

STATE OF NEW MEXICO LUNA COUNTY

Basic Financial Statements and
Required Supplementary Information
For the Year Ended June 30, 2009
and Independent Auditors' Report

**STATE OF NEW MEXICO
LUNA COUNTY
OFFICIAL ROSTER
JUNE 30, 2009**

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Fred Williams
Karen Smyer
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Patsy Leyba
Raymond Cobos
John Sutherland Jr.
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Chairman
Member
Member
County Clerk
County Treasurer
County Assessor
County Sheriff
County Manager
County Road Superintendent
Detention Center Warden

**STATE OF NEW MEXICO
LUNA COUNTY**

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JUNE 30, 2009**

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Luna County (the "County"), as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

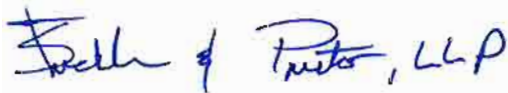
We did not balance the fixed assets listing to the financial statements because the County did not complete a physical inventory of the fixed assets. We were unable to satisfy ourselves about the accuracy and completeness of the fixed assets listing by means of other auditing procedures.

In our opinion, except for the effects described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the County as of June 30, 2009, and the respective changes in financial position thereof and the respective budgetary comparisons for the major proprietary fund and nonmajor governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2010, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 11 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements and budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The additional schedules listed as "Supplementary Information and Supporting Schedules" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Handwritten signature in blue ink that reads "Beth J. Pistor, LLP".

January 25, 2010

**STATE OF NEW MEXICO
LUNA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

As management of Luna County, we offer readers of Luna County's financial statements this narrative overview and analysis of the financial activities of Luna County for the fiscal year-ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with the financial statements of Luna County and additional information provided.

FINANCIAL HIGHLIGHTS

- The assets of Luna County exceeded its liabilities at the close of the most recent fiscal year by \$40,389,273 (net assets). Of this amount, \$18,639,499 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- On an accrual basis, revenues for governmental activities increased \$4,054,793 over the prior year. On a cash basis, revenues declined \$6,678,563 compared to the prior year.
- Net expenditures for governmental activities decreased \$280,334 from the prior year.
- As of June 30, 2009, the County's governmental funds reported combined ending fund balances of \$18,114,406.
- At the close of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$2,836,875.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Luna County's basic financial statements. Luna County'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 Luna County finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of Luna County'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 Luna County 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 Luna County 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 Luna County 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 on pages 12 and 13 of this report.

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. Luna County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Luna County 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 funds 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.

Luna County 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 24 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.

Luna County 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 on pages 14 through 17 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 for the County. The basic proprietary fund statement can be found on pages 21 through 23.

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 Luna County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Luna County 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 on page 24 of this report.

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 25-42 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 46-55 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 Luna County, net assets exceeded liabilities by \$40,389,273 at the close of the current fiscal year. (See analysis on page xi).

A large portion of Luna County's net assets represents the County's investment of \$32,090,437 in capital assets (e.g., land improvements, buildings, infrastructure and machinery and equipment), less any related outstanding debt used to acquire those assets. Luna County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Luna County'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 \$18,639,499 may be used to meet the government's ongoing obligations to citizens and creditors.

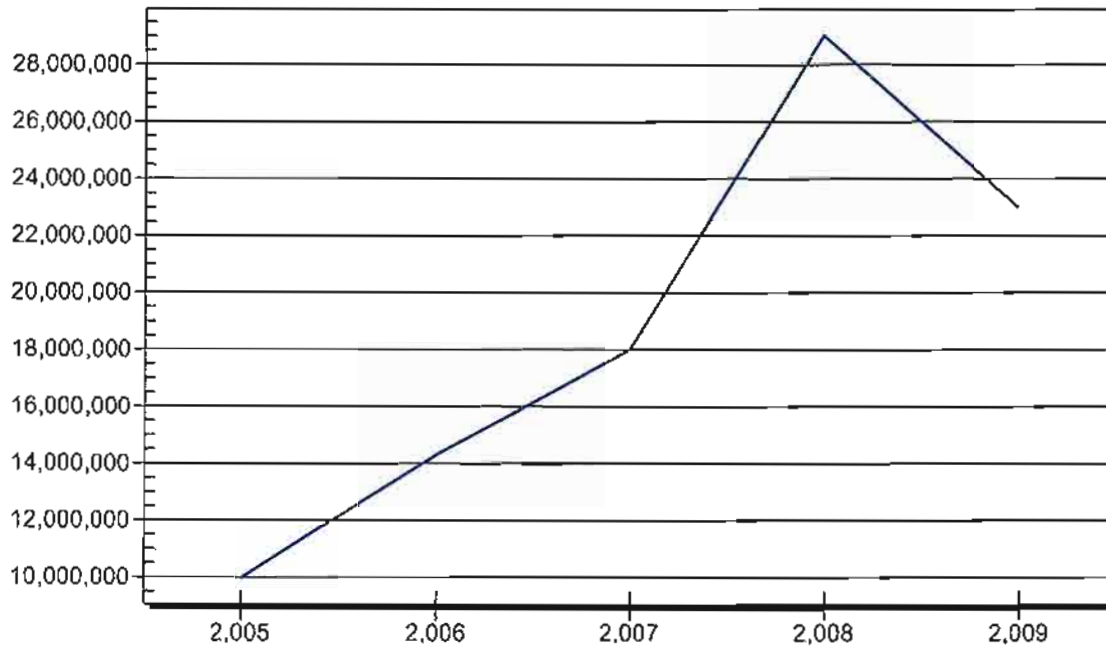
At the end of the current fiscal year, Luna County is able to report positive balances in all categories of net assets for the government as a whole as well as for the business-type activities.

ANALYSIS OF CHANGE IN NET ASSETS

The County's net assets, overall, increased by \$818,738 during the current fiscal year. This increase is explained in the government activities discussion below, and is primarily a result of increased revenues during the fiscal year.

GOVERNMENTAL ACTIVITIES. Governmental activities increased Luna County's net assets by \$2,306,904 compared to the prior year's decrease of \$2,028,223. Property taxes and state-shared taxes contributed to \$11,399,753 for covering the \$14,650,507 net program expense associated with governmental activities.

Governmental Funds Revenue Trend over Time



Governmental revenues, consisting mostly of taxes, are not directly associated with any governmental function. The chart on the preceding page provides a comparison of revenue over five years. The total revenues decreased \$6,678,563. Property tax revenue and state-shared taxes grew 12.6% as compared to the prior year.

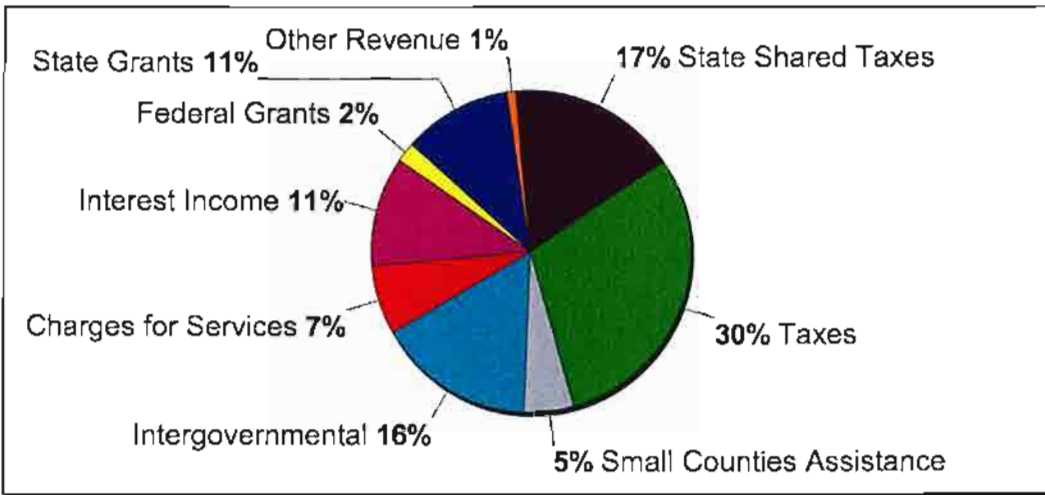
Investment earnings increased by 120% in the fiscal year ended June 30, 2009. The primary cause for this increase was the investment of bond funds pending the completion of the capital project expected before the end of the fiscal year.

Charges for services increased 21.3% due to increased collections for licenses and service charges.

Intergovernmental income increased 74.3% due to increased state and federal assistance.

Total revenues from governmental activities are summarized below. For fiscal year ending June 30, 2009, Property and State-shared taxes made up 67.6% of the total governmental revenues compared to 71.4% of the prior year's revenues.

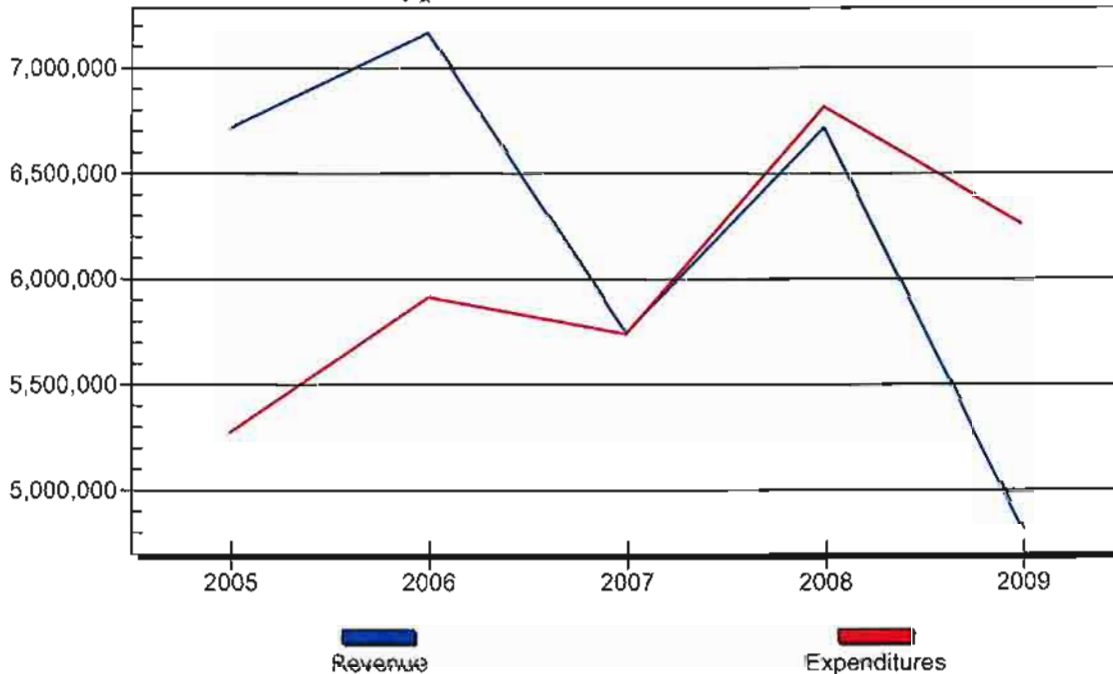
Governmental Revenues by Source



BUSINESS-TYPE ACTIVITIES

Business-type activities decreased the County's net assets by \$1,476,721 compared to the prior year's decrease of \$237,905. The key element of this decrease was a 23.7% decrease in operating revenues during the current year. Operation expenses decreased 8.2%. The decrease in expenses was not enough to offset the decline in revenue.

Business-Type Activities Trend Over Time



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

GOVERNMENTAL FUNDS. The focus of Luna County's governmental funds is to provide

information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing Luna County'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, Luna County's governmental funds reported combined ending fund balances of \$18,114,406, a decrease of \$6,519,030 in comparison with the prior year. The decrease is primarily due to the expenditure of bond funds in the acquisition of capital assets. Approximately 97.0% of this total amount, \$17,580,101 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 \$534,305.

Revenues for governmental functions overall totaled \$22,074,687 in the fiscal year-ended June 30, 2009, which represents an decrease of \$6,678,563 from the fiscal year-ended June 30, 2008, due to bond proceeds received in the prior year. Expenditures for governmental functions totaled \$28,689,744. This was an increase of \$7,425,623 from the fiscal year-ended June 30, 2008 due to expenditure of bond funds to acquire capital assets. In the fiscal year-ended June 30, 2009, expenditures for governmental functions exceeded revenues by \$6,615,057.

The General Fund is the chief operating fund of Luna County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$2,836,875. The fund balance of Luna County's General Fund increased \$456,719 during the current fiscal year. This increase is primarily due to an increase in tax revenue.

The Road Fund has total fund balance of \$1,362,449. The net increase in fund balance during the current year in the Road Fund was \$355,069. This increase is due primarily to increased tax revenues and decreased expenditures.

The County Maintenance Fund has a total fund balance of \$8,229,977. The net decrease in fund balance during the current year in the County Maintenance Fund was \$589,978. This decrease is due primarily to a significant increase in expenditures for public works projects.

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 \$408,852. The total decrease in net assets for the Proprietary Funds was \$1,488,166. 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.

BUDGET HIGHLIGHTS

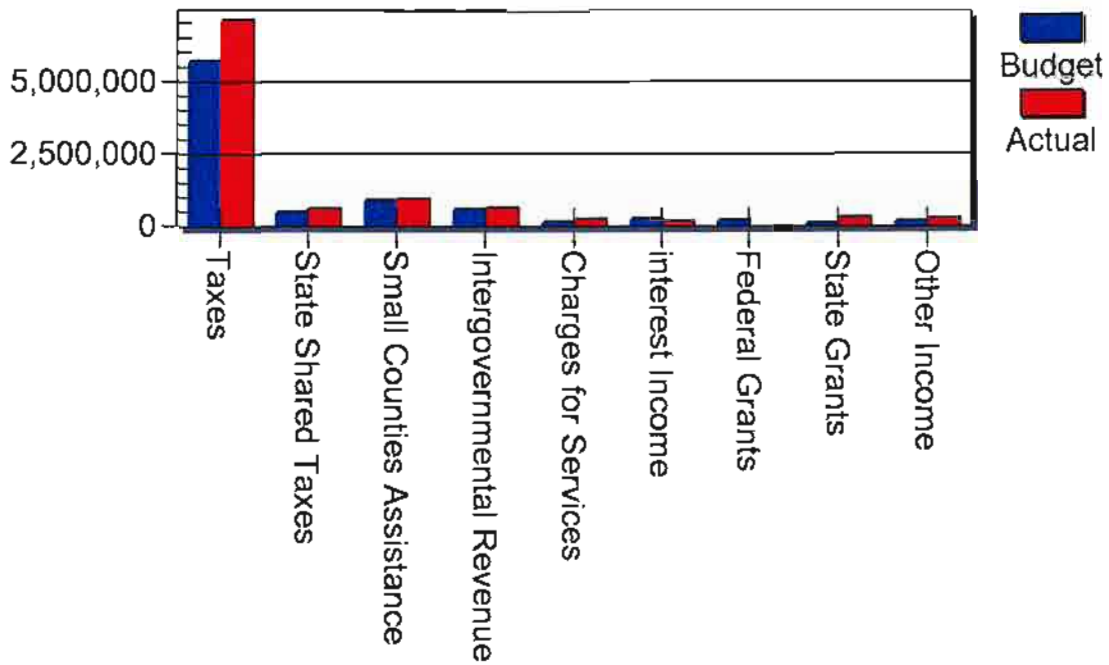
The State of New Mexico budget process is defined under State law and regulation. To enhance the process of developing a budget at the county level. Luna County utilizes goals and objectives defined by the County Commissioners, community input meetings, long-term plans and input from various staff groups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

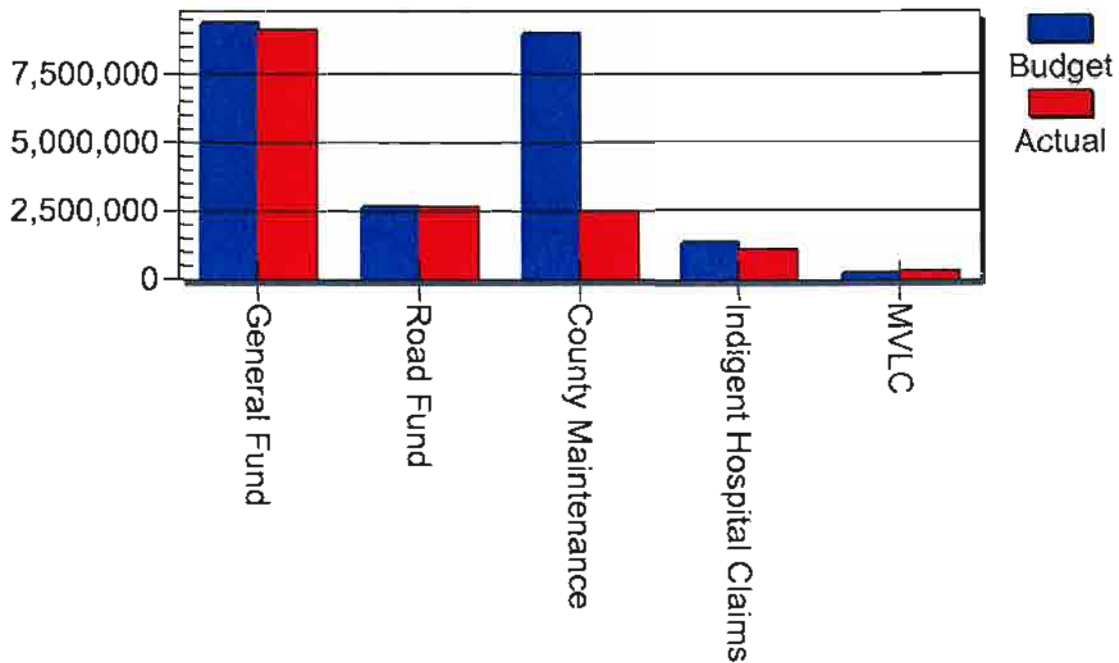
The County has found it necessary to modify the budget at various times throughout the fiscal year. This is done with resolutions to the budget. The following chart shows the adjustments for the year.

Type	Original Budget	Final Budget	Modification	Reason
General Government	\$ 4,887,227	\$ 5,251,598	\$ 364,371	To provide for additional expenditures
Public Safety	2,983,790	3,282,679	298,889	To provide for additional expenditures
Capital Outlay	\$ 167,380	\$ 808,815	\$ 641,435	To provide for additional expenditures
Totals	<u>\$ 8,038,397</u>	<u>\$ 9,343,092</u>	<u>\$ 1,304,695</u>	

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:



CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS. The Luna County’s capital assets for its governmental and business-type activities as of June 30, 2009 amount to \$32,090,437 (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 \$14,665,455 for governmental activities. The total increase in business-type capital assets (excluding accumulated depreciation) for the current fiscal year was \$114,251.

Capital Assets Net of Depreciation

June 30,2009

	Government Activities	Business-Type Activities	Totals
Land & Construction in Progress	\$ 1,624,325	\$ 244,714	\$ 1,869,039
Buildings & Improvements	21,433,696	5,651,958	27,085,654
Equipment & Furnishings	2,711,575	424,169	3,135,744
Capital Assets, net of Accumulated Depreciation	<u>\$ 25,769,596</u>	<u>\$ 6,320,841</u>	<u>\$ 32,090,437</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 \$25,769,596. 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 \$7,687,432; at fiscal year-end Luna County had no construction projects in-progress. Equipment costing \$799,662 and land costing \$20,171 was purchased for the County.

The additions in business-type activities total \$114,251 in equipment and improvements to the detention center.

The County’s debt decreased \$433,704 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 6/30/2009
Net Value of Capital Assets	\$ 25,769,596	\$ 6,320,841	\$ 32,090,437
Long-Term Debt Principal Payment:			
NMFA Loan Fire Truck	7,803	-	7,803
Harlo HP 5500 Forklift	13,815	-	13,815
Judicial Complex Bond 2007A	4,253,843	-	4,253,843
Entertainment Center Bond 2007B	6,599,507	-	6,599,507
Total investment in Capital Assets, net of Related Debt	<u>14,894,628</u>	<u>6,320,841</u>	<u>21,215,469</u>

CONTINGENCIES

Bonds outstanding as June 30, 2009 consisted of Judicial Complex 2007A, and Entertainment Complex 2007B. Interest on both bonds is due January 1 and July 1 of each year. For additional information concerning this bond, see note 7.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Luna County has been affected by the same economic forces at play in the national economy. Unemployment in the County is at high levels and gross receipts tax revenues have declined. Management has been prudently cautious in developing the operating budget for the County for fiscal year 2010. This is not a time to initiate major new projects or launch new programs. In fiscal 2010 the County will undertake a thorough review of its priorities, staffing, compensation, projects, and programs with a focus on driving efficiency and effectiveness in its operations.

This financial report is designed to provide a general overview of Luna County'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
LUNA COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2009**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,725,294	\$ 95,662	\$ 4,820,956
Investments	12,976,013	-	12,976,013
Receivables:			
Property taxes	982,664	-	982,664
Account	-	786,485	786,485
Grant	139,513	-	139,513
Other	271,101	-	271,101
Due from other funds	2,135,333	-	2,135,333
Due from other governments	570,631	-	570,631
Inventory	534,305	-	534,305
Capital Assets:			
Land and assets net of accumulated depreciation	<u>25,769,596</u>	<u>6,320,841</u>	<u>32,090,437</u>
Total assets	<u>\$ 48,104,450</u>	<u>\$ 7,202,988</u>	<u>\$ 55,307,438</u>
LIABILITIES AND NET ASSETS			
Accounts payable	\$ 380,207	\$ 105,071	\$ 485,278
Accrued salaries	400,127	162,540	562,667
Interest payable	293,132	-	293,132
Due to other funds	2,123,888	11,445	2,135,333
Noncurrent liabilities:			
Compensated absences:			
Due within one year	93,137	48,560	141,697
Due after one year	279,411	145,679	425,090
Loans payable:			
Due within one year	278,855	-	278,855
Due after one year	<u>10,596,113</u>	<u>-</u>	<u>10,596,113</u>
Total liabilities	<u>14,444,870</u>	<u>473,295</u>	<u>14,918,165</u>
NET ASSETS:			
Invested in capital assets, net of related debt	14,894,628	6,320,841	21,215,469
Restricted for:			
Road Inventory	534,305	-	534,305
Unrestricted	<u>18,230,647</u>	<u>408,852</u>	<u>18,639,499</u>
Total net assets	<u>33,659,580</u>	<u>6,729,693</u>	<u>40,389,273</u>
Total liabilities and net assets	<u>\$ 48,104,450</u>	<u>\$ 7,202,988</u>	<u>\$ 55,307,438</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets			
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 6,198,915	\$ 327,896	\$ 431,479	\$ -	\$ (5,439,540)	\$ -	\$ (5,439,540)
Public safety	5,067,723	-	1,136,466	455,847	(3,475,410)	-	(3,475,410)
Public works	6,588,221	1,050,148	32,948	650,580	(4,854,545)	-	(4,854,545)
Health and welfare	3,032,044	-	2,041,401	109,631	(881,012)	-	(881,012)
Total governmental activities	20,886,903	1,378,044	3,642,294	1,216,058	(14,650,507)	-	(14,650,507)
Business-Type Activities							
Detention Facility	6,225,209	4,829,575	-	-	-	(1,395,634)	(1,395,634)
Total business-type activities	6,225,209	4,829,575	-	-	-	(1,395,634)	(1,395,634)
Total primary government	\$ 27,112,112	\$ 6,207,619	\$ 3,642,294	\$ 1,216,058	\$ -	\$ -	\$ -
General Revenues:							
Property taxes					7,638,450	-	7,638,450
State shared taxes					3,761,303	-	3,761,303
Intergovernmental income					3,558,205	-	3,558,205
Small countries assistance					1,034,921	-	1,034,921
Interest income					565,085	3,495	568,580
Other income					303,420	-	303,420
Transfers in (out)					96,027	(96,027)	-
Total general revenues					16,957,411	(92,532)	16,864,879
Change in net assets					2,306,904	(1,488,166)	818,738
Net assets - beginning					31,352,676	8,217,859	39,570,535
Net assets - ending					\$ 33,659,580	\$ 6,729,693	\$ 40,389,273

See accompanying notes to financial statements.

GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
LUNA COUNTY

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2009

	<u>General Fund</u>	<u>Road Fund</u>	<u>County Maintenance</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ (907,684)	\$ 1,043,405	\$ 1,915,462	\$ 2,674,111	\$ 4,725,294
Investments	1,847,218	-	6,394,486	4,734,309	12,976,013
Receivables:					
Taxes	-	-	-	-	-
Property taxes	982,664	-	-	-	982,664
Grant	-	-	-	139,513	139,513
Other	8,182	93,041	113,509	56,369	271,101
Due from other funds	2,077,986	-	-	57,347	2,135,333
Due from other governments	121,251	-	-	449,380	570,631
Inventory	-	534,305	-	-	534,305
	<u>4,129,617</u>	<u>1,670,751</u>	<u>8,423,457</u>	<u>8,111,029</u>	<u>22,334,854</u>
Total assets	<u>\$ 4,129,617</u>	<u>\$ 1,670,751</u>	<u>\$ 8,423,457</u>	<u>\$ 8,111,029</u>	<u>\$ 22,334,854</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 114,924	\$ 79,797	\$ 17,659	\$ 167,827	\$ 380,207
Accrued salaries	267,294	58,588	-	74,245	400,127
Interest payable	-	-	-	293,132	293,132
Due to other funds	57,347	-	175,821	1,890,720	2,123,888
Deferred revenue	853,177	169,917	-	-	1,023,094
	<u>1,292,742</u>	<u>308,302</u>	<u>193,480</u>	<u>2,425,924</u>	<u>4,220,448</u>
Total liabilities	<u>1,292,742</u>	<u>308,302</u>	<u>193,480</u>	<u>2,425,924</u>	<u>4,220,448</u>
Fund balances:					
Reserved for:					
Road inventory	-	534,305	-	-	534,305
Unreserved:					
Undesignated, reported in:					
General fund	2,836,876	-	-	-	2,836,876
Special revenue fund	-	828,144	8,229,977	1,909,522	10,967,643
Capital projects fund	-	-	-	4,068,714	4,068,714
Debt service funds	-	-	-	(293,132)	(293,132)
	<u>2,836,876</u>	<u>1,362,449</u>	<u>8,229,977</u>	<u>5,685,104</u>	<u>18,114,406</u>
Total fund balances	<u>2,836,876</u>	<u>1,362,449</u>	<u>8,229,977</u>	<u>5,685,104</u>	<u>18,114,406</u>
Total liabilities and fund balances	<u>\$ 4,129,618</u>	<u>\$ 1,670,751</u>	<u>\$ 8,423,457</u>	<u>\$ 8,111,028</u>	<u>\$ 22,334,854</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
JUNE 30, 2009

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

Fund balances - total governmental funds	\$ 18,114,406
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	25,769,596
Certain assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	1,023,094
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	<u>(11,247,516)</u>
Net assets - Statement of Net Assets	<u>\$ 33,659,580</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	Road Fund	County Maintenance Fund	Total Non-Major Funds	Total
Revenues:					
Taxes	\$ 6,615,357	\$ -	\$ -	\$ -	\$ 6,615,357
State shared taxes	570,846	1,154,716	-	2,035,741	3,761,303
Small counties assistance	1,034,921	-	-	-	1,034,921
Intergovernmental revenue	517,985	170,563	598,009	2,271,648	3,558,205
Charges for services	198,349	1,050,148	-	129,547	1,378,044
Federal operating grants	134,302	305,039	50,000	1,492,539	1,981,880
Interest income	139,088	6,103	275,981	143,913	565,085
State operating grants	128,320	157,211	1,634,927	956,014	2,876,472
Other grants	-	-	-	-	-
Bond proceeds	-	-	-	-	-
Other income	222,104	1,746	-	79,570	303,420
Total revenues	<u>9,561,272</u>	<u>2,845,526</u>	<u>2,558,917</u>	<u>7,108,972</u>	<u>22,074,687</u>
Expenditures:					
Current:					
General government	6,055,833	-	-	553,060	6,608,893
Public safety	3,134,655	-	-	1,846,523	4,981,178
Public works	-	2,465,729	2,984,206	547,372	5,997,307
Health and welfare	-	-	-	2,958,132	2,958,132
Culture and recreation	-	-	-	-	-
Debt service	-	18,420	-	438,382	456,802
Capital outlay	-	-	145,989	7,541,443	7,687,432
Total expenditures	<u>9,190,488</u>	<u>2,484,149</u>	<u>3,130,195</u>	<u>13,884,912</u>	<u>28,689,744</u>
Excess (deficiency) of revenues over expenditures	<u>370,784</u>	<u>361,377</u>	<u>(571,278)</u>	<u>(6,775,940)</u>	<u>(6,615,057)</u>
Other financing sources (uses):					
Operating transfers in (out)	<u>(27,684)</u>	<u>(6,308)</u>	<u>(18,700)</u>	<u>148,719</u>	<u>96,027</u>
Total other financing sources (uses)	<u>(27,684)</u>	<u>(6,308)</u>	<u>(18,700)</u>	<u>148,719</u>	<u>96,027</u>
Net changes in fund balances	<u>343,100</u>	<u>355,069</u>	<u>(589,978)</u>	<u>(6,627,221)</u>	<u>(6,519,030)</u>
Fund balance - beginning of year	2,493,776	1,007,380	8,819,955	12,312,325	24,633,436
Fund balance - end of year	<u>\$ 2,836,876</u>	<u>\$ 1,362,449</u>	<u>\$ 8,229,977</u>	<u>\$ 5,685,104</u>	<u>\$ 18,114,406</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN THE FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

Net change in fund balances - total governmental funds	\$ (6,519,030)
The changes in net assets reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$7,687,432 exceeded depreciation expense of \$477,585 in the current period.	7,209,847
Bond proceeds and disbursements are reported in governmental funds as revenue and expenditures. Bond discounts are amortized in general activity.	406,650
Property taxes and FEMA grant funds are deferred in the funds based on available and measurable criteria. In the Statement of Activities they are recorded as revenue.	853,177
Repayment of bond principal is an expenditure in the governmental funds but reduce the liability in the statement of net assets.	456,802
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This is the amount of compensated absences liability.	<u>(100,542)</u>
Change in net assets of governmental activities	<u>\$ 2,306,904</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 5,683,612	\$ 5,683,612	\$ 7,096,365	\$ 1,412,753
State shared taxes	463,000	463,000	570,647	107,647
Small counties assistance	874,592	874,592	913,709	39,117
Intergovernmental revenue	557,629	557,629	588,140	30,511
Charges for services	117,100	117,100	208,349	91,249
Interest income	225,000	225,000	125,154	(99,846)
Federal grants	167,380	167,380	-	(167,380)
State grants	66,457	66,457	265,757	199,300
Other income	141,200	141,200	222,105	80,905
Total revenues	<u>8,295,970</u>	<u>8,295,970</u>	<u>9,990,226</u>	<u>1,694,256</u>
Expenditures:				
Current:				
General government	4,887,227	5,251,598	6,004,788	(753,190)
Public safety	2,983,790	3,282,679	3,059,801	222,878
Public Works	-	-	-	-
Capital outlay	167,380	808,815	-	808,815
Total expenditures	<u>8,038,397</u>	<u>9,343,092</u>	<u>9,064,589</u>	<u>278,503</u>
Excess (deficiency) of revenues over expenditures	<u>257,573</u>	<u>(1,047,122)</u>	<u>925,637</u>	<u>1,972,759</u>
Other financing sources (uses):				
Designated cash	-	1,046,622	-	(1,046,622)
Operating transfers in (out)	-	-	(27,684)	(27,684)
Total other financing sources (uses)	<u>-</u>	<u>1,046,622</u>	<u>(27,684)</u>	<u>(1,074,306)</u>
Net changes in fund balances	257,573	(500)	897,953	898,453
Fund balance - beginning of year			<u>2,493,776</u>	
Fund balance - end of year			<u>\$ 3,391,729</u>	
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 897,953	
Net revenue accruals			(428,954)	
Net expenditure accruals			(125,900)	
Net change in fund balance GAAP basis			<u>\$ 343,099</u>	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
LUNA COUNTY**

**ROAD FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State shared taxes	\$ 900,000	\$ 900,000	\$ 1,063,437	\$ 163,437
Intergovernmental revenue	164,252	164,252	170,563	6,311
Charges for services	1,187,873	1,187,873	1,048,388	(139,485)
Interest income	6,000	6,000	6,103	103
Federal grants	-	-	305,039	305,039
State grants	184,658	184,658	157,211	(27,447)
Total revenues	<u>2,442,783</u>	<u>2,442,783</u>	<u>2,750,741</u>	<u>307,958</u>
Expenditures:				
Current:				
Public works	<u>2,446,196</u>	<u>2,636,150</u>	<u>2,604,334</u>	<u>31,816</u>
Total expenditures	<u>2,446,196</u>	<u>2,636,150</u>	<u>2,604,334</u>	<u>31,816</u>
Excess (deficiency) of revenues over expenditures	<u>(3,413)</u>	<u>(193,367)</u>	<u>146,407</u>	<u>339,774</u>
Other financing sources (uses):				
Designated cash	-	193,367	-	(193,367)
Sale of capital assets	-	-	1,746	1,746
Operating transfers in out	\$ -	\$ -	\$ (6,308)	\$ (6,308)
Total other financing sources (uses)	<u>-</u>	<u>193,367</u>	<u>(4,562)</u>	<u>(197,929)</u>
Net changes in fund balances	(3,413)	-	141,845	141,845
Fund balance - beginning of year			<u>1,007,380</u>	
Fund balance - end of year			<u>\$ 1,149,225</u>	
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 141,845	
Net revenue accruals			93,039	
Net expenditure accruals			138,605	
Principal payment on debt			(18,420)	
Net changes in fund balance GAAP basis			<u>\$ 355,069</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

COUNTY MAINTENANCE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Intergovernmental revenue	\$ 496,500	\$ 496,500	\$ 472,321	(24,179)
Interest income	403,000	403,000	175,600	(227,400)
Federal grants	698,000	698,000	580,204	(117,796)
State grants	<u>5,606,925</u>	<u>5,606,925</u>	<u>746,556</u>	<u>(4,860,369)</u>
Total revenues	<u>7,204,425</u>	<u>7,204,425</u>	<u>1,974,681</u>	<u>(5,229,744)</u>
Expenditures:				
Current:				
Public works	7,674,678	8,791,464	2,308,123	6,483,341
Capital outlay	<u>100,000</u>	<u>175,000</u>	<u>148,664</u>	<u>26,336</u>
Total expenditures	<u>7,774,678</u>	<u>8,966,464</u>	<u>2,456,787</u>	<u>6,509,677</u>
Excess (deficiency) of revenues over expenditures	<u>(570,253)</u>	<u>(1,762,039)</u>	<u>(482,106)</u>	<u>1,279,933</u>
Other financing sources (uses):				
Designated cash	-	1,762,039	-	(1,762,039)
Operating transfers in (out)	<u>-</u>	<u>-</u>	<u>(285,050)</u>	<u>(285,050)</u>
Total other financing sources (uses)	<u>-</u>	<u>1,762,039</u>	<u>(285,050)</u>	<u>(2,047,089)</u>
Net changes in fund balances	(570,253)	-	(767,156)	(767,156)
Fund balance - beginning of year			<u>8,819,955</u>	
Fund balance - end of year			<u>\$ 8,052,799</u>	
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (767,156)	
Net revenue accruals			153,475	
Net expenditure accruals			21,028	
Capital outlay			<u>2,675</u>	
Net change in fund balance GAAP basis			<u>\$ (589,978)</u>	

See accompanying notes to financial statements.

PROPRIETARY FUNDS

**STATE OF NEW MEXICO
LUNA COUNTY**

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - DETENTION CENTER
JUNE 30, 2009**

ASSETS

Current assets:

Cash and cash equivalents	\$	95,662
Accounts Receivable		<u>786,485</u>
Total current assets		<u>882,147</u>

Non current assets:

Capital assets		8,724,964
Accumulated depreciation		<u>(2,404,123)</u>
Total non-current assets		<u>6,320,841</u>

Total assets \$ 7,202,988

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$	105,071
Accrued salaries		162,540
Due to other funds		11,445
Accrued compensated absences		48,560
Long term accrued compensated absences		<u>145,679</u>

Total liabilities 473,295

Net assets:

Invested in capital assets		6,320,841
Unrestricted		<u>408,852</u>
Total net assets		<u>6,729,693</u>

Total liabilities and net assets \$ 7,202,988

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
NET ASSETS - PROPRIETARY FUNDS - DETENTION CENTER
FOR THE YEAR ENDED JUNE 30, 2009

Operating revenues:	
Correction fees	\$ 344,760
Adult prisoner fees	4,358,934
Juvenile prisoner fees	26,980
Dispatch-city	11,445
Miscellaneous revenue	<u>87,456</u>
Total operating revenues	<u>4,829,575</u>
Operating expenditures:	
Personnel expenses	3,983,180
Depreciation	248,553
Other operating costs	<u>1,993,476</u>
Total operating expenditures	<u>6,225,209</u>
Operating income (loss)	<u>(1,395,634)</u>
Non-operating revenues:	
Interest revenue	<u>3,495</u>
Total non-operating revenues	<u>3,495</u>
Income (loss) before transfers	<u>(1,392,139)</u>
Transfers in (out)	(96,027)
Change in net assets:	<u>(1,488,166)</u>
Total net assets, beginning of year	<u>8,217,859</u>
Total net assets - end of year	<u>\$ 6,729,693</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

STATEMENT OF CASH FLOWS - PROPRIETARY FUND
DETENTION CENTER
FOR THE YEAR ENDED JUNE 30, 2009

Cash Flows From Operating Activities:	
Cash received from correction fees and customers	\$ 4,518,614
Cash payments to suppliers for goods and services	(3,053,390)
Cash payments to employees for services	<u>(3,821,032)</u>
Net cash used in operating activities	<u>(2,355,808)</u>
Cash Flows From Non-Capital and Related Financing Activities:	
Cash received from intergovernmental sources	5,653
Net transfers in (out)	<u>(84,582)</u>
Net cash used in non-capital and related financing activities	<u>(78,929)</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition of capital assets	<u>(114,251)</u>
Net cash used in non-capital and related financing activities	<u>(114,251)</u>
Cash Flows From Investing Activities:	
Interest income	<u>3,495</u>
Net cash provided by (used in) investing activities	<u>3,495</u>
Net increase (decrease) in cash	(2,545,493)
Cash and cash equivalents, beginning of year	<u>2,641,155</u>
Cash and cash equivalents, end of year	<u>\$ 95,662</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income (loss)	\$ (1,395,634)
Depreciation	248,552
Receivables	(310,961)
Accrued expenses	162,149
Accounts payable	<u>(1,059,914)</u>
Net cash provided (used) by operating activities	<u>\$ (2,355,808)</u>

See accompanying notes to financial statements.

AGENCY FUNDS

**STATE OF NEW MEXICO
LUNA COUNTY**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
JUNE 30, 2009**

ASSETS

Cash and temporary investments	\$ 638,609
Receivables:	
Property taxes	<u>1,384,808</u>
Total assets	<u>\$ 2,023,417</u>

LIABILITIES

Due to inmates	\$ 46,270
Bank overdraft	39
Due to other governments	1,919,728
Prepaid taxes	1,076
Overpayment of taxes	6,958
Taxes paid in advance	19,290
Due to taxpayers	<u>30,056</u>
Total liabilities	<u>\$ 2,023,417</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

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 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.

A. 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 and 39. 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.

B. Basis of Presentation

Government-Wide and Fund Financial Statements—The government-wide financial statements (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 County has elected to follow Financial Accounting Standards Board (FASB)

pronouncements issued subsequent to November 30, 1989. The County follows all applicable GASB pronouncements and FASB pronouncements issued prior to November 30, 1989, unless they conflict with GASB pronouncements.

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

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.

C. Measurement Focus, Basis of Accounting

Government-Wide Financial Statements--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 the 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.

Governmental Fund Financial Statements—The Governmental fund financial statements 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 estimateable.

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.

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 of construction of general capital assets and the servicing of general long-term debt. The government reports the following major governmental funds:

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 Fund 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 tot the General Fund), which includes funds that are 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 pubic 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.

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 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.

D. 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 twelve 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 interfund 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 January 1st of the assessment year. Current year taxes are levied on November 1st, 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 10th and April 10th of the next tax year. Although due on November 10th and April 10th the taxes are not considered delinquent until December 10th and May 10th, 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 1st based on the assessed value of property as listed on the previous January 1st 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.

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.

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.

Capital Assets—Capital assets, which include property, plant and equipment are reported in the applicable governmental column in the government-wide financial statements. Capital assets including computer software are defined by the government as assets with an initial, individual cost or 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 is 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

Accrued Expenses—Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2009, along with the applicable PERA and Retiree Health Care.

Deferred Revenues—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 Revenue 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 five years of service accumulate three weeks of paid time off per year. Employees with more than five years but less than fifteen years of service accumulate four weeks of paid time off per year. In addition, employees with and excess of fifteen years of service accumulate five weeks of paid time off per year. There is no separate of accumulation of sick leave.

An employee may accumulate no more than 360 hours of paid time off. Accumulated paid time off for the County total \$566,787 as of June 30, 2009. Of the total, \$194,239 is related to Business-Type Activities - Detention Center.

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 \$18,554 as of June 30, 2009. Of the total \$0 is allocable to the Business-Type Activities - Detention Center.

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.

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.

2. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information

Preliminary annual budgets of the County are prepared prior to June 1 and must be approved by resolution of the Board of County Commissioners, and submitted to the Local Government Division of the State Department of Finance and Administration for approval. The budget is formally approved prior to July 31. Any amendments must also be approved by the Board of County Commissioners and the Department of Finance and Administration.

A separate budget is prepared for each fund. Line items within each budget may be over expended; however, it is not legally permissible to over expend any budget in total.

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.

The County is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

Other required individual fund disclosures

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

A. Deficit fund balance of individual funds:

Mimbres Vallery Learning Center	\$ 18,643
Columbus Stockyards	18,807
Entertainment Complex Bond	201,331
Judicial Bond	91,801

B. Designated cash appropriations in excess of available balances:

Farm and Range	\$ 17,218
Indigent Hospital Claims	142,157
DWI Grant	32,429
Mimbres Valley Learning Center	893
Law Enforcement Protection	299,267
Judicial Bond	153,438

C. Excess of fund actual expenditures over budget:

Fund	Budget Amount	Actual Amount	Over Expended
Mimbres Valley Learning Center	\$ 215,500	\$ 272,675	\$ (57,175)
Judicial Complex	-	5,544	(5,544)
Port of Entry	-	8,610	(8,610)
Daycare	-	100	(100)
Judicial Complex	4,506,551	4,952,639	(446,088)

3. CASH AND INVESTMENTS

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

Deposits of funds may be made in interest or non interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the County. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non demand interest bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess, of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

Cash Deposited with Financial Institutions

The County maintains cash in two financial institutions within Deming, New Mexico. The County's deposits are carried at cost.

As of June 30, 2009 the amount of cash reported on the financial statements differs from the amount on deposits with the various institutions because of transactions in transit and outstanding checks. The locations and amounts deposited are as follows:

	Per Institution	Reconciling Items	Per Financial Statements
Cash on hand	\$ 311	\$ -	\$ 311
First New Mexico Bank	5,519,095	(316,198)	5,202,897
Wells Fargo Bank	<u>256,396</u>	<u>-</u>	<u>256,396</u>
Total cash deposits	<u>\$ 5,775,802</u>	<u>\$ (316,198)</u>	<u>\$ 5,459,604</u>

The amounts reported as cash for the primary government within the financial statement is displayed as:

Cash and cash equivalents	\$ 4,820,995
Agency funds	<u>638,609</u>
Statement of Net Assets	<u>\$ 5,459,604</u>

Except for items in transit, the carrying value of deposits by the respective depositories equated to the carrying value by the County.

All deposits are collateralized with eligible securities, as described by New Mexico State Statute, in amounts equal to at least 50% of the County carrying value of the deposits (demand and certificate deposit).

Such collateral, as permitted by the state statutes is held in each respective depository bank's collateral pool at a Federal Reserve Bank, or member bank other than the depository bank, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds with the exception of deposit insurance provided by the Federal Deposit Insurance Corporation.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the County for at least one half of the amount on deposit with the institution. As of June 30, 2009 \$5,275,491 of the County's bank balances of \$5,775,491 were exposed to custodial credit risk as follows:

	First New Mexico Bank	Wells Fargo Bank	Total
Year ended June 30, 2009			
Total amount of deposits	\$ 5,519,095	\$ 256,396	\$ 5,775,491
FDIC Coverage	<u>(250,000)</u>	<u>(250,000)</u>	<u>(500,000)</u>
Total uninsured public funds	5,269,095	6,396	5,275,491
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the County's name	<u>3,750,000</u>	<u>55,355</u>	<u>3,805,355</u>
Uninsured and uncollateralized	<u>\$ 1,519,095</u>	<u>\$ (48,959)</u>	<u>\$ 1,470,136</u>
Collateral requirement (50% of uninsured public funds)	\$ 2,634,548	\$ 3,198	\$ 2,637,746
Pledged securities	<u>3,750,000</u>	<u>55,355</u>	<u>3,805,355</u>
Over (under) collateralization	<u>\$ 1,115,452</u>	<u>\$ 52,157</u>	<u>\$ 1,167,609</u>

The collateral pledged is listed on the supplemental schedule of collateral pledged by depositor of public funds on this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

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

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have an investment policy for custodial credit risk. New Mexico State Statutes require collateral pledged to be delivered for securities underlying an overnight repurchase agreement, or a joint safekeeping receipt be issued to the County for at least one hundred two percent of the fair value of the securities underlying overnight repurchase accounts invested with the institution. At June 30, 2009, the County's investment balances were exposed to custodial credit risk as follows:

Investment Type	Fair Value	Weighted Maturity Average (Months)
Federal Home Loan Bank	\$ 685,644	30.43
US Treasury, Notes	4,944,804	21.07
Federal National Mortgage Assoc.	1,510,970	30.43
Local Government Investment Pool	889,920	0.72
Savings Account	4,944,675	-
Total fair value	<u>\$ 12,976,013</u>	
Portfolio weighted average maturity		21.74

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

New MexiGROW Local Government Investment Pool - The New MexiGROW Local Government Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10-1 through 6-10-10 P and Sections 6-10-10.1 A and E, NMSA 1978. 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. The LGIP is rated AAA by Standard and Poor's and has a weighted average maturity of 46 days at June 30, 2009. Participation in the LGIP 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 bi-monthly 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 Commissioners and the County Clerk.

Interest Rate Risk. The County's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The County's investments shall be in accordance with State Law, 6-10-10, and 6-10-10.1 NMSA 1978 in that credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The County invests in securities issued by the U.S. government or its agencies, money market funds consisting of U.S. government and/or U.S. government-sponsored agency securities, and New Mexico State Treasurer's Investment Pool.

As of June 30, 2009, the County's investments in U.S. Agencies with the Federal Home Loan Bank, U.S. Treasury, and the Federal National Mortgage Association were all rated Aaa by Moody's Investors Service and AAA by Standard & Poor's. The County's investment in the State Investment Pool was rated AAAM by Standard & Poor's.

Concentration of Credit Risk. The County's investment policy places no limit on the amounts the County may invest in any one issuer. More than 38% of the County's investments are in money market funds. The County's investments in U.S. agencies total 5.3% with the Federal Home Loan Bank, 38.1% with the U.S. Treasury, and 11.6% with the Federal National Mortgage Association and the remainder of 7% is invested in the Local Government Investment Pool.

A reconciliation of cash and investments for the County follows:

Bank accounts	\$ 5,459,293	
Petty cash on hand	311	
Carrying amount of investments	<u>12,976,013</u>	
Total cash and investments	<u>\$ 18,435,617</u>	
Statement of Net Assets		
Primary Government		
Cash and investments		\$ 19,863,549
Less, bank overdrafts		(2,066,541)
Statement of Fiduciary Net Assets		<u>638,609</u>
Total cash, investment		<u>\$ 18,435,617</u>

4. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2009, are as follows:

	General Fund	Nonmajor Governmental Funds	Business Type Activities	Total
Taxes Receivable:				
Property taxes	\$ 982,664	\$ -	\$ -	\$ 982,664
Accounts	-	-	786,485	\$ 786,485
State of New Mexico				
Other	<u>8,182</u>	<u>262,919</u>	<u>-</u>	<u>271,101</u>
	<u>990,846</u>	<u>262,919</u>	<u>786,485</u>	<u>2,040,250</u>
Intergovernmental:				
Grants	-	139,513	-	139,513
Other:				
Due from other governments	<u>121,251</u>	<u>449,380</u>	<u>-</u>	<u>570,631</u>
	<u>121,251</u>	<u>588,893</u>	<u>-</u>	<u>710,144</u>
Accrued interest				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,112,097</u>	<u>\$ 851,812</u>	<u>\$ 786,485</u>	<u>\$ 2,750,394</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year deferred revenue which related to delinquent property taxes was \$853,177 and \$169,917 deferred revenue in the road fund.

5. INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

Interfund transfers reflect a temporary transfer of cash due to temporary needs within the fund. The composition of interfund transfers during the year ended June 30, 2009 is as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
Farm & Range	County Maintenance Fund	\$ 18,700	Soil conservation/ Predator control
Sunshine VFD	Fire Excise Tax	7,811	Pumper payment
Columbus Stockyards	General Fund	44,625	Monies collected to start new fund
General Fund	Juvenile Field Services	13,636	Reimburse GF for VAWA Liaison position
Solid Waste	Road Department	6,308	Reimburse fund for road department employee
DWI Grant	General Fund	8,140	To return funds that should have been left in DWI
Healthy Start	Adult Detention	84,582	Reimburse funds for youth services
General Fund	Adult Detention	11,445	Reimburse funds for city dispatch
Judicial Complex Bond	Judicial Complex	<u>54,752</u>	
		<u>\$ 249,999</u>	

6. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2009 is as follows:

	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2009</u>
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 1,604,154	\$ 20,171	\$ -	\$ 1,624,325
Construction in progress	6,138,450	-	6,138,450	-
Total capital assets not being depreciated	<u>7,742,604</u>	<u>20,171</u>	<u>(6,138,450)</u>	<u>1,624,325</u>
Capital assets being depreciated				
Buildings	9,273,478	13,865,793	-	23,139,271
Equipment and furnishings	8,701,787	799,662	-	9,501,449
Total capital assets being depreciated	<u>17,975,265</u>	<u>14,665,455</u>	<u>-</u>	<u>32,640,720</u>
Less accumulated depreciation for:				
Buildings	1,371,080	334,495	-	1,705,575
Equipment and furnishings	6,264,625	525,249	-	6,789,874
Total accumulated depreciation	<u>7,635,705</u>	<u>859,744</u>	<u>-</u>	<u>8,495,449</u>
Total capital assets being depreciated, net	<u>10,339,560</u>	<u>13,805,711</u>	<u>-</u>	<u>24,145,271</u>
Governmental activities capital assets, net	<u>\$ 18,082,164</u>	<u>\$ 13,825,882</u>	<u>\$ 6,138,450</u>	<u>\$ 25,769,596</u>

Depreciation expense for the year ended June 30, 2009 was charged to the following functions and funds:

General government	\$ 254,247
Public safety	286,934
Public works	165,458
Health and welfare	153,105
	<u>\$ 859,744</u>

	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009
Business Type Activities:				
Capital assets not being depreciated:				
Land	\$ 244,714	\$ -	\$ -	\$ 244,714
Total capital assets not being depreciated	<u>244,714</u>	<u>-</u>	<u>-</u>	<u>244,714</u>
Capital assets being depreciated:				
Buildings	7,335,839	-	-	7,335,839
Equipment and furnishings	1,030,160	114,251	-	1,144,411
Total capital assets being depreciated	<u>8,365,999</u>	<u>114,251</u>	<u>-</u>	<u>8,480,250</u>
Less accumulated depreciation for:				
Buildings	1,533,961	149,920	-	1,683,881
Equipment and furnishings	621,609	98,633	-	720,242
Total accumulated depreciation	<u>2,155,570</u>	<u>248,553</u>	<u>-</u>	<u>2,404,123</u>
Total capital assets being depreciated, net	<u>6,210,429</u>	<u>(134,302)</u>	<u>-</u>	<u>6,076,127</u>
Business-type activities capital assets, net	<u>\$ 6,455,143</u>	<u>\$ (134,302)</u>	<u>\$ -</u>	<u>\$ 6,320,841</u>

7. LONG TERM DEBT

Governmental Activities: During the year ended June 30, 2009, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Due Within One Year
NMFA Loan Fire					
Truck	\$ 15,601	\$ -	\$ 7,798	\$ 7,803	\$ 7,803
Harlo HP 5500Forklift	32,235	-	18,420	13,815	11,052
Judicial Bond 2007A	4,415,491	-	161,648	4,253,843	115,000
Entertainment					
Complex 2007B	6,845,345	-	245,838	6,599,507	145,000
Compensated absences	<u>224,170</u>	<u>442,183</u>	<u>293,805</u>	<u>372,548</u>	<u>93,137</u>
Total primary government	<u>\$ 11,532,842</u>	<u>\$ 442,183</u>	<u>\$ 727,509</u>	<u>\$ 11,247,516</u>	<u>\$ 371,992</u>

Liabilities for compensated absences are generally liquidated by the fund from which the employee's salaries are paid; the majority of the County's liability has been satisfied by payments from the General Fund

New Mexico Finance Authority (NMFA) Loans

In 2001, the County entered into a loan agreement with NMFA 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 was \$77,985. Interest on the loan is 0%. The term of the loan is for ten years.

Loan debt service requirements to maturity are as follows:

<u>Years ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 7,803	\$ -	\$ 7,803
Thereafter	-	-	-
	<u>\$ 7,803</u>	<u>\$ -</u>	<u>\$ 7,803</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 began at 3.55% and increase until maturity up to 4.45%. The term of the bond is 25 years.

Loan debt service requirements to maturity are as follows:

<u>Years ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	3.600%	\$ 115,000	\$ 169,488	\$ 284,488
2011	3.600%	120,000	165,258	285,258
2012	3.600%	120,000	160,938	280,938
2013	3.650%	125,000	156,497	281,497
2014	3.650%	130,000	151,843	281,843
Due thereafter		3,740,000	1,528,772	5,268,772
Discount remaining		(96,157)	-	(96,157)
		<u>\$ 4,253,843</u>	<u>\$ 2,332,796</u>	<u>\$ 6,586,639</u>

Bond - Entertainment Complex 2007B

On October 19, 2007, the County entered into a bond agreement for the construction of an Entertainment 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 began at 5.10% and increase until maturity up to 6.00%. The term of the bond is 25 years.

Loan debt service requirements to maturity are as follows:

<u>Years ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	5.120%	\$ 145,000	\$ 374,724	\$ 519,724
2011	5.150%	150,000	367,149	517,149
2012	5.200%	160,000	359,127	519,127
2013	5.250%	165,000	350,635	515,635
2014	5.300%	175,000	341,667	516,667
Due thereafter		6,115,000	3,642,152	9,757,152
Discount remaining		(310,493)	-	(310,493)
		<u>\$ 6,599,507</u>	<u>\$ 5,435,454</u>	<u>\$ 12,034,961</u>

Lease - US Bancorp Manifest Funding Services

On March 31, 2008, the County entered into a lease agreement with US Bancorp Manifest Funding Services 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.

<u>Years ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 11,052	\$ -	\$ 11,052
2011	2,763	-	2,763
	<u>\$ 13,815</u>	<u>\$ -</u>	<u>\$ 13,815</u>

Business-Type Activities: During the year ended June 30, 2009, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Due Within</u> <u>One Year</u>
Compensated absences	\$ 175,104	\$ 140,380	\$ 121,245	\$ 194,239	\$ 48,560

Liabilities for compensated absences are generally liquidated in the detention center fund.

8. 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, 2008 through June 30, 2009, the premiums paid were \$571,783. The assumption of risk transfers upon payment of premiums within the policy limits. To minimize the risk of loss for workers' compensation, the County participates in the New Mexico County Insurance Association (a risk pool of counties within the State of New Mexico). The pool is self insured for workers' compensation claims up to \$300,000. Above that amount, the pool maintains an Excess Employers' Reinsurance Policy.

9. PERA PENSION PLAN

Plan Description. Substantially all of Luna County'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.

Funding Policy. General County plan members are required to contribute 9.15% for county 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 County has elected to contribute 75% of the 9.15% of employee required contribution as well as a required matching contribution of 9.15% of general participants' gross salary. The total county contribution rate for general personnel is 16.02%. For law enforcement employees, the county has elected to contribute 25% of the 16.3% of employee required contribution as well as a required matching contribution of 18.5% of law enforcements' gross salary. The total county contribution rate for law enforcement personnel is 22.575%. 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, 2009, 2008, and 2007 were \$1,389,462, \$1,199,604, and \$738,639, respectively, equal to the amount of the required contributions for the years, respectively.

10. POST EMPLOYMENT BENEFITS

The Retiree Health Care Act (the "Act") (Chapter 10, Article 7C, NMSA, 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. 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 Retiree Health Care Fund and by co-payments or out of pocket payments by eligible retirees. Monies flow to the Retiree Health Care Fund on 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, state agencies, state courts, magistrate courts, municipalities or counties, which are affiliated under or covered by the Education Retirement Act (ERA), Public Employees Retirement Association (PERA), Volunteer Firefighters Retirement Act, Judicial 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 employer's NMRHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer'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. Each participating employer makes contributions to the fund in the amount of 1.3 percent of each participating employee's annual salary. Each employee contributes to the fund an employee contribution in an amount equal to .65 percent of the employee's salary. Each participating retiree pays a monthly premium for the medical plus basic life plan and an additional participation fee of five dollars (\$5.00) if the eligible participant retired prior to the employer's NMRHCA effective date or is a former legislator. Participants may also enroll in optional plans of coverage.

Contributions from participating employers and participating employees 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 issued 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, 4308 Carlisle Blvd. NE, Suite 104, Albuquerque, NM 87107.

For the years ended June 30, 2009, 2008, and 2007, the County remitted \$109,271, \$98,294, and \$87,830, respectively, in employer contributions to the Retiree Health Care Authority.

11. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. 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 amount, if any, to be immaterial.

The County is involved in various claims and lawsuits arising in the normal course of business. The County is insured through the New Mexico County Insurance Authority. 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, 2009, 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.

12. ACCOUNTING STANDARDS

In June 2007, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets which is effective for financial statements for periods beginning after June 15, 2009. The Statement establishes uniform financial reporting standards for intangible assets. The County incorporated this statement for the current fiscal year, and believes it had no significant effect on the financial statements for the year.

In November 2007, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 52, Land Held as Investments by Endowments, which is effective for financial statements for periods beginning after June 15, 2008, with earlier application encouraged. This Statement establishes standards for the reporting of land and other real estate by endowment. The County is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In June, 2008 the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which is effective for all periods beginning after June 15, 2009. The statement is intended to improve how governments report information about derivative instruments. The County is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements on the upcoming year.

13. FUND BALANCE AND NET ASSETS RESTATEMENT

Fund balance at June 30, 2008 has been adjusted to correct a error in the reporting of the Judicial Complex and Entertainment Complex in special revenue funds instead of capital project funds and to account for capital outlays financed from general obligation bond proceeds and debt service funds to account for the accumulation of resources for, and the payment of, general long-term liability principal and interest. The error had no cumulative effect on total non-major fund balance at June 30, 2008.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
LUNA COUNTY

NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

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 provided by the Taylor Grazing Act. (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 1987.

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 - 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 from various funds provided to promote awareness and prevention of DWI. The authority was given by Section 11-6A-3, BNSA 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 fund was established by County ordinance.

Sirolli Institute - To account for a grant that is an effort to develop community opportunity for economic development. The authority to create this fund is 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 78-1-1, NMSA 1978.

Volunteer Fire Department - 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.

Columbus Stockyard Fund - To account for the receipts generated at the border from Mexico for the crossing of cattle and livestock. The funds are used to help fund projects in Columbus and Luna County.

Community Health and Social Services - To account for the funds received to aid the lower income residents in Luna County.

CAPITAL PROJECTS FUND

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.

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

Judicial Complex Fund - To account for the receipts for the capital improvements to the Sixth Judicial District Court. 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.

Entertainment Complex Fund - To account for the receipts for the capital improvements to the entertainment complex. 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.

DEBT SERVICE FUNDS

Entertainment Complex Bond - To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs specifically for the building of the entertainment complex. The fund's source of revenue is bond proceeds. The authority to create this fund is by County ordinance.

Judicial Bond- To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs specifically for the building of the Sixth Judicial District Court. The fund's source of revenue is bond proceeds. The authority to create this fund is by County ordinance.

STATE OF NEW MEXICO
LUNA COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

ASSETS	Special Revenue Funds							
	Farm and Range	Recreation	Reappraisal Program	Indigent Claims	Treasurer's Mobile Home Sales	DWI Grants	Recording Fees	
Cash and cash equivalents	\$ 2,904	\$ 143	\$ 100,591	\$ -	\$ 159,691	\$ -	\$ -	\$ 93,739
Investments	-	-	-	-	-	-	-	-
Receivables:								
Grant	-	-	-	-	-	22,175	-	-
Other	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	121,212	-	-	-	-
Due from other funds	-	-	-	-	-	57,347	-	-
Total assets	\$ 2,904	\$ 143	\$ 100,591	\$ 121,212	\$ 159,691	\$ 79,522	\$ -	\$ 93,739
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ 1,038	\$ -	\$ 417	\$ 3,080	\$ -	\$ 414
Accrued salaries	-	-	3,175	-	-	6,396	-	-
Bank overdraft	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	51,322	-	25,521	-	-
Total liabilities	-	-	4,213	51,322	417	34,997	-	414
Fund balances:								
Unreserved:								
Special revenue fund	2,904	143	96,378	69,890	159,274	44,525	-	93,325
Total fund balances	2,904	143	96,378	69,890	159,274	44,525	-	93,325
Total liabilities and fund balances	\$ 2,904	\$ 143	\$ 100,591	\$ 121,212	\$ 159,691	\$ 79,522	\$ -	\$ 93,739

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

ASSETS	Special Revenue Funds							
	KLCB Aluminum	Mimbres Valley Learning Center	Sirrolli Institute	Healthy Start	Juvenile Field Services	Law Enforcement	Solid Waste	
Cash and cash equivalents:	75	-	\$ 16,504	\$ 217,144	\$ 81,066	\$ 75,898	\$ 73	
Investments	-	-	-	-	-	-	-	
Receivables:								
Grant	-	-	-	116,035	-	1,303	-	
Other	-	3,731	-	-	24,206	25,158	-	
Due from other governments	-	30,303	-	-	(4)	18,482	-	
Due from other funds	-	-	-	-	-	-	-	
Total assets	75	34,034	16,504	333,179	105,268	120,841	73	
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	-	9,283	225	19,164	7,589	13,399	-	
Accrued salaries	-	-	-	27,879	18,680	10,554	-	
Bank overdraft	-	-	-	-	-	-	-	
Due to other funds	-	43,394	-	-	-	-	-	
Total liabilities	-	52,677	225	47,043	26,269	23,953	-	
Fund balances:								
Unreserved:								
Special revenue fund	75	(18,643)	16,279	286,136	78,999	96,888	73	
Total fund balances	75	(18,643)	16,279	286,136	78,999	96,888	73	
Total liabilities and fund balances	75	34,034	16,504	333,179	105,268	120,841	73	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

ASSETS	Special Revenue Funds							
	Volunteer Fire Departments	Fire	Ambulance	Entertainment Complex Bond	Judicial Bond	Columbus Stockyards	Community Health and Social Services	Total Special Revenue Funds
Cash and cash equivalents:								
Investments	\$ 110,516	\$ 279,269	\$ 304,056	\$ -	\$ -	\$ -	\$ 321,615	\$ 1,763,284
Receivables:								
Grant	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	3,274	-	139,513
Due from other governments	-	36,963	60,605	-	-	-	-	56,369
Due from other funds	-	-	-	-	-	-	-	267,561
Total assets	\$ 110,516	\$ 316,232	\$ 364,661	\$ -	\$ -	\$ 3,274	\$ 321,615	\$ 2,284,074
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 2,215	\$ -	\$ 108,725	\$ -	\$ -	\$ 2,278	\$ -	\$ 167,827
Accrued salaries	-	-	-	-	-	7,561	-	74,245
Bank overdraft	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	12,242	-	132,479
Total liabilities	2,215	-	108,725	-	-	22,081	-	374,551
Fund balances:								
Unreserved:								
Undesignated, reported in:								
Special revenue fund	108,300	316,232	255,936	-	-	(18,807)	321,615	1,909,522
Total fund balances	108,300	316,232	255,936	-	-	(18,807)	321,615	1,909,522
Total liabilities and fund balances	\$ 110,515	\$ 316,232	\$ 364,661	\$ -	\$ -	\$ 3,274	\$ 321,615	\$ 2,284,073

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

Capital Project Funds

ASSETS

	Judicial Complex	Port of Entry	Day Care Center	Entertainment Complex	Judicial Complex	Total Capital Project Funds
Cash and cash equivalents:	\$ -	\$ -	\$ -	\$ 649,733	\$ 261,094	\$ 910,827
Investments	-	-	-	4,734,309	-	4,734,309
Receivables:	-	-	-	-	-	-
Due from other governments	-	-	-	121,213	60,606	181,819
Total assets	\$ -	\$ -	\$ -	\$ 5,505,255	\$ 321,700	\$ 5,826,955

LIABILITIES AND FUND

BALANCES

Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	1,758,241	-	1,758,241
Total liabilities	-	-	-	1,758,241	-	(1,758,241)
Fund balances:						
Unreserved	-	-	-	-	-	-
Capital projects fund	-	-	-	3,747,014	321,700	4,068,714
Total fund balances	-	-	-	3,747,014	321,700	4,068,714
Total liabilities and fund balances	\$ -	\$ -	\$ -	\$ 5,505,255	\$ 321,700	\$ 2,310,473

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

	Debt Service Funds			
	Entertainment Complex Bond	Judicial Bond	Total Debt Service Funds	Total Non-major Funds
Cash and cash equivalents:	\$ -	\$ -	\$ -	\$ 2,674,111
Investment	-	-	-	4,734,309
Receivables:				
Grant	-	-	-	139,513
Other	-	-	-	56,369
Due from other governments	-	-	-	449,380
Due from other funds	-	-	-	57,347
Interfund receivable	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-
Total assets	\$ -	\$ -	\$ -	\$ 8,111,029
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 167,827
Accrued salaries	-	-	-	74,245
Interest payable	201,331	91,801	293,132	293,132
Due to other funds	-	-	-	1,890,720
Deferred revenue	-	-	-	-
Total liabilities	201,331	91,801	293,132	2,425,924
Fund balances				
Unreserved:				
Undesignated, reported in:				
Special revenue fund	-	-	-	1,909,522
Capital projects fund	-	-	-	4,068,714
Debt service funds	(201,331)	(91,801)	(293,132)	(293,132)
Total fund balances	(201,331)	(91,801)	(293,132)	5,685,104
Total liabilities and fund balances	\$ -	\$ -	\$ -	\$ 8,111,028

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds							Recording Fees
	Farm and Range	Recreation	Reappraisal Program	Indigent Claims	Treasurer's Mobile Home Sales	DWI Grants		
Revenues:								
State shared taxes	\$ 6,469	\$ 130	\$ -	\$ -	\$ -	\$ -	\$ -	-
Intergovernmental	18,541	-	-	896,278	-	-	-	-
Charges for services	-	-	96,048	-	-	8,675	-	24,824
Interest income	212	-	-	1,370	-	-	-	-
Federal grants	-	-	-	-	-	-	-	-
State grants	-	-	-	-	-	262,070	-	-
Other income	-	-	-	-	37,104	4,290	-	-
Total revenues	25,222	130	96,048	897,648	37,104	275,035	-	24,824
Expenditures:								
Current:								
General government	42,500	-	73,442	-	6,681	-	-	2,149
Public safety	-	-	-	-	-	237,200	-	-
Health and welfare	-	-	-	1,041,201	-	-	-	-
Debt service principal	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	11,768	1,450	-	27,094
Total expenditures	42,500	-	73,442	1,041,201	18,449	238,650	-	29,243
Excess (deficiency) of revenues over expenditures	(17,278)	130	22,606	(143,553)	18,655	36,385	-	(4,419)
Other financing sources (uses):								
Transfers in	18,700	-	-	-	-	8,140	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	18,700	-	-	-	-	8,140	-	-
Net changes in fund balances	1,422	130	22,606	(143,553)	18,655	44,525	-	(4,419)
Fund balance - beginning of year	1,482	13	73,772	213,443	140,619	-	-	97,744
Fund balance - end of year	2,904	143	96,378	69,890	159,274	44,525	-	93,325

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds									
	KLCB Aluminum	Mimbres Valley Learning Center	Sirilli Institute	Healthy Start	Juvenile Field Services	Law Enforcement	Solid Waste			
Revenues:										
State shared taxes	\$ -	\$ 239,301	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	7,098	496,849	195,525	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	240	-	-	-	-
Federal grants	-	-	-	788,710	-	703,829	-	-	-	-
State grants	-	-	-	355,770	-	-	-	-	-	-
Other income	174	9,060	-	12,204	71,682	7,675	-	-	-	-
Total revenues	174	248,361	-	1,163,782	568,531	907,269	-	-	-	-
Expenditures:										
Current:										
General government	500	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	584,510	-	-	-	34,744
Health and welfare	-	276,963	1,357	1,085,822	552,789	-	-	-	-	-
Debt service principal	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	384,054	-	-	-	-
Total expenditures	500	276,963	1,357	1,085,822	552,789	968,564	-	-	-	34,744
Excess (deficiency) of revenues over expenditures	(326)	(28,602)	(1,357)	77,960	15,742	(61,295)	-	-	-	(34,744)
Other financing sources (uses):										
Transfers in	-	-	-	84,582	-	-	-	-	-	6,308
Transfers out	-	-	-	-	(13,636)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	84,582	(13,636)	-	-	-	-	6,308
Net changes in fund balances	(326)	(28,602)	(1,357)	162,542	2,106	(61,295)	-	-	-	(28,436)
Fund balance - beginning of year	401	9,959	17,636	123,594	76,893	158,183	-	-	-	28,509
Fund balance - end of year	75	(18,643)	16,279	286,136	78,999	96,888	-	-	-	73

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds									
	Volunteer Fire Departments	Fire	Ambulance	Entertainment Complex Bond	Judicial Bond	Columbus Stockyards	Community Health and Social Services	Total Special Revenue Funds		
Revenues:										
State shared taxes	\$ -	\$ -	\$ 447,460	\$ -	\$ -	\$ -	\$ -	\$ 693,360		
Intergovernmental	189,398	312,613	47,409	-	-	107,937	-	2,271,648		
Charges for services	-	-	-	-	-	-	-	129,547		
Interest income	1,200	-	-	-	-	-	-	3,022		
Federal grants	-	-	-	-	-	-	-	1,492,539		
State grants	16,559	-	-	-	-	-	321,615	956,014		
Other income	-	-	-	-	-	-	-	142,189		
Total revenues	<u>207,157</u>	<u>312,613</u>	<u>494,869</u>	<u>-</u>	<u>-</u>	<u>107,937</u>	<u>321,615</u>	<u>5,688,319</u>		
Expenditures:										
Current:										
General government	-	-	-	-	-	-	-	125,272		
Public safety	119,642	175,392	503,387	-	-	-	-	1,654,875		
Public works	-	-	-	-	-	171,369	-	171,369		
Health and welfare	-	-	-	-	-	-	-	2,958,132		
Debt service principal	15,596	-	-	-	-	-	-	15,596		
Capital outlay	12,293	-	41,136	-	-	-	-	477,795		
Total expenditures	<u>147,531</u>	<u>175,392</u>	<u>544,523</u>	<u>-</u>	<u>-</u>	<u>171,369</u>	<u>-</u>	<u>5,403,039</u>		
Excess (deficiency) of revenues over expenditures	<u>59,626</u>	<u>137,221</u>	<u>(49,654)</u>	<u>-</u>	<u>-</u>	<u>(63,432)</u>	<u>321,615</u>	<u>285,280</u>		
Other financing sources (uses):										
Transfers in	7,811	-	-	-	-	44,625	-	170,166		
Transfers out	-	(7,811)	-	-	-	-	-	(21,447)		
Total other financing sources (uses)	<u>7,811</u>	<u>(7,811)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,625</u>	<u>-</u>	<u>148,719</u>		
Net changes in fund balances	<u>67,437</u>	<u>129,410</u>	<u>(49,654)</u>	<u>-</u>	<u>-</u>	<u>(18,807)</u>	<u>321,615</u>	<u>433,999</u>		
Fund balance - beginning of year	<u>40,863</u>	<u>186,822</u>	<u>305,590</u>	<u>6,099,209</u>	<u>4,723,340</u>	<u>-</u>	<u>-</u>	<u>12,298,072</u>		
Fund balance - restatement	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,099,209)</u>	<u>(4,723,340)</u>	<u>-</u>	<u>-</u>	<u>(10,822,549)</u>		
Fund balance - beginning of year, restated	<u>40,863</u>	<u>186,822</u>	<u>305,590</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,475,523</u>		
Fund balance - end of year	<u>\$ 108,300</u>	<u>\$ 316,232</u>	<u>\$ 255,936</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,807)</u>	<u>\$ 321,615</u>	<u>\$ 1,909,522</u>		

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Capital Project Funds						Total Capital Project Funds
	Judicial Complex	Port of Entry	Daycare Center	Entertainment Complex	Judicial Complex		
Revenues:							
State shared taxes	-	-	-	894,921	447,460		1,342,381
Interest income	-	-	-	53,058	87,833		140,891
Other income	-	-	-	-	(62,620)		(62,620)
Total revenues	-	-	-	947,979	472,673		1,420,652
Expenditures:							
Current:							
General government	-	-	-	427,788	-		427,788
Public safety	-	-	-	-	191,648		191,648
Public works	-	-	-	-	376,003		376,003
Culture and recreation	-	-	-	-	-		-
Health and welfare	-	-	-	-	-		-
Capital outlay	5,544	8,610	100	2,818,717	4,230,677		7,063,648
Total expenditures	5,544	8,610	100	3,246,505	4,798,328		8,059,087
Excess (deficiency) of revenues over expenditures	(5,544)	(8,610)	(100)	(2,298,526)	(4,325,655)		(6,638,435)
Other financing sources (uses):							
Transfers in	-	-	-	-	-		-
Transfers out	-	-	-	-	(54,752)		(54,752)
Total other financing sources (uses)	-	-	-	-	(54,752)		(54,752)
Net changes in fund balances	(5,544)	(8,610)	(100)	(2,298,526)	(4,380,407)		(6,693,187)
Fund balance - beginning of year	5,544	8,610	100	6,045,540	4,702,107		14,254
Fund balance - restatement	-	-	-	-	-		10,747,647
Fund balance - beginning of year, restated	5,544	8,610	100	6,045,540	4,702,107		10,761,901
Fund balance - end of year	\$ -	\$ -	\$ -	\$ 3,747,014	\$ 321,700	\$	\$ 4,068,714

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Debt Service Funds				Total Non-major Funds
	Entertainment Complex Bond	Judicial Bond	Total Debt Service Funds	Total Non-major Funds	
Revenues:					
State shared taxes	\$ -	\$ -	\$ -	\$ -	2,035,741
Intergovernmental	-	-	-	-	2,271,648
Charges for services	-	-	-	-	129,547
Interest income	-	-	-	-	143,913
Bond proceeds	-	-	-	-	-
Federal operating grants	-	-	-	-	1,492,539
State operating grants	-	-	-	-	956,014
Other income	-	-	-	-	79,570
Total revenues					7,108,972
Expenditures:					
Current:					
General government	-	-	-	-	553,060
Public safety	-	-	-	-	1,846,523
Public works	-	-	-	-	547,372
Health and welfare	-	-	-	-	2,958,132
Debt service	255,000	167,786	422,786	-	438,382
Capital outlay	-	-	-	-	7,541,443
Total expenditures	255,000	167,786	422,786	-	13,884,912
Excess (deficiency) of revenues over expenditures	(255,000)	(167,786)	(422,786)	-	(6,775,940)
Other financing sources (uses):					
Transfers in	-	54,752	54,752	-	224,918
Transfers out	-	-	-	-	(76,199)
Total other financing sources (uses)		54,752	54,752		148,719
Net changes in fund balances	(255,000)	(113,034)	(368,034)	(6,627,221)	(6,627,221)
Fund balance - beginning of year					12,312,325
Fund balance - restatement	53,669	21,233	74,902		-
Fund balance - beginning of year, restated	53,669	21,233	74,902		12,312,325
Fund balance - end of year	(201,331)	(91,801)	(293,132)	\$	5,685,104

See accompanying notes to financial statements.

Concluded

SPECIAL REVENUE FUNDS

STATE OF NEW MEXICO
LUNA COUNTY

FARM AND RANGE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
State shared taxes	\$ 3,800	\$ 3,800	\$ 6,469	\$ 2,669
Intergovernmental	20,000	20,000	18,541	(1,459)
Interest income	-	-	212	212
Total revenues	23,800	23,800	25,222	1,422
Expenditures:				
Current:				
General government	42,500	42,500	42,500	-
Total expenditures	42,500	42,500	42,500	-
Excess (deficiency) of revenues over expenditures	(18,700)	(18,700)	(17,278)	1,422
Other financing sources (uses):				
Designated cash	-	18,700	-	(18,700)
Operating transfers in (out)	-	-	18,700	18,700
Total other financing sources (uses)	-	18,700	18,700	-
Net changes in fund balances	(18,700)	-	1,422	1,422
Fund balance - beginning of year			1,482	
Fund balance - end of year			\$ 2,904	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

RECREATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ 130	\$ 130
Total revenues	-	-	130	130
Expenditures:				
Current:				
Culture and recreation	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	130	130
Net changes in fund balances	-	-	130	130
Fund balance - beginning of year			13	
Fund balance - end of year			\$ 143	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

RE-APPRAISAL PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 58,000	\$ 58,000	\$ 96,048	\$ 38,048
Total revenues	58,000	58,000	96,048	38,048
Expenditures:				
Current:				
General government	86,752	86,752	77,156	9,596
Total expenditures	86,752	86,752	77,156	9,596
Excess (deficiency) of revenues over expenditures	(28,752)	(28,752)	18,892	47,644
Other financing sources (uses):				
Designated cash	-	28,752	-	(28,752)
Total other financing sources (uses)	-	28,752	-	(28,752)
Net changes in fund balances	(28,752)	-	18,892	18,892
Fund balance - beginning of year			73,772	
Fund balance - end of year			\$ 92,664	
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 18,892	
Net revenue accruals			-	
Net expense accruals			3,714	
Net changes in fund balance GAAP basis			\$ 22,606	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

INDIGENT HOSPITAL CLAIMS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenue	\$ 942,592	\$ 942,592	\$ 775,066	\$ (167,526)
Interest income	5,000	5,000	1,370	(3,630)
Total revenues	947,592	947,592	776,436	(171,156)
Expenditures:				
Current:				
Health and sanitation	1,160,460	1,303,192	1,041,201	261,991
Total expenditures	1,160,460	1,303,192	1,041,201	261,991
Excess (deficiency) of revenues over expenditures	(212,868)	(355,600)	(264,765)	90,835
Other financing sources (uses):				
Designated cash	-	355,600	-	(355,600)
Total other financing sources (uses)	-	355,600	-	(355,600)
Net changes in fund balances	(212,868)	-	(264,765)	(264,765)
Fund balance - beginning of year			213,443	
Fund balance - end of year			\$ (51,322)	
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (264,765)	
Net revenue accruals			121,212	
Net expense accruals			-	
Net changes in fund balance GAAP basis			\$ (143,553)	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

TREASURER'S MOBILE HOME SALES FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Other income	\$ 31,500	\$ 31,500	\$ 38,184	\$ 6,684
Total revenues	31,500	31,500	38,184	6,684
Expenditures:				
Current:				
General government	10,000	10,000	6,265	3,735
Capital outlay	30,000	30,000	11,768	18,232
Total expenditures	40,000	40,000	18,033	21,967
Excess (deficiency) of revenues over expenditures	(8,500)	(8,500)	20,151	28,651
Other financing sources (uses):				
Designated cash	-	8,500	-	(8,500)
Total other financing sources (uses)	-	8,500	-	(8,500)
Net changes in fund balances	(8,500)	-	20,151	20,151
Fund balance - beginning of year			140,619	
Fund balance - end of year			\$ 160,770	
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 20,151	
Net revenue accruals			(1,080)	
Net expense accruals			(416)	
Net changes in fund balance GAAP basis			\$ 18,655	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

DWI GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 4,500	\$ 4,500	\$ 8,675	\$ 4,175
State grants	218,787	218,787	239,895	21,108
Other income	2,000	2,000	4,290	2,290
Total revenues	<u>225,287</u>	<u>225,287</u>	<u>252,860</u>	<u>27,573</u>
Expenditures:				
Current:				
Public safety	217,337	256,266	233,388	22,878
Capital outlay	1,450	1,450	1,450	-
Total expenditures	<u>218,787</u>	<u>257,716</u>	<u>234,838</u>	<u>22,878</u>
Excess (deficiency) of revenues over expenditures	<u>6,500</u>	<u>(32,429)</u>	<u>18,022</u>	<u>50,451</u>
Other financing sources (uses):				
Designated cash	-	32,429	-	(32,429)
Operating transfers in (out)	-	-	8,140	8,140
Total other financing sources (uses)	<u>-</u>	<u>32,429</u>	<u>8,140</u>	<u>(24,289)</u>
Net changes in fund balances	6,500	-	26,162	26,162
Fund balance - beginning of year			<u>-</u>	
Fund balance - end of year			<u>\$ 26,162</u>	
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 26,162	
Net revenue accruals			22,174	
Net expense accruals			(3,811)	
Net changes in fund balance GAAP basis			<u>\$ 44,525</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

RECORDING FEES FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 25,000	\$ 25,000	\$ 24,824	\$ (176)
Total revenues	25,000	25,000	24,824	(176)
Expenditures:				
Current:				
General government	5,000	5,000	2,149	2,851
Capital outlay	75,000	75,000	28,773	46,227
Total expenditures	80,000	80,000	30,922	49,078
Excess (deficiency) of revenues over expenditures	(55,000)	(55,000)	(6,098)	48,902
Other financing sources (uses):				
Designated cash	-	55,000	-	(55,000)
Total other financing sources (uses)	-	55,000	-	(55,000)
Net changes in fund balances	(55,000)	-	(6,098)	(6,098)
Fund balance - beginning of year			97,744	
Fund balance - end of year			\$ 91,646	
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (6,098)	
Net revenue accruals			-	
Net expense accruals			-	
Capital outlay			1,679	
Net changes in fund balance GAAP basis			\$ (4,419)	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

KLCB ALUMINUM FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Other income	\$ 100	\$ 100	\$ 174	\$ 74
Total revenues	100	100	174	74
Expenditures:				
Current:				
General government	270	500	500	-
Total expenditures	270	500	500	-
Excess (deficiency) of revenues over expenditures	(170)	(400)	(326)	74
Other financing sources (uses):				
Designated cash	-	400	-	(400)
Total other financing sources (uses)	-	400	-	(400)
Net changes in fund balances	(170)	-	(326)	(326)
Fund balance - beginning of year			401	
Fund balance - end of year			\$ 75	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

MIMBERS VALLEY LEARNING CENTER FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State shared taxes	\$ 198,648	\$ 198,648	\$ 209,009	\$ 10,361
Other income	6,000	6,000	9,060	3,060
Total revenues	<u>204,648</u>	<u>204,648</u>	<u>218,069</u>	<u>13,421</u>
Expenditures:				
Current:				
Health and sanitation	215,500	215,500	272,675	(57,175)
Total expenditures	<u>215,500</u>	<u>215,500</u>	<u>272,675</u>	<u>(57,175)</u>
Excess (deficiency) of revenues over expenditures	<u>(10,852)</u>	<u>(10,852)</u>	<u>(54,606)</u>	<u>(43,754)</u>
Other financing sources (uses):				
Designated cash	-	10,852	-	(10,852)
Total other financing sources (uses)	<u>-</u>	<u>10,852</u>	<u>-</u>	<u>(10,852)</u>
Net changes in fund balances	(10,852)	-	(54,606)	(54,606)
Fund balance - beginning of year			<u>9,959</u>	
Fund balance - end of year			<u>\$ (44,647)</u>	
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (54,606)	
Net revenue accruals			30,293	
Net expense accruals			<u>(4,289)</u>	
Net changes in fund balance GAAP basis			<u>\$ (28,602)</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

SIROLI INSTITUTE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Health and sanitation	<u>17,636</u>	<u>17,636</u>	<u>1,132</u>	<u>16,504</u>
Total expenditures	<u>17,636</u>	<u>17,636</u>	<u>1,132</u>	<u>16,504</u>
Excess (deficiency) of revenues over expenditures	<u>(17,636)</u>	<u>(17,636)</u>	<u>(1,132)</u>	<u>16,504</u>
Other financing sources (uses):				
Designated cash	-	17,636	-	(17,636)
Total other financing sources (uses)	<u>-</u>	<u>17,636</u>	<u>-</u>	<u>(17,636)</u>
Net changes in fund balances	<u>(17,636)</u>	<u>-</u>	<u>(1,132)</u>	<u>(1,132)</u>
Fund balance - beginning of year			<u>17,636</u>	
Fund balance - end of year			<u>\$ 16,504</u>	
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (1,132)	
Net revenue accruals			-	
Net expense accruals			<u>(225)</u>	
Net changes in fund balance GAAP basis			<u>\$ (1,357)</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

HEALTHY START INITIATIVE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenue	\$ -	\$ -	\$ 7,098	\$ 7,098
Federal grants	758,500	758,500	\$ 733,161	(25,339)
State grants	296,618	296,618	299,117	2,499
Other grants	10,000	10,000	-	(10,000)
Other income	9,000	9,000	12,204	3,204
Total revenues	1,074,118	1,074,118	1,051,580	(22,538)
Expenditures:				
Current:				
Health and sanitation	1,119,560	1,192,962	1,064,093	128,869
Total expenditures	1,119,560	1,192,962	1,064,093	128,869
Excess (deficiency) of revenues over expenditures	(45,442)	(118,844)	(12,513)	106,331
Other financing sources (uses):				
Designated cash	-	118,844	-	(118,844)
Operating transfers in (out)	-	-	84,582	84,582
Total other financing sources (uses)	-	118,844	84,582	(34,262)
Net changes in fund balances	(45,442)	-	72,069	72,069
Fund balance - beginning of year			123,594	
Fund balance - end of year			\$ 195,663	
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 72,069	
Net revenue accruals			112,203	
Net expense accruals			(21,730)	
Net changes in fund balance GAAP basis			\$ 162,542	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

JUVENILE FIELD SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenue	\$ 654,775	\$ 654,775	\$ 523,708	\$ (131,067)
Other income	-	-	71,682	71,682
Total revenues	<u>654,775</u>	<u>654,775</u>	<u>595,390</u>	<u>(59,385)</u>
Expenditures:				
Current:				
Health and sanitation	588,601	633,529	545,980	87,549
Capital outlay	<u>2,000</u>	<u>2,000</u>	-	<u>2,000</u>
Total expenditures	<u>590,601</u>	<u>635,529</u>	<u>545,980</u>	<u>89,549</u>
Excess (deficiency) of revenues over expenditures	<u>64,174</u>	<u>19,246</u>	<u>49,410</u>	<u>30,164</u>
Other financing sources (uses):				
Operating transfers in (out)	-	-	<u>(13,636)</u>	<u>(13,636)</u>
Total other financing sources (uses)	-	-	<u>(13,636)</u>	<u>(13,636)</u>
Net changes in fund balances	64,174	19,246	35,774	16,528
Fund balance - beginning of year			<u>76,893</u>	
Fund balance - end of year			<u>\$ 112,667</u>	
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 35,774	
Net revenue accruals			(26,859)	
Net expense accruals			<u>(6,809)</u>	
Net changes in fund balance GAAP basis			<u>\$ 2,106</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

LAW ENFORCEMENT PROTECTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue	\$ 161,197	\$ 161,197	\$ 177,043	\$ 15,846
Interest income	1,500	1,500	240	(1,260)
Federal grants	671,247	671,247	737,507	66,260
Other income	30,344	30,344	7,675	(22,669)
Total revenues	864,288	864,288	922,465	58,177
Expenditures:				
Current:				
Public safety	727,392	875,247	586,746	288,501
Capital outlay	67,500	540,415	380,574	159,841
Total expenditures	794,892	1,415,662	967,320	448,342
Excess (deficiency) of revenues over expenditures	69,396	(551,374)	(44,855)	506,519
Other financing sources (uses):				
Designated cash	-	457,450	-	(457,450)
Total other financing sources (uses)	-	457,450	-	(457,450)
Net changes in fund balances	69,396	(93,924)	(44,855)	49,069
Fund balance - beginning of year			158,183	
Fund balance - end of year			<u>\$ 113,328</u>	
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (44,855)	
Net revenue accruals			(15,195)	
Net expense accruals			(1,245)	
Net changes in fund balance GAAP basis			<u>\$ (61,295)</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

SOLID WASTE WATER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental income	\$ 650,000	\$ 650,000	\$ -	\$ (650,000)
Total revenues	<u>650,000</u>	<u>650,000</u>	<u>-</u>	<u>(650,000)</u>
Expenditures:				
Current:				
Public safety	<u>465,505</u>	<u>465,505</u>	<u>35,978</u>	<u>429,527</u>
Total expenditures	<u>465,505</u>	<u>465,505</u>	<u>35,978</u>	<u>429,527</u>
Excess (deficiency) of revenues over expenditures	<u>184,495</u>	<u>184,495</u>	<u>(35,978)</u>	<u>(220,473)</u>
Other financing sources (uses):				
Operating transfers in (out)	<u>-</u>	<u>-</u>	<u>6,308</u>	<u>6,308</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>6,308</u>	<u>6,308</u>
Net changes in fund balances	184,495	184,495	(29,670)	(214,165)
Fund balance - beginning of year			<u>28,509</u>	
Fund balance - end of year			<u>\$ (1,161)</u>	
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (29,670)	
Net revenue accruals			-	
Net expense accruals			<u>1,234</u>	
Net changes in fund balance GAAP basis			<u>\$ (28,436)</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

VOLUNTEER FIRE DEPARTMENTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget-Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue	\$ 138,734	\$ 138,734	\$ 181,600	\$ 42,866
Interest income	-	-	1,200	1,200
Federal grants	-	-	16,560	16,560
Total revenues	<u>138,734</u>	<u>138,734</u>	<u>199,360</u>	<u>60,626</u>
Expenditures:				
Current:				
Public safety	131,216	135,276	119,047	16,229
Debt service	-	-	7,798	(7,798)
Capital outlay	10,000	15,500	12,391	3,109
Total expenditures	<u>141,216</u>	<u>150,776</u>	<u>139,236</u>	<u>11,540</u>
Excess (deficiency) of revenues over expenditures	<u>(2,482)</u>	<u>(12,042)</u>	<u>60,124</u>	<u>72,166</u>
Other financing sources (uses):				
Designated cash	-	12,042	-	(12,042)
Operating transfers in (out)	-	-	7,811	7,811
Total other financing sources (uses)	<u>-</u>	<u>12,042</u>	<u>7,811</u>	<u>(4,231)</u>
Net changes in fund balances	<u>(2,482)</u>	<u>-</u>	<u>67,935</u>	<u>67,935</u>
Fund balance - beginning of year			<u>40,863</u>	
Fund balance - end of year			<u>\$ 108,798</u>	
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 67,935	
Net revenue accruals			7,798	
Net expense accruals			(595)	
Capital outlay			98	
Principal payment on debt			(7,798)	
Net changes in fund balance GAAP basis			<u>\$ 67,438</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

**FIRE PROTECTION 1/4% GRT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental income	\$ 252,396	\$ 252,396	\$ 275,650	\$ 23,254
Total revenues	<u>252,396</u>	<u>252,396</u>	<u>275,650</u>	<u>23,254</u>
Expenditures:				
Current:				
Public safety	<u>303,675</u>	<u>303,675</u>	<u>175,392</u>	<u>128,283</u>
Total expenditures	<u>303,675</u>	<u>303,675</u>	<u>175,392</u>	<u>128,283</u>
Excess (deficiency) of revenues over expenditures	<u>(51,279)</u>	<u>(51,279)</u>	<u>100,258</u>	<u>151,537</u>
Other financing sources (uses):				
Designated cash	-	51,279	-	(51,279)
Operating transfers in (out)	<u>-</u>	<u>-</u>	<u>(7,811)</u>	<u>(7,811)</u>
Total other financing sources (uses)	<u>-</u>	<u>51,279</u>	<u>(7,811)</u>	<u>(59,090)</u>
Net changes in fund balances	(51,279)	-	92,447	92,447
Fund balance - beginning of year			<u>186,822</u>	
Fund balance - end of year			<u>\$ 279,269</u>	
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 92,447	
Net revenue accruals			36,963	
Net expense accruals			-	
Net changes in fund balance GAAP basis			<u>\$ 129,410</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

AMBULANCE 1/8% GRT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
State shared taxes	\$ 367,296	\$ 367,296	\$ 386,854	\$ 19,558
Intergovernmental revenue	-	-	47,409	47,409
Total revenues	<u>367,296</u>	<u>367,296</u>	<u>434,263</u>	<u>66,967</u>
Expenditures:				
Current:				
Public safety	514,575	515,297	500,900	14,397
Capital outlay	<u>77,703</u>	<u>77,703</u>	<u>41,136</u>	<u>36,567</u>
Total expenditures	<u>592,278</u>	<u>593,000</u>	<u>542,036</u>	<u>50,964</u>
Excess (deficiency) of revenues over expenditures	<u>(224,982)</u>	<u>(225,704)</u>	<u>(107,773)</u>	<u>117,931</u>
Other financing sources (uses):				
Designated cash	-	225,704	-	(225,704)
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>225,704</u>	<u>-</u>	<u>(225,704)</u>
Net changes in fund balances	(224,982)	-	(107,773)	(107,773)
Fund balance - beginning of year			<u>305,590</u>	
Fund balance - end of year			<u>\$ 197,817</u>	
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (107,773)	
Net revenue accruals			60,606	
Net expense accruals			<u>(2,487)</u>	
Net changes in fund balance GAAP basis			<u>\$ (49,654)</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

COLUMBUS STOCKYARDS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget-Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue	\$ 220,000	\$ 220,000	\$ 104,663	\$ (115,337)
Total revenues	220,000	220,000	104,663	(115,337)
Expenditures:				
Current:				
Public safety	-	-	-	-
Public works	174,671	174,671	161,531	13,140
Total expenditures	174,671	174,671	161,531	13,140
Excess (deficiency) of revenues over expenditures	45,329	45,329	(56,868)	(102,197)
Other financing sources (uses):				
Operating transfers in (out)	-	-	44,625	44,625
Total other financing sources (uses)	-	-	44,625	44,625
Net changes in fund balances	45,329	45,329	(12,243)	(57,572)
Fund balance - beginning of year			-	
Fund balance - end of year			\$ (12,243)	
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (12,243)	
Net revenue accruals			3,273	
Net expense accruals			(9,837)	
Net changes in fund balance GAAP basis			\$ (18,807)	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

COMMUNITY HEALTH & SOCIAL SERVICES FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
State grants	\$ -	\$ -	\$ 321,615	\$ 321,615
Total revenues	-	-	321,615	321,615
Expenditures:				
Current:				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	321,615	321,615
Net changes in fund balances	-	-	321,615	321,615
Fund balance - end of year			\$ 321,615	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

ENTERTAINMENT COMPLEX BOND FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Total revenues	-	-	-	-
Expenditures:				
Current:				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net changes in fund balances	-	-	-	-
Fund balance - beginning of year			6,099,209	
Fund balance - restatement			(6,099,209)	
Fund balance - end of year			\$ -	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

JUDICIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Total revenues	-	-	-	-
Expenditures:				
Current:				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net changes in fund balances	-	-	-	-
Fund balance - beginning of year			4,723,340	
Fund balance - restatement			<u>(4,723,340)</u>	
Fund balance - end of year			<u>\$ -</u>	

See accompanying notes to financial statements.

CAPITAL PROJECTS FUNDS

STATE OF NEW MEXICO
LUNA COUNTY

JUDICIAL COMPLEX FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Expenditures:				
Capital outlay	-	-	5,544	(5,544)
Total expenditures	-	-	5,544	(5,544)
Excess (deficiency) of revenues over expenditures	-	-	(5,544)	(5,544)
Net changes in fund balance	-	-	(5,544)	(5,544)
Fund balance - beginning of year			5,544	
Fund balance - end of year			\$ -	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

PORT OF ENTRY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
Expenditures:				
Capital outlay	<u>-</u>	<u>-</u>	<u>8,610</u>	<u>(8,610)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>8,610</u>	<u>(8,610)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(8,610)</u>	<u>(8,610)</u>
Net changes in fund balance	-	-	(8,610)	(8,610)
Fund balance - beginning of year			<u>8,610</u>	
Fund balance - end of year			<u>\$ -</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

DAYCARE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
Expenditures:				
Capital outlay	-	-	100	(100)
Total expenditures	-	-	100	(100)
Excess (deficiency) of revenues over expenditures	-	-	(100)	(100)
Net changes in fund balance	-	-	(100)	(100)
Fund balance - beginning of year			100	
Fund balance - end of year			<u>\$ -</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

ENTERTAINMENT COMPLEX
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
State shared taxes	\$ -	\$ -	\$ 773,709	\$ 773,709
Interest income	125,000	125,000	67,596	(57,404)
Total revenues	125,000	125,000	841,305	716,305
Expenditures:				
General government	-	-	664,165	(664,165)
Capital outlay	5,852,189	5,852,189	2,818,717	3,033,472
Total expenditures	5,852,189	5,852,189	3,482,882	2,369,307
Excess (deficiency) of revenues over expenditures	(5,727,189)	(5,727,189)	(2,641,577)	3,085,612
Other financing sources (uses):				
Designated cash	-	5,727,189	-	(5,727,189)
Total other financing sources (uses)	-	5,727,189	-	(5,727,189)
Net changes in fund balance	(5,727,189)	-	(2,641,577)	(2,641,577)
Fund balance - beginning of year			-	
Fund balance - restated			6,045,540	
Fund balance - beginning of year, restated			6,045,540	
Fund balance - end of year			\$ 3,403,963	
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (2,641,577)	
Net revenue accruals			106,674	
Net expense accruals			236,377	
Net changes in fund balance GAAP basis			\$ (2,298,526)	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

JUDICIAL COMPLEX
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest income	\$ 45,000	\$ 45,000	\$ 87,833	\$ 42,833
Bond proceeds	-	-	386,854	386,854
Total revenues	<u>45,000</u>	<u>45,000</u>	<u>474,687</u>	<u>429,687</u>
Expenditures:				
General government	-	-	345,959	(345,959)
Capital outlay	<u>4,506,551</u>	<u>4,506,551</u>	<u>4,606,680</u>	<u>(100,129)</u>
Total expenditures	<u>4,506,551</u>	<u>4,506,551</u>	<u>4,952,639</u>	<u>(446,088)</u>
Excess (deficiency) of revenues over expenditures	<u>(4,461,551)</u>	<u>(4,461,551)</u>	<u>(4,477,952)</u>	<u>(16,401)</u>
Other financing sources (uses):				
Designated cash	-	4,461,551	-	(4,461,551)
Operating transfers in (out)	<u>-</u>	<u>-</u>	<u>(54,752)</u>	<u>(54,752)</u>
Total other financing sources (uses)	<u>-</u>	<u>4,461,551</u>	<u>(54,752)</u>	<u>(4,516,303)</u>
Net changes in fund balance	(4,461,551)	-	(4,532,704)	(4,532,704)
Fund balance - beginning of year			-	
Fund balance - restatement			<u>4,702,107</u>	
Fund balance - beginning of year, restated			4,702,107	
Fund balance - end of year			<u>\$ 169,403</u>	
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (4,532,704)	
Net revenue accruals			(2,014)	
Net expense accruals			<u>154,311</u>	
Net changes in fund balance GAAP basis			<u>\$ (4,380,407)</u>	

See accompanying notes to financial statements.

DEBT SERVICE FUNDS

STATE OF NEW MEXICO
LUNA COUNTY

ENTERTAINMENT COMPLEX BOND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Bond proceeds	\$ 367,296	\$ 367,296	\$ -	\$ (367,296)
Interest income	15,000	15,000	-	(15,000)
Total revenues	<u>382,296</u>	<u>382,296</u>	<u>-</u>	<u>(382,296)</u>
Expenditures:				
Debt service	<u>345,956</u>	<u>345,956</u>	<u>-</u>	<u>345,956</u>
Total expenditures	<u>345,956</u>	<u>345,956</u>	<u>-</u>	<u>345,956</u>
Excess (deficiency) of revenues over expenditures	<u>36,340</u>	<u>36,340</u>	<u>-</u>	<u>(36,340)</u>
Net changes in fund balance	36,340	36,340	-	(36,340)
Fund balance - beginning of year			-	
Fund balance - restatement			<u>53,669</u>	
Fund balance - beginning of year, restated			53,669	
Fund balance - end of year			<u>\$ 53,669</u>	
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expense accruals			<u>(255,000)</u>	
Net changes in fund balance GAAP basis			<u>\$ (255,000)</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

JUDICIAL BOND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget-Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest income	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Debt service	174,671	174,671	-	174,671
Total expenditures	174,671	174,671	-	174,671
Excess (deficiency) of revenues over expenditures	(174,671)	(174,671)	-	174,671
Other financing sources (uses):				
Designated cash	-	174,671	-	(174,671)
Operating transfers in (out)	-	-	54,752	54,752
Total other financing sources (uses)	-	174,671	54,752	(119,919)
Net changes in fund balance	(174,671)	-	54,752	54,752
Fund balance - beginning of year			-	
Fund balance - restatement			21,233	
Fund balance - beginning of year, restated			21,233	
Fund balance - end of year			<u>\$ 75,985</u>	
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 54,752	
Net revenue accruals			-	
Net expense accruals			(167,786)	
Net changes in fund balance GAAP basis			<u>\$ (113,034)</u>	

See accompanying notes to financial statements.

PROPRIETARY FUND

STATE OF NEW MEXICO
LUNA COUNTY

DETENTION CENTER FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 5,504,911	\$ 5,504,911	\$ 4,507,169	\$ (997,742)
Interest income	45,000	45,000	3,495	(41,505)
Miscellaneous	-	-	17,098	17,098
Total revenues	<u>5,549,911</u>	<u>5,549,911</u>	<u>4,527,762</u>	<u>(1,022,149)</u>
Expenditures:				
Personnel expenditures	4,143,825	3,982,651	3,806,989	175,662
Operating expenditures	3,096,117	3,285,387	3,041,781	243,606
Capital outlay	130,000	139,904	-	139,904
Total expenditures	<u>7,369,942</u>	<u>7,407,942</u>	<u>6,848,770</u>	<u>559,172</u>
Excess (deficiency) of revenues over expenditures	<u>(1,820,031)</u>	<u>(1,858,031)</u>	<u>(2,321,008)</u>	<u>(462,977)</u>
Other financing sources (uses):				
Designated cash	-	1,858,031	-	(1,858,031)
Operating transfers in (out)	-	-	(96,027)	(96,027)
Total other financing sources (uses)	<u>-</u>	<u>1,858,031</u>	<u>(96,027)</u>	<u>(1,954,058)</u>
Net changes in fund balance	(1,820,031)	-	(2,417,035)	(2,417,035)
Fund balance - beginning of year			<u>8,217,859</u>	
Fund balance - end of year			<u>\$ 5,800,824</u>	
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (2,417,035)	
Net revenue accruals			305,308	
Net expense accruals			623,561	
Net changes in fund balance GAAP basis			<u>\$ (1,488,166)</u>	

See accompanying notes to financial statements.

FIDUCIARY FUNDS

**STATE OF NEW MEXICO
LUNA COUNTY**

FIDUCIARY FUNDS - AGENCY FUNDS

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 distributes funds in a custodial capacity for inmates housed at the County Detention Center.

See accompanying notes to financial statements.

STATE OF NEW MEXICO
LUNA COUNTY

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
TAXES COLLECTED FOR OTHERS:				
ASSETS:				
Cash and cash equivalents	\$ 146,303	\$ 445,997	\$ -	\$ 592,300
Properly taxes receivable	688,363	696,445	-	1,384,808
Total assets	<u>834,666</u>	<u>1,142,442</u>	<u>-</u>	<u>1,977,108</u>
LIABILITIES:				
Due to other governmental agency	\$ 785,167	\$ 1,868,008	\$ 733,447	\$ 1,919,728
Prepaid taxes	1,224	-	148	1,076
Overpayment of taxes	675	6,283	-	6,958
Taxes paid in advance	17,460	1,830	-	19,290
Due to taxpayers	30,140	-	84	30,056
Total liabilities	<u>834,666</u>	<u>1,876,121</u>	<u>733,679</u>	<u>1,977,108</u>
INMATE ACCOUNTS:				
ASSETS:				
Cash and cash equivalents	\$ 43,171	\$ 3,099	\$ -	\$ 46,270
Total assets	<u>43,171</u>	<u>3,099</u>	<u>-</u>	<u>46,270</u>
LIABILITIES:				
Due to inmates	\$ 43,171	\$ 3,099	\$ -	\$ 46,270
Total liabilities	<u>43,171</u>	<u>3,099</u>	<u>-</u>	<u>46,270</u>
TOTAL ASSETS AND LIABILITIES:				
ASSETS:				
Cash and cash equivalents	\$ 189,474	\$ 449,135	\$ -	\$ 638,609
Properly taxes receivable	688,363	696,445	-	1,384,808
Total assets	<u>877,837</u>	<u>1,145,580</u>	<u>-</u>	<u>2,023,417</u>
LIABILITIES:				
Due to other governmental agency	\$ 785,167	\$ 1,868,008	\$ 733,447	\$ 1,919,728
Prepaid taxes	1,224	-	148	1,076
Overpayment of taxes	675	6,283	-	6,958
Taxes paid in advance	17,460	1,830	-	19,290
Due to taxpayers	30,140	-	84	30,056
Due to inmates	43,171	3,099	-	46,270
Bank overdrafts	-	39	-	39
Total liabilities	<u>877,837</u>	<u>1,879,259</u>	<u>733,679</u>	<u>2,023,417</u>

See accompanying notes to financial statements.

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
LUNA COUNTY

SUPPLEMENTAL SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY OF
PUBLIC FUNDS
JUNE 30, 2009

	1st New Mexico Bank	Wells Fargo Bank	Total
Total amount of deposits	\$ 5,519,095	\$ 256,396	\$ 5,775,491
Less FDIC or FSLIC coverage	<u>250,000</u>	<u>250,000</u>	<u>500,000</u>
Total uninsured public Funds	<u>5,269,095</u>	<u>6,396</u>	<u>5,275,491</u>
Collateral requirement 50%	<u>2,634,548</u>	<u>3,198</u>	<u>2,637,746</u>
Type of Security			
<u>Security Number</u>	<u>CUSIP Number</u>	<u>Maturity Date</u>	
FHLB	3133MJUQ1	11/15/2011	1,000,000
ALAMOGORDO NM	011464FA7	8/1/2017	500,000
WAGON MOUND NM	930532AK2	10/01/2011	50,000
TUCUMCARI	898881CA3	8/01/2012	200,000
FHLB	3133MTZL5	12/11/2013	2,000,000
WFBS / WFBNW	31410WML9	6/1/2037	-
Total pledged securities			<u>3,750,000</u>
Over (under) pledged			<u>1,115,452</u>

STATE OF NEW MEXICO
LUNA COUNTY

SUPPLEMENTAL SCHEDULE OF DEPOSITS AND INVESTMENT ACCOUNTS
JUNE 30, 2009

	Type of Account	Bank Balance	(Checks) Deposits	Book Balance
Financial Institution:				
<u>Account name</u>				
1st New Mexico Bank				
Treasurer	Checking	\$ 5,307,274	\$ (316,198)	\$ 4,991,076
General	Checking	165,451	-	165,451
CDBG Grant	Checking	100	-	100
Detention Center Accounts:				
Inmate Account	Checking	45,681	-	45,681
Inmate Account	Checking	589	-	589
Wells Fargo Bank				
Treasurer	Checking	256,396	-	256,396
Total bank and book balance		<u>5,775,491</u>	<u>(316,198)</u>	<u>5,459,293</u>
State of New Mexico				
Local Government Investment Pool	Investment	889,920	-	889,920
LPL Financial				
Money Market Funds	Investment	4,944,675	-	4,944,675
Federal Home Loan Mortgage Corp	Investment	685,644	-	685,644
Federal National Mortgage Assn	Investment	1,510,970	-	1,510,970
US Treasury Note	Investment	4,944,804	-	4,944,804
Total Investments		-	-	12,976,013
Petty Cash on Hand	-	-	-	311
Total cash and investments	-	-	-	<u>\$ 18,435,617</u>

STATE OF NEW MEXICO
LUNA COUNTY

SUPPLEMENTAL SCHEDULE OF TAX ROLL RECONCILIATION - PROPERTY TAXES
RECEIVABLE
JUNE 30, 2009

Property taxes receivable, beginning of year	<u>\$ 1,298,858</u>
Changes to tax roll:	
Net taxes charged to treasurer for fiscal year	10,734,430
Adjustments:	
Additions	<u>815,516</u>
Total taxes charged to Treasurer for fiscal year	<u>11,549,946</u>
Total receivables before collections	12,848,804
Collections for fiscal year June 30, 2009	<u>(10,481,332)</u>
	<u>\$ 2,367,472</u>

Property taxes receivable by years:

1999	5,473
2000	9,408
2001	11,806
2002	21,608
2003	47,957
2004	76,968
2005	160,515
2006	544,257
2007	341,357
2008	<u>1,148,123</u>
	<u>\$ 2,367,472</u>

FOR THE YEAR ENDED JUNE 30, 2009
 STATE OF NEW MEXICO
 LUNA COUNTY

SUPPLEMENTAL SCHEDULE OF PROPERTY TAX
 JUNE 30, 2009

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Undistributed at Year End	County Receivable at Year End
General Advalorem							
1998-2007	\$ 27,045,623	\$ 277,716	\$ 26,325,005	\$ 277,716	\$ 26,325,005	\$ -	\$ 503,322
2008	4,832,645	4,988,176	4,452,985	4,988,176	4,452,985	-	379,660
	<u>31,878,268</u>	<u>5,265,892</u>	<u>30,777,990</u>	<u>5,265,892</u>	<u>30,777,990</u>	<u>-</u>	<u>882,982</u>
Non-Rendition Fees							
1998-2007	315,097	2,688	236,931	2,688	236,931	-	51,333
2008	44,778	27,561	27,561	27,561	27,561	-	17,217
	<u>359,875</u>	<u>30,249</u>	<u>264,492</u>	<u>30,249</u>	<u>264,492</u>	<u>-</u>	<u>68,550</u>
Re-Appraisal Program							
1998-2007	610,678	6,255	543,107	6,225	543,107	-	22,502
2008	105,838	97,208	97,208	97,208	97,208	-	8,630
	<u>716,516</u>	<u>103,463</u>	<u>640,315</u>	<u>103,433</u>	<u>640,315</u>	<u>-</u>	<u>31,132</u>
Administration Fee							
1998-2007	-	1,360	-	1,360	1,360	-	-
2008	-	-	-	-	-	-	-
	<u>-</u>	<u>1,360</u>	<u>-</u>	<u>1,360</u>	<u>1,360</u>	<u>-</u>	<u>-</u>
Total Luna County	<u>\$ 32,954,659</u>	<u>\$ 5,400,964</u>	<u>\$ 31,682,797</u>	<u>\$ 5,400,934</u>	<u>\$ 31,684,157</u>	<u>\$ -</u>	<u>\$ 982,664</u>

STATE OF NEW MEXICO
LUNA COUNTY

SUPPLEMENTAL SCHEDULE OF PROPERTY TAX
JUNE 30, 2009

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Distributed in Current Year	Distributed To-Date	Undistributed at Year End	County Receivable at Year End
Deming Public Schools									
1998-2007	\$ 22,800,733	\$ 232,226	\$ 20,702,532	\$ 232,226	\$ 20,702,532	\$ 232,226	\$ 20,702,532	\$ -	\$ 357,737
2008	3,648,465	2,895,449	3,182,516	2,895,449	3,182,516	2,895,449	3,182,516	-	465,949
	<u>26,449,198</u>	<u>3,127,675</u>	<u>23,885,048</u>	<u>3,127,675</u>	<u>23,885,048</u>	<u>3,127,675</u>	<u>23,885,048</u>	<u>-</u>	<u>823,686</u>
Municipalities:									
City of Deming									
1998-2007	2,020,684	18,154	1,840,424	18,154	1,840,424	18,154	1,840,424	-	34,617
2008	583,949	555,479	553,029	555,479	553,029	555,479	553,029	-	30,920
	<u>2,604,633</u>	<u>573,633</u>	<u>2,393,453</u>	<u>573,633</u>	<u>2,393,453</u>	<u>573,633</u>	<u>2,393,453</u>	<u>-</u>	<u>65,537</u>
Village of Columbus									
1998-2007	353,037	5,913	312,411	5,913	312,411	5,913	312,411	-	15,348
2008	59,867	50,979	50,377	50,979	50,377	50,979	50,377	-	9,490
	<u>412,904</u>	<u>56,892</u>	<u>362,788</u>	<u>56,892</u>	<u>362,788</u>	<u>56,892</u>	<u>362,788</u>	<u>-</u>	<u>24,838</u>
Total Municipalities	3,017,537	630,525	2,756,241	630,525	2,756,241	630,525	2,756,241	-	90,375
Road Levy									
1998-2007	2,196,060	55,612	1,947,140	55,612	1,947,140	55,612	1,947,140	-	157,187
2008	862,532	672,845	670,405	672,845	670,405	672,845	670,405	-	192,127
	<u>3,058,592</u>	<u>728,457</u>	<u>2,617,545</u>	<u>728,457</u>	<u>2,617,545</u>	<u>728,457</u>	<u>2,617,545</u>	<u>-</u>	<u>349,314</u>

STATE OF NEW MEXICO
LUNA COUNTY

SUPPLEMENTAL SCHEDULE OF PROPERTY TAX
JUNE 30, 2009

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Undistributed at Year End	County Receivable at Year End
Livestock							
1998-2007	288,847	1,003	258,184	1,003	258,184	-	5,215
2008	30,865	33,134	29,922	33,134	29,922	-	943
	<u>319,712</u>	<u>34,137</u>	<u>288,106</u>	<u>34,137</u>	<u>288,106</u>	<u>-</u>	<u>6,158</u>
State Levy							
1998-2007	3,932,802	34,820	3,555,310	34,820	3,555,310	-	72,088
2008	565,491	524,754	522,304	524,754	522,304	-	43,187
	<u>4,498,293</u>	<u>559,574</u>	<u>4,077,614</u>	<u>559,574</u>	<u>4,077,614</u>	<u>-</u>	<u>115,275</u>
Agency Total	\$ 37,343,332	\$ 5,080,368	\$ 33,624,554	\$ 5,080,368	\$ 33,624,554	\$ -	\$ 1,384,808

STATE OF NEW MEXICO
LUNA COUNTY

JOINT POWERS AGREEMENTS
JUNE 30, 2009

Participants	Responsible Party	Description	Beginning Date	Ending Date	Project Amount	County Portion	Current Year Contributions	Audit Responsibility
City of Deming	Luna County	Joint Communications Center	September 7, 2006	5 years with a 120 day notice prior to date of proposed termination	Varies yearly	40% of operation, insurance and equipment costs	756,434	Luna County

COMPLIANCE SECTION



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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
Luna County
Deming, New Mexico

We have audited the financial statements of the governmental activities, business-type activities, each major fund and their respective budgetary comparisons, the aggregate remaining fund information, the budgetary comparisons for the general fund and the combining and individual funds presented as supplementary information of Luna County (the "County") as of and for the year ended June 30, 2009, and have issued our report thereon dated January 25, 2010. The audit report on Luna County was qualified because we did not balance the fixed assets listing to the financial statements because the County did not complete a physical inventory of the fixed assets. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A 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, 07-09, 08-02, 09-01, and 09-02 in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County'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 material weaknesses. However, of the significant deficiencies described above, we consider 07-07 to be 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that are required to be reported under *Governmental Auditing Standards January 2007 Revision* paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as finding 07-08.

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

This report is intended solely for the information and use of the County Commissioners, the County's management, others within the organization, the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance Administration and applicable federal and state grantors, and is not intended to be and should not be used by anyone other than these specified parties.

Handwritten signature in blue ink that reads "Joseph A. Pardo, LLP".

January 25, 2010



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

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

Compliance

We have audited the compliance of Luna County (the "County"), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. 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.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the 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's internal control over compliance.

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

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined above.

The report is intended solely for the information and use of the audit committee, management, others within the organization, County Commission, the Office of the New Mexico State Auditor, the New Mexico Legislature, the New Mexico Department of Finance Administration, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Handwritten signature in blue ink that reads "Ecker & Pritz, LLP".

January 25, 2010

**FOR THE YEAR ENDED JUNE 30, 2009
LUNA COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA No.	Contract/Grant Project/State Number	Award Amount	Federal Expenditures
Department of Housing and Urban Development				
Community Development Block Grant	14.228	07-C-R-I-3-G-12	\$ 450,000	\$ 23,794
Water Resource Study	14.228	07-C-RS-I-06-G-44	50,000	50,000
				<u>73,794</u>
U.S. Department of Health and Human Services				
Healthy Start Initiative	93.926	H7MC00011	86,650	86,650
Healthy Start Initiative	93.926	H67MC00011	712,168	702,060
				<u>788,710</u>
U.S. National Traffic Safety Administration passed thru New Mexico Department of Transportation				
Specialized Traffic	20.601	09-PT-06-060-2008	10,002	9,183
Operation DWI	20.601	09-AL-K8-060- 2008	18,842	19,318
100 Days/Nights of Summer	20.601	09-PT-D5-060	7,997	810
Operation DWI	20.601	08-AL-EQ-060	8,000	7,870
				<u>37,181</u>
U.S. Department of Justice, Enhanced Border	16.580	2008-DD-BX-0334	205,253	134,302
U.S. Department of Homeland Security, passed through Department of Homeland Security and Emergency Management				
Operation Stonegarden	97.067	2008-SG-T8-0003	880,000	359,236
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	<u>1,256,507</u>	<u>588,657</u>
Total Expenditures of Federal Awards				<u>\$ 1,981,880</u>

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 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.

**FOR THE YEAR ENDED JUNE 30, 2009
LUNA COUNTY**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards of the Luna County (the "County"). The County is defined in Note 1 of the County's financial Statements. All federal awards received, including those received through other agencies are included on the schedule.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting, which is described in Note 1 of the County's financial statements

**FOR THE YEAR ENDED JUNE 30, 2009
LUNA COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009**

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued: Qualified

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u> Yes	<u> </u> No
Significant deficiencies identified that are not considered to be material weaknesses?	<u> X </u> Yes	<u> </u> None
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiencies identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	<u> </u> Yes	<u> X </u> No
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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93.926	Healthy Start Initiative
97.067	Operation Stonegarden

Dollar threshold used to distinguish between type A and type B programs	\$300,000
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Auditee qualified as low-risk auditee?	<u> </u> Yes	<u> X </u> No
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B. FINDINGS - FINANCIAL STATEMENT AUDIT
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)

Effect

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

Cause

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

Recommendation

The County employees should more closely monitor and review the related party documentation to ensure that the files stay current.

Agency Response

The County has implemented a procedure to ensure that payments are not made to employees or other officials unless proper disclosures are on file with the County Clerk.

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)

Effect

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

Cause

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

Recommendation

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

Agency Response

The County will provide training to key employees to enable them to apply GAAP principles when recording transactions.

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 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)

Effect

The asset accountability report was not properly maintained.

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.

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.

Agency Response

Management will ensure that an annual physical inventory is conducted and will certify to the auditor that the asset accountability report is correct.

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, 2009 to the New Mexico State Auditor was November 15, 2009. The June 30, 2009 audited financial statements were submitted in February.

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 November 15 following the end of each fiscal year at June 30.

Effect

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

Cause

Additional time was needed by the County to submit required documentation to the Auditors to support the accuracy of the information reported in the financial statements.

Recommendation

The County should ensure that all required documentation provided to the Auditors be submitted on a timely basis.

Agency Response

The County will ensure that all required documentation is provided to the auditors on a timely manner.

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	Budget Amount	Actual Amount	Over Expended
Mimbres Valley Learning Center	215,500	272,675	57,175
Judicial Complex Fund	-	5,544	5,544
Port of Entry Fund	-	8,610	8,610
Daycare Fund	-	100	100
Judicial Complex	4,506,551	4,952,639	446,088

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.

Effect

Non-compliance with the 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.

Agency Response

Management will closely monitor expenses and ensure that expenditures do not exceed budgeted amounts.

09-01: Designated Cash Exceeded Available Balance

Condition

The County budget exceeded the available balance in the following funds:

Farm and Range	17,218
Indigent Hospital Claims	142,157
DWI Grant	32,429
Mimbres Valley Learning Center	893
Law Enforcement Protection	299,267
Judicial Bond	153,438

Criteria

According to 2.2.2.10 NMCA if budgeted expenditures exceed budgeted revenues and the agency budget's cash or fund balance then that amount must not exceed the beginning fiscal year cash or fund balances.

Effect

The County budgeted expenditures that required designated cash that exceeded its beginning fund balance.

Cause

The cause of this condition appears to be inadequate monitoring of the County's budgeting procedures.

Recommendation

Budget for future years should be revised to insure all funds have adequate budget authority for appropriations. Greater attention should be given to the budget monitoring process.

Agency Response

Management will actively monitor expenditures and budgets to ensure that expenditures do not exceed budgeted amounts and budgeted expenditures do not exceed available funds.

09-02: Preparation of Financial Statements

Condition

The financial statements and related disclosures are not being prepared by the County.

Criteria

According to the American Institute of Certified Public Accountants' Statement on Auditing Standards No. 112, a system of internal control over financial reporting does not stop at the general ledger. Well designed systems include controls over financial statement preparation, including footnote disclosures.

Effect

When sufficient controls over the preparation of financial statements and related disclosures are not designed, implemented and operating effectively, an entity's ability to prevent or detect a misstatement in its financial statements is limited.

Cause

The County's personnel do not have the time and have not been adequately trained in understanding the elements of external financial reporting, including the preparation of financial statements and related footnote disclosures.

Recommendation

We recommend County management and personnel receive training on understanding the requirements of external financial reporting.

The training should include, but not be limited to:

- Selection of appropriate accounting policies:
- Governmental Accounting Standards Board (GASB).
- Generally Accepted Accounting Principles (specifically as applied to governmental units).
- Financial Accounting Standards Board (FASB).
- Understanding the financial reporting entity.
- Government wide financial statements.
- Fund financial statements.
- Notes to the financial statements.
- Required supplementary information.
- Management's discussion and analysis.
- Supplementary information required by the Office of the State Auditor.

In addition, we recommend that the County develop and implement policies and procedures designed to prevent or detect possible misstatements in its financial statements and related footnote disclosures.

Agency Response

The County accepts the recommendation and will initiate action to provide training and adopt policies and procedures to prevent and detect possible misstatements in its financial statements.

C. FINDINGS - FEDERAL AWARDS

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

Condition

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

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)

Effect

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

Cause

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

Recommendation

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

Agency Response

Management will ensure that all grant capital expenditures are included on the Asset Accountability Report.

D. STATUS OF PRIOR YEAR FINDINGS

07-04	Failure to File Related Party Disclosures	Repeat
07-05	Failure to Apply GAAP	Repeat
07-07	Failure to Certify Correctness of Asset Accountability Report	Repeat
07-08	Completion of Audit Report	Repeat
07-09	Failure to Certify Correctness of Asset Accountability Report	Repeat
08-01	Obsolete County Records	Resolved
08-02	Legal Compliance with Budget	Repeat
08-03	Failure to Submit the Required Data Collection Form	Resolved

**FOR THE YEAR ENDED JUNE 30, 2009
LUNA COUNTY**

**EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2009**

An exit conference was conducted on February 10, 2010 in a closed meeting of the County Commissioners pursuant to Section 12-6-5 NMSA, 1978 with the following individuals in attendance:

Luna County Officials

R. Javier Diaz
John Sutherland Jr.
Dora Madrid
Gloria Rodriguez
Joanne Hethcox

Chairman
County Manager
County Treasurer
Chief Deputy Treasurer
Budget and Procurement Director

Strickler & Prieto, LLP

Sandra Chiquito

Manager

Financial Statement Preparation

The County's independent public accountants prepared the accompanying financial statements; however, the County is responsible for the financial statement content.