG	(2,000)
Non-Major Special Revenue Funds:	
From General Fund to Capital Projects Special Revenue Fund	(6,220,000)
From General Fund to Detention Facility Special Revenue Fund	(5,969,000)
From General Fund to Lea County Airports Fund	(2,464,000)
From General Fund to Airport Fire District Special Revenue Fund	(153,000)
From General Fund to Farm and Range Special Revenue Fund	(101,000)
From General Fund to Lea County Drug Task Force	(100,000)
From General Fund to Misdemeanor Compliance Special Revenue Fund	(87,780)
From General Fund to LDWI Special Revenue Fund	(81,000)
From General Fund to DWI Screening Special Projects Revenue Fund	(62,780)
From General Fund to Magistrate Court	(30,000)
From General Fund to Jag Grant	(25,000)
From General Fund to Paving District Special Revenue Fund	(10,000)
From General Fund to CDWI Special Revenue Fund	(10,000)
From General Fund to Water Service Fund	(2,116,000)
Total Transfers Out	<u>(18,960,078)</u>
Total	<u>\$ (2,116,000)</u>
Transfers out of governmental activities to business-type activities	
Enterprise Fund:	
From General Fund to Water Service Enterprise Fund	2,116,000
Total	<u>\$ -</u>

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE H - 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.

Lea County Board of Commissioners is insured with OneBeacon's Insurance carrier Atlantic Specialty Insurance Company. Atlantic Specialty Insurance Company has an AM Best rating of A XI as reaffirmed August 13, 2014. Daniels Insurance Agency Inc. acts as a Broker in secure coverage for Lea County as directed through a Request for Proposal, which was awarded in June 2011. The County insures itself against losses such as General Liability, Employment Practices Liability, Public Official Liability, Law Enforcement Liability and Excess Liability limits. Those limits generally start at \$1,050,000 per occurrence with a \$5,000,000 excess limit. The Commissioners also insure owned assets for physical damages losses such as Property, Autos, Machinery and Equipment.

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 four fiscal years.

NOTE I - ENCUMBRANCES

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

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE J - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

Governmental Activities:

	Balance June 30, 2014	Additions	Transfers	Deletions	Balance June 30, 2015
Depreciable assets					
Buildings	\$ 73,466,175	\$ 584,090	\$ (13,600)	\$ 6,831	\$ 74,029,834
Other Improvements	2,912,666	11,334	126,651	4,108	3,046,543
Furniture & Equipment	18,611,935	804,580	(168,801)	852,144	18,395,570
Infrastructure	67,639,426	10,027,009	(327,631)	487,004	76,851,800
Vehicles	7,655,944	765,516	197,636	6,000	8,613,096
Total depreciable assets	170,286,146	12,192,529	(185,745)	1,356,087	180,936,843
Less accumulated depreciation:					
Buildings	19,845,803	2,166,198	365	6,148	22,006,218
Other Improvements	1,750,453	125,133	(18,057)	3,697	1,853,832
Furniture & Equipment	13,497,361	746,006	48,378	579,963	13,711,782
Infrastructure	13,866,034	1,162,051	(150,734)	487,004	14,390,347
Vehicles	4,933,705	580,183	11,971	5,400	5,520,459
Total accumulated depreciation	53,893,356	4,779,571	(108,077)	1,082,212	57,482,638
Net depreciable assets	116,392,790	7,412,958	(77,668)	273,875	123,454,205
Non-depreciable assets					
Land	9,355,117	271,401		-	9,626,518
Construction in Process	849,137	976,633	77,668	-	1,903,438
Total non-depreciable assets	10,204,254	1,248,034	77,668	-	11,529,956
Net capital assets	\$ 126,597,044	\$ 8,660,992	\$ -	\$ 273,875	\$ 134,984,161

*Depreciation expense was charged to functions as follows:

Governmental activities:

General	\$ 3,778,736
Public safety	744,745
Culture and recreation	256,090

Total governmental activities depreciation expense

\$ 4,779,571

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE J - CHANGES IN CAPITAL ASSETS (continued)

Business-type Activities:

	Balance June 30, 2014	Additions	Transfers	Deletions	Balance June 30, 2015
Non-depreciable assets					
Land and improvements	\$ 575,000	\$ -	\$ -	\$ -	\$ 575,000
Construction in Process	2,043,048	19,460	-	-	2,062,508
Total non-depreciable assets	2,618,048	19,460	-	-	2,637,508
Net capital assets	\$ 2,618,048	\$ 19,460	\$ -	\$ -	\$ 2,637,508

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

NOTE K - LONG-TERM DEBT

Revenue Bonds

Bonds outstanding at June 30, 2015 consist of the following issue:

Gross Receipts Tax Revenue Bonds

Series: June 30, 2013

Original Issue: \$10,000,000

Principal: June 1

Interest: June 1

Rate: 2.140%

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 maintenance of a gross receipt tax debt service fund into which the County covenants to pay from the pledged revenues sums sufficient to pay when due the principal and interest on these bonds. At June 30, 2015, the County had \$7,048,756 in the gross receipts tax debt service fund. The County is in compliance with all significant requirements of the bonds' covenants.

Long-term liability for the year ended June 30, 2015 was as follows:

	June 30, 2014	Additions	Reductions	June 30, 2015	Due Within One Year
Gross Receipts Revenue Bonds					
Series: June 30, 2013	\$ 8,485,000	\$ -	\$ 695,000	\$ 7,790,000	\$ 705,000
Compensated Absences (Note A)	788,549	736,360	742,589	782,320	193,546
Totals	\$ 9,273,549	\$ 736,360	\$ 1,437,589	\$ 8,572,320	\$ 898,546

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE K- LONG-TERM DEBT (continued)

The annual debt service requirements to maturity, including principal and interest for long-term debt as of June 30, 2015, are as follows:

Year Ending June 30,	<u>Gross Receipts Bonds Series 2013</u>		
	<u>Interest</u>	<u>Principal</u>	<u>Total Payment</u>
2016	166,706	705,000	871,706
2017	151,620	720,000	871,620
2018	136,212	735,000	871,212
2019-2023	437,312	3,935,000	4,372,312
2024-2026	54,563	1,695,000	1,749,563
Total	\$ 946,413	\$ 7,790,000	\$ 8,736,413

The County paid interest on long-term debt of \$181,498 during the fiscal year 2015.

Compensated Absences

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

NOTE L - PERA PENSION PLAN

Plan Description. The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Contributions. The contribution requirements of defined benefit plan members and the County are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE L - PERA PENSION PLAN (continued)

disclosures on pages 29 through 31 of the PERA FY14 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf. The PERA coverage option that applies to the County is the Municipal General and the Municipal Police/Detention Officers. Statutorily required contributions to the pension plan from the County were \$1,456,385 and employer paid member benefits that were “picked up” by the employer were \$666,681 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2014.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The County’s proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity’s percentage of that membership group’s total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division Municipal General, at June 30, 2015, the County reported a liability of \$9,102,292 for its proportionate share of the net pension liability. At June 30, 2014, the County’s proportion was 1.1668 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference. For the year ended June 30, 2015, the County recognized PERA Fund Division Municipal General pension expense of \$878,872. At June 30, 2015, the County reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE L - PERA PENSION PLAN (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	6,169
Net difference between projected and actual earnings on pension plan investments	-	3,561,057
Changes in proportion and differences between the County's contributions and proportionate share of contributions	-	-
The County's contributions subsequent to the measurement date	<u>1,456,385</u>	<u>-</u>
Total	<u>\$ 1,456,385</u>	<u>\$ 3,567,226</u>

\$1,456,385 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ 891,799
2017	891,799
2018	891,799
2019	891,799
2020	30
Thereafter	-

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE L - PERA PENSION PLAN (continued)

For PERA Fund Division Municipal Police, at June 30, 2015, the County reported a liability of \$4,679,574 for its proportionate share of the net pension liability. At June 30, 2014, the County's proportion was 1.4355 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference. For the year ended June 30, 2015, the County recognized PERA Fund Division Municipal Police pension expense of \$450,599. At June 30, 2015, the County reported PERA Fund Division Municipal Police deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	380,141
Net difference between projected and actual earnings on pension plan investments	-	1,740,072
Changes in proportion and differences between the County's contributions and proportionate share of contributions	-	-
The County's contributions subsequent to the measurement date	<u>666,681</u>	<u>-</u>
Total	<u>\$ 666,681</u>	<u>\$ 2,120,213</u>

\$666,681 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ 529,580
2017	529,580
2018	529,580
2019	529,580
2020	1,893
Thereafter	-

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE L - PERA PENSION PLAN (continued)

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
• Investment rate of return	7.75% annual rate, net of investment expense
• Payroll growth	3.50% annual rate
• Projected salary increases	3.50% to 14.25% annual rate
• Includes inflation at	3.00% annual rate

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS – Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.1%	5.00%
International Equity	24.8	5.20
Private Equity	7.0	8.20
Core and Global Fixed Income	26.1	1.85
Fixed Income Plus Sectors	5.0	4.80
Real Estate	5.0	5.30
Real Assets	7.0	5.70
Absolute Return	<u>4.0</u>	4.15
Total	<u>100.0%</u>	

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE L - PERA PENSION PLAN (continued)

Discount rate: The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the County's net pension liability in each PERA Fund Division that the Authority participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

PERA Fund Division Municipal General	1% Decrease	Current	1% Increase
	<u>(6.75%)</u>	<u>(7.75%)</u>	<u>(8.75%)</u>
The County's proportionate share of the net pension liability	<u>\$ 17,159,868</u>	<u>\$ 9,102,292</u>	<u>\$ 2,877,430</u>
PERA Fund Division Municipal Police	1% Decrease	Current	1% Increase
	<u>(6.75%)</u>	<u>(7.75%)</u>	<u>(8.75%)</u>
The County's proportionate share of the net pension liability	<u>\$ 8,923,955</u>	<u>\$ 4,679,574</u>	<u>\$ 1,510,352</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

NOTE M - POST EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN

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

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE M - POST EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (continued)

Act who retired prior to July 1, 1990; (3) former legislators who served at least two years; and (4) former governing authority members who served at least four years.

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

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

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

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. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statutes required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The County's contributions to the RHCA for the years June 30, 2015, 2014 and 2013 were \$344,541, \$336,946 and \$324,532, respectively which equal the required contributions for each year.

NOTE N - DEFERRED COMPENSATION PLAN

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

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE N - DEFERRED COMPENSATION PLAN (continued)

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 made any contributions to the Deferred Compensation Plan. All contributions withheld from participant's wages by the County have been paid to the New Mexico Employees' Retirement Association, which administers the plan.

NOTE O - CONTINGENT LIABILITIES

Grants and Agreements- Amounts received or receivable from grant agencies and others are subject to audit and adjustment, principally by the federal and state 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 and others cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

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 guaranty 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 amounts were charged against the letter of credit during fiscal year 2015.

Lea County contributed \$220,873 to EDC under the above described agreement for the fiscal year ended June 30, 2015.

NOTE P – CONDUIT DEBT

The County Issued Industrial Revenue Bonds (IRBs) totaling \$4,111,000,000 for projects as follows:

LES – the County issued \$4,000,000,000 in IRBs to provide funds to finance the acquisition, construction and installation of an expansion to the national enrichment facility project. Final maturity date of the bonds is January 22, 2034. The bonds are secured by a security agreement and a collateral pledge of the Lease to the Purchaser.

Intrepid Potash-New Mexico LLC – the County issued \$40,000,000 in IRBs to provide funds to finance the acquisition and construction of an industrial revenue bond manufacturing and processing facility to be used by Intrepid Potash-New Mexico. Final maturity date of the bonds is February 1, 2032. The bonds are secured by all tangible personal property located in Lea County, New Mexico used in connection with manufacturing and processing of potash including but not necessarily limited to all the costs of which are financed or reimbursed with the proceeds of the Lea County, New Mexico, Taxable Industrial Revenue Bond.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE P – CONDUIT DEBT (continued)

Wildcat Wind LLC - the County issued \$51,000,000 in IRBs in connection with a Wind Energy Generating Facility. Final maturity date of the bonds is March 1, 2032. The bonds are secured by all tangible personal property located in Lea County, New Mexico used in connection with wind generation of electricity but not necessarily limited to all personal property installed or located at the Project Site for use as part of the Project.

Jut Demonstration Inc – the County issued \$20,000,000 in IRBs to provide funds to finance the acquisition, construction and installation of an industrial development project. Final maturity date of the bonds is March 20, 2032. The bonds are secured by all the Debtor’s right, title and interest in and to the Project Property and the Lease and Purchase Agreement.

The County has no liability for the IRBs in the event of default by the borrowers. Accordingly, the bonds are not reported as liabilities in the County’s financial statements.

NOTE Q – OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

Deficit fund balance of individual funds – The following fund reflects a deficit fund balance as of June 30, 2015:

	Deficit Fund Balances
Other Grants	\$ 129,246
Total Deficit Fund Balance	\$ 129,246

The fund balance is deficit because expenditures were in excess of revenues and available cash and there were not sufficient transfers to cover the deficits. Future budget line items will be strictly monitored and reviewed to ensure funds operate within the approved budget.

Excess of expenditures over appropriations – There were no funds that had expenditures in excess of approved budgetary appropriations for the year ended June 30, 2015.

NOTE R - 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 was paid in full in FYE 2014.

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, 2015.

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

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE R - JOINT POWERS AGREEMENTS (continued)

Land Office. The purpose of the agreement is to allocate financial responsibility of the costs to be incurred in connection with cleanup. The County's responsibility is to contract with the Lea County Solid Waste Authority, as necessary, for the services of hauling trash and debris.

Costs involved in the project are to be allocated, with the County responsible for paying 25%. The County must also invoice the party responsible for the illegal disposal, Occidental/Permian Limited Partnership ("Oxy"), for another 25% of the disposal costs. Expenditures for the County are not to exceed \$15,000 without prior written consent of all parties involved. The agreement became effective November 17, 2003, and either party to the agreement can terminate participation by providing thirty days written notice.

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

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

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

On May 30, 2013, the County established a joint planning agreement with the Commissioner of Public Lands of the State of New Mexico to explore opportunities to jointly plan or master plan state trust lands within the County boundaries but outside of any extra zoning jurisdiction in the County. Planning objectives and prioritization of planning efforts will be identified by a joint planning committee appointed by the Commissioner and the County. The right to terminate this agreement resides with the County and the Commissioner.

NOTE S - MEMORANDUMS OF UNDERSTANDING

On June 16, 2014, the County entered into an agreement with the City of Hobbs. The purpose of this agreement is for the distribution of the 2014 Edward Byrne Memorial Justice Assistance Grant. The total grant award is \$20,525 and will be divided 60/40 with the City of Hobbs Police Department receiving \$12,315 and Lea County Sheriff's Department receiving \$8,210. The City of Hobbs is the fiscal agent.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE S – MEMORANDUMS OF UNDERSTANDING (continued)

On October 30, 2014, the County entered into an agreement with the Town of Tatum for funding of outdoor recreational facilities. The County will be responsible for providing up to \$100,000 for the project during fiscal year 2014/2015 and for providing technical assistance or input as requested by the Town of Tatum. The Town of Tatum will be responsible for the maintenance of the project during the construction of the project and following the completion of the project. This agreement is effective until June 30, 2015.

The right to terminate this agreement resides with Lea County or the Town of Tatum which may occur upon 30 days written notice to the other party.

On December 17, 2014, the County entered into an agreement with New Mexico Junior College (NMJC) for the Construction, Operation and Joint Use of an Indoor Equestrian Facility. New Mexico Junior College agrees to contribute \$3,000,000 to the County as partial funding for the cost to construct the Facility, to be deposited in the County's general fund under a capital development account established for the facility. The County shall provide all funding required in addition to the \$3,000,000 from NMJC to complete the design and construction for the Facility.

The right to terminate this agreement during the first five years will be only by the mutual written agreement of the parties.

On April 23, 2015, the County entered into an agreement with the City of Lovington for the construction of a walking path from Chaparral Park to the Lea County Courthouse. Both parties are in agreement to bring forward a plan on the construction for the walking path to be considered by the governing bodies of the County and the City.

The right to terminate this agreement resides with Lea County or the City of Lovington.

The County entered into an agreement with the City of Jal for the funding of a water well. The County will be responsible for providing \$100,000 for the project during fiscal year 2014/2015 and for providing technical assistance or input as requested by the City of Jal. The City of Jal will be responsible for the maintenance of the water well during the construction of the project and following the completion of the project.

The right to terminate this agreement resides with Lea County or the City of Jal upon a 30 day written notice of termination. Any funds remaining unspent shall be refunded to Lea County within 30 days of the termination date.

NOTE T – RESTATEMENT OF FUND BALANCE

During the year, the County implemented Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions (GASBS 68). As a result of the implementation, a net pension liability, deferred outflows and deferred inflows related to the County's share of the PERA Fund's defined benefit pension plan was recorded.

Beginning net position on the Statement of Activities changes as follows related to the restatement of capital assets and the implementation of GASBS 68 as follows:

Governmental activities:	<u>As previously reported</u>	<u>Restatement</u>	<u>As restated</u>
Total net position	\$ 209,974,751	\$ (18,139,824)	\$ 191,834,927

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE U – SUBSEQUENT PRONOUNCEMENTS

GASB Statement No. 72

Fair Value Measurement and Application

Effective Date: The provisions of Statement 72 are effective for financial statements for reporting beginning after June 15, 2015. Earlier application is encouraged. The Statement is expected to have no effect on the County in upcoming years.

NOTE V – SUBSEQUENT EVENTS

The entity has evaluated subsequent events through October 30, 2015, 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.

The accompanying notes are an integral part of these statements.

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.

Other Grants – To account for grants and grant expenditures that are subject to tracking requirements, and authorized by various grant agreements.

Lea County Airports – Reactivated to account for revenues and expenses related to the operation of the Lea County Airport as per 49 CFR Section 18 – Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.

State Fire Allotment - To account for the revenue and expenses of the Office of the County Fire Marshal established per Lea County Resolution 11-JUN026R and funded by the New Mexico State Fire Marshal's Office.

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.

Detention Facilities – To account for the revenues and expenditures related to the operation of the Lea County Detention Center. This fund is authorized by Resolution No. 14-JUL-030R.

Capital Projects - To account for the funds committed by the County Commission for capital improvement projects to benefit Lea County. This fund is authorized by Resolution No. 14-JUL-30R.

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

**Combining Balance Sheet
Non-major Special Revenue Funds
June 30, 2015**

**Statement B-1
Page 1 of 7**

	Farm and Range	Recreation	County Clerk	Maljamar Fire District	Knowles Fire District
ASSETS					
Cash and cash equivalents	\$ 93,538	\$ 91,027	\$ 227,705	\$ 69,862	\$ 15,400
Investments	-	-	-	-	-
Receivable from other governments	-	-	-	-	-
Other receivables	-	-	-	-	-
Total assets	\$ 93,538	\$ 91,027	\$ 227,705	\$ 69,862	\$ 15,400
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 15,931	\$ 488	\$ 164	\$ 182	\$ 482
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	15,931	488	164	182	482
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	77,607	-	227,541	69,680	14,918
Committed	-	90,539	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	77,607	90,539	227,541	69,680	14,918
Total liabilities and fund balances	\$ 93,538	\$ 91,027	\$ 227,705	\$ 69,862	\$ 15,400

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, 2015**

**Statement B-1
Page 2 of 7**

	Airport Fire District	Monument Fire District	DWI	House Bill 198 Grant	Correction Fees
ASSETS					
Cash and cash equivalents	\$ 39,513	\$ 33,048	\$ 411,335	\$ 9,044	\$ 722,168
Investments	-	-	-	-	-
Receivable from other governments	-	-	-	-	-
Other receivables	-	-	57,375	-	-
Total assets	\$ 39,513	\$ 33,048	\$ 468,710	\$ 9,044	\$ 722,168
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 4,217	\$ 903	\$ 3,762	\$ -	\$ 19,739
Due to other funds	-	-	-	-	-
Unearned revenue	-	5,573	-	-	-
Total liabilities	4,217	6,476	3,762	-	19,739
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	26,572	-	9,044	702,429
Committed	35,296	-	461,548	-	-
Assigned	-	-	3,400	-	-
Unassigned	-	-	-	-	-
Total fund balances	35,296	26,572	464,948	9,044	702,429
Total liabilities and fund balances	\$ 39,513	\$ 33,048	\$ 468,710	\$ 9,044	\$ 722,168

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, 2015**

**Statement B-1
Page 3 of 7**

	Paving District	Property Valuation	Hospital Records	Lea County Event Center	Lea County Event Center Stipulation
ASSETS					
Cash and cash equivalents	\$ 2,538	\$ 656,801	\$ -	\$ 1,443,125	\$ 265,576
Investments	-	-	-	-	-
Receivable from other governments	-	-	-	-	-
Other receivables	-	-	-	-	178
Total assets	\$ 2,538	\$ 656,801	\$ 10	\$ 1,443,125	\$ 355,754
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 2,568	\$ -	\$ -	\$ -
Due to other funds	-	-	-	90,000	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	2,568	-	90,000	-
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	654,233	-	1,353,125	355,754
Committed	2,538	-	10	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	2,538	654,233	10	1,353,125	355,754
Total liabilities and fund balances	\$ 2,538	\$ 656,801	\$ 10	\$ 1,443,125	\$ 355,754

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, 2015**

**Statement B-1
Page 4 of 7**

	Knowles EMS Grant	Law Enforcement Project	Maljamar EMS Grant	Fire Excise Tax	Monument EMS Grant
ASSETS					
Cash and cash equivalents	\$ 13,916	\$ 37,544	\$ 6,994	\$ 1,546,391	\$ 1,457
Investments	-	-	-	-	-
Receivable from other governments	-	-	-	-	-
Other receivables	-	-	-	-	-
Total assets	\$ 13,916	\$ 37,544	\$ 6,994	\$ 1,546,391	\$ 1,457
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	13,916	37,544	6,994	1,546,391	1,457
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	13,916	37,544	6,994	1,546,391	1,457
Total liabilities and fund balances	\$ 13,916	\$ 37,544	\$ 6,994	\$ 1,546,391	\$ 1,457

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, 2015**

**Statement B-1
Page 5 of 7**

	Jal CDBG Wastewater	Convenience Centers	Revolving Loan Fund	PRCA Steer Roping	High Intensity Drug Trafficking Areas
ASSETS					
Cash and cash equivalents	\$ 21,882	\$ 3,518,271	\$ 960	\$ 68,237	\$ 179,830
Investments	-	-	100,145	-	-
Receivable from other governments	-	339,899	-	-	-
Other receivables	-	-	-	-	172,564
Total assets	\$ 21,882	\$ 3,858,170	\$ 101,105	\$ 68,237	\$ 352,394
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 68,347	\$ -	\$ -	\$ 150,089
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	68,347	-	-	150,089
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	21,882	3,789,823	101,105	-	33,235
Committed	-	-	-	-	-
Assigned	-	-	-	68,237	169,070
Unassigned	-	-	-	-	-
Total fund balances	21,882	3,789,823	101,105	68,237	202,305
Total liabilities and fund balances	\$ 21,882	\$ 3,858,170	\$ 101,105	\$ 68,237	\$ 352,394

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, 2015**

**Statement B-1
Page 6 of 7**

	Magistrate Court Security	Lea County Airports	State Fire Allotment	Other Grants	Detention Facility
ASSETS					
Cash and cash equivalents	\$ 14,611	\$ 3,751,898	\$ 73,491	\$ 76,196	\$ 916,799
Investments	-	-	-	-	-
Receivable from other governments	-	-	-	-	178,815
Other receivables	-	171,498	-	54,903	17,545
Total assets	\$ 14,611	\$ 3,923,396	\$ 73,491	\$ 131,099	\$ 1,113,159
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 343,248	\$ 5,049	\$ 260,345	\$ 97,813
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	343,248	5,049	260,345	97,813
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	68,442	-	-
Committed	-	3,580,148	-	-	1,015,346
Assigned	14,611	-	-	8,878	-
Unassigned	-	-	-	(138,124)	-
Total fund balances	14,611	3,580,148	68,442	(129,246)	1,015,346
Total liabilities and fund balances	\$ 14,611	\$ 3,923,396	\$ 73,491	\$ 131,099	\$ 1,113,159

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, 2015**Statement B-1
Page 7 of 7

	Capital Projects	Total Non- Major Special Revenue Funds
ASSETS		
Cash and cash equivalents	\$ 4,342,050	\$ 18,651,207
Investments	-	100,145
Receivable from other governments	-	518,714
Other receivables	-	474,063
Total assets	\$ 4,342,050	\$ 19,834,139
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 73,076	\$ 1,046,403
Due to other funds		90,000
Unearned revenue	-	5,573
Total liabilities	73,076	1,141,976
Fund balances:		
Nonspendable	-	-
Restricted	-	9,111,692
Committed	4,268,974	9,454,399
Assigned	-	264,196
Unassigned	-	(138,124)
Total fund balances	4,268,974	18,692,163
Total liabilities and fund balances	\$ 4,342,050	\$ 19,834,139

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, 2015

Statement B-2
Page 1 of 7

	Farm and Range	Recreation	County Clerk	Maljamar Fire District	Knowles Fire District
REVENUES					
Property, sales, and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	108,845	-	-
Intergovernmental:					
Federal	12,311	-	-	-	-
State	-	-	-	78,159	49,324
Charges for services	-	-	-	-	-
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	12,311	-	108,845	78,159	49,324
EXPENDITURES					
Current:					
General government	-	-	96,141	25,242	43,524
Public safety	-	-	-	-	-
Culture and recreation	-	12,022	-	-	-
Airports	-	-	-	-	-
Farm and range	48,000	-	-	-	-
Capital outlay	-	-	-	35,078	-
Total expenditures	48,000	12,022	96,141	60,320	43,524
Excess (deficiency) of revenues over expenditures	(35,689)	(12,022)	12,704	17,839	5,800
OTHER FINANCING SOURCES (USES)					
Transfers in	101,000	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	101,000	-	-	-	-
Net change in fund balances	65,311	(12,022)	12,704	17,839	5,800
Fund balances - beginning of year	12,296	102,561	214,837	51,841	9,118
Fund balances - end of year	\$ 77,607	\$ 90,539	\$ 227,541	\$ 69,680	\$ 14,918

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, 2015

Statement B-2
Page 2 of 7

	Airport Fire District	Monument Fire District	DWI	House Bill 198 Grant	Correction Fees
REVENUES					
Property, sales, and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal	-	-	-	-	-
State	-	89,013	629,704	-	197,422
Charges for services	-	-	-	-	951
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	267,029	-	-
Total revenues	-	89,013	896,733	-	198,373
EXPENDITURES					
Current:					
General government	159,431	39,256	712,838	-	181,324
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Airports	-	-	-	-	-
Farm and range	-	-	-	-	-
Capital outlay	-	138,491	-	-	-
Total expenditures	159,431	177,747	712,838	-	181,324
Excess (deficiency) of revenues over expenditures	(159,431)	(88,734)	183,895	-	17,049
OTHER FINANCING SOURCES (USES)					
Transfers in	153,000	-	241,560	-	-
Transfers out	-	-	(182,718)	-	-
Total other financing sources (uses)	153,000	-	58,842	-	-
Net change in fund balances	(6,431)	(88,734)	242,737	-	17,049
Fund balances - beginning of year	41,727	115,306	222,211	9,044	685,380
Fund balances - end of year	\$ 35,296	\$ 26,572	\$ 464,948	\$ 9,044	\$ 702,429

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, 2015

Statement B-2
Page 3 of 7

	Paving District	Property Valuation	Hospital Records	Lea County Event Center	Lea County Event Center Stipulation
REVENUES					
Property, sales, and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal	-	-	-	-	-
State	-	-	-	-	-
Charges for services	-	321,543	-	-	-
Investment earnings	-	-	-	-	2,703
Miscellaneous	-	-	-	-	-
Total revenues	-	321,543	-	-	2,703
EXPENDITURES					
Current:					
General government	7,491	250,816	-	-	-
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Airports	-	-	-	-	-
Farm and range	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	7,491	250,816	-	-	-
Excess (deficiency) of revenues over expenditures	(7,491)	70,727	-	-	2,703
OTHER FINANCING SOURCES (USES)					
Transfers in	10,000	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	10,000	-	-	-	-
Net change in fund balances	2,509	70,727	-	-	2,703
Fund balances - beginning of year	29	583,506	10	1,353,125	353,051
Fund balances - end of year	\$ 2,538	\$ 654,233	\$ 10	\$ 1,353,125	\$ 355,754

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, 2015

Statement B-2
Page 4 of 7

	Knowles EMS Grant	Law Enforcement Project	Maljamar EMS Grant	Fire Excise Tax	Monument EMS Grant
REVENUES					
Property, sales, and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal	-	-	-	-	-
State	5,303	49,400	-	-	1,718
Charges for services	-	-	-	-	-
Investment earnings	-	-	-	1,361	-
Miscellaneous	-	-	-	-	-
Total revenues	5,303	49,400	-	1,361	1,718
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	295	16,209	-	-	708
Culture and recreation	-	-	-	-	-
Airports	-	-	-	-	-
Farm and range	-	-	-	-	-
Capital outlay	-	-	-	94,394	-
Total expenditures	295	16,209	-	94,394	708
Excess (deficiency) of revenues over expenditures	5,008	33,191	-	(93,033)	1,010
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	5,008	33,191	-	(93,033)	1,010
Fund balances - beginning of year	8,908	4,353	6,994	1,639,424	447
Fund balances - end of year	\$ 13,916	\$ 37,544	\$ 6,994	\$ 1,546,391	\$ 1,457

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, 2015

Statement B-2
Page 5 of 7

	Jal CDBG Wastewater	Convenience Centers	Revolving Loan Fund	PRCA Steer Roping	High Intensity Drug Trafficking Areas
REVENUES					
Property, sales, and miscellaneous taxes	\$ -	\$ 2,379,218	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal	-	-	-	-	1,473,322
State	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment earnings	-	-	-	-	117
Miscellaneous	-	-	-	-	164,978
Total revenues	-	2,379,218	-	-	1,638,417
EXPENDITURES					
Current:					
General government	-	1,298,809	-	-	1,466,766
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Airports	-	-	-	-	-
Farm and range	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	-	1,298,809	-	-	1,466,766
Excess (deficiency) of revenues over expenditures	-	1,080,409	-	-	171,651
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	115,000
Transfers out	-	-	-	-	(97,800)
Total other financing sources (uses)	-	-	-	-	17,200
Net change in fund balances	-	1,080,409	-	-	188,851
Fund balances - beginning of year	21,882	2,709,414	101,105	68,237	13,454
Fund balances - end of year	\$ 21,882	\$ 3,789,823	\$ 101,105	\$ 68,237	\$ 202,305

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, 2015

Statement B-2
Page 6 of 7

	Magistrate Court Security	Lea County Airports	State Fire Allotment	Other Grants	Detention Facility
REVENUES					
Property, sales, and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal	-	-	-	-	-
State	-	412,940	49,324	280,905	-
Charges for services	-	199,481	-	-	2,786,055
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	-	612,421	49,324	280,905	2,786,055
EXPENDITURES					
Current:					
General government	15,389	-	49,400	318,848	7,695,473
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Airports	-	603,246	-	-	-
Farm and range	-	-	-	-	-
Capital outlay	-	1,068,904	-	271,839	44,236
Total expenditures	15,389	1,672,150	49,400	590,687	7,739,709
Excess (deficiency) of revenues over expenditures	(15,389)	(1,059,729)	(76)	(309,782)	(4,953,654)
OTHER FINANCING SOURCES (USES)					
Transfers in	30,000	2,464,000	-	10,000	5,969,000
Transfers out	-	(50,000)	-	-	-
Total other financing sources (uses)	30,000	2,414,000	-	10,000	5,969,000
Net change in fund balances	14,611	1,354,271	(76)	(299,782)	1,015,346
Fund balances - beginning of year	-	2,225,877	68,518	170,536	-
Fund balances - end of year	\$ 14,611	\$ 3,580,148	\$ 68,442	\$ (129,246)	\$ 1,015,346

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, 2015

Statement B-2
Page 7 of 7

	<u>Capital Projects</u>	<u>Total Non-Major Special Revenue Funds</u>
REVENUES		
Property, sales, and miscellaneous taxes	\$ -	\$ 2,379,218
Licenses and permits	-	108,845
Intergovernmental:		
Federal	-	1,485,633
State	-	1,843,212
Charges for services	-	3,308,030
Investment earnings	-	4,181
Miscellaneous	-	432,007
Total revenues	-	9,561,126
EXPENDITURES		
Current:		
General government	-	12,360,748
Public safety	-	17,212
Culture and recreation	-	12,022
Airports	-	603,246
Farm and range	-	48,000
Capital outlay	1,951,026	3,603,968
Total expenditures	1,951,026	16,645,196
Excess (deficiency) of revenues over expenditures	(1,951,026)	(7,084,070)
OTHER FINANCING SOURCES (USES)		
Transfers in	6,220,000	15,313,560
Transfers out	-	(330,518)
Total other financing sources (uses)	6,220,000	14,983,042
Net change in fund balances	4,268,974	7,898,972
Fund balances - beginning of year	-	10,793,191
Fund balances - end of year	\$ 4,268,974	\$ 18,692,163

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, 2015**

Statement B-3

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 10,000	\$ 10,000	\$ 12,311	\$ 2,311
Total revenues	\$ 10,000	\$ 10,000	\$ 12,311	\$ 2,311
EXPENDITURES				
Current:				
Farm and Range	\$ 116,000	\$ 116,000	\$ 32,069	\$ 83,931
Total expenditures	\$ 116,000	\$ 116,000	\$ 32,069	\$ 83,931
Excess (deficiency) of revenues over expenditures	(106,000)	(106,000)	(19,758)	86,242
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 101,000	\$ 101,000	\$ 101,000	\$ -
Total other financing sources and (uses)	\$ 101,000	\$ 101,000	\$ 101,000	\$ -
Prior year cash balance	12,296	12,296	-	
Net change in fund balances	\$ 7,296	\$ 7,296	81,242	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			(15,931)	
Net change in fund balance			\$ 65,311	

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, 2015**

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	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
Culture and recreation	\$ 27,000	\$ 27,000	\$ 12,344	\$ 14,656
Capital Outlay	-	-	-	-
Total expenditures	\$ 27,000	\$ 27,000	\$ 12,344	\$ 14,656
Excess (deficiency) of revenues over expenditures	(27,000)	(27,000)	(12,344)	14,656
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Total other financing sources and (uses)	\$ -	\$ -	\$ -	\$ -
Prior year cash balance	103,371	103,371	-	
Net change in fund balances	\$ 76,371	\$ 76,371	(12,344)	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			322	
Net change in fund balance			\$ (12,022)	

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, 2015**

Statement B-5

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Licenses and permits	\$ 80,000	\$ 80,000	\$ 108,845	\$ 28,845
Total revenues	\$ 80,000	\$ 80,000	\$ 108,845	\$ 28,845
EXPENDITURES				
Current:				
General government	\$ 123,600	\$ 123,600	\$ 96,519	\$ 27,081
Capital Outlay	-	-	-	-
Total expenditures	\$ 123,600	\$ 123,600	\$ 96,519	\$ 27,081
Excess (deficiency) of revenues over expenditures	(43,600)	(43,600)	12,326	55,926
Prior year cash balance	215,379	215,379	-	
Net change in fund balances	\$ 171,779	\$ 171,779	12,326	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			378	
Net change in fund balance			\$ 12,704	

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, 2015**

Statement B-6

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 85,368	\$ 85,368	\$ 78,159	\$ (7,209)
Total revenues	\$ 85,368	\$ 85,368	\$ 78,159	\$ (7,209)
EXPENDITURES				
Current:				
General government	\$ 50,000	\$ 50,000	\$ 25,222	\$ 24,778
Capital Outlay	-	36,044	35,078	966
Total expenditures	\$ 50,000	\$ 86,044	\$ 60,300	\$ 25,744
Excess (deficiency) of revenues over expenditures	35,368	(676)	17,859	18,535
Prior year cash balance	52,003	52,003	-	
Net change in fund balances	\$ 87,371	\$ 51,327	17,859	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			(20)	
Net change in fund balance			\$ 17,839	

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, 2015**

Statement B-7

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 49,324	\$ 49,324	\$ 49,324	\$ -
Total revenues	\$ 49,324	\$ 49,324	\$ 49,324	\$ -
EXPENDITURES				
Current:				
General government	\$ 50,000	\$ 50,000	\$ 43,494	\$ 6,506
Total expenditures	\$ 50,000	\$ 50,000	\$ 43,494	\$ 6,506
Excess (deficiency) of revenues over expenditures	(676)	(676)	5,830	6,506
Prior year cash balance	9,569	9,569	-	
Net change in fund balances	\$ 8,893	\$ 8,893	5,830	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			(30)	
Net change in fund balance			\$ 5,800	

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
Airport Fire District
For the Year Ended June 30, 2015**

Statement B-8

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
General government	\$ 192,106	\$ 192,106	\$ 158,089	\$ 34,017
Total expenditures	\$ 192,106	\$ 192,106	\$ 158,089	\$ 34,017
Excess (deficiency) of revenues over expenditures	(192,106)	(192,106)	(158,089)	34,017
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 153,000	\$ 153,000	\$ 153,000	\$ -
Total other financing sources and (uses)	\$ 153,000	\$ 153,000	\$ 153,000	\$ -
Prior year cash balance	44,601	44,601	-	
Net change in fund balances	\$ 5,495	\$ 5,495	(5,089)	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			(1,342)	
Net change in fund balance			\$ (6,431)	

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, 2015****Statement B-9**

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 105,902	\$ 105,902	\$ 94,586	\$ (11,316)
Miscellaneous	-	-	-	-
Total revenues	\$ 105,902	\$ 105,902	\$ 94,586	\$ (11,316)
EXPENDITURES				
Current:				
General government	\$ 136,300	\$ 50,000	\$ 39,972	\$ 10,028
Capital Outlay	-	142,878	138,491	4,387
Total expenditures	\$ 136,300	\$ 192,878	\$ 178,463	\$ 14,415
Excess (deficiency) of revenues over expenditures	(30,398)	(86,976)	(83,877)	3,099
Prior year cash balance	116,924	116,924	-	
Net change in fund balances	\$ 86,526	\$ 29,948	(83,877)	
RECONCILIATION TO GAAP BASIS:				
Change in unearned revenue			(5,573)	
Change in accounts payable			716	
Net change in fund balance			\$ (88,734)	

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, 2015**

Statement B-10

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 648,710	\$ 648,710	\$ 577,682	\$ (71,028)
Miscellaneous	131,700	131,700	261,676	129,976
Total revenues	\$ 780,410	\$ 780,410	\$ 839,358	\$ 58,948
EXPENDITURES				
Current:				
General government	\$ 774,297	\$ 907,368	\$ 719,271	\$ 188,097
Capital outlay	-	-	-	-
Total expenditures	\$ 774,297	\$ 907,368	\$ 719,271	\$ 188,097
Excess (deficiency) of revenues over expenditures	6,113	(126,958)	120,087	\$ 247,045
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 241,560	\$ 241,560	\$ 241,560	\$ -
Transfers out	(182,718)	(182,718)	(182,718)	-
Total other financing sources and (uses)	\$ 58,842	\$ 58,842	\$ 58,842	\$ -
Prior year cash balance	232,406	232,406	-	
Net change in fund balances	\$ 297,361	\$ 164,290	178,929	
RECONCILIATION TO GAAP BASIS:				
Change in accounts receivable			57,375	
Change in accounts payable			6,433	
Net change in fund balance			\$ 242,737	

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, 2015**

Statement B-11

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
General government	\$ -	\$ -	\$ -	\$ -
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, 2015**

Statement B-12

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 145,000	\$ 145,000	\$ 197,422	\$ 52,422
Charges for services	-	-	951	951
Total revenues	\$ 145,000	\$ 145,000	\$ 198,373	\$ 53,373
EXPENDITURES				
Current:				
General government	\$ 162,300	\$ 172,300	\$ 168,411	\$ 3,889
Capital Outlay	-	-	-	-
Total expenditures	\$ 162,300	\$ 172,300	\$ 168,411	\$ 3,889
Excess (deficiency) of revenues over expenditures	(17,300)	(27,300)	29,962	57,262
Prior year cash balance	692,206	692,206	-	
Net change in fund balances	\$ 674,906	\$ 664,906	29,962	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			(12,913)	
Net change in fund balance			\$ 17,049	

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, 2015**

Statement B-13

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-
Miscellaneous	135,000	135,000	-	(135,000)
Total revenues	\$ 135,000	\$ 135,000	\$ -	\$ (135,000)
EXPENDITURES				
Current:				
General government	\$ 135,000	\$ 135,000	\$ 15,746	\$ 119,254
Total expenditures	\$ 135,000	\$ 135,000	\$ 15,746	\$ 119,254
Excess (deficiency) of revenues over expenditures	-	-	(15,746)	(15,746)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Total other financing sources and (uses)	10,000	10,000	10,000	-
Prior year cash balance	8,284	8,284	-	
Net change in fund balances	\$ 18,284	\$ 18,284	(5,746)	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			8,255	
Net change in fund balance			\$ 2,509	

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, 2015**

Statement B-14

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Charges for services	\$ 240,000	\$ 240,000	\$ 321,543	\$ 81,543
Total revenues	\$ 240,000	\$ 240,000	\$ 321,543	\$ 81,543
EXPENDITURES				
Current:				
General government	\$ 445,025	\$ 445,025	\$ 254,387	\$ 190,638
Capital Outlay	-	-	-	-
Total expenditures	\$ 445,025	\$ 445,025	\$ 254,387	\$ 190,638
Excess (deficiency) of revenues over expenditures	(205,025)	(205,025)	67,156	272,181
Prior year cash balance	589,644	589,644	-	
Net change in fund balances	\$ 384,619	\$ 384,619	67,156	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			3,571	
Net change in fund balance			\$ 70,727	

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, 2015**

Statement B-15

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Investment earnings	\$ -	\$ -	\$ 2,525	\$ 2,525
Total revenues	\$ -	\$ -	\$ 2,525	\$ 2,525
EXPENDITURES				
Current:				
General government	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over expenditures	-	-	2,525	2,525
Prior year cash balance	263,051	263,051	-	
Net change in fund balances	\$ 263,051	\$ 263,051	2,525	
RECONCILIATION TO GAAP BASIS:				
Change in accounts receivable			178	
Net change in fund balance			\$ 2,703	

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, 2015**

Statement B-16

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 5,025	\$ 5,025	\$ 5,303	\$ 278
Total revenues	\$ 5,025	\$ 5,025	\$ 5,303	\$ 278
EXPENDITURES				
Current:				
Public safety	\$ 5,025	\$ 5,025	\$ 295	\$ 4,730
Total expenditures	\$ 5,025	\$ 5,025	\$ 295	\$ 4,730
Excess (deficiency) of revenues over expenditures	-	-	5,008	5,008
Prior year cash balance	8,908	8,908	-	
Net change in fund balances	\$ 8,908	\$ 8,908	5,008	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ 5,008	

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, 2015**

Statement B-17

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 48,800	\$ 48,800	\$ 49,400	\$ 600
Total revenues	\$ 48,800	\$ 48,800	\$ 49,400	\$ 600
EXPENDITURES				
Current:				
Public safety	\$ 53,000	\$ 53,153	\$ 16,209	\$ 36,944
Total expenditures	\$ 53,000	\$ 53,153	\$ 16,209	\$ 36,944
Excess (deficiency) of revenues over expenditures	(4,200)	(4,353)	33,191	37,544
Prior year cash balance	4,353	4,353	-	
Net change in fund balances	\$ 153	\$ -	33,191	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ 33,191	

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, 2015**

Statement B-18

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
Public safety	\$ 2,000	\$ 2,000	\$ -	\$ 2,000
Total expenditures	\$ 2,000	\$ 2,000	\$ -	\$ 2,000
Excess (deficiency) of revenues over expenditures	(2,000)	(2,000)	-	2,000
Prior year cash balance	6,994	6,994	-	
Net change in fund balances	\$ 4,994	\$ 4,994	-	
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
Fire Excise Tax
For the Year Ended June 30, 2015**

Statement B-19

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Investment earnings	\$ -	\$ -	\$ 1,361	\$ 1,361
Total revenues	\$ -	\$ -	\$ 1,361	\$ 1,361
EXPENDITURES				
Current:				
General government	\$ 3,000	\$ 3,000	\$ -	\$ 3,000
Capital outlay	535,000	535,000	94,394	440,606
Total expenditures	\$ 538,000	\$ 538,000	\$ 94,394	\$ 443,606
Excess (deficiency) of revenues over expenditures	(538,000)	(538,000)	(93,033)	444,967
Prior year cash balance	1,639,424	1,639,424	-	
Net change in fund balances	\$ 1,101,424	\$ 1,101,424	(93,033)	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ (93,033)	

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, 2015**

Statement B-20

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 5,000	\$ 5,000	\$ 1,718	\$ (3,282)
Miscellaneous	-	-	-	-
Total revenues	5,000	5,000	1,718	(3,282)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	5,000	5,000	708	4,292
Total expenditures	5,000	5,000	708	4,292
Excess (deficiency) of revenues over expenditures	-	-	1,010	1,010
Prior year cash balance	447	447	-	
Net change in fund balances	\$ 447	\$ 447	1,010	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ 1,010	

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, 2015****Statement B-21**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Current:				
General government	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Prior year cash balance	21,882	21,882	-	
Net change in fund balances	<u>\$ 21,882</u>	<u>\$ 21,882</u>	<u>-</u>	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			<u>\$ -</u>	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Convenience Centers
For the Year Ended June 30, 2015**

Statement B-22

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Sales and miscellaneous taxes	\$ 1,310,000	\$ 1,310,000	\$ 2,338,233	\$ 1,028,233
Total revenues	\$ 1,310,000	\$ 1,310,000	\$ 2,338,233	\$ 1,028,233
EXPENDITURES				
Current:				
General government	\$ 1,464,506	\$ 1,474,506	\$ 1,305,634	\$ 168,872
Capital Outlay	570,000	570,000	-	570,000
Total expenditures	\$ 2,034,506	\$ 2,044,506	\$ 1,305,634	\$ 738,872
Excess (deficiency) of revenues over expenditures	(724,506)	(734,506)	1,032,599	1,767,105
Prior year cash balance	2,485,672	2,485,672	-	
Net change in fund balances	\$ 1,761,166	\$ 1,751,166	1,032,599	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			6,825	
Change in other receivables			40,985	
Net change in fund balance			\$ 1,080,409	

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, 2015**

Statement B-23

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
General government	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over expenditures	-	-	-	-
Prior year cash balance	960	960	-	
Net change in fund balances	\$ 960	\$ 960	-	
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, 2015**

Statement B-24

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
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, 2015

Statement B-25

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 464,061	\$ 464,061	\$ 226,002	\$ (238,059)
Miscellaneous	-	-	-	-
Total revenues	\$ 464,061	\$ 464,061	\$ 226,002	\$ (238,059)
EXPENDITURES				
Current:				
General government	\$ 503,289	\$ 547,499	\$ 302,074	\$ 245,425
Capital Outlay	-	61,454	61,383	71
Total expenditures	\$ 503,289	\$ 608,953	\$ 363,457	\$ 245,496
Excess (deficiency) of revenues over expenditures	(39,228)	(144,892)	(137,455)	7,437
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Total other financing sources and (uses)	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Prior year cash balance	203,318	203,318	-	
Net change in fund balances	\$ 174,090	\$ 68,426	\$ (127,455)	
RECONCILIATION TO GAAP BASIS:				
Change in accounts receivables			54,903	
Change in accounts payable			(227,230)	
Net change in fund balance			\$ (299,782)	

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, 2015

Statement B-26

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 1,490,340	\$ 1,490,340	\$ 1,395,964	\$ (94,376)
Investment earnings	-	-	117	117
Miscellaneous	163,928	163,928	164,978	1,050
Total revenues	\$ 1,654,268	\$ 1,654,268	\$ 1,561,059	\$ (93,209)
EXPENDITURES				
Current:				
General government	\$ 1,257,661	\$ 1,633,946	\$ 1,510,379	\$ 123,567
Total expenditures	\$ 1,257,661	\$ 1,633,946	\$ 1,510,379	\$ 123,567
Excess (deficiency) of revenues over expenditures	396,607	20,322	50,680	30,358
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 115,000	\$ 115,000	\$ 115,000	\$ -
Transfers out	(97,800)	(97,800)	(97,800)	-
Total other financing sources and (uses)	\$ 17,200	\$ 17,200	\$ 17,200	\$ -
Prior year cash balance	111,951	111,951	-	
Net change in fund balances	\$ 525,758	\$ 149,473	67,880	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			43,614	
Decrease in other receivables			77,357	
Net change in fund balance			\$ 188,851	

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
Magistrate Court Security
For the Year Ended June 30, 2015**

Statement B-27

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 15,000	\$ 15,000	\$ -	\$ (15,000)
Total revenues	\$ 15,000	\$ 15,000	\$ -	\$ (15,000)
EXPENDITURES				
Current:				
General government	\$ -	\$ 30,000	\$ 15,389	\$ 14,611
Total expenditures	\$ -	\$ 30,000	\$ 15,389	\$ 14,611
Excess (deficiency) of revenues over expenditures	15,000	(15,000)	(15,389)	(389)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
Transfers out	-	-	-	-
Total other financing sources and (uses)	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
Prior year cash balance	-	-	-	-
Net change in fund balances	\$ 45,000	\$ 15,000	14,611	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ 14,611	

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 Airports For the Year Ended June 30, 2015

Statement B-28

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 4,108,210	\$ 4,108,210	\$ 241,442	\$ (3,866,768)
Charges for services	2,357,455	2,357,455	199,481	(2,157,974)
Miscellaneous	-	-	-	-
Total revenues	\$ 6,465,665	\$ 6,465,665	\$ 440,923	\$ (6,024,742)
EXPENDITURES				
Current:				
General government	\$ 1,171,286	\$ 1,014,286	\$ 613,280	\$ 401,006
Capital Outlay	9,023,800	10,166,800	816,804	9,349,996
Total expenditures	\$ 10,195,086	\$ 11,181,086	\$ 1,430,084	\$ 9,751,002
Excess (deficiency) of revenues over expenditures	(3,729,421)	(4,715,421)	(989,161)	3,726,260
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,464,000	\$ 2,464,000	\$ 2,464,000	\$ -
Transfers out	(50,000)	(50,000)	(50,000)	-
Total other financing sources and (uses)	\$ 2,414,000	\$ 2,414,000	\$ 2,414,000	\$ -
Prior year cash balance	2,929,800	2,929,800	-	
Net change in fund balances	\$ 1,614,379	\$ 628,379	1,424,839	
RECONCILIATION TO GAAP BASIS:				
Increase in deferred revenue			-	
Change in accounts receivable			171,498	
Change in accounts payable			(242,066)	
Net change in fund balance			\$ 1,354,271	

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
State Fire Allotment
For the Year Ended June 30, 2015**

Statement B-29

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 49,324	\$ 49,324	\$ 49,324	\$ -
Total revenues	\$ 49,324	\$ 49,324	\$ 49,324	\$ -
EXPENDITURES				
Current:				
General government	\$ 50,900	\$ 50,900	\$ 44,653	\$ 6,247
Total expenditures	\$ 50,900	\$ 50,900	\$ 44,653	\$ 6,247
Excess (deficiency) of revenues over expenditures	(1,576)	(1,576)	4,671	6,247
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Total other financing sources and (uses)	\$ -	\$ -	\$ -	\$ -
Prior year cash balance	68,820	68,820	-	
Net change in fund balances	\$ 67,244	\$ 67,244	4,671	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			(4,747)	
Net change in fund balance			\$ (76)	

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
For the Year Ended June 30, 2015**

Statement B-30

	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

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget (non-GAAP Budgetary Basis) and Actual Detention Facility For the Year Ended June 30, 2015

Statement B-31

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Charges for services	\$ 2,323,000	\$ 2,323,000	\$ 2,589,695	\$ 266,695
Total revenues	\$ 2,323,000	\$ 2,323,000	\$ 2,589,695	\$ 266,695
EXPENDITURES				
Current:				
General government	\$ 8,241,056	\$ 8,246,056	\$ 7,597,658	\$ 648,398
Capital Outlay	45,000	45,000	44,236	764
Total expenditures	\$ 8,286,056	\$ 8,291,056	\$ 7,641,894	\$ 649,162
Excess (deficiency) of revenues over expenditures	(5,963,056)	(5,968,056)	(5,052,199)	915,857
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 5,969,000	\$ 5,969,000	\$ 5,969,000	\$ -
Transfers out	-	-	-	-
Total other financing sources and (uses)	\$ 5,969,000	\$ 5,969,000	\$ 5,969,000	\$ -
Prior year cash balance	-	-	-	-
Net change in fund balances	\$ 5,944	\$ 944	916,801	
RECONCILIATION TO GAAP BASIS:				
Change in accounts receivable			196,360	
Change in accounts payable			(97,815)	
Net change in fund balance			\$ 1,015,346	

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
Capital Projects
For the Year Ended June 30, 2015**

Statement B-32

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
General government	\$ -	\$ -	\$ -	\$ -
Capital Outlay	49,431,250	50,651,250	1,877,950	48,773,300
Total expenditures	\$ 49,431,250	\$ 50,651,250	\$ 1,877,950	\$ 48,773,300
Excess (deficiency) of revenues over expenditures	(49,431,250)	(50,651,250)	(1,877,950)	48,773,300
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 50,157,000	\$ 50,157,000	\$ 6,220,000	\$ 43,937,000
Transfers out	-	-	-	-
Total other financing sources and (uses)	\$ 50,157,000	\$ 50,157,000	\$ 6,220,000	\$ 43,937,000
Prior year cash balance	-	-	-	-
Net change in fund balances	\$ 725,750	\$ (494,250)	4,342,050	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			(73,076)	
Net change in fund balance			\$ 4,268,974	

The accompanying notes are an integral part of these statements.

DEBT SERVICE FUNDS

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

**Balance Sheet
Gross Receipt Debt Service
June 30, 2015**

Statement C-1

	Gross Receipts Debt Service
ASSETS	
Cash and cash equivalents	\$ 7,048,755
Receivable from other governments	<u>1,029,612</u>
Total assets	<u>\$ 8,078,367</u>
 LIABILITIES AND FUND BALANCES	
Liabilities:	<u>\$ -</u>
Total liabilities	<u>-</u>
 Fund balances:	
Restricted	<u>8,078,367</u>
Total fund balances	<u>8,078,367</u>
 Total liabilities and fund balances	<u>\$ 8,078,367</u>

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Statement of Revenues, Expenditures and Changes in Fund Balances Gross Receipts Debt Service For the Year Ended June 30, 2015

Statement C-2

	<u>Gross Receipts Debt Service</u>
REVENUES	
Property, sales and miscellaneous taxes	\$ 7,306,130
Investment earnings	836
Total revenues	<u>7,306,966</u>
EXPENDITURES	
Current:	
Principal	695,000
Interest and other charges	181,498
Total expenditures	<u>876,498</u>
Excess (deficiency) of revenues over expenditures	<u>6,430,468</u>
OTHER FINANCING SOURCES (USES)	
Transfers out	<u>(1,200,000)</u>
Total other financing sources (uses)	<u>(1,200,000)</u>
Net change in fund balances	5,230,468
Fund balances - beginning of year	<u>2,847,899</u>
Fund balances - end of year	<u>\$ 8,078,367</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
Gross Receipts Debt Service
For the Year Ended June 30, 2015**

Statement C-3

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Sales and miscellaneous taxes	\$ 6,102,000	\$ 6,102,000	\$ 7,348,870	\$ 1,246,870
Investment earnings	-	-	836	836
Total revenues	\$ 6,102,000	\$ 6,102,000	\$ 7,349,706	\$ 1,247,706
EXPENDITURES				
Current:				
Principal	\$ 695,000	\$ 695,000	\$ 695,000	\$ -
Interest and other charges	174,143	184,143	181,498	2,645
Total expenditures	\$ 869,143	\$ 879,143	\$ 876,498	\$ 2,645
Excess (deficiency) of revenues over expenditures	5,232,857	5,222,857	6,473,208	1,250,351
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(5,950,000)	(5,950,000)	(1,200,000)	(4,750,000)
Total other financing sources and (uses)	(5,950,000)	(5,950,000)	(1,200,000)	(4,750,000)
Prior year cash balance	1,775,548	1,775,548	-	
Net change in fund balances	\$ 1,058,405	\$ 1,048,405	5,273,208	
RECONCILIATION TO GAAP BASIS:				
Change in taxes receivable (excluding property tax)			(42,740)	
Net change in fund balance			\$ 5,230,468	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

PROPRIETARY FUND

Water Service Fund – To account for fees for services provided and expenses related to the operation of the water line.

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

LEA COUNTY
 Schedule of Revenues, Expenditures and Changes in Fund Net Position
 Budget (non-GAAP Budgetary Basis) and Actual
 Water Service Fund
 For the Year Ended June 30, 2014

Statement D-1

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
OPERATING REVENUES				
Charges for services	\$ 4,600	\$ 4,600	\$ 4,501	\$ (99)
Total operating revenues	\$ 4,600	\$ 4,600	\$ 4,501	\$ (99)
OPERATING EXPENSES				
Operating expenses	\$ 442,358	\$ 442,958	\$ 331,372	\$ 111,586
Total operating expenses	\$ 442,358	\$ 442,958	\$ 331,372	\$ 111,586
Operating income (loss)	(437,758)	(438,358)	(326,871)	111,487
NONOPERATING REVENUES (EXPENSES):				
Capital outlay	\$ (1,676,000)	\$ (1,676,000)	\$ (19,460)	\$ 1,656,540
Total nonoperating revenues (expenses)	\$ (1,676,000)	\$ (1,676,000)	\$ (19,460)	\$ 1,656,540
Income (loss) before contributions and transfers	(2,113,758)	(2,114,358)	(346,331)	1,768,027
Transfers in	\$ 2,116,000	\$ 2,116,000	\$ 2,116,000	\$ -
Transfers out	-	-	-	-
Change in net position	\$ 2,242	\$ 1,642	1,769,669	\$ 1,768,027

RECONCILIATION TO GAAP BASIS:

Change in accounts payable related to operations	313,599
Capital asset additions	19,460
Net change in fund balance	\$ 2,102,728

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

FIDUCIARY FUNDS

Agency Funds

County Treasurer's Office Suspense Fund – To account for protested tax assessments pursuant to Section 7-1-24 NMSA 1978.

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.

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.

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.

Eddy-Lea Energy Alliance, LLC – 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 Alliance.

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Agency Funds - Combining Statement of Changes in Assets and Liabilities For the Year Ended June 30, 2015

Statement E-1
Page 1 of 4

	June 30, 2014	Additions	Deletions	June 30, 2015
COUNTY TREASURER'S OFFICE				
SUSPENSE FUND				
Assets				
Cash	\$ 7,506,435	\$ 2,374,406	\$ -	\$ 9,880,841
Total assets	\$ 7,506,435	\$ 2,374,406	\$ -	\$ 9,880,841
Liabilities				
Deposits held in trust for others	\$ 7,506,435	\$ 2,374,406	\$ -	\$ 9,880,841
Total liabilities	\$ 7,506,435	\$ 2,374,406	\$ -	\$ 9,880,841
COUNTY TREASURER'S OFFICE				
Assets				
Cash	\$ 2,764,938	\$ 96,129,281	\$ 97,030,641	\$ 1,863,578
Taxes receivable	896,718	42,579,344	42,348,599	1,127,463
Total assets	\$ 3,661,656	\$ 138,708,625	\$ 139,379,240	\$ 2,991,041
Liabilities				
Taxes paid in advance	\$ 17,423	\$ 968,171	\$ 908,557	\$ 77,037
Deposits held in trust for others	2,747,515	95,161,110	96,122,084	1,786,541
Due to other taxing units/governments	896,718	42,579,344	42,348,599	1,127,463
Total liabilities	\$ 3,661,656	\$ 138,708,625	\$ 139,379,240	\$ 2,991,041
COUNTY CLERK'S OFFICE				
Assets				
Cash	\$ 47,463	\$ 766,345	\$ 762,288	\$ 51,520
Total assets	\$ 47,463	\$ 766,345	\$ 762,288	\$ 51,520
Liabilities				
Deposits held in trust for others	\$ 47,463	\$ 766,345	\$ 762,288	\$ 51,520
Total liabilities	\$ 47,463	\$ 766,345	\$ 762,288	\$ 51,520

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICOAgency Funds - Combining Statement of Changes in Assets and Liabilities (continued)
For the Year Ended June 30, 2015Statement E-1
Page 2 of 4

	June 30, 2014	Additions	Deletions	June 30, 2015
COUNTY PROBATE JUDGE'S OFFICE				
Assets				
Cash	\$ 660	\$ 4,620	\$ 4,800	\$ 480
Total assets	\$ 660	\$ 4,620	\$ 4,800	\$ 480
Liabilities				
Deposits held in trust for others	\$ 660	\$ 4,620	\$ 4,800	\$ 480
Total liabilities	\$ 660	\$ 4,620	\$ 4,800	\$ 480
DETENTION INMATE TRUST				
Assets				
Cash	\$ 27,030	\$ 729,003	\$ 730,907	\$ 25,126
Total assets	\$ 27,030	\$ 729,003	\$ 730,907	\$ 25,126
Liabilities				
Deposits held in trust for others	\$ 27,030	\$ 729,003	\$ 730,907	\$ 25,126
Total liabilities	\$ 27,030	\$ 729,003	\$ 730,907	\$ 25,126
LEA COUNTY SOLID WASTE AUTHORITY				
Assets				
Cash	\$ 4,210,318	\$ 4,065,736	\$ 2,107,773	\$ 6,168,281
Due from other governments	12,739	15,894	12,739	15,894
Total assets	\$ 4,223,057	\$ 4,081,630	\$ 2,120,512	\$ 6,184,175
Liabilities				
Deposits held in trust for others	\$ 4,223,057	\$ 4,081,630	\$ 2,120,512	\$ 6,184,175
Total liabilities	\$ 4,223,057	\$ 4,081,630	\$ 2,120,512	\$ 6,184,175

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICOAgency Funds - Combining Statement of Changes in Assets and Liabilities (continued)
For the Year Ended June 30, 2015Statement E-1
Page 3 of 4

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>
LEA COUNTY WATER USERS ASSOCIATION				
Assets				
Cash	\$ 31,400	\$ 2,303	\$ 4,732	\$ 28,971
Due from other governments	77,220	-	196	77,024
Total assets	\$ 108,620	\$ 2,303	\$ 4,928	\$ 105,995
Liabilities				
Due to others	\$ 19,771	\$ -	\$ -	\$ 19,771
Deposits held in trust for others	88,849	2,303	4,928	86,224
Total liabilities	\$ 108,620	\$ 2,303	\$ 4,928	\$ 105,995
LEA COUNTY COMMUNICATIONS AUTHORITY				
Assets				
Cash	\$ 856	\$ 5,824,163	\$ 5,824,980	\$ 39
Total assets	\$ 856	\$ 5,824,163	\$ 5,824,980	\$ 39
Liabilities				
Deposits held in trust for others	\$ 856	\$ 5,824,163	\$ 5,824,980	\$ 39
Total liabilities	\$ 856	\$ 5,824,163	\$ 5,824,980	\$ 39
DETENTION BOND ACCOUNT				
Assets				
Cash	\$ 1,383	\$ 312,325	\$ 306,221	\$ 7,487
Total assets	\$ 1,383	\$ 312,325	\$ 306,221	\$ 7,487
Liabilities				
Deposits held in trust for others	\$ 1,383	\$ 312,325	\$ 306,221	\$ 7,487
Total liabilities	\$ 1,383	\$ 312,325	\$ 306,221	\$ 7,487

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, 2015

Statement E-1
Page 4 of 4

	June 30, 2014	Additions	Deletions	June 30, 2015
EDDY-LEA ENERGY ALLIANCE				
Assets				
Cash	\$ 88,711	\$ 14,792	\$ 14,999	\$ 88,504
Total assets	\$ 88,711	\$ 14,792	\$ 14,999	\$ 88,504
Liabilities				
Deposits held in trust for others	\$ 88,711	\$ 14,792	\$ 14,999	\$ 88,504
Total liabilities	\$ 88,711	\$ 14,792	\$ 14,999	\$ 88,504
 TOTALS				
Assets				
Cash	\$ 14,679,194	\$ 110,222,974	\$ 106,787,341	\$ 18,114,827
Taxes receivable	896,718	42,579,344	42,348,599	1,127,463
Due from other governments	89,959	15,894	12,935	92,918
Total assets	\$ 15,665,871	\$ 152,818,212	\$ 149,148,875	\$ 19,335,208
Liabilities				
Taxes paid in advance	\$ 17,423	\$ 968,171	\$ 908,557	\$ 77,037
Deposits held in trust for others	14,731,959	109,270,697	105,891,719	18,110,937
Due to other taxing units/governments	896,718	42,579,344	42,348,599	1,127,463
Due to others	19,771	-	-	19,771
Total liabilities	\$ 15,665,871	\$ 152,818,212	\$ 149,148,875	\$ 19,335,208

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, 2015**

Schedule F-1

Property taxes receivable, beginning of year	\$ 1,328,049
Changes to Tax Roll:	
Net taxes charged to treasurer for fiscal year 2015 (tax year 2014)	41,083,148
Adjustments:	
Increases in taxes receivables	299,786
Decrease in taxes receivables	<u>(86,846)</u>
Total receivables prior to collections	42,624,137
 Collections for fiscal year ended June 30, 2014	 <u>(40,866,449)</u>
 Property taxes receivable, end of year	 <u>\$ 1,757,688</u>

Property Taxes Receivable by years:

2005-2013	\$ 339,656
2014	<u>1,418,032</u>
 Total Taxes Receivable	 <u>\$ 1,757,688</u>
 Less: Trust & Agency Taxes Receivable	 <u>1,127,463</u>
 Taxes receivable	 <u>\$ 630,225</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, 2015

Schedule F-2
Page 1 of 4

Agency	Property Taxes Levied	Current Year	Collected To Date	Distributed in Current Year	Distributed To Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	County Receivable at Year End
Lea County									
2005	6,091,945.52	0.00	6,081,597.86	0.00	6,081,597.86	-	-	-	10,347.66
2006	6,385,121.54	71.09	6,373,860.93	71.09	6,373,860.93	-	-	-	11,260.61
2007	8,580,407.30	4,373.34	8,570,608.36	4,373.34	8,570,608.36	-	-	-	9,798.94
2008	9,582,538.06	198.74	9,572,513.84	260.05	9,572,501.65	-	-	12.19	10,024.22
2009	11,921,391.95	2,175.34	11,918,740.70	2,253.70	11,918,565.93	-	-	174.77	2,651.25
2010	11,558,856.37	13,562.68	11,555,214.35	14,081.84	11,555,061.72	-	-	152.63	3,642.02
2011	10,486,675.50	10,196.86	10,481,734.79	15,429.70	10,481,564.70	-	-	170.09	4,940.71
2012	12,476,183.75	60,692.34	12,466,897.40	75,485.15	12,461,599.52	-	-	5,297.88	9,286.35
2013	12,237,452.12	214,330.39	12,183,963.47	357,171.23	12,175,216.68	-	-	8,746.79	53,488.65
2014	13,344,470.57	12,829,686.04	12,829,686.04	12,629,517.54	12,629,517.54	-	-	200,168.50	514,784.53
	89,320,572.11	13,135,286.82	102,034,817.74	13,098,643.64	101,820,094.89	-	-	214,722.85	630,224.94
City of Lovington									
2005	223,685.93	-	223,470.27	-	223,470.27	-	-	-	215.66
2006	238,853.98	-	238,602.91	-	238,602.91	-	-	-	251.07
2007	253,987.71	-	253,737.32	-	253,737.32	-	-	-	250.39
2008	276,420.94	-	276,156.86	-	276,156.86	-	-	-	264.08
2009	295,010.05	83.52	294,893.67	-	294,810.15	-	-	83.52	116.38
2010	302,193.36	461.47	302,036.39	422.83	301,963.35	-	-	73.04	156.97
2011	313,591.65	774.89	313,400.74	1,097.53	313,338.56	-	-	62.18	190.91
2012	331,212.74	4,075.39	330,665.86	4,172.65	330,176.45	-	-	489.41	546.88
2013	344,861.02	13,478.74	339,931.43	19,533.53	339,306.91	-	-	624.52	4,929.59
2014	361,901.13	342,797.72	342,797.72	330,395.62	330,395.62	-	-	12,402.10	19,103.41
	2,579,817.38	361,671.73	2,915,693.17	355,622.16	2,901,958.40	-	-	13,734.77	26,025.34
City of Eunice									
2005	74,197.32	-	74,196.70	-	74,196.70	-	-	-	0.62
2006	77,568.04	-	77,567.45	-	77,567.45	-	-	-	0.59
2007	86,734.93	-	86,734.52	-	86,734.52	-	-	-	0.41
2008	129,571.29	10.14	129,570.91	5.30	129,566.07	-	-	4.84	0.38
2009	154,591.41	167.16	154,524.75	162.41	154,520.00	-	-	4.75	66.66
2010	121,822.10	182.15	121,756.37	189.81	121,751.89	-	-	4.48	65.73
2011	158,024.88	501.89	157,900.02	678.03	157,895.74	-	-	4.28	124.86
2012	129,141.56	1,627.23	128,946.95	1,900.53	128,851.67	-	-	95.28	194.61
2013	140,178.38	5,185.74	138,246.60	7,070.53	137,834.42	-	-	412.18	1,931.78
2014	159,324.84	151,817.11	151,817.11	149,285.56	149,285.56	-	-	2,531.55	7,507.73
	1,071,829.91	159,491.42	1,221,261.38	159,292.17	1,218,204.02	-	-	3,057.36	9,893.37
City of Hobbs									
2005	1,242,001.29	-	1,241,476.29	-	1,241,476.29	-	-	-	525.00
2006	1,333,170.83	-	1,332,573.77	-	1,332,573.77	-	-	-	597.06
2007	1,438,411.06	1,999.76	1,437,838.49	1,999.76	1,437,838.49	-	-	-	572.57
2008	1,564,498.86	44.05	1,563,857.54	40.42	1,563,853.91	-	-	3.63	641.32
2009	1,769,370.59	782.30	1,769,103.99	818.19	1,769,100.43	-	-	3.56	266.60
2010	1,783,971.00	875.45	1,783,350.01	894.68	1,783,346.56	-	-	3.45	620.99
2011	1,909,427.82	2,873.49	1,908,473.17	4,206.39	1,908,446.48	-	-	26.69	954.65
2012	2,074,396.41	14,786.38	2,072,525.57	15,780.39	2,070,816.48	-	-	1,709.09	1,870.84
2013	2,256,328.28	62,551.29	2,241,734.84	89,234.11	2,239,429.95	-	-	2,304.89	14,593.44
2014	2,486,779.89	2,407,117.95	2,407,117.95	2,363,912.87	2,363,912.87	-	-	43,205.08	79,661.94
	15,371,576.14	2,491,030.67	17,758,051.62	2,476,886.81	17,710,795.23	-	-	47,256.39	100,304.41
City of Jal									
2005	58,276.48	-	58,276.48	-	58,276.48	-	-	-	-
2006	59,776.18	-	59,776.18	-	59,776.18	-	-	-	-
2007	74,368.40	-	74,368.40	-	74,368.40	-	-	-	-
2008	70,802.80	-	70,802.80	-	70,802.80	-	-	-	-
2009	81,995.36	-	81,995.36	-	81,995.36	-	-	-	-
2010	82,092.83	55.28	82,092.83	67.29	82,092.83	-	-	-	-
2011	87,190.86	301.72	87,190.86	578.11	87,190.86	-	-	-	-
2012	157,539.30	1,549.48	157,356.21	1,960.65	157,205.03	-	-	151.18	183.09
2013	92,072.84	5,075.74	91,211.27	7,767.05	91,042.18	-	-	169.09	861.57
2014	154,998.00	148,821.94	148,821.94	146,684.90	146,684.90	-	-	2,137.04	6,176.06
	764,115.05	155,804.16	911,892.33	157,058.00	909,435.02	-	-	2,457.31	7,220.72

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

COUNTY TREASURER'S PROPERTY TAX SCHEDULE Year Ended June 30, 2015

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Agency	Property Taxes Levied	Collected in Current Year	Collected To Date	Distributed in Current Year	Distributed To Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	County Receivable at Year End
Town of Tatum									
2005	12,080.17	-	12,080.08	-	12,066.80	-	-	-	0.09
2006	12,337.89	-	12,337.80	-	12,307.56	-	-	-	0.09
2007	13,285.88	-	13,285.61	-	12,814.47	-	-	-	0.27
2008	14,773.50	-	14,773.32	-	14,773.32	-	-	-	0.18
2009	17,427.87	-	17,427.70	-	17,427.70	-	-	-	0.17
2010	16,621.27	9.67	16,621.10	10.76	16,621.10	-	-	-	0.17
2011	20,591.44	25.49	20,584.91	26.58	20,584.91	-	-	-	6.53
2012	26,315.50	217.77	26,211.99	298.77	26,211.99	-	-	-	103.51
2013	26,685.37	981.08	26,429.99	1,644.34	26,403.32	-	-	26.67	255.38
2014	29,390.60	27,878.86	27,878.86	27,030.10	27,030.10	-	-	848.76	1,511.74
	160,118.89	29,112.87	187,631.36	29,010.55	186,241.27	-	-	875.43	1,878.13
NMJC									
2005	2,982,133.45	-	2,977,194.18	-	2,977,194.18	-	-	-	4,939.27
2006	3,127,772.33	36.54	3,122,390.61	36.54	3,122,390.61	-	-	-	5,381.72
2007	4,153,284.54	2,072.13	4,148,632.40	2,072.13	4,148,632.40	-	-	-	4,652.14
2008	4,664,802.85	102.14	4,660,001.13	133.64	4,659,994.86	-	-	6.27	4,801.72
2009	5,789,915.06	1,053.60	5,788,602.92	1,094.33	5,788,519.20	-	-	83.72	1,312.14
2010	5,618,717.40	6,571.86	5,616,910.58	6,840.26	5,616,837.43	-	-	73.15	1,806.82
2011	5,114,047.12	5,170.81	5,111,574.53	7,798.65	5,111,491.44	-	-	83.09	2,472.59
2012	6,066,820.10	30,156.66	6,062,134.71	37,430.97	6,059,510.80	-	-	2,623.91	4,685.39
2013	5,958,822.01	106,965.79	5,931,944.93	177,447.31	5,927,523.48	-	-	4,421.45	26,877.08
2014	6,492,745.99	6,240,858.44	6,240,858.44	6,142,397.40	6,142,397.40	-	-	98,461.04	251,887.55
	43,476,314.86	6,392,987.97	49,660,244.43	6,375,251.23	49,554,491.80	-	-	105,752.63	308,816.42
Nor Lea									
2005	632,768.75	-	632,531.64	-	632,192.99	-	-	-	237.11
2006	669,591.51	-	669,105.25	-	709,656.99	-	-	-	486.26
2007	720,672.51	-	720,391.78	-	720,391.78	-	-	-	280.73
2008	758,714.47	-	758,426.57	-	758,426.57	-	-	-	287.90
2009	827,391.16	64.46	827,045.76	41.67	826,984.34	-	-	61.42	345.40
2010	899,307.50	4,239.10	898,894.25	4,307.34	898,841.02	-	-	53.23	413.25
2011	947,519.49	996.90	946,892.05	1,478.68	946,848.03	-	-	44.02	627.44
2012	1,037,266.47	8,519.21	1,035,990.74	10,418.42	1,035,543.69	-	-	447.05	1,275.73
2013	1,228,503.62	24,781.90	1,222,143.95	51,068.41	1,221,090.46	-	-	1,053.49	6,359.67
2014	1,370,215.56	1,338,539.81	1,338,539.81	1,301,465.72	1,301,465.72	-	-	37,074.09	31,675.75
	7,721,735.48	1,377,141.38	9,049,961.80	1,368,780.24	9,051,441.59	-	-	38,733.30	41,989.24
Jal Hospital									
2005	79,460.21	-	79,460.21	-	79,460.21	-	-	-	-
2006	81,468.68	-	81,468.68	-	81,468.68	-	-	-	-
2007	333,061.49	-	333,061.49	-	333,061.49	-	-	-	-
2008	347,401.86	-	347,401.86	-	347,401.86	-	-	-	-
2009	343,510.71	-	343,510.71	-	343,510.71	-	-	-	-
2010	339,565.35	19.15	339,548.21	23.08	339,548.21	-	-	-	17.14
2011	134,790.38	104.74	134,771.02	199.45	134,771.02	-	-	-	19.36
2012	540,352.70	964.27	540,245.63	1,218.78	540,176.41	-	-	69.22	107.07
2013	319,847.71	2,607.80	319,435.96	3,927.12	319,358.60	-	-	77.36	411.75
2014	310,275.98	240,448.32	240,448.32	238,879.25	238,879.25	-	-	1,569.07	69,827.66
	2,519,459.09	244,144.28	2,759,352.09	244,247.68	2,757,636.44	-	-	1,715.65	70,382.98
Eunice Hospital									
2005	112,126.89	-	112,126.70	-	112,126.70	-	-	-	0.19
2006	115,927.80	-	115,927.61	-	115,927.61	-	-	-	0.19
2007	190,971.20	-	190,971.03	-	190,971.03	-	-	-	0.17
2008	231,449.71	2.81	231,449.54	1.47	231,448.20	-	-	1.34	0.17
2009	252,501.65	45.78	252,483.35	44.48	252,482.05	-	-	1.30	18.30
2010	240,290.45	73.49	240,272.35	75.47	240,271.11	-	-	1.24	18.10
2011	185,758.79	172.24	185,718.83	244.95	185,717.46	-	-	1.37	39.96
2012	225,171.09	742.87	225,095.65	1,925.89	225,065.11	-	-	30.54	75.44
2013	203,705.22	2,069.81	202,983.78	3,712.98	202,851.72	-	-	132.06	721.44
2014	247,691.53	244,676.68	244,676.68	243,363.38	243,363.38	-	-	1,313.30	3,014.85
	1,757,902.80	247,783.68	2,001,705.52	249,368.62	2,000,224.37	-	-	1,481.15	3,888.81

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

COUNTY TREASURER'S PROPERTY TAX SCHEDULE Year Ended June 30, 2015

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Agency	Property Taxes Levied	Collected in Current Year	Collected To Date	Distributed in Current Year	Distributed To Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	County Receivable at Year End
State of NM									
2005	859,226.47	-	858,015.36	-	891,059.49	-	-	-	1,211.11
2006	940,628.25	10.44	939,245.76	10.44	939,260.34	-	-	-	1,382.49
2007	1,146,594.25	507.93	1,145,450.54	507.93	1,145,471.31	-	-	-	1,143.71
2008	1,313,350.78	29.99	1,312,146.17	39.26	1,260,657.60	-	-	1.83	1,204.61
2009	1,494,393.62	250.98	1,494,063.19	262.46	1,494,043.84	-	-	19.35	330.43
2010	1,912,168.98	2,107.05	1,911,545.80	2,210.65	1,911,523.18	-	-	22.62	623.18
2011	1,589,706.60	1,697.65	1,588,924.65	2,537.12	1,588,900.26	-	-	24.39	781.95
2012	1,848,162.90	9,428.30	1,846,647.62	11,607.19	1,845,844.02	-	-	803.60	1,515.28
2013	1,842,780.26	36,606.39	1,834,014.36	58,130.86	1,832,398.45	-	-	1,615.91	8,765.90
2014	2,022,012.48	1,945,532.02	1,945,532.02	1,914,941.52	1,914,941.52	-	-	30,590.50	76,480.46
	12,947,012.11	1,996,170.75	14,875,585.47	1,990,247.43	14,824,100.01	-	-	33,078.20	93,439.12
Lovington School									
2005	797,047.90	-	796,673.00	-	796,673.00	-	-	-	374.90
2006	850,009.59	-	849,237.41	-	849,237.41	-	-	-	772.18
2007	1,160,093.32	-	1,159,534.87	-	1,159,534.87	-	-	-	558.45
2008	1,174,363.40	-	1,173,806.36	-	1,173,806.36	-	-	-	557.04
2009	1,237,500.04	123.55	1,236,866.17	78.62	1,236,748.44	-	-	117.73	633.87
2010	1,383,210.91	4,175.12	1,382,447.59	4,297.40	1,382,346.39	-	-	101.20	763.32
2011	1,369,225.86	1,617.18	1,368,167.97	2,445.98	1,368,088.81	-	-	79.16	1,057.89
2012	1,410,075.07	9,966.52	1,408,248.99	11,164.52	1,407,533.57	-	-	715.42	1,826.08
2013	1,860,274.44	35,094.71	1,849,804.39	65,044.05	1,848,534.91	-	-	1,269.48	10,470.05
2014	2,493,779.95	2,431,122.79	2,431,122.79	2,368,447.51	2,368,447.51	-	-	62,675.28	62,657.16
	11,241,800.53	2,482,099.87	13,655,909.54	2,451,478.08	13,590,951.27	-	-	64,958.27	79,670.94
Eunice School									
2005	213,436.91	-	213,436.53	-	213,436.53	-	-	-	0.38
2006	220,760.13	-	220,759.75	-	220,759.75	-	-	-	0.38
2007	428,092.13	-	428,091.75	-	428,091.75	-	-	-	0.38
2008	519,115.72	6.11	519,115.34	3.20	519,112.43	-	-	2.91	0.38
2009	597,777.27	105.40	597,735.11	102.40	597,732.11	-	-	3.00	42.16
2010	1,198,073.40	383.84	1,197,976.13	393.45	1,197,969.48	-	-	6.65	97.27
2011	890,052.05	803.21	889,866.87	1,141.06	889,860.50	-	-	6.37	185.18
2012	1,008,317.10	3,273.44	1,007,989.35	8,575.87	1,007,856.72	-	-	132.63	327.75
2013	1,030,770.16	10,368.81	1,027,164.53	18,646.19	1,026,505.89	-	-	658.64	3,605.63
2014	1,092,243.05	1,079,008.45	1,079,008.45	1,073,233.38	1,073,233.38	-	-	5,775.07	13,234.60
	6,106,394.87	1,093,949.26	7,181,143.81	1,102,095.55	7,174,558.54	-	-	6,585.27	17,494.11
Hobbs School									
2005	3,097,205.35	-	3,089,622.74	-	3,089,622.74	-	-	-	7,582.61
2006	3,110,604.46	62.54	3,103,096.72	62.54	3,103,096.72	-	-	-	7,507.74
2007	3,456,025.33	3,216.32	3,449,324.92	3,216.32	3,449,324.92	-	-	-	6,700.41
2008	4,099,457.98	168.25	4,092,324.44	228.49	4,092,318.55	-	-	5.89	7,133.54
2009	5,987,847.62	1,452.93	5,986,292.78	1,585.40	5,986,286.49	-	-	6.29	1,554.84
2010	7,004,210.36	2,591.65	7,001,399.63	3,048.80	7,001,392.01	-	-	7.62	2,810.73
2011	6,512,588.94	7,737.28	6,509,064.76	11,517.43	6,509,009.71	-	-	55.05	3,524.18
2012	6,241,989.37	33,634.36	6,236,003.00	37,317.34	6,232,287.71	-	-	3,715.29	5,986.37
2013	7,018,124.17	152,711.00	6,979,194.91	224,978.16	6,972,756.31	-	-	6,438.60	38,929.26
2014	7,724,363.34	7,517,328.67	7,517,328.67	7,410,769.10	7,410,769.10	-	-	106,559.57	207,034.67
	46,528,053.58	7,718,903.00	53,963,652.57	7,692,723.58	53,846,864.26	-	-	116,788.31	288,764.35
Jal School									
2005	79,295.64	-	79,295.64	-	79,308.76	-	-	-	-
2006	81,210.85	-	81,210.85	-	81,248.91	-	-	-	-
2007	332,839.43	-	332,839.43	-	334,175.54	-	-	-	-
2008	346,873.28	-	346,873.28	-	348,640.34	-	-	-	-
2009	343,202.71	-	343,202.71	-	343,202.71	-	-	-	-
2010	339,249.69	18.85	339,232.83	22.77	339,260.18	-	-	-	16.86
2011	135,443.17	107.79	135,423.24	204.67	135,504.08	-	-	-	19.93
2012	449,597.49	786.72	449,511.01	994.73	455,273.20	-	-	55.84	86.48
2013	265,808.43	2,119.99	265,475.68	3,190.35	265,413.27	-	-	62.41	332.75
2014	257,821.79	199,694.87	199,694.87	198,408.87	198,408.87	-	-	1,286.00	58,126.92
	2,373,520.69	202,728.22	2,572,759.54	202,821.39	2,580,435.86	-	-	1,404.25	58,582.94

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

COUNTY TREASURER'S PROPERTY TAX SCHEDULE Year Ended June 30, 2015

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Agency	Property Taxes Levied	Collected in Current Year	Collected To Date	Distributed in Current Year	Distributed To Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	County Receivable at Year End
Tatum School									
2005	162,882.84	-	162,882.55	-	162,882.55	-	-	-	0.29
2006	125,814.65	-	125,814.44	-	125,814.44	-	-	-	0.21
2007	132,802.50	-	132,802.12	-	132,802.12	-	-	-	0.38
2008	165,150.12	-	165,149.79	-	165,149.79	-	-	-	0.33
2009	248,095.49	-	248,095.05	-	248,095.05	-	-	-	0.44
2010	243,368.31	3,025.22	243,367.77	3,026.95	243,340.42	-	-	-	0.54
2011	230,269.29	76.59	230,254.82	78.55	230,173.98	-	-	-	14.47
2012	236,153.23	3,165.04	235,984.28	4,718.84	230,166.25	-	-	-	168.95
2013	277,718.32	6,859.57	277,150.23	20,590.69	276,690.51	-	-	459.72	568.09
2014	308,563.03	305,026.99	305,026.99	293,506.25	293,506.25	-	-	11,520.74	3,536.04
	1,822,254.75	318,153.41	2,126,528.04	321,921.28	2,108,621.36	-	-	11,980.46	4,289.74
Nonrendered									
2005	11,563.31	-	11,563.31	-	723.88	-	-	0.00	0.00
2006	8,096.50	-	8,020.42	-	8,020.42	-	-	0.00	76.08
2007	172,473.67	589.90	172,473.67	589.90	172,473.67	-	-	0.00	0.00
2008	172,348.70	1.96	172,348.70	-	172,346.74	-	-	1.96	0.00
2009	216,202.31	31.86	216,183.51	29.91	216,181.56	-	-	1.95	18.80
2010	145,458.24	134.28	145,438.30	141.79	145,436.12	-	-	2.18	19.94
2011	2,278.48	146.53	2,259.46	168.79	2,257.36	-	-	2.10	19.02
2012	1,729.24	156.40	1,704.57	181.73	1,700.97	-	-	3.60	24.67
2013	670.56	237.13	643.77	264.80	640.10	-	-	3.67	26.79
2014	3,047.08	2,895.62	2,895.62	2,893.63	2,893.63	-	-	1.99	151.46
	730,821.01	4,193.68	733,531.33	4,270.55	722,674.45	-	-	17.45	336.76
1% Assessor									
2005	138,743.83	-	138,536.81	-	138,536.81	-	-	-	207.02
2006	144,473.35	1.47	144,248.53	1.47	144,248.53	-	-	-	224.82
2007	185,336.71	101.98	185,141.72	101.98	185,141.72	-	-	-	194.99
2008	208,024.90	4.59	207,821.73	5.80	207,821.41	-	-	0.32	203.17
2009	258,303.11	53.00	258,242.24	54.02	258,237.45	-	-	4.79	60.87
2010	277,020.16	320.99	276,926.81	334.05	276,922.50	-	-	4.31	93.35
2011	252,230.80	282.56	252,104.66	422.74	252,099.88	-	-	4.78	126.14
2012	284,766.27	1,549.69	284,528.38	1,894.22	284,389.84	-	-	138.54	237.89
2013	294,395.10	5,806.28	292,918.10	9,411.17	292,675.13	-	-	242.97	1,477.00
2014	326,907.49	315,247.58	315,247.58	309,998.46	309,998.46	-	-	5,249.12	11,659.91
	2,043,294.23	323,368.14	2,355,716.56	322,223.91	2,350,071.73	-	-	5,644.83	14,485.16
	248,536,593.48	38,734,021.31	285,965,438.30	38,601,942.87	285,308,800.51	0.00	0.00	670,243.88	1,757,687.48

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

SUPPLEMENTAL SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
June 30, 2015

Schedule F-3

Account Type	Account Name	Lea County State Bank	First American Bank	Pioneer Savings Bank	Wells Fargo	Western Commerce Bank	JP Stone Community Bank	Total
Cash and Cash Equivalents								
Checking	Lea County Treasurer	\$ 315,121	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 315,121
Checking	Lea County Clerk	51,520	-	-	-	-	-	51,520
Checking *	Lea County Probate Clerk	480	-	-	-	-	-	480
Checking *	Lea County Treasurer EFTPS	423,339	-	-	-	-	-	423,339
Checking *	Lea County Detention Facility	7,488	-	-	-	-	-	7,488
CD	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	900,000	-	-	-	-	-	900,000
CD	Lea County Treasurer	-	2,000,000	-	-	-	-	2,000,000
CD	Lea County Treasurer	-	1,001,570	-	-	-	-	1,001,570
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	-	1,177,205	-	-	-	-	1,177,205
CD	Lea County Treasurer	-	-	1,000,000	-	-	-	1,000,000
CD	Lea County Treasurer	-	-	1,000,000	-	-	-	1,000,000
Checking *	Lea County Treasurer	-	-	-	2,505,999	-	-	2,505,999
CD	Lea County Treasurer	-	-	-	1,000,000	-	-	1,000,000
Checking *	LCDC Inmate Trust Account	-	-	-	25,126	-	-	25,126
CD	Lea County Treasurer	-	-	-	1,443,125	-	-	1,443,125
Saving	Wells Fargo Savings	-	-	-	60,595,158	-	-	60,595,158
CD	Lea County Treasurer	-	-	-	-	1,000,000	-	1,000,000
CD	Lea County Treasurer	-	-	-	-	1,000,000	-	1,000,000
CD	Lea County Treasurer	-	-	-	-	2,000,000	-	2,000,000
CD	Lea County Treasurer	-	-	-	-	500,000	-	500,000
CD	Lea County Treasurer	-	-	-	-	850,000	-	850,000
Checking *	LCDTF-HIDTA Travel Fund	-	-	-	-	514	-	514
Checking	LCDTF-State Forfeiture Fund	-	-	-	-	37,494	-	37,494
Checking	LCDTF- Justice Forfeiture Fund	-	-	-	-	26,678	-	26,678
Checking *	Region VI Drug Enf C Counsel	-	-	-	-	1,579	-	1,579
Checking *	Region VI Drug Task Force	-	-	-	-	46	-	46
CD	Lea County Treasurer	-	-	-	-	-	900,000	900,000
	Amounts on Deposit	\$ 8,697,948	\$ 9,178,775	\$ 2,000,000	\$ 65,569,408	\$ 5,416,311	\$ 900,000	\$ 91,762,442
	Cash and returned checks on hand	1,000	-	-	-	-	-	1,000
	Outstanding items	(56,741)	-	-	(7,121,477)	(33,077)	-	(7,211,295)
Total Cash and Cash Equivalents		\$ 8,642,207	\$ 9,178,775	\$ 2,000,000	\$ 58,447,931	\$ 5,383,234	\$ 900,000	\$ 84,552,147
* Indicates non-interest bearing checking account								
Investments								
CD	Lea County Treasurer	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000
CD	Lea County Treasurer	1,000,000	-	-	-	-	-	1,000,000
Tbill 912833RY8	Lea County Treasurer	100,145	-	-	-	-	-	100,145
FHLB#313379VX4	Lea County Treasurer	-	-	-	664,894	-	-	664,894
FHLB#313382W90	Lea County Treasurer	-	-	-	500,000	-	-	500,000
FHLB#313380ND5	Lea County Treasurer	-	-	-	1,000,000	-	-	1,000,000
FFCB#3133EDTL6	Lea County Treasurer	-	-	-	1,000,000	-	-	1,000,000
FHLB#313380ZP5	Lea County Treasurer	-	-	-	1,250,000	-	-	1,250,000
FHLB#313381UF0	Lea County Treasurer	-	-	-	1,000,000	-	-	1,000,000
FHLB#313381R23	Lea County Treasurer	-	-	-	1,000,000	-	-	1,000,000
FHLB#313381QF5	Lea County Treasurer	-	-	-	1,000,000	-	-	1,000,000
FFCB#3133ECJE5	Lea County Treasurer	-	-	-	1,000,000	-	-	1,000,000
FHLB#3130A3DR2	Lea County Treasurer	-	-	-	1,000,000	-	-	1,000,000
FHLB#3130A0WU0	Lea County Treasurer	-	-	-	1,000,000	-	-	1,000,000
FHLB#3130A4J94	Lea County Treasurer	-	-	-	1,000,000	-	-	1,000,000
FHLB#3130A52G3	Lea County Treasurer	-	-	-	1,000,000	-	-	1,000,000
CD	Lea County Treasurer	-	-	-	-	500,000	-	500,000
Total Investments		\$ 2,100,145	\$ -	\$ -	\$ 12,414,894	\$ 500,000	\$ -	\$ 15,015,039
Total Cash and Investments		\$ 10,742,352	\$ 9,178,775	\$ 2,000,000	\$ 70,862,825	\$ 5,883,234	\$ 900,000	\$ 99,567,186

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

SUPPLEMENTAL SCHEDULE OF PLEDGED COLLATERAL June 30, 2015

Schedule F-4

	Lea County State Bank	First American Bank	Pioneer Savings Bank	Wells Fargo Bank	Western Commerce Bank	JP Stone Community Bank	TOTAL			
Total amount of deposits	\$ 8,697,948	\$ 9,178,775	\$ 2,000,000	\$ 65,569,408	\$ 5,416,311	\$ 900,000	\$ 91,762,442			
Less: FDIC or FSLIC coverage	(500,000)	(250,000)	(250,000)	(250,000)	(315,798)	(250,000)	(1,815,798)			
Total uninsured public funds	8,197,948	8,928,775	1,750,000	65,319,408	5,100,513	650,000	89,946,644			
Total in Repurchase Agreements				15,287,481			15,287,481			
Collateral requirement - 50%	4,098,974	4,464,388	875,000	25,015,964	2,550,257	325,000	37,329,583			
Collateral Requirement for Repurchase Agreement - 102%				15,593,230			15,593,230			
Pledged securities:										
	Type of security and security number	CUSIP number	Maturity date							
≈	CORRALES NM 3.7%	22025PAW9	8/1/2016	125,306	-	-	125,306			
≈	RUIDOSO NM 4.0%	781338GH5	8/1/2016	624,636	-	-	624,636			
≈	GADSDEN NM 3.75%	362550KP9	8/15/2016	1,031,070	-	-	1,031,070			
≈	LOS LUNAS SD 3.5%	545562NE6	7/15/2017	729,305	-	-	729,305			
≈	BELEN SD 3.65 %	077581MN3	8/1/2018	819,368	-	-	819,368			
≈	BERNALILLO NM 4.0%	085279NK1	8/1/2019	740,719	-	-	740,719			
≈	BLOOMFIELD NM 5.0%	094077KP8	9/1/2020	778,155	-	-	778,155			
≈	RUIDOSO NM 4.125%	781338HD3	8/1/2022	636,996	-	-	636,996			
≈	LEA CNTY NM PSD 3.25%	521513AV3	6/15/2019	768,701	-	-	768,701			
≈	SANTA FE NM 4.00%	801901JN0	8/1/2018	1,090,590	-	-	1,090,590			
≈	MCKINLEY CNTY NM 5.00%	581615DM0	6/1/2026	1,281,941	-	-	1,281,941			
*	GALLUP MCKINLEY NM	364010NQ7	8/1/2015	-	250,798	-	250,798			
*	LAS VEGAS N NEX CITY	51778FCJ6	2/15/2017	-	520,675	-	520,675			
*	CHAVES CNTY	162634BM0	8/1/2017	-	504,595	-	504,595			
*	GALLUP MCKINELY CNTY	364010PD4	8/1/2017	-	319,212	-	319,212			
*	LEA CNTY NM PUBLIC SCH	521513BS9	1/15/2018	-	460,926	-	460,926			
*	ROOSEVELT CTY	776461AN5	6/1/2019	-	364,099	-	364,099			
*	CLOVIS NM	189414GM1	8/1/2019	-	521,910	-	521,910			
*	LUNA SCH DIST	550340DP5	8/1/2019	-	1,024,710	-	1,024,710			
*	LOVINGTON SCH	547473CK2	10/1/2019	-	1,037,230	-	1,037,230			
*	TEXICO SCH	883005CH1	8/1/2021	-	179,981	-	179,981			
*	MBS GNMA	3620AQXB4	2/15/2025	-	303,985	-	303,985			
*	CLOVIS NM MUNI SCH DIST.	189414JB2	8/1/2025	-	904,014	-	904,014			
*	NM STATE FIN AUTH	64711NGR0	6/1/2028	-	569,755	-	569,755			
*	GNMA 721124	3620A7D51	2/15/2024	-	337,718	-	337,718			
*	GNMA 721125	3620A7D69	1/15/2024	-	406,537	-	406,537			
*	GNMA I 690065	36296FTW3	8/15/2024	-	885,862	-	885,862			
*	FNMA 725835	31402DLQ1	9/1/2034	-	2,468,526	-	2,468,526			
*	FED FARM CREDIT	3133EAVL9	6/25/2019	-	10,065,879	-	10,065,879			
*	FED FARM CREDIT	3133EC6W9	12/11/2020	-	9,971,474	-	9,971,474			
*	FHLB	313381KA2	12/26/2019	-	9,945,030	-	9,945,030			
*	FED FARM CREDIT	3133ECA53	12/17/2021	-	9,926,753	-	9,926,753			
⊛	FN AU4293 4.0%	3138X3XX5	9/1/2043	-	3,880,297	-	3,880,297			
⊛	FN AE5844 4.0%	31419GP65	10/1/2040	-	2,159,596	-	2,159,596			
⊛	FN 890311 4.5%	31410LDQ2	3/1/2041	-	17,875,573	-	17,875,573			
⊛	FN AH5057 4.5%	3138A6TP5	3/1/2041	-	1,236,830	-	1,236,830			
⊛	FN AY1887 3.0%	3138YFCZ5	2/1/2030	-	4,086,424	-	4,086,424			
⊛	FN AK8210 3.5%	3138EDDQ1	4/1/2042	-	941,353	-	941,353			
⊛	FN AV0703 4.0%	3138BXX90	12/1/2043	-	12,074,881	-	12,074,881			
⊛	FN AJ3070 4.0%	3138AUMU8	11/1/2041	-	5,726,871	-	5,726,871			
⊛	FN AS0023 3.5%	3138W9AZ3	7/1/2043	-	29,271,036	-	29,271,036			
*	FNMA #888407	31410GAG8	9/1/2036	-	249,549	-	249,549			
*	FHLMC #G05256	3128M7E51	3/1/2039	-	258,230	-	258,230			
*	FNMA #705683	31401D6U0	10/1/2033	-	74,264	-	74,264			
*	FNMA #AC2952	31417MH63	9/1/2039	-	698,947	-	698,947			
*	FNMA #AA7942	31416RZG1	9/1/2033	-	1,109,934	-	1,109,934			
*	FNMA #MA0819	31417Y4D6	7/1/2041	-	270,337	-	270,337			
*	FNMA #MA1515	31418AVH8	8/1/2043	-	1,754,890	-	1,754,890			
≈	SANTA FE NM CLG BQ	801901JC4	8/1/2016	-	-	507,665	507,665			
	Total pledged securities			8,626,787	6,961,890	44,007,779	77,252,862	4,416,151	507,665	141,773,134
	Under (over) pledged			(4,527,813)	(2,497,502)	(43,132,779)	(36,643,668)	(1,865,894)	(182,665)	(88,850,321)
	Uninsured and uncollateralized			\$ -	\$ 1,966,885	\$ -	\$ -	\$ 684,363	\$ 142,335	\$ 2,793,583

Name and Location of Safekeeper:

* Federal Home Loan Bank
Dallas, TX

≈ The Independent Bankers Bank
Dallas, TX

⊛ BNY Mellon
New York, NY

The accompanying notes are an integral part of these statements.

SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)

For the Year Ended June 30, 20XX

Prepared by Agency Staff Name: Tia Etcheverry Title: Assistance Finance Director Date: September 3, 2015

RFB#/RFP#	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded	In-State/Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds	Brief Description of the Scope of Work
LCSWA 15-1	RFP	Camino Real Env. 1000 Camino Real Blvd Sunland Park, NM 88063	\$ x Avg Tons Per Month	-----	- Green Group 134 Riverstone Terrace Canton GA, 30114	N	N/A	Operation of Landfill
					- Waste Management of NM 402 Industrial Park Loop NE Rio Rancho, NM 87174	Y	Y	
1 - (14-15)	Bid	Rosenbauer 5181 260th Street Wyoming, MN 55092	232329	N/A	- Oshkosh Corp. 3100 N. McCarthy Road Appleton, WI 54913	N	N/A	Airport Fire Truck
3 - (14-15)	RFP	Carr Pro Rodeo 5323 Spring Valley Rd Dallas, TX 75254	124743	N/A	(CARR = only offer)	N	N/A	Rodeo Producer
8 - (14-15)	RFP	Daniels Ins Inc 300 N Linam Hobbs, NM 88240	12.5% Comm. L 0585643984	N/A	- Reid Insurance 423 S. Main Lovington, NM 88260	Y	N	Broker - Prop & Casualty Ins

6 - (14-15)	RFP	EDC of Lea Co.	385000	N/A	(1 offer only) 200 E Broadway Ste A201, Hobbs, NM 88241	Y	N/A	Airlines
7 - (14-15)	Bid	Bruckner Truck Sales Amer Equip & Trailer PO Box 2010 Lubbock, TX 79408	140210	N/A	(only 1 bid) PO Box only, Hobbs - Sierra Machinery 939 Hawkins Blvd El Paso, TX 79915 - Bruckner Truck Sales PO Box 1678 Hobbs, NM 88241	Y	L 0134310208	1 - 2015 Mach CHU613
8 - (14-15)	Bid		69590	N/A		N	N/A	1 - 2015 Flatbed Loader
2 - (14-15)	RFP	Global Spectrum3601 South Broad Street Philadelphia PA 19148	-- \$ Initial Startup,	N/A	-Venuworks4611 Mortensen Road, Suite 111A Ames, IA 50014	N	N/A	Mgmt & Operation LCEC & Fair

LEA COUNTY, NEW MEXICO

Schedules of Required Supplementary Information **Schedule H-1**
Schedule of the County's Proportionate Share of the Net Pension Liability of
PERA Fund Division Municipal General
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

	<u>2015</u>
The County's proportion of the net pension liability (asset)	1.1668%
The County's proportionate share of the net pension liability (asset)	9,102,292
The County's covered-employee payroll	10,054,091
The County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	90.53%
Plan fiduciary net position as a percentage of the total pension liability.	81.29%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

Schedules of Required Supplementary Information
Schedule of the County's Proportionate Share of the Net Pension Liability of
PERA Fund Division Municipal Police
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

	<u>2015</u>
The County's proportion of the net pension liability (asset)	1.4355%
The County's proportionate share of the net pension liability (asset)	4,679,574
The County's covered-employee payroll	2,645,927
The County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	176.86%
Plan fiduciary net position as a percentage of the total pension liability.	81.29%

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedules of Required Supplementary Information	Schedule H-2
Schedule of the County's Contributions	
Public Employees Retirement Association (PERA) Plan	
PERA Fund Division Municipal General	
Last 10 Fiscal Years*	<u>2015</u>
Contractually required contribution	\$ 957,205
Contributions in relation to the contractually required contribution	<u>957,205</u>
Contribution deficiency (excess)	<u>\$ -</u>
The County's covered-employee payroll	\$ 10,054,091
Contributions as a percentage of covered-employee payroll	9.52%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

Schedules of Required Supplementary Information	
Schedule of the County's Contributions	
Public Employees Retirement Association (PERA) Plan	
PERA Fund Division Municipal Police	
Last 10 Fiscal Years*	<u>2015</u>
Contractually required contribution	\$ 499,180
Contributions in relation to the contractually required contribution	<u>499,180</u>
Contribution deficiency (excess)	<u>\$ -</u>
The County's covered-employee payroll	\$ 2,645,927
Contributions as a percentage of covered-employee payroll	18.87%

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf. The summary of Key Findings for the PERA Fund (on page 2 of the report) states "based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

LEA COUNTY, NEW MEXICO

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2015

Schedule I-1

Federal Grantor/ Pass-Through Grantor	Program Title/ Grant Number	Federal CFDA Number	State ID Number	Expenditures
Executive Office of the President Office of National Drug Control Policy	High Intensity Drug Trafficking Area Grant Program Grant number: G13SN0017A/G14SN0017A	95.001		\$ 1,258,136 (1)
Department of Transportation Passed through State of New Mexico	Highway Planning and Construction Report: FMISD06A	20.205	2100320	1,089,360 (1)
Department of Homeland Security Passed through State of New Mexico	Disaster Grants - Public Assistance (Presidentially Declared Disasters) Grant number: FEMA-4199-005	97.036	EO 2014-015	740,619 (1)
Department of Homeland Security	Homeland Security	97.067		117,425
Department of Transportation	Airport Master Plan/Drainage Master Plan/ Jal Rehabilitation Runway 1/19	20.106		99,759
Department of Homeland Security	Emergency Performance Grants: Prepare, Prevent & Respond to Terrorist Attacks 2014	97.042		42,406
Department of Justice	2013 Edward Byrne Memorial Justice Assistance Grant	16.738		36,476
Department of Justice	State Criminal Alien Assistance - SCAAP	16.606		17,739
Department of Interior	Taylor Grazing Act Wildlife - 14	15.237		32,069
Department of Homeland Security	Hazard Mitigation Grant	97.039		404
				\$ 3,434,393

(1) Denotes Major Federal Financial Assistance Program

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

NOTES TO SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the County under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets, and cash flows of the County. Expenditures reported on the Schedule are reported on the accrual basis of accounting.



INDEPENDENT AUDITORS' 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

Tim Keller
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, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the County as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and the combining and individual funds and related budgetary comparisons of the County, presented as supplemental information, and have issued our report thereon dated October 30, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 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. We consider the following deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness: 2015-002.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2015-001.

The County's Responses to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

J. Anson, Miller & Co.

Hobbs, New Mexico
October 30, 2015



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

Tim Keller
New Mexico State Auditor
The Office of Management and Budget and
County Manager, Board of Commissioners and
Citizens of Lea County
Lovington, New Mexico

Report on Compliance for Each Major Federal Program

We have audited Lea County, New Mexico's (the County) compliance requirements described in the 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, 2015. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance 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, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2015-002. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the type of requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-002 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Johnson, Miller & Co.

Hobbs, New Mexico
October 30, 2015

**State of New Mexico
Lea County
Schedule of Findings and Questioned Costs
Summary of Auditors' Results
June 30, 2015**

Tim Keller
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	Unmodified opinion
Other Matters	Two
Significant Deficiencies in Internal Control	None
Material Weaknesses in Internal Control	One
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	Unmodified 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, 2015**

Major Federal Programs

High Intensity Drug Trafficking Area Program
Grant #G13SN0017A & #G14SN0017A
CFDA#95.001

Highway Planning and Construction
Report: FMISD06A
CFDA#20.205

Disaster Grants – Public Assistance (Presidentially
Declared Disasters)
Grant #FEMA-4199-005
CFDA #97.036

Pass Through Entity

Office of National Drug Control Policy

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Findings – Financial Statement Audit

Finding 2014-001: Old Outstanding Check – Other (Revised and Repeated)

Condition:	The County has one old outstanding check of \$30.74 which is greater than 3 years old. The County investigated and removed the \$878 of checks older than 3 years as indicated on the prior year audit finding from the outstanding check list during FY 2015; however, there is still one check older than 3 years remaining on the outstanding check list.
Criteria:	<p>The Uniform Unclaimed Property Act, (Sections 7-8A-1 through 7-8A-31 NMSA 1978), requires any entity in possession of property that has been unclaimed or abandoned to report the property to the State of New Mexico.</p> <p>Under the Act, Section 7-8A-2. Presumptions of abandonment, states that "property is presumed abandoned if it is unclaimed by the apparent owner during the time set forth below for the particular property:"</p> <p>Section 7-8A-2(6) - "money or credits owed to a customer as a result of a retail business transaction, three years after the obligation occurred;"</p> <p>Section 7-8A-2(12) - "wages or other compensation for personal services, one year after the compensation becomes payable."</p>
Effect:	Additional time will be spent by personnel to reconcile the bank accounts each month, and errors or other problems might not be recognized and resolved on a timely basis. In addition, Lea County risks not being in compliance with the Uniform Unclaimed Property Act.
Cause:	Lea County did not investigate and/or write off the check older than three years as indicated in the condition.
Recommendation:	We recommend that checks and other uncleared reconciling items that are over one year old for payroll checks, or three years old for accounts payable checks, be investigated and removed from the bank reconciliation as required. Research should be done periodically to eliminate large numbers of old items being carried from month to month. Any checks that meet the criteria of abandoned property should be escheated to the state as required by the Uniform Unclaimed Property Act.
Agency Response:	The Lea County Treasurer will provide a copy of the monthly outstanding check list to the County Finance Director for review. The County Finance Director will identify any checks that meet the definition of unclaimed property and investigate and /or write off any check according to statutory guidance. This process will begin during October 2015.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Findings – Financial Statement Audit

Finding 2015-001: Misuse of Public Funds - Other

Condition:	Employees of the Lea County Sheriff's Department were found to be selling property seized or found by law enforcement and depositing those funds in a non-County owned bank account. The account was opened in February 2010 and was closed in June 2015. The total amount deposited into the account was \$20,995.46. When the account was closed, the remaining money of \$2,487.04 was deposited into the Lea County General Fund.
Criteria:	Pursuant to Section 29-1-13 of NMSA 1978, "A peace officer shall immediately inventory and record any personal property that comes into possession and is taken under authority of law or is left in his possession or in the possession of the state, county or municipality. As used in Sections 29-1-13 through 29-1-15 NMSA 1978, "peace officer" means any full-time employee of a police or sheriff's department that is part of or administered by the state or any political subdivision of the state and which employee is responsible for the prevention and detection of crime and the enforcement of the penal, traffic or highway laws of the state.
Effect:	Public money was not deposited into County owned bank accounts as required by state law and may not have been spent in accordance with state law or County policy.
Cause:	Employees were acting outside of County policies, procedures, and state law in the handling of the disposal of property seized or found by law enforcement
Recommendation:	We recommend the County notify the State Auditor of this incident and any other necessary law enforcement officials.
Agency Response:	Lea County has turned over all documents related to this account to the New Mexico State Police and are awaiting the results of the investigation. As of July 2015, the Lea County Sheriff has instructed all department employees that any property/funds will be handled according to New Mexico State Law or County policy. The Sheriff will be responsible to monitor all property seizures and dispositions to ensure compliance with the laws and policies.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Findings – Schedule of Expenditures of Federal Awards

Finding 2015-002: Incomplete Schedule of Federal Expenditures – Material Weakness/Noncompliance

Condition:	After the single audit was completed on the original Schedule of Expenditures of Federal Awards (SEFA) provided by the client and the financial statement audit and drafting of the financial statements were near completion, the County identified additional expenditures of federal awards totaling \$1,829,979 that were originally omitted from the SEFA, resulting in two additional major programs .
Criteria:	The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Good internal controls require that management have procedures in place for identifying federal, state, and other awards.
Questioned Costs:	unknown
Effect:	Incomplete information reported on the SEFA, results in incorrect information submitted on the Data Collection Form.
Cause:	The finance director discovered the omitted expenditures of federal awards during the final review of the SEFA upon completion of the single audit.
Recommendation:	We recommend the County review the OMB Circular A-133 and other information related to all federal grants received in order to determine when federal expenditures should be reported on the SEFA.
Agency Response:	The Finance Director will establish policies and procedures to ensure that all federal awards are identified and reported in accordance with Federal laws, regulations and program compliance requirements. County finance staff will receive training on the federal regulations in order to ensure compliance with applicable federal laws and regulations. Policies and procedures to reasonably ensure compliance will be in place by June 30, 2016.

SCHEDULE OF STATUS OF PRIOR FINDINGS

Tim Keller
New Mexico State Auditor
The Office of Management and Budget and
County Manager, Board of Commissioners and
Citizens of LEA County
Lovington, New Mexico

FINDINGS – FEDERAL AWARDS – NONE

PRIOR YEAR FINDINGS

Finding 2014-001: Old Outstanding Checks – Revised and Repeated.

FINANCIAL STATEMENT PRESENTATION

The financial statements were prepared from the original books and records of Lea County as of June 30, 2015 by Johnson, Miller & Co., Certified Public Accountants, A Professional Corporation.

OTHER DISCLOSURES
Year Ended June 30, 2015

Tim Keller
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 October 30, 2015. The following persons were in attendance.

County Officials

Dale Dunlap, County Commissioner

Michael Gallagher, County Manager

Chip Low, CPA, Finance Director

Tai Etcheverry, CPA, Senior Accountant

Auditors

Mary Hinds, CPA

Tabatha Coffey, CPA