



KRIEGEL/GRAY/SHAW & CO., P.C.

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**STATE OF NEW MEXICO
COUNTY OF LUNA**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2011

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COUNTY OF LUNA
OFFICIAL ROSTER
JUNE 30, 2011

ELECTED OFFICIALS

<u>Name</u>	<u>Title</u>
<i>R. Javier Diaz</i>	<i>Chairman</i>
<i>Joe L. "Oleo" Milo, Jr.</i>	<i>Member</i>
<i>J. Jay Spivey</i>	<i>Member</i>
<i>Karen Smyer</i>	<i>County Clerk</i>
<i>Dora Madrid</i>	<i>County Treasurer</i>
<i>Delilah Rojo</i>	<i>County Assessor</i>
<i>Raymond Cobos</i>	<i>County Sheriff</i>
<i>John Sutherland, Jr.</i>	<i>County Manager</i>
<i>Martin Miller</i>	<i>County Road Superintendent</i>

INDEPENDENT AUDITORS' REPORT

Mr. Hector H. Balderas, State Auditor and
The Mayor and County Commissioners
County of Luna
Deming, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the County of Luna (the "County"), as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County's nonmajor governmental, nonmajor enterprise, and the budgetary comparisons for the major capital project fund, major proprietary funds, and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards, generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Luna as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons of 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 and nonmajor enterprise fund of the County of Luna as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital projects fund, major proprietary funds, and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Mr. Hector H. Balderas, State Auditor and
The Mayor and County Commissioners
County of Luna
Deming, New Mexico
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In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2011 on our consideration of the County of Luna'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 4 through 12 is 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 consist 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 combining and individual fund financial statements. 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 "other supplementary information" 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.

Kriegel/Gray/Shaw & Co., P.C.

Kriegel/Gray/Shaw & Co., P.C.

November 14, 2011

COUNTY OF LUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

As management of County of Luna, we offer readers of County of Luna's financial statements this narrative overview and analysis of the financial activities of County of Luna for the fiscal year-ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the financial statements of County of Luna and additional information provided.

FINANCIAL HIGHLIGHTS

- The assets of County of Luna exceeded its liabilities at the close of the most recent fiscal year by \$44,201,165 (*net assets*). Of this amount, \$7,930,663 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Revenues for governmental activities increased by \$4,586,224 from the prior year.
- Net expenditures for governmental activities decreased \$1,379,277 from the prior year.
- As of June 30, 2011, the County's governmental funds reported combined ending fund balances of \$16,576,085.
- At the close of the current fiscal year, unassigned balance of the general fund was \$5,806,759.

Overview of the Financial Statements

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

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

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

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

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

COUNTY OF LUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental 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*.

County of Luna maintains 27 individual governmental funds organized according to their type (special revenue, debt service, 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.

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

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 Center, the Entertainment Complex, and the Columbus Import/Export Stockyards of the County.

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

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

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.

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.

COUNTY OF LUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

Analysis of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of County of Luna, net assets decreased from the prior year by \$1,513,706 to total \$44,201,165 at the close of the current fiscal year.

A large portion of County of Luna's net assets represents the County's investment of \$25,447,025 (net of accumulated depreciation) in capital assets (e.g., land improvements, buildings, infrastructure and machinery and equipment); less any related outstanding debt used to acquire those assets. County of Luna uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although, County of Luna's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of *unrestricted net assets* \$15,839,616 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, County of Luna is able to report positive balances in all categories of net assets for the government as a whole as well as for the business-type activities (except for the non-major proprietary funds which had a negative unrestricted net asset balance of (\$5,084).

Analysis of Changes in Net Assets

The County's net assets, overall, decreased by \$1,513,706 during the current fiscal year. This decrease is explained in the business-type activities discussion below, and is primarily a result of a significant decrease in detention fund revenues.

Governmental Activities. During the fiscal year, revenues in the Governmental Funds increased due to an increase in operating and capital grants as well as property taxes and state shared taxes. Total Expenditures for Governmental Activities declined during the year and total revenues exceeded total expenditures by \$6,985,982. Property taxes and state-shared taxes contributed \$12,902,942 to fund the \$6,519,949 net program expense associated with governmental activities.

Governmental revenues, the majority of which are taxes, are not directly associated with any governmental function. Property tax revenue and state shared taxes increased 31% as compared to the prior year.

Investment earnings decreased by 34% in the fiscal year ended June 30, 2011. The primary cause for this decrease was the decrease in interest rates.

Business-Type Activities. Business-type activities decreased the County's net assets by \$784,397. The key element of this decrease was due to a decline in detention fee revenue. Detention expenses declined slightly by \$164,174.

COUNTY OF LUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental Funds. The focus of County of Luna's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable resources*. Such information is useful in assessing County of Luna's financing requirements. In particular, *unassigned 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, Capital Project Funds, and Debt Service Funds.

As of the end of the current fiscal year, County of Luna's governmental funds reported combined ending fund balances of \$16,576,085, an increase of \$493,293 from the prior year. The increase is primarily due to a concerted effort to control general fund expenditures even though revenues increased.

Revenues for governmental functions overall totaled \$23,410,099, in the fiscal year ended June 30, 2011, which represents an increase of \$4,328,247 from the fiscal year ended June 30, 2010, due to significant increases in tax revenue. Expenditures for governmental functions totaled \$21,230,710. This was an increase of \$3,367,661 from the fiscal year ended June 30, 2010 due to substantial capital asset expenditures in the current year. In the fiscal year ended June 30, 2011, revenues for governmental functions exceeded expenditures by \$2,179,389.

The General Fund is the chief operating fund of County of Luna. At the end of the current fiscal year, *unassigned* fund balance of the General Fund was \$5,806,759. The fund balance of County of Luna's General Fund increased by \$1,472,067 during the current fiscal year. This increase is primarily due to a decrease in expenditures.

The Road Fund has total fund balance of \$1,222,880. The net increase in fund balance during the current year in the Road Fund was \$278,363. This increase is due primarily to decreased expenditures for road maintenance.

The County Maintenance Fund has a total fund balance of \$6,167,629. The net increase in fund balance during the current year in the County Maintenance Fund was \$92,910. This increase is due to good budgetary control on 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 total unrestricted net assets for the Proprietary Funds were \$14,471,846. The total decrease in net assets for the Proprietary Funds was \$784,397. The factors concerning the finances of these funds 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.

COUNTY OF LUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

Budgetary Highlights

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

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

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

Type	Original Budget	Final Budget	Modification	Reason
General Government	\$4,419,214	\$4,434,465	\$15,251	To provide for additional expenditures
Public Safety	3,550,574	3,552,677	2,103	To provide for additional expenditures
Public Works	685,452	703,452	18,000	To provide for additional expenditures
Capital Outlay	60,800	65,497	4,697	
Totals	\$8,716,040	\$8,756,091	\$40,051	

Budget and Actual Revenue by Source – General Fund

General government expenditures include all administrative functions of the County, which include: County Commissioners, Administration, Finance, Maintenance, Public Safety, and Road Repairs.

Capital Asset and Debt Administration

Capital Assets. County of Luna's capital assets for its governmental and business-type activities as of June 30, 2011 amount to \$35,535,067 (net of accumulated depreciation). Capital assets include land, 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 \$4,847,607 for governmental activities. The total increase in business-type capital assets (excluding accumulated depreciation) for the current fiscal year was \$17,080.

COUNTY OF LUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

Capital Assets Net of Depreciation
June 30, 2011

	Governmental Activities	Business-Type Activities	Totals
Land and Construction in Progress	\$6,032,897	\$719,714	\$6,752,611
Buildings and Improvements	13,481,537	12,879,468	26,361,005
Equipment and Furnishings	2,293,702	127,749	2,421,451
<i>Capital Assets, net of Accumulated Depreciation</i>	\$21,808,136	\$13,726,931	\$35,535,067

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 \$11,720,094. This investment includes the land, buildings, land and building improvements, equipment, construction in progress, and all applicable debt service. The total shows an increase in capital assets of \$3,474,499 from the prior fiscal year (as restated). At fiscal year end, County of Luna had a substantial amount of construction projects in progress.

The most significant construction project in progress at year end was the Port of Entry at Columbus funded with a GSA federal contract.

The additions in business-type activities total \$17,080 Equipment and Furnishings.

The County's debt decreased \$514,920 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:

	Governmental Activities	Business-type Activities	Balance as of June 30, 2011
Net Value of Capital Assets	\$21,808,136	\$13,726,931	\$35,535,067
Long-Term Debt Principal Payment:			
Judicial Complex Bond 2007A	3,909,072	0	3,909,072
Entertainment Center Bond 2007B	6,178,970	0	6,178,970
<i>Total investment in Capital Assets, net of Related Debt</i>	\$11,720,094	\$13,726,931	\$25,447,025

COUNTY OF LUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

Comparative Statements

Presented below are a Comparative Condensed Statement of Activities and a Comparative Statement of Net Assets. The County's Business-Type Activities, including the County of Luna Detention Center, the Entertainment Complex and the Columbus Livestock Import/Export Stockyards used \$784,397 of the County's net assets at the end of fiscal year 2011. Total Revenue generated by Governmental activities and Business-type activities in the County in 2011 was \$24,053,787 less than those activities generated in 2010. The primary cause of this decrease in revenue was the significant decrease in revenue generated from governmental activities in all categories. Expenses for governmental operations and for the County's business type operations also decreased during the fiscal year, resulting in an increase in Net Assets for the combined operations during the fiscal year.

Condensed Comparative Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for services	\$415,392	\$1,177,894	\$4,630,345	\$6,568,001	\$5,045,737	\$7,745,895
Operating grants and contributions	5,754,544	3,452,648	0	0	5,754,544	3,452,648
Capital grants and contributions	4,377,920	1,152,741	0	0	4,377,920	1,152,741
General Revenue:						
Property taxes	8,817,532	7,185,211	0	0	8,817,532	7,185,211
State shared taxes	4,085,410	2,616,515	0	0	4,085,410	2,616,515
Intergovernmental income	0	2,484,239	0	0	0	2,484,239
Small counties assistance	0	829,849	0	0	0	829,849
Other income	598,989	564,466	59,391	1,518	658,380	565,984
Transfers	4,000	(2,124,211)	(4,000)	2,124,211	0	0
<i>Total revenues</i>	24,053,787	17,339,352	4,685,736	8,693,730	28,739,523	26,033,082
Expenses:						
General Government	5,070,405	4,775,578	0	0	5,070,405	4,775,578
Public Safety	5,232,787	5,161,963	0	0	5,232,787	5,161,963
Public Works	2,918,094	5,395,481	0	0	2,918,094	5,395,481
Health and Welfare	2,971,830	2,581,853	0	0	2,971,830	2,581,853
Culture and Recreation	248,398	0	0	0	248,398	0
Interest on long-term debt	626,291	532,207	0	0	626,291	532,207
Business-Type activities	0	0	5,470,133	5,578,625	5,470,133	5,578,625
<i>Total expenses</i>	17,067,805	18,447,082	5,470,133	5,578,625	22,537,938	24,025,707
<i>Change in Net Assets</i>	6,985,982	(1,107,730)	(784,397)	3,115,105	6,201,585	2,007,375
Net Assets, beginning of year	28,823,643	33,659,580	16,891,228	6,729,693	45,714,871	40,389,273
Restatements	(6,080,306)	(3,728,207)	(1,634,985)	7,046,430	(7,715,291)	3,318,223
<i>Net Assets, end of year</i>	\$29,729,319	\$28,823,643	\$14,471,846	\$16,891,228	\$44,201,165	\$45,714,871

COUNTY OF LUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

Condensed Summary of Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets:						
Cash and cash equivalents	\$1,708,567	\$2,768,612	\$734,253	\$1,556,566	\$2,442,820	\$4,325,178
Investments	12,151,320	10,647,474	0	0	12,151,320	10,647,474
Receivables:						
Property taxes	2,090,380	1,414,188	0	0	2,090,380	1,414,188
Account	0	0	0	1,026,255	0	1,026,255
Grant	1,694,114	96,140	0	0	1,694,114	96,140
Other	179,540	464,771	0	0	179,540	464,771
Internal balances	11,447	11,447	(11,447)	0	0	11,447
Due from other governments	967,890	416,436	392,934	113,206	1,360,824	529,642
Inventory	321,027	263,787	0	0	321,027	263,787
Restricted cash	742,712	0	0	0	742,712	0
Due from external sources	0	0	3,421	0	3,421	0
Capital assets	0	0	0	0	0	0
Land and Assets net of accumulated depreciation	21,808,136	25,325,848	13,726,931	14,864,620	35,535,067	40,190,468
Total assets	\$41,675,133	\$41,408,703	\$14,846,092	\$17,560,647	\$56,521,225	\$58,969,350
Liabilities and Net Assets:						
Accounts payable	\$1,313,856	\$652,778	\$95,225	\$246,570	\$1,409,081	\$899,348
Accrued salaries	86,903	398,245	41,212	185,736	128,115	583,981
Interest payable	0	250,429	0	0	0	250,429
Bank overdrafts	0	60,062	0	22,968	0	83,030
Due to other funds	0	5,664	0	11,445	0	17,109
Non-Current Liabilities:						
Compensated Absences						
Due within one year	15,579	153,728	0	50,675	15,579	204,403
Due after one year	441,434	461,184	237,809	152,025	679,243	613,209
Loans Payable						
Due within one year	0	270,000	0	0	0	270,000
Due after one year	10,088,042	10,332,970	0	0	10,088,042	10,332,970
Total liabilities	11,945,814	12,585,060	374,246	669,419	12,320,060	13,254,479
Net Assets:						
Invested in capital assets, net of related debt	11,720,094	14,722,878	13,726,931	14,864,620	25,447,025	29,587,498
Restricted for						
Road inventory	321,027	263,787	0	0	321,027	263,787
Debt service	948,517	0	0	0	948,517	0
Other purposes	1,644,980	0	0	0	1,644,980	0
Unrestricted	15,094,701	13,836,978	744,915	2,026,608	15,839,616	15,863,586
Total net assets	29,729,319	28,823,643	14,471,846	16,891,228	44,201,165	45,714,871
Total liabilities and net assets	\$41,675,133	\$41,408,703	\$14,846,092	\$17,560,647	\$56,521,225	\$58,969,350

COUNTY OF LUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

The County's Total Assets decreased during the fiscal year, and Total Liabilities increased. Total Net Assets decreased during the year. The County of Luna's financial position has declined slightly due to the continuing economic downturn being experienced nationwide.

Contingencies

Bonds outstanding as June 30, 2011 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 these bonds, see Note 7.

Economic Factors and Next Year's Budgets and Rates

County of Luna has been affected by the same economic forces at play in the national economy. Unemployment in the County is at high levels although gross receipts tax revenues have increased. Management has been prudently cautious in developing the operating budget for the County for fiscal year 2012. The Board of County Commissioners through very careful attention to budget development and strict budget management and expenditure control has been able to provide some funds for capital renewal and replacement in its 2012 fiscal year budget. In fiscal 2011, the County undertook a thorough review of its priorities, staffing, compensation, projects, and programs with a focus on driving efficiency and effectiveness in its operations, resulting in reduced costs for 2011 and expected further reductions in 2012.

Requests for Information

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

COUNTY OF LUNA
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and cash equivalents	\$1,708,567	\$734,253	\$2,442,820
Investments	12,151,320	0	12,151,320
Receivables:			
Property taxes	2,090,380	0	2,090,380
Grant	1,694,114	0	1,694,114
Accounts	179,540	0	179,540
Internal balances	11,447	(11,447)	0
Due from other governments	967,890	392,934	1,360,824
Inventory	321,027	0	321,027
Restricted cash	742,712	0	742,712
Due from external sources	0	3,421	3,421
Capital Assets:			
Land and assets net of accumulated depreciation	21,808,136	13,726,931	35,535,067
<i>Total assets</i>	41,675,133	14,846,092	56,521,225
LIABILITIES			
Accounts payable	1,313,856	95,225	1,409,081
Accrued salaries	86,903	41,212	128,115
Bank overdraft			
Noncurrent Liabilities:			
Compensated absences:			
Due within one year	15,579	0	15,579
Due after one year	441,434	237,809	679,243
Loans payable:			
Due within one year	0	0	0
Due after one year	10,088,042	0	10,088,042
<i>Total liabilities</i>	11,945,814	374,246	12,320,060
NET ASSETS			
Invested in capital assets, net of related debt	11,720,094	13,726,931	25,447,025
Non expendable inventory	321,027	0	321,027
Restricted for:			
Debt service	948,517	0	948,517
Other purposes	1,644,980	0	1,644,980
Unrestricted	15,094,701	744,915	15,839,616
<i>Total net assets</i>	29,729,319	14,471,846	44,201,165
Total liabilities and net assets	\$41,675,133	\$14,846,092	\$56,521,225

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating	Capital	Primary Government		Total
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	
Primary Government							
Governmental Activities:							
General government	\$5,070,405	\$399,932	\$270,046	\$3,183,454	(\$1,216,973)	\$0	(\$1,216,973)
Public safety	5,232,787	0	1,790,411	536,886	(2,905,490)	0	(2,905,490)
Public works	2,918,094	0	616,207	187,244	(2,114,643)	0	(2,114,643)
Health and welfare	2,971,830	15,460	3,051,030	470,336	564,996	0	564,996
Culture and recreation	248,398	0	26,850	0	(221,548)	0	(221,548)
Interest on long-term debt	626,291	0	0	0	(626,291)	0	(626,291)
Total governmental activities	17,067,805	415,392	5,754,544	4,377,920	(6,519,949)	0	(6,519,949)
Business-Type Activities:							
Detention Facility	5,023,174	4,455,361	0	0	0	(567,813)	(567,813)
Entertainment Complex	223,508	14,499	0	0	0	(209,007)	(209,007)
Columbus Stockyard	223,453	160,485	0	0	0	(62,968)	(62,968)
Total business-type activities	5,470,133	4,630,345	0	0	0	(839,788)	(839,788)
Total primary government	\$22,537,938	\$5,045,737	\$5,754,544	\$4,377,920	(\$6,519,949)	(\$839,788)	(\$7,359,737)

General Revenues

Property taxes	\$8,817,532	\$0	\$8,817,532
State shared taxes	4,085,410	0	4,085,410
Interest income	144,462	6,070	150,532
Other income	454,527	53,321	507,848
Transfers in (out)	4,000	(4,000)	0
Total general revenues	13,505,931	55,391	13,561,322
Change in net assets	6,985,982	(784,397)	6,201,585
Net assets, beginning of year	28,823,643	16,891,228	45,714,871
Restatements	(6,080,306)	(1,634,985)	(7,715,291)
Net assets, beginning of year, as restated	22,743,337	15,256,243	37,999,580
Net assets, end of year	\$29,729,319	\$14,471,846	\$44,201,165

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
GOVERNMENTAL FUNDS
BALANCE SHEETS
JUNE 30, 2011

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Road Fund	County Maintenance		
ASSETS					
Cash and cash equivalents	(\$1,392,115)	\$815,189	\$807,858	\$1,477,635	\$1,708,567
Investments	7,073,196	0	5,078,124	0	12,151,320
Receivables:					
Due from other governments	137,182	88,885	0	741,823	967,890
Property taxes	1,875,330	215,050	0	0	2,090,380
Grants	63,015	0	1,265,139	365,960	1,694,114
Accounts receivable	0	0	60,416	119,124	179,540
Due from other funds	11,447	0	0	51,683	63,130
Inventory	0	321,027	0	0	321,027
Restricted cash and cash equivalents	0	0	0	742,712	742,712
Total assets	\$7,768,055	\$1,440,151	\$7,211,537	\$3,498,937	\$19,918,680
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$144,393	\$20,231	\$950,998	\$198,234	\$1,313,856
Accrued salaries	61,781	10,326	0	14,796	86,903
Accrued - Compensated absences	15,579	0	0	0	15,579
Bank overdraft	0	0	0	0	0
Interest payable	0	0	0	0	0
Due to other funds	51,683	0	0	0	51,683
Deferred revenue	1,687,860	186,714	0	0	1,874,574
Total liabilities	1,961,296	217,271	950,998	213,030	3,342,595
Fund Balance:					
Nonspendable	0	321,027	0	0	321,027
Restricted	0	0	0	2,593,497	2,593,497
Committed	0	0	0	474,937	474,937
Assigned	0	901,853	6,260,539	271,624	7,434,016
Unassigned	5,806,759	0	0	(54,151)	5,752,608
Total fund balance	5,806,759	1,222,880	6,260,539	3,285,907	16,576,085
Total liabilities and fund balance	\$7,768,055	\$1,440,151	\$7,211,537	\$3,498,937	\$19,918,680

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
RECONCILIATION OF THE FUND BALANCE OF GOVERNMENTAL FUNDS
TO GOVERNMENTAL ACTIVITIES NET ASSETS
JUNE 30, 2011

FUND BALANCE of Governmental Funds	\$16,576,085
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	21,808,136
Certain assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	1,874,574
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	(10,529,476)
<i>Net assets of governmental activities</i>	<i>\$29,729,319</i>

COUNTY OF LUNA
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Road Fund	County Maintenance		
REVENUES					
Property taxes	\$6,999,801	\$731,687	\$0	\$446,356	\$8,177,844
State shared taxes	1,209,462	1,022,033	0	1,853,914	4,085,409
Small counties assistance	143,000	0	0	0	143,000
Intergovernmental	414,746	416,546	177,028	1,608,378	2,616,698
Charges for services	315,719	3,375	0	96,298	415,392
Federal grants	189,439	0	3,653,790	1,807,915	5,651,144
Interest income	79,916	4,569	56,767	3,210	144,462
State grants	45,604	0	187,244	703,366	936,214
Other grants	0	0	785,408	0	785,408
Bond proceeds	0	0	0	0	0
Rental income	99,780	0	0	0	99,780
Other income	271,368	24,938	25,110	33,332	354,748
<i>Total revenues</i>	<u>9,768,835</u>	<u>2,203,148</u>	<u>4,885,347</u>	<u>6,552,769</u>	<u>23,410,099</u>
EXPENDITURES					
Current:					
General government	3,829,432	0	365,122	101,820	4,296,374
Public safety	3,007,351	0	0	1,709,461	4,716,812
Public works	652,870	1,924,785	175,959	87,048	2,840,662
Health and welfare	0	0	21,853	2,774,200	2,796,053
Culture and recreation	0	0	142,638	100,000	242,638
Debt Service					
Principal	0	0	0	550,000	550,000
Interest expense	0	0	0	591,219	591,219
Capital outlay	49,703	0	4,016,564	1,130,685	5,196,952
<i>Total expenditures</i>	<u>7,539,356</u>	<u>1,924,785</u>	<u>4,722,136</u>	<u>7,044,433</u>	<u>21,230,710</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,229,479</u>	<u>278,363</u>	<u>163,211</u>	<u>(491,664)</u>	<u>2,179,389</u>
Other Financing Sources (Uses):					
Operating transfers in (out)	(757,412)	0	(70,301)	831,713	4,000
<i>Total other financing sources (uses)</i>	<u>(757,412)</u>	<u>0</u>	<u>(70,301)</u>	<u>831,713</u>	<u>4,000</u>
<i>Net changes in fund balances</i>	<u>1,472,067</u>	<u>278,363</u>	<u>92,910</u>	<u>340,049</u>	<u>2,183,389</u>
Fund balance - beginning of year	4,334,692	944,517	6,167,629	2,033,953	13,480,791
Fund balance - restatement	0	0	0	911,905	911,905
<i>Fund balance - beginning of year, restated</i>	<u>4,334,692</u>	<u>944,517</u>	<u>6,167,629</u>	<u>2,945,858</u>	<u>14,392,696</u>
Fund balance - end of year	\$5,806,759	\$1,222,880	\$6,260,539	\$3,285,907	\$16,576,085

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Net change in fund balances - Governmental Funds	\$2,183,389
 Amounts 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 outlay of \$4,847,607 exceeded depreciation expense of \$1,373,108 in the current period.	3,474,499
Property taxes are deferred in the funds based on available and measurable criteria. In the Statement of Activities they are recorded as revenue.	639,688
Repayment of bond principal is an expenditure in the governmental funds but reduce the liability in the statement of net assets.	514,928
Disposition of capital assets	
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.	173,478
<i>Change in net assets of governmental activities</i>	\$6,985,982

COUNTY OF LUNA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Taxes	\$6,836,457	\$6,836,457	\$7,076,444	\$239,987
State shared taxes	1,135,000	1,135,000	1,191,567	56,567
Small counties assistance	140,000	140,000	143,000	3,000
Intergovernmental revenue	453,600	453,600	515,998	62,398
Charges for services	96,350	96,350	319,116	222,766
Interest income	70,000	70,000	89,270	19,270
Federal grants	326,000	326,000	155,157	(170,843)
State grants	29,400	29,400	26,436	(2,964)
Other income	161,680	161,680	309,808	148,128
Total revenues	9,248,487	9,248,487	9,826,796	578,309
EXPENDITURES				
Current:				
General government	4,419,214	4,434,465	3,977,746	456,719
Public safety	3,550,574	3,552,677	3,219,342	333,335
Public works	685,452	703,452	671,669	31,783
Capital outlay	60,800	65,497	27,826	37,671
Total expenditures	8,716,040	8,756,091	7,896,583	859,508
<i>Excess (deficiency) of revenues over expenditures</i>	532,447	492,396	1,930,213	1,437,817
Other Financing Sources (Uses):				
Operating transfers in (out)	(757,412)	(757,412)	(757,412)	0
Total other financing sources (uses)	(757,412)	(757,412)	(757,412)	0
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(224,965)	(265,016)	<u>\$1,172,801</u>	<u>\$1,437,817</u>
Budgeted cash carryover	224,965	265,016		
	\$0	\$0		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$1,172,801
Adjustments for revenue accruals	(57,961)
Adjustments for expenditures accruals	357,227
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$1,472,067</u>

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA

ROAD FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
State shared taxes	\$1,025,000	\$1,025,000	\$1,022,663	(\$2,337)
Intergovernmental revenue	86,481	86,481	86,481	0
Charges for services	1,234,965	1,234,965	1,036,791	(198,174)
Interest income	2,600	2,600	4,569	1,969
Federal grants	0	0	0	0
State grants	0	0	0	0
Other revenue	4,500	4,500	24,937	20,437
<i>Total revenues</i>	<u>2,353,546</u>	<u>2,353,546</u>	<u>2,175,441</u>	<u>(178,105)</u>
EXPENDITURES				
Current:				
Public works	2,150,660	2,161,425	2,041,847	119,578
<i>Total expenditures</i>	<u>2,150,660</u>	<u>2,161,425</u>	<u>2,041,847</u>	<u>119,578</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>\$202,886</u>	<u>\$192,121</u>	<u>\$133,594</u>	<u>(\$58,527)</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$133,594
Adjustments for revenue accruals	27,707
Adjustments for expenditures accruals	117,062
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$278,363</u>

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
PROPRIETARY FUNDS
STATEMENT OF FUND NET ASSETS
JUNE 30, 2011

	Detention Center	Entertainment Complex	Non Major Funds	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$719,587	\$14,500	\$166	\$734,253
Accounts receivable	0	0	0	0
Due from other governments	392,934	0	0	392,934
Due from external sources	3,421	0	0	3,421
<i>Total current assets</i>	<u>1,115,942</u>	<u>14,500</u>	<u>166</u>	<u>1,130,608</u>
Non-Current Assets				
Capital assets	7,388,174	9,415,230	19,975	16,823,379
Accumulated depreciation	(2,659,263)	(428,386)	(8,799)	(3,096,448)
<i>Total non-current assets</i>	<u>4,728,911</u>	<u>8,986,844</u>	<u>11,176</u>	<u>13,726,931</u>
Total assets	<u>\$5,844,853</u>	<u>\$9,001,344</u>	<u>\$11,342</u>	<u>\$14,857,539</u>
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable	\$93,449	\$0	\$1,776	\$95,225
Accrued salaries	40,298	0	914	41,212
Due to other funds	11,447	0	0	11,447
Long-term accrued compensated absences	235,249	0	2,560	237,809
<i>Total liabilities</i>	<u>380,443</u>	<u>0</u>	<u>5,250</u>	<u>385,693</u>
Net Assets:				
Invested in capital assets	4,728,911	8,986,844	11,176	13,726,931
Unrestricted	735,499	14,500	(5,084)	744,915
<i>Total net assets</i>	<u>5,464,410</u>	<u>9,001,344</u>	<u>6,092</u>	<u>14,471,846</u>
Total liabilities and net assets	<u>\$5,844,853</u>	<u>\$9,001,344</u>	<u>\$11,342</u>	<u>\$14,857,539</u>

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Detention Center	Entertainment Complex	Non Major Funds	Total
OPERATING REVENUES				
Cattle crossing revenue	\$0	\$0	\$160,485	\$160,485
Starmax revenues	0	14,499	0	14,499
Correction fees	314,606	0	0	314,606
Adult prisoner fees	3,873,651	0	0	3,873,651
Juvenile prisoner fees	267,104	0	0	267,104
Miscellaneous revenue	5,629	0	47,692	53,321
<i>Total operating revenues</i>	4,460,990	14,499	208,177	4,683,666
OPERATING EXPENDITURES				
Personnel expenses	2,884,148	0	123,342	3,007,490
Depreciation	208,928	223,506	2,853	435,287
Other operating costs	1,930,098	0	97,258	2,027,356
<i>Total operating expenditures</i>	5,023,174	223,506	223,453	5,470,133
<i>Operating income (loss)</i>	(562,184)	(209,007)	(15,276)	(786,467)
NON-OPERATING REVENUES (EXPENSES)				
Interest revenue	6,070	0	0	6,070
<i>Net income (loss) before transfers</i>	(556,114)	(209,007)	(15,276)	(780,397)
Operating transfers in (out)	(40,000)	(4,000)	40,000	(4,000)
<i>Change in net assets</i>	(596,114)	(213,007)	24,724	(784,397)
Total net assets, beginning of year	7,252,557	9,652,195	(13,524)	16,891,228
Restatement	(1,192,033)	(437,844)	(5,108)	(1,634,985)
Total net assets, beginning of year, as restated	6,060,524	9,214,351	(18,632)	15,256,243
<i>Total fund net assets, end of year</i>	\$5,464,410	\$9,001,344	\$6,092	\$14,471,846

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
PROPRIETARY FUND TYPES
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Detention Center	Entertainment Complex	Nonmajor Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$5,088,196	\$14,499	\$210,871	\$5,313,566
Cash payments to suppliers for goods and services	(2,080,227)	0	(124,100)	(2,204,327)
Cash payments to employees for services	(2,990,300)	0	(126,605)	(3,116,905)
<i>Net cash provided (used) by operating activities</i>	17,669	14,499	(39,834)	(7,666)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:				
Net transfers in (out)	(40,000)	(4,000)	40,000	(4,000)
<i>Net cash provided (used) by non-capital and related financing activities</i>	(40,000)	(4,000)	40,000	(4,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(17,080)	0	0	(17,080)
<i>Net cash provided (used) by capital and related financing activities</i>	(17,080)	0	0	(17,080)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income	6,071	0	0	6,071
<i>Net cash provided (used) by investing activities</i>	6,071	0	0	6,071
<i>Net increase (decrease) in cash</i>	(33,340)	10,499	166	(22,675)
Cash and cash equivalents, beginning of year	752,927	0	0	752,927
<i>Cash and cash equivalents, end of year</i>	\$719,587	\$10,499	\$166	\$730,252
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	(\$562,184)	(\$209,007)	(\$15,276)	(\$786,467)
Depreciation	208,929	223,506	2,853	435,288
Receivables	627,206	0	2,694	629,900
Accrued payroll expenses	(106,152)	0	(3,263)	(109,415)
Accounts payable	(150,130)	0	(26,842)	(176,972)
<i>Net cash provided (used) by operating activities</i>	\$17,669	\$14,499	(\$39,834)	(\$7,666)

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
JUNE 30, 2011

	Agency Funds
ASSETS	
Cash and temporary investments	\$187,842
Receivables:	
Property taxes	2,628,399
Due from inmates	1,610
<hr/>	
Total assets	\$2,817,851
<hr/>	
LIABILITIES	
Due to inmates	\$6,230
Due to Luna County	3,421
Due to others	60,560
Due to other governments	2,698,077
Prepaid taxes	1,333
Overpayment of taxes	850
Taxes paid in advance	17,360
Due to taxpayers	30,020
<hr/>	
Total liabilities	\$2,817,851
<hr/>	

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government 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 reported 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.

Reporting Entity

In evaluating how to define the County, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the 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 County and/or its citizens, or whether the activity is conducted within the geographic boundaries of the County and is generally available to 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 County is able to exercise oversight responsibilities. Based upon the application of these criteria, the County has no component units, and is not a component unit of another governmental agency.

Basis of Presentation

Government-Wide 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.

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 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.

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 are 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 resources.

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

Under the requirements of GASB No. 34, the County is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund), which includes funds that 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 public roads as authorized by NMSA 1978 Section 7-24A-5.

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

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The County reports the following business-type funds:

The Detention Center Fund accounts for the operation and maintenance of the Detention Facility for the County.

The Entertainment Complex Fund to account for the receipts for the capital improvements to the Entertainment Complex.

The Columbus Stockyard Fund to account for the receipts generated at the border from Mexico for the crossing of cattle and livestock.

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 financial statements 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 amount 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.

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10 and April 10. Property taxes uncollected after November 10 and April 10 are considered delinquent and the County may assess penalties and interest. The taxes attached as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent.

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits and Investments

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

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

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

Inventories and Prepaid Items

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

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 asset 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.

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 no limitation on initial or individual cost. The New Mexico Audit Act (Section 12-6-10 NMSA 1978) requires agencies to capitalize only chattels and equipment that cost over \$5,000 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. County of Luna was a phase III government for purpose of implementing GASB 34 and therefore, was not required to record infrastructure assets retroactively back to fiscal years ending after June 30, 1980. However, County of Luna is required to record infrastructure assets on a prospective basis beginning with fiscal year ended June 30, 2004. There were no infrastructure assets placed in service during the fiscal year ended June 30, 2011. 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 asset 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, 2011, 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 extended 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.

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Paid time off is the component of accrued compensate 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 an 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 \$692,262 as of June 30, 2011. Of the total, \$235,249 is related to Business-Type Activities – Detention Center and \$2,560 to Business-Type Activities – Columbus Stockyard.

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.

Subsequent Events

Management has evaluated events through November 14, 2011, the date the financial statements were available to be issued.

NOTE 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 year.

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

The budget 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 Fund, 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 disclosure, as part of the basic financial statements, of certain information concerning individual funds including:

- A. Deficit fund balance of individual funds:
 - Columbus Stockyards (\$10,091)
 - DWI Grant (\$37,590)
 - Healing House (\$16,561)

- B. Designated cash appropriations in excess of available balances:
 - Ambulance (\$4,963)
 - Community Health and Social Services (\$25,075)
 - Fire Protection (\$261,270)
 - Healing House (\$312,364)
 - DWI Grant (\$120,345)
 - Healthy Start Initiative (\$94,297)
 - Indigent Hospital Claims (\$63,579)
 - Law Enforcement Protection (\$298,186)
 - Recording Fees (\$22,371)
 - Sirilli Institute (\$168,399)
 - County Maintenance Fund (\$33,340)
 - Detention Center Fund

C. Excess of fund actual expenditures over budget:

<u>Fund</u>	<u>Budget Amount</u>	<u>Actual Amount</u>	<u>Over Expended</u>
Columbus Stockyards	\$152,799	\$157,792	\$4,993
Community Health and Social Services	\$117,143	\$122,775	\$5,632
Fire Protection 1/4% GRT	\$308,555	\$311,894	\$3,339

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 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, 2011.

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, 2011, 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	\$405	\$0	\$405
First New Mexico Bank	4,333,259	(1,461,726)	2,871,533
Wells Fargo Bank	501,436	0	501,436
<i>Total cash deposits</i>	<u>\$4,835,100</u>	<u>(\$1,461,726)</u>	<u>\$3,373,374</u>

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

Cash and cash equivalents	\$2,442,820
Restricted cash and cash equivalents	742,712
Agency funds	187,842
<i>Statement of net assets</i>	<u>\$3,373,374</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).

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

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, 2011, \$0 of the County's bank balances of \$4,834,695 were exposed to custodial credit risk as follows:

	First New Mexico Bank	Wells Fargo Bank	Total
Year ended June 30, 2011			
Total amount of deposits	\$4,333,259	\$501,436	\$4,834,695
FDIC Coverage	(1,208,364)	(250,000)	(1,458,364)
<i>Total uninsured public funds</i>	3,124,895	251,436	3,376,331
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the County's name	4,425,013	295,805	4,720,818
<i>Over collateralization</i>	\$1,300,118	\$44,369	\$1,344,487
Collateral requirement (50% of uninsured public funds)	\$1,562,447	\$125,718	\$1,652,165
Pledged securities	4,425,013	295,805	4,720,818
<i>Over (under) collateralization</i>	\$2,862,566	\$170,087	\$3,068,653

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. The FDIC has temporarily extended unlimited coverage for non-interest bearing accounts through December 31, 2012.

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

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 investment 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 oversight repurchase accounts invested with the institution. At June 30, 2011, the County's investment balances were exposed to custodial credit risk as follows:

Investment Type	Credit Risk Rating	Fair Value	Weighted Average Maturity (Days)
Certificates of Deposit	N/A	\$3,550,631	
Federal Home Loan Bank	N/A	2,562,721	
US Treasury Notes	N/A	1,027,638	
Federal National Mortgage Assoc.	N/A	503,172	
Local Government Investment Pool	AAAm	12,137	36
Freddie Mac	N/A	2,985,303	
Federal Farm Credit Bank Bonds	N/A	1,002,108	
Money Market Accounts	N/A	507,610	
<i>Total fair value</i>		\$12,151,320	

Portfolio weighted average maturity

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 6-10-10.1 F, 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 AAAM by Standard and Poor's and has a weighted average maturity of 50 days at June 30, 2011. Participation in the LGIP is voluntary.

LGIP's remaining position in the Reserve Primary Fund was transferred to the Reserve Contingency Fund. Therefore, the balance in the LGIP Reserve Contingency fund reflects the County's remaining pro rata share of the LGIP's investment in the Reserve Primary Fund. The Reserve Contingency Fund, which is not rated, is a non-performing asset, and as such, a WAM cannot be calculated. The New Mexico State Treasurer's Office has no information about timing nor amounts of potential future distributions. As a result, the State Treasurer's Office cannot anticipate what the actual loss to the LGIP from the Reserve Primary Fund may be or when the actual loss may be realized. No actual loss has been realized to date.

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

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 Manger 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.

Concentration of Credit Risk. The County’s investment policy places no limit on the amounts the County may invest in anyone issuer. 7.7% of the County’s investments are in money market funds. The County’s investments in U.S. agencies total 7% with the Federal Home Loan Bank, 34.6% with the U.S. Treasury 42.7% with Freddie Mac, and 7.9% with the Federal National Mortgage Association and the remainder of .1 % is invested in the Local Government Investment Pool.

NOTE 4. INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

Interfund Transactions

There are transactions that constitute reimbursements to a fund for expenditures initially expended from one fund that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditure in the fund that is reimbursed.

Interfund payables and receivables are reflected in the appropriate fund.

<u>Interfund Transfers In (Out)</u>	Transfers Out					Totals
	General Fund	Governmental Funds	Nonmajor Funds	Detention Fund	County Maintenance	
Transfers In:						
General fund	\$0	\$0	\$0	\$18,000	\$0	\$18,000
County maintenance	0	6,058	0	0	4,000	10,058
Nonmajor governmental funds	775,412	213,940	0	62,360	0	1,051,712
Nonmajor proprietary funds	0	0	40,000	0	0	40,000
Totals	\$775,412	\$219,998	\$40,000	\$80,360	\$4,000	\$1,119,770

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4. INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS (CONTINUED)

<u>Due From (to) Other Funds</u>	<u>Due To:</u>			Totals
	General Fund	Fiduciary Funds	Detention Fund	
Due From:				
General fund	\$0	\$0	\$11,447	\$11,447
Nonmajor governmental funds	51,683	0	0	51,683
Detention fund	0	3,421	0	3,421
Totals	\$51,683	\$3,421	\$11,447	\$66,551

NOTE 5. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2011 is as follows:

	Balance June 30, 2010	Restatements	Additions	Retirements	Transfers	Balance June 30, 2011
Governmental Activities:						
Capital assets not being depreciated						
Land	\$1,624,325	\$196,707	\$0	\$0	\$0	\$1,821,032
Construction in progress	0	918,722	4,192,358	0	(899,215)	4,211,865
Total capital assets not being depreciated	1,624,325	1,115,429	4,192,358	0	(899,215)	6,032,897
Capital assets being depreciated						
Buildings	23,128,835	(8,288,748)	247,845	0	899,215	15,987,147
Equipment and furnishings	9,566,793	(123)	407,404	0	0	9,974,074
Total capital assets being depreciated	32,695,628	(8,288,871)	655,249	0	899,215	25,961,221
Less accumulated depreciation for:						
Buildings	(2,187,842)	137,981	(455,749)	0	0	(2,505,610)
Equipment and furnishings	(6,806,263)	43,250	(917,359)	0	0	(7,680,372)
Total accumulated depreciation	(8,994,105)	181,231	(1,373,108)	0	0	(10,185,982)
Governmental activities capital assets, net	\$25,325,848	(\$6,992,211)	\$3,474,499	\$0	\$0	\$21,808,136

Depreciation expense for the year ended June 30, 2011 was charged to the following functions and funds:

General Government	\$473,260
Public Safety	529,853
Public Works	143,354
Health and Welfare	220,881
Culture and Recreation	5,760
	\$1,373,108

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5. CAPITAL ASSETS (CONTINUED)

	Balance					Balance
	June 30, 2010	Restatements	Additions	Retirements	Transfers	June 30, 2011
Business-Type Activities:						
Capital assets not being depreciated						
Land	\$244,714	\$475,000	\$0	\$0	\$0	\$719,714
<i>Total capital assets not being depreciated</i>	<i>244,714</i>	<i>475,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>719,714</i>
Capital assets being depreciated						
Buildings	16,289,079	(1,103,375)	0	0	0	15,185,704
Equipment and furnishings	1,137,103	(236,222)	17,080	0	0	917,961
<i>Total capital assets being depreciated</i>	<i>17,426,182</i>	<i>(1,339,597)</i>	<i>17,080</i>	<i>0</i>	<i>0</i>	<i>16,103,665</i>
Less accumulated depreciation for:						
Buildings	(2,043,613)	142,279	(404,902)	0	0	(2,306,236)
Equipment and furnishings	(762,663)	2,837	(30,386)	0	0	(790,212)
<i>Total accumulated depreciation</i>	<i>(2,806,276)</i>	<i>145,116</i>	<i>(435,288)</i>	<i>0</i>	<i>0</i>	<i>(3,096,448)</i>
Governmental activities capital assets, net	\$14,864,620	(\$719,481)	(\$418,208)	\$0	\$0	\$13,726,931

Depreciation expense for business-type activities for the year ended June 30, 2011 was \$435,288.

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6. LONG-TERM DEBT

Governmental Activities: During the year ended June 30, 2011, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Due Within One Year
Judicial Bond 2007A	\$4,141,468	\$0	(\$232,396)	\$3,909,072	\$0
Entertainment Complex 2007B	6,461,502	0	(282,532)	6,178,970	0
Compensated absences	614,912	340,770	(498,669)	457,013	15,579
<i>Total primary government</i>	\$11,217,882	\$340,770	(\$1,013,597)	\$10,545,055	\$15,579

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 will be satisfied by payments from the General Fund.

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:

Years Ending June 30,	Interest Rate	Principal	Interest	Total
2012 (Paid July 1 payment June 30, 2011)	3.600%	\$0	\$82,625	\$82,625
2013	3.650%	125,000	162,969	287,969
2014	3.650%	130,000	158,315	288,315
2015	3.650%	135,000	153,445	288,445
2016	3.750%	140,000	148,322	288,322
2017-2021	3.850%-4.000%	785,000	655,394	1,440,394
2022-2026	4.000%-4.200%	960,000	480,840	1,440,840
2027-2031	4.200%-4.450%	1,175,000	255,319	1,430,319
2032-2033	4.450%	545,000	24,586	569,586
Discount remaining		(85,928)	-	(85,928)
		\$3,909,072	\$2,121,815	\$6,030,887

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6. LONG-TERM DEBT (CONTINUED)

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>
2012	5.200%	\$0	\$189,597	\$189,597
2013	5.250%	165,000	374,862	539,862
2014	5.300%	175,000	365,893	540,893
2015	5.350%	185,000	356,307	541,307
2016	5.450%	195,000	346,045	541,045
2017-2021	5.520%-6.000%	1,145,000	1,549,935	2,694,935
2022-2026	6.000%	1,535,000	1,157,850	2,692,850
2027-2031	6.000%	2,055,000	622,650	2,677,650
2032-2033	6.000%	1,000,000	60,900	1,060,900
Discount remaining		(276,030)	0	(276,030)
		\$6,178,970	\$5,024,039	\$11,203,009

Business-Type Activities: During the year ended June 30, 2011, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>June 30, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2011</u>	<u>One Year</u>
Compensated absences	\$202,700	\$169,415	(\$134,306)	\$237,809	\$0

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

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7. 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, 2010 through June 30, 2011, the premiums paid were \$546,896. 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.

NOTE 8. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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

Funding Policy. Plan members are required to contribute 10.37% (ranges from 4.0% to 16.65% depending upon the plan - i.e., state general, state hazardous duty, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officer) of their gross salary. The County of Luna is required to contribute 10.75% (ranges from 7.0% to 25.72% depending upon the plan) of the gross covered salary. The contribution requirements of plan members and the (name of employer) are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The County of Luna's contributions to PERA for the fiscal years ending June 30, 2011, 2010 and 2009 were \$1,311,537, \$1,482,208, and \$1,389,462.

Funding Policy. Effective July 1, 2009 through June 30, 2011, plan members were required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually were required to contribute 9.4% of their gross salary. The County of Luna was required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 10.9% of the gross covered salary of employees earning more than \$20,000 annually. Effective July 1, 2011 plan members are required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually are required to contribute 11.15% of their gross salary. The County of Luna is required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 9.15% of the gross covered salary of employees earning more than \$20,000 annually. The contribution requirements of plan members and the County of Luna are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The County of Luna's contributions to ERB for the fiscal years ending June 30, 2011, 2010, 2009, were \$1,311,537, \$1,482,208, and \$1,389,462, respectively, which equal the amount of the required contributions for each fiscal year.

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 9. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

Plan Description. County of Luna contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee was required to contribute .833% of their salary. In the fiscal years ending June 30, 2012 and June 30, 2013 the contribution rates for employees and employers will rise as follows:

- (1) For employees who are not members of an enhanced retirement plan the contribution rates will be:

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

Also, employers joining the program after 1/1/98 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The County of Luna's contributions to the RHCA for the years ended June 30, 2011, 2010 and 2009 were \$130,618, \$94,808 and \$109,271, respectively, which equal the required contributions for each year.

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10. 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, 2011, 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.

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 11. FUND BALANCE CLASSIFICATIONS

The County has defined fund balance classifications for governmental funds as follows:

Nonspendable Fund Balance – includes amounts that by their nature are not expendable such as inventories, prepaids and long-term notes receivable.

Restricted Fund Balance – includes amounts that have constraints placed on their use which are:

externally imposed by:

- Creditors (such as debt covenants)
- Grantors
- Contributors
- Laws or regulations of other governments (state and federal)

OR

imposed by law through constitutional provisions or enabling legislation.

Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purpose stipulated in the legislation. Legal enforceability means that a government can be compelled by an external party – such as citizens, public interest groups, or the judiciary - to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolution of the County's Commission. These committed amounts cannot be used for any other purposes unless the government removes or changes the specified use by resolution (the same type of action taken to commit the funds).

Assigned Fund Balance – includes amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the County Commission, a finance or budget committee, or the County Manager to which the Commission has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance – includes amounts in the General Fund that have not been classified in any other fund balance category noted above.

Hierarchy of Application of Expenditures

The County will apply restricted resources first when an expenditure is incurred for which both restricted and unrestricted fund balance or net assets is available.

The County will apply committed resources first, then assigned, then unassigned when an expenditure is incurred for which amounts in any of these unrestricted fund balance classifications could be used.

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 11. FUND BALANCE CLASSIFICATIONS (CONTINUED)

The classification of governmental fund balances are as follows:

	General Fund	Major Special Revenue Fund Road	Major Capital Projects Fund County Maintenance	Other Funds	Total
Fund Balances:					
Nonspendable:					
Inventory	\$0	\$321,027	\$0	\$0	\$321,027
Restricted for:					
Ambulance services	0	0	0	364,235	364,235
Health and social services	0	0	0	121,321	121,321
DWI screening and treatment	0	0	0	35,995	35,995
Conservation and range control	0	0	0	14,847	14,847
Fire protection	0	0	0	65,899	65,899
Health services	0	0	0	246,869	246,869
Indigent claims – health	0	0	0	145,678	145,678
Recycling	0	0	0	515	515
Law enforcement	0	0	0	166,936	166,936
Education	0	0	0	124,587	124,587
Recreation	0	0	0	143	143
Reappraisals	0	0	0	169,294	169,294
Volunteer fire services	0	0	0	188,661	188,661
Debt service	0	0	0	948,517	948,517
Committed To:					
Capital projects	0	0	0	474,937	474,937
Assigned To:					
Road surface repairs	0	901,853	0	0	901,853
County maintenance/projects	0	0	6,260,539	0	6,260,539
Clerks office	0	0	0	29,376	29,376
Education	0	0	0	12,968	12,968
Solid waste	0	0	0	73	73
Treasurer's office	0	0	0	229,207	229,207
Unassigned	5,806,759	0	0	(54,151)	5,752,608
<i>Total fund balances</i>	\$5,806,759	\$1,222,880	\$6,260,539	\$3,285,907	\$16,576,085

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 12. RESTATEMENTS OF BEGINNING BALANCES

Governmental Activities Net Assets at July 1, 2010:	\$28,823,643
To correct beginning capital assets	(6,992,211)
<u>Restatements made to fund financial statements</u>	<u>911,905</u>
<u>Restatements</u>	<u>(6,080,306)</u>
<u>Net Assets, beginning restated</u>	<u>\$22,743,337</u>

Business Type Activities Net Assets at July 1, 2010:	\$16,891,228
<u>Restatements made to fund financial statements</u>	<u>(1,634,985)</u>
<u>Net Assets, beginning restated</u>	<u>\$15,256,243</u>

Restatements were made as follows:

Restatements made to fund financial statements:

Nonmajor Governmental Funds

Special Revenue Funds:

To correct beginning accounts payable.	(\$939)
<u>Restatements – Special Revenue Funds</u>	<u>(939)</u>

Capital Projects Funds:

To reclassify beginning fund balance from Judicial Complex capital projects fund to debt service fund.	(373,664)
<u>Restatements – Capital Projects Funds</u>	<u>(373,664)</u>

Debt Service Funds:

To reclassify beginning fund balance from Judicial Complex capital projects fund to debt service fund.	373,664
To reclassify debt service fund for entertainment complex 1/4 GRT to debt service fund.	912,844
<u>Restatements – Debt Service Funds</u>	<u>1,286,508</u>

<u>Total Nonmajor Governmental Funds</u>	<u>911,905</u>
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<u>Total Governmental Funds</u>	<u>\$911,905</u>
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Proprietary Funds:

To correct beginning capital assets of entertainment complex operations fund.	\$475,000
To reclass debt service fund for entertainment complex 1/4 GRT to debt service.	(912,844)
To correct beginning capital assets in the detention fund.	(1,192,033)

Nonmajor Enterprise Funds:

To correct beginning accounts payable – commissary.	(2,659)
To correct beginning capital assets – columbus stockyard.	(2,449)
<u>Restatements – Proprietary Funds</u>	<u>(\$1,634,985)</u>

SUPPLEMENTARY INFORMATION

COUNTY OF LUNA
SPECIAL REVENUE FUNDS
JUNE 30, 2011

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources, other than expendable trusts and major capital projects that are legally restricted to expenditures for specific purposes.

Ambulance County (1/8% GRT) – To account for 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.

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

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

DWI Screening Fees – To account for fees collected from DWI offenders. The authority to create this fund is by County ordinance.

DWI Treatment Fees – To account for fees DWI offenders who receive treatment. The authority to create this fund is by County ordinance.

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).

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.

Healing House Fund – Domestic Violence Shelter. Separated so that the Healing House could become self sustaining. 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.

Indigent Hospital 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.

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.

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.

COUNTY OF LUNA
SPECIAL REVENUE FUNDS
JUNE 30, 2011

Special Revenue Funds (Continued)

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.

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

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

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.

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.

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.

Treasurer's Mobile Home Sales – To account for 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.

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

COUNTY OF LUNA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2011

	Ambulance	Community Health and Social Services	DWI Grants	DWI Screening Fees	DWI Treatment Fees	Farm and Range
ASSETS						
Cash and cash equivalents	\$295,614	\$117,187	(\$86,915)	\$28,635	\$7,360	\$14,847
Investments	0	0	0	0	0	0
Receivables:						
Due from other governments	68,621	0	0	0	0	0
Grants	0	0	0	0	0	0
Accounts receivable	0	12,501	0	0	0	0
Due from other funds	0	0	51,683	0	0	0
Total assets	\$364,235	\$129,688	(\$35,232)	\$28,635	\$7,360	\$14,847
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$0	\$8,367	\$868	\$0	\$0	\$0
Accrued salaries	0	0	1,490	0	0	0
Bank overdraft	0	0	0	0	0	0
Due to other funds	0	0	0	0	0	0
Total liabilities	0	8,367	2,358	0	0	0
Fund Balance:						
Restricted	364,235	121,321	0	28,635	7,360	14,847
Committed	0	0	0	0	0	0
Assigned	0	0	0	0	0	0
Unassigned	0	0	(37,590)	0	0	0
Total fund balance	364,235	121,321	(37,590)	28,635	7,360	14,847
Total liabilities and fund balance	\$364,235	\$129,688	(\$35,232)	\$28,635	\$7,360	\$14,847

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2011

	Fire Protection	Healing House	Healthy Start Initiative	Indigent Claims	KLCB Aluminum
ASSETS					
Cash and cash equivalents	\$35,924	(\$275,209)	\$176,817	\$8,496	\$560
Investments	0	0	0	0	0
Receivables:					
Due from other governments	30,569	250,642	0	137,182	0
Grants	0	12,560	93,272	0	0
Accounts receivable	0	0	0	0	0
Due from other funds	0	0	0	0	0
Total assets	\$66,493	(\$12,007)	\$270,089	\$145,678	\$560
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$0	\$1,160	\$17,389	\$0	\$45
Accrued salaries	594	3,394	5,831	0	0
Bank overdraft	0	0	0	0	0
Due to other funds	0	0	0	0	0
Total liabilities	594	4,554	23,220	0	45
Fund Balance:					
Restricted	65,899	0	246,869	145,678	515
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned	0	(16,561)	0	0	0
Total fund balance	65,899	(16,561)	246,869	145,678	515
Total liabilities and fund balance	\$66,493	(\$12,007)	\$270,089	\$145,678	\$560

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2011

	Law Enforcement Protection	Mimbres Valley Learning Center	Recreation	Reappraisal Program	Recording Fees
ASSETS					
Cash and cash equivalents	(\$22,343)	\$28,122	\$143	\$169,614	\$29,376
Investments	0	0	0	0	0
Receivables:					
Due from other governments	15,284	102,343	0	0	0
Grants	260,128	0	0	0	0
Accounts receivable	38,000	0	0	0	0
Due from other funds	0	0	0	0	0
Total assets	\$291,069	\$130,465	\$143	\$169,614	\$29,376
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$120,966	\$5,878	\$0	\$0	\$0
Accrued salaries	3,167	0	0	320	0
Bank overdraft	0	0	0	0	0
Due to other funds	0	0	0	0	0
Total liabilities	124,133	5,878	0	320	0
Fund Balance:					
Restricted	166,936	124,587	143	169,294	0
Committed	0	0	0	0	0
Assigned	0	0	0	0	29,376
Unassigned	0	0	0	0	0
Total fund balance	166,936	124,587	143	169,294	29,376
Total liabilities and fund balance	\$291,069	\$130,465	\$143	\$169,614	\$29,376

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2011

	Sirolli Institute	Solid Waste Grant	Treasurer's Mobile Home Sales	Volunteer Fire Departments	Totals
ASSETS					
Cash and cash equivalents	\$12,968	\$73	\$229,207	\$209,798	\$980,274
Investments	0	0	0	0	0
Receivables:					
Due from other governments	0	0	0	0	604,641
Grants	0	0	0	0	365,960
Accounts receivable	0	0	0	0	50,501
Due from other funds	0	0	0	0	51,683
Total assets	\$12,968	\$73	\$229,207	\$209,798	\$2,053,059
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$0	\$0	\$0	\$21,137	\$175,810
Accrued salaries	0	0	0	0	14,796
Bank overdraft	0	0	0	0	0
Due to other funds	0	0	0	0	0
Total liabilities	0	0	0	21,137	190,606
Fund Balance:					
Restricted	0	0	0	188,661	1,644,980
Committed	0	0	0	0	0
Assigned	12,968	73	229,207	0	271,624
Unassigned	0	0	0	0	(54,151)
Total fund balance	12,968	73	229,207	188,661	1,862,453
Total liabilities and fund balance	\$12,968	\$73	\$229,207	\$209,798	\$2,053,059

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Ambulance	Community Health and Social Services	DWI Grants	DWI Screening Fees	DWI Treatment Fees	Farm and Range
REVENUES						
Property tax	\$0	\$0	\$0	\$0	\$0	\$16,226
State shared taxes	351,240	0	0	0	0	0
Intergovernmental	0	146,259	0	0	0	0
Charges for services	0	0	0	11,150	4,310	0
Interest income	0	0	0	0	0	104
Federal grants	0	0	0	0	0	0
State grants	0	0	173,600	0	0	0
Other income	0	0	0	0	0	17,720
<i>Total revenues</i>	351,240	146,259	173,600	11,150	4,310	34,050
EXPENDITURES						
Current:						
General government	0	0	0	0	0	30,500
Public works	0	0	0	0	0	0
Public safety	343,913	0	0	0	0	0
Health and welfare	0	122,775	269,215	9,808	5,200	0
Culture and recreation	0	0	0	0	0	0
Debt service principal	0	0	0	0	0	0
Capital outlay	0	0	0	0	0	0
<i>Total expenditures</i>	343,913	122,775	269,215	9,808	5,200	30,500
<i>Excess (deficiency) of revenues over expenditures</i>	7,327	23,484	(95,615)	1,342	(890)	3,550
Other Financing Sources (Uses):						
Transfers in	98,825	0	22,000	27,293	8,250	0
Transfers out	0	(36,058)	(35,543)	0	0	0
<i>Total other financing sources (uses)</i>	98,825	(36,058)	(13,543)	27,293	8,250	0
<i>Net changes in fund balances</i>	106,152	(12,574)	(109,158)	28,635	7,360	3,550
Fund balance - beginning of year	258,083	133,895	71,568	0	0	11,297
Fund balance - restatement	0	0	0	0	0	0
<i>Fund balance - beginning of year, restated</i>	258,083	133,895	71,568	0	0	11,297
Fund balance - end of year	\$364,235	\$121,321	(\$37,590)	\$28,635	\$7,360	\$14,847

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Fire Protection	Healing House	Healthy Start Initiative	Indigent Claims	KLCB Aluminum
REVENUES					
Property tax	\$0	\$0	\$0	\$0	\$0
State shared taxes	182,244	0	0	0	0
Intergovernmental	0	600,475	20,939	748,701	332
Charges for services	0	0	0	0	0
Interest income	0	0	0	772	0
Federal grants	0	0	667,962	0	0
State grants	0	53,052	193,194	0	0
Other income	0	6,178	1,543	0	0
<i>Total revenues</i>	182,244	659,705	883,638	749,473	332
EXPENDITURES					
Current:					
General government	0	11,520	0	0	45
Public works	0	87,048	0	0	0
Public safety	254,307	0	0	0	0
Health and welfare	0	429,816	962,267	889,076	0
Culture and recreation	0	0	0	0	0
Debt service principal	0	0	0	0	0
Capital outlay	30,834	283,700	0	0	0
<i>Total expenditures</i>	285,141	812,084	962,267	889,076	45
<i>Excess (deficiency) of revenues over expenditures</i>	(102,897)	(152,379)	(78,629)	(139,603)	287
Other Financing Sources (Uses):					
Transfers in	0	45,000	35,772	100,000	0
Transfers out	(133,398)	0	0	0	0
<i>Total other financing sources (uses)</i>	(133,398)	45,000	35,772	100,000	0
<i>Net changes in fund balances</i>	(236,295)	(107,379)	(42,857)	(39,603)	287
Fund balance - beginning of year	302,194	90,818	289,726	185,281	228
Fund balance - restatement	0	0	0	0	0
<i>Fund balance - beginning of year, restated</i>	302,194	90,818	289,726	185,281	228
Fund balance - end of year	\$65,899	(\$16,561)	\$246,869	\$145,678	\$515

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Law Enforcement Protection	Mimbres Valley Learning Center	Recreation	Reappraisal Program	Recording Fees
REVENUES					
Property tax	\$0	\$0	\$0	\$105,130	\$0
State shared taxes	91,122	175,651	0	0	0
Intergovernmental	7,975	83,697	0	0	0
Charges for services	0	14,867	0	0	19,144
Interest income	126	0	0	0	0
Federal grants	1,139,953	0	0	0	0
State grants	117,235	0	0	0	0
Other income	519	0	0	888	3,253
<i>Total revenues</i>	<u>1,356,930</u>	<u>274,215</u>	<u>0</u>	<u>106,018</u>	<u>22,397</u>
EXPENDITURES					
Current:					
General government	0	0	0	46,627	7,081
Public works	0	0	0	0	0
Public safety	908,491	0	0	0	0
Health and welfare	0	85,608	0	0	0
Culture and recreation	0	100,000	0	0	0
Debt service principal	0	0	0	0	0
Capital outlay	310,851	0	0	0	37,608
<i>Total expenditures</i>	<u>1,219,342</u>	<u>185,608</u>	<u>0</u>	<u>46,627</u>	<u>44,689</u>
<i>Excess (deficiency) of revenues over expenditures</i>	137,588	88,607	0	59,391	(22,292)
Other Financing Sources (Uses):					
Transfers in	0	70,000	0	0	0
Transfers out	(15,000)	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>(15,000)</u>	<u>70,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net changes in fund balances</i>	122,588	158,607	0	59,391	(22,292)
Fund balance - beginning of year	45,287	(34,020)	143	109,903	51,668
Fund balance - restatement	(939)	0	0	0	0
<i>Fund balance - beginning of year, restated</i>	<u>44,348</u>	<u>(34,020)</u>	<u>143</u>	<u>109,903</u>	<u>51,668</u>
Fund balance - end of year	<u>\$166,936</u>	<u>\$124,587</u>	<u>\$143</u>	<u>\$169,294</u>	<u>\$29,376</u>

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Sirolli Institute	Solid Waste Grant	Treasurer's Mobile Home Sales	Volunteer Fire Departments	Totals
REVENUES					
Property tax	\$0	\$0	\$0	\$0	\$121,356
State shared taxes	0	0	0	0	800,257
Intergovernmental	0	0	0	0	1,608,378
Charges for services	0	0	46,827	0	96,298
Interest income	0	0	0	2,208	3,210
Federal grants	0	0	0	0	1,807,915
State grants	0	0	0	166,285	703,366
Other income	0	0	0	3,231	33,332
<i>Total revenues</i>	0	0	46,827	171,724	5,174,112
EXPENDITURES					
Current:					
General government	0	0	6,047	0	101,820
Public works	0	0	0	0	87,048
Public safety	0	0	0	202,750	1,709,461
Health and welfare	435	0	0	0	2,774,200
Culture and recreation	0	0	0	0	100,000
Debt service principal	0	0	0	0	0
Capital outlay	0	0	0	17,629	680,622
<i>Total expenditures</i>	435	0	6,047	220,379	5,453,151
<i>Excess (deficiency) of revenues over expenditures</i>	(435)	0	40,780	(48,655)	(279,039)
Other Financing Sources (Uses):					
Transfers in	0	0	0	44,572	451,712
Transfers out	0	0	0	0	(219,999)
<i>Total other financing sources (uses)</i>	0	0	0	44,572	231,713
<i>Net changes in fund balances</i>	(435)	0	40,780	(4,083)	(47,326)
Fund balance - beginning of year	13,403	73	188,427	192,744	1,910,718
Fund balance - restatement	0	0	0	0	(939)
<i>Fund balance - beginning of year, restated</i>	13,403	73	188,427	192,744	1,909,779
Fund balance - end of year	\$12,968	\$73	\$229,207	\$188,661	\$1,862,453

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
AMBULANCE 1/8% GRT FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State shared taxes	\$342,500	\$342,500	\$339,220	(\$3,280)
<i>Total revenues</i>	<u>342,500</u>	<u>342,500</u>	<u>339,220</u>	<u>(3,280)</u>
EXPENDITURES				
Current:				
Public safety	344,250	443,075	442,738	337
<i>Total expenditures</i>	<u>344,250</u>	<u>443,075</u>	<u>442,738</u>	<u>337</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(1,750)	(100,575)	(103,518)	(2,943)
Other Financing Sources (Uses):				
Operating transfers in (out)	98,825	98,825	98,825	0
<i>Total other financing sources (uses)</i>	<u>98,825</u>	<u>98,825</u>	<u>98,825</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	97,075	(1,750)	<u>(\$4,693)</u>	<u>(\$2,943)</u>
Budgeted cash carryover		1,750		
	<u>\$97,075</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$4,693)
Adjustments for revenue accruals	12,020
Adjustments for expenditures accruals	98,825
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$106,152</u>

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
COMMUNITY HEALTH & SOCIAL SERVICES FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State grants	\$56,592	\$56,592	\$133,758	\$77,166
<i>Total revenues</i>	<i>56,592</i>	<i>56,592</i>	<i>133,758</i>	<i>77,166</i>
EXPENDITURES				
Current:				
Health and welfare	100,408	117,143	122,775	(5,632)
<i>Total expenditures</i>	<i>100,408</i>	<i>117,143</i>	<i>122,775</i>	<i>(5,632)</i>
<i>Excess (deficiency) of revenues over expenditures</i>	<i>(43,816)</i>	<i>(60,551)</i>	<i>10,983</i>	<i>71,534</i>
Other Financing Sources (Uses):				
Operating transfers in (out)	(36,058)	(36,058)	(36,058)	0
<i>Total other financing sources (uses)</i>	<i>(36,058)</i>	<i>(36,058)</i>	<i>(36,058)</i>	<i>0</i>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<i>(79,874)</i>	<i>(96,609)</i>	<u><i>(\$25,075)</i></u>	<u><i>\$71,534</i></u>
Budgeted cash carryover	79,874	96,609		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$25,075)
Adjustments for revenue accruals	12,501
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$12,574)</u>

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
DWI GRANT FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State grants	\$180,817	\$234,740	\$173,600	(\$61,140)
Other income	0	0	0	0
<i>Total revenues</i>	<u>180,817</u>	<u>234,740</u>	<u>173,600</u>	<u>(61,140)</u>
EXPENDITURES				
Current:				
Health and welfare	221,928	302,557	280,402	22,155
Capital outlay	0	0	0	0
<i>Total expenditures</i>	<u>221,928</u>	<u>302,557</u>	<u>280,402</u>	<u>22,155</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(41,111)	(67,817)	(106,802)	(38,985)
Other Financing Sources (Uses):				
Operating transfers in (out)	(13,543)	(13,543)	(13,543)	0
<i>Total other financing sources (uses)</i>	<u>(13,543)</u>	<u>(13,543)</u>	<u>(13,543)</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(54,654)	(81,360)	<u>(\$120,345)</u>	<u>(\$38,985)</u>
Budgeted cash carryover	33,430	33,430		
	<u>(\$21,224)</u>	<u>(\$47,930)</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$120,345)
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	11,187
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$109,158)</u>

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
DWI SCREENING FEES
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State grants	\$0	\$0	\$0	\$0
Other income	0	12,473	11,150	(1,323)
<i>Total revenues</i>	<u>0</u>	<u>12,473</u>	<u>11,150</u>	<u>(1,323)</u>
EXPENDITURES				
Current:				
Health and welfare	0	12,473	9,808	2,665
<i>Total expenditures</i>	<u>0</u>	<u>12,473</u>	<u>9,808</u>	<u>2,665</u>
<i>Excess (deficiency) of revenues over expenditures</i>	0	0	1,342	1,342
Other Financing Sources (Uses):				
Operating transfers in (out)	0	27,293	27,293	0
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>27,293</u>	<u>27,293</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<u>\$0</u>	<u>\$27,293</u>	<u>\$28,635</u>	<u>\$1,342</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$28,635
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$28,635

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
DWI TREATMENT FEES
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State grants	\$0	\$0	\$0	\$0
Other income	0	5,200	4,310	(890)
<i>Total revenues</i>	<u>0</u>	<u>5,200</u>	<u>4,310</u>	<u>(890)</u>
EXPENDITURES				
Current:				
Health and welfare	0	5,200	5,200	0
<i>Total expenditures</i>	<u>0</u>	<u>5,200</u>	<u>5,200</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures</i>	0	0	(890)	(890)
Other Financing Sources (Uses):				
Operating transfers in (out)	0	8,250	8,250	0
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>8,250</u>	<u>8,250</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<u>\$0</u>	<u>\$8,250</u>	<u>\$7,360</u>	<u>(\$890)</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$7,360
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$7,360

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
FARM AND RANGE
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State shared taxes	\$10,250	\$10,250	\$16,225	\$5,975
Intergovernmental revenue	18,500	18,500	17,721	(779)
Interest income	100	100	104	4
<i>Total revenues</i>	<u>28,850</u>	<u>28,850</u>	<u>34,050</u>	<u>5,200</u>
EXPENDITURES				
Current:				
General government	33,500	33,500	30,500	3,000
<i>Total expenditures</i>	<u>33,500</u>	<u>33,500</u>	<u>30,500</u>	<u>3,000</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(4,650)	(4,650)	<u>\$3,550</u>	<u>\$8,200</u>
Budgeted cash carryover	4,650	4,650		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$3,550
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$3,550</u>

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
FIRE PROTECTION 1/4% GRT FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental revenue	\$200,000	\$200,000	\$184,022	(\$15,978)
<i>Total revenues</i>	200,000	200,000	184,022	(15,978)
EXPENDITURES				
Current:				
Public safety	376,505	277,680	281,060	(3,380)
Capital outlay	0	30,875	30,834	41
<i>Total expenditures</i>	376,505	308,555	311,894	(3,339)
<i>Excess (deficiency) of revenues over expenditures</i>	(176,505)	(108,555)	(127,872)	(19,317)
Other Financing Sources (Uses):				
Operating transfers in (out)	(133,398)	(133,398)	(133,398)	0
<i>Total other financing sources (uses)</i>	(133,398)	(133,398)	(133,398)	0
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(309,903)	(241,953)	(261,270)	(\$19,317)
Budgeted cash carryover	297,194	241,953		
	(\$12,709)	\$0		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$261,270)
Adjustments for revenue accruals	(1,778)
Adjustments for expenditures accruals	26,753
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$236,295)

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
HEALING HOUSE FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental revenue	\$193,003	\$193,003	\$190,885	(\$2,118)
State grants	220,955	220,955	265,198	44,243
Federal grants	32,110	32,110	29,343	(2,767)
<i>Total revenues</i>	<u>446,068</u>	<u>446,068</u>	<u>485,426</u>	<u>39,358</u>
EXPENDITURES				
Current:				
General government	10,950	11,545	11,520	25
Public works	0	96,993	87,039	9,954
Health and welfare	476,417	491,417	460,531	30,886
Capital outlay	0	286,200	283,700	2,500
<i>Total expenditures</i>	<u>487,367</u>	<u>886,155</u>	<u>842,790</u>	<u>33,386</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(41,299)	(440,087)	(357,364)	72,744
Other Financing Sources (Uses):				
Operating transfers in (out)	45,000	45,000	45,000	0
<i>Total other financing sources (uses)</i>	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	3,701	(395,087)	<u>(\$312,364)</u>	<u>\$72,744</u>
<i>Budgeted cash carryover</i>	0	37,155		
	<u>\$3,701</u>	<u>(\$357,932)</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$312,364)
Adjustments for revenue accruals	174,279
Adjustments for expenditures accruals	30,706
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$107,379)</u>

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
HEALTHY START INITIATIVE FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental revenue	\$192,550	\$192,550	\$192,737	\$187
Federal grants	713,600	713,600	646,901	(66,699)
State grants	35,000	35,000	32,698	(2,302)
<i>Total revenues</i>	<u>941,150</u>	<u>941,150</u>	<u>872,336</u>	<u>(68,814)</u>
EXPENDITURES				
Current:				
Health and welfare	975,318	1,117,759	1,002,405	115,354
<i>Total expenditures</i>	<u>975,318</u>	<u>1,117,759</u>	<u>1,002,405</u>	<u>115,354</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(34,168)	(176,609)	(130,069)	46,540
Other Financing Sources (Uses):				
Operating transfers in (out)	35,772	35,772	35,772	0
<i>Total other financing sources (uses)</i>	<u>35,772</u>	<u>35,772</u>	<u>35,772</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	1,604	(140,837)	<u>(\$94,297)</u>	<u>\$46,540</u>
Budgeted cash carryover	0	140,837		
	<u>\$1,604</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$94,297)
Adjustments for revenue accruals	11,302
Adjustments for expenditures accruals	40,138
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$42,857)</u>

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
INDIGENT HOSPITAL CLAIMS FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental revenue	\$933,000	\$933,000	\$724,725	(\$208,275)
Interest income	200	200	772	572
<i>Total revenues</i>	<u>933,200</u>	<u>933,200</u>	<u>725,497</u>	<u>(207,703)</u>
EXPENDITURES				
Current:				
Health and welfare	1,085,950	1,085,950	889,076	196,874
<i>Total expenditures</i>	<u>1,085,950</u>	<u>1,085,950</u>	<u>889,076</u>	<u>196,874</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(152,750)	(152,750)	(163,579)	(10,829)
Other Financing Sources (Uses):				
Operating transfers in (out)	100,000	100,000	100,000	0
<i>Total other financing sources (uses)</i>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(52,750)	(52,750)	<u>(\$63,579)</u>	<u>(\$10,829)</u>
Budgeted cash carryover	52,750	52,750		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$63,579)
Adjustments for revenue accruals	23,976
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$39,603)</u>

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
KLCB ALUMINUM FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Other income	\$100	\$100	\$332	\$232
<i>Total revenues</i>	100	100	332	232
EXPENDITURES				
Current:				
General government	100	100	0	100
<i>Total expenditures</i>	100	100	0	100
<i>Excess (deficiency) of revenues over expenditures</i>	\$0	\$0	\$332	\$332

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$332
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	(45)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$287

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
LAW ENFORCEMENT PROTECTION FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental revenue	\$39,658	\$39,658	\$36,800	(\$2,858)
Interest income	0	0	126	126
Federal grants	1,037,778	1,037,778	986,098	(51,680)
State grants	0	0	397	397
Other income	25,000	25,000	13,125	(11,875)
<i>Total revenues</i>	<u>1,102,436</u>	<u>1,102,436</u>	<u>1,036,546</u>	<u>(65,890)</u>
EXPENDITURES				
Current:				
Public safety	897,726	1,048,047	1,038,920	9,127
Capital outlay	204,809	331,270	280,812	50,458
<i>Total expenditures</i>	<u>1,102,535</u>	<u>1,379,317</u>	<u>1,319,732</u>	<u>59,585</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(99)	(276,881)	(283,186)	(6,305)
Other Financing Sources (Uses):				
Operating transfers in (out)	(15,000)	(15,000)	(15,000)	0
<i>Total other financing sources (uses)</i>	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(15,099)	(291,881)	<u>(\$298,186)</u>	<u>(\$6,305)</u>
Budgeted cash carryover	15,099	66,173		
	<u>\$0</u>	<u>(\$225,708)</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$298,186)
Adjustments for revenue accruals	320,384
Adjustments for expenditures accruals	100,390
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$122,588</u>

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
MIMBRES VALLEY LEARNING CENTER FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State shared taxes	\$171,150	\$171,150	\$169,610	(\$1,540)
State grants	62,000	62,000	0	(62,000)
Other income	32,108	32,108	31,807	(301)
<i>Total revenues</i>	<u>265,258</u>	<u>265,258</u>	<u>201,417</u>	<u>(63,841)</u>
EXPENDITURES				
Current:				
Health and welfare	98,000	98,000	83,233	14,767
Culture and recreation	100,000	100,000	100,000	0
<i>Total expenditures</i>	<u>198,000</u>	<u>198,000</u>	<u>183,233</u>	<u>14,767</u>
<i>Excess (deficiency) of revenues over expenditures</i>	67,258	67,258	18,184	(49,074)
Other Financing Sources (Uses):				
Operating transfers in (out)	70,000	70,000	70,000	0
<i>Total other financing sources (uses)</i>	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<u>\$137,258</u>	<u>\$137,258</u>	<u>\$88,184</u>	<u>(\$49,074)</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$88,184
Adjustments for revenue accruals	72,798
Adjustments for expenditures accruals	(2,375)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$158,607

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
RECREATION
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental revenue	\$0	\$0	\$0	\$0
<i>Total revenues</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES				
Current:				
Culture and recreation	0	0	0	0
<i>Total expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures</i>	0	0	<u>\$0</u>	<u>\$0</u>
Budgeted cash carryover	0	0		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$0
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$0</u>

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
REAPPRAISAL PROGRAM
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State shared Taxes	\$90,000	\$90,000	\$105,130	\$15,130
Charges for services	0	0	888	888
<i>Total revenues</i>	90,000	90,000	106,018	16,018
EXPENDITURES				
Current:				
General government	68,823	69,711	48,692	21,019
<i>Total expenditures</i>	68,823	69,711	48,692	21,019
<i>Excess (deficiency) of revenues over expenditures</i>	\$21,177	\$20,289	\$57,326	\$37,037

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$57,326
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	2,065
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$59,391

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
RECORDING FEES FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Charges for services	\$20,500	\$20,500	\$22,397	\$1,897
<i>Total revenues</i>	20,500	20,500	22,397	1,897
EXPENDITURES				
Current:				
General government	5,000	8,021	7,080	941
Capital outlay	65,000	65,000	37,688	27,312
<i>Total expenditures</i>	70,000	73,021	44,768	28,253
<i>Excess (deficiency) of revenues over expenditures</i>	(49,500)	(52,521)	(22,371)	\$30,150
Budgeted cash carryover	49,500	774		
	\$0	(\$51,747)		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$22,371)
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	79
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$22,292)

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
SIROLI INSTITUTE FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State shared taxes	\$0	\$0	\$0	\$0
<i>Total revenues</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES				
Current:				
Health and welfare	1,600	1,600	660	940
<i>Total expenditures</i>	<u>1,600</u>	<u>1,600</u>	<u>660</u>	<u>940</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(1,600)	(1,600)	<u>(\$660)</u>	<u>\$940</u>
Budgeted cash carryover	1,600	1,600		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$660)
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	225
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$435)</u>

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
SOLID WASTE GRANT
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State shared taxes	\$0	\$0	\$0	\$0
<i>Total revenues</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES				
Current:				
Public safety	0	0	0	0
<i>Total expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures</i>	0	0	<u>\$0</u>	<u>\$0</u>
Budgeted cash carryover	0	0		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$0
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$0</u>

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
TREASURER'S MOBILE HOME SALES FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Other income	\$31,500	\$31,500	\$46,827	\$15,327
<i>Total revenues</i>	<u>31,500</u>	<u>31,500</u>	<u>46,827</u>	<u>15,327</u>
EXPENDITURES				
Current:				
General government	15,000	15,000	6,092	8,908
Capital outlay	15,000	15,000	0	15,000
<i>Total expenditures</i>	<u>30,000</u>	<u>30,000</u>	<u>6,092</u>	<u>23,908</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>\$1,500</u>	<u>\$1,500</u>	<u>\$40,735</u>	<u>\$39,235</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$40,735
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	45
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$40,780</u>

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
VOLUNTEER FIRE DEPARTMENTS FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Federal grants	\$109,000	\$109,000	\$13,000	(\$96,000)
Interest income	0	0	2,209	2,209
State grants	127,174	127,174	154,928	27,754
Other income	0	0	1,588	1,588
<i>Total revenues</i>	<u>236,174</u>	<u>236,174</u>	<u>171,725</u>	<u>(64,449)</u>
EXPENDITURES				
Current:				
Public safety	265,472	309,490	187,635	121,855
Capital outlay	6,802	21,014	21,804	(790)
<i>Total expenditures</i>	<u>272,274</u>	<u>330,504</u>	<u>209,439</u>	<u>121,065</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(36,100)	(94,330)	(37,714)	56,616
Other Financing Sources (Uses):				
Operating transfers in (out)	44,572	44,572	44,572	0
<i>Total other financing sources (uses)</i>	<u>44,572</u>	<u>44,572</u>	<u>44,572</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	8,472	(49,758)	<u>\$6,858</u>	<u>\$56,616</u>
<i>Budgeted cash carryover</i>	0	49,758		
	<u>\$8,472</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$6,858
Adjustments for revenue accruals	(1)
Adjustments for expenditures accruals	(10,940)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)</i>	<u>(\$4,083)</u>

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
CAPITAL PROJECT FUNDS
JUNE 30, 2011

Capital Project Funds

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

County Maintenance Fund – To account for the federal and state grants funds and expenditures by the County for various maintenance projects established by the County which is authorized by NMSA 1978 26-104 6.

Local Infrastructure Capital Improvements Fund – To account for funds set aside by the County Commission to make capital improvements to local infrastructure.

COUNTY OF LUNA
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2011

	Local Infrastructure Capital Improvements Fund	Judicial Complex	Totals
ASSETS			
Cash and cash equivalents	\$497,361	\$0	\$497,361
Investments	0	0	0
Receivables:			
Due from other governments	0	0	0
<i>Total assets</i>	\$497,361	\$0	\$497,361
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$22,424	\$0	\$22,424
<i>Total liabilities</i>	22,424	0	22,424
Fund Balance:			
Committed	474,937	0	474,937
<i>Total fund balance</i>	474,937	0	474,937
<i>Total liabilities and fund balance</i>	\$497,361	\$0	\$497,361

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Local Infrastructure Capital Improvements Fund	Judicial Complex	Totals
REVENUES			
Property tax	\$325,000	\$0	\$325,000
Other income	0	0	0
<i>Total revenues</i>	325,000	0	\$325,000
EXPENDITURES			
Current:			
Capital outlay	450,063	0	\$450,063
<i>Total expenditures</i>	450,063	0	450,063
<i>Excess (deficiency) of revenues over expenditures</i>	(125,063)	0	(125,063)
Other Financing Sources (Uses):			
Transfers in	600,000	0	600,000
Transfers out	0	0	\$0
<i>Total other financing sources (uses)</i>	600,000	0	600,000
<i>Net changes in fund balances</i>	474,937	0	474,937
Fund balance - beginning of year	0	373,664	373,664
Fund balance - restatement	0	(373,664)	(373,664)
<i>Fund balance - beginning of year, restated</i>	0	0	0
Fund balance - end of year	\$474,937	\$0	\$474,937

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
COUNTY MAINTENANCE FUND
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Intergovernmental revenue	\$726,492	\$726,492	\$726,600	\$108
Interest income	125,000	125,000	97,199	(27,801)
Federal grants	4,858,008	4,858,008	2,399,148	(2,458,860)
State grants	520,322	520,322	440,402	(79,920)
Other	0	0	23,500	23,500
<i>Total revenues</i>	<u>6,229,822</u>	<u>6,229,822</u>	<u>3,686,849</u>	<u>(2,542,973)</u>
EXPENDITURES				
Current:				
General government	557,500	567,377	349,084	218,293
Public works	333,500	333,500	175,959	157,541
Health and welfare	173,000	134,640	22,912	111,728
Culture and recreation	147,100	147,100	140,862	6,238
Capital outlay	5,048,793	5,793,798	3,096,129	2,697,669
<i>Total expenditures</i>	<u>6,259,893</u>	<u>6,976,415</u>	<u>3,784,946</u>	<u>3,191,469</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(30,071)	(746,593)	(98,097)	648,496
Other Financing Sources (Uses):				
Operating transfers in (out)	(70,302)	(70,302)	(70,302)	0
<i>Total other financing sources (uses)</i>	<u>(70,302)</u>	<u>(70,302)</u>	<u>(70,302)</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(100,373)	(816,895)	(\$168,399)	\$648,496
<i>Budgeted cash carryover</i>	<u>100,373</u>	<u>816,895</u>		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$168,399)
Adjustments for revenue accruals	1,198,499
Adjustments for expenditures accruals	(937,190)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$92,910</u>

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
LOCAL INFRASTRUCTURE CAPITAL IMPROVEMENTS FUND
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
PILT proceeds	\$0	\$325,000	\$325,000	\$0
<i>Total revenues</i>	0	325,000	325,000	0
EXPENDITURES				
Capital outlay	600,000	925,000	427,639	497,361
<i>Total expenditures</i>	600,000	925,000	427,639	497,361
<i>Excess (deficiency) of revenues over expenditures</i>	(600,000)	(600,000)	(102,639)	497,361
Other Financing Sources (Uses):				
Operating transfers in (out)	600,000	600,000	600,000	0
<i>Total other financing sources (uses)</i>	600,000	600,000	600,000	0
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	\$0	\$0	\$497,361	\$497,361

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$497,361
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	(22,424)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$474,937

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
DEBT SERVICE FUNDS
JUNE 30, 2011

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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.

COUNTY OF LUNA
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2011

	Entertainment Complex Bond	Judicial Bond	Totals
ASSETS			
Cash and cash equivalents	\$0	\$0	\$0
Investment	0	0	0
Receivables:			
Due from other governments	137,182	0	137,182
Grants	0	0	0
Accounts receivable	0	68,623	68,623
Due from other funds	0	0	0
Interfund receivable	0	0	0
Restricted cash and cash equivalents	582,945	159,767	742,712
<i>Total assets</i>	\$720,127	\$228,390	\$948,517
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$0	\$0	\$0
Accrued salaries	0	0	0
Bank overdraft	0	0	0
Interest payable	0	0	0
Due to other funds	0	0	0
Deferred revenue	0	0	0
<i>Total liabilities</i>	0	0	0
Fund Balance:			
Nonspendable	0	0	0
Restricted	720,127	228,390	948,517
Committed	0	0	0
Assigned	0	0	0
Unassigned	0	0	0
<i>Total fund balance</i>	720,127	228,390	948,517
<i>Total liabilities and fund balance</i>	\$720,127	\$228,390	\$948,517

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Entertainment Complex Bond	Judicial Bond	Totals
REVENUES			
State shared taxes	\$702,416	\$351,241	\$1,053,657
Intergovernmental	0	0	0
Charges for services	0	0	0
Interest income	0	0	0
Bond proceeds	0	0	0
Federal operating grants	0	0	0
State operating grants	0	0	0
Other income	0	0	0
<i>Total revenues</i>	702,416	351,241	1,053,657
EXPENDITURES			
Current:			
General government	0	0	0
Public safety	0	0	0
Health and welfare	0	0	0
Capital outlay	0	0	0
Debt service:			
Principal	310,000	240,000	550,000
Interest expense	410,934	180,285	591,219
<i>Total expenditures</i>	720,934	420,285	1,141,219
<i>Excess (deficiency) of revenues over expenditures</i>	(18,518)	(69,044)	(87,562)
Other Financing Sources (Uses):			
Transfers in	0	0	0
Transfers out	0	0	0
<i>Total other financing sources (uses)</i>	0	0	0
<i>Net changes in fund balance</i>	(18,518)	(69,044)	(87,562)
Fund balance - beginning of year	(174,199)	(76,230)	(250,429)
Fund balance - restatement	912,844	373,664	1,286,508
<i>Fund balance - beginning of year, restated</i>	738,645	297,434	1,036,079
<i>Fund balance - end of year</i>	\$720,127	\$228,390	\$948,517

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
ENTERTAINMENT COMPLEX BOND
DEBT SERVICE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State shared taxes	\$625,000	\$625,000	\$682,303	\$57,303
EXPENDITURES				
Principal and interest	664,165	664,165	0	664,165
<i>Excess (deficiency) of revenues over expenditures</i>	(39,165)	(39,165)	<u>\$682,303</u>	<u>\$721,468</u>
Budgeted cash carryover	39,165	39,165		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$682,303
Adjustments for revenue accruals	20,113
Adjustments for expenditures accruals	<u>(720,934)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$18,518)</u>

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
JUDICIAL BOND
DEBT SERVICE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State shared taxes	\$300,000	\$300,000	\$341,380	\$41,380
EXPENDITURES				
Principal and interest	345,959	345,959	0	345,959
<i>Excess (deficiency) of revenues over expenditures</i>	<i>(\$45,959)</i>	<i>(\$45,959)</i>	<i>\$341,380</i>	<i>\$387,339</i>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$341,380
Adjustments for revenue accruals	9,861
Adjustments for expenditures accruals	(420,285)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$69,044)

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
TOTAL ALL NONMAJOR GOVERNMENTAL FUND TYPES
COMBINING BALANCE SHEET
JUNE 30, 2011

	Special Revenue	Capital Projects	Debt Service	Total
ASSETS				
Cash and cash equivalents	\$980,274	\$497,361	\$0	\$1,477,635
Investments	0	0	0	0
Receivables:				
Due from other governments	604,641	0	137,182	741,823
Grants	365,960	0	0	365,960
Accounts receivable	50,501	0	68,623	119,124
Due from other funds	51,683	0	0	51,683
Interfund receivable	0	0	0	0
Restricted cash and cash equivalents	0	0	742,712	742,712
Total assets	\$2,053,059	\$497,361	\$948,517	3,498,937
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$175,810	\$22,424	\$0	\$198,234
Accrued salaries	14,796	0	0	14,796
Bank overdraft	0	0	0	0
Interest payable	0	0	0	0
Due to other funds	0	0	0	0
Deferred revenue	0	0	0	0
Total liabilities	190,606	22,424	0	213,030
Fund Balance:				
Restricted	1,644,980	0	948,517	2,593,497
Committed	0	474,937	0	474,937
Assigned	271,624	0	0	271,624
Unassigned	(54,151)	0	0	(54,151)
Total fund balance	1,862,453	474,937	948,517	3,285,907
Total liabilities and fund balance	\$2,053,059	\$497,361	\$948,517	\$3,498,937

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA

TOTAL ALL NONMAJOR GOVERNMENTAL FUND TYPES COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Special Revenue	Capital Projects	Debt Service	Total
REVENUES				
Property tax	\$121,356	\$325,000	\$0	\$446,356
State shared taxes	800,257	0	1,053,657	1,853,914
Intergovernmental	1,608,378	0	0	1,608,378
Charges for services	96,298	0	0	96,298
Interest income	3,210	0	0	3,210
Federal grants	1,807,915	0	0	1,807,915
State grants	703,366	0	0	703,366
Other income	33,332	0	0	33,332
<i>Total revenues</i>	<u>5,174,112</u>	<u>325,000</u>	<u>1,053,657</u>	<u>6,552,769</u>
EXPENDITURES				
Current:				
General government	101,820	0	0	101,820
Public works	87,048	0	0	87,048
Public safety	1,709,461	0	0	1,709,461
Health and welfare	2,774,200	0	0	2,774,200
Culture and recreation	100,000	0	0	100,000
Capital outlay	680,622	450,063	0	1,130,685
Debt service:				
Principal	0	0	550,000	550,000
Interest expense	0	0	591,219	591,219
<i>Total expenditures</i>	<u>5,453,151</u>	<u>450,063</u>	<u>1,141,219</u>	<u>7,044,433</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(279,039)</u>	<u>(125,063)</u>	<u>(87,562)</u>	<u>(491,664)</u>
Other Financing Sources (Uses):				
Transfers in	436,712	600,000	0	1,036,712
Transfers out	(204,999)	0	0	(204,999)
<i>Total other financing sources (uses)</i>	<u>231,713</u>	<u>600,000</u>	<u>0</u>	<u>831,713</u>
<i>Net changes in fund balances</i>	<u>(47,326)</u>	<u>474,937</u>	<u>(87,562)</u>	<u>340,049</u>
Fund balance - beginning of year	1,910,718	373,664	(250,429)	2,033,953
Fund balance - restatement	(939)	(373,664)	1,286,508	911,905
<i>Fund balance - beginning of year, restated</i>	<u>1,909,779</u>	<u>0</u>	<u>1,036,079</u>	<u>2,945,858</u>
Fund balance - end of year	<u>\$1,862,453</u>	<u>\$474,937</u>	<u>\$948,517</u>	<u>\$3,285,907</u>

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
ENTERPRISE FUNDS
JUNE 30, 2011

NONMAJOR PROPRIETARY FUND TYPES

Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Columbus Stockyard – To account for the receipts generated at the border from Mexico for the crossing of cattle and livestock.

Commissary Fund – To account for the sale of miscellaneous sundry items to inmates housed at the detention facility.

Detention Center – To account for the operations and maintenance of the Detention Facility for the County.

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

COUNTY OF LUNA
NONMAJOR PROPRIETARY FUNDS
STATEMENTS OF FUND NET ASSETS
JUNE 30, 2011

	Commissary	Columbus Stockyard	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$17,487	(\$17,321)	\$166
Accounts receivable	0	0	0
Due from other governments	0	0	0
Due from external sources	0	0	0
<i>Total current assets</i>	17,487	(17,321)	166
Non-Current Assets			
Capital assets	0	19,975	19,975
Accumulated depreciation	0	(8,799)	(8,799)
<i>Total non-current assets</i>	0	11,176	11,176
Total assets	\$17,487	(\$6,145)	\$11,342
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable	\$1,304	\$472	\$1,776
Accrued salaries	0	914	914
Due to other funds	0	0	0
Long-term accrued compensated absences	0	2,560	2,560
<i>Total liabilities</i>	1,304	3,946	5,250
Net Assets:			
Invested in capital assets	0	11,176	11,176
Unrestricted	16,183	(21,267)	(5,084)
<i>Total net assets</i>	16,183	(10,091)	6,092
Total liabilities and net assets	\$17,487	(\$6,145)	\$11,342

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
NONMAJOR PROPRIETARY FUNDS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Commissary	Columbus Stockyard	Total
OPERATING REVENUES			
Cattle crossing revenue	\$0	\$160,485	\$160,485
Starmax revenues	0	0	0
Correction fees	0	0	0
Adult prisoner fees	0	0	0
Juvenile prisoner fees	0	0	0
Miscellaneous revenue	47,430	262	47,692
<i>Total operating revenues</i>	<u>47,430</u>	<u>160,747</u>	<u>208,177</u>
OPERATING EXPENDITURES			
Personnel expenses	0	123,342	123,342
Depreciation	0	2,853	2,853
Other operating costs	68,588	28,670	97,258
<i>Total operating expenditures</i>	<u>68,588</u>	<u>154,865</u>	<u>223,453</u>
<i>Operating income (loss)</i>	(21,158)	5,882	(15,276)
NON-OPERATING REVENUES (EXPENSES)			
Interest revenue	0	0	0
<i>Net income (loss) before transfers</i>	(21,158)	5,882	(15,276)
Operating transfers in (out)	40,000	0	40,000
<i>Change in net assets</i>	18,842	5,882	24,724
Total net assets, beginning of year	0	(13,524)	(13,524)
Restatement	(2,659)	(2,449)	(5,108)
Total net assets, beginning of year, as restated	<u>(2,659)</u>	<u>(15,973)</u>	<u>(18,632)</u>
<i>Total fund net assets, end of year</i>	<u>\$16,183</u>	<u>(\$10,091)</u>	<u>\$6,092</u>

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
NONMAJOR PROPRIETARY FUND TYPES
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Commissary	Columbus Stockyard	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$47,430	\$163,441	\$210,871
Cash payments to suppliers for goods and services	(69,943)	(54,157)	(124,100)
Cash payments to employees for services	0	(126,605)	(126,605)
<i>Net cash provided (used) by operating activities</i>	<i>(22,513)</i>	<i>(17,321)</i>	<i>(39,834)</i>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:			
Cash received (paid) from intergovernmental sources	0	0	0
Net transfers in (out)	40,000	0	40,000
<i>Net cash provided (used) by non-capital and related financing activities</i>	<i>40,000</i>	<i>0</i>	<i>40,000</i>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	0	0	0
<i>Net cash provided (used) by capital and related financing activities</i>	<i>0</i>	<i>0</i>	<i>0</i>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	0	0	0
<i>Net cash provided (used) by investing activities</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Net increase (decrease) in cash</i>	<i>17,487</i>	<i>(17,321)</i>	<i>166</i>
Cash and cash equivalents, beginning of year	0	0	0
<i>Cash and cash equivalents, end of year</i>	<i>\$17,487</i>	<i>(\$17,321)</i>	<i>\$166</i>
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income (loss)	(\$21,158)	\$5,882	(\$15,276)
Depreciation	0	2,853	2,853
Receivables	0	2,694	2,694
Accrued expenses and wages payable	0	(3,263)	(3,263)
Accounts payable	(1,355)	(25,487)	(26,842)
<i>Net cash provided (used) by operating activities</i>	<i>(\$22,513)</i>	<i>(\$17,321)</i>	<i>(\$39,834)</i>

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
COLUMBUS STOCKYARDS FUND
ENTERPRISE FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Charges for services	\$200,000	\$200,000	\$163,440	(\$36,560)
<i>Total revenues</i>	200,000	200,000	163,440	(36,560)
EXPENDITURES				
Current:				
Personnel expenditures	127,799	121,799	126,605	(4,806)
Operating expenditures	25,000	31,000	31,187	(187)
<i>Total expenditures</i>	152,799	152,799	157,792	(4,993)
<i>Excess (deficiency) of revenues over expenditures</i>	\$47,201	\$47,201	\$5,648	(\$41,553)

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$5,648
Adjustments for revenue accruals	(2,693)
Adjustments for expenditures accruals	2,927
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$5,882

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA

COMMISSARY FUND

ENTERPRISE FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Other income	\$65,000	\$65,000	\$47,430	(\$17,570)
<i>Total revenues</i>	<i>65,000</i>	<i>65,000</i>	<i>47,430</i>	<i>(17,570)</i>
EXPENDITURES				
Current:				
Operating expenditures	65,000	89,000	69,943	19,057
<i>Total expenditures</i>	<i>65,000</i>	<i>89,000</i>	<i>69,943</i>	<i>19,057</i>
<i>Excess (deficiency) of revenues over expenditures</i>	0	(24,000)	(22,513)	1,487
Other Financing Sources (Uses):				
Operating transfers in (out)	0	40,000	40,000	0
<i>Total other financing sources (uses)</i>	<i>0</i>	<i>40,000</i>	<i>40,000</i>	<i>0</i>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<i>\$0</i>	<i>\$16,000</i>	<i>\$17,487</i>	<i>\$1,487</i>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$17,487
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	1,355
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$18,842

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
DETENTION CENTER FUND
ENTERPRISE FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Charges for services	\$5,791,028	\$5,791,028	\$5,088,195	(\$702,833)
Interest income	1,000	1,000	6,070	5,070
<i>Total revenues</i>	<u>5,792,028</u>	<u>5,792,028</u>	<u>5,094,265</u>	<u>(697,763)</u>
EXPENDITURES				
Current:				
Personnel expenditures	3,993,937	4,023,937	3,688,226	335,711
Operating expenditures	1,620,854	1,696,906	1,388,868	308,038
Capital outlay	180,000	73,948	10,511	63,437
<i>Total expenditures</i>	<u>5,794,791</u>	<u>5,794,791</u>	<u>5,087,605</u>	<u>707,186</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(2,763)	(2,763)	6,660	9,423
Other Financing Sources (Uses):				
Operating transfers in (out)	(40,000)	(40,000)	(40,000)	0
<i>Total other financing sources (uses)</i>	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(42,763)	(42,763)	<u>(\$33,340)</u>	<u>\$9,423</u>
<i>Budgeted cash carryover</i>	(42,763)	42,763		
	<u>(\$85,526)</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$33,340)
Adjustments for revenue accruals	(627,205)
Adjustments for expenditures accruals	64,431
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$596,114)</u>

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
ENTERTAINMENT COMPLEX
ENTERPRISE FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Rent income	\$18,000	\$18,000	\$14,500	(\$3,500)
<i>Total revenues</i>	18,000	18,000	14,500	(3,500)
EXPENDITURES				
<i>Total expenditures</i>	0	0	0	0
<i>Excess (deficiency) of revenues over expenditures</i>	18,000	18,000	14,500	(3,500)
Other Financing Sources (Uses):				
Operating transfers in (out)	(4,000)	(4,000)	(4,000)	0
<i>Total other financing sources (uses)</i>	(4,000)	(4,000)	(4,000)	0
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(14,000)	(14,000)	<u>\$10,500</u>	<u>(\$3,500)</u>
Budgeted cash carryover	14,000	14,000		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$10,500
Adjustments for revenue accruals	(1)
Adjustments for expenditures accruals	<u>(223,506)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$213,007)</u>

The Notes to Financial Statements are an integral part of these statements.

OTHER SUPPLEMENTARY INFORMATION

COUNTY OF LUNA
AGENCY FUNDS
JUNE 30, 2011

FIDUCIARY FUND TYPES

Agency Funds

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments, or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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.

COUNTY OF LUNA
ALL AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance June 30, 2010	Increase	Decrease	Balance June 30, 2011
TAXES COLLECTED FOR OTHERS				
ASSETS				
Cash and cash equivalents	\$161,880	\$5,403,317	\$5,445,956	\$119,241
Property taxes receivable	2,339,887	2,628,399	2,339,887	2,628,399
Total assets	\$2,501,767	\$8,031,716	\$7,785,843	\$2,747,640
LIABILITIES				
Due to other governmental agency	\$2,448,278	\$8,003,612	\$7,753,813	\$2,698,077
Prepaid taxes	1,329	807	803	1,333
Overpayment of taxes	340	27,297	26,787	850
Taxes paid in advance	21,788	0	4,428	17,360
Due to taxpayers	30,032	0	12	30,020
Total liabilities	\$2,501,767	\$8,031,716	\$7,785,843	\$2,747,640
INMATE ACCOUNTS				
ASSETS				
Cash and cash equivalents	\$51,965	\$62,371	\$45,735	\$68,601
Due from inmates	0	1,610	0	1,610
Total assets	\$51,965	\$63,981	\$45,735	\$70,211
LIABILITIES				
Due to inmates	\$51,965	\$0	\$45,735	\$6,230
Due to Luna County	0	3,421	0	3,421
Due to others	0	60,560	0	60,560
Total liabilities	\$51,965	\$63,981	\$45,735	\$70,211

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
ALL AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance June 30, 2010	Increase	Decrease	Balance June 30, 2011
TOTAL ASSETS AND LIABILITIES				
ASSETS				
Cash and cash equivalents	\$213,845	\$5,465,688	\$5,491,691	\$187,842
Property taxes receivable	2,339,887	2,628,399	2,339,887	2,628,399
Due from inmates	0	1,610	0	1,610
Total assets	\$2,553,732	\$8,095,697	\$7,831,578	\$2,817,851
LIABILITIES				
Due to other governmental agency	\$2,448,278	\$8,003,612	\$7,753,813	\$2,698,077
Prepaid taxes	1,329	807	803	1,333
Overpayment of taxes	340	27,297	26,787	850
Taxes paid in advance	21,788	0	4,428	17,360
Due to taxpayers	30,032	0	12	30,020
Due to inmates	51,965	0	45,735	6,230
Due to Luna County	0	3,421	0	3,421
Due to others	0	60,560	0	60,560
Total liabilities	\$2,553,732	\$8,095,697	\$7,831,578	\$2,817,851

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA

SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY OF PUBLIC FUNDS

JUNE 30, 2011

				First New Mexico Bank	Wells Fargo Bank
Total amount of deposits				\$4,333,259	\$501,436
Less FDIC coverage				(1,208,364)	(250,000)
Total uninsured public funds				3,124,895	251,436
Collateral requirement 50%				1,562,447	125,718
Type of Security					
<u>Security Number</u>		<u>CUSIP Number</u>	<u>Maturity Date</u>		
Fed Home Ln. Mtg. Pool	5.000%	3128L7PL5	3/1/2038		266,257
Fed Home Ln. Mtg. Pool	3.5%	3128PS5E3	11/1/2025		9,961
Fed Nat'l Mtg. Assn. Pool	6.0%	31410BAL8	5/1/2036		10,795
Fed Nat'l Mtg. Assn. Pool	5.5%	31412APR9	5/1/2038		5,794
Fed Nat'l Mtg. Assn. Pool	6.0%	31414FCD1	7/1/2038		2,998
Alamogordo, NM		011464FA7	8/1/2017	500,000	
Alamogordo, NM		01145OCR2	8/1/2021	440,000	
Bernalillo, NM		085279MJ3	8/1/2017	300,000	
FHLB		3133MJUQ1	11/15/2011	1,018,564	
FHLB		3133MTZL5	11/15/2012	2,116,449	
Wagon Mound, NM		930532AK2	10/1/2011	50,000	
<i>Total pledged securities</i>				4,425,013	295,805
<i>Over (under) pledged</i>				\$2,862,566	\$170,087

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
JUNE 30, 2011

Financial Institution: Account Name	Type of Account	Bank Balance	(Checks) Deposits	Book Balance
CASH				
First New Mexico Bank				
Treasurer	Checking	\$3,374,894	(\$1,461,723)	\$1,913,171
General	Checking	889,794	0	889,794
CDBG Grant	Checking	0	0	0
Detention Center Accounts:				
Inmate Account	Checking	633	0	633
Inmate Account	Checking	54,168	0	54,168
Inmate Account	Checking	394	0	394
Inmate Account	Checking	13,376	0	13,376
Wells Fargo Bank				
Treasurer	Checking	501,436	0	501,436
Total bank and book balance		4,834,695	(1,461,723)	3,372,972
INVESTMENTS				
State of New Mexico				
Local Government Investment Pool	Investment	12,137	0	12,137
Wells Fargo Securities, Inc.				
Money Market Funds	Investment	500,060	0	500,060
Bonds	Investment	6,572,385	0	6,572,385
Money Market Funds	Investment	7,551	0	7,551
Bonds	Investment	5,059,187	0	5,059,187
Total investments		12,151,320	0	12,151,320
Petty cash on hand		405	0	405
Total cash and investments		\$16,986,420	(\$1,461,723)	\$15,524,697

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA

SCHEDULE OF TAX ROLL RECONCILIATION - PROPERTY TAXES RECEIVABLE

JUNE 30, 2011

<u>Property taxes receivable, beginning of year</u>	<u>\$3,754,075</u>
Changes to tax roll:	
Net taxes charged to Treasurer for fiscal year	11,655,893
Adjustments:	
Increase in property tax receivable	677,252
<u>Total taxes charged to Treasurer for fiscal year</u>	<u>12,333,145</u>
Total receivables before collections	16,087,220
<u>Collections for fiscal year June 30, 2011</u>	<u>11,368,441</u>
<u>Property taxes receivable, end of year</u>	<u>\$4,718,779</u>
Property taxes receivable by years:	
2001-2009	\$3,365,279
2010	1,353,500
<u>Total taxes receivable</u>	<u>\$4,718,779</u>

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
JUNE 30, 2011

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
LUNA COUNTY							
General Advalorem							
2000-2009	\$32,080,453	\$342,115	\$30,817,404	\$342,115	\$30,817,404	\$0	\$1,263,049
2010	5,227,434	4,823,013	4,774,782	4,823,013	4,774,782		452,652
Total General Advalorem	37,307,887	5,165,128	35,592,186	5,165,128	35,592,186	0	1,715,701
Non-Rendition Fees							
2000-2009	300,964	3,597	214,901	3,597	214,901	0	86,063
2010	39,512	21,851	21,851	21,851	21,851		17,661
Total Non-Rendition Fees	340,476	25,448	236,752	25,448	236,752	0	103,724
Re-Appraisal Program							
2000-2009	682,529	20,268	637,116	20,268	637,116	0	45,413
2010	115,014	104,522	104,522	104,522	104,522		10,492
Total Re-Appraisal Program	797,543	124,790	741,638	124,790	741,638	0	55,905
Administrative Fees							
2000-2009	0	329	0	329	329	0	0
2010	0	0	0	0	0	0	0
Total Administrative Fees	0	329	0	329	329	0	0
Road Levy							
2000-2009	3,542,437	53,475	3,000,076	53,475	3,000,076	0	542,361
2010	862,483	649,873	647,433	649,873	647,433		215,050
Total Road Levy	4,404,920	703,348	3,647,509	703,348	3,647,509	0	757,411
Livestock							
2000-2009	272,348	720	257,753	720	257,753	0	14,595
2010	41,018	41,245	39,933	40,408	39,106	827	1,085
Total Livestock	313,366	41,965	297,686	41,128	296,859	827	15,680
State Levy							
2000-2009	4,000,034	49,404	3,852,584	49,404	3,852,584	0	147,450
2010	740,835	682,591	680,141	668,360	665,900	14,241	60,694
Total State Levy	4,740,869	731,995	4,532,725	717,764	4,518,484	14,241	208,144
Total Luna County	\$47,905,061	\$6,793,003	\$45,048,496	\$6,777,935	\$45,033,757	\$15,068	\$2,856,565

COUNTY OF LUNA
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
JUNE 30, 2011

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
SCHOOL DISTRICTS							
Deming Public Schools							
2000-2009	\$24,896,981	\$268,189	\$23,758,263	\$268,189	\$23,758,263	\$0	\$1,138,718
2010	3,913,889	3,603,975	3,385,297	3,557,596	3,338,918	\$46,379	\$528,592
Total Deming Public Schools	28,810,870	3,872,164	27,143,560	3,825,785	27,097,181	46,379	1,667,310
Total School Districts	\$28,810,870	\$3,872,164	\$27,143,560	\$3,825,785	\$27,097,181	\$46,379	\$1,667,310
MUNICIPALITIES:							
City of Deming							
2000-2009	2,661,133	42,271	2,564,089	42,271	2,564,089	0	97,044
2010	651,689	597,527	595,077	591,288	588,848	6,229	56,612
Total City of Deming	3,312,822	639,798	3,159,166	633,559	3,152,937	6,229	153,656
Village of Columbus							
2000-2009	393,272	9,517	362,686	9,517	362,686	0	30,586
2010	64,019	53,959	53,357	51,948	51,346	2,011	10,662
Total Village of Columbus	457,291	63,476	416,043	61,465	414,032	2,011	41,248
Total Municipalities	\$3,770,113	\$703,274	\$3,575,209	\$685,024	\$3,566,969	\$8,240	\$194,904
GRAND TOTALS	\$80,486,044	\$11,368,441	\$75,767,265	\$11,298,744	\$75,697,907	\$69,687	\$4,718,779

COUNTY OF LUNA
SCHEDULE OF JOINT POWERS AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Participants	Responsible Party for Operations	Descriptions	Beginning and Ending dates	Total Estimated Amount of Project	Contribution 6/30/2010	Audit Responsibility	Revenues and Expenditures Reported on:
Village of Columbus	Luna County	Multi Service Agreement	August 12, 2010 August 12, 2011	\$111,000	\$111,000	Luna County	REV: \$ 125,700 EXP: \$ 125,700
City of Deming	Luna County	Multi Service Agreement	July 1, 2010 June 30, 2011	Varies yearly	\$715,500	Luna County	REV: \$ 568,983 EXP: \$ 568,983

The Notes to Financial Statements are an integral part of these statements.

ADDITIONAL FEDERAL INFORMATION

COUNTY OF LUNA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Program Title	Federal CFDA Number or Agency Prefix	Project Number	Award Amount	Accrued or (Deferred) Revenue at June 30, 2010	Receipts	Expenditures	Accrued or (Deferred) Revenue at June 30, 2011
<u>U.S. Department of Housing and Urban Development</u>							
Passed through New Mexico Department of Finance and Administration							
Rural Health Center Renovation - CDBG	14.251	09-C-RS-1-03-G-16	\$494,536	\$0	(\$470,336)	\$470,336	\$0
<u>U.S. Department of Health and Human Services</u>							
Healthy Start Initiative	93.926	5 H67MC00011-08-00	\$712,500	\$45,709	(\$645,818)	\$612,841	\$12,732
Healthy Start Initiative	93.926	5 H67MC00011-09-00	694,684	0	0	55,121	55,121
Total U.S. Department of Health and Human Services			\$1,407,184	\$45,709	(\$645,818)	\$667,962	\$67,853
<u>U.S. National Department of Transportation</u>							
Passed through New Mexico Department of Transportation							
Operation DWI	20.608	11-AL-64-060	\$20,272	\$0	(\$10,807)	\$10,807	\$0
Operation DWI	20.608	10-AL-164-060	20,572	0	(7,899)	7,899	0
Total U.S. National Department of Transportation			\$40,844	\$0	(\$18,706)	\$18,706	\$0
<u>U.S. Department of Justice</u>							
Enhanced Border							
Enhanced Border, Security Operations	16.580	2008-DD-BX-0334	\$205,253	\$28,735	(\$28,735)	\$3,349	\$3,349
Southwest NM Border Law							
Enforcement Alliance	16.753	2009-DI-BX-0266	375,000	0	(109,054)	168,720	59,666
Assistance to Rural Law Enforcement							
	16.810	2010-SD-B9-0001	225,000	0	(42,117)	65,707	23,590
Law Enforcement Technology Grant - COPS	16.710	2010-CK-WK-0061	250,000	0	(155,851)	170,419	14,568
Total U.S. Department of Justice			\$1,055,253	\$28,735	(\$335,757)	\$408,195	\$101,173
<u>U.S. Department of Homeland Security</u>							
Passed through Department of Homeland Security and Emergency Management							
Operation Stonegarden	97.067	2008-SG-T8-0003	\$880,000	\$0	(\$51,075)	\$51,075	\$0
Operation Stonegarden	97.067	2009-SG-T9-0001	1,133,174	56,880	(472,795)	480,270	64,355
Operation Stonegarden	97.097	2009-SJ-T9-0001	639,077	13,436	(91,015)	188,076	110,497
Total U.S. Department of Homeland Security			\$2,652,251	\$70,316	(\$614,885)	\$719,421	\$174,852

COUNTY OF LUNA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Program Title	Federal CFDA Number or Agency Prefix	Project Number	Award Amount	Accrued or (Deferred) Revenue at June 30, 2010	Receipts	Expenditures	Accrued or (Deferred) Revenue at June 30, 2011
<u>General Services Administration</u>							
Port of Entry - Columbus	39.xxx	GS-07P-02-UFC-1038A	\$4,213,754	\$10,497	(\$1,928,812)	\$3,183,454	\$1,265,139
<u>Total Expenditures of Federal Awards</u>			\$9,863,822	\$155,257	(\$1,014,314)	\$5,468,074	\$1,609,017

N/A - Not Available

Basis of Presentation:

The above schedule of expenditures of federal awards includes the federal grant activity of County of Luna and is presented on the accrual basis of accounting.

This information in this schedule is presented in accordance with the requirements of OMB Circular A.133, "Audits of State, Local Governments, and Non-Profit Organizations."

Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

COUNTY OF LUNA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2011

NOTE 1. BASIS OF PRESENTATION

Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of the County of Luna (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.

NOTE 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.



**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***

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of the County of Luna as of and for the year ended June 30, 2011, and have issued our report thereon dated November 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. 2011-04

Mr. Hector H. Balderas, State Auditor and
The Board of Commissioners
County of Luna
Deming, New Mexico
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A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be significant deficiencies. 2011-01, 2011-02 and 2011-03.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2008-02 and 2009-01.

The County of Luna'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 responses and, accordingly, we express no opinion on it.

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

Kriegel/Gray/Shaw & Co., P.C.

Kriegel/Gray/Shaw & Co., P.C.

November 14, 2011



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

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

Compliance

We have audited County of Luna's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2011. County of Luna'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 County of Luna's management. Our responsibility is to express an opinion on County of Luna's compliance based on our audit.

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

In our opinion, County of Luna complied in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of County of Luna is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered County of Luna's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Mr. Hector H. Balderas, State Auditor and
The Board of Commissioners
County of Luna
Deming, New Mexico
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A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2011-02 and 2011-05. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The County of Luna'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 of Luna's responses and, accordingly, we express no opinion on the responses.

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

Kriegel/Gray/Shaw & Co., P.C.
Kriegel/Gray/Shaw & Co., P.C.

November 14, 2011

COUNTY OF LUNA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of Auditor’s Report issued: **Unqualified**

Internal Control Over Financial Reporting:

Material weakness(es) identified? X Yes No

Significant deficiencies identified that are not considered to be material weaknesses? X Yes No

Noncompliance material to financial statements noted? Yes X No

FEDERAL AWARDS

Internal Control Over Major Programs:

Material weakness(es) identified? Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? X Yes No

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? Yes X No

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
39.xxx	GSA Contract Port of Entry - Columbus
14.251	CDBG – Rural Health Center Renovation

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

Auditee qualified as low-risk auditee? Yes X No

COUNTY OF LUNA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR SIGNIFICANT DEFICIENCIES:

2011-01 Electronic Signatures Not a Significant Control – Significant Deficiency

Statement of Condition – The County’s disbursement checks are printed with dual electronic signatures. The treasurer is stamping each check, although this stamp is not recognized by every bank as necessary and therefore, does not provide an additional internal control.

Criteria – Good internal controls require a segregation of duties between the transaction processor and approver.

Cause – Lack of clear understanding of pertinent controls.

Effect – Potential for checks to be processed by accounts payable and released without an appropriate review by the treasurer’s office.

Recommendation – The County should eliminate one electronic signature upon printing the check and require the treasurer to sign each check to provide additional segregation of duties within the control system.

Management’s Response – Luna County will eliminate one electronic signature on printed checks. The Luna County Treasurer or their designee will sign each check with an original signature.

COUNTY OF LUNA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS

2011-02 Payroll System Produced Checks Not Properly Voided – Significant Deficiency

Statement of Condition – Voided payroll liability and deduction checks are maintained without proper void documentation.

Criteria – Good internal controls require that voided checks be clearly defaced so as not to allow the opportunity for these checks to be disbursed.

Cause – Upon processing of electronic payroll items, the accounting system produces computer generated checks for items such as savings deductions and payroll tax liabilities even though these items are electronically transmitted. These checks remain in the treasurer’s office without any documentation that they are voided.

Effect – Unauthorized potential exists for these checks to be disbursed.

Recommendation – The void checks should immediately be defaced and/or clearly and permanently marked void.

Management’s Response – Voided checks are now stamped with the word “VOID” across the front of the check.

COUNTY OF LUNA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS

2011-03 Communication Between Departments Not Adequate – Significant Deficiency

Statement of Condition – County departments do not communicate enough to provide adequate information to one another so that County business is recorded in the most efficient and effective manner.

Criteria – Although the accounting and fiscal functions of New Mexico counties are separated between the treasurer's office and the finance office by state law, good internal controls require comparison and reconciliation on a regular basis to appropriately reflect county transactions.

Cause – Segregation by state law of the accounting functions and lack of team work and communication.

Effect – Incorrect recording of transactions may not be identified and corrected timely, capital assets arising from construction projects may not be recorded accurately and timely and reconciliation processes may not be complete without timely and appropriate input from various County departments.

Recommendation – Regularly scheduled meetings should be held to review monthly reconciliations including the review of the treasurer's report, the budget report, capital asset schedules, and project management schedules. In addition, all grant administrators should meet regularly with finance and the treasurer's office to reconcile and communicate grant activity including a review of capital asset schedules to insure the proper and timely capitalization of assets purchased with grant funds.

Management's Response – Monthly reconciliation meetings will now be scheduled following the monthly Luna County Director/Stakeholder meetings.

COUNTY OF LUNA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS

2011-04 Inmate Trust Fund Accounts Not Properly Maintained – Material Weakness

Statement of Condition – Receipts of inmate trust funds from January 2004 through December of 2005 of \$60,009 were not deposited into the bank accounts as determined by a special audit performed by a third party. Special audit results have been turned over to the District Attorney’s office. In addition, the County failed to report this incident of suspected fraud to the New Mexico State Auditor’s office.

Criteria – The County has a fiduciary responsibility to maintain funds for the benefit of specific inmates. The County is required by New Mexico statute section 12-6-6 NMSA 1978 (criminal violations) to notify the State Auditor immediately in writing, upon discovery of any violation of a criminal statute in connection with financial affairs.

Cause – Lack of timely review, reconciliation and supervision.

Effect – Strong evidence exists that theft has occurred. Non compliance with New Mexico statutes regarding notification of the State Auditor.

Recommendation – The County has implement a complete accounting and reconciliation process but should require additional oversight of this reconciliation process by the treasurer’s office to include surprise on-site cash counts and review of accounting record maintenance.

Management’s Response – A new accounting and reconciliation process was instituted by Luna County upon notice of this finding. Additional oversight will be required by the Luna County Treasurer’s Office up to and including on site visits for cash counting purposes and a monthly reconciliation review.

COUNTY OF LUNA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT STATUS ON PRIOR YEAR FINDINGS:

2007-05 Failure to Apply GAAP

Not repeated.

2007-07 Failure to Certify the Correctness of Asset Accountability Report

Resolved and not repeated.

2007-08 Audit Report Submission to the New Mexico State Auditor

Resolved and not repeated.

COUNTY OF LUNA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):

2008-02 Legal Compliance with Budget – Significant Deficiency

Repeated with modification.

Statement of Condition – The County’s authorized budget was exceeded by actual expenditures. The County violated state statutes by exceeding the authorized budget within the following funds.

<u>Fund</u>	<u>Budget</u> <u>Amount</u>	<u>Actual</u> <u>Amount</u>	<u>Over</u> <u>Expended</u>
Columbus Stockyards	\$152,799	\$157,792	\$4,993
Community Health & Social Services	\$117,143	\$122,775	\$5,632
Fire Protection 1/4% GRT	\$308,555	\$311,894	\$3,339

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.

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

Effect – Noncompliance with the New Mexico State Statutes could subject officials and employees to penalties and fines required by state statutes.

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

Management’s Response – Management will monitor (on a monthly basis) expenditures and budget limitations to ensure compliance with budget restrictions.

COUNTY OF LUNA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):

2009-01 Designated Cash Exceeded Available Balance – Significant Deficiency

Repeated with modification.

Statement of Condition – The County budget exceeded the available projected revenues and cash carryover balances in the following funds:

Healing House Fund	\$357,932
DWI Grant Fund	\$47,930
Law Enforcement Protection Fund	\$225,708
Recording Fees Fund	\$51,747
Judicial Bond	\$45,959

Criteria – According to 2.2.2.10 NMCA if budgeted expenditures exceed budgeted revenues then that amount must not exceed the beginning of fiscal year cash.

Cause – Inadequate monitoring of the County’s budgeting procedures.

Effect – Potential for funds to over expend their resources resulting in unapproved loans from general fund.

Recommendation – Budget for future years should be revised to insure all funds have adequate projected revenues and cash carryovers for appropriations. Greater attention should be given to the budget monitoring process.

Management’s Response – Grant budgets for future years will be designated and recorded upon receipt of grant award letter or grant contract only. The Recording Fees Fund will be monitored on a quarterly basis for budget revision purposes.

COUNTY OF LUNA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):

2009-02 Preparation of Financial Statements

Not repeated.

2010-01 Capitalization of Assets with a Historical Cost under \$5,000

Not repeated.

COUNTY OF LUNA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**CURRENT YEAR FINDINGS AND QUESTIONED COSTS –
MAJOR FEDERAL AWARD PROGRAM AUDIT:**

**2011-05 Port of Entry GSA Contract – No Verification of Contractor’s Certified Payroll per Davis Bacon Act –
Significant Deficiency**

Program Name	Program CFDA	Federal Award Number	Project Year	Federal Awarding Agency	Pass through entity
Port of Entry-Columbus	39.xxx	GS-07P-02-UFC-1038A	N/A	General Services Administration	N/A

Questioned Costs – None

Statement of Condition – The County did not verify the contractor’s certification of employee’s wage rates and hours worked to determine compliance with required federal wage rates.

Criteria – Federally funded construction projects require contractors to pay employees in accordance with federal wage rates. The County is required to monitor and verify the employees are being paid no less than the federal wage rates in accordance with the Davis Bacon Act.

Cause – Unaware of the requirement to have controls in place to monitor and verify the certified payroll of the contractor.

Effect – Possibility of contractor employees not being paid the appropriate federal wage rate.

Recommendation – Conduct interviews of contractor’s employees at the job site periodically to verify wage rates and duties per the contractor’s certified payroll.

Management’s Response – Luna County’s Community Health & Wellness Director will ensure site visits and grant compliance prior to submissions for reimbursement.

COUNTY OF LUNA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**PRIOR YEAR FINDINGS AND QUESTIONED COSTS –
MAJOR FEDERAL AWARD PROGRAM AUDIT:**

Repeated with modification.

2010-02 Capital Asset Records do not Identify Assets Acquired with Federal Funds – Significant Deficiency

Program Name	Program CFDA	Federal Award Number	Project Year	Federal Awarding Agency	Pass through entity
Healthy Start Initiative	93.926	5 H67MC00011-08-00	2009	Department of Health and Human Services	N/A
		5 H67MC00011-09-00	2010		
Operation Stonegarden	97.067	2008-SG-T8-0003-Luna	2008	U.S. Department of Homeland Security	New Mexico Department of Homeland Security
		2009-SG-T9-0001	2009		
		2009-SJ-T9-001	2009		

Questioned Costs – None

Statement of Condition – Management failed to maintain records to specifically identify acquisitions of property acquired with federal awards.

Criteria – Management is to maintain accurate records on all acquisitions and dispositions of property acquired with federal awards. (OMB Circular A-133, Subpart 6, F)

Cause – Unaware of the requirement to specifically identify assets purchased with federal funds.

Effect – Potential that the federal awarding agency would not be appropriately compensated for its share of any property sold or converted to non-federal use.

Recommendation – We recommend management add additional coding to their capital asset records to identify assets acquired with federal funds.

Management’s Response – Luna County will begin to code capital assets for identification purposes in two (2) ways: (1) The Triadic Asset software program will have another level of coding added for identification purposes (2) Actual inventory tags will also be separated through the use of a specific code which identifies federal purchases.

COUNTY OF LUNA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**PRIOR YEAR FINDINGS AND QUESTIONED COSTS –
MAJOR FEDERAL AWARD PROGRAM AUDIT (CONTINUED):**

2010-03 Failure to Comply with Cash Management Compliance Requirements

Not repeated.

2010-04 Failure to Comply with Separate Accountability Requirements

Resolved and not repeated.

COUNTY OF LUNA

EXIT CONFERENCE

JUNE 30, 2011

EXIT CONFERENCE:

The exit conference was held November 14, 2011 and was attended by the following:

From County of Luna:

R. Javier Diaz, Chairman
Kelly Kuenstler, County Manager
Dora Madrid, County Treasurer
Gloria Rodriguez, Chief Deputy Treasurer
Joanne Hethcox, Budget and Procurement Director

From Kriegel/Gray/Shaw & Co., P.C.:

Debbie Gray, CPA/Shareholder
Thomas Baker, Staff Auditor

FINANCIAL STATEMENTS PREPARATION

Preparation of financial statements is the responsibility of management. Although, the County of Luna's personnel provided significant assistance in the preparation, the statements and related footnotes were prepared by Kriegel/Gray/Shaw & Co., P.C.