

STATE OF NEW MEXICO
COUNTY OF LUNA
ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

Prepared by
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COUNTY OF LUNA**

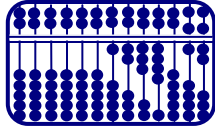
Official Roster
June 30, 2008

Board of County Commissioners

Richard D. Holdridge	Chairperson
Eric Jordan	Member
Becky Allen	Member

County Officials

Karen Smyer	County Clerk
Gloria Rodriguez	County Treasurer
Patsy Leyba	County Assessor
Raymond Cobos	County Sheriff
Scott Vinson	County Manager
Martin Miller	County Road Superintendent
Jerry Turner	Director of Detention Services



MARCUS,
FAIRALL,
BRISTOL + CO., L.L.P.

INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas
New Mexico State Auditor
Board of County Commissioners
County of Luna
Deming, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the general fund and major special revenue fund budgetary comparisons and the aggregate remaining fund information of County of Luna, New Mexico, as of and for the years-ended June 30, 2008 and 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the County's non-major governmental funds and budget comparison presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the years ended June 30, 2008 and 2007 as listed in the table of contents. These financial statements are the responsibility of County of Luna, New Mexico's management. Our responsibility is to express opinions on these financial statements based on our audit.

The financial statements for the year ended June 30, 2007, were audited by us and we expressed an unqualified opinion on them in our report dated November 16, 2007, but we have not performed any auditing procedures since that date.

The financial statements for the year ended June 30, 2008, except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles of the United States of America used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

We did not balance the fixed asset listing to the financial statements because the County did not complete a physical inventory of the fixed assets. We were unable to satisfy ourselves about the accuracy and completeness of the fixed assets listing by means of other auditing procedures. Also, compensated absences for the current year were not provided by the client. This information is required as part of the government wide financial statements. Additional information concerning the compensated absences can be found in note 8.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves about the accuracy and completeness, 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 County of Luna, New Mexico, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund, road fund, and county maintenance fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of County of Luna, New Mexico, as of June 30, 2008, and the respective changes in financial position and cash flows where applicable, thereof and the respective budgetary

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comparisons for the non-major governmental funds and proprietary fund for the years-ended in conformity with accounting principles generally accepted in the United States of America.

The *Management's Discussion and Analysis* on pages vii through xvii is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 24, 2009 on our consideration of County of Luna, New Mexico's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements and budgetary comparisons of the County of Luna, New Mexico. The accompanying information listed as Supporting Schedules 1 through 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis. Also, the accompanying Schedule of Changes in Assets and Liabilities - Agency Funds, as required by SAO Rule 2.2.2.10.AA, is presented for purposes of additional analysis. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

Marcus, Farrell, Bristol & Co. LLP

El Paso, Texas
March 24, 2009

**STATE OF NEW MEXICO
COUNTY OF LUNA
June 30, 2008**

Management's Discussion and Analysis

As management of County of Luna, we offer readers of County of Luna financial statements this narrative overview and analysis of the financial activities of County of Luna for the fiscal year-ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with the financial statements of County of Luna and additional information provided.

FINANCIAL HIGHLIGHTS

- The assets of County of Luna exceeded its liabilities at the close of the most recent fiscal year by \$39,570,535 (*net assets*). Of this amount, \$14,748,018 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Revenues for governmental activities decreased \$155,039 over the prior year.
- Expenditures for governmental activities increased \$7,241,686 from the prior year.
- As of June 30, 2008, the County's governmental funds reported combined ending fund balances of \$24,633,437.
- At the close of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$2,493,776.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to County of Luna's basic financial statements. County of Luna's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of County of Luna finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of County of Luna's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of County of Luna is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of County of Luna that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of County of Luna include general government, public safety, public works, and health and welfare. The business-type activity of the County includes a detention facility.

The government-wide financial statements can be found at exhibits A-1 thru A-4 of this report.

STATE OF NEW MEXICO
COUNTY OF LUNA
June 30, 2008

Management's Discussion and Analysis

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. County of Luna, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of County of Luna can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the County's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

County of Luna maintains 27 individual governmental funds organized according to their type (special revenue and capital projects). Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, Road Fund, and County Maintenance Fund, all of which are considered to be major funds. Data from the other 27 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

County of Luna adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement has been provided for the General Fund, Road Fund and County Maintenance Fund to demonstrate compliance with this budget. In addition, the individual financial statements of the non-major governmental fund types include budgetary comparison data.

The basic governmental fund financial statements can be found at exhibits B-1 through C-3 of this report.

Proprietary Funds. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses proprietary funds to account for the detention facility operations of the County. The proprietary fund is considered to be a major fund of the County. The basic proprietary fund statement can be found at Exhibit D-1 through D-3

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support County of Luna's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

County of Luna fiduciary funds account for the collection of property taxes and special fees at the detention facility and their remittance to other governmental agencies.

The basic fiduciary fund financial statements can be found at Exhibit E-1 of this report.

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Management's Discussion and Analysis

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-47 of this report.

Combining Statements. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 51-95 of this report.

Analysis of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of County of Luna, net assets exceeded liabilities by \$39,570,535 at the close of the current fiscal year. (See analysis on page xi.)

A large portion of County of Luna's net assets represents the County's investment of \$24,489,471 in capital assets (e.g., land improvements, buildings, infrastructure and machinery and equipment), less any related outstanding debt used to acquire those assets. County of Luna uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although County of Luna's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

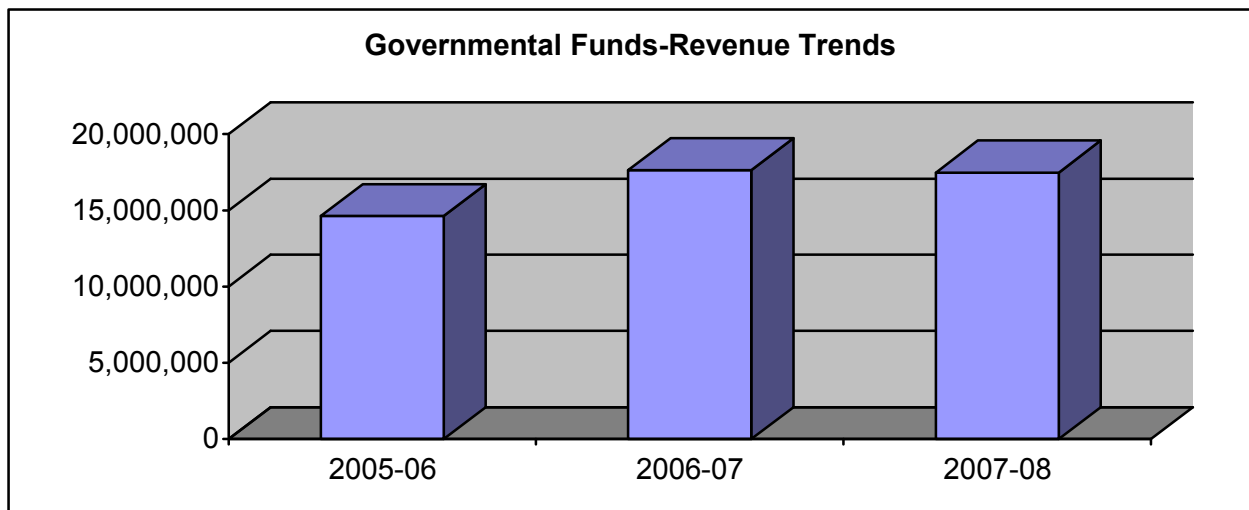
The remaining balance of *unrestricted net assets* \$14,748,018 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, County of Luna is able to report positive balances in all categories of net assets, for the government as a whole as well as for the business-type activities.

Analysis of Changes in Net Assets

The County's net assets, overall, decreased by \$2,266,128 during the current fiscal year. These decreases are explained in the government activities discussion below, and are primarily a result of increased expenditures during the fiscal year. (See analysis on page xii.)

Governmental Activities. Governmental activities decreased County of Luna's net assets by \$2,028,223 compared to the prior year's increase of \$5,616,452. Property taxes and state-shared taxes contributed \$9,218,765 for covering the \$19,566,137 net program expense associated with governmental activities.



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June 30, 2008**

Management's Discussion and Analysis

Analysis of Changes in Net Assets (continued)

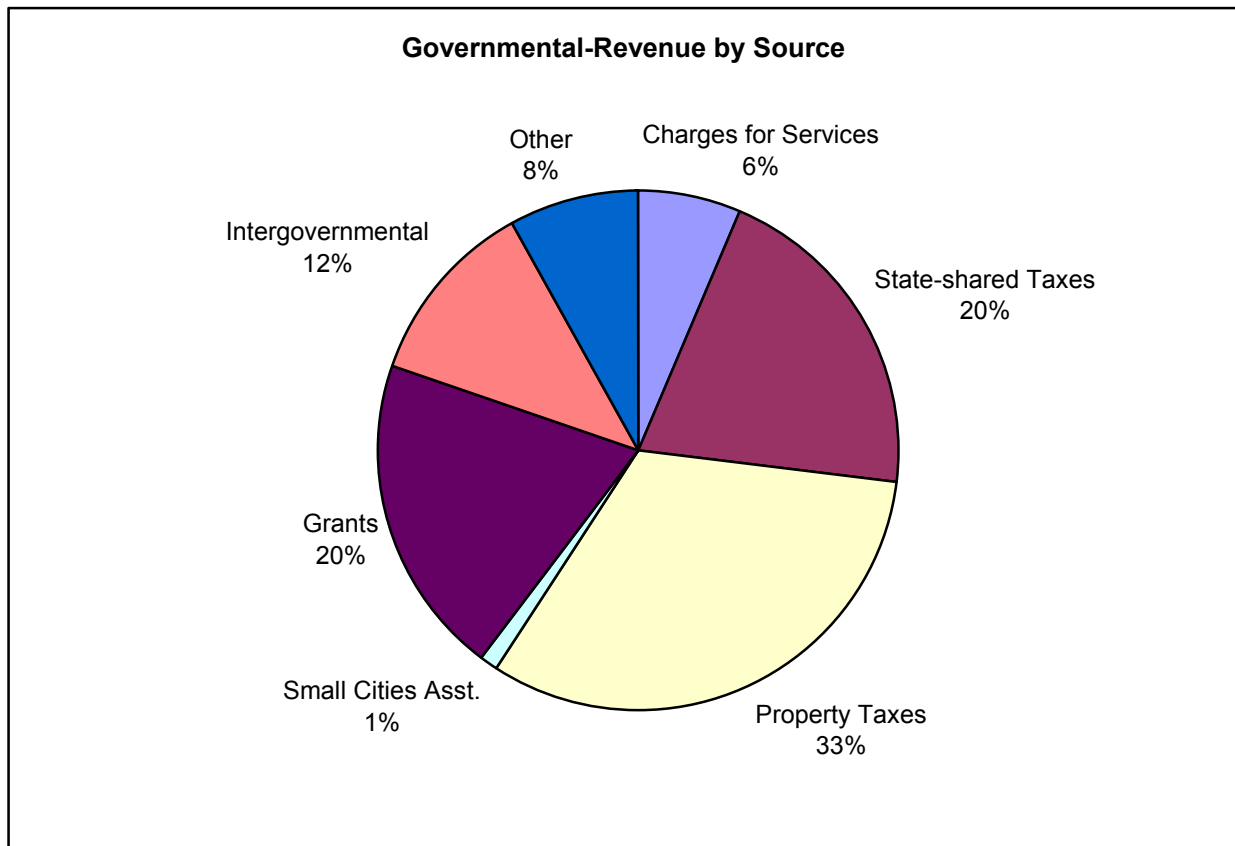
Governmental revenues, consisting mostly of taxes, are not directly associated with any government function. The chart on page ix provides a comparison of prior two years. The total revenues decreased \$155,039. Property tax revenue and state-shared taxes grew 26% as compared to the prior year.

Investment earnings were increased 32% in fiscal year ended June 30, 2008. The primary cause for this increase was the interest received on the bonds during the year.

Charges for services increased 151% due to increased collections for licenses and service charges.

Intergovernmental income decreased 32% due to decreased state and federal assistance.

Total revenues from governmental activities are summarized below. For fiscal year ending June 30, 2008, Property and State-shared taxes made up 54% of the total governmental revenues compared to 41% of the prior year's revenues.



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COUNTY OF LUNA
June 30, 2008**

**Management's Discussion and Analysis
Summary of Net Asset**

	Governmental Activities		Business-Type Activities		Totals		Total Percent Change
	2008	2007	2008	2007	2008	2007	2008 - 2007
Assets							
Current and other assets	\$ 25,619,852	\$ 17,807,896	\$ 3,122,332	\$ 1,949,202	\$ 28,742,184	\$ 19,757,098	45.48%
Capital assets, net of accumulated net of accumulated depreciation	18,082,164	16,079,335	6,455,143	6,697,764	24,537,307	22,777,099	7.73%
Total assets	<u>\$ 43,702,016</u>	<u>\$ 33,887,231</u>	<u>\$ 9,577,475</u>	<u>\$ 8,646,966</u>	<u>\$ 53,279,491</u>	<u>\$ 42,534,197</u>	25.26%
Liabilities							
Current and other liabilities	\$ 1,330,261	\$ 258,763	\$ 1,299,702	\$ 101,332	\$ 2,629,963	\$ 360,095	630.35%
Long-term liabilities	11,019,079	247,569	59,914	89,870	11,078,993	337,439	3183.26%
Total liabilities	12,349,340	506,332	1,359,616	191,202	13,708,956	697,534	1865.35%
Net Assets							
Invested in capital assets, net of related debt	18,034,328	16,055,936	6,455,143	6,697,764	24,489,471	22,753,700	7.63%
Restricted	333,046	-	-	-	333,046	-	
Unrestricted	12,985,302	17,324,963	1,762,716	1,758,000	14,748,018	19,082,963	-22.72%
Total net assets	<u>31,352,676</u>	<u>33,380,899</u>	<u>8,217,859</u>	<u>8,455,764</u>	<u>39,570,535</u>	<u>41,836,663</u>	-5.42%
Total liabilities and net assets	<u>\$ 43,702,016</u>	<u>\$ 33,887,231</u>	<u>\$ 9,577,475</u>	<u>\$ 8,646,966</u>	<u>\$ 53,279,491</u>	<u>\$ 42,534,197</u>	25.26%

**STATE OF NEW MEXICO
COUNTY OF LUNA
June 30, 2008**

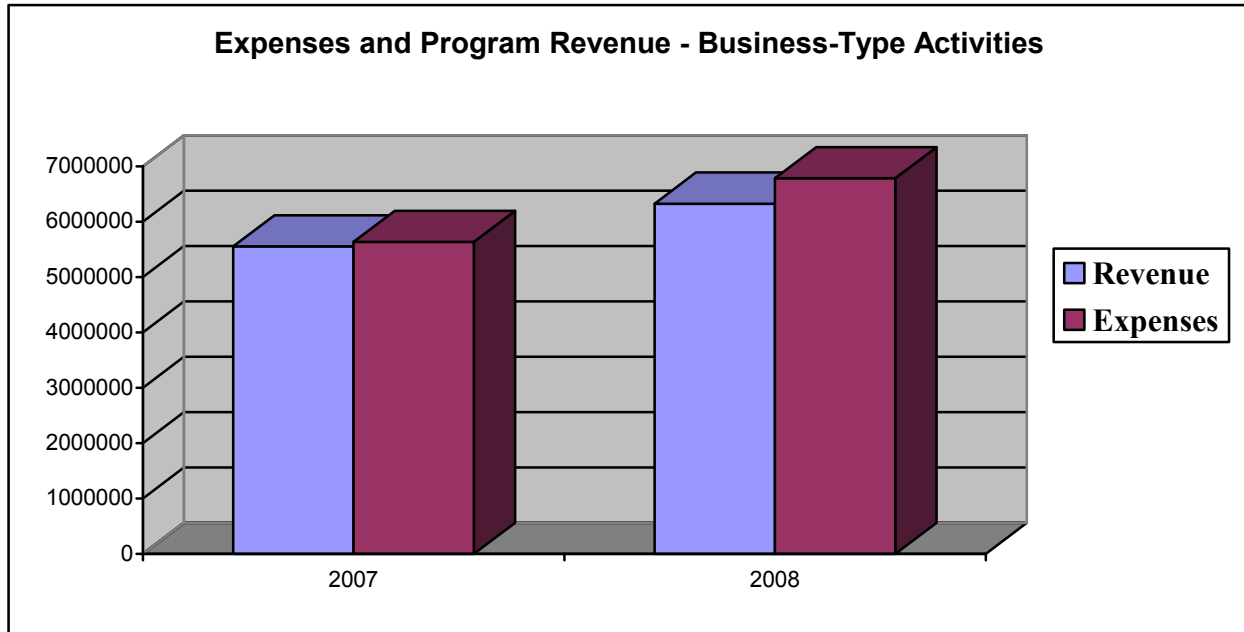
**Management's Discussion and Analysis
Changes in Net Asset**

	Government Activities		Business-Type Activities		Totals		Total Percentage Change
	2008	2007	2008	2007	2008	2007	2008 - 2007
Revenues							
Program revenues:							
Charges for service	\$ 1,135,627	\$ 453,058	\$ 6,326,042	\$ 5,554,239	\$ 7,461,669	\$ 6,007,297	24.21%
Operating grants and contributions	2,623,693	1,446,780	-	-	2,623,693	1,446,780	81.35%
Capital grants and contributions	875,976	3,803,187	-	-	875,976	3,803,187	-76.97%
General revenues:							
Taxes	9,218,765	7,328,426	-	-	9,218,765	7,328,426	25.79%
Other income	2,524,978	3,773,739	315,934	126,461	2,840,912	3,900,200	-27.16%
Interest income	1,113,375	842,263	40,534	49,240	1,153,909	891,503	29.43%
Total revenues	17,492,414	17,647,453	6,682,510	5,729,940	24,174,924	23,377,393	3.41%
Expenses							
General government	5,618,583	3,865,223	-	-	5,618,583	3,865,223	45.36%
Public safety	4,960,105	3,531,960	-	-	4,960,105	3,531,960	40.43%
Public works	4,751,347	2,674,129	-	-	4,751,347	2,674,129	77.68%
Health and welfare	4,236,102	2,253,139	-	-	4,236,102	2,253,139	88.01%
Proprietary expenses	-	-	6,874,915	5,636,074	6,874,915	5,636,074	21.98%
Total expenses	19,566,137	12,324,451	6,874,915	5,636,074	26,441,052	17,960,525	47.22%
Change in net assets before transfer	(2,073,723)	5,323,002	(192,405)	93,866	(2,266,128)	5,416,868	-141.83%
Transfers	45,500	293,450	(45,500)	(293,450)	-	-	
Change in net assets	(2,028,223)	5,616,452	(237,905)	(199,584)	(2,266,128)	5,416,868	-141.83%
Net assets-beginning of year	33,380,899	27,764,447	8,455,764	8,655,348	41,836,663	36,419,795	14.87%
Net assets-end of year	\$ 31,352,676	\$ 33,380,899	\$ 8,217,859	\$ 8,455,764	\$ 39,570,535	\$ 41,836,663	14.87%

STATE OF NEW MEXICO
COUNTY OF LUNA
June 30, 2008

Management's Discussion and Analysis

Business-Type Activities. Business-type activities decreased the County's net assets by \$237,905 compared to the prior year's increase of \$199,584. The key element of this decrease was a 22% increase in operating expenditures during the current year. However, charge for service fees increased 14%. The increase in fees only offset the increase in expenses.



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, County of Luna uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of County of Luna's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing County of Luna's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the County include the General Fund, Special Revenue Funds, and Capital Project Funds.

As of the end of the current fiscal year, County of Luna's governmental funds reported combined ending fund balances of \$24,633,437, an increase of \$7,524,068 in comparison with the prior year. The increase is primarily due to the increase in taxes received. Approximately 99% of this total amount, \$24,286,137 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for Road Fund inventory in the amount of \$333,046 and capital projects in the amount of \$14,254.

Revenues for governmental functions overall totaled \$28,753,250 in the fiscal year-ended June 30, 2008, which represents an increase of \$10,688,029 from the fiscal year-ended June 30, 2007 due to bond proceeds. Expenditures for governmental functions totaled \$21,274,682. This was an increase of \$4,999,723 from the fiscal year-ended June 30, 2007 due to interest payments from bonds and an increase in expenditures for all categories. In the fiscal year-ended June 30, 2008, revenues for governmental functions exceeded expenditures by \$7,524,068.

The General Fund is the chief operating fund of County of Luna. At the end of the current fiscal year, *unreserved* fund balance of the General Fund was \$2,493,776. The fund balance of County of Luna's General Fund increased \$113,620 during the current fiscal year. This increase is primarily due to an increase in tax revenue.

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Management's Discussion and Analysis

Governmental Funds (continued).

The Road Fund has total fund balance of \$1,007,380. The net decrease in fund balance during the current year in the Road Fund was \$550,879. This decrease is due primarily to increased salaries and fuel costs for road repairs.

The County Maintenance Fund has a total fund balance of \$8,819,955. The net decrease in fund balance during the current year in the County Maintenance Fund was \$2,185,707. This decrease is due primarily to a transfer of funds to capital projects funds.

Proprietary Funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net assets for the detention center were \$1,762,716. The total decrease in net assets for the Proprietary Funds was \$237,905. Factors concerning the finances of this fund have been addressed previously in the discussion of the County's business-type activities.

Fiduciary Funds. The County maintains fiduciary funds for the assets of various agency funds. Changes to the fiduciary funds were immaterial for the fiscal year.

Budgetary Highlights

The State of New Mexico budget process is defined under State law and regulation. To enhance the process of developing a budget at the county level, County of Luna utilizes goals and objectives defined by the County Commissioners, community input meetings, long-term plans and input from various staff groups to develop the County budget. County priorities are well defined through this process.

General Fund Budgetary Highlights. The General Fund accounts for all of the general services provided by the County of Luna.

The County has found it necessary to modify the budget at various times throughout the fiscal year. This is done with resolutions to the budget. The following chart shows the adjustments for the year:

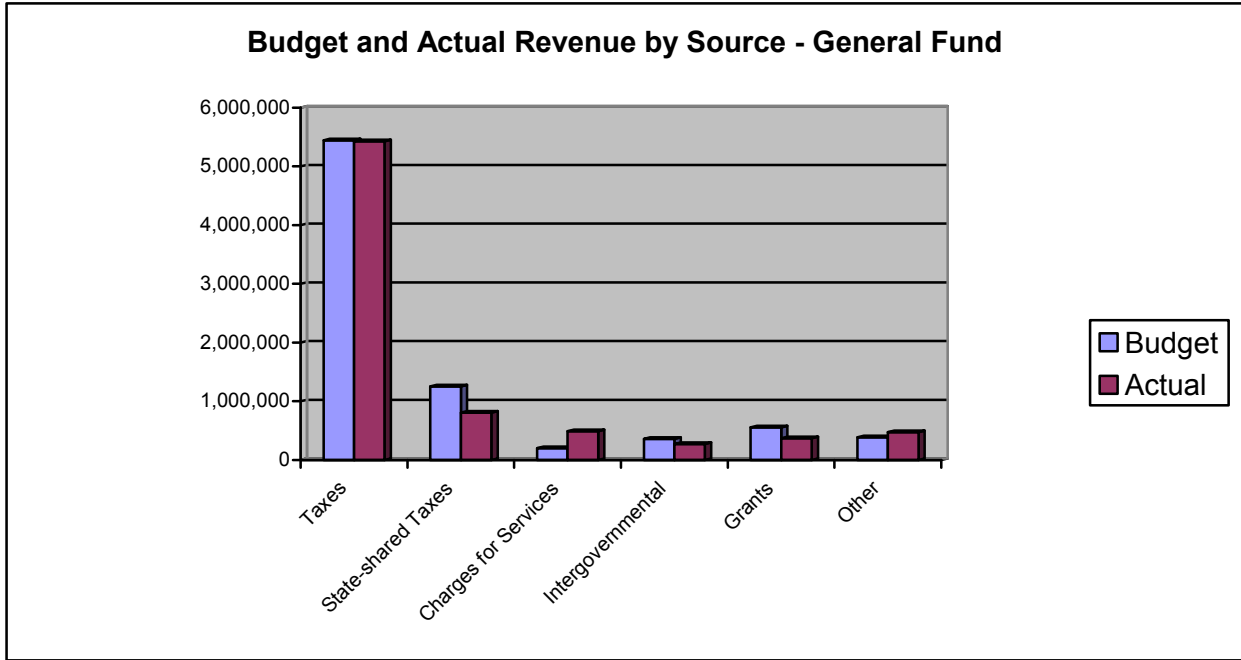
Type	Original Budget	Final Budget	Modification	Reason
General government	\$ 4,361,732	\$ 4,502,084	\$ 140,352	To cover cost of additional expenditures
Public safety	2,692,943	2,834,139	141,196	To cover cost of additional expenditures
Public works	458,618	466,618	8,000	To cover cost of additional expenditures
Capital outlay	229,450	233,593	4,143	To cover cost of additional expenditures
Totals	\$ 7,742,743	\$ 8,036,434	\$ 293,691	

**STATE OF NEW MEXICO
COUNTY OF LUNA
June 30, 2008**

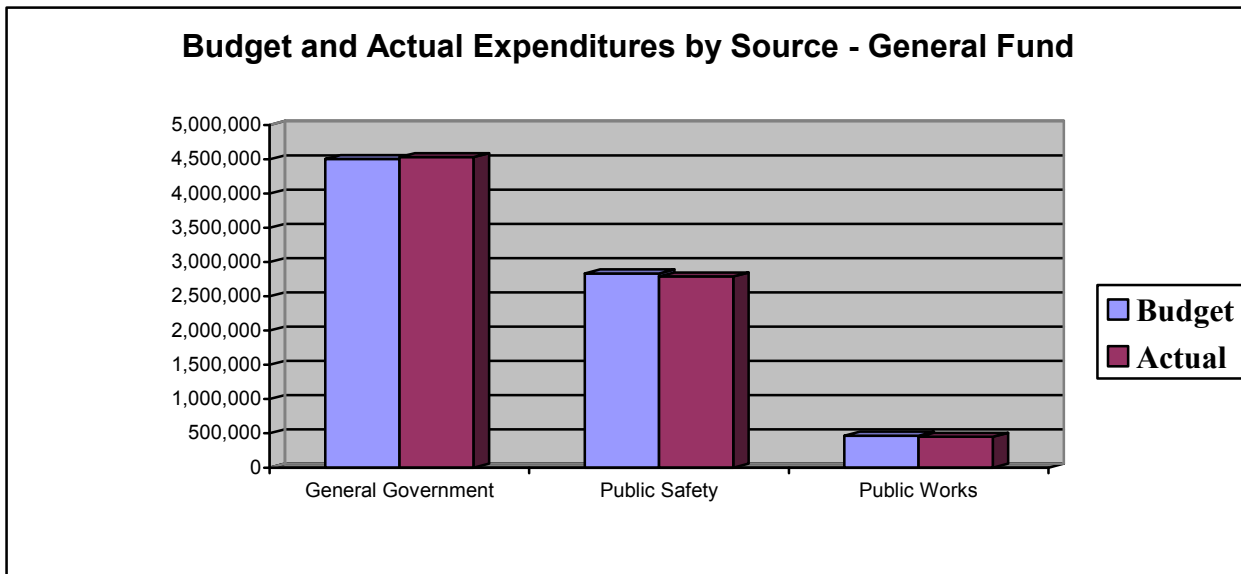
Management's Discussion and Analysis

Budgetary Highlights (continued)

The following chart demonstrates a summary of the major revenue sources received compared to the approved budget for the General Fund.



General government expenditures include all administrative functions of the County, which include: County Commissioners, Administration, Finance, Maintenance, Public Safety, and Road Repairs. The following chart shows a summary of functional categories for expenditures:



**STATE OF NEW MEXICO
COUNTY OF LUNA
June 30, 2008**

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital Assets. The County of Luna's capital assets for its governmental and business-type activities as of June 30, 2008 amount to \$24,537,307 (net of accumulated depreciation). Capital assets include land improvements, buildings, machinery, equipment and infrastructure. The total increase in the County's capital assets (excluding accumulated depreciation) for the current fiscal year was \$2,566,860 for governmental activities. The total increase in business-type capital assets (excluding accumulated depreciation) for the current fiscal year was \$39,259.

**Capital Assets Net of Depreciation
June 30, 2008**

	Government Activities	Business-Type Activities	Totals
Land and Construction in Process	\$ 7,742,604	\$ 244,714	\$ 7,987,318
Building and improvements	7,902,398	5,801,878	13,704,276
Machinery and equipment	2,437,162	408,551	2,845,713
Capital Assets, Net of Accumulated Depreciation	<u>\$ 18,082,164</u>	<u>\$ 6,455,143</u>	<u>\$ 24,537,307</u>

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Note 6 in the accompanying Notes to the Financial Statements for further information regarding capital assets.

The Statement of Net Assets shows the Investment in Capital Assets-Governmental Funds in the amount of \$18,026,530. This investment includes the land, buildings, land and building improvements, equipment, construction in progress, and all applicable debt service. The total increase in capital assets was \$2,566,860, which includes an increase of construction projects of \$1,983,721. Total construction projects open at the end of the fiscal year was \$6,138,450. Equipment costing \$437,812 and land costing \$145,327 was purchased for the County

The additions in business-type activities total \$39,259 in equipment and improvements to the detention center.

The County's loans decreased \$7,798 through principal payments. Additional information on the County's debt can be found in Note 7.

The following is a schedule showing the Net Value of the Capital Assets and the application of the principal balances of the notes as of the fiscal year end:

	Government Activities	Business-Type Activities	Balance as of 6/30/2008
Net Value of Capital Assets	\$ 18,082,164	\$ 6,455,143	\$ 24,537,307
Long-Term Debt Principal Balance:			
Fire Truck Loan	15,601	-	15,601
Harlo Forklift Lease	32,235	-	32,235
Total Investment in Capital Assets			
Net of Related Debt	<u>\$ 18,034,328</u>	<u>\$ 6,455,143</u>	<u>\$ 24,489,471</u>

**STATE OF NEW MEXICO
COUNTY OF LUNA
June 30, 2008**

Management's Discussion and Analysis

Contingencies

The County was declared a flood disaster area by the Governor of New Mexico and the U. S. Department of Homeland Security, Federal Emergency Management Administration (FEMA). Recovery costs have been estimated by the New Mexico Department of Public Safety, Office of Emergency Management, at \$1,675,342. None of the recovery costs were paid by the County's liability insurance. FEMA has agreed to pay for \$1,256,507 (75%) of the estimated costs. The Office of Emergency Management has estimated the State's share at 18%. As of June 30, 2008, the final cost to the State has not been determined. After the State's share is determined, the County will be responsible for the balance of the recovery costs.

Bonds outstanding at June 30, 2005 consisted of Gross Receipts Tax Revenue Bonds Series 1998. Interest was accrued on May 1 and November 1 at variable rates between 3.75% and 5.20%. The balance of the revenue bond was paid in full in May 2006. The bond was defeased by the Detention Center fund investment account. This loan is expected to be paid back to the Detention Center from gross receipts tax revenue. For additional information concerning this bond, see note 12.

Economic Factors and Next Year's Budgets and Rates

- Inflationary trends in the region compare favorably to national indices.

The above factors were considered in preparing County of Luna's budget for the 2009 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of County of Luna's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County's Budget Officer, 700 S Silver, Deming, New Mexico 88030.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
COUNTY OF LUNA
Government-Wide Statement of Net Assets
June 30, 2008

	Governmental Activities	Business- Type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 4,160,891	\$ 2,641,155	\$ 6,802,046
Investments	20,229,726	-	20,229,726
Taxes receivable	-	-	-
Property taxes receivables	610,495	-	610,495
Accounts receivables	-	475,524	475,524
Grant receivables	76,713	-	76,713
Other receivables	72,496	-	72,496
Due from other governments	136,485	5,653	142,138
Inventory	333,046	-	333,046
Capital assets:			
Land and construction in process	1,604,154	244,714	1,848,868
Other capital assets, net of depreciation	16,478,010	6,210,429	22,688,439
Total assets	43,702,016	9,577,475	53,279,491
Liabilities			
Accounts payable	292,292	1,164,986	1,457,278
Accrued salaries	263,172	104,760	367,932
Interest payable	261,034	-	261,034
Long-term liabilities			
Due within one year	93,763	29,956	123,719
Due in more than one year	178,243	59,914	238,157
Bonds due within one year	420,000	-	420,000
Bonds due in more than one year, net of amortization	10,840,836	-	10,840,836
Total liabilities	12,349,340	1,359,616	13,708,956
Net assets			
Invested in capital assets, net of related debt	18,034,328	6,455,143	24,489,471
Invested in inventory	333,046	-	333,046
Unrestricted	12,985,302	1,762,716	14,748,018
Total net assets	\$ 31,352,676	\$ 8,217,859	\$ 39,570,535

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Government-Wide Statement of Net Assets
June 30, 2007

	Governmental Activities	Business- Type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 6,617,785	\$ 1,949,202	\$ 8,566,987
Investments	9,685,710	-	9,685,710
Taxes receivable	92,923	-	92,923
Property taxes receivable	509,874	-	509,874
Other receivables	50,083	-	50,083
Due from other governments	409,968	-	409,968
Inventory	441,553	-	441,553
Capital assets:			
Land and construction in process	5,613,556	244,714	5,858,270
Other capital assets, net of depreciation	10,465,779	6,453,050	16,918,829
Total assets	33,887,231	8,646,966	42,534,197
Liabilities			
Accounts payable	73,737	8,485	82,222
Accrued salaries	185,026	92,847	277,873
Long-term liabilities			
Due within one year	82,711	29,956	112,667
Due in more than one year	164,858	59,914	224,772
Total liabilities	506,332	191,202	697,534
Net assets			
Invested in capital assets, net of related debt	16,055,936	6,697,764	22,753,700
Invested in inventory	441,553	-	441,553
Unrestricted	16,883,410	1,758,000	18,641,410
Total net assets	\$ 33,380,899	\$ 8,455,764	\$ 41,836,663

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
Statement of Activities
June 30, 2008**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Primary Government		Total
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business-Type Activities	
Primary Government:							
Governmental Activities:							
General government	\$ 5,618,583	\$ 340,992	\$ 310,812	\$ -	\$ (4,966,779)	\$ -	\$ (4,966,779)
Public safety	4,960,105	-	818,643	328,365	(3,813,097)	-	(3,813,097)
Public works	4,751,347	794,635	23,734	468,639	(3,464,339)	-	(3,464,339)
Health and welfare	4,236,102	-	1,470,504	78,972	(2,686,626)	-	(2,686,626)
Total governmental activities	19,566,137	1,135,627	2,623,693	875,976	(14,930,841)	-	(14,930,841)
Business-Type Activities:							
Detention facility	6,874,915	6,326,042	-	-	-	(548,873)	(548,873)
Total business-type activities	6,874,915	6,326,042	-	-	-	(548,873)	(548,873)
Total Primary Government					(14,930,841)	(548,873)	(15,479,714)
General revenues:							
Taxes							
Property taxes					5,633,873	-	5,633,873
State shared taxes					3,584,892	-	3,584,892
Intergovernmental income					2,041,008	196,730	2,237,738
State shared assistance							
Small counties assistance					182,000	-	182,000
Interest Income					1,113,375	40,534	1,153,909
Gain (Loss) on sale of property					13,425	-	13,425
Other income					288,545	119,204	407,749
Transfers					45,500	(45,500)	-
Total general revenues and transfers					12,902,618	310,968	13,213,586
Changes in net assets					(2,028,223)	(237,905)	(2,266,128)
Net assets, beginning of year					33,380,899	8,455,764	41,836,663
Net assets, end of year					\$ 31,352,676	\$ 8,217,859	\$ 39,570,535

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
Statement of Activities
June 30, 2007**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Primary Government		Total
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business-Type Activities	
Primary Government:							
Governmental Activities:							
General government	\$ 3,865,223	\$ 445,651	\$ 109,461	\$ -	\$ (3,310,111)	\$ -	\$ (3,310,111)
Public safety	3,531,960	-	159,348	390,041	(2,982,571)	-	(2,982,571)
Public works	2,674,129	7,407	-	3,413,146	746,424	-	746,424
Health and welfare	2,253,139	-	1,177,971	-	(1,075,168)	-	(1,075,168)
Total governmental activities	<u>12,324,451</u>	<u>453,058</u>	<u>1,446,780</u>	<u>3,803,187</u>	<u>(6,621,426)</u>	<u>-</u>	<u>(6,621,426)</u>
Business-Type Activities:							
Detention facility	5,636,074	5,554,239	-	-	-	(81,835)	(81,835)
Total business-type activities	<u>5,636,074</u>	<u>5,554,239</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(81,835)</u>	<u>(81,835)</u>
Total Primary Government					(6,621,426)	(81,835)	(6,703,261)
General revenues:							
Taxes							
Property taxes					5,134,776	-	5,134,776
State shared taxes					2,193,650	-	2,193,650
Intergovernmental income					3,009,400	126,368	3,135,768
State shared assistance							
Small counties assistance					147,000	-	147,000
Interest Income					842,263	49,240	891,503
Other income					617,339	93	617,432
Transfers					293,450	(293,450)	-
Total general revenues and transfers					12,237,878	(117,749)	12,120,129
Changes in net assets					5,616,452	(199,584)	5,416,868
Net assets, beginning of year					27,764,447	8,655,348	36,419,795
Net assets, end of year					\$ 33,380,899	\$ 8,455,764	\$ 41,836,663

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

GOVERNMENTAL FUNDS

**STATE OF NEW MEXICO
COUNTY OF LUNA
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2008**

Assets	General Fund	Road Fund	County Maintenance	Non-Major Funds	Total Funds
Cash and cash equivalents	\$ 455,494	\$ 731,646	\$ 978,304	\$ 1,995,447	\$ 4,160,891
Investments	385,686	-	7,822,598	12,021,442	20,229,726
Taxes receivables	-	-	-	-	-
Property taxes receivables	610,495	-	-	-	610,495
Grant receivables	3,136	-	-	73,577	76,713
Other receivables	11,000	-	60,416	1,080	72,496
Due from other funds	1,264,493	-	-	57,347	1,321,840
Due from other governments	77,137	-	-	59,348	136,485
Inventory	-	333,046	-	-	333,046
Total assets	<u>\$ 2,807,441</u>	<u>\$ 1,064,692</u>	<u>\$ 8,861,318</u>	<u>\$ 14,208,241</u>	<u>\$ 26,941,692</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 84,345	\$ 12,501	\$ 41,363	\$ 154,083	\$ 292,292
Accrued salaries	171,973	44,811	-	46,388	263,172
Interest payable	-	-	-	261,034	261,034
Due to other funds	57,347	-	-	1,264,493	1,321,840
Deferred revenue	-	-	-	169,917	169,917
Total liabilities	<u>313,665</u>	<u>57,312</u>	<u>41,363</u>	<u>1,895,915</u>	<u>2,308,255</u>
Fund balances:					
Reserved for road inventory	-	333,046	-	-	333,046
Reserved for capital projects funds	-	-	-	14,254	14,254
Unreserved for special revenue funds	-	-	-	12,298,072	12,298,072
Unreserved	2,493,776	674,334	8,819,955	-	11,988,065
Total fund balances	<u>2,493,776</u>	<u>1,007,380</u>	<u>8,819,955</u>	<u>12,312,326</u>	<u>24,633,437</u>
Total liabilities and fund balances	<u>\$ 2,807,441</u>	<u>\$ 1,064,692</u>	<u>\$ 8,861,318</u>	<u>\$ 14,208,241</u>	<u>\$ 26,941,692</u>

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
Reconciliation of the Balance Sheet to the
Statement of Net Assets
June 30, 2008**

Total fund balances – governmental funds \$ 24,633,437

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Cost of the assets	25,717,869	
Accumulated depreciation	(7,635,705)	18,082,164

Certain assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		169,917
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

NMFA loan payable	(15,601)	
Harlo forklift lease	(32,235)	
Bonds payable	(11,260,836)	
Compensated absences	(224,170)	(11,532,842)

Total net assets – governmental activities		\$ 31,352,676
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The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
COUNTY OF LUNA
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2007**

Assets	General Fund	Road Fund	County Maintenance	Non-Major Funds	Total Funds
Cash and cash equivalents	\$ 1,890,208	\$ 1,074,603	\$ 1,530,816	\$ 2,122,158	\$ 6,617,785
Investments	210,661	-	9,475,049	-	9,685,710
Taxes receivables	7,187	85,736	-	-	92,923
Property taxes receivables	509,874	-	-	-	509,874
Other receivables	14,180	-	-	35,903	50,083
Due from other funds	16,643	-	-	-	16,643
Due from other governments	5,202	-	10,630	394,136	409,968
Inventory	-	441,553	-	-	441,553
Total assets	<u>\$ 2,653,955</u>	<u>\$ 1,601,892</u>	<u>\$ 11,016,495</u>	<u>\$ 2,552,197</u>	<u>\$ 17,824,539</u>
 Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 40,665	\$ 11,776	\$ 10,833	\$ 10,463	\$ 73,737
Accrued salaries	129,377	31,857	-	23,792	185,026
Due to other funds	-	-	-	16,643	16,643
Deferred revenue	103,757	-	-	336,007	439,764
Total liabilities	<u>273,799</u>	<u>43,633</u>	<u>10,833</u>	<u>386,905</u>	<u>715,170</u>
 Fund balances:					
Reserved for road inventory	-	441,553	-	-	441,553
Reserved for capital projects funds	-	-	-	28,774	28,774
Unreserved for special revenue funds	-	1,116,706	11,005,662	2,136,518	14,258,886
Unreserved	2,380,156	-	-	-	2,380,156
Total fund balances	<u>2,380,156</u>	<u>1,558,259</u>	<u>11,005,662</u>	<u>2,165,292</u>	<u>17,109,369</u>
Total liabilities and fund balances	<u>\$ 2,653,955</u>	<u>\$ 1,601,892</u>	<u>\$ 11,016,495</u>	<u>\$ 2,552,197</u>	<u>\$ 17,824,539</u>

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
Reconciliation of the Balance Sheet to the
Statement of Net Assets
June 30, 2007**

Total fund balances – governmental funds		\$ 17,109,369
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.</p>		
Cost of the assets	23,151,009	
Accumulated depreciation	<u>(7,071,674)</u>	16,079,335
<p>Certain assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.</p>		
		439,764
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:</p>		
NMFA loan payable	(23,399)	
Compensated absences	<u>(224,170)</u>	(247,569)
Total net assets – governmental activities		<u><u>\$ 33,380,899</u></u>

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds
For the Year-Ended June 30, 2008**

	General Fund	Road Fund	County Maintenance Fund	Total Non- Major Funds	Total Funds
Revenues:					
Taxes	\$ 5,633,873	\$ -	\$ -	\$ -	\$ 5,633,873
State shared taxes	630,262	1,024,309	734,894	1,195,427	3,584,892
Small counties assistance	182,000	-	-	-	182,000
Intergovernmental revenue	559,680	164,089	3,362	1,313,877	2,041,008
Charges for services	259,664	748,272	-	127,691	1,135,627
Interest income	251,306	18,084	265,939	589,782	1,125,111
Federal grants	288,393	-	-	1,380,999	1,669,392
State grants	77,956	184,657	759,196	798,469	1,820,278
Other grants	-	-	-	10,000	10,000
Bond Proceeds	-	-	-	11,249,100	11,249,100
Gain (loss) on sale of property	-	13,425	-	-	13,425
Other income	206,342	9,302	-	72,900	288,544
Total revenues	<u>8,089,476</u>	<u>2,162,138</u>	<u>1,763,391</u>	<u>16,738,245</u>	<u>28,753,250</u>
Expenditures					
Current:					
General government	4,670,828	-	-	439,453	5,110,281
Public safety	2,781,144	-	-	1,998,365	4,779,509
Public works	421,247	2,604,464	1,403,963	166,092	4,595,766
Health & welfare	-	-	-	4,211,706	4,211,706
Capital outlay	26,790	105,790	294,676	2,139,603	2,566,859
Total expenditures	<u>7,900,009</u>	<u>2,710,254</u>	<u>1,698,639</u>	<u>8,955,219</u>	<u>21,264,121</u>
Excess (deficiency) of revenues Over (under) expenditures	189,467	(548,116)	64,752	7,783,026	7,489,129
Other financing sources (uses)					
Debt service					
Principal	-	(2,763)	-	(7,798)	(10,561)
Transfers in	-	-	183,262	2,579,746	2,763,008
Transfers out	(75,847)	-	(2,433,721)	(207,940)	(2,717,508)
Total other financing sources (uses)	<u>(75,847)</u>	<u>(2,763)</u>	<u>(2,250,459)</u>	<u>2,364,008</u>	<u>34,939</u>
Net change in fund balances	113,620	(550,879)	(2,185,707)	10,147,034	7,524,068
Fund balance:					
Balances - beginning of year	<u>2,380,156</u>	<u>1,558,259</u>	<u>11,005,662</u>	<u>2,165,292</u>	<u>17,109,369</u>
Balances - end of year	<u>\$ 2,493,776</u>	<u>\$ 1,007,380</u>	<u>\$ 8,819,955</u>	<u>\$ 12,312,326</u>	<u>\$ 24,633,437</u>

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
Reconciliation of Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds to the Statement of Activities
For the Year-Ending June 30, 2008**

Total net change in fund balances-governmental funds		\$ 7,524,068
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlays	\$ 2,566,859	
Depreciation expense	(564,031)	2,002,828
Bond proceeds and disbursements are reported in governmental funds as revenue and expenditures. Bond discounts are amortized in governmental activity.		
Bond proceeds	(11,249,100)	
Bond disbursements	-	
Discount on bond	(11,736)	(11,260,836)
Property taxes are deferred in the funds based on available and measurable criteria, whereas they are recorded as revenue in Statement of Activities		
		(474,761)
Grant funds received for FEMA are deferred in the funds available and measurable criteria, whereas they are recorded as revenue in Statement of Activities		
		169,917
In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		
		-
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		10,561
Change in net assets of governmental activities		<u><u>\$ (2,028,223)</u></u>

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds
For the Year-Ending June 30, 2007**

	General Fund	Road Fund	County Maintenance Fund	Total Non- Major Funds	Total Funds
Revenues:					
Taxes	\$ 4,488,247	\$ -	\$ -	\$ -	\$ 4,488,247
State shared taxes	1,064,297	869,249	633,008	691,393	3,257,947
Small counties assistance	147,000	-	-	-	147,000
Intergovernmental revenue	654,485	789,572	301,797	1,646,984	3,392,838
Charges for services	201,980	7,407	-	110,411	319,798
Interest income	274,395	15,674	540,922	11,272	842,263
Federal grants	-	-	-	1,957,253	1,957,253
State grants	33,873	157,932	749,623	1,967,848	2,909,276
Other income	572,448	70,343	1,936	105,872	750,599
Total revenues	<u>7,436,725</u>	<u>1,910,177</u>	<u>2,227,286</u>	<u>6,491,033</u>	<u>18,065,221</u>
Expenditures					
Current:					
General government	3,084,936	-	-	114,557	3,199,493
Public safety	2,359,478	-	-	1,172,482	3,531,960
Public works	618,823	1,704,573	311,233	39,500	2,674,129
Health & welfare	24,160	-	-	2,228,979	2,253,139
Capital outlay	786,306	240,700	977,901	2,603,533	4,608,440
Total expenditures	<u>6,873,703</u>	<u>1,945,273</u>	<u>1,289,134</u>	<u>6,159,051</u>	<u>16,267,161</u>
Excess (deficiency) of revenues Over (under) expenditures	563,022	(35,096)	938,152	331,982	1,798,060
Other financing sources (uses)					
Debt service					
Principal	-	-	-	(7,798)	(7,798)
Transfers in	50,440	240,700	74,296	1,343,657	1,709,093
Transfers out	(45,389)	-	(1,279,400)	(90,854)	(1,415,643)
Total other financing sources (uses)	<u>5,051</u>	<u>240,700</u>	<u>(1,205,104)</u>	<u>1,245,005</u>	<u>285,652</u>
Net change in fund balances	568,073	205,604	(266,952)	1,576,987	2,083,712
Fund balance:					
Balances - beginning of year	<u>1,812,083</u>	<u>1,352,655</u>	<u>11,272,614</u>	<u>588,305</u>	<u>15,025,657</u>
Balances - end of year	<u>\$ 2,380,156</u>	<u>\$ 1,558,259</u>	<u>\$ 11,005,662</u>	<u>\$ 2,165,292</u>	<u>\$ 17,109,369</u>

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
Reconciliation of Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds to the Statement of Activities
For the Year-Ending June 30, 2007**

Total net change in fund balances-governmental funds		\$ 2,083,712
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlays	\$ 4,608,440	
Depreciation expense	(586,591)	
		4,021,849
Property taxes are deferred in the funds based on available and measurable criteria, whereas they are recorded as revenue in Statement of Activities		
		(417,768)
In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation leave earned (\$205,025) exceeded the amounts used (\$125,886).		
		(79,139)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		7,798
		7,798
Change in net assets of governmental activities		\$ 5,616,452

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Governmental Fund
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Taxes	\$ 5,441,590	\$ 5,441,590	\$ 5,429,495	\$ (12,095)
State shared taxes	1,254,592	1,254,592	805,279	(449,313)
Intergovernmental income	362,000	362,000	489,526	127,526
Charges for services	200,350	200,350	270,031	69,681
Joint powers agreements	-	-	-	-
Other income	160,075	160,075	206,342	46,267
Investment income	225,000	225,000	265,240	40,240
Federal grants	433,000	433,000	288,393	(144,607)
State grants	120,663	120,663	80,022	(40,641)
Total revenues	8,197,270	8,197,270	7,834,328	(362,942)
Beginning cash	2,117,512	2,117,512		
	\$ 10,314,782	\$ 10,314,782		
Expenditures:				
Current				
General government	4,361,732	4,502,084	4,530,686	(28,602)
Public safety	2,692,943	2,834,139	2,787,613	46,526
Public works	458,618	466,618	449,519	17,099
Capital outlay	229,450	233,593	45,918	187,675
Total expenditures	7,742,743	8,036,434	7,813,736	222,698
Excess (deficiency) of revenue over expenditures			20,592	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	(18,500)	(18,500)
Total other financing sources (uses)	-	-	(18,500)	(18,500)
Net change in fund balances (Non-GAAP)			2,092	
Difference between Non-GAAP and Modified GAAP				
Adjust accrued revenue		255,148		
Adjust accrued expenditures		(86,273)		
Adjust transfers		(57,347)	111,528	
Net change in fund balances (Modified GAAP)			113,620	
Fund balances – beginning of year			2,380,156	
Fund balances – end of year			\$ 2,493,776	

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Governmental Fund
Road Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State shared taxes	\$ 1,060,000	\$ 1,060,000	\$ 1,110,045	\$ 50,045
Charge for services	800,423	800,423	748,272	(52,151)
Intergovernmental income	164,253	164,253	164,089	(164)
Other income	-	-	22,727	22,727
Investment income	6,000	6,000	18,084	12,084
State grants	184,657	184,657	184,657	-
Total revenues	<u>2,215,333</u>	<u>2,215,333</u>	<u>2,247,874</u>	<u>32,541</u>
Beginning cash	<u>1,410,612</u>	<u>1,410,612</u>		
	<u>\$ 3,625,945</u>	<u>\$ 3,625,945</u>		
Expenditures:				
Public works				
Personnel expenditures	1,323,347	1,323,347	1,483,974	(160,627)
Operating expenditures	1,372,424	1,372,424	1,202,160	170,264
Capital outlay	-	75,000	70,792	4,208
Total expenditures	<u>2,695,771</u>	<u>2,770,771</u>	<u>2,756,926</u>	<u>13,845</u>
Excess (deficiency) of revenue over expenditures			(509,052)	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (Non-GAAP)			(509,052)	
Difference between Non-GAAP and Modified GAAP				
Adjust accrued revenue		(85,736)		
Adjust accrued expenditures		43,909	(41,827)	
Net change in fund balances (Modified GAAP)			(550,879)	
Fund balances – beginning of year			<u>1,558,259</u>	
Fund balances – end of year			<u>\$ 1,007,380</u>	

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Governmental Fund
County Maintenance Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State shared taxes	\$ -	\$ -	\$ 734,894	\$ 734,894
Intergovernmental income	2,000	2,000	-	(2,000)
Other income	60,000	60,000	3,362	(56,638)
Investment income	400,000	400,000	366,319	(33,681)
Federal grants	500,000	500,000	-	(500,000)
State grants	1,213,000	1,213,000	709,410	(503,590)
Total revenues	<u>2,175,000</u>	<u>2,175,000</u>	<u>1,813,985</u>	<u>(361,015)</u>
Beginning cash	<u>11,005,865</u>	<u>11,005,865</u>		
	<u>\$ 13,180,865</u>	<u>\$ 13,180,865</u>		
Expenditures:				
General government				
Operating expenditures	2,995,934	3,486,320	1,352,043	2,134,277
Capital outlay	300,370	300,370	316,065	(15,695)
Total expenditures	<u>3,296,304</u>	<u>3,786,690</u>	<u>1,668,108</u>	<u>2,118,582</u>
Excess (deficiency) of revenue over expenditures			145,877	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	(1,984,109)	(1,984,109)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,984,109)</u>	<u>(1,984,109)</u>
Net change in fund balances (Non-GAAP)			(1,838,232)	
Difference between Non-GAAP and Modified GAAP				
Adjust accrued revenue		(50,594)		
Adjust accrued expenditures		(30,531)		
Adjust transfers		<u>(266,350)</u>	<u>(347,475)</u>	
Net change in fund balances (Modified GAAP)			(2,185,707)	
Fund balances – beginning of year			<u>11,005,662</u>	
Fund balances – end of year			<u>\$ 8,819,955</u>	

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

PROPRIETARY FUNDS

STATE OF NEW MEXICO
COUNTY OF LUNA
Proprietary Funds – Detention Center
Statement of Net Assets
June 30,

	<u>2008</u>	<u>2007</u>
Assets		
Current assets		
Cash	\$ 2,641,155	\$ 1,949,202
Accounts receivable	475,524	-
Due from other governments	5,653	-
Total current assets	<u>3,122,332</u>	<u>1,949,202</u>
Non-current assets		
Capital assets	8,610,713	8,571,454
Accumulated depreciation	<u>(2,155,570)</u>	<u>(1,873,690)</u>
Total non-current assets	<u>6,455,143</u>	<u>6,697,764</u>
Total assets	<u>\$ 9,577,475</u>	<u>\$ 8,646,966</u>
Liabilities:		
Current liabilities		
Accounts payable	\$ 1,164,986	\$ 8,485
Accrued salaries	104,760	92,847
Accrued compensated absences	29,956	29,956
Long Term Accrued compensated absences	<u>59,914</u>	<u>59,914</u>
Total liabilities	1,359,616	191,202
Net assets:		
Invested in capital assets	6,455,143	6,697,764
Unrestricted	<u>1,762,716</u>	<u>1,758,000</u>
Total net assets	<u>8,217,859</u>	<u>8,455,764</u>
Total liabilities and net assets	<u>\$ 9,577,475</u>	<u>\$ 8,646,966</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
COUNTY OF LUNA
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds – Detention Center
For the Year-Ended June 30,

	<u>2008</u>	<u>2007</u>
Operating revenues:		
Correction fees	\$ 198,507	\$ 91,337
Adult prisoner fees	6,080,895	5,390,822
Juvenile prisoner fees	46,640	72,080
Dispatch-city	196,730	126,368
Miscellaneous revenue	119,204	93
Total operating revenues	<u>6,641,976</u>	<u>5,680,700</u>
Operating expenses:		
Personnel expenses	3,735,795	4,158,734
Depreciation	281,880	293,155
Other operating costs	2,857,240	1,184,185
Total operating expenses	<u>6,874,915</u>	<u>5,636,074</u>
Operating income	(232,939)	44,626
Non-operating revenues:		
Interest revenue	<u>40,534</u>	<u>49,240</u>
Total non-operating revenues	40,534	49,240
Income before transfers	(192,405)	93,866
Transfers out	<u>(45,500)</u>	<u>(293,450)</u>
Change in net assets:	(237,905)	(199,584)
Total net assets, beginning of year	<u>8,455,764</u>	<u>8,655,348</u>
Total net assets, end of year	<u>\$ 8,217,859</u>	<u>\$ 8,455,764</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
COUNTY OF LUNA
Statement of Cash Flows
Proprietary Fund – Detention Center
For the Year-Ended June 30,

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Cash received from correction fees and taxes	\$ 6,160,799	\$ 6,175,950
Cash payments to employees for services	(3,723,881)	(4,453,969)
Cash payments to suppliers for goods and services	(1,700,740)	(1,001,578)
	<hr/>	<hr/>
Net cash provided by operating activities	736,178	720,403
Cash flows from non-capital financing activities:		
Intergovernmental transfers	(45,500)	(293,450)
Interest income	40,534	49,240
	<hr/>	<hr/>
Net cash used for non-capital financing activities	(4,966)	(244,210)
Cash flows from capital and related financing activities		
Acquisition of capital assets	(39,259)	(1,134,257)
	<hr/>	<hr/>
Net cash used for capital financing activities	(39,259)	(1,134,257)
Net decrease in cash and cash equivalents	691,953	(658,064)
Cash and cash equivalents – beginning of year	1,949,202	2,607,266
	<hr/>	<hr/>
Cash and cash equivalents – end of year	\$ 2,641,155	\$ 1,949,202
	<hr/>	<hr/>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ (232,939)	\$ 44,626
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	281,880	293,155
Changes in Assets and Liabilities		
Receivables	(481,177)	495,250
Accrued expenses	11,913	(2,080)
Accounts payable	1,156,501	(110,548)
	<hr/>	<hr/>
Net cash provided (used) by operating activities	\$ 736,178	\$ 720,403
	<hr/>	<hr/>
Cash flows from operating activities:		
Cash received from correction fees and taxes	\$ 6,160,799	\$ 6,175,950
	<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements

AGENCY FUNDS

STATE OF NEW MEXICO
COUNTY OF LUNA
Statement of Fiduciary Assets and Liabilities –
Agency Funds
June 30,

	<u>2008</u>	<u>2007</u>
Assets		
Cash	\$ 189,474	\$ 98,097
Property taxes receivable	<u>688,363</u>	<u>965,514</u>
Total assets	<u>\$ 877,837</u>	<u>\$ 1,063,611</u>
Liabilities		
Due to inmates	\$ 43,171	\$ 9,259
Due to other governments	785,167	995,487
Prepaid taxes	1,224	5,277
Overpayment of taxes	675	123
Taxes paid in advance	17,460	23,297
Due to taxpayers	<u>30,140</u>	<u>30,168</u>
Total liabilities	<u>\$ 877,837</u>	<u>\$ 1,063,611</u>

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

STATE OF NEW MEXICO
COUNTY OF LUNA
Notes to Financial Statements
June 30, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Luna (the "County"), New Mexico was founded in 1901 and operates under the Commission-Manager system. There are three elected commissioners serving four-year terms. In addition, the following County Officials are elected for four-year terms: assessor, clerk, sheriff, treasurer, and probate judge. The County provides traditional services such as public safety, culture and recreation, public works, roads, tax collection, and licensing and regulation of businesses.

The financial statements of County of Luna (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the County's accounting policies are described below.

Financial Reporting Entity

In evaluating how to define the County, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB-14. The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the County has no component units, and is not a component unit of another governmental agency.

Basis of Presentation

Government-Wide Statements

The government-wide financial statement (i.e., the statement of net assets and the statement of activities and changes in net assets) reports information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 or segment 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 among program revenues are reported instead as *general revenues*.

**STATE OF NEW MEXICO
COUNTY OF LUNA
Notes to Financial Statements
June 30, 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide and Fund Financial Statements (continued)

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though neither fiduciary funds nor component units that are fiduciary in nature are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide, proprietary, and agency fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include gross receipts taxes and property taxes, grants and entitlements. On an accrual basis, revenue from property taxes, net of estimated refunds and uncollectible amounts, is recognized as revenues in the year for which they are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements are met.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenditures are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

All governmental and business-type activities and proprietary funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

The County implemented the provisions of GASB No.'s 34, 37 and 38 effective July 1, 2003. The County implemented the provisions of GASB No. 40 and 41 effective July 1, 2004. The County implemented the provisions of GASB No. 42, 43, 44, 45, 46, and 47 effective July 1, 2005.

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. The County considers all revenues to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues not considered available are recorded as deferred revenues. Property taxes, gross receipts taxes, franchise taxes, and interest are considered susceptible to accrual. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government because they are not measurable or reasonably estimable.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

**STATE OF NEW MEXICO
COUNTY OF LUNA
Notes to Financial Statements
June 30, 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Government funds are used to account for the County's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general capital assets and the servicing of general long-term debt. Governmental funds include:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the County except for items included in other funds.

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Debt Service Funds* account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The *Capital Projects Funds* account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Under the requirements of GASB No. 34, the County is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund), which includes funds that were not required to be presented as major but were at the discretion of management:

The *Road Fund* is used to account for the distribution of gasoline taxes and motor vehicles registration fees to the County and the expenditure for construction, reconstruction, resurfacing or other improvement or maintenance of public roads as authorized by NMSA 1978 Section 7-24A-5.

The *County Maintenance Fund* is used to account for the federal and state grants funds and expenditures by the County for various maintenance projects established by the County as authorized by NMSA 1978 24-10A-6.

The government reports its proprietary fund (Detention Center Fund) as a major governmental fund. The purpose of the Detention Center Fund is to account for the operation and maintenance of the Detention Facility for the County.

Additionally, the government reports the following fund types:

The *Fiduciary Funds* are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The County's fiduciary funds are used to account for the collection and payment of property taxes and special fees to other governmental agencies.

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

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes, because elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

**STATE OF NEW MEXICO
COUNTY OF LUNA
Notes to Financial Statements
June 30, 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Amounts reported as *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 or segment 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 among program revenues are reported instead as *general revenues*.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources, as they are needed.

The County reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The County does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of the County's proprietary fund is charges for correction fees. Operating expenses for proprietary funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for us, it is the County's policy to use restricted resources first, and then unrestricted resources, as they are needed.

Implementation of New Accounting Principles of the United States of America

The County adopted the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement affects the manner in which the County records transactions and presents financial information. State and local governments have traditionally used a financial reporting model substantially different from the one used to prepare private-sector financial reports.

GASB Statement No 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. The statement was developed to make annual reports of state and local governments easier to understand and more useful to the people who use governmental financial information to make decisions.

The statement includes the following sections, which were not previously included in the basic financial statements. The governmental fund financial statements continue to be presented as a building block for the new GASB Statement No. 34 statements.

- a. *Management's Discussion and Analysis* – GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the County's financial activities in the form of "Management's Discussion and Analysis" (MD&A). This analysis is similar to the analysis provided in the annual reports of private-sector organizations.
- b. *Government-Wide Financial Statements* – The reporting model includes financial statements prepared using full accrual accounting for all of the County's activities. This approach includes not just current assets and liabilities but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.
- c. *Statement of Net Assets* – The statement of net assets is designed to display the financial position of the primary government (government and business-type activities). The County now reports all capital assets in the government-wide statement of net assets and reports depreciation expense – the cost of "using up" capital assets – in the statement of activities. The net assets of the County are broken down into three categories – 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

STATE OF NEW MEXICO
COUNTY OF LUNA
Notes to Financial Statements
June 30, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Implementation of New Accounting Principles of the United States of America (continued)

- d. *Statement of Activities* – The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the County’s functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the County has recorded capital and certain other long-term assets and liabilities in the statement of net assets, and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statements of activities.

Assets, Liabilities and Net Assets or Equity

Cash and Cash Equivalents

The County pools idle cash from all funds for the purpose of increasing income through investment activities. A “Pooled Cash” concept is used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amount. All amounts included in pooled cash and investments are considered to be cash equivalents for the purposes of the statement of cash flows.

Deposits and Investments: The County’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County to invest in Certificates of Deposit, obligations of the U.S. Government, and fully collateralized repurchase agreements.

Investments for the County are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds or internal balances” (i.e., the current portion of inter-fund loans) or “advances to/from other funds or internal balances” (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.” If one fund has overdrawn its share of an internal investment pool, an inter-fund liability to the fund that loaned the amount is reported.

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.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied.

Property taxes attach as an unsubordinated enforceable lien on property as of January 1 of the assessment year. Current year taxes are levied on November 1, unless a formal extension of time is obtained from the Property Tax Division of the New Mexico Department of Finance and Administration. Taxes are due in total on November 10, or optionally in two equal installments on November 10 and April 10 of the next tax year. Although due on November 10 and April 10, the taxes are not delinquent until December 10 and May 10, respectively. In the event the original levy date is formally extended, the respective due dates and delinquency dates are correspondingly extended.

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 by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the County may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent.

**STATE OF NEW MEXICO
COUNTY OF LUNA
Notes to Financial Statements
June 30, 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities and Net Assets or Equity (continued)

Deposits and Investments

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

State Statute Section 6-10-10, NMSA 1978 authorizes the County to invest in obligations of the U.S. Treasury and corporate bonds.

The County utilizes one main demand deposit account for most of the transactions of the County – i.e., pooled cash. Therefore, negative balances in certain funds have been reclassified as due to other funds at year end.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and proprietary financial statements.

Net Assets

Investment in capital assets, net of related debt-This category reflects the portion of net assets that are associated with capital assets less outstanding capital asset related debt.

Restricted net assets-Restricted net assets result from the constraints placed on the use of net assets when externally imposed by creditors, grantors, laws and regulations of other governments and imposed by law through constitutional provisions or enabling legislation. Certain proceeds of proprietary fund revenue bonds, as well as certain resources for their repayment, are required to be classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Due to the bond being defeased in the current year there are no restricted assets at this time (see Note 7).

Unrestricted net assets-This category reflects net assets of the County, not restricted for any project or other purpose.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Inter-Fund Transactions

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

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as operating transfers.

**STATE OF NEW MEXICO
COUNTY OF LUNA
Notes to Financial Statements
June 30, 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities and Net Assets or Equity (continued)

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-side financial statements. Capital assets including computer software are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government-wide statements. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. No computer software is developed in-house.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements	20
Machinery and equipment	5-10

Deferred Revenue

Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Funds are shown as deferred revenues. In addition, property taxes receivable but uncollected within sixty (60) days of year-end are classified as deferred revenue.

Compensated Absences

Paid time off is the component of accrued compensated absences. The County accumulates paid time off per employee, per year, and per years of service. Currently, employees with one or more but less than ten years of service accumulate ten days of paid time off per year. Employees with more than ten years of service accumulate fifteen days of paid time off per year.

An employee may accumulate no more than 360 hours of paid time off. Accumulated paid time off for the County totaled \$314,040 as of June 30, 2007. Of the total, \$89,870 is related to the Business-Type Activities – Detention Center. The amounts for June 30, 2008 are the same as prior year since current year amounts were not provided by the County.

Certain County staff members are entitled to accumulate compensatory time for hours worked in excess of the normal workday. Any accumulated compensatory time not utilized upon termination is paid at the employee's current wage rate. Accumulated compensatory pay for the County amounted to \$9,941 as of June 30, 2007. Of the total \$2,190 is allocable to the Business-Type Activities – Detention Center. The amounts for June 30, 2008 are the same as prior year since current year amounts were not provided by the County.

**STATE OF NEW MEXICO
COUNTY OF LUNA
Notes to Financial Statements
June 30, 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities and Net Assets or Equity (continued)

Long-Term Obligations

In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Two months prior to June 30th, the County Manager submits to the County Commission a proposed operating budget for the upcoming fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the County Office to obtain taxpayer comments.
3. After the County Commission approves the proposed budget, it is then submitted to the Local Government Division of the State Department of Finance and Administration for review and certification.
4. Upon certification the budget becomes a legally binding document. Total expenditures in any fund may not exceed the amount budgeted.
5. The County Manager is authorized to transfer budgeted amounts among departments within a fund; however, the County Commission and the Local Government Division of the State Department of Finance and Administration must approve these revisions.
6. Any revisions that increase the total budgeted expenditures of any fund must have written approval of the Secretary of Finance and Administration and the Attorney General. If such approval is not granted, the County is legally restricted under state statutes to the total expenditures provided for in the budget.
7. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Projects Funds.

Budgets are not adopted on a basis consistent with generally accepted accounting principles (GAAP). Throughout the year, the accounting records are maintained on a non-GAAP basis of cash receipts and disbursements; consequently, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the budgets are adopted on the cash basis of accounting. Budgetary comparisons presented for in this report are on this non-GAAP budgetary basis. Appropriations lapse at year-end, therefore, beginning cash balances reflected as fund balances or retained earnings in the budgetary comparisons are considered available resources for the subsequent year's budget. The budget amounts shown in the financial statements are the final authorization amounts as revised during the year.

**STATE OF NEW MEXICO
COUNTY OF LUNA
Notes to Financial Statements
June 30, 2008**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

No budget was adopted for the Recreation special revenue fund as no revenues or expenditures were anticipated.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the years-ended June 30, 2008 and 2007 is presented.

The following is reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the Modified GAAP basis by fund type:

<u>2008</u>	<u>General Fund</u>	<u>Road Fund</u>	<u>County Maintenance Fund</u>	<u>Non-Major Funds</u>	<u>Proprietary Fund</u>
Excess (deficiency) of revenues and other sources (uses) over expenditures (Modified GAAP Basis)	\$ 113,620	\$ (550,879)	\$ (2,185,707)	\$ 10,147,034	\$ (237,905)
Adjustments:					
To adjust revenues for tax accruals, earnings on investments and other deferrals and accruals.	(255,148)	85,736	50,594	40,240	(481,177)
Adjustments:					
To adjust revenues for payables, payroll taxes, prepaid expenditures and other accruals.	86,273	(43,909)	30,531	444,028	1,411,033
Adjustments:					
To adjust transfers	57,347	-	266,350	(319,256)	-
Excess (deficiency) of revenues and other sources (uses) over expenditures (Budget Basis)	<u>\$ 2,092</u>	<u>\$ (509,052)</u>	<u>\$ (1,838,232)</u>	<u>\$ 10,312,046</u>	<u>\$ 691,951</u>

**STATE OF NEW MEXICO
COUNTY OF LUNA
Notes to Financial Statements
June 30, 2008**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

<u>2007</u>	<u>General Fund</u>	<u>Road Fund</u>	<u>County Maintenance Fund</u>	<u>Non-Major Funds</u>	<u>Proprietary Fund</u>
Excess (deficiency) of revenues and other sources (uses) over expenditures (Modified GAAP Basis)	\$ 568,073	\$ 587,864	\$ (238,178)	\$ 1,607,199	\$ (199,584)
Adjustments:					
To adjust revenues for tax accruals, earnings on investments and other deferrals and accruals.	(892,607)	58,744	1,902,929	(384,484)	430,470
Adjustments:					
To adjust revenues for payables, payroll taxes, prepaid expenditures and other accruals.	<u>4,581</u>	<u>(10,971)</u>	<u>(496,237)</u>	<u>4,209</u>	<u>(888,950)</u>
Excess (deficiency) of revenues and other sources (uses) over expenditures (Budget Basis)	<u>\$ (319,953)</u>	<u>\$ 635,637</u>	<u>\$ 1,168,514</u>	<u>\$ 1,226,924</u>	<u>\$ (658,064)</u>

NOTE 3 CUSTODIAL CREDIT RISK – DEPOSITS

The County had the following depository accounts. All deposits are carried at cost plus accrued interest. The County does not have a deposit policy.

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2008</u>	<u>2007</u>
Insured	\$ 200,000	\$ 200,000
Collateralized:		
Collateral held by pledging bank's trust department not in the county's name	2,101,345	1,837,196
Uninsured and uncollateralized	<u>-</u>	<u>-</u>
Total Cash and cash equivalents, Primary Government	<u>\$ 2,301,345</u>	<u>\$ 2,037,196</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County does not have a deposit policy for custodial risk. As of June 30, 2008 and 2007, \$2,101,345 of the County's bank balance of \$2,301,345 and \$1,837,196 of the County's bank balance of \$2,037,196, respectively, were exposed to custodial credit risk as follows:

	<u>Bank Balance</u>	
	<u>2008</u>	<u>2007</u>
Uninsured and uncollateralized	\$ -	\$ -
Uninsured and collateral held by pledging bank's trust department trust department not in county's name	2,101,345	1,837,196
Total Cash and cash equivalents, Primary Government	<u>\$ 2,101,345</u>	<u>\$ 1,837,196</u>

**STATE OF NEW MEXICO
COUNTY OF LUNA
Notes to Financial Statements
June 30, 2008**

NOTE 4 INVESTMENTS

New Mexico State Statutes authorize the creation of the local short –term investment fund in the New Mexico State Treasury. The statutes authorize the state treasurer to pool monies received from local public bodies for investment purposes with other public monies under his control.

The County maintains funds with the State Treasurer External Investment Pool Local Government Investment Pool (LGIP) as noted above.

- The investments are valued at fair value based on quoted market prices as of the valuation date;
- The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments;
- The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested; and
- Participation in the local government investment pool is voluntary.

County of Luna maintains an investment policy which states that “funds will be invested in compliance with the provisions of the State of New Mexico, Department of Finance and Administration, Local Government Division”. The County has established an investment committee which meets at least bimonthly to review and evaluate investment activity. The committee includes the County Treasurer, the County Treasurer’s Investment Officer, the County Manager and one other county employee. This committee reports to the County Board of Finance which includes the County Treasurer, the County Manager, three County Commissioners and the County Clerk.

The County records unrealized gains and losses on its investments as required by generally accepted accounting principles. The unrealized loss totals \$49,419 and \$301,829 at June 30, 2008 and 2007, respectively.

Credit Risk

The County’s investment policy does not further limit its investment choices other than those noted above per New Mexico State Statutes.

Interest Rate Risk

The interest credit rate risk of this investment is as follows:

2008 New MexicoGrow LGIP	AAAm rated	\$ 5,189,920	24-day WAM
2007 New MexicoGrow LGIP	AAAm rated	\$ 6,942,915	24-day WAM

Concentration of Credit Risk

The County places no limit on the amount the County may invest in any one issuer. The County has more that 5% of its portfolio with the following issuers:

	<u>2008</u>	<u>2007</u>
LGIP	20.38%	41.01%
FHLM	44.18%	17.48%
GNMA	11.84%	20.86%
CD’s	18.87%	20.64%

**STATE OF NEW MEXICO
COUNTY OF LUNA
Notes to Financial Statements
June 30, 2008**

NOTE 4 INVESTMENTS (continued)

The County portfolio concentrations are noted below for June 30, 2008.

Description	Type	Annual Yield	Cost	Market Value	Unrealized Gain (Loss)	Percent Of Portfolio
FHLM 313396F99	N/A	4.48%	\$ 7,208,602	\$ 7,223,141	\$ 14,539	
FHLM 313384Z2	N/A	4.48%	4,044,228	4,106,848	62,620	
Sub-total			11,252,830	11,329,989	77,159	44.18%
MMKT SHS	N/A	3.21%	271,587	271,587	-	
MMKT SHS	N/A	VAR	419,867	419,867	-	
MMKT SHS	N/A	VAR	4,114,320	4,114,320	-	
Sub-total			4,805,774	4,805,774	-	18.87%
CASH in LPL	N/A	N/A	3,794	3,794	-	0.01%
LGIP – 7106	N/A	VAR	2,794,919	2,794,919	-	
LGIP – MM Hosp Trust	N/A	VAR	2,395,001	2,395,001	-	
Sub-total			5,189,920	5,189,920	-	20.38%
GNMA - #603571	Sec	5.50%	116,478	111,651	(4,827)	
GNMA - #603746	Sec	4.63%	123,890	116,748	(7,142)	
GNMA - #604497	Sec	5.08%	143,796	141,688	(2,108)	
GNMA - #575477	Sec	6.10%	28,546	29,088	542	
GNMA - #580363	Sec	5.38%	54,424	53,440	(984)	
GNMA - #583203	Sec	6.00%	114,625	118,035	3,410	
GNMA - #607693	Sec	5.02%	78,529	69,438	(9,091)	
GNMA - #607708	Sec	4.87%	24,329	16,935	(7,394)	
GNMA - #359907	Sec	6.10%	54,524	53,220	(1,304)	
GNMA - #402577	Sec	6.20%	5,463	3,935	(1,528)	
GNMA - #403386	Sec	4.85%	106,596	99,266	(7,330)	
GNMA - #445622	Sec	4.66%	148,318	135,385	(12,933)	
GNMA - #449188	Sec	6.85%	10,974	5,096	(5,878)	
GNMA - #452961	Sec	6.40%	12,750	19,210	6,460	
GNMA - #470426	Sec	6.50%	2,240	2,354	114	
GNMA - #492892	Sec	7.00%	2,130	2,153	23	
GNMA - #492981	Sec	6.10%	42,836	45,477	2,641	
GNMA - #530607	Sec	6.47%	6,260	863	(5,397)	
GNMA - #781603	Sec	5.01%	176,067	167,785	(8,282)	
GNMA - #614620	Sec	5.50%	161,296	159,724	(1,572)	
GNMA - #615948	Sec	5.07%	196,494	187,950	(8,544)	
GNMA - #625893	Sec	5.25%	206,811	206,044	(767)	
GNMA - #001142	Sec	9.50%	4,767	5,018	251	
GNMA - #001531	Sec	7.00%	591	575	(16)	
GNMA - #001593	Sec	5.50%	324	359	35	
GNMA - #002575	Sec	5.60%	61,676	64,354	2,678	

**STATE OF NEW MEXICO
COUNTY OF LUNA
Notes to Financial Statements
June 30, 2008**

NOTE 4 INVESTMENTS (continued)

Description	Type	Annual Yield	Cost	Market Value	Unrealized Gain (Loss)	Percent Of Portfolio
GNMA - #002632	Sec	6.54%	6,713	6,959	246	
GNMA - #002704	Sec	6.62%	4,391	4,561	170	
GNMA - #002741	Sec	6.30%	50,226	43,741	(6,485)	
GNMA - #003011	Sec	6.85%	14,470	4,741	(9,729)	
GNMA - #003227	Sec	5.90%	24,784	24,572	(212)	
GNMA - #003498	Sec	4.50%	212,292	199,148	(13,144)	
GNMA - #003499	Sec	4.99%	334,506	320,458	(14,048)	
GNMA - #003513	Sec	5.00%	159,645	153,306	(6,339)	
GNMA - #003544	Sec	5.50%	140,718	143,501	2,783	
GNMA - #003582	Sec	5.00%	184,268	176,291	(7,977)	
Sub-total			3,016,747	2,893,069	(123,678)	11.84%
Cusip #060703BC8	CD	5.60%	100,000	99,778	(222)	
Cusip #173702AM3	CD	5.00%	100,000	100,258	258	
Cusip #2056QEM1	CD	4.35%	100,000	100,205	205	
Cusip #23255UBB2	CD	5.00%	100,000	100,580	580	
Cusip #26924VGT0	CD	5.35%	100,000	98,637	(1,363)	
Cusip #31984SCN1	CD	4.30%	100,000	100,291	291	
Cusip #42723AAE5	CD	4.50%	100,000	100,422	422	
Cusip #454672AA4	CD	4.20%	100,000	100,031	31	
Cusip #52170WDE1	CD	4.25%	100,000	100,030	30	
Cusip #88625PAU8	CD	5.00%	100,000	100,608	608	
Cusip #89387WDE2	CD	5.00%	100,000	96,676	(3,324)	
Cusip #89465AXE3	CD	6.00%	100,000	99,584	(416)	
Sub-total			1,200,000	1,197,100	(2,900)	4.71%
Total			25,469,065	25,419,646	(49,419)	100.00%
Less: Cash equivalents			5,189,920	5,189,920	-	
Grand total			\$ 20,279,145	\$ 20,229,726	\$ (49,419)	

**STATE OF NEW MEXICO
COUNTY OF LUNA
Notes to Financial Statements
June 30, 2008**

NOTE 4 INVESTMENTS (continued)

The County portfolio concentrations are noted below for June 30, 2007.

Description	Type	Annual Yield	Cost	Market Value	Unrealized Gain (Loss)	Percent Of Portfolio
FHLM 313396QH9	N/A	5.33%	\$ 249,423	\$ 250,189	\$ 766	
FHLM 133396QM8	N/A	5.20%	999,921	1,012,838	12,917	
FHLM 313396MC4	N/A	5.31%	1,710,764	1,732,139	21,375	
Sub-total			2,960,108	2,995,166	35,058	17.48%
State Investment Council			52,995	52,995	-	
LGIP – 7106	N/A	VAR	4,494,919	4,494,919	-	
LGIP – MM Hosp Trust	N/A	VAR	2,395,001	2,395,001	-	
Sub-total			6,942,915	6,942,915	-	41.01%
#403386-GNMA	Sec	4.85%	119,170	108,689	(10,481)	
#615948-GNMA	Sec	5.07%	221,317	205,388	(15,929)	
#604497-GNMA	Sec	5.08%	164,341	158,463	(5,878)	
#445622-GNMA	Sec	4.66%	172,509	156,047	(16,462)	
GNMA-3227	Sec	5.90%	29,909	29,261	(648)	
GNMA-3582	Sec	5.00%	207,657	195,478	(12,179)	
#781603-GNMA	Sec	5.01%	199,147	186,893	(12,254)	
GNMA-603746	Sec	4.63%	146,477	135,393	(11,084)	
#607693 GNMA	Sec	5.02%	96,012	84,911	(11,101)	
#607708 GNMA	Sec	4.87%	41,233	32,856	(8,377)	
GNMA-2575	Sec	5.60%	64,218	65,584	1,366	
GNMA 625893	Sec	5.25%	214,912	208,792	(6,120)	
GNMA 3544	Sec	5.50%	163,170	162,398	(772)	
GNMA II-3498	Sec	4.50%	233,010	218,021	(14,989)	
GNMA II-3499	Sec	4.99%	382,823	359,949	(22,874)	
#583203-GNMA	Sec	6.00%	137,290	138,587	1,297	
#359907-GNMA	Sec	6.10%	82,035	-	(82,035)	
#575477-GNMA	Sec	6.10%	30,603	30,712	109	
#2741-GNMA	Sec	6.30%	58,171	51,499	(6,672)	
#402577-GNMA	Sec	6.20%	10,981	9,568	(1,413)	
#470426-GNMA	Sec	6.50%	3,109	3,236	127	
#2632-GNMA	Sec	6.54%	7,850	7,928	78	
#2704-GNMA	Sec	6.62%	6,121	6,198	77	
#452961-GNMA	Sec	6.40%	13,139	19,290	6,151	
#492981-GNMA	Sec	6.10%	47,048	48,639	1,591	
#580363-GNMA	Sec	5.38%	80,536	77,511	(3,025)	
#614620-GNMA	Sec	5.50%	175,731	170,811	(4,920)	
#603571-GNMA	Sec	5.50%	137,542	129,763	(7,779)	
#3513-GNMA	Sec	5.00%	180,988	170,547	(10,441)	
#1142-GNMA	Sec	9.50%	5,723	5,897	174	
#492892-GNMA	Sec	7.00%	2,178	2,163	(15)	
#337531-GNMA	Sec	6.00%	127	110	(17)	
#1531-GNMA	Sec	7.00%	4,751	4,613	(138)	
#1593-GNMA	Sec	5.50%	1,701	1,858	157	
#372096-GNMA	Sec	6.50%	3,021	3,130	109	
#530607-GNMA	Sec	6.47%	8,997	2,641	(6,356)	
#449188-GNMA	Sec	6.85%	11,736	5,222	(6,514)	

**STATE OF NEW MEXICO
COUNTY OF LUNA
Notes to Financial Statements
June 30, 2008**

NOTE 4 INVESTMENTS (continued)

Description	Type	Annual Yield	Cost	Market Value	Unrealized Gain (Loss)	Percent Of Portfolio
GNMA Principal Pay Dov	N/A	VAR	51,527	51,527	-	
#3011-GNMA	Sec	6.85%	15,621	5,812	(9,809)	
Sub-total			3,532,431	3,255,385	(277,046)	20.86%
Cusip#23255UBB2	CD	5.00%	100,000	97,528	(2,472)	
Cusip#88625PAU8	CD	5.00%	100,000	97,559	(2,441)	
Cusip#5250KHR1	CD	6.00%	100,000	97,446	(2,554)	
Cusip#073234BV7	CD	4.20%	100,000	98,824	(1,176)	
Cusip#38012aaf7	CD	5.50%	100,000	96,588	(3,412)	
Cusip#56036UAF0	CD	4.50%	100,000	99,656	(344)	
Cusip#42723LAJ0	CD	5.30%	99,000	98,787	(213)	
Cusip#21685PAD4	CD	4.70%	100,000	99,622	(378)	
Cusip#45662WGA5	CD	4.70%	100,000	99,648	(352)	
Cusip#218892DE4	CD	4.65%	100,000	99,692	(308)	
Cusip#01073NBK4	CD	4.25%	100,000	98,881	(1,119)	
Cusip#041002GG5	CD	4.24%	100,000	98,023	(1,977)	
Cusip#89465ALR7	CD	6.00%	100,000	97,301	(2,699)	
#07278P997	CD	4.15%	100,000	98,841	(1,159)	
Cusip#25467B9A8	CD	6.00%	100,000	97,595	(2,405)	
Cusip#063248-BH-0	CD	6.00%	100,000	97,630	(2,370)	
Cusip#39164PAD6	CD	5.00%	100,000	98,987	(1,013)	
Cusip#70335XBK1	CD	4.65%	100,000	99,674	(326)	
Cusip#048874AP6	CD	4.70%	100,000	99,700	(300)	
Cusip#919343BX0	CD	4.40%	100,000	99,585	(415)	
Cusip#31984scn1	CD	4.30%	100,000	97,974	(2,026)	
Cusip#42723JAE6	CD	4.15%	100,000	99,852	(148)	
Cusip#52170WDE1	CD	4.25%	100,000	98,671	(1,329)	
Cusip#454672AA4	CD	4.20%	100,000	98,608	(1,392)	
Cusip#34347RAP6	CD	4.20%	100,000	98,807	(1,193)	
Cusip#20056QEM1	CD	4.35%	100,000	98,452	(1,548)	
Cusip#846024BB2	CD	4.05%	100,000	99,505	(495)	
Cusip#42723AAE5	CD	4.50%	100,000	98,256	(1,744)	
Cusip#26924V-GT-0	CD	5.35%	100,000	95,956	(4,044)	
Cusip#318926AC6	CD	5.00%	100,000	97,425	(2,575)	
Cusip#060703-BC-8	CD	5.60%	100,000	97,242	(2,758)	
Cusip#173702AM3	CD	5.00%	100,000	97,452	(2,548)	
Cusip#61747MAZ4	CD	5.50%	100,000	96,063	(3,937)	
89387WDE2	CD	5.00%	100,000	93,749	(6,251)	
Cusip#29874FW07	CD	5.50%	96,000	95,580	(420)	
Sub-total			3,495,000	3,435,159	(59,841)	20.64%
Total			16,930,454	16,628,625	(301,829)	100.00%
Less cash equivalents			6,942,915	6,942,915	-	
Grand total			\$ 9,987,539	\$ 9,685,710	\$ (301,829)	

NOTE 5 INVENTORY

Material inventory is accounted for in the Government-Wide financial statements at cost.

**STATE OF NEW MEXICO
COUNTY OF LUNA
Notes to Financial Statements
June 30, 2008**

NOTE 6 RECEIVABLES

Receivables as of June 30, are as follows:

	2008 Governmental Fund	2007 Governmental Fund
Taxes receivable	\$ -	\$ 92,923
Property taxes receivable	610,495	509,874
Other receivable	72,496	50,083
Grant receivable	76,713	-
Due from other governments	136,485	409,968
Net receivables	\$ 896,189	\$ 1,062,848

The above receivables are deemed 100% collectible.

NOTE 7 CAPITAL ASSETS

The following is a summary of capital assets and changes occurring during the years-ended June 30, 2008 and 2007. Land is not subject to depreciation.

Governmental Activities:

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Capital assets:							
Land	\$ 1,278,558	\$ 180,269	\$ -	\$ 1,458,827	\$ 145,327	\$ -	\$ 1,604,154
Construction in progress	2,861,934	2,189,259	896,464	4,154,729	1,983,721	-	6,138,450
Depreciable capital assets:							-
Building and improvements	7,279,207	1,994,271	-	9,273,478	-	-	9,273,478
Machinery and equipment	7,122,870	1,141,105	-	8,263,975	437,812	-	8,701,787
Total	18,542,569	5,504,904	896,464	23,151,009	2,566,860	-	25,717,869
Accumulated depreciation:							
Buildings and improvements	1,052,048	161,579	-	1,213,627	157,453	-	1,371,080
Machinery and equipment	5,433,035	425,012	-	5,858,047	406,578	-	6,264,625
Total accumulated depreciation	6,485,083	586,591	-	7,071,674	564,031	-	7,635,705
Net capital assets	\$ 12,057,486	\$ 4,918,313	\$ 896,464	\$ 16,079,335	\$ 2,002,829	\$ -	\$ 18,082,164

**STATE OF NEW MEXICO
COUNTY OF LUNA
Notes to Financial Statements
June 30, 2008**

NOTE 7 CAPITAL ASSETS (continued)

Depreciation expense for the years-ended June 30, 2008 and 2007 was charged as follows:

	<u>2008</u>	<u>2007</u>
General Governmental	\$ 203,460	\$ 211,598
Public Safety	180,596	187,819
Public Works	155,580	161,803
Health and Welfare	<u>24,395</u>	<u>25,371</u>
 Total depreciation expense	 <u>\$ 564,031</u>	 <u>\$ 586,591</u>

Business-Like Activities:

	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
Capital assets:							
Land and improvements	\$ 244,714	\$ -	\$ -	\$ 244,714	\$ -	\$ -	\$ 244,714
Depreciable capital assets:							
Building and improvements	6,245,474	1,090,365	-	7,335,839	-	-	7,335,839
Machinery and equipment	<u>947,009</u>	<u>43,892</u>	<u>-</u>	<u>990,901</u>	<u>39,259</u>	<u>-</u>	<u>1,030,160</u>
Total	<u>7,437,197</u>	<u>1,134,257</u>	<u>-</u>	<u>8,571,454</u>	<u>39,259</u>	<u>-</u>	<u>8,610,713</u>
Accumulated depreciation							
Building and improvements	1,097,559	157,704	-	1,255,263	278,698	-	1,533,961
Machinery and equipment	<u>482,976</u>	<u>135,451</u>	<u>-</u>	<u>618,427</u>	<u>3,182</u>	<u>-</u>	<u>621,609</u>
Total accumulated depreciation	<u>1,580,535</u>	<u>293,155</u>	<u>-</u>	<u>1,873,690</u>	<u>281,880</u>	<u>-</u>	<u>2,155,570</u>
Net capital assets	<u>\$ 5,856,662</u>	<u>\$ 841,102</u>	<u>\$ -</u>	<u>\$ 6,697,764</u>	<u>\$ (242,621)</u>	<u>\$ -</u>	<u>\$ 6,455,143</u>

Depreciation expense relating to business-like activities for the years-ended June 30, 2008 and 2007 totaled \$281,880 and \$293,155, respectively.

**STATE OF NEW MEXICO
COUNTY OF LUNA
Notes to Financial Statements
June 30, 2008**

NOTE 8 LONG-TERM DEBT

Governmental Activities: During the year-ended June 30, 2008 and 2007, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	Balance 6/30/2006	Additions	Retirements	Balance 6/30/2007	Additions	Retirements	Balance 6/30/2008	Due within one year
NMFA Loan Fire Truck	\$ 31,197	\$ -	\$ 7,798	\$ 23,399	\$ -	\$ 7,798	\$ 15,601	\$ 7,798
Harlo HP 5500 Forklift	-	-	-	-	34,998	2,763	32,235	11,052
Judicial Bond 2007A	-	-	-	-	4,415,491	-	4,415,491	165,000
Entertainment complex 2007B	-	-	-	-	6,845,345	-	6,845,345	255,000
Compensated absences	145,031	205,025	125,886	224,170	-	-	224,170	74,913
	<u>\$ 176,228</u>	<u>\$ 205,025</u>	<u>\$ 133,684</u>	<u>\$ 247,569</u>	<u>\$ 11,295,834</u>	<u>\$ 10,561</u>	<u>\$ 11,532,842</u>	<u>\$ 513,763</u>

Compensated absences typically have been liquidated in the fund to which the employees are assigned. The County did not provide current year amounts to adjust compensated absences so the prior year figures were used. The NMFA loan is deducted from the fire allotment by NMFA.

Loan – New Mexico Finance Authority

In 2001 the County entered into a loan agreement with the New Mexico Finance Authority for the purchase of a fire truck for the Sunshine Volunteer Fire Department. The County pledged revenues from the Fire Protection Fund Revenue distributions made annually to Sunshine Fire District by the State Fire Marshall. This revenue is subject to an intercept agreement. The original amount of the loan is \$77,985. Interest on the loan is 0%. The term of the loan is for ten years.

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2009	7,798	-	7,798
2010	7,803	-	7,803
	<u>\$ 15,601</u>	<u>\$ -</u>	<u>\$ 15,601</u>

**STATE OF NEW MEXICO
COUNTY OF LUNA
Notes to Financial Statements
June 30, 2008**

NOTE 8 LONG-TERM DEBT (continued)

Lease – US Bancorp Manifest Funding Services

On March 31, 2008, the County entered into a lease agreement with US Bancorp Manifest Funding Service for the purchase of a Harlo HP 5500 Forklift for the Road Department. The lease term is 36 months with a monthly payment of \$921. At the end of the lease term, the County has the option to purchase the forklift for \$1. The original amount of the lease is \$34,998, which is the cost of the forklift. An advance payment was made in the amount of \$1,842 as well as on payment before the end of the fiscal year.

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2009	11,052	-	11,052
2010	11,052	-	11,052
2011	10,131	-	10,131
	<u>\$ 32,235</u>	<u>\$ -</u>	<u>\$ 32,235</u>

Bond – Judicial Complex 2007A

On October 19, 2007, the County entered into a bond agreement for the construction of a Judicial Complex. The bond maturity amount is \$4,515,000, but was discounted \$102,295 so the County received funds of \$4,412,705. The County pledged Correctional Facility Gross Receipts Tax for the repayment of the bond. Interest on the bond is due January 1 and July 1 of each year beginning in 2008. Interest rates for the bond begin at 3.55% and increase until maturity up to 4.45%. The term of the bond is 25 years.

Maturing July 1	Interest Rate	Principal	Interest	Total Debt Service
2008	3.550%	165,000	152,918	317,918
2009	3.600%	115,000	152,460	267,460
2010	3.600%	120,000	148,140	268,140
2011	3.600%	120,000	139,826	259,826
2012 thru 2032	3.650%	3,995,000	1,994,286	5,989,286
Discount remaining	Various	(99,509)	-	(99,509)
		<u>\$ 4,415,491</u>	<u>\$ 2,587,630</u>	<u>\$ 7,003,121</u>

**STATE OF NEW MEXICO
COUNTY OF LUNA
Notes to Financial Statements
June 30, 2008**

NOTE 8 LONG-TERM DEBT (continued)

Bond – Entertainment Complex 2007B

On October 19, 2007, the County entered into a bond agreement for the construction of a Judicial Complex. The bond maturity amount is \$7,165,000, but was discounted \$328,605 so the County received funds of \$6,836,395. The County pledged Taxable Capital Outlay Gross Receipts Tax for the repayment of the bond. Interest on the bond is due January 1 and July 1 of each year beginning in 2008. Interest rates for the bond begin at 5.10% and increase until maturity up to 6.00%. The term of the bond is 25 years.

<u>Maturing July 1</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2008	5.100%	255,000	253,355	508,355
2009	5.120%	145,000	348,398	493,398
2010	5.150%	150,000	343,980	493,980
2011	5.200%	160,000	338,888	498,888
2012 thru 2032	5.250%	6,455,000	5,804,796	12,259,796
Discount remaining	Various	(319,655)	-	(319,655)
		<u>\$ 6,845,345</u>	<u>\$ 7,089,417</u>	<u>\$ 13,934,762</u>

There was no short-term debt activity.

Business-Type Activities: During the years-ended June 30, 2008 and 2007, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

The outstanding debt at June 30, 2008 and 2007 consisted of the following:

	<u>Balance 6/30/2006</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 6/30/2007</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 6/30/2007</u>	<u>Due within one year</u>
Compensated absences	\$ 93,427	\$ 100,076	\$ 103,633	\$ 89,870	\$ -	\$ -	\$ 89,870	\$ 29,956

Compensated absences typically have been liquidated in the detention center fund. The County did not provide current year amounts to adjust compensated absences so prior year figures were used.

STATE OF NEW MEXICO
COUNTY OF LUNA
Notes to Financial Statements
June 30, 2008

NOTE 9 RISK MANAGEMENT

The County is subject to risk of loss through areas of general liability, worker's compensation, and natural disaster to minimize the risk of loss for general liability, the County has insurance coverage through a private common carrier. The coverage includes commercial general liability, property, inland marine, crime, errors and omissions and automobile. The coverage limitation varies for each type of coverage purchased.

For the policy period of July 1, 2007 through June 30, 2008, the premiums paid were \$533,825. For the period July 1, 2006 through June 30, 2007, the premiums paid by the County were \$344,737. The assumption of risk transfers upon payment of premiums within the policy limits. To minimize the risk of loss for worker's compensation, the County participates in the New Mexico County Insurance Association (a risk pool of counties within the State of New Mexico).

NOTE 10 PERA PENSION PLAN

Substantially all of County of Luna's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978.) The Public Employee Retirement Association (PERA) is the administrator of the plan, which is a cost sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123.

General County plan members are required to contribute 9.15% for municipal employees and 16.3% of gross salaries for law enforcement employees. The County is required to contribute 9.15% and 18.5% of gross salaries for general County and county Sheriff employees, respectively. The contribution requirements of plan members and the County are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The county's contributions to PERA for the years ended June 30, 2008, 2007, and 2006 were \$1,199,604, \$738,639, and \$594,468 equal to the amount of the required contributions for the years, respectively. The increase in PERA is due to increase payroll.

NOTE 11 POST-EMPLOYMENT BENEFITS

The Retiree Health Care Act (10-7C-1 to 10-7C-16, NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Retiree Health Care Authority is the administrator of the plan. The purpose is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into the Retiree Health Care Fund and by co-payments or out-of-pocket payments of eligible retirees.

Monies flow to the Retiree Health Care Fund on a pay-as-you-go basis from eligible employers and eligible retirees.

Eligible employers are institutions of higher education, school districts, or other entities participating in the public school insurance authority and state agencies, state courts, magistrate courts, municipalities or counties, which are affiliated under or covered by the Education Retirement Act, Public Employees Retirement Act, or the Magistrate Retirement Act.

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Notes to Financial Statements
June 30, 2008

NOTE 11 POST-EMPLOYMENT BENEFITS (continued)

Each participating employer makes contributions to the fund in the amount of 1.3% of each participating employee's annual salary. Each participating employee contributes to the fund an amount equal to .65% of the employee's salary. Each participating retiree pays a monthly premium of medical plus basic life plan and an additional \$5.00 if the participant retired prior to the employee's NMRCHA effective date or is a former legislator.

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

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

For the fiscal years-ended June 30, 2008 and 2007, the County remitted \$98,294 and \$87,830, respectively, in employer contributions to the Retiree Health Care Authority.

NOTE 12 CONTINGENCIES

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

The County is party to various claims and lawsuits arising in the normal course of business. In the opinion of management, the outcome of these matters will not have a material effect on the financial position of the County.

The County was declared a flood disaster area by the Governor of New Mexico and the U. S. Department of Homeland Security, Federal Emergency Management Administration (FEMA). Recovery costs have been estimated by the New Mexico Department of Public Safety, Office of Emergency Management, at \$1,675,342. None of the recovery costs were paid by the County's liability insurance. FEMA has agreed to pay for \$1,256,507 (75%) of the estimated costs. The Office of Emergency Management has estimated the State's share at 18%. As of June 30, 2008, the final cost to the State has not been determined. After the State's share is determined, the County will be responsible for the balance of the recovery costs.

Bonds outstanding at June 30, 2005 consisted of Gross Receipts Tax Revenue Bonds Series 1998. Interest was accrued on May 1 and November 1 at variable rates between 3.75% and 5.20%. The balance of the revenue bond was paid in full in May 2006. The bond was defeased by the Detention Center fund investment account. This loan is expected to be paid back to the Detention Center from gross receipts tax revenue. The principal balance on the bonds as of June 30, 2008 is \$2,250,000. The interest rate is variable and the maturity date is May 1, 2018

NOTE 13 FEDERAL AND STATE GRANTS

In the normal course of operations, the County receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as a result of these audits, is not believed to be material.

**STATE OF NEW MEXICO
COUNTY OF LUNA
Notes to Financial Statements
June 30, 2008**

NOTE 14 INTER-FUND BALANCES AND TRANSFERS

Transfer to/from other funds at June 30, 2008 and 2007, consist of the following:

<u>2008</u>	<u>2007</u>	<u>From</u>	<u>To</u>	<u>Purpose</u>
\$ -	\$ 16,643	DWI	General	To fund in anticipation of grant revenue
57,347	-	General	DWI	To fund operating expenditures
-	32,162	Healthy Start	Juvenile	To fund operating expenditures
-	63	Healthy Start	DWI	To reimburse for expenditures
-	240,700	Detention Center	Road	To fund capital expenditures
12,500	7,811	Fire	Volunteer Fire	To fund operating expenditures
-	50,000	Mimbres Valley Learning Ctr.	County Maintenance	To fund capital expenditures
-	24,296	General	County Maintenance	To fund capital expenditures
18,500	19,000	General	Farm	To fund operating expenditures
-	241	General	Healthy Start	To fund operating expenditures
-	50,440	Detention	General	To reimburse for expenditures
45,500	3,128	Detention	LEPF	To fund operating expenditures
-	1,852	General	LEPF	To fund operating expenditures
1,900,000	-	County Maintenance	Indigent Care	To fund operating expenditures
84,109	-	County Maintenance	Juvenile	To fund operating expenditures
-	20	County Maintenance	LEPF	To reimburse for expenditures
-	8,591	County Maintenance	Port of Entry	To fund capital expenditures
8,610	-	Port of Entry	County Maintenance	To reimburse for expenditures
4,441	20,772	County Maintenance	Fairgrounds Renovation	To fund capital expenditures
-	256,004	County Maintenance	MVLC Expansion	To fund capital expenditures
-	26,755	County Maintenance	Columbus Stockyard	To fund capital expenditures
32,016	-	Columbus Stockyard	County Maintenance	To reimburse for expenditures
10,265	950,758	County Maintenance	Courthouse Renovation	To fund capital expenditures
-	16,500	County Maintenance	Sirolli	To fund operating expenditures
132,925	-	County Maintenance	Daycare Center	To fund capital expenditures
153,801	-	County Maintenance	Public Safety Building	To fund capital expenditures
5,544	-	County Maintenance	Judicial Building	To fund capital expenditures
<u>\$ 2,465,558</u>	<u>\$ 1,725,736</u>	Total		
<u>2008</u>	<u>2007</u>	<u>From</u>	<u>To</u>	<u>Purpose</u>
\$ 57,347	\$ -	DWI	General	To fund expenditures
1,212,810	-	General	Entertainment Complex	To fund overdraft
51,683	-	General	DWI	To fund overdraft
<u>\$ 1,321,840</u>	<u>\$ -</u>	Total		

The above shows the balances to/from specific funds as of June30, 2008 and 2007.

NOTE 15 RELATED-PARTY TRANSACTIONS

The County has a contract with Bill Allen, the brother of Becky Allen, County Commissioner, for construction management. Becky Allen also participated in a real estate transactions incurred by the County. She represented the seller in a building purchased by the County.

**STATE OF NEW MEXICO
COUNTY OF LUNA
Notes to Financial Statements
June 30, 2008**

NOTE 16 BUDGETARY DIFFERENCES

Fund	Category	Budget Amount	Actual Amount	Over Expended	Reason
Mimbres Valley Learning	Total expenditures	221,000	244,540	23,540	Overall fund totals are in compliance.
Ambulance	Total expenditures	649,184	662,719	13,535	Overall fund totals are in compliance.

NON-MAJOR GOVERNMENTAL FUNDS

**STATE OF NEW MEXICO
COUNTY OF LUNA
Non- Major Governmental Fund Types
June 30, 2008**

Special Revenue Funds

Farm and Range Fund – To account for the operations and maintenance of County roads and predatory animal control. Financing is provided by the County’s share of grazing fees. Such fees provide for payment of all current operating costs and may be used only for that purpose. The authority was given by 6-11-6, NMSA 1978.

Recreation – To account for the monies specifically set aside by County ordinance for maintenance and creation of recreation facilities. There have been no transactions in this fund for several years. The fund was established by County ordinance. The authority was given by 5-4-3, NMSA 1978.

Reappraisal Program – To account for proceeds from property taxes and the one-percent administrative fees assessed by county treasurers to revenue recipients. The authority was given by 72-2-21.1, NMSA 1978.

Indigent Claims Fund – To account for the support of indigent hospital patients who are residents of Luna County. Financing is provided by the imposition of a one-fourth of one-percent sales tax in compliance with the county Sales Tax Act. The authority to create this fund was given by 27-5-7, NMSA 1978.

Treasurer’s Mobile Home Sales – To account fees collected to recover costs incurred in preparing for the sale of delinquent personal property. The authority to create this fund was given by County ordinance.

DWI Grants – To account for various funds provided to promote awareness and prevention of DWI. The authority was given by Section 11-6A-3, NMSA 1978.

Recording Fees – To account for the proceeds collected by the county clerk’s office for recording fees. The authority to create this fund is by County ordinance.

KLCB Aluminum – To account for funds that are collected from the sale of donated aluminum cans. These funds are to be used for the Keep Luna County Beautiful project. The authority to create this fund is by County ordinance.

Mimbres Valley Learning Center – To account for the revenues and expenditures for maintaining and improving the learning center. The authority to create this fund is by County ordinance.

Sirolli Institute – To account for a grant that is an effort to develop community opportunity for economic development. The fund was established by County ordinance.

Healthy Start Initiative – To account for proceeds and expenditures related to a federal grant to eliminate ethnic disparities in prenatal health by providing consortium and care coordination/case management. This fund has been established in accordance with federal regulations set forth by U.S. Department of Health and Human Services, Healthy Start Initiative.

Juvenile Field Services – To account for proceeds and expenditures related to a federal grant to raise awareness about the challenges facing youth and motivate adults to connect with youth. This fund has been established in accordance with federal regulations set forth by U.S. Department of Justice, Office of Juvenile Justice and Delinquency Prevention.

Law Enforcement Protection Fund – To account for revenues and expenditures for maintaining and improving the County’s law enforcement department in order to enhance its efficiency and effectiveness. Funding is from the State appropriation authorized by Section 29-13-3F, NMSA 1978.

Solid Waste Grant – To account for grant funds that are to be used to close the landfill formerly operated by the County. Financing is provided by a grant from the New Mexico Environment Department under the New Mexico Rural Infrastructure Act, Section 75-1-1, NMSA 1978.

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Non- Major Governmental Fund Types
June 30, 2008

Special Revenue Funds

Volunteer Fire Departments – To account for funds received from state fire distribution for tanker fire truck debt service to New Mexico Finance Authority. The authority was given by Section 59A-53-7, NMSA 1978.

Fire Protection Fund (1/4% GRT) – To account for the state shared gross receipts for the acquisition and maintenance of adequate fire protection facilities in the Luna county area. The authority was given by Section 7-20E-15, NMSA 1978.

Ambulance County (1/8% GRT) – To account for the support of the County’s financial share of the ambulance system. Financing is provided by allotments from the State of New Mexico Fire Marshal’s Office and by EMS grants. The authority to create this fund was given by Section 7-27-4.11, NMSA 1978.

Entertainment Bond – To account for the proceeds and the disbursements for the bond funds received during the fiscal year. The authority to create this fund is by County ordinance.

Judicial Bond - To account for the proceeds and the disbursements for the bond funds received during the fiscal year. The authority to create this fund is by County ordinance.

Capital Projects Funds

Mimbres Valley Learning Center Addition – To account for the grant receipts for the capital addition to the Mimbres Valley Learning Center. The authority to create this fund was given by the U.S. Department of Housing and Urban Development and in accordance with CDBG grant regulations.

Fairgrounds Renovation Fund – To account for the grant receipts for the capital improvements to the Fairgrounds. The authority to create this fund was given by the New Mexico State Legislature in the Laws of 2006, Chapter 111 and in accordance with State grant regulations.

Courthouse Renovation Fund – To account for the grant receipts for the capital improvements to the Courthouse. The authority to create this fund was given by the New Mexico State Legislature in the Laws of 2006, Chapter 111 and in accordance with State grant regulations.

Port of Entry Fund – To account for the grant receipts for the capital improvements to the Columbus Port of Entry. The authority to create this fund was given by the New Mexico State Legislature in the Laws of 2006, Chapter 111 and in accordance with State grant regulations.

Columbus Stockyard Fund – To account for the grant receipts for the capital improvements to the Columbus Stockyard. The authority to create this fund was given by the New Mexico State Legislature in the Laws of 2006, Chapter 111 and in accordance with State grant regulations.

FEMA Disaster – To account for grant funds from the FEMA disaster relief fund. Funding is from the Department of Homeland Security through the New Mexico Office of Emergency Management. The authority to create this fund was given by the FEMA Major Disaster Declaration FEMA-1659-DR.

Daycare Center Fund – To account for the grant receipts for the capital additions to the Daycare Center. The authority to create this fund was given by the U.S. Department of Housing and Urban Development and in accordance with CDBG grant regulations.

Public Safety Building Fund - To account for the grant receipts for the capital additions for a Public Safety Building. The authority to create this fund was given by the New Mexico State Legislature in the Laws of 2006, Chapter 111 and in accordance with State grant regulations.

STATE OF NEW MEXICO
COUNTY OF LUNA
NON-MAJOR GOVERNMENTAL FUND TYPES
Combining Balance Sheet
June 30, 2008

	Special Revenue Funds	Capital Projects Funds	Total
Assets:			
Cash and cash equivalents	\$ 1,825,430	\$ 170,017	\$ 1,995,447
Investments	12,021,442	-	12,021,442
Grant receivables	59,423	14,154	73,577
Other receivables	1,080	-	1,080
Due from other governments	59,348	-	59,348
Due from other funds	57,347	-	57,347
	<u>14,024,070</u>	<u>184,171</u>	<u>14,208,241</u>
Total assets	\$ 14,024,070	\$ 184,171	\$ 14,208,241
Liabilities and fund balance:			
Liabilities:			
Accounts payable	\$ 154,083	\$ -	\$ 154,083
Accrued salaries	46,388	-	46,388
Interest payable	261,034	-	261,034
Due to other funds	1,264,493	-	1,264,493
Deferred revenue	-	169,917	169,917
	<u>1,725,998</u>	<u>169,917</u>	<u>1,895,915</u>
Total liabilities	1,725,998	169,917	1,895,915
Fund Balances:			
Reserved for capital projects funds	-	14,254	14,254
Unreserved for special revenue funds	12,298,072	-	12,298,072
	<u>12,298,072</u>	<u>14,254</u>	<u>12,312,326</u>
Total fund balance	12,298,072	14,254	12,312,326
Total liabilities and fund balance	\$ 14,024,070	\$ 184,171	\$ 14,208,241

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
NON-MAJOR GOVERNMENTAL FUND TYPES
Combining Balance Sheet
June 30, 2007**

	Special Revenue Funds	Capital Projects Funds	Total
Assets:			
Cash and cash equivalents	\$ 1,786,151	\$ 336,007	\$ 2,122,158
Other receivables	35,903	-	35,903
Due from other governments	365,362	28,774	394,136
	<u>2,187,416</u>	<u>364,781</u>	<u>2,552,197</u>
Total assets	\$ 2,187,416	\$ 364,781	\$ 2,552,197
Liabilities and fund balance:			
Liabilities:			
Accounts payable	\$ 10,463	\$ -	\$ 10,463
Accrued salaries	23,792	-	23,792
Due to other funds	16,643	-	16,643
Deferred revenue	-	336,007	336,007
Total liabilities	50,898	336,007	386,905
Fund Balances:			
Reserved for capital projects funds	-	28,774	28,774
Unreserved for special revenue funds	2,136,518	-	2,136,518
Total fund balance	2,136,518	28,774	2,165,292
Total liabilities and fund balance	\$ 2,187,416	\$ 364,781	\$ 2,552,197

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

STATE OF NEW MEXICO
COUNTY OF LUNA
NON-MAJOR GOVERNMENTAL FUND TYPES
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year-Ended June 30, 2008

	Special Revenue Funds	Capital Projects Funds	Totals
Revenues:			
State shared taxes	\$ 1,195,427	\$ -	\$ 1,195,427
Intergovernmental income	1,313,877	-	1,313,877
Charges for services	127,691	-	127,691
Interest income	589,782	-	589,782
Federal grants	1,153,808	227,191	1,380,999
State grants	443,326	355,143	798,469
Other grants	10,000	-	10,000
Bond proceeds	11,249,100	-	11,249,100
Other income	72,900	-	72,900
Total revenues	16,155,911	582,334	16,738,245
Expenditures:			
Current:			
General government	439,453	-	439,453
Public safety	1,998,365	-	1,998,365
Public works	-	166,092	166,092
Health & welfare	4,211,705	-	4,211,705
Debt service principal	7,798	-	7,798
Capital outlay	1,442,492	697,112	2,139,604
Total expenditures	8,099,813	863,204	8,963,017
Excess (deficiency) revenues over expenditures	8,056,098	(280,870)	7,775,228
Other financing sources (uses):			
Operating transfers in	2,117,956	461,790	2,579,746
Operating transfers out	(12,500)	(195,440)	(207,940)
Total other financing sources (uses)	2,105,456	266,350	2,371,806
Net change in fund balance	10,161,554	(14,520)	10,147,034
Fund balance – beginning of year	2,136,518	28,774	2,165,292
Fund balance – end of year	\$ 12,298,072	\$ 14,254	\$ 12,312,326

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

STATE OF NEW MEXICO
COUNTY OF LUNA
NON-MAJOR GOVERNMENTAL FUND TYPES
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year-Ended June 30, 2007

	Special Revenue Funds	Capital Projects Funds	Totals
Revenues:			
State shared taxes	\$ 691,393	\$ -	\$ 691,393
Intergovernmental income	1,646,984	-	1,646,984
Charges for services	110,411	-	110,411
Interest income	11,272	-	11,272
Federal grants	986,753	970,500	1,957,253
State grants	432,757	1,535,091	1,967,848
Other income	105,872	-	105,872
Total revenues	3,985,442	2,505,591	6,491,033
Expenditures:			
Current:			
General government	114,557	-	114,557
Public safety	1,172,482	-	1,172,482
Public works	39,500	-	39,500
Health & welfare	2,228,979	-	2,228,979
Debt service principal	7,798	-	7,798
Capital outlay	389,084	2,214,449	2,603,533
Total expenditures	3,952,400	2,214,449	6,166,849
Excess (deficiency) revenues over expenditures	33,042	291,142	324,184
Other financing sources (uses):			
Operating transfers in	80,777	1,262,880	1,343,657
Operating transfers out	(90,854)	-	(90,854)
Total other financing sources (uses)	(10,077)	1,262,880	1,252,803
Net change in fund balance	22,965	1,554,022	1,576,987
Fund balance – beginning of year	2,113,553	(1,525,248)	588,305
Fund balance – end of year	\$ 2,136,518	\$ 28,774	\$ 2,165,292

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
NON-MAJOR GOVERNMENTAL FUND TYPES
Special Revenue Funds
Combining Balance Sheet
June 30, 2008**

	Farm and Range	Recreation	Reappraisal Program	Indigent Claims	Treasurer's Mobile Home Sales	DWI Grants	Recording Fees	KLCB Aluminum	Mimbres Valley Learning Center	Sub-total
Assets										
Cash and cash equivalents	\$ 1,482	\$ 13	\$ 81,699	\$ 213,443	\$ 142,658	\$ -	\$ 99,838	\$ 401	\$ 11,212	\$ 550,746
Investments	-	-	-	-	-	-	-	-	-	-
Grant receivables	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	1,080	-	-	-	-	1,080
Due from other governments	-	-	-	-	-	-	-	-	3,741	3,741
Inventory	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	57,347	-	-	-	57,347
Total assets	\$ 1,482	\$ 13	\$ 81,699	\$ 213,443	\$ 143,738	\$ 57,347	\$ 99,838	\$ 401	\$ 14,953	\$ 612,914
Liabilities										
Accounts payable	\$ -	\$ -	\$ 7,190	\$ -	\$ 3,119	\$ 1,652	\$ 2,094	\$ -	\$ 4,994	\$ 19,049
Accrued salaries	-	-	737	-	-	4,012	-	-	-	4,749
Interest payable	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	51,683	-	-	-	51,683
Total liabilities	-	-	7,927	-	3,119	57,347	2,094	-	4,994	75,481
Fund balances										
Unreserved for:										
Special revenue funds	1,482	13	73,772	213,443	140,619	-	97,744	401	9,959	537,433
Total fund balances	1,482	13	73,772	213,443	140,619	-	97,744	401	9,959	537,433
Total liabilities and fund balances	\$ 1,482	\$ 13	\$ 81,699	\$ 213,443	\$ 143,738	\$ 57,347	\$ 99,838	\$ 401	\$ 14,953	\$ 612,914

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
NON-MAJOR GOVERNMENTAL FUND TYPES
Special Revenue Funds
Combining Balance Sheet
June 30, 2008**

	Sirolli Institute	Healthy Start	Juvenile Field Services	Law Enforcement	Solid Waste	Volunteer Fire Departments	Fire	Ambulance	Entertainment Complex Bond	Sub-total
Assets										
Cash and cash equivalents	\$ 17,636	\$ 145,076	\$ 45,293	\$ 120,753	\$ 29,743	\$ 42,581	\$ 186,822	\$ 411,829	\$ -	\$ 999,733
Investments	-	-	-	-	-	-	-	-	7,494,727	7,494,727
Grant receivables	-	3,831	-	55,592	-	-	-	-	-	59,423
Other receivables	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	51,060	4,547	-	-	-	-	-	55,607
Inventory	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 17,636	\$ 148,907	\$ 96,353	\$ 180,892	\$ 29,743	\$ 42,581	\$ 186,822	\$ 411,829	\$ 7,494,727	\$ 8,609,490
Liabilities										
Accounts payable	\$ -	\$ 6,287	\$ 6,719	\$ 18,019	\$ -	\$ 1,718	\$ -	\$ 102,291	\$ -	\$ 135,034
Accrued salaries	-	19,026	12,741	4,690	1,234	-	-	3,948	-	41,639
Interest payable	-	-	-	-	-	-	-	-	182,708	182,708
Due to other funds	-	-	-	-	-	-	-	-	1,212,810	1,212,810
Total liabilities	-	25,313	19,460	22,709	1,234	1,718	-	106,239	1,395,518	1,572,191
Fund balances										
Unreserved for:										
Special revenue funds	17,636	123,594	76,893	158,183	28,509	40,863	186,822	305,590	6,099,209	7,037,299
Total fund balances	17,636	123,594	76,893	158,183	28,509	40,863	186,822	305,590	6,099,209	7,037,299
Total liabilities and fund	\$ 17,636	\$ 148,907	\$ 96,353	\$ 180,892	\$ 29,743	\$ 42,581	\$ 186,822	\$ 411,829	\$ 7,494,727	\$ 8,609,490

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
NON-MAJOR GOVERNMENTAL FUND TYPES
Special Revenue Funds
Combining Balance Sheet
June 30, 2008**

	Judicial Bond	Sub-total Page 1	Sub-total Page 2	Total
Assets				
Cash and cash equivalents	\$ 274,951	\$ 550,746	\$ 999,733	\$ 1,825,430
Investments	4,526,715	-	7,494,727	12,021,442
Grant receivables	-	-	59,423	59,423
Other receivables	-	1,080	-	1,080
Due from other governments	-	3,741	55,607	59,348
Inventory	-	-	-	-
Due from other funds	-	57,347	-	57,347
Total assets	\$ 4,801,666	\$ 612,914	\$ 8,609,490	\$ 14,024,070
Liabilities				
Accounts payable	\$ -	\$ 19,049	\$ 135,034	\$ 154,083
Accrued salaries	-	4,749	41,639	46,388
Interest payable	78,326	-	182,708	261,034
Due to other funds	-	51,683	1,212,810	1,264,493
Total liabilities	78,326	75,481	1,572,191	1,725,998
Fund balances				
Unreserved for:				
Special revenue funds	4,723,340	537,433	7,037,299	12,298,072
Total fund balances	4,723,340	537,433	7,037,299	12,298,072
Total liabilities and fund balances	\$ 4,801,666	\$ 612,914	\$ 8,609,490	\$ 14,024,070

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
NON-MAJOR GOVERNMENTAL FUND TYPES
Special Revenue Funds
Combining Balance Sheet
June 30, 2007**

	Farm and Range	Recreation	Reappraisal Program	Indigent Claims	Treasurer's Mobile Home Sales	DWI Grants	Recording Fees	KLCB Aluminum	Mimbres Valley Learning Center	Sub-total
Assets										
Cash and cash equivalents	\$ 22,371	\$ 13	\$ 59,687	\$ 203,996	\$ 105,518	\$ -	\$ 87,503	\$ 120	\$ 39,468	\$ 518,676
Investments	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	53,854	-	20,111	-	-	17,951	91,916
Inventory	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 22,371	\$ 13	\$ 59,687	\$ 257,850	\$ 105,518	\$ 20,111	\$ 87,503	\$ 120	\$ 57,419	\$ 610,592
Liabilities										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 514	\$ -	\$ -	\$ 5,281	\$ 5,795
Accrued salaries	-	-	1,079	-	-	2,954	-	-	-	4,033
Due to other funds	-	-	-	-	-	16,643	-	-	-	16,643
Total liabilities	-	-	1,079	-	-	20,111	-	-	5,281	26,471
Fund balances										
Unreserved for: Special revenue funds	22,371	13	58,608	257,850	105,518	-	87,503	120	52,138	584,121
Total fund balances	22,371	13	58,608	257,850	105,518	-	87,503	120	52,138	584,121
Total liabilities and fund balances	\$ 22,371	\$ 13	\$ 59,687	\$ 257,850	\$ 105,518	\$ 20,111	\$ 87,503	\$ 120	\$ 57,419	\$ 610,592

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
NON-MAJOR GOVERNMENTAL FUND TYPES
Special Revenue Funds
Combining Balance Sheet
June 30, 2007**

	Sirolli Institute	Healthy Start	Juvenile Field Services	Law Enforcement	Solid Waste	Volunteer Fire Departments	Fire	Ambulance	Sub-total page 1	Total
Assets										
Cash and cash equivalents	\$ 39,612	\$ 138,326	\$ -	\$ 105,834	\$ 68,140	\$ 125,373	\$ 120,333	\$ 669,857	\$ 518,676	\$ 1,786,151
Investments	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	35,903	-	35,903
Due from other governments	-	35,600	2,600	88,440	-	131,439	15,367	-	91,916	365,362
Inventory	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 39,612	\$ 173,926	\$ 2,600	\$ 194,274	\$ 68,140	\$ 256,812	\$ 135,700	\$ 705,760	\$ 610,592	\$ 2,187,416
Liabilities										
Accounts payable	\$ -	\$ 2,144	\$ 1,100	\$ -	\$ -	\$ 1,424	\$ -	\$ -	\$ 5,795	\$ 10,463
Accrued salaries	-	13,511	-	918	-	-	-	5,330	4,033	23,792
Due to other funds	-	-	-	-	-	-	-	-	16,643	16,643
Total liabilities	-	15,655	1,100	918	-	1,424	-	5,330	26,471	50,898
Fund balances										
Unreserved for: Special revenue funds	39,612	158,271	1,500	193,356	68,140	255,388	135,700	700,430	584,121	2,136,518
Total fund balances	39,612	158,271	1,500	193,356	68,140	255,388	135,700	700,430	584,121	2,136,518
Total liabilities and fund balances	\$ 39,612	\$ 173,926	\$ 2,600	\$ 194,274	\$ 68,140	\$ 256,812	\$ 135,700	\$ 705,760	\$ 610,592	\$ 2,187,416

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
NON-MAJOR GOVERNMENTAL FUND TYPES
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year-Ended June 30, 2008**

	Farm and Range	Recreation	Reappraisal Program	Indigent Claims	Treasurer's Mobile Home Sales	DWI Grants	Recording Fees	KLCB Aluminum	Mimbres Valley Learning Center	Sub-total
Revenues										
State shared taxes	\$ 6,128	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 196,034	\$ 202,162
Intergovernmental	19,359	-	-	681,194	-	-	-	-	-	700,553
Charges for services	-	-	87,789	-	-	9,420	30,482	-	-	127,691
Interest income	125	-	-	3,747	-	-	-	-	-	3,872
Bond proceeds	-	-	-	-	-	-	-	-	-	-
Federal grants	-	-	-	-	-	-	-	-	-	-
State grants	-	-	-	-	-	144,927	-	-	-	144,927
Other grants	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	49,691	4,295	-	281	6,041	60,308
Total revenues	25,612	-	87,789	684,941	49,691	158,642	30,482	281	202,075	1,239,513
Expenditures										
Current:										
General government	65,001	-	72,625	-	14,590	-	20,241	-	-	172,457
Public safety	-	-	-	-	-	215,989	-	-	-	215,989
Public works	-	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	2,629,348	-	-	-	-	244,254	2,873,602
Debt service principal	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Total expenditures	65,001	-	72,625	2,629,348	14,590	215,989	20,241	-	244,254	3,262,048
Excess (deficiency) revenues over expenditures	(39,389)	-	15,164	(1,944,407)	35,101	(57,347)	10,241	281	(42,179)	(2,022,535)
Other financing sources (uses)										
Transfers in	18,500	-	-	1,900,000	-	57,347	-	-	-	1,975,847
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources	18,500	-	-	1,900,000	-	57,347	-	-	-	1,975,847
Net change in fund balances	(20,889)	-	15,164	(44,407)	35,101	-	10,241	281	(42,179)	(46,688)
Fund balances - beginning of year	22,371	13	58,608	257,850	105,518	-	87,503	120	52,138	584,121
Fund balances - end of year	\$ 1,482	\$ 13	\$ 73,772	\$ 213,443	\$ 140,619	\$ -	\$ 97,744	\$ 401	\$ 9,959	\$ 537,433

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
NON-MAJOR GOVERNMENTAL FUND TYPES
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year-Ended June 30, 2008**

	Sirrolli Institute	Healthy Start	Juvenile Field Services	Law Enforcement	Solid Waste	Volunteer Fire Departments	Fire	Ambulance	Entertainment Complex Bond	Sub-total
Revenues										
State shared taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 368,787	\$ 624,478	\$ 993,265
Intergovernmental	191	1,081	242,373	158,104	-	16,074	195,501	-	-	613,324
Charges for services	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	742	-	3,587	-	-	155,332	159,661
Bond proceeds	-	-	-	-	-	-	-	-	6,836,395	6,836,395
Federal grants	-	722,358	-	431,450	-	-	-	-	-	1,153,808
State grants	-	298,399	-	-	-	-	-	-	-	298,399
Other grants	-	10,000	-	-	-	-	-	-	-	10,000
Other income	-	4,646	128	7,818	-	-	-	-	-	12,592
Total revenues	191	1,036,484	242,501	598,114	-	19,661	195,501	368,787	7,616,205	10,077,444
Expenditures										
Current:										
General government	-	-	-	-	-	-	-	-	266,996	266,996
Public safety	-	-	-	523,400	39,631	208,227	131,879	763,627	-	1,666,764
Public works	-	-	-	-	-	-	-	-	-	-
Health and welfare	22,167	1,071,161	244,773	-	-	-	-	-	-	1,338,101
Debt service principal	-	-	-	-	-	7,798	-	-	-	7,798
Capital outlay	-	-	6,444	155,387	-	30,661	-	-	1,250,000	1,442,492
Total expenditures	22,167	1,071,161	251,217	678,787	39,631	246,686	131,879	763,627	1,516,996	4,722,151
Excess (deficiency) revenues over expenditures	(21,976)	(34,677)	(8,716)	(80,673)	(39,631)	(227,025)	63,622	(394,840)	6,099,209	5,355,293
Other financing sources (uses)										
Transfers in	-	-	84,109	45,500	-	12,500	-	-	-	142,109
Transfers out	-	-	-	-	-	-	(12,500)	-	-	(12,500)
Total other financing sources	-	-	84,109	45,500	-	12,500	(12,500)	-	-	129,609
Net change in fund balances	(21,976)	(34,677)	75,393	(35,173)	(39,631)	(214,525)	51,122	(394,840)	6,099,209	5,484,902
Fund balances - beginning of year	39,612	158,271	1,500	193,356	68,140	255,388	135,700	700,430	-	1,552,397
Fund balances - end of year	\$ 17,636	\$ 123,594	\$ 76,893	\$ 158,183	\$ 28,509	\$ 40,863	\$ 186,822	\$ 305,590	\$ 6,099,209	\$ 7,037,299

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

STATE OF NEW MEXICO
COUNTY OF LUNA
NON-MAJOR GOVERNMENTAL FUND TYPES
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year-Ended June 30, 2008

	Judicial Bond	Sub-total Page 1	Sub-total Page 2	Total
Revenues				
State shared taxes	\$ -	\$ 202,162	\$ 993,265	\$ 1,195,427
Intergovernmental	-	700,553	613,324	1,313,877
Charges for services	-	127,691	-	127,691
Interest income	426,249	3,872	159,661	589,782
Bond proceeds	4,412,705	-	6,836,395	11,249,100
Federal grants	-	-	1,153,808	1,153,808
State grants	-	144,927	298,399	443,326
Other grants	-	-	10,000	10,000
Other income	-	60,308	12,592	72,900
Total revenues	4,838,954	1,239,513	10,077,444	16,155,911
Expenditures				
Current:				
General government	-	172,457	266,996	439,453
Public safety	115,614	215,989	1,666,764	1,998,367
Public works	-	-	-	-
Health and welfare	-	2,873,602	1,338,101	4,211,703
Debt service principal	-	-	7,798	7,798
Capital outlay	-	-	1,442,492	1,442,492
Total expenditures	115,614	3,262,048	4,722,151	8,099,813
Excess (deficiency) revenues over expenditures	4,723,340	(2,022,535)	5,355,293	8,056,098
Other financing sources (uses)				
Transfers in	-	1,975,847	142,109	2,117,956
Transfers out	-	-	(12,500)	(12,500)
Total other financing sources (uses)	-	1,975,847	129,609	2,105,456
Net change in fund balances	4,723,340	(46,688)	5,484,902	10,161,554
Fund balances - beginning of year	-	584,121	1,552,397	2,136,518
Fund balances - end of year	\$ 4,723,340	\$ 537,433	\$ 7,037,299	\$ 12,298,072

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
NON-MAJOR GOVERNMENTAL FUND TYPES
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year-Ended June 30, 2007**

	Farm and Range	Recreation	Reappraisal Program	Indigent Claims	Treasurer's Mobile Home Sales	DWI Grants	Recording Fees	KLCB Aluminum	Mimbres Valley Learning Center	Sub-total
Revenues										
State shared taxes	\$ 4,531	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 228,954	\$ 233,485
Intergovernmental	19,666	-	-	691,862	-	20,618	-	-	-	732,146
Charges for services	-	-	74,550	-	-	-	35,861	-	-	110,411
Interest income	216	-	-	6,210	-	-	-	-	-	6,426
Federal grants	-	-	-	-	-	-	-	-	-	-
State grants	-	-	-	-	-	138,471	-	-	-	138,471
Other income	-	-	-	-	32,874	6,765	-	120	14,540	54,299
Total revenues	24,413	-	74,550	698,072	32,874	165,854	35,861	120	243,494	1,275,238
Expenditures										
Current:										
General government	22,000	-	56,817	-	5,215	-	30,525	-	-	114,557
Public safety	-	-	-	-	-	163,601	-	-	-	163,601
Public works	-	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	863,005	-	-	-	-	242,499	1,105,504
Debt service principal	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	4,245	-	19,429	9,905	-	-	-	33,579
Total expenditures	22,000	-	61,062	863,005	24,644	173,506	30,525	-	242,499	1,417,241
Excess (deficiency) revenues over expenditures	2,413	-	13,488	(164,933)	8,230	(7,652)	5,336	120	995	(142,003)
Other financing sources (uses)										
Transfers in	19,000	-	-	-	-	63	-	-	-	19,063
Transfers out	-	-	-	-	-	(818)	-	-	(50,000)	(50,818)
Total other financing sources (uses)	19,000	-	-	-	-	(755)	-	-	(50,000)	(31,755)
Net change in fund balances	21,413	-	13,488	(164,933)	8,230	(8,407)	5,336	120	(49,005)	(173,758)
Fund balances - beginning of year	958	13	45,120	422,783	97,288	8,407	82,167	-	101,143	757,879
Fund balances - end of year	\$ 22,371	\$ 13	\$ 58,608	\$ 257,850	\$ 105,518	\$ -	\$ 87,503	\$ 120	\$ 52,138	\$ 584,121

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
NON-MAJOR GOVERNMENTAL FUND TYPES
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year-Ended June 30, 2007**

	Sirolli Institute	Healthy Start	Juvenile Field Services	Law Enforcement	Solid Waste	Volunteer Fire Departments	Fire	Ambulance	Sub-total page 1	Total
Revenues										
State shared taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 457,908	\$ 233,485	\$ 691,393
Intergovernmental	36,035	221,850	197,245	75,493	-	147,907	236,308	-	732,146	1,646,984
Charges for services	-	-	-	-	-	-	-	-	110,411	110,411
Interest income	-	-	-	746	-	4,100	-	-	6,426	11,272
Federal grants	-	712,500	-	274,253	-	-	-	-	-	986,753
State grants	-	-	-	84,286	-	-	210,000	-	138,471	432,757
Other income	-	14,175	-	37,398	-	-	-	-	54,299	105,872
Total revenues	36,035	948,525	197,245	472,176	-	152,007	446,308	457,908	1,275,238	3,985,442
Expenditures										
Current:										
General government	-	-	-	-	-	-	-	-	114,557	114,557
Public safety	-	-	-	325,804	-	147,089	129,135	406,853	163,601	1,172,482
Public works	-	-	-	-	39,500	-	-	-	-	39,500
Health and welfare	47,734	938,245	137,496	-	-	-	-	-	1,105,504	2,228,979
Debt service principal	-	-	-	-	-	7,798	-	-	-	7,798
Capital outlay	-	-	-	35,807	-	-	319,698	-	33,579	389,084
Total expenditures	47,734	938,245	137,496	361,611	39,500	154,887	448,833	406,853	1,417,241	3,952,400
Excess (deficiency) revenues over expenditures	(11,699)	10,280	59,749	110,565	(39,500)	(2,880)	(2,525)	51,055	(142,003)	33,042
Other financing sources (uses)										
Transfers in	16,500	241	32,162	5,000	-	7,811	-	-	19,063	80,777
Transfers out	-	(32,225)	-	-	-	-	(7,811)	-	(50,818)	(90,854)
Total other financing sources (uses)	16,500	(31,984)	32,162	5,000	-	7,811	(7,811)	-	(31,755)	(10,077)
Net change in fund balances	4,801	(21,704)	91,911	115,565	(39,500)	4,931	(10,336)	51,055	(173,758)	22,965
Fund balances - beginning of year	34,811	179,975	(90,411)	77,791	107,640	250,457	146,036	649,375	757,879	2,113,553
Fund balances - end of year	\$ 39,612	\$ 158,271	\$ 1,500	\$ 193,356	\$ 68,140	\$ 255,388	\$ 135,700	\$ 700,430	\$ 584,121	\$ 2,136,518

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Special Revenue Fund
Farm and Range Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Taxes	\$ 3,800	\$ 3,800	\$ 6,128	\$ 2,328
Intergovernmental income	20,000	20,000	19,359	(641)
Investment income	-	-	124	124
Total revenues	<u>23,800</u>	<u>23,800</u>	<u>25,611</u>	<u>1,811</u>
Beginning cash	<u>22,371</u>	<u>22,371</u>		
	<u>\$ 46,171</u>	<u>\$ 46,171</u>		
Expenditures:				
General government				
Operating expenditures	<u>36,300</u>	<u>65,000</u>	<u>65,000</u>	<u>-</u>
Total expenditures	<u>36,300</u>	<u>65,000</u>	<u>65,000</u>	<u>-</u>
Excess (deficiency) revenues over expenditures			<u>(39,389)</u>	
Other financing sources (uses)				
Transfers in	-	-	18,500	18,500
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>18,500</u>	<u>18,500</u>
Net change in fund balance (Modified GAAP)			(20,889)	
Fund balances – beginning of year			<u>22,371</u>	
Fund balances – end of year			<u>\$ 1,482</u>	

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Special Revenue Fund
Re-appraisal Program Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Charges for services	\$ -	\$ -	\$ 87,789	\$ 87,789
Total revenues	-	-	87,789	87,789
Beginning cash	59,687	59,687		
	<u>\$ 59,687</u>	<u>\$ 59,687</u>		
Expenditures:				
General government				
Personnel expenditures	63,567	63,567	54,270	9,297
Operating expenditures	18,000	18,000	6,354	11,646
Capital outlay	15,000	15,000	5,154	9,846
Total expenditures	<u>96,567</u>	<u>96,567</u>	<u>65,778</u>	<u>30,789</u>
Excess (deficiency) revenues over expenditures			22,011	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance (Non-GAAP)			22,011	
Differences between Non-GAAP and Modified GAAP				
Adjust accrued expenditures			<u>(6,847)</u>	
Net change in fund balance (Modified GAAP)			15,164	
Fund balances – beginning of year			<u>58,608</u>	
Fund balances – end of year			<u>\$ 73,772</u>	

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Special Revenue Fund
Indigent Hospital Claims Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Intergovernmental income	\$ 832,018	\$ 832,018	\$ 735,048	\$ (96,970)
Investment income	5,000	5,000	3,747	(1,253)
Total revenues	837,018	837,018	738,795	(98,223)
Beginning cash	203,996	203,996		
	\$ 1,041,014	\$ 1,041,014		
Expenditures:				
Health and welfare				
Personnel expenditures	66,014	66,014	-	66,014
Operating expenditures	891,063	2,824,063	2,629,348	194,715
Total expenditures	957,077	2,890,077	2,629,348	260,729
Excess (deficiency) revenues over expenditures			(1,890,553)	
Other financing sources (uses)				
Transfers in	-	-	1,900,000	1,900,000
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	1,900,000	1,900,000
Net change in fund balance (Non-GAAP)			9,447	
Difference between Non-GAAP and Modified GAAP				
Adjust accrued revenue		(53,854)		
Adjust accrued expenditures		-	(53,854)	
Net change in fund balance (Modified GAAP)			(44,407)	
Fund balances – beginning of year			257,850	
Fund balances – end of year			\$ 213,443	

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Special Revenue Fund
Treasurer's Mobile Home Sales Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Charges for services	\$ 32,000	\$ 32,000	\$ 48,611	\$ 16,611
Total revenues	32,000	32,000	48,611	16,611
Beginning cash	105,518	105,518		
	<u>\$ 137,518</u>	<u>\$ 137,518</u>		
Expenditures:				
General government				
Operating expenditures	7,000	7,000	5,656	1,344
Capital outlay	35,000	35,000	5,814	29,186
Total expenditures	<u>42,000</u>	<u>42,000</u>	<u>11,470</u>	<u>30,530</u>
Excess (deficiency) revenues over expenditures			37,141	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance (Non-GAAP)			37,141	
Difference between Non-GAAP and Modified GAAP				
Adjust accrued revenue		1,080		
Adjust accrued expenditures		<u>(3,120)</u>	<u>(2,040)</u>	
Net change in fund balance (Modified GAAP)			35,101	
Fund balances – beginning of year			<u>105,518</u>	
Fund balances – end of year			<u>\$ 140,619</u>	

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Special Revenue Fund
DWI Grant Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State grants	\$ 236,875	\$ 236,875	\$ 165,038	\$ (71,837)
Charge for services	-	-	9,420	9,420
Other income	4,500	4,500	4,295	(205)
Total revenues	241,375	241,375	178,753	(62,622)
Beginning cash	-	-		
	\$ 241,375	\$ 241,375		
Expenditures:				
Health & welfare				
Personnel expenditures	169,075	136,988	130,619	6,369
Operating expenditures	59,952	86,440	75,617	10,823
Capital outlay	7,848	7,557	7,557	-
Total expenditures	236,875	230,985	213,793	17,192
Excess (deficiency) revenues over expenditures			(35,040)	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP)			(35,040)	
Difference between Non-GAAP and Modified GAAP				
Adjust accrued revenue		(20,111)		
Adjust accrued expenditures		(2,196)		
Adjust transfers		57,347	35,040	
Net change in fund balance (Modified GAAP)			-	
Fund balances – beginning of year			-	
Fund balances – end of year			\$ -	

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Special Revenue Fund
Recording Fees Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Charges for services	\$ 30,225	\$ 30,225	\$ 30,482	\$ 257
Total revenues	30,225	30,225	30,482	257
Beginning cash	87,503	87,503		
	<u>\$ 117,728</u>	<u>\$ 117,728</u>		
Expenditures:				
General government				
Operating expenditures	5,000	5,000	2,406	2,594
Capital outlay	75,000	75,000	15,742	59,258
Total expenditures	<u>80,000</u>	<u>80,000</u>	<u>18,148</u>	<u>61,852</u>
Excess (deficiency) revenues over expenditures			12,334	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance (Non-GAAP)			12,334	
Difference between Non-GAAP and Modified GAAP				
Adjust accrued expenditures			<u>(2,093)</u>	
Net change in fund balance (Modified GAAP)			10,241	
Fund balances – beginning of year			<u>87,503</u>	
Fund balances – end of year			<u>\$ 97,744</u>	

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Special Revenue Fund
KLCB Aluminum Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Other revenue	\$ 270	\$ 270	\$ 281	\$ 11
Total revenues	270	270	281	11
Beginning cash	120	120		
	<u>\$ 390</u>	<u>\$ 390</u>		
Expenditures:				
General government				
Operating expenditures	270	270	-	270
Capital outlay	-	-	-	-
Total expenditures	<u>270</u>	<u>270</u>	<u>-</u>	<u>270</u>
Excess (deficiency) revenues over expenditures			281	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance (Modified GAAP)			281	
Fund balances – beginning of year			<u>120</u>	
Fund balances – end of year			<u>\$ 401</u>	

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Special Revenue Fund
Mimbres Valley Learning Center Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Taxes	\$ 223,000	\$ 223,000	\$ 210,244	\$ (12,756)
Intergovernmental income	-	-	-	-
Other income	-	-	6,041	6,041
Total revenues	223,000	223,000	216,285	(6,715)
Beginning cash	39,468	39,468		
	\$ 262,468	\$ 262,468		
Expenditures:				
Health and welfare				
Personnel expenditures	1,000	1,000	902	98
Operating expenditures	195,000	220,000	243,638	(23,638)
Total expenditures	196,000	221,000	244,540	(23,540)
Excess (deficiency) revenues over expenditures			(28,255)	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP)			(28,255)	
Differences between GAAP and Non-GAAP				
Adjust accrued revenue		(14,210)		
Adjust accrued expenditures		286	(13,924)	
Net change in fund balance (Modified GAAP)			(42,179)	
Fund balances – beginning of year			52,138	
Fund balances – end of year			\$ 9,959	

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Special Revenue Fund
Sirolli Institute Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Intergovernmental income	\$ -	\$ -	\$ -	\$ -
Other income	-	-	191	191
Total revenues	<u>-</u>	<u>-</u>	<u>191</u>	<u>191</u>
Beginning cash	39,612	39,612		
	<u>\$ 39,612</u>	<u>\$ 39,612</u>		
Expenditures:				
Health and welfare				
Operating expenditures	39,612	39,612	22,167	17,445
Total expenditures	<u>39,612</u>	<u>39,612</u>	<u>22,167</u>	<u>17,445</u>
Excess (deficiency) revenues over expenditures			(21,976)	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance (Non-GAAP)			(21,976)	
Differences between Non-GAAP and Modified GAAP				
Adjust accrued expenditures			<u>-</u>	
Net change in fund balance (Modified GAAP)			(21,976)	
Fund balances – beginning of year			<u>39,612</u>	
Fund balances – end of year			<u>\$ 17,636</u>	

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Special Revenue Fund
Healthy Start Initiative Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Intergovernmental income	\$ -	\$ -	\$ 1,081	\$ 1,081
Other income	-	-	-	-
Federal grants	670,468	670,468	722,358	51,890
State grants	337,000	337,000	330,168	(6,832)
Other grants	-	-	10,000	10,000
Total revenues	1,007,468	1,007,468	1,063,607	56,139
Beginning cash	138,326	138,326		
	<u>\$ 1,145,794</u>	<u>\$ 1,145,794</u>		
Expenditures:				
Health and welfare				
Personnel expenditures	712,853	621,369	592,266	29,103
Operating expenditures	434,310	580,637	469,236	111,401
Total expenditures	1,147,163	1,202,006	1,061,502	140,504
Excess (deficiency) revenues over expenditures			2,105	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP)			2,105	
Differences between Non-GAAP and Modified GAAP				
Adjust accrued revenue		(27,123)		
Adjust accrued expenditures		(9,659)		
Adjust transfers		-	(36,782)	
Net change in fund balance (Modified GAAP)			(34,677)	
Fund balances – beginning of year			158,271	
Fund balances – end of year			<u>\$ 123,594</u>	

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Special Revenue Fund
Juvenile Field Services Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Intergovernmental income	\$ 250,000	\$ 250,000	\$ 193,914	\$ (56,086)
Other income	-	-	128	128
Total revenues	<u>250,000</u>	<u>250,000</u>	<u>194,042</u>	<u>(55,958)</u>
Beginning cash	-	-		
	<u>\$ 250,000</u>	<u>\$ 250,000</u>		
Expenditures:				
Health and welfare				
Personnel expenditures	146,552	208,674	123,609	85,065
Operating expenditures	88,448	110,435	100,662	9,773
Capital outlay	15,000	15,000	8,589	6,411
Total expenditures	<u>250,000</u>	<u>334,109</u>	<u>232,860</u>	<u>101,249</u>
Excess (deficiency) revenues over expenditures			(38,818)	
Other financing sources (uses)				
Transfers in	-	-	84,109	84,109
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>84,109</u>	<u>84,109</u>
Net change in fund balance (Non-GAAP)			45,291	
Differences between Non-GAAP and Modified GAAP				
Adjust accrued revenue		48,459		
Adjust accrued expenditures		(18,357)		
Adjust transfers		<u>-</u>	<u>30,102</u>	
Net change in fund balance (Modified GAAP)			75,393	
Fund balances – beginning of year			<u>1,500</u>	
Fund balances – end of year			<u>\$ 76,893</u>	

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Special Revenue Fund
Law Enforcement Protection Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Intergovernmental income	\$ 300,113	\$ 300,113	\$ 102,512	\$ (197,601)
Investment income	-	-	742	742
Other income	25,100	25,100	7,818	(17,282)
Federal grants	344,223	344,223	515,343	171,120
State grants	-	-	-	-
Total revenues	<u>669,436</u>	<u>669,436</u>	<u>626,415</u>	<u>(43,021)</u>
Beginning cash	<u>105,834</u>	<u>105,834</u>		
	<u>\$ 775,270</u>	<u>\$ 775,270</u>		
Expenditures:				
Public safety				
Personnel expenditures	81,205	517,095	344,434	172,661
Operating expenditures	66,505	199,461	125,611	73,850
Capital outlay	132,800	244,500	177,972	66,528
Total expenditures	<u>280,510</u>	<u>961,056</u>	<u>648,017</u>	<u>313,039</u>
Excess (deficiency) revenues over expenditures			(21,602)	
Other financing sources (uses)				
Transfers in	-	-	45,500	45,500
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>45,500</u>	<u>45,500</u>
Net change in fund balance (Non-GAAP)			23,898	
Differences between Non-GAAP and Modified GAAP				
Adjust accrued revenue		(28,301)		
Adjust accrued expenditures		<u>(30,770)</u>	<u>(59,071)</u>	
Net change in fund balance (Modified GAAP)			(35,173)	
Fund balances – beginning of year			<u>193,356</u>	
Fund balances – end of year			<u>\$ 158,183</u>	

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Special Revenue Fund
Solid Waste Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Intergovernmental income	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Beginning cash	68,140	68,140		
	<u>\$ 68,140</u>	<u>\$ 68,140</u>		
Expenditures:				
Health and welfare				
Personnel expenditures	43,084	43,084	38,397	4,687
Operating expenditures	-	-	-	-
Total expenditures	<u>43,084</u>	<u>43,084</u>	<u>38,397</u>	<u>4,687</u>
Excess (deficiency) revenues over expenditures			(38,397)	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance (Non GAAP)			(38,397)	
Differences between Non-GAAP and Modified GAAP				
Adjust accrued expenditures			<u>(1,234)</u>	
Net change in fund balance (Modified GAAP)			(39,631)	
Fund balances – beginning of year			<u>68,140</u>	
Fund balances – end of year			<u>\$ 28,509</u>	

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Special Revenue Fund
Volunteer Fire Departments Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Intergovernmental income	\$ 117,174	\$ 117,174	\$ 139,715	\$ 22,541
State grant	3,500	500	-	(500)
Interest income	-	-	3,587	3,587
Total revenues	120,674	117,674	143,302	25,628
Beginning cash	125,373	125,373		
	<u>\$ 246,047</u>	<u>\$ 243,047</u>		
Expenditures:				
Cooks Peak				
Operating expenditures	53,650	57,095	46,135	10,960
Capital outlay	15,000	15,000	13,629	1,371
Total Cooks Peak expenditures	68,650	72,095	59,764	12,331
Sunshine Valley				
Operating expenditures	53,600	53,600	43,382	10,218
Capital outlay	15,000	27,500	27,250	250
Total Sunshine Valley expenditures	68,600	81,100	70,632	10,468
Florida Mountain				
Operating expenditures	74,339	82,339	79,694	2,645
Capital outlay	30,000	30,000	28,500	1,500
Total Florida Mountain expenditures	104,339	112,339	108,194	4,145
Total expenditures	241,589	265,534	238,590	26,944
Excess (deficiency) revenues over expenditures			(95,288)	
Other financing sources (uses)				
Transfers in	-	-	12,500	12,500
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	12,500	12,500
Net change in fund balance (Non-GAAP)			(82,788)	
Differences between Non-GAAP and Modified GAAP				
Adjust accrued revenue		(123,641)		
Adjust accrued expense		(8,096)	(131,737)	
Net change in fund balance (Modified GAAP)			(214,525)	
Fund balances – beginning of year			255,388	
Fund balances – end of year			<u>\$ 40,863</u>	

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Special Revenue Fund
Fire Protection Fund (1/4% GRT)
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Intergovernmental income	\$ -	\$ -	\$ 210,868	\$ 210,868
State grants	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>210,868</u>	<u>210,868</u>
Beginning cash	120,333	120,333		
	<u>\$ 120,333</u>	<u>\$ 120,333</u>		
Expenditures:				
Public safety				
Personnel expenditures	-	-	2,486	(2,486)
Operating expenditures	120,273	120,273	129,393	(9,120)
Capital outlay	160,000	160,000	-	160,000
Total expenditures	<u>280,273</u>	<u>280,273</u>	<u>131,879</u>	<u>148,394</u>
Excess (deficiency) revenues over expenditures			78,989	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	(12,500)	(12,500)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(12,500)</u>	<u>(12,500)</u>
Net change in fund balance (Non-GAAP)			66,489	
Difference between Non-GAAP and Modified GAAP				
Adjust accrued revenue			<u>(15,367)</u>	
Net change in fund balance (Modified GAAP)			51,122	
Fund balances – beginning of year			<u>135,700</u>	
Fund balances – end of year			<u>\$ 186,822</u>	

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
Special Revenue Fund
Ambulance 1/8% GRT Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State shared taxes	\$ 408,000	\$ 408,000	\$ 404,690	\$ (3,310)
Total revenues	408,000	408,000	404,690	(3,310)
Beginning cash:	669,857	669,857		
	<u>\$ 1,077,857</u>	<u>\$ 1,077,857</u>		
Expenditures:				
Health and welfare				
Personnel expenditures	193,963	193,963	179,602	14,361
Operating expenditures	377,518	377,518	483,117	(105,599)
Capital outlay	77,703	77,703	-	77,703
Total expenditures	<u>649,184</u>	<u>649,184</u>	<u>662,719</u>	<u>(13,535)</u>
Excess (deficiency) revenues Over expenditures			(258,029)	
Other financing sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance (Non-GAAP)			(258,029)	
Difference between Non-GAAP and Modified GAAP				
Adjust accrued revenue		(35,903)		
Adjust accrued expenditures		<u>(100,908)</u>	<u>(136,811)</u>	
Net change in fund balance (Non-GAAP)			(394,840)	
Fund balances – beginning of year			<u>700,430</u>	
Fund balances – end of year			<u>\$ 305,590</u>	

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Special Revenue Fund
Entertainment Complex Bond Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Bond proceeds	\$ 7,720,000	\$ 7,720,000	\$ 6,836,395	\$ (883,605)
State share	-	-	624,478	624,478
Investment income	-	-	140,794	140,794
Total revenues	<u>7,720,000</u>	<u>7,720,000</u>	<u>7,601,667</u>	<u>(118,333)</u>
Beginning cash:	-	-		
	<u>\$ 7,720,000</u>	<u>\$ 7,720,000</u>		
Expenditures:				
General government				
Bond P and I	720,000	720,000	84,288	635,712
Capital outlay	7,000,000	7,000,000	1,250,000	5,750,000
Total expenditures	<u>7,720,000</u>	<u>7,720,000</u>	<u>1,334,288</u>	<u>6,385,712</u>
Excess (deficiency) revenues				
Over expenditures			6,267,379	
Other financing sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance (Non-GAAP)			6,267,379	
Difference between Non-GAAP and Modified GAAP				
Adjust accrued revenue		14,538		
Adjust accrued expenditures		<u>(182,708)</u>	<u>(168,170)</u>	
Net change in fund balance (Non-GAAP)			6,099,209	
Fund balances – beginning of year			<u>-</u>	
Fund balances – end of year			<u>\$ 6,099,209</u>	

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Special Revenue Fund
Judicial Bond Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Bond proceeds	\$ 5,860,000	\$ 5,860,000	\$ 4,724,944	\$ (1,135,056)
Investment income	-	-	51,390	51,390
Total revenues	5,860,000	5,860,000	4,776,334	(1,083,666)
Beginning cash:		-		
	\$ 5,860,000	\$ 5,860,000		
Expenditures:				
Public safety				
Bond P and I	360,000	360,000	37,288	322,712
Capital outlay	5,500,000	5,500,000	-	5,500,000
Total expenditures	5,860,000	5,860,000	37,288	5,822,712
Excess (deficiency) revenues Over expenditures			4,739,046	
Other financing sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP)			4,739,046	
Difference between Non-GAAP and Modified GAAP				
Adjust accrued revenue		62,620		
Adjust accrued expenditures		(78,326)	(15,706)	
Net change in fund balance (Non-GAAP)			4,723,340	
Fund balances – beginning of year			-	
Fund balances – end of year			\$ 4,723,340	

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

CAPITAL PROJECTS FUNDS

**STATE OF NEW MEXICO
COUNTY OF LUNA
Capital Projects Fund
Combining Balance Sheet
June 30, 2008**

	Judicial Complex	Fairgrounds	Courthouse Renovations	Port of Entry	Columbus Stockyard	FEMA Disaster	Daycare Center	Public Safety Building	Total
Assets									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 169,917	\$ 100	\$ -	\$ 170,017
Grant receivables	5,544		-	8,610	-			-	14,154
Due from other governments	-	-	-	-	-	-	-	-	-
Total assets	\$ 5,544	\$ -	\$ -	\$ 8,610	\$ -	\$ 169,917	\$ 100	\$ -	\$ 184,171
Liabilities and Fund Balances									
Liabilities:									
Deferred revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 169,917	\$ -	\$ -	\$ 169,917
Total liabilities	-	-	-	-	-	169,917	-	-	169,917
Fund balances:									
Unreserved	5,544	-	-	8,610	-	-	100	-	14,254
Total fund balances	5,544	-	-	8,610	-	-	100	-	14,254
Total liabilities and fund balances	\$ 5,544	\$ -	\$ -	\$ 8,610	\$ -	\$ 169,917	\$ 100	\$ -	\$ 184,171

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
Capital Projects Fund
Combining Balance Sheet
June 30, 2007**

	MVLC Addition	Fairgrounds	Courthouse Renovations	Port of Entry	Columbus Stockyard	FEMA Disaster	Total
Assets							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 336,007	\$ 336,007
Due from other governments	-	2,019	-	-	26,755	-	28,774
Total assets	\$ -	\$ 2,019	\$ -	\$ -	\$ 26,755	\$ 336,007	\$ 364,781
Liabilities and Fund Balances							
Liabilities:							
Deferred revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 336,007	\$ 336,007
Total liabilities	-	-	-	-	-	336,007	336,007
Fund balances:							
Unreserved	-	2,019	-	-	26,755	-	28,774
Total fund balances	-	2,019	-	-	26,755	-	28,774
Total liabilities and fund balances	\$ -	\$ 2,019	\$ -	\$ -	\$ 26,755	\$ 336,007	\$ 364,781

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
Capital Projects Fund
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2008**

	Judicial Complex	Fairgrounds Renovation	Courthouse Renovations	Port of Entry	Columbus Stockyard	FEMA Disaster	Day care Center	Public Safety Building	Total
Revenues									
Federal grants	\$ -	\$ -	\$ -	\$ 61,099	\$ -	\$ 166,092	\$ -	\$ -	\$ 227,191
State grants	17,722	-	-	-	194,685	-	78,972	63,764	355,143
Total revenues	<u>17,722</u>	<u>-</u>	<u>-</u>	<u>61,099</u>	<u>194,685</u>	<u>166,092</u>	<u>78,972</u>	<u>63,764</u>	<u>582,334</u>
Expenditures									
Current:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	166,092	-	-	166,092
Culture and recreation	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	-
Capital outlay	17,722	6,460	10,265	43,879	189,424	-	211,797	217,565	697,112
Total expenditures	<u>17,722</u>	<u>6,460</u>	<u>10,265</u>	<u>43,879</u>	<u>189,424</u>	<u>166,092</u>	<u>211,797</u>	<u>217,565</u>	<u>863,204</u>
Excess (deficiency) revenues over expenditures	-	(6,460)	(10,265)	17,220	5,261	-	(132,825)	(153,801)	(280,870)
Other Financing Sources (Uses)									
Transfers in	17,722	4,441	10,265	-	-	-	211,797	217,565	461,790
Transfers out	(12,178)	-	-	(8,610)	(32,016)	-	(78,872)	(63,764)	(195,440)
Total other financing sources	<u>5,544</u>	<u>4,441</u>	<u>10,265</u>	<u>(8,610)</u>	<u>(32,016)</u>	<u>-</u>	<u>132,925</u>	<u>153,801</u>	<u>266,350</u>
Net change in fund balances	5,544	(2,019)	-	8,610	(26,755)	-	100	-	(14,520)
Fund balances - beginning	-	2,019	-	-	26,755	-	-	-	28,774
Fund balances-ending	<u>\$ 5,544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,610</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 14,254</u>

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
Capital Projects Fund
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2007**

	MVLC Addition	Fairgraounds Renovation	Courthouse Renovations	Port of Entry	Columbus Stockyard	FEMA Disaster	Total
Revenues							
Federal grants	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ 920,500	\$ 970,500
State grants	-	60,919	1,387,000	60,417	26,755	-	1,535,091
Total revenues	<u>-</u>	<u>60,919</u>	<u>1,437,000</u>	<u>60,417</u>	<u>26,755</u>	<u>920,500</u>	<u>2,505,591</u>
Expenditures							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Capital outlay	78,523	79,672	1,039,991	69,008	26,755	920,500	2,214,449
Total expenditures	<u>78,523</u>	<u>79,672</u>	<u>1,039,991</u>	<u>69,008</u>	<u>26,755</u>	<u>920,500</u>	<u>2,214,449</u>
Excess (deficiency) revenues over expenditures	(78,523)	(18,753)	397,009	(8,591)	-	-	291,142
Other Financing Sources (Uses)							
Transfers in	256,004	20,772	950,758	8,591	26,755	-	1,262,880
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>256,004</u>	<u>20,772</u>	<u>950,758</u>	<u>8,591</u>	<u>26,755</u>	<u>-</u>	<u>1,262,880</u>
Net change in fund balances	177,481	2,019	1,347,767	-	26,755	-	1,554,022
Fund balances - beginning	<u>(177,481)</u>	<u>-</u>	<u>(1,347,767)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,525,248)</u>
Fund balances-ending	<u>\$ -</u>	<u>\$ 2,019</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,755</u>	<u>\$ -</u>	<u>\$ 28,774</u>

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Capital Projects Fund
Judicial Complex Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Federal grants	\$ 500,000	\$ 500,000	\$ 12,178	\$ (487,822)
Total revenues	500,000	500,000	12,178	(487,822)
Beginning cash	-	-		
	\$ 500,000	\$ 500,000		
Expenditures:				
Public safety				
Capital outlay	500,000	500,000	17,722	482,278
Total expenditures	500,000	500,000	17,722	482,278
Excess (deficiency) revenues over expenditures			(5,544)	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP)			(5,544)	
Differences between Non-GAAP and Modified GAAP				
Adjust accrued revenue		5,544		
Adjust transfers		5,544	11,088	
Net change in fund balance (Modified GAAP)			5,544	
Fund balances – beginning of year			-	
Fund balances – end of year			\$ 5,544	

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
Capital Projects Fund
Fairgrounds Renovation Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
State grant	\$ -	\$ -	\$ 2,019	\$ 2,019
Total revenues	-	-	2,019	2,019
Beginning cash	-	-		
	<u>\$ -</u>	<u>\$ -</u>		
Expenditures:				
General government				
Capital outlay	10,000	16,460	6,460	10,000
Total expenditures	10,000	16,460	6,460	10,000
Excess (deficiency) revenues over expenditures			(4,441)	
Other financing sources (uses)				
Transfers in	-	-	4,441	4,441
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	4,441	4,441
Net change in fund balance (Non-GAAP)			-	
Differences between Non-GAAP and Modified GAAP				
Adjust accrued revenue			(2,019)	
Net change in fund balance (Modified GAAP)			(2,019)	
Fund balances – beginning of year			2,019	
Fund balances – end of year			<u>\$ -</u>	

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Capital Projects Fund
Courthouse Renovation Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Federal grant	\$ -	\$ -	\$ -	\$ -
State grant	969,574	969,574	-	(969,574)
Total revenues	<u>969,574</u>	<u>969,574</u>	-	<u>(969,574)</u>
Beginning cash	-	-		
	<u>\$ 969,574</u>	<u>\$ 969,574</u>		
Expenditures:				
Public safety				
Capital outlay	200,000	200,000	10,265	189,735
Total expenditures	<u>200,000</u>	<u>200,000</u>	<u>10,265</u>	<u>189,735</u>
Excess (deficiency) revenues over expenditures			(10,265)	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance (Non-GAAP)			(10,265)	
Differences between Non-GAAP and Modified GAAP				
Adjust transfers			<u>10,265</u>	
Net change in fund balance (Modified GAAP)			-	
Fund balances – beginning of year			<u>-</u>	
Fund balances – end of year			<u>\$ -</u>	

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Capital Projects Fund
Port of Entry Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Federal grant	\$ 1,959,280	\$ 1,959,280	\$ 52,489	\$ (1,906,791)
Total revenues	1,959,280	1,959,280	52,489	(1,906,791)
Beginning cash	-	-		
	\$ 1,959,280	\$ 1,959,280		
Expenditures:				
General government				
Capital outlay	1,939,602	1,939,602	43,879	1,895,723
Total expenditures	1,939,602	1,939,602	43,879	1,895,723
Excess (deficiency) revenues over expenditures			8,610	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP)			8,610	
Differences between Non-GAAP and Modified GAAP				
Adjust accrued revenue		8,610		
Adjust accrued expenditures		-		
Adjust transfers		(8,610)	-	
Net change in fund balance (Modified GAAP)			8,610	
Fund balances – beginning of year			-	
Fund balances – end of year			\$ 8,610	

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Capital Projects Fund
Columbus Stockyard Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State grant	\$ 371,250	\$ 371,250	\$ 221,439	\$ (149,811)
Total revenues	371,250	371,250	221,439	(149,811)
Beginning cash	-	-		
	\$ 371,250	\$ 371,250		
Expenditures:				
General government				
Capital outlay	325,000	325,000	189,424	135,576
Total expenditures	325,000	325,000	189,424	135,576
Excess (deficiency) revenues over expenditures			32,015	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP)			32,015	
Differences between Non-GAAP and Modified GAAP				
Adjust accrued revenue		(26,754)		
Adjust transfers		(32,016)	(58,770)	
Net change in fund balance (Modified GAAP)			(26,755)	
Fund balances – beginning of year			26,755	
Fund balances – end of year			\$ -	

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Capital Projects Fund
FEMA Disaster Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008

	Budget Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State grant	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Beginning cash	-	-		
	<u>\$ -</u>	<u>\$ -</u>		
Expenditures:				
Public works				
Capital outlay	166,092	166,092	166,092	-
Total expenditures	<u>166,092</u>	<u>166,092</u>	<u>166,092</u>	<u>-</u>
Excess (deficiency) revenues over expenditures			(166,092)	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance (Non-GAAP)			(166,092)	
Differences between Non-GAAP and Modified GAAP				
Adjust deferred revenue			<u>166,092</u>	
Net change in fund balance (Modified GAAP)			-	
Fund balances – beginning of year			<u>-</u>	
Fund balances – end of year			<u><u>\$ -</u></u>	

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Capital Projects Fund
Daycare Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008

	Budget Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State grant	\$ 500,000	\$ 500,000	\$ 78,872	\$ (421,128)
Total revenues	500,000	500,000	78,872	(421,128)
Beginning cash	-	-		
	\$ 500,000	\$ 500,000		
Expenditures:				
Health & welfare				
Capital outlay	802,500	878,500	211,797	666,703
Total expenditures	802,500	878,500	211,797	666,703
Excess (deficiency) revenues over expenditures			(132,925)	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP)			(132,925)	
Differences between Non-GAAP and Modified GAAP				
Adjust accrued revenue		100		
Adjust transfers		132,925	133,025	
Net change in fund balance (Modified GAAP)			100	
Fund balances – beginning of year			-	
Fund balances – end of year			\$ 100	

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Capital Projects Fund
Public Safety Building Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008

	Budget Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State grant	\$ 983,900	\$ 983,900	\$ 63,764	\$ (920,136)
Total revenues	983,900	983,900	63,764	(920,136)
Beginning cash	-	-		
	\$ 983,900	\$ 983,900		
Expenditures:				
Public safety	-	-	-	-
Capital outlay	1,458,900	1,533,900	217,565	1,316,335
Total expenditures	1,458,900	1,533,900	217,565	1,316,335
Excess (deficiency) revenues over expenditures			(153,801)	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP)			(153,801)	
Differences between Non-GAAP and Modified GAAP				
Adjust transfers			153,801	
Net change in fund balance (Modified GAAP)			-	
Fund balances – beginning of year			-	
Fund balances – end of year			\$ -	

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

PROPRIETARY FUND

STATE OF NEW MEXICO
COUNTY OF LUNA
Proprietary Fund
Detention Center Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Charges for services	\$ 6,220,485	\$ 6,220,485	\$ 5,850,518	\$ (369,967)
Intergovernmental	-	-	191,077	191,077
Other income	-	-	119,204	119,204
Joint powers agreement	-	-	-	-
Interest income	45,000	45,000	40,534	(4,466)
Total revenues	6,265,485	6,265,485	6,201,333	(64,152)
Beginning cash	1,949,202	1,949,202		
	<u>\$ 8,214,687</u>	<u>\$ 8,214,687</u>		
Expenditures:				
Personnel expenditures	4,517,291	4,539,180	3,716,553	822,627
Operating expenditures	3,113,370	3,415,523	1,702,745	1,712,778
Capital outlay	75,000	79,448	44,584	34,864
Total expenditures	7,705,661	8,034,151	5,463,882	2,570,269
Excess (deficiency) revenues over expenditures			737,451	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	(45,500)	(45,500)
Total other financing sources (uses)	-	-	(45,500)	(45,500)
Net change in fund balance (Non-GAAP)			691,951	
Differences between Non-GAAP and Modified GAAP				
Adjust accrued revenue		481,177		
Adjust accrued expenses		(1,173,737)		
Depreciation		(281,880)		
Capital		44,584	(929,856)	
Net change in fund balance (Modified GAAP)			(237,905)	
Fund balances – beginning of year			8,455,764	
Fund balances – end of year			<u>\$ 8,217,859</u>	

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

AGENCY FUNDS

STATE OF NEW MEXICO
COUNTY OF LUNA
Fiduciary Funds – Agency Funds
June 30, 2008

Fiduciary Funds – Agency

These funds are used to account for monies held by the County in a custodial capacity.

Taxes Collected for Others – As the taxing and collecting authority for property taxes, the County maintains this fund to account for taxes collected on behalf of other governments until their distribution.

Inmate Accounts – The County holds and disburses funds in a custodial capacity for inmates housed at the County Detention Center.

STATE OF NEW MEXICO
COUNTY OF LUNA
Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds
For the Year Ended June 30

Taxes Collected for Others	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Assets							
Cash and cash equivalents	\$ 130,104	\$ 3,827,493	\$ 3,868,759	\$ 88,838	\$ 57,465	\$ -	\$ 146,303
Property taxes receivable	871,194	7,852,530	7,758,210	965,514	-	277,151	688,363
Total assets	<u>\$ 1,001,298</u>	<u>\$ 11,680,023</u>	<u>\$ 11,626,969</u>	<u>\$ 1,054,352</u>	<u>\$ 57,465</u>	<u>\$ 277,151</u>	<u>\$ 834,666</u>
Liabilities							
Due to other governments	\$ 933,484	\$ 11,634,229	\$ 11,572,226	\$ 995,487	\$ 5,061,117	\$ 5,271,437	\$ 785,167
Prepaid taxes	4,480	6,027	5,230	5,277	6,706	10,759	1,224
Overpayment of taxes	14,508	34,896	49,281	123	23,525	22,973	675
Taxes paid in advance	18,426	4,871	-	23,297	23,297	29,134	17,460
Due to taxpayers	30,400	-	232	30,168	30,169	30,197	30,140
Total liabilities	<u>\$ 1,001,298</u>	<u>\$ 11,680,023</u>	<u>\$ 11,626,969</u>	<u>\$ 1,054,352</u>	<u>\$ 5,144,814</u>	<u>\$ 5,364,500</u>	<u>\$ 834,666</u>
Inmate Accounts							
Assets							
Cash and cash equivalents	\$ 3,065	\$ 336,738	\$ 330,544	\$ 9,259	\$ 33,912	\$ -	\$ 43,171
Total assets	<u>\$ 3,065</u>	<u>\$ 336,738</u>	<u>\$ 330,544</u>	<u>\$ 9,259</u>	<u>\$ 33,912</u>	<u>\$ -</u>	<u>\$ 43,171</u>
Liabilities							
Due to inmates	\$ 3,065	\$ 336,738	\$ 330,544	\$ 9,259	\$ 360,484	\$ 326,572	\$ 43,171
Total liabilities	<u>\$ 3,065</u>	<u>\$ 336,738</u>	<u>\$ 330,544</u>	<u>\$ 9,259</u>	<u>\$ 360,484</u>	<u>\$ 326,572</u>	<u>\$ 43,171</u>
Total Assets							
Assets							
Cash and cash equivalents	\$ 133,169	\$ 4,164,231	\$ 4,199,303	\$ 98,097	\$ 91,377	\$ -	\$ 189,474
Property taxes receivable	871,194	7,852,530	7,758,210	965,514	-	277,151	688,363
Total assets	<u>\$ 1,004,363</u>	<u>\$ 12,016,761</u>	<u>\$ 11,957,513</u>	<u>\$ 1,063,611</u>	<u>\$ 91,377</u>	<u>\$ 277,151</u>	<u>\$ 877,837</u>
Liabilities							
Due to inmates	\$ 3,065	\$ 336,738	\$ 330,544	\$ 9,259	\$ 360,484	\$ 326,572	\$ 43,171
Due to other governments	933,484	11,634,229	11,572,226	995,487	5,061,117	5,271,437	785,167
Prepaid taxes	4,480	6,027	5,230	5,277	6,706	10,759	1,224
Overpayment of taxes	14,508	34,896	49,281	123	23,525	22,973	675
Taxes paid in advance	18,426	4,871	-	23,297	23,297	29,134	17,460
Due to taxpayers	30,400	-	232	30,168	30,169	30,197	30,140
Total liabilities	<u>\$ 1,004,363</u>	<u>\$ 12,016,761</u>	<u>\$ 11,957,513</u>	<u>\$ 1,063,611</u>	<u>\$ 5,505,298</u>	<u>\$ 5,691,072</u>	<u>\$ 877,837</u>

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

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
COUNTY OF LUNA
Schedule of Depositories
June 30, 2008

	Type	Amount Per Bank	Plus DIT	Less O/S Cks	Balance Per Books
First New Mexico NOW	CK	\$ 393,545	\$ 17,723	\$ 514,314	\$ (103,046)
First New Mexico	CK	1,548,778	-	-	1,548,778
First New Mexico	CK	100	-	-	100
First New Mexico	CK	620	-	45	575
First New Mexico	CK	46,084	-	3,488	42,596
Wells Fargo	CK	312,218	-	-	312,218
Subtotal		2,301,345	17,723	517,847	1,801,221
Plus cash equivalents (Note 4)					5,189,920
Type:					
CK=Checking	Plus:	Cash on hand			375
MM=Money Market					
SV=Savings					\$ 6,991,516

	First New Mexico	Wells Fargo	Total
Amount Held in Bank June 30, 2008	\$ 1,989,127	\$ 312,218	\$ 2,301,345
Less FDIC Insurance	100,000	100,000	200,000
Uninsured Public Funds	1,889,127	212,218	2,101,345
50% Collateral Requirement (Section 6-10-17 NMSA-1978)	944,564	106,109	1,050,673
Pledged Security	3,550,000	370,513	3,920,513
Over (Under) Collateral	\$ 2,605,437	\$ 264,404	\$ 2,869,841

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

STATE OF NEW MEXICO
COUNTY OF LUNA
Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2008

Description	Fair Market Value	Name and Location of Safekeeper
WFBS/WFBNW CUSIP#31409CV69. FNCL, Maturing 05/01/36	370,513	Wells Fargo California
FHLB	1,000,000	Texas Independent Bank, Dallas, TX
FHLMC	2,000,000	Texas Independent Bank, Dallas, TX
Alamogordo, NM ISD. CUSIP#011464FA7, Maturing 08/01/17	500,000	Texas Independent Bank, Dallas, TX
Wagon Mound NM ISD, CUSIP#930532AK2, Maturing 10/01/11	50,000	Texas Independent Bank, Dallas, TX
	<u>\$ 3,920,513</u>	

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
Joint Powers Agreements
June 30, 2008**

Soil and Water Conservation Districts of Deming, Grant, Hidalgo, and San Francisco

Participants	Counties of Catrol, Grant, Hidalgo and Luna and the communities of Bayard, Deming, Hurley, Lordsburg, Reserve, Santa Clara, Virden, Columbus, and the Soil and Water conservation Districts of Deming, Grant, Hidalgo, and San Francisco
Responsible Party	Gila-San Francisco Water Commission
Description	To form a regional water commission to facilitate contracting with the Secretary of the Interior for water supplies, acquiring funding pursuant to the Act through sub-regional Commissions and to serve as an organization for the benefit of their citizens, municipalities, agricultural users, recreational users, water user associations, other water users or for environmental purposes in the Southwest Water planning Region of New Mexico
Period	Indefinite
Project Costs	Undetermined
County Contribution	Undetermined
Audit responsibility	Gila-San Francisco Water Commission

City of Deming

Participants	County of Luna and the City of Deming
Responsible Party	Deming-Luna County Extra-Territorial Zoning Authority
Description	To provide for a unified process for review and approval of subdivisions in the ETZ area of the City and County.
Period	Indefinite
Project Costs	Undetermined
County Contribution	\$18,000
Audit responsibility	Deming-Luna County Extra-Territorial Zoning Authority

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
Joint Powers Agreements
June 30, 2008**

Village of Columbus

Participants	County of Luna and the Village of Columbus
Responsible Party	County of Luna
Description	To build a Law Enforcement substation that will include offices for the Village of Columbus Police Department on property close to the International Port of Entry in Columbus
Period	Indefinite
Project Costs	Unknown
County Contribution	Unknown
Audit responsibility	County of Luna

Doña Ana County

Participants	County of Luna and the Doña Ana County
Responsible Party	Doña County
Description	To provide for the housing of juvenile prisoners in the Doña Ana County Detention Center
Period	July 1, 2007 to June 30, 2008
Project Costs	Unknown
County Contribution	\$105.38 per day per prisoner
Audit responsibility	Doña County

**STATE OF NEW MEXICO
COUNTY OF LUNA
Tax Roll Reconciliation
June 30, 2008**

Property taxes receivable, beginning of year	\$ 1,058,437
Changes to tax roll:	
Net taxes charged to treasurer for fiscal year	9,546,936
Adjustments:	
Increases in taxes receivables	58,432
Charge off of taxes receivables	<u>-</u>
Total receivables prior to collections	10,663,805
Collections for fiscal year ended June 30, 2007	<u>(9,364,947)</u>
Property taxes receivable, end of year	<u><u>\$ 1,298,858</u></u>
Property taxes receivable by years:	
1998	\$ 4,821
1999	4,384
2000	7,624
2001	9,496
2002	20,261
2003	40,683
2004	42,989
2005	97,569
2006	267,321
2007	<u>803,710</u>
Total taxes receivable	<u><u>\$ 1,298,858</u></u>

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
County Treasurer's Property Tax Schedule
June 30, 2008**

Agency	Property Taxes Levied 10/1/	Collected in Current year 06/30/08	Collected To- Date	Disributed in Current Year 06/30/08	Distributed To- Date	Increases to Taxes	Decreased to Taxes	County Receivable at Year End
General Advalorem	1998	\$ 216,196	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Advalorem	1999	2,273,942	1,028	2,270,381	1,028	2,270,381	-	2,461
General Advalorem	2000	2,431,057	1,262	2,425,914	1,262	2,425,914	-	5,143
General Advalorem	2001	2,492,086	2,009	2,485,629	2,009	2,485,629	-	6,457
General Advalorem	2002	2,447,048	2,474	2,441,290	2,474	2,441,290	-	5,758
General Advalorem	2003	2,699,371	6,166	2,688,136	6,166	2,688,136	-	11,235
General Advalorem	2004	2,958,977	13,339	2,949,401	13,339	2,949,401	-	9,576
General Advalorem	2005	3,319,729	41,463	3,261,405	41,463	3,261,405	-	58,324
General Advalorem	2006	3,726,327	176,270	3,610,892	176,270	3,610,892	-	115,435
General Advalorem	2007	4,480,890	4,177,926	4,158,252	4,177,926	4,158,252	-	322,638
Total General Advalorem		27,045,623	4,421,937	26,291,300	4,421,937	26,291,300	-	537,027
Non-rendition fees	1998	26,833	-	-	-	-	-	-
Non-rendition fees	1999	30,580	81	30,307	81	30,307	-	273
Non-rendition fees	2000	31,063	78	30,212	78	30,212	-	851
Non-rendition fees	2001	24,064	84	23,263	84	23,263	-	801
Non-rendition fees	2002	33,614	38	29,349	38	29,349	-	4,265
Non-rendition fees	2003	32,693	133	30,452	133	30,452	-	2,241
Non-rendition fees	2004	33,934	412	30,939	412	30,939	-	2,995
Non-rendition fees	2005	44,267	715	37,245	715	37,245	-	7,022
Non-rendition fees	2006	31,273	2,107	16,547	2,107	16,547	-	14,726
Non-rendition fees	2007	26,776	9,577	9,577	9,577	9,577	-	17,199
Total Non-rendition fees		315,097	13,225	237,891	13,225	237,891	-	50,373

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
County Treasurer's Property Tax Schedule
June 30, 2008**

Agency	Property Taxes Levied 10/1/	Collected in Current year 06/30/07	Collected To- Date	Disributed in Current Year 06/30/07	Distributed To- Date	Increases to Taxes	Decreased to Taxes	County Receivable at Year End	
Re-appraisal Program	1998	44,946	-	-	-	-	-	-	
Re-appraisal Program	1999	48,693	14	47,953	14	47,953	-	126	
Re-appraisal Program	2000	50,494	23	50,062	23	50,062	-	432	
Re-appraisal Program	2001	52,438	40	51,368	40	51,368	-	1,070	
Re-appraisal Program	2002	51,976	54	49,814	54	49,814	-	2,162	
Re-appraisal Program	2003	57,437	141	51,339	141	51,339	-	6,098	
Re-appraisal Program	2004	63,787	534	61,772	534	61,772	-	2,015	
Re-appraisal Program	2005	68,290	921	67,394	921	67,394	-	896	
Re-appraisal Program	2006	78,358	3,933	75,877	3,933	75,877	-	2,481	
Re-appraisal Program	2007	94,259	86,931	86,931	86,931	86,931	-	7,328	
Total Re-appraisal Program		610,678	92,591	542,511	92,591	542,511	-	126	23,095
Total Luna County		27,971,398	4,527,753	27,071,702	4,527,753	27,071,702	-	1,226	610,495
Livestock	1998	25,448	-	-	-	-	-	-	
Livestock	1999	29,144	50	29,115	50	29,115	-	29	
Livestock	2000	31,036	1	30,928	1	30,928	-	108	
Livestock	2001	30,522	-	30,268	-	30,268	-	254	
Livestock	2002	28,270	-	28,151	-	28,151	-	119	
Livestock	2003	25,956	-	24,860	-	24,860	-	1,096	
Livestock	2004	26,784	4	26,162	4	26,162	-	622	
Livestock	2005	29,894	29	29,408	29	29,408	-	486	
Livestock	2006	27,801	1,908	27,425	1,908	27,425	-	376	
Livestock	2007	33,992	36,068	32,856	36,068	32,856	-	1,136	
Total Livestock		288,847	38,060	259,173	38,060	259,173	-	-	4,226

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
County Treasurer's Property Tax Schedule
June 30, 2008**

Agency		Property Taxes Levied 10/1/	Collected in Current year 06/30/07	Collected To- Date	Disbributed in Current Year 06/30/07	Distributed To- Date	Increases to Taxes	Decreased to Taxes	County Receivable at Year End
State Levy	1998	305,404	-	-	-	-	-	-	-
State Levy	1999	358,279	140	358,217	140	358,217	-	-	62
State Levy	2000	384,027	168	383,971	168	383,971	-	-	56
State Levy	2001	457,027	309	456,968	309	456,968	-	-	59
State Levy	2002	295,852	291	294,706	291	294,706	-	-	1,146
State Levy	2003	419,771	915	415,324	915	415,324	-	-	4,447
State Levy	2004	299,561	1,573	294,280	1,573	294,280	-	-	5,281
State Levy	2005	404,699	5,890	396,236	5,890	396,236	-	-	8,463
State Levy	2006	476,696	25,225	464,478	25,225	464,478	-	-	12,218
State Levy	2007	531,486	493,271	490,821	493,271	490,821	-	-	40,665
Total State Levy		3,932,802	527,782	3,555,001	527,782	3,555,001	-	-	72,397
Road Levy	1998	91,333	-	-	-	-	-	-	-
Road Levy	1999	91,310	-	90,591	-	90,591	-	250	469
Road Levy	2000	196,001	68	195,214	68	195,214	-	150	637
Road Levy	2001	194,663	427	194,491	427	194,491	-	-	172
Road Levy	2002	217,158	747	211,612	747	211,612	-	-	5,546
Road Levy	2003	215,899	1,502	207,235	1,502	207,235	-	-	8,664
Road Levy	2004	218,708	2,207	203,589	2,207	203,589	-	-	15,119
Road Levy	2005	215,801	4,612	198,072	4,612	198,072	-	-	17,729
Road Levy	2006	215,853	19,121	191,903	19,121	191,903	-	-	23,950
Road Levy	2007	539,334	429,945	427,505	429,945	427,505	-	-	111,829
Total Road Levy		2,196,060	458,629	1,920,212	458,629	1,920,212	-	400	184,115

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
County Treasurer's Property Tax Schedule
June 30, 2008**

Agency		Property Taxes Levied 10/1/	Collected in Current year 06/30/07	Collected To- Date	Disributed in Current Year 06/30/07	Distributed To- Date	Increases to Taxes	Decreased to Taxes	County Receivable at Year End
Deming Public Schools	1998	1,740,464	47	-	47	-	-	-	-
Deming Public Schools	1999	1,870,776	135	1,870,548	135	1,870,548	-	-	228
Deming Public Schools	2000	1,794,691	796	1,794,516	796	1,794,516	-	-	175
Deming Public Schools	2001	1,815,045	1,228	1,814,669	1,228	1,814,669	-	-	376
Deming Public Schools	2002	1,862,128	1,610	1,861,534	1,610	1,861,534	-	-	594
Deming Public Schools	2003	2,163,946	4,905	2,157,689	4,905	2,157,689	-	-	6,257
Deming Public Schools	2004	2,384,955	35,021	2,378,933	35,021	2,378,933	-	-	6,022
Deming Public Schools	2005	2,584,586	35,021	2,581,048	35,021	2,581,048	-	-	3,538
Deming Public Schools	2006	3,080,802	153,886	2,994,389	153,886	2,994,389	-	-	86,413
Deming Public Schools	2007	3,503,340	3,249,584	3,234,009	3,249,584	3,234,009	-	-	269,331
Deming Public Schools		22,800,733	3,482,233	20,687,335	3,482,233	20,687,335	-	-	372,934
City of Deming	1998	145,643	-	-	-	-	-	-	-
City of Deming	1999	154,317	-	154,170	-	154,170	-	-	147
City of Deming	2000	168,250	47	168,153	47	168,153	-	-	97
City of Deming	2001	174,235	50	174,125	50	174,125	-	-	110
City of Deming	2002	182,652	247	182,045	247	182,045	-	-	607
City of Deming	2003	188,151	437	187,578	437	187,578	-	-	573
City of Deming	2004	224,834	959	224,182	959	224,182	-	-	652
City of Deming	2005	234,913	3,486	234,441	3,486	234,441	-	-	472
City of Deming	2006	264,452	12,949	257,131	12,949	257,131	-	-	7,321
City of Deming	2007	283,237	261,070	258,620	261,070	258,620	-	-	24,617
Total City of Deming		2,020,684	279,245	1,840,445	279,245	1,840,445	-	-	34,596

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
County Treasurer's Property Tax Schedule
June 30, 2008**

Agency	Property Taxes Levied 10/1/	Collected in Current year 06/30/07	Collected To- Date	Disbributed in Current Year 06/30/07	Distributed To- Date	Increases to Taxes	Decreased to Taxes	County Receivable at Year End
Village of Columbus	1998	25,003	-	-	-	-	-	-
Village of Columbus	1999	28,450	12	28,199	12	-	150	101
Village of Columbus	2000	28,736	27	28,486	27	-	125	125
Village of Columbus	2001	29,910	15	29,713	15	-	-	197
Village of Columbus	2002	31,217	15	31,153	15	-	-	64
Village of Columbus	2003	34,226	125	34,154	125	-	-	72
Village of Columbus	2004	38,598	288	37,891	288	-	-	707
Village of Columbus	2005	39,384	1,576	38,745	1,576	-	-	639
Village of Columbus	2006	43,891	3,930	39,490	3,930	-	-	4,401
Village of Columbus	2007	53,622	45,257	44,655	45,257	-	-	8,967
Total Village of Columbus		353,037	51,245	312,486	51,245	-	275	15,273
Incomplete Records/Agency	1998	-	-	-	-	-	-	4,821
Total Incomplete Records		-	-	-	-	-	-	4,821
Grand Totals		\$ 59,563,561	\$ 9,364,947	\$ 55,646,354	\$ 9,364,947	\$ -	\$ 1,901	\$ 1,298,857

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

**STATE OF NEW MEXICO
COUNTY OF LUNA
SCHEDULE OF GRANT AGREEMENTS
JUNE 30, 2008**

	<u>CFDA #</u>	<u>State Grants</u>	<u>Federal Grants</u>	<u>Private Grant</u>	<u>Total</u>
Department of Finance and Administration, #GF 07-L-5326		\$ 500,000	\$ -	\$ -	\$ 500,000
Department of Finance and Administration, #GF 06-L-G-1702		25,000	-	-	25,000
Department of Finance and Administration, #STB 06-L-G-448		350,000	-	-	350,000
Department of Finance and Administration, #GF 07-C-R-I-3-G-12		450,000	-	-	450,000
Department of Finance and Administration, #GF 07-C-RS-I-06-G-44		50,000	-	-	50,000
Department of Finance and Administration, Local DWI Grant, #08-D-J-17		82,331	-	-	82,331
Department of Finance and Administration, Local DWI Grant, #08-D-J-G-17		110,380	-	-	110,380
Department of Finance and Administration, #GF 07-L-G-5321		243,000	-	-	243,000
Department of Finance and Administration, #GF 07-L-G-3436		373,900	-	-	373,900
Department of Finance and Administration, #GF 07-L-G-5322		400,000	-	-	400,000
Department of Finance and Administration, #GF 07-8057		25,000	-	-	25,000
U.S. General Services Administration, #07P-02UFC-1038		-	90,760	-	90,760
New Mexico Clean and Beautiful, #08-418-6001-0034		19,800	-	-	19,800
U.S. Department of Health and Human Services, Healthy Start Initiative, #H67MC00011	93.926	-	832,500	-	832,500
New Mexico Department of Health, Maternal Child Health		94,520	-	-	94,520
Innovation in American Government Awards, Harvard Grant Juvenile		-	-	10,000	10,000
U.S. National Traffic Safety Administration Passed thru New Mexico Department of Transportation, #08-PT-06-060	20.601	-	16,165	-	16,165
U.S. National Traffic Safety Administration Passed thru New Mexico Department of Transportation, #08-PT-DS-060	20.601	-	10,000	-	10,000
U.S. National Traffic Safety Administration Passed thru New Mexico Department of Transportation, #08-CD-05-060		8,937	-	-	8,937
U.S. National Traffic Safety Administration Passed thru New Mexico Department of Transportation, #08-CD-05-060	20.601	-	18,350	-	18,350
U.S. Department of Homeland Security, passed through Department of Public Safety, Office of Emergency Management, Disaster #FEMA 1659-DR-NM	97.088	-	1,256,507	-	1,256,507
U.S. National Traffic Safety Administration Passed thru New Mexico Department of Transportation, #08-CD-05-060		4,860	-	-	4,860
U. S. Department of Homeland Security, passed through Department of Homeland Security and Emergency Management, NM Safe Border 08-LUNA	97.067	-	220,000	-	220,000
U. S. Department of Homeland Security, passed through Department of Homeland Security and Emergency Management, #07-NM-SG-05-LUNA	97067	-	273,600	-	273,600
Totals		<u>\$ 2,737,728</u>	<u>\$ 2,717,882</u>	<u>\$ 10,000</u>	<u>\$ 5,465,610</u>

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

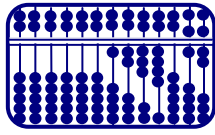
STATE OF NEW MEXICO
COUNTY OF LUNA
Schedule of Expenditures of Federal Awards
June 30, 2008

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Program or Grant Number	Award Amount	Expenditures
U.S. Department of Health and Human Services, Healthy Start Initiative	93.926	H67MC00011	\$ 832,500	\$ 722,359
U.S. Department of Homeland Security, passed through Department of Homeland Security and Emergency Management	97.067	NM SAFE BORDER 08- LUNA	220,000	220,000
U.S. Department of Homeland Security, passed through Department of Homeland Security and Emergency Management	97.067	07-NM-SG-05- LUNA	273,600	165,359
U.S. General Services Administration	97.067	07P-02UFC-1038	90,760	61,099
U.S. National Traffic Safety Administration, passed through New Mexico Department of Transportation	20.601	#08-PT-06-060	16,165	6,911
U.S. National Traffic Safety Administration, passed through New Mexico Department of Transportation	20.601	#08-PT-DS-060	10,000	9,985
U.S. National Traffic Safety Administration, passed through New Mexico Department of Transportation	20.601	08-AL-64-060	18,350	29,194
U.S. Department of Homeland Security, passed through Department of Public Safety, Office of Emergency Management, Disaster #FEMA 1659-DR-NM	97.088	029-99029-00	1,256,507	454,485
Total			<u>\$ 2,717,882</u>	<u>\$ 1,669,392</u>

Note 1 Basis of Presentation

The above Schedule of Expenditures of federal awards includes the federal grant activity of the County of Luna and is presented on the accrual basis of accounting. 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." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

COMPLIANCE SECTION



MARCUS,
FAIRALL,
BRISTOL + CO., L.L.P.

***REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS***

Hector H. Balderas
New Mexico State Auditor
The Board of Commissioners
County of Luna
Deming, New Mexico

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds and budgetary comparisons presented as supplemental information of the County of Luna as of and for the year-ended June 30, 2008, and have issued our report thereon dated March 24, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies described as 07-04, 07-05, 07-07, 08-01, and 08-02 in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies, and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above 08-06 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 07-08.

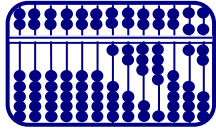
The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the agency's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County Commissioners, management, Federal and State Awarding agencies and the Office of the New Mexico State Auditor, New Mexico Legislature, and the New Mexico Department of Finance and Administration – Local Governments, and is not intended to be and should not be used by anyone other than these specified parties.



Marcus, Fairall, Bristol + Co., L.L.P.
El Paso, Texas

March 24, 2009



MARCUS,
FAIRALL,
BRISTOL + CO., L.L.P.

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

Hector H. Balderas
New Mexico State Auditor
The Board of Commissioners
County of Luna
Deming, New Mexico

Compliance

We have audited the compliance of the County of Luna with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year-ended June 30, 2008. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Luna's management. Our responsibility is to express an opinion on the County of Luna's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurances 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 of Luna's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County of Luna's compliance with those requirements.

In our opinion, the County of Luna complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed an instance of non-compliance with those requirements, 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 07-09 and 08-03.

Internal Control Over Compliance

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

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

A *control deficiency* in an entity's internal control over compliance exists when the design of operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect non-compliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 07-09 and 08-03 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

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

This report is intended solely for the information and use of the County Commissioners, management, Federal and State Awarding agencies and the Office of the New Mexico State Auditor, the New Mexico Legislature, and the New Mexico Department of Finance and Administration – Local Governments, and is not intended to be and should not be used by anyone other than these specified parties.



Marcus, Fairall, Bristol + Co., L.L.P.
El Paso, Texas

March 24, 2009

STATE OF NEW MEXICO
COUNTY OF LUNA
Schedule of Findings and Questioned Costs
For the Year-Ended June 30, 2008

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Qualified

Internal control over financial reporting:

- Material weakness (es) identified? X Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? X Yes None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weakness (es) identified? Yes X No
- Significant deficiencies identified that are not considered to be material weakness (es)? X Yes None reported

Type of auditors’ report issued on compliance with major programs: Qualified

- Any audit findings disclosed that are required to be reported in Accordance with Section 510(a) of Circular A-133? X Yes No

Identification of Major Programs:

CDFA Number
93.926

Name of Federal Program or Cluster
Healthy Start Initiative.

Dollar threshold used to distinguish between Type A and Type B programs \$ 300,000

Auditee qualified as low-risk auditee X Yes No

**STATE OF NEW MEXICO
COUNTY OF LUNA
Schedule of Findings and Questioned Costs
June 30, 2008**

Section II – Findings – Financial Statements

PRIOR YEAR FINDINGS:

07-01	Disposal of Capital Assets not Authorized	resolved
07-02	Purchase Order dated after Invoice Date	resolved
07-03	Maintenance of Tax Receivable (Levied/Uncollected) by Agency	resolved
07-04	Failure to File Related Party Disclosures	repeated
07-05	Failure to Apply GAAP	repeated
07-06	Failure to Update Capitalization Policy	resolved
07-07	Failure to Certify the Correctness of Asset Accountability Report	repeated
07-08	Completion of Audit Report	repeated
07-09	Failure to Certify the Correctness of Asset Accountability Report	repeated

CURRENT YEAR FINDINGS:

Finding 07-04 Failure to File Related-Party Disclosures

Condition

During our test work on related-party transactions, we noted that the County Commissioners filed the required documentation. Other officials and employees had not complied with the policy.

Criteria

The County requires its officials and employees to periodically file a statement with the County Clerk to disclose related-party relationships and transactions. (NMSA 10-1-10 and 10-1-11)

Cause

Failure by County employees to monitor the filing of the required related-party documentation.

Effect

Non-compliance with County requirements regarding the disclosure of potential related-party transactions.

Recommendation

The County employees should more closely monitor and review the related-party documentation to ensure that the file stays current.

Response

Agree and current documentation will be more closely monitored.

Finding 07-05 Failure to Apply GAAP

Condition

The County did not maintain adequate accounting records in accordance with accounting principles generally accepted in the United States of America and could not provide complete, accurate, and timely information.

Criteria

Key employees or management should be trained in GAAP principles in recording the County's financial transactions and in preparing its financial statements (Subsection H, 2.2.2.8 NMAC; SAS 112)

Cause

Key employees need the qualifications and training to apply GAAP principles in preparing the County's financial statements.

Effect

The employees need to be able to apply GAAP principles when recording transactions.

**STATE OF NEW MEXICO
COUNTY OF LUNA
Schedule of Findings and Questioned Costs
June 30, 2008**

Section II – Findings – Financial Statements (continued)

Finding 07-05 Failure to Apply GAAP (continued)

Recommendation

We suggest that management ensure that all employees receive training in applying generally accepted accounting principles when recording daily transactions.

Response

Agreed. Staff will undergo appropriate training. This may be a 2 year goal.

This finding is in conflict with DFA requirement to operate and record on a cash basis. This finding in no way reflects inadequate documentation or recording as the general ledger is accurate. However, the State Auditor is requiring modified accrual which is difficult for all Cities and Counties to adapt. All financial statements are recorded on a cash basis only as required by DFA.

Finding 07-07 Failure to Certify the Correctness of Asset Accountability Report

Condition

Employees failed to certify the correctness of the asset accountability report by conducting a physical inventory of all capital assets.

Criteria

Employees or management should ensure that an annual physical inventory is conducted. Management is to certify to the auditor that the asset accountability report is correct. (Subsection H, 2.2.2.10(2) NMAC)

Cause

Management did not ensure that an annual physical inventory was conducted. Management did not certify to the auditor that the asset accountability report was correct.

Effect

The asset accountability report was not properly maintained.

Recommendation

We suggest that management ensure that a physical inventory of capital assets is conducted annually and compared to the asset accountability report. Any differences should be investigated.

Response

Management working on transferring asset records to one system. As soon as that is complete with our software provider each department will be given a copy of the assets currently recorded for their department and a physical inventory will be taken and verified.

Finding 07-08 Audit Report submission to the New Mexico State Auditor

Condition

The required submission date of the audit report for the fiscal year ended June 30, 2008 to the New Mexico State Auditor was December 1, 2008. The June 30, 2008 audited financial statements were submitted April 10, 2009.

Criteria

New Mexico State Statutes Section 12-6-12 requires the state auditor to promulgate reasonable regulations necessary to carry out the duties of the office. NMAC 2-2-2-9 requires that the County submit the audit report by December 1 following the end of each fiscal year at June 30.

Cause

Additional time was needed for the Auditors to receive confirmations from various agencies to support the accuracy of the information reported in the financial statements.

**STATE OF NEW MEXICO
COUNTY OF LUNA
Schedule of Findings and Questioned Costs
June 30, 2008**

Section II – Findings – Financial Statements (continued)

Finding 07-08 Audit Report submission to the New Mexico State Auditor (continued)

Effect

Delays in the submission of the audit reports affecting the reporting of financial information to other state agencies and local governments.

Recommendation

Insist that the audit field work be started earlier so that the audit report can be submitted on a timely basis.

Response

Management concurs and will work towards getting all necessary information to the auditor in a timely fashion and the auditor and management will try to schedule an earlier exit conference to get the audit in on time.

Finding 08-01 Obsolete County Records

Condition

Destruction of obsolete records were not being reported to the state records administrator.

Criteria

Section 14-1-8 NMSA 1978 requires, "An official charged with the custody of any records and intends to destroy those records, shall give notice by registered or certified mail to the state records administrator, state records center, Santa Fe, New Mexico, of the date of the proposed destruction and the type and date of the records he or she intends to destroy. The notice shall be sent at least sixty days before the date of the proposed destruction."

Cause

All departments of the County were not aware of the requirements of Section 14-1-8.

Effect

If the State Records Administrator wishes to preserve any of the records, the Official shall allow the State Records Administrator to have the documents by calling for them at the place of storage.

Recommendation

The County should appoint a person to be responsible for custody of the obsolete records, prepare the required reports and arrange the final destruction of obsolete records.

Response

Management is in agreement and will appoint one individual to be in charge of obsolete records and compliance for destruction/disposal.

Finding 08-02 Legal Compliance with Budget

Condition

The County's authorized budget within several funds was exceeded by actual expenditures. The County violated state statutes by exceeding the authorized budget within several funds.

Fund	Category	Budget Amount	Actual Amount	Over Expended	Reason
Mimbres Valley Learning	Total expenditures	221,000	244,540	23,540	Overall fund totals are in compliance.
Ambulance	Total expenditures	649,184	662,719	13,535	Overall fund totals are in compliance.

Criteria

Section 6-6-6 of the New Mexico State Statutes restricts all officials and governing authorities from approving claims in excess of the approved budget. Additionally, Section 6-6-6 prohibits any payments in excess of the approved budget. County officials and governing authorities have the obligation to follow applicable state statutes.

**STATE OF NEW MEXICO
COUNTY OF LUNA
Schedule of Findings and Questioned Costs
June 30, 2008**

Section II – Findings – Financial Statements (continued)

Finding 08-02 Legal Compliance with Budget (continued)

Effect

Non-compliance with New Mexico State Statutes could subject officials and employees to penalties and fines required by state statutes.

Cause

Management failed to monitor the expenses and compare them to the budget.

Recommendation

We suggest that management closely monitor expenditures and budget limitations to ensure compliance with budget restrictions

Response

Corrective action/training will take place to help departments heads/elected officials better understand the budget and to monitor more closely. Overall fund totals are in compliance.

**STATE OF NEW MEXICO
COUNTY OF LUNA
Schedule of Findings and Questioned Costs
June 30, 2008**

Section III – Findings – Major Federal Award Program Audit

U. S. Department of Homeland Security, passed through Department of Public Safety, Office of Emergency Management, Disaster #FEMA-1659-DR-NM, CFDA 97.088

Finding 07-09 Failure to Certify the Correctness of Asset Accountability Report

Questioned Costs

\$1,256,507, FEMA grant award

Condition

Employees failed to maintain assets accountability records to account for FEMA grant expenditures properly.

Criteria

Employees or management should ensure that the asset accountability records are properly updated to include all grant expenditures for capital outlay. (OMB Circular A-133, Part 6, F)

Cause

Management did not ensure that asset accountability records were properly updated for all FEMA grant expenditures for capital outlay.

Effect

The FEMA grant expenditures for capital outlay were not included on the asset accountability report.

Recommendation

We suggest that management ensure that all capital grant expenditures are included on the asset accountability report.

Response

Management working on transferring asset records to one system. As soon as that is complete with our software provider each department will be given a copy of the assets currently recorded for their department and a physical inventory will be taken and verified.

Finding 08-03 Failure to Submit the Required Data Collection Form

Condition

County failed to file the required data collection form within the within the due date.

Criteria

The recipient of federal funds qualifying for an OMB Circular A-133 audit is required to file the data collection form within 30 days of completion of the audit or nine months from the end of the fiscal year. (OMB Circular A-133, Subpart C, §.320, C)

Cause

Additional time was needed for the Auditors to receive confirmations from various agencies to support the accuracy of the information reported in the financial statements

Effect

Delays in the submission of the audit reports affecting the reporting of financial information to other state agencies and local governments.

Recommendation

Insist that the audit field work be started earlier so that the audit report can be submitted on a timely basis.

**STATE OF NEW MEXICO
COUNTY OF LUNA
Schedule of Findings and Questioned Costs
June 30, 2008**

Section III – Findings – Major Federal Award Program Audit (continued)

Finding 08-03 Failure to Submit the Required Data Collection Form (continued)

Response

Management concurs and will work towards getting all necessary information to the auditor in a timely fashion and the auditor and management will try to schedule an earlier exit conference to get the audit in on time.

**STATE OF NEW MEXICO
COUNTY OF LUNA
Exit Conference
June 30, 2008**

EXIT CONFERENCE

As exit conference was held on March 24, 2008, with Jack Fairall, CPA, and Mary Auger, CPA, of Marcus, Fairall, Bristol & Co., LLP with the following County officials:

Forest Bostick – Acting Operations Office
Dora Madrid – County Treasurer
Gloria Rodriguez – Chief Deputy Treasurer
R. Javier Daiz – Chairman, County Commissioner
Joanne Hethcox- Budget/Procurement Director
Danny Gonzales – Human Resources Director

COMPILATION OF FINANCIAL STATEMENTS

The financial statements presented in this report were compiled by the auditors, Marcus, Fairall, Bristol, and Co., LLP. However, the contents of the financial statements remain the responsibility of management.