



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

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STATE OF NEW MEXICO

COUNTY OF LUNA

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2012

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COUNTY OF LUNA
OFFICIAL ROSTER
JUNE 30, 2012

ELECTED OFFICIALS

<u>Name</u>	<u>Title</u>
<i>J. Jay Spivey</i>	<i>Chairman</i>
<i>Joe L. "Oleo" Milo, Jr.</i>	<i>Member</i>
<i>R. Javier Diaz</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>Kelly Kuenstler.</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, 2012, 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, 2012, 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 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, 2012, 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, 2012, 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, 2012 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and combining and individual fund financial statements and the budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The additional schedules listed as "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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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, 2012

COUNTY OF LUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

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, 2012. 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 \$44,907,576 (*net assets*). Of this amount, \$16,177,196 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Revenues for governmental activities decreased by \$88,348 from the prior year.
- Net expenditures for governmental activities increased \$650,849 from the prior year.
- As of June 30, 2012, the County's governmental funds reported combined ending fund balances of \$17,504,212.
- At the close of the current fiscal year, unassigned balance of the general fund was \$6,643,765.

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, 2012

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 we) I 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 26 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 23 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, the Commissary, 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, 2012

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 increased from the prior year by \$706,411 to total \$44,907,576 at the close of the current fiscal year.

A large portion of County of Luna's net assets represents the County's investment of \$25,115,650 (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 balance of *unrestricted net assets* \$16,177,196 may be used to meet the government's ongoing obligations to citizens and creditors.

Analysis of Changes in Net Assets

The County's net assets, overall, increased by \$706,411 during the current fiscal year. This net increase is explained below.

Governmental Activities. During the fiscal year, revenues in the Governmental Activities decreased due to a decrease in operating and capital grants but showed an increase in property taxes and state shared taxes. Total Expenditures for Governmental Activities increased during the year and total revenues exceeded total expenditures by \$2,138,669. Property taxes and state-shared taxes contributed \$13,650,256 to fund the \$12,361,282 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 6% as compared to the prior year.

Investment earnings increased by 50% in the fiscal year ended June 30, 2012. The primary cause for this increase was an improvement in the market value of the investment portfolio.

Business-Type Activities. Business-type activities decreased the County's net assets by \$1,432,258. The key element of this decrease was due to a decline in detention fee revenue. Detention expenses increased slightly by \$12,686.

COUNTY OF LUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

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 \$17,504,212, an increase of \$928,127 from the prior year. The increase is primarily due to a concerted effort to control general fund expenditures even as revenues decreased.

Revenues for governmental functions overall totaled \$19,049,597, in the fiscal year ended June 30, 2012, which represents a decrease of \$4,360,502 from the fiscal year ended June 30, 2011, due to significant decreases in capital grants. Expenditures for governmental functions totaled \$18,135,287. This was a decrease of \$3,095,423 from the fiscal year ended June 30, 2011 due to a substantial decrease in capital asset expenditures in the current year. In the fiscal year ended June 30, 2012, revenues for governmental functions exceeded expenditures by \$914,310.

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 \$6,643,765. The fund balance of County of Luna's General Fund increased by \$837,006 during the current fiscal year. This increase is primarily due to concerted effort to control expenditures as revenues declined.

The Road Fund has total fund balance of \$910,750. The net decrease in fund balance during the current year in the Road Fund was \$312,130. This decrease is due primarily to increased expenditures for road maintenance.

The County Maintenance Fund has a total fund balance of \$6,053,665. The net decrease in fund balance during the current year in the County Maintenance Fund was \$206,874. This decrease is due to substantial decline in capital 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 (\$279,817). The total decrease in net assets for the Proprietary Funds was \$1,432,258. 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, 2012

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	\$4,566,844	\$4,816,745	\$249,901	To provide for additional expenditures
Public Safety	3,356,971	3,324,040	(32,931)	To provide for additional expenditures
Public Works	656,463	656,463	0	To provide for additional expenditures
Capital Outlay	38,100	41,387	3,287	
Totals	\$8,618,378	\$8,838,635	\$220,257	

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, 2012 amount to \$34,930,928 (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 \$487,756 for governmental activities. The total decrease in business-type capital assets (excluding accumulated depreciation) for the current fiscal year was \$18,042.

COUNTY OF LUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Capital Assets Net of Depreciation
June 30, 2012

	Governmental Activities	Business-Type Activities	Totals
Land and Construction in Progress	\$5,940,853	\$719,714	\$6,660,567
Buildings and Improvements	13,250,394	12,513,964	25,764,358
Equipment and Furnishings	2,420,276	85,727	2,506,003
<i>Capital Assets, net of Accumulated Depreciation</i>	\$21,611,523	\$13,319,405	\$34,930,928

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 \$11,796,245. 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 \$76,151 from the prior fiscal year. 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 \$7,350 Equipment and Furnishings.

The County's debt decreased \$272,764 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, 2012
Net Value of Capital Assets	\$21,611,523	\$13,319,405	\$34,930,928
Long-Term Debt:			
Judicial Complex Bond 2007A	3,788,164	0	3,788,164
Entertainment Center Bond 2007B	6,027,114	0	6,027,114
<i>Total investment in Capital Assets, net of Related Debt</i>	\$11,796,245	\$13,319,405	\$25,115,650

COUNTY OF LUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

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 \$1,432,258 of the County's net assets at the end of fiscal year 2012. Total Revenue generated by Governmental activities and Business-type activities in the County in 2012 was \$24,194,425 less than those activities generated in 2011. The primary cause of this decrease in revenue was the significant decrease in revenue generated from governmental activities in capital grants. Expenses for governmental operations and for the County's business type operations increased during the fiscal year, still 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	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for services	\$421,196	\$415,392	\$4,022,861	\$4,630,345	\$4,444,057	\$5,045,737
Operating grants and contributions	4,766,883	5,754,544	0	0	4,766,883	5,754,544
Capital grants and contributions	455,834	4,377,920	0	0	455,834	4,377,920
General Revenue:						
Property taxes	9,185,241	8,817,532	0	0	9,185,241	8,817,532
State shared taxes	4,465,015	4,085,410	0	0	4,465,015	4,085,410
Other income	835,878	598,989	41,517	59,391	877,395	658,380
Transfers	13,817	4,000	(13,817)	(4,000)	0	0
Total revenues	20,143,864	24,053,787	4,050,561	4,685,736	24,194,425	28,739,523
Expenses:						
General Government	5,482,217	5,070,405	0	0	5,482,217	5,070,405
Public Safety	5,434,439	5,232,787	0	0	5,434,439	5,232,787
Public Works	3,399,915	2,918,094	0	0	3,399,915	2,918,094
Health and Welfare	3,024,189	2,971,830	0	0	3,024,189	2,971,830
Culture and Recreation	102,755	248,398	0	0	102,755	248,398
Interest on long-term debt	561,680	626,291	0	0	561,680	626,291
Business-Type activities	0	0	5,482,819	5,470,133	5,482,819	5,470,133
Total expenses	18,005,195	17,067,805	5,482,819	5,470,133	23,488,014	22,537,938
Change in Net Assets	2,138,669	6,985,982	(1,432,258)	(784,397)	706,411	6,201,585
Net Assets, beginning of year	29,729,319	28,823,643	14,471,846	16,891,228	44,201,165	45,714,871
Restatements	0	(6,080,306)	0	(1,634,985)	0	(7,715,291)
Net Assets, end of year	\$31,867,988	\$29,729,319	\$13,039,588	\$14,471,846	\$44,907,576	\$44,201,165

COUNTY OF LUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Condensed Summary of Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets:						
Cash and cash equivalents	\$1,080,990	\$1,708,567	\$52,862	\$734,253	\$1,133,852	\$2,442,820
Investments	13,836,409	12,151,320	0	0	13,836,409	12,151,320
Receivables:						
Property taxes	3,196,216	2,090,380	0	0	3,196,216	2,090,380
Account	49,493	0	0	0	49,493	0
Grant	571,753	1,694,114	0	0	571,753	1,694,114
Other	0	179,540	0	0	0	179,540
Internal balances	411,016	11,447	(411,016)	(11,447)	0	0
Due from other governments	708,635	967,890	409,341	392,934	1,117,976	1,360,824
Inventory	135,212	321,027	0	0	135,212	321,027
Restricted cash	1,087,731	742,712	0	0	1,087,731	742,712
Due from external sources	0	0	3,684	3,421	3,684	3,421
Capital assets						
Land and Assets net of accumulated depreciation	21,611,523	21,808,136	13,319,405	13,726,931	34,930,928	35,535,067
Total assets	\$42,688,978	\$41,675,133	\$13,374,276	\$14,846,092	\$56,063,254	\$56,521,225
Liabilities and Net Assets:						
Accounts payable	\$354,848	\$1,313,856	\$78,651	\$95,225	\$433,499	\$1,409,081
Accrued salaries	133,505	86,903	58,767	41,212	192,272	128,115
Non-Current Liabilities:						
Compensated Absences						
Due within one year	16,503	15,579	2,386	0	18,889	15,579
Due after one year	500,856	441,434	194,884	237,809	695,740	679,243
Loans Payable						
Due within one year	0	0	0	0	0	0
Due after one year	9,815,278	10,088,042	0	0	9,815,278	10,088,042
Total liabilities	10,820,990	11,945,814	334,688	374,246	11,155,678	12,320,060
Net Assets:						
Invested in capital assets, net of related debt	11,796,245	11,720,094	13,319,405	13,726,931	25,115,650	25,447,025
Restricted for						
Road inventory	135,212	321,027	0	0	135,212	321,027
Debt service	1,271,696	948,517	0	0	1,271,696	948,517
Other purposes	2,207,822	1,644,980	0	0	2,207,822	1,644,980
Unrestricted	16,457,013	15,094,701	(279,817)	744,915	16,177,196	15,839,616
Total net assets	31,867,988	29,729,319	13,039,588	14,471,846	44,907,576	44,201,165
Total liabilities and net assets	\$42,688,978	\$41,675,133	\$13,374,276	\$14,846,092	\$56,063,254	\$56,521,225

COUNTY OF LUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

The County's Total Assets decreased during the fiscal year, as well as total liabilities. Total Net Assets increased 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, 2012 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 2013. 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 2013 fiscal year budget. In fiscal 2012, 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 2013 and expected further reductions in 2013.

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, 2012

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and cash equivalents	\$1,080,990	\$52,862	\$1,133,852
Investments	13,836,409	0	13,836,409
Receivables:			
Property taxes	3,196,216	0	3,196,216
Grant	571,753	0	571,753
Accounts	49,493	0	49,493
Internal balances	411,016	(411,016)	0
Due from other governments	708,635	409,341	1,117,976
Inventory	135,212	0	135,212
Restricted cash	1,087,731	0	1,087,731
Due from external sources	0	3,684	3,684
Capital Assets:			
Land and assets net of accumulated depreciation	21,611,523	13,319,405	34,930,928
Total assets	\$42,688,978	\$13,374,276	\$56,063,254
LIABILITIES			
Accounts payable	354,848	78,651	433,499
Accrued salaries	133,505	58,767	192,272
Noncurrent Liabilities:			
Compensated absences:			
Due within one year	16,503	2,386	18,889
Due after one year	500,856	194,884	695,740
Loans payable:			
Due within one year	0	0	0
Due after one year	9,815,278	0	9,815,278
Total liabilities	10,820,990	334,688	11,155,678
NET ASSETS			
Invested in capital assets, net of related debt	11,796,245	13,319,405	25,115,650
Non expendable inventory	135,212	0	135,212
Restricted for:			
Debt service	1,271,696	0	1,271,696
Other purposes	2,207,822	0	2,207,822
Unrestricted	16,457,013	(279,817)	16,177,196
Total net assets	31,867,988	13,039,588	44,907,576
Total liabilities and net assets	\$42,688,978	\$13,374,276	\$56,063,254

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, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	
Primary Government							
Governmental Activities:							
General government	\$5,482,217	\$312,040	\$278,472	\$339,564	(\$4,552,141)	\$0	(\$4,552,141)
Public safety	5,434,439	0	1,548,992	43,984	(3,841,463)	0	(3,841,463)
Public works	3,399,915	0	507,385	72,286	(2,820,244)	0	(2,820,244)
Health and welfare	3,024,189	109,156	2,432,034	0	(482,999)	0	(482,999)
Culture and recreation	102,755	0	0	0	(102,755)	0	(102,755)
Interest on long-term debt	561,680	0	0	0	(561,680)	0	(561,680)
Total governmental activities	18,005,195	421,196	4,766,883	455,834	(12,361,282)	0	(12,361,282)
Business-Type Activities:							
Detention Facility	5,054,547	3,871,271	0	0	0	(1,183,276)	(1,183,276)
Entertainment Complex	223,506	41,457	0	0	0	(182,049)	(182,049)
Columbus Stockyard	204,766	110,133	0	0	0	(94,633)	(94,633)
Total business-type activities	5,482,819	4,022,861	0	0	0	(1,459,958)	(1,459,958)
Total primary government	\$23,488,014	\$4,444,057	\$4,766,883	\$455,834	(\$12,361,282)	(\$1,459,958)	(\$13,821,240)

General Revenues

Property taxes	\$9,185,241	\$0	\$9,185,241
State shared taxes	4,465,015	0	4,465,015
Interest income	150,970	3,028	153,998
Other income	798,271	38,489	836,760
Loss on asset disposal	(113,363)	0	(113,363)
Transfers in (out)	13,817	(13,817)	0
Total general revenues	14,499,951	27,700	14,527,651
Change in net assets	2,138,669	(1,432,258)	706,411
Net assets, beginning of year	29,729,319	14,471,846	44,201,165
Net assets, end of year	\$31,867,988	\$13,039,588	\$44,907,576

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

COUNTY OF LUNA
GOVERNMENTAL FUNDS
BALANCE SHEETS
JUNE 30, 2012

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Road Fund	County Maintenance		
ASSETS					
Cash and cash equivalents	\$0	\$0	\$0	\$1,080,990	\$1,080,990
Investments	8,810,062	0	5,026,347	0	13,836,409
Receivables:					
Due from other governments	122,624	87,500	0	498,511	708,635
Taxes receivable	2,210,750	970,703	0	14,763	3,196,216
Grants	1,492	0	149,980	420,281	571,753
Accounts receivable	0	0	0	49,493	49,493
Due from other funds	11,447	827,679	911,627	960,101	2,710,854
Inventory	0	135,212	0	0	135,212
Restricted cash and cash equivalents	0	0	0	1,087,731	1,087,731
Total assets	\$11,156,375	\$2,021,094	\$6,087,954	\$4,111,870	\$23,377,293
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$90,217	\$145,420	\$34,289	\$84,922	\$354,848
Accrued salaries	99,425	15,791	0	18,289	133,505
Accrued compensated absences	14,118	0	0	2,385	16,503
Bank overdraft	0	0	0	0	0
Interest payable	0	0	0	0	0
Due to other funds	2,203,417	0	0	96,421	2,299,838
Deferred revenue	2,105,433	949,133	0	13,821	3,068,387
Total liabilities	4,512,610	1,110,344	34,289	215,838	5,873,081
Fund Balance:					
Nonspendable	0	135,212	0	0	135,212
Restricted	0	0	0	3,060,513	3,060,513
Committed	0	0	0	96,209	96,209
Assigned	0	775,538	6,053,665	750,341	7,579,544
Unassigned	6,643,765	0	0	(11,031)	6,632,734
Total fund balance	6,643,765	910,750	6,053,665	3,896,032	17,504,212
Total liabilities and fund balance	\$11,156,375	\$2,021,094	\$6,087,954	\$4,111,870	\$23,377,293

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, 2012

FUND BALANCE of Governmental Funds	\$17,504,212
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.	21,611,523
Certain assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	3,068,387
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	(10,316,134)
<i>Net assets of governmental activities</i>	<i>\$31,867,988</i>

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

COUNTY OF LUNA
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Road Fund	County Maintenance		
REVENUES					
Property taxes	\$7,276,034	\$696,921	\$0	\$18,473	\$7,991,428
State shared taxes	1,277,270	1,030,038	0	2,157,707	4,465,015
Small counties assistance	148,000	0	0	0	148,000
Intergovernmental	34,169	483,385	72,286	839,600	1,429,440
Charges for services	168,718	0	0	252,478	421,196
Federal grants	45,961	0	339,564	2,040,130	2,425,655
Interest income	71,797	5,226	70,437	3,510	150,970
State grants	5,246	0	43,984	1,170,392	1,219,622
Other grants	0	0	0	0	0
Bond proceeds	0	0	0	0	0
Rental income	72,074	0	0	0	72,074
Other income	581,218	24,379	1,000	119,600	726,197
<i>Total revenues</i>	9,680,487	2,239,949	527,271	6,601,890	19,049,597
EXPENDITURES					
Current:					
General government	4,354,980	0	308,965	156,600	4,820,545
Public safety	3,077,955	0	0	1,911,905	4,989,860
Public works	628,853	2,572,079	34,738	16,646	3,252,316
Health and welfare	0	0	116,951	2,715,059	2,832,010
Culture and recreation	0	0	0	100,000	100,000
Debt Service					
Principal	0	0	0	290,000	290,000
Interest expense	0	0	0	544,444	544,444
Capital outlay	128,417	0	356,508	821,187	1,306,112
<i>Total expenditures</i>	8,190,205	2,572,079	817,162	6,555,841	18,135,287
<i>Excess (deficiency) of revenues over expenditures</i>	1,490,282	(332,130)	(289,891)	46,049	914,310
Other Financing Sources (Uses):					
Operating transfers in (out)	(653,276)	20,000	83,017	564,076	13,817
<i>Total other financing sources (uses)</i>	(653,276)	20,000	83,017	564,076	13,817
<i>Net changes in fund balances</i>	837,006	(312,130)	(206,874)	610,125	928,127
Fund balance - beginning of year	5,806,759	1,222,880	6,260,539	3,285,907	16,576,085
Fund balance - end of year	\$6,643,765	\$910,750	\$6,053,665	\$3,896,032	\$17,504,212

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, 2012

Net change in fund balances - Governmental Funds	\$928,127
 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 \$997,958 exceeded depreciation expense of \$1,081,208 in the current period.	(83,250)
Property taxes are deferred in the funds based on available and measurable criteria. In the Statement of Activities they are recorded as revenue.	1,193,813
Repayment of bond principal is an expenditure in the governmental funds but reduce the liability in the statement of net assets (net of discount amortization).	272,764
Disposition of capital assets	(113,363)
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.	(59,422)
<i>Change in net assets of governmental activities</i>	\$2,138,669

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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Taxes	\$6,966,209	\$6,966,209	\$7,365,080	\$398,871
State shared taxes	1,154,500	1,154,500	1,284,935	130,435
Small counties assistance	140,000	140,000	148,000	8,000
Intergovernmental revenue	0	0	34,169	34,169
Charges for services	97,250	97,250	169,018	71,768
Interest income	86,000	86,000	77,449	(8,551)
Federal grants	134,000	134,000	80,635	(53,365)
State grants	25,400	25,400	32,096	6,696
Other income	688,860	688,860	652,992	(35,868)
<i>Total revenues</i>	<u>9,292,219</u>	<u>9,292,219</u>	<u>9,844,374</u>	<u>552,155</u>
EXPENDITURES				
Current:				
General government	4,566,844	4,816,745	4,319,015	497,730
Public safety	3,356,971	3,324,040	3,046,352	277,688
Public works	656,463	656,463	642,613	13,850
Capital outlay	38,177	41,387	150,294	(108,907)
<i>Total expenditures</i>	<u>8,618,455</u>	<u>8,838,635</u>	<u>8,158,274</u>	<u>680,361</u>
<i>Excess (deficiency) of revenues over expenditures</i>	673,764	453,584	1,686,100	1,232,516
Other Financing Sources (Uses):				
Operating transfers in (out)	(653,276)	(653,276)	(653,276)	0
<i>Total other financing sources (uses)</i>	<u>(653,276)</u>	<u>(653,276)</u>	<u>(653,276)</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<u>\$20,488</u>	<u>(199,692)</u>	<u>\$1,032,824</u>	<u>\$1,232,516</u>
Budgeted cash carryover		<u>220,440</u>		
		<u>\$20,748</u>		
Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			\$1,032,824	
Adjustments for revenue accruals			(163,887)	
Adjustments for expenditures accruals			(195,818)	
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)</i>			<u>\$673,119</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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Property tax	\$862,450	\$862,450	\$703,687	(\$158,763)
State shared taxes	950,000	950,000	1,031,423	81,423
Intergovernmental revenue	482,190	482,190	483,385	1,195
Charges for services	0	0	0	0
Interest income	4,100	4,100	5,226	1,126
Federal grants	0	0	0	0
State grants	0	0	0	0
Other revenue	20,000	20,000	24,379	4,379
<i>Total revenues</i>	<u>2,318,740</u>	<u>2,318,740</u>	<u>2,248,100</u>	<u>(70,640)</u>
EXPENDITURES				
Current:				
Public works	2,353,317	2,353,317	2,254,699	98,618
<i>Total expenditures</i>	<u>2,353,317</u>	<u>2,353,317</u>	<u>2,254,699</u>	<u>98,618</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(34,577)	(34,577)	(6,599)	27,978
Other Financing Sources (Uses):				
Operating transfers in (out)	20,000	20,000	20,000	0
<i>Total other financing sources (uses)</i>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(14,577)	(14,577)	<u>\$13,401</u>	<u>\$27,978</u>
Budgeted cash carryover	14,577	14,577		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$13,401
Adjustments for revenue accruals	(8,151)
Adjustments for expenditures accruals	(317,380)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$312,130)</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, 2012

	Detention Center	Entertainment Complex	Nonmajor Funds	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$0	\$44,457	\$8,405	\$52,862
Accounts receivable	0	0	0	0
Due from other governments	409,341	0	0	409,341
Due from external sources	3,684	0	0	3,684
<i>Total current assets</i>	413,025	44,457	8,405	465,887
Non-Current Assets				
Capital assets	7,370,132	9,415,230	19,975	16,805,337
Accumulated depreciation	(2,822,388)	(651,892)	(11,652)	(3,485,932)
<i>Total non-current assets</i>	4,547,744	8,763,338	8,323	13,319,405
Total assets	\$4,960,769	\$8,807,795	\$16,728	\$13,785,292
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable	\$76,134	\$0	\$2,517	\$78,651
Accrued salaries	55,857	0	2,910	58,767
Due to other funds	350,486	0	60,530	411,016
Accrued compensation - current	2,386	0	0	2,386
Long-term accrued compensated absences	193,799	0	1,085	194,884
<i>Total liabilities</i>	678,662	0	67,042	745,704
Net Assets:				
Invested in capital assets	4,547,744	8,763,338	8,323	13,319,405
Unrestricted	(265,637)	44,457	(58,637)	(279,817)
<i>Total net assets</i>	4,282,107	8,807,795	(50,314)	13,039,588
Total liabilities and net assets	\$4,960,769	\$8,807,795	\$16,728	\$13,785,292

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, 2012**

	Detention Center	Entertainment Complex	Nonmajor Funds	Total
OPERATING REVENUES				
Cattle crossing revenue	\$0	\$0	\$110,133	\$110,133
Starmax revenues	0	41,457	0	41,457
Correction fees	345,510	0	0	345,510
Adult prisoner fees	3,017,098	0	0	3,017,098
Juvenile prisoner fees	508,663	0	0	508,663
Miscellaneous revenue	262	0	38,227	38,489
<i>Total operating revenues</i>	<u>3,871,533</u>	<u>41,457</u>	<u>148,360</u>	<u>4,061,350</u>
OPERATING EXPENDITURES				
Personnel expenses	3,604,685	0	145,217	3,749,902
Depreciation	188,517	223,506	2,853	414,876
Other operating costs	1,261,345	0	56,696	1,318,041
<i>Total operating expenditures</i>	<u>5,054,547</u>	<u>223,506</u>	<u>204,766</u>	<u>5,482,819</u>
<i>Operating income (loss)</i>	<i>(1,183,014)</i>	<i>(182,049)</i>	<i>(56,406)</i>	<i>(1,421,469)</i>
NON-OPERATING REVENUES (EXPENSES)				
Interest revenue	3,028	0	0	3,028
<i>Net income (loss) before transfers</i>	<i>(1,179,986)</i>	<i>(182,049)</i>	<i>(56,406)</i>	<i>(1,418,441)</i>
<i>Operating transfers in (out)</i>	<i>(2,317)</i>	<i>(11,500)</i>	<i>0</i>	<i>(13,817)</i>
<i>Change in net assets</i>	<i>(1,182,303)</i>	<i>(193,549)</i>	<i>(56,406)</i>	<i>(1,432,258)</i>
Total net assets, beginning of year	5,464,410	9,001,344	6,092	14,471,846
<i>Total fund net assets, end of year</i>	<i>\$4,282,107</i>	<i>\$8,807,795</i>	<i>(\$50,314)</i>	<i>\$13,039,588</i>

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, 2012

	Detention Center	Entertainment Complex	Nonmajor Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$3,854,863	\$41,457	\$148,361	\$4,044,681
Cash payments to suppliers for goods and services	(1,278,660)	0	(55,956)	(1,334,616)
Cash payments to employees for services	(3,628,190)	0	(144,696)	(3,772,886)
<i>Net cash provided (used) by operating activities</i>	(1,051,987)	41,457	(52,291)	(1,062,821)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:				
Temporary loan - other funds	339,039	0	60,530	399,569
Net transfers in (out)	(2,317)	(11,500)	0	(13,817)
<i>Net cash provided (used) by non-capital and related financing activities</i>	336,722	(11,500)	60,530	385,752
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(7,350)	0	0	(7,350)
<i>Net cash provided (used) by capital and related financing activities</i>	(7,350)	0	0	(7,350)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income	3,028	0	0	3,028
<i>Net cash provided (used) by investing activities</i>	3,028	0	0	3,028
<i>Net increase (decrease) in cash</i>	(719,587)	29,957	8,239	(681,391)
Cash and cash equivalents, beginning of year	719,587	14,500	166	734,253
<i>Cash and cash equivalents, end of year</i>	\$0	\$44,457	\$8,405	\$52,862
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	(\$1,183,014)	(\$182,049)	(\$56,406)	(\$1,421,469)
Depreciation	188,517	223,506	2,854	414,877
Receivables	(16,670)	0	0	(16,670)
Accrued payroll expenses	(23,505)	0	521	(22,984)
Accounts payable	(17,315)	0	740	(16,575)
<i>Net cash provided (used) by operating activities</i>	(\$1,051,987)	\$41,457	(\$52,291)	(\$1,062,821)

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, 2012

	Agency Funds
ASSETS	
Cash and temporary investments	\$215,131
Receivables:	
Property taxes	2,439,268
Due from inmates	5,323
<hr/>	
<i>Total assets</i>	\$2,659,722
<hr/>	
LIABILITIES	
Due to inmates	\$5,490
Due to Luna County	3,684
Due to others	62,024
Due to other governments	2,528,148
Prepaid taxes	14,741
Overpayment of taxes	706
Taxes paid in advance	14,909
Due to taxpayers	30,020
<hr/>	
<i>Total liabilities</i>	\$2,659,722
<hr/>	

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

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012

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, 2012

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, 2012

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 use, 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, 2012

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, 2012

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, 2012

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, 2012. 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, 2012, 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, 2012

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 \$714,629 as of June 30, 2012.

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 13, 2012, the date the financial statements were available to be issued.

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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.

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 (\$57,348)
 - Healing House (\$10,142)
 - KLCB Aluminum (\$889)

- B. Designated cash appropriations in excess of available balances:
 - Community Health and Social Services (\$38,366)
 - DWI Treatment Fees (\$2,318)
 - KLCB Aluminum Fund (\$52,062)
 - Local Infrastructure Capital Improvements Fund (\$401,152)
 - Law Enforcement Protection (\$13,261)
 - Detention Center Fund (\$1,055,959)
 - Columbus Stockyards Fund (\$43,209)
 - Commissary Fund (\$9,084)

- C. Excess of fund actual expenditures over budget:

<u>Fund</u>	<u>Budget Amount</u>	<u>Actual Amount</u>	<u>Over Expended</u>
Entertainment Complex Bond	\$539,862	\$544,193	\$4,331
Community Health and Social Services	\$60,000	\$63,367	\$3,367
Judicial Bond	\$287,410	\$290,250	\$2,840

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012.

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, 2012, 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	\$375	\$0	\$375
First New Mexico Bank	2,537,457	(730,435)	1,807,022
Wells Fargo Bank	503,375	0	503,375
<i>Total cash deposits</i>	<u>\$3,041,207</u>	<u>(\$730,435)</u>	<u>2,310,772</u>
Wells Fargo Investments – money market accounts			125,941
			<u>\$2,436,710</u>

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

Cash and cash equivalents	\$1,133,852
Restricted cash and cash equivalents	1,087,730
Agency funds	215,131
<i>Statement of net assets</i>	<u>\$2,436,710</u>

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

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 less the applicable FDIC coverage.

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, 2012, \$0 of the County's bank balances of \$3,040,832 were exposed to custodial credit risk as follows:

	First New Mexico Bank	Wells Fargo Bank	Total
Year ended June 30, 2012			
Total amount of deposits	\$2,537,457	\$503,375	\$3,040,832
FDIC Coverage	(250,000)	(250,000)	(500,000)
<i>Total uninsured public funds</i>	2,287,457	253,375	2,540,832
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the County's name	3,240,000	253,948	3,493,948
<i>Over collateralization</i>	\$952,543	\$573	\$953,116
Collateral requirement (50% of uninsured public funds)	\$1,143,729	\$126,688	\$1,270,417
Pledged securities	3,240,000	253,948	3,493,948
<i>Over (under) collateralization</i>	\$2,096,271	\$127,260	\$2,223,531

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, 2012

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, 2012, the County's investment balances were exposed to custodial credit risk as follows:

Investment Type	Credit Risk Rating	Fair Value	Weighted Average Maturity (Days)	Percent of Portfolio
Certificates of Deposit	N/A	\$13,107,560	600	93.87
US Treasury Notes	N/A	504,138		3.60
Local Government Investment Pool	AAAm	4,869	36	.03
Freddie Mac	N/A	219,842		1.60
Money Market Accounts	N/A	125,941		.90
<i>Total fair value</i>		13,962,350		100.00
Less cash equivalents – shown as cash		(125,941)		
		<u>\$13,836,409</u>		

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, 2012. 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. The balance in the Reserve Contingency Fund at June 30, 2012 is \$2,074.

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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.

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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.

Interfund Transfers In (Out)

	<u>Transfers Out</u>					<u>Totals</u>
	Nonmajor		Detention Fund	County Maintenance	Entertainment Complex	
	General Fund	Governmental Funds				
Transfers In:						
General fund	\$0	\$20,749	\$0	\$0	\$0	\$20,749
County maintenance	0	89,200	2,317	0	11,500	103,017
Road Fund	0	0	0	20,000	0	20,000
Nonmajor governmental funds	374,025	6,715	0	0	0	380,740
Local infrastructure capital improvements fund	300,000	0	0	0	0	300,000
Totals	\$674,025	\$116,664	\$2,317	\$20,000	\$11,500	\$824,506

Due From (to) Other Funds

	<u>Due To:</u>					<u>Totals</u>
	General Fund	Fiduciary Funds	Detention Fund	Nonmajor	Nonmajor	
				Governmental Funds	Proprietary Funds	
Due From:						
General fund	\$0	\$0	\$11,447	\$0	\$0	\$11,447
Road fund	827,679	0	0	0	0	827,679
County maintenance fund	911,627	0	0	0	0	911,627
Nonmajor governmental funds	464,111	0	339,039	96,421	60,530	960,101
Detention fund	0	3,684	0	0	0	3,684
Totals	\$2,203,417	\$3,684	\$350,486	\$96,421	\$60,530	\$2,714,538

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2012 is as follows:

	Balance June 30, 2011	Additions	Retirements	Transfers	Balance June 30, 2012
Governmental Activities:					
Capital assets not being depreciated					
Land	\$1,821,032	\$0	\$0	\$0	\$1,821,032
Construction in progress	4,211,865	486,459	(57,099)	(521,404)	4,119,821
<i>Total capital assets not being depreciated</i>	<u>6,032,897</u>	<u>486,459</u>	<u>(57,099)</u>	<u>(521,404)</u>	<u>5,940,853</u>
Capital assets being depreciated					
Buildings	15,987,147	0	(60,149)	242,677	16,169,675
Equipment and furnishings	9,974,074	511,499	(392,954)	278,727	10,371,346
<i>Total capital assets being depreciated</i>	<u>25,961,221</u>	<u>511,499</u>	<u>(453,103)</u>	<u>521,404</u>	<u>26,541,021</u>
Less accumulated depreciation for:					
Buildings	(2,505,610)	(417,556)	3,885	0	(2,919,281)
Equipment and furnishings	(7,680,372)	(663,652)	392,954	0	(7,951,070)
<i>Total accumulated depreciation</i>	<u>(10,185,982)</u>	<u>(1,081,208)</u>	<u>396,839</u>	<u>0</u>	<u>(10,870,351)</u>
<i>Governmental activities capital assets, net</i>	\$21,808,136	(\$83,250)	(\$113,363)	\$0	\$21,611,523

Depreciation expense for the year ended June 30, 2012 was charged to the following functions and funds:

General Government	\$336,880
Public Safety	421,999
Public Works	132,149
Health and Welfare	187,425
Culture and Recreation	2,755
	<u>\$1,081,208</u>

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5. CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012
Business-Type Activities:				
Capital assets not being depreciated				
Land	\$719,714	\$0	\$0	\$719,714
<i>Total capital assets not being depreciated</i>	<i>719,714</i>	<i>0</i>	<i>0</i>	<i>719,714</i>
Capital assets being depreciated				
Buildings	15,185,704	0	0	15,185,704
Equipment and furnishings	917,961	7,350	(25,392)	899,919
<i>Total capital assets being depreciated</i>	<i>16,103,665</i>	<i>7,350</i>	<i>(25,392)</i>	<i>16,085,623</i>
Less accumulated depreciation for:				
Buildings	(2,306,236)	(365,504)	0	(2,671,740)
Equipment and furnishings	(790,212)	(49,372)	25,392	(814,192)
<i>Total accumulated depreciation</i>	<i>(3,096,448)</i>	<i>(414,876)</i>	<i>25,392</i>	<i>(3,485,932)</i>
<i>Business-Type activities capital assets, net</i>	<i>\$13,726,931</i>	<i>(\$407,526)</i>	<i>\$0</i>	<i>\$13,319,405</i>

Depreciation expense for business-type activities for the year ended June 30, 2012 was \$414,876.

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 6. LONG-TERM DEBT

Governmental Activities: During the year ended June 30, 2012, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
Judicial Bond 2007A	\$3,909,072	\$0	(\$120,908)	\$3,788,164	\$0
Entertainment Complex 2007B	6,178,970	0	(151,856)	6,027,114	0
Compensated absences	457,013	336,446	(276,100)	517,359	16,503
Total primary government	\$10,545,055	\$336,446	(\$548,864)	\$10,332,637	\$16,503

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
2013 (Paid July 1 payment June 30, 2013)	3.650%	\$0	\$80,344	\$80,344
2014	3.700%	130,000	158,315	288,315
2015	3.750%	135,000	153,445	288,445
2016	3.750%	140,000	148,323	288,323
2017	3.850%	145,000	142,979	287,979
2018-2022	3.900%-4.000%	815,000	623,955	1,438,955
2023-2027	4.200%-4.200%	1,000,000	440,225	1,440,225
2028-2032	4.450%-4.450%	1,225,000	202,750	1,427,750
2033-2034	4.450%	280,000	6,230	286,230
Discount remaining		(81,836)	0	(81,836)
		\$3,788,164	\$1,956,566	\$5,744,730

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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>
2013	5.250%	\$0	\$185,265	\$185,265
2014	5.300%	175,000	365,894	540,894
2015	5.350%	185,000	356,307	541,307
2016	5.450%	195,000	346,045	541,045
2017	5.520%	205,000	335,073	540,073
2018-2022	5.600%-6.000%	1,210,000	1,482,163	2,692,163
2023-2027	6.000%	1,630,000	1,062,900	2,692,900
2028-2032	6.000%	2,175,000	495,750	2,670,750
2033	6.000%	515,000	15,450	530,450
<u>Discount remaining</u>		<u>(262,886)</u>	<u>0</u>	<u>(262,886)</u>
		\$6,027,114	\$4,644,847	\$10,671,961

Business-Type Activities: During the year ended June 30, 2012, 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, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2012</u>	<u>One Year</u>
<u>Compensated absences</u>	<u>\$237,809</u>	<u>\$165,156</u>	<u>(\$205,695)</u>	<u>\$197,270</u>	<u>\$2,386</u>

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

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2011 through June 30, 2012, the premiums paid were \$452,432. 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, New Mexico 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute 9.15% or 16.30% (law enforcement) of their gross salary. The County of Luna is required to contribute 9.15% or 18.50% (law enforcement) of the gross covered salary. The contribution requirements of plan members and the County of Luna 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, 2012, 2011 and 2010 were \$777,358, \$912,060, and \$741,104, respectively, which equal the amount of the required contributions for each fiscal year.

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, New Mexico 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, 2012, the statute required each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal year ending June 30, 2013, the contribution rates for employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY 13	2.000%	1.000%

Also, employers joining the program after January 1, 1998, 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, 2012, 2011 and 2010 were \$137,832, \$130,618 and \$94,808, respectively, which equal the required contributions for each year.

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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.

COUNTY OF LUNA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012

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	\$135,212	\$0	\$0	\$135,212
Restricted for:					
Ambulance services	0	0	0	418,445	418,445
Health and social services	0	0	0	73,822	73,822
DWI	0	0	0	68,442	68,442
DWI screening and treatment	0	0	0	36,414	36,414
Conservation and range control	0	0	0	22,576	22,576
Fire protection	0	0	0	167,943	167,943
Indigent claims – health	0	0	0	199,399	199,399
Law enforcement	0	0	0	323,010	323,010
Education	0	0	0	0	0
Recreation	0	0	0	143	143
Reappraisals	0	0	0	256,887	256,887
Volunteer fire services	0	0	0	221,736	221,736
Debt service	0	0	0	1,271,696	1,271,696
Committed To:					
Capital projects	0	0	0	96,209	96,209
Assigned To:					
Road surface repairs	0	775,538	0	0	775,538
County maintenance/projects	0	0	6,053,665	0	6,053,665
Clerk's office	0	0	0	49,681	49,681
Education	0	0	0	12,956	12,956
Solid waste	0	0	0	73	73
Treasurer's office	0	0	0	268,626	268,626
Health services	0	0	0	311,649	311,649
Education	0	0	0	107,356	107,356
Unassigned	6,643,765	0	0	(11,031)	6,632,734
Total fund balances	\$6,643,765	\$910,750	\$6,053,665	\$3,896,032	\$17,504,212

SUPPLEMENTARY INFORMATION

COUNTY OF LUNA
SPECIAL REVENUE FUNDS
JUNE 30, 2012

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, 2012

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.

Sirilli 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, 2012

	Ambulance	Community Health and Social Services	DWI Grants	DWI Screening Fees	DWI Treatment Fees	Farm and Range
ASSETS						
Cash and cash equivalents	\$42,132	\$78,820	\$20,193	\$31,465	\$5,042	\$21,634
Investments	0	0	0	0	0	0
Receivables:						
Due from other governments	61,341	0	0	0	0	0
Grants	0	0	7,160	0	0	0
Accounts receivable	0	0	0	0	0	0
Property tax receivable	0	0	0	0	0	14,763
Due from other funds	314,972	0	51,683	0	0	0
Total assets	\$418,445	\$78,820	\$79,036	\$31,465	\$5,042	\$36,397
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$0	\$4,998	\$8,908	\$93	\$0	\$0
Accrued salaries	0	0	1,686	0	0	0
Accrued compensated absences - ST	0	0	0	0	0	0
Bank overdraft	0	0	0	0	0	0
Due to other funds	0	0	0	0	0	0
Deferred revenue	0	0	0	0	0	13,821
Total liabilities	0	4,998	10,594	93	0	13,821
Fund Balance:						
Restricted	418,445	73,822	68,442	31,372	5,042	22,576
Committed	0	0	0	0	0	0
Assigned	0	0	0	0	0	0
Unassigned	0	0	0	0	0	0
Total fund balance	418,445	73,822	68,442	31,372	5,042	22,576
Total liabilities and fund balance	\$418,445	\$78,820	\$79,036	\$31,465	\$5,042	\$36,397

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

COUNTY OF LUNA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2012

	Fire Protection	Healing House	Healthy Start Initiative	Indigent Claims	KLCB Aluminum
ASSETS					
Cash and cash equivalents	\$127,050	\$0	\$0	\$84,100	\$0
Investments	0	0	0	0	0
Receivables:					
Due from other governments	40,893	0	0	122,624	0
Grants	0	15,016	85,027	0	3,901
Accounts receivable	0	0	0	0	49,493
Property tax receivable	0	0	0	0	0
Due from other funds	0	0	244,968	0	0
Total assets	\$167,943	\$15,016	\$329,995	\$206,724	\$53,394
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$0	\$10,470	\$9,853	\$7,325	\$2,780
Accrued salaries	0	5,389	6,108	0	0
Accrued compensated absences - ST	0	0	2,385	0	0
Bank overdraft	0	0	0	0	0
Due to other funds	0	9,299	0	0	51,503
Deferred revenue	0	0	0	0	0
Total liabilities	0	25,158	18,346	7,325	54,283
Fund Balance:					
Restricted	167,943	0	0	199,399	0
Committed	0	0	0	0	0
Assigned	0	0	311,649	0	0
Unassigned	0	(10,142)	0	0	(889)
Total fund balance	167,943	(10,142)	311,649	199,399	(889)
Total liabilities and fund balance	\$167,943	\$15,016	\$329,995	\$206,724	\$53,394

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

COUNTY OF LUNA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2012

	Law Enforcement Protection	Mimbres Valley Learning Center	Recreation	Reappraisal Program	Recording Fees
ASSETS					
Cash and cash equivalents	\$0	\$22,084	\$143	\$257,271	\$49,681
Investments	0	0	0	0	0
Receivables:					
Due from other governments	59,047	30,641	0	0	0
Grants	309,177	0	0	0	0
Accounts receivable	0	0	0	0	0
Property tax receivable	0	0	0	0	0
Due from other funds	6,366	60,530	0	0	0
Total assets	\$374,590	\$113,255	\$143	\$257,271	\$49,681
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$11,239	\$5,899	\$0	\$0	\$0
Accrued salaries	4,722	0	0	384	0
Accrued compensated absences - ST	0	0	0	0	0
Bank overdraft	0	0	0	0	0
Due to other funds	35,619	0	0	0	0
Deferred revenue	0	0	0	0	0
Total liabilities	51,580	5,899	0	384	0
Fund Balance:					
Restricted	323,010	0	143	256,887	0
Committed	0	0	0	0	0
Assigned	0	107,356	0	0	49,681
Unassigned	0	0	0	0	0
Total fund balance	323,010	107,356	143	256,887	49,681
Total liabilities and fund balance	\$374,590	\$113,255	\$143	\$257,271	\$49,681

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

COUNTY OF LUNA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2012

	Sirolli Institute	Solid Waste Grant	Treasurer's Mobile Home Sales	Volunteer Fire Departments	Totals
ASSETS					
Cash and cash equivalents	\$0	\$73	\$0	\$245,093	\$984,781
Investments	0	0	0	0	0
Receivables:					
Due from other governments	0	0	0	0	314,546
Grants	0	0	0	0	420,281
Accounts receivable	0	0	0	0	49,493
Property tax receivable	0	0	0	0	14,763
Due from other funds	12,956	0	268,626	0	960,101
Total assets	\$12,956	\$73	\$268,626	\$245,093	\$2,743,965
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$0	\$0	\$0	\$23,357	\$84,922
Accrued salaries	0	0	0	0	18,289
Accrued compensated absences - ST	0	0	0	0	2,385
Bank overdraft	0	0	0	0	0
Due to other funds	0	0	0	0	96,421
Deferred revenue	0	0	0	0	13,821
Total liabilities	0	0	0	23,357	215,838
Fund Balance:					
Restricted	0	0	0	221,736	1,788,817
Committed	0	0	0	0	0
Assigned	12,956	73	268,626	0	750,341
Unassigned	0	0	0	0	(11,031)
Total fund balance	12,956	73	268,626	221,736	2,528,127
Total liabilities and fund balance	\$12,956	\$73	\$268,626	\$245,093	\$2,743,965

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, 2012

	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	\$18,473
State shared taxes	385,872	0	0	0	0	0
Intergovernmental	0	0	0	0	0	0
Charges for services	0	0	0	6,825	3,381	0
Interest income	0	0	0	0	0	171
Federal grants	0	0	0	0	0	0
State grants	0	12,501	205,081	0	0	0
Other income	0	0	0	0	0	19,085
<i>Total revenues</i>	<u>385,872</u>	<u>12,501</u>	<u>205,081</u>	<u>6,825</u>	<u>3,381</u>	<u>37,729</u>
EXPENDITURES						
Current:						
General government	0	0	0	0	0	30,000
Public works	0	0	0	0	0	0
Public safety	331,662	0	0	0	0	0
Health and welfare	0	60,000	211,091	4,088	5,699	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>	<u>331,662</u>	<u>60,000</u>	<u>211,091</u>	<u>4,088</u>	<u>5,699</u>	<u>30,000</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>54,210</u>	<u>(47,499)</u>	<u>(6,010)</u>	<u>2,737</u>	<u>(2,318)</u>	<u>7,729</u>
Other Financing Sources (Uses):						
Transfers in	0	0	119,772	0	0	0
Transfers out	0	0	(7,730)	0	0	0
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>0</u>	<u>112,042</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net changes in fund balances</i>	<u>54,210</u>	<u>(47,499)</u>	<u>106,032</u>	<u>2,737</u>	<u>(2,318)</u>	<u>7,729</u>
Fund balance - beginning of year	364,235	121,321	(37,590)	28,635	7,360	14,847
Fund balance - end of year	<u>\$418,445</u>	<u>\$73,822</u>	<u>\$68,442</u>	<u>\$31,372</u>	<u>\$5,042</u>	<u>\$22,576</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, 2012

	Fire Protection	Healing House	Healthy Start Initiative	Indigent Claims	KLCB Aluminum
REVENUES					
Property tax	\$0	\$0	\$0	\$0	\$0
State shared taxes	280,891	0	0	0	0
Intergovernmental	0	9,435	12,376	772,693	0
Charges for services	0	0	0	0	0
Interest income	0	0	0	1,300	0
Federal grants	0	163,673	784,869	0	0
State grants	0	217,333	254,073	0	24,000
Other income	0	0	0	0	50,028
<i>Total revenues</i>	280,891	390,441	1,051,318	773,993	74,028
EXPENDITURES					
Current:					
General government	0	0	0	0	93,545
Public works	0	16,646	0	0	0
Public safety	158,115	0	0	0	0
Health and welfare	0	359,674	986,538	956,412	0
Culture and recreation	0	0	0	0	0
Debt service principal	0	0	0	0	0
Capital outlay	0	0	0	0	0
<i>Total expenditures</i>	158,115	376,320	986,538	956,412	93,545
<i>Excess (deficiency) of revenues over expenditures</i>	122,776	14,121	64,780	(182,419)	(19,517)
Other Financing Sources (Uses):					
Transfers in	0	0	0	236,140	18,113
Transfers out	(20,732)	(7,702)	0	0	0
<i>Total other financing sources (uses)</i>	(20,732)	(7,702)	0	236,140	18,113
<i>Net changes in fund balances</i>	102,044	6,419	64,780	53,721	(1,404)
Fund balance - beginning of year	65,899	(16,561)	246,869	145,678	515
Fund balance - end of year	\$167,943	(\$10,142)	\$311,649	\$199,399	(\$889)

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, 2012

	Law Enforcement Protection	Mimbres Valley Learning Center	Recreation	Reappraisal Program	Recording Fees
REVENUES					
Property tax	\$0	\$0	\$0	\$0	\$0
State shared taxes	140,445	192,876	0	0	0
Intergovernmental	45,096	0	0	0	0
Charges for services	0	98,950	0	111,445	31,877
Interest income	130	0	0	0	0
Federal grants	1,091,588	0	0	0	0
State grants	204,221	0	0	0	0
Other income	0	0	0	0	0
<i>Total revenues</i>	1,481,480	291,826	0	111,445	31,877
EXPENDITURES					
Current:					
General government	0	0	0	23,852	2,163
Public works	0	0	0	0	0
Public safety	1,211,640	0	0	0	0
Health and welfare	0	131,557	0	0	0
Culture and recreation	0	100,000	0	0	0
Debt service principal	0	0	0	0	0
Capital outlay	110,766	0	0	0	9,409
<i>Total expenditures</i>	1,322,406	231,557	0	23,852	11,572
<i>Excess (deficiency) of revenues over expenditures</i>	159,074	60,269	0	87,593	20,305
Other Financing Sources (Uses):					
Transfers in	0	0	0	0	0
Transfers out	(3,000)	(77,500)	0	0	0
<i>Total other financing sources (uses)</i>	(3,000)	(77,500)	0	0	0
<i>Net changes in fund balances</i>	156,074	(17,231)	0	87,593	20,305
Fund balance - beginning of year	166,936	124,587	143	169,294	29,376
Fund balance - end of year	\$323,010	\$107,356	\$143	\$256,887	\$49,681

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, 2012

	Sirolli Institute	Solid Waste Grant	Treasurer's Mobile Home Sales	Volunteer Fire Departments	Totals
REVENUES					
Property tax	\$0	\$0	\$0	\$0	\$18,473
State shared taxes	0	0	0	0	1,000,084
Intergovernmental	0	0	0	0	839,600
Charges for services	0	0	0	0	252,478
Interest income	0	0	0	1,909	3,510
Federal grants	0	0	0	0	2,040,130
State grants	0	0	0	253,183	1,170,392
Other income	0	0	47,544	0	116,657
<i>Total revenues</i>	<u>0</u>	<u>0</u>	<u>47,544</u>	<u>255,092</u>	<u>5,441,324</u>
EXPENDITURES					
Current:					
General government	12	0	7,028	0	156,600
Public works	0	0	0	0	16,646
Public safety	0	0	0	210,488	1,911,905
Health and welfare	0	0	0	0	2,715,059
Culture and recreation	0	0	0	0	100,000
Debt service principal	0	0	0	0	0
Capital outlay	0	0	1,097	18,244	139,516
<i>Total expenditures</i>	<u>12</u>	<u>0</u>	<u>8,125</u>	<u>228,732</u>	<u>5,039,726</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(12)</u>	<u>0</u>	<u>39,419</u>	<u>26,360</u>	<u>401,598</u>
Other Financing Sources (Uses):					
Transfers in	0	0	0	6,715	380,740
Transfers out	0	0	0	0	(116,664)
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,715</u>	<u>264,076</u>
<i>Net changes in fund balances</i>	<u>(12)</u>	<u>0</u>	<u>39,419</u>	<u>33,075</u>	<u>665,674</u>
Fund balance - beginning of year	12,968	73	229,207	188,661	1,862,453
Fund balance - end of year	\$12,956	\$73	\$268,626	\$221,736	\$2,528,127

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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State shared taxes	\$339,300	\$339,300	\$393,154	\$53,854
<i>Total revenues</i>	339,300	339,300	393,154	53,854
EXPENDITURES				
Current:				
Public safety	340,000	340,000	331,664	8,336
<i>Total expenditures</i>	340,000	340,000	331,664	8,336
<i>Excess (deficiency) of revenues over expenditures</i>	(700)	(700)	\$61,490	\$62,190
Budgeted cash carryover	700	700		
	\$0	\$0		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$61,490
Adjustments for revenue accruals	(7,280)
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$54,210

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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State grants	\$60,000	\$60,000	\$25,001	(\$34,999)
<i>Total revenues</i>	60,000	60,000	25,001	(34,999)
EXPENDITURES				
Current:				
Health and welfare	60,000	60,000	63,367	(3,367)
<i>Total expenditures</i>	60,000	60,000	63,367	(3,367)
<i>Excess (deficiency) of revenues over expenditures</i>	\$0	\$0	(\$38,366)	(\$38,366)

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$38,366)
Adjustments for revenue accruals	(12,500)
Adjustments for expenditures accruals	3,367
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$47,499)

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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State grants	\$193,379	\$219,865	\$197,921	(\$21,944)
Other income	0	0	0	0
<i>Total revenues</i>	193,379	219,865	197,921	(21,944)
EXPENDITURES				
Current:				
Health and welfare	218,467	244,953	202,816	42,137
Capital outlay	0	0	0	0
<i>Total expenditures</i>	218,467	244,953	202,816	42,137
<i>Excess (deficiency) of revenues over expenditures</i>	(25,088)	(25,088)	(4,895)	20,193
Other Financing Sources (Uses):				
Operating transfers in (out)	112,042	112,042	112,042	0
<i>Total other financing sources (uses)</i>	112,042	112,042	112,042	0
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	\$86,954	\$86,954	\$107,147	\$20,193

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$107,147
Adjustments for revenue accruals	7,160
Adjustments for expenditures accruals	(8,275)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$106,032

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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Charges for services	\$5,350	\$5,350	\$6,825	\$1,475
Other income	0	0	0	0
<i>Total revenues</i>	5,350	5,350	6,825	1,475
EXPENDITURES				
Current:				
Health and welfare	5,350	5,350	3,994	1,356
<i>Total expenditures</i>	5,350	5,350	3,994	1,356
<i>Excess (deficiency) of revenues over expenditures</i>	\$0	\$0	\$2,831	\$2,831

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$2,831
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	(94)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$2,737

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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State grants	\$0	\$0	\$0	\$0
Charges for services	3,150	3,150	3,381	231
<i>Total revenues</i>	<u>3,150</u>	<u>3,150</u>	<u>3,381</u>	<u>231</u>
EXPENDITURES				
Current:				
Health and welfare	3,150	6,009	5,699	310
<i>Total expenditures</i>	<u>3,150</u>	<u>6,009</u>	<u>5,699</u>	<u>310</u>
<i>Excess (deficiency) of revenues over expenditures</i>	0	(2,859)	<u>(\$2,318)</u>	<u>\$541</u>
<i>Budgeted cash carryover</i>	0	2,859		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$2,318)
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
<u>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)</u>	<u>(\$2,318)</u>

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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State shared taxes	\$12,200	\$12,200	\$17,531	\$5,331
Intergovernmental revenue	18,500	18,500	19,085	585
Interest income	100	100	171	71
<i>Total revenues</i>	<u>30,800</u>	<u>30,800</u>	<u>36,787</u>	<u>5,987</u>
EXPENDITURES				
Current:				
General government	30,000	30,000	30,000	0
<i>Total expenditures</i>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>\$800</u>	<u>\$800</u>	<u>\$6,787</u>	<u>\$5,987</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$6,787
Adjustments for revenue accruals	942
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u><u>\$7,729</u></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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental revenue	\$184,000	\$184,000	\$270,566	\$86,566
<i>Total revenues</i>	184,000	184,000	270,566	86,566
EXPENDITURES				
Current:				
Public safety	169,672	169,672	158,707	10,965
Capital outlay	0	0	0	0
<i>Total expenditures</i>	169,672	169,672	158,707	10,965
<i>Excess (deficiency) of revenues over expenditures</i>	14,328	14,328	111,859	97,531
Other Financing Sources (Uses):				
Operating transfers in (out)	(20,732)	(20,732)	(20,732)	0
<i>Total other financing sources (uses)</i>	(20,732)	(20,732)	(20,732)	0
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(6,404)	(6,404)	<u>\$91,127</u>	<u>\$97,531</u>
Budgeted cash carryover	6,404	6,404		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$91,127
Adjustments for revenue accruals	10,325
Adjustments for expenditures accruals	592
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$102,044</u>

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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental revenue	\$10,000	\$10,000	\$9,435	(\$565)
State grants	201,313	206,977	448,244	241,267
Federal grants	152,316	152,316	187,314	34,998
<i>Total revenues</i>	<u>363,629</u>	<u>369,293</u>	<u>644,993</u>	<u>275,700</u>
EXPENDITURES				
Current:				
General government	0	0	0	0
Public works	34,061	34,061	16,646	17,415
Health and welfare	424,410	430,073	346,367	83,706
Capital outlay	0	0	0	0
<i>Total expenditures</i>	<u>458,471</u>	<u>464,134</u>	<u>363,013</u>	<u>101,121</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(94,842)	(94,841)	281,980	376,821
Other Financing Sources (Uses):				
Operating transfers in (out)	(7,702)	(7,702)	(7,702)	0
<i>Total other financing sources (uses)</i>	<u>(7,702)</u>	<u>(7,702)</u>	<u>(7,702)</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(102,544)	(102,543)	<u>\$274,278</u>	<u>\$376,821</u>
Budgeted cash carryover	41,446	41,446		
	<u>(\$61,098)</u>	<u>(\$61,097)</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$274,278
Adjustments for revenue accruals	(254,552)
Adjustments for expenditures accruals	(13,307)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$6,419</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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental revenue	\$1,100	\$1,100	\$12,376	\$11,276
Federal grants	712,500	712,500	802,518	90,018
State grants	196,284	272,906	244,669	(28,237)
<i>Total revenues</i>	<u>909,884</u>	<u>986,506</u>	<u>1,059,563</u>	<u>73,057</u>
EXPENDITURES				
Current:				
Health and welfare	940,660	1,065,539	991,157	74,382
<i>Total expenditures</i>	<u>940,660</u>	<u>1,065,539</u>	<u>991,157</u>	<u>74,382</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(30,776)	(79,033)	<u>\$68,406</u>	<u>\$147,439</u>
Budgeted cash carryover	30,776	79,033		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$68,406
Adjustments for revenue accruals	(8,245)
Adjustments for expenditures accruals	4,619
<u>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)</u>	<u>\$64,780</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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental revenue	\$886,500	\$886,500	\$787,251	(\$99,249)
Interest income	500	500	1,300	800
<i>Total revenues</i>	<u>887,000</u>	<u>887,000</u>	<u>788,551</u>	<u>(98,449)</u>
EXPENDITURES				
Current:				
Health and welfare	882,250	1,118,390	948,656	169,734
<i>Total expenditures</i>	<u>882,250</u>	<u>1,118,390</u>	<u>948,656</u>	<u>169,734</u>
<i>Excess (deficiency) of revenues over expenditures</i>	4,750	(231,390)	(160,105)	71,285
Other Financing Sources (Uses):				
Operating transfers in (out)	236,140	236,140	236,140	0
<i>Total other financing sources (uses)</i>	<u>236,140</u>	<u>236,140</u>	<u>236,140</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<u>\$240,890</u>	<u>\$4,750</u>	<u>\$76,035</u>	<u>\$71,285</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$76,035
Adjustments for revenue accruals	(14,558)
Adjustments for expenditures accruals	(7,756)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$53,721</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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State grants	\$0	\$41,500	\$0	(\$41,500)
Other income	32,100	33,700	20,634	(13,066)
<i>Total revenues</i>	<u>32,100</u>	<u>75,200</u>	<u>20,634</u>	<u>(54,566)</u>
EXPENDITURES				
Current:				
General government	50,213	93,313	90,809	2,504
<i>Total expenditures</i>	<u>50,213</u>	<u>93,313</u>	<u>90,809</u>	<u>2,504</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(18,113)	(18,113)	(70,175)	(52,062)
Other Financing Sources (Uses):				
Operating transfers in (out)	18,113	18,113	18,113	0
<i>Total other financing sources (uses)</i>	<u>18,113</u>	<u>18,113</u>	<u>18,113</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<u>\$0</u>	<u>\$0</u>	<u>(\$52,062)</u>	<u>(\$52,062)</u>
Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			(\$52,062)	
Adjustments for revenue accruals			53,394	
Adjustments for expenditures accruals			(2,736)	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)			<u>(\$1,404)</u>	

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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental revenue	\$92,100	\$112,100	\$27,002	(\$85,098)
Interest income	0	0	130	130
Federal grants	1,391,300	1,506,300	1,059,364	(446,936)
State grants	256,600	258,600	333,807	75,207
Other income	35,000	35,000	0	(35,000)
<i>Total revenues</i>	<u>1,775,000</u>	<u>1,912,000</u>	<u>1,420,303</u>	<u>(491,697)</u>
EXPENDITURES				
Current:				
Public safety	1,632,543	1,733,357	1,319,798	413,559
Capital outlay	92,100	112,100	110,766	1,334
<i>Total expenditures</i>	<u>1,724,643</u>	<u>1,845,457</u>	<u>1,430,564</u>	<u>414,893</u>
<i>Excess (deficiency) of revenues over expenditures</i>	50,357	66,543	(10,261)	(76,804)
Other Financing Sources (Uses):				
Operating transfers in (out)	(3,000)	(3,000)	(3,000)	0
<i>Total other financing sources (uses)</i>	<u>(3,000)</u>	<u>(3,000)</u>	<u>(3,000)</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<u>\$47,357</u>	<u>\$63,543</u>	<u>(\$13,261)</u>	<u>(\$76,804)</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$13,261)
Adjustments for revenue accruals	61,177
Adjustments for expenditures accruals	108,158
<u>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)</u>	<u>\$156,074</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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State shared taxes	\$170,000	\$170,000	\$196,577	\$26,577
State grants	0	0	0	0
Other income	157,500	157,500	166,950	9,450
<i>Total revenues</i>	<u>327,500</u>	<u>327,500</u>	<u>363,527</u>	<u>36,027</u>
EXPENDITURES				
Current:				
Culture and recreation	287,684	287,684	231,395	56,289
<i>Total expenditures</i>	<u>287,684</u>	<u>287,684</u>	<u>231,395</u>	<u>56,289</u>
<i>Excess (deficiency) of revenues over expenditures</i>	39,816	39,816	132,132	92,316
Other Financing Sources (Uses):				
Operating transfers in (out)	(77,500)	(77,500)	(77,500)	0
<i>Total other financing sources (uses)</i>	<u>(77,500)</u>	<u>(77,500)</u>	<u>(77,500)</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(37,684)	(37,684)	<u>\$54,632</u>	<u>\$92,316</u>
Budgeted cash carryover	27,982	27,982		
	<u>(\$9,702)</u>	<u>(\$9,702)</u>		
 Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			\$54,632	
Adjustments for revenue accruals			(71,701)	
Adjustments for expenditures accruals			(162)	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)			<u>(\$17,231)</u>	

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, 2012

	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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State shared Taxes	\$0	\$0	\$0	\$0
Charges for services	100,000	100,000	111,445	11,445
<i>Total revenues</i>	100,000	100,000	111,445	11,445
EXPENDITURES				
Current:				
General government	63,771	63,771	23,773	39,998
<i>Total expenditures</i>	63,771	63,771	23,773	39,998
<i>Excess (deficiency) of revenues over expenditures</i>	\$36,229	\$36,229	\$87,672	\$51,443

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$87,672
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)	\$87,593

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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Charges for services	\$20,200	\$20,200	\$31,877	\$11,677
<i>Total revenues</i>	20,200	20,200	31,877	11,677
EXPENDITURES				
Current:				
General government	6,800	6,800	2,163	4,637
Capital outlay	35,000	35,000	9,409	25,591
<i>Total expenditures</i>	41,800	41,800	11,572	30,228
<i>Excess (deficiency) of revenues over expenditures</i>	(21,600)	(21,600)	<u>\$20,305</u>	<u>\$41,905</u>
<i>Budgeted cash carryover</i>	21,600	21,600		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$20,305
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
<u>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)</u>	<u>\$20,305</u>

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, 2012

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

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)	\$0

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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State shared taxes	\$0	\$0	\$0	\$0
<i>Total revenues</i>	0	0	0	0
EXPENDITURES				
Current:				
Public safety	0	0	0	0
<i>Total expenditures</i>	0	0	0	0
<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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Other income	\$36,000	\$36,000	\$47,544	\$11,544
<i>Total revenues</i>	<u>36,000</u>	<u>36,000</u>	<u>47,544</u>	<u>11,544</u>
EXPENDITURES				
Current:				
General government	15,000	15,000	7,028	7,972
Capital outlay	15,000	15,000	1,097	13,903
<i>Total expenditures</i>	<u>30,000</u>	<u>30,000</u>	<u>8,125</u>	<u>21,875</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>\$6,000</u>	<u>\$6,000</u>	<u>\$39,419</u>	<u>\$33,419</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$39,419
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
<u>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)</u>	<u>\$39,419</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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Federal grants	\$0	\$0	\$0	\$0
Interest income	0	0	1,909	1,909
State grants	0	0	0	0
Other income	151,174	242,635	253,183	10,548
<i>Total revenues</i>	<u>151,174</u>	<u>242,635</u>	<u>255,092</u>	<u>12,457</u>
EXPENDITURES				
Current:				
Public safety	249,007	351,166	208,208	142,958
Capital outlay	8,708	40,949	18,244	22,705
<i>Total expenditures</i>	<u>257,715</u>	<u>392,115</u>	<u>226,452</u>	<u>165,663</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(106,541)	(149,480)	28,640	178,120
Other Financing Sources (Uses):				
Operating transfers in (out)	6,715	6,715	6,715	0
<i>Total other financing sources (uses)</i>	<u>6,715</u>	<u>6,715</u>	<u>6,715</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(99,826)	(142,765)	<u>\$35,355</u>	<u>\$178,120</u>
Budgeted cash carryover	99,826	142,765		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$35,355
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	(2,280)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$33,075</u>

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

COUNTY OF LUNA
CAPITAL PROJECT FUNDS
JUNE 30, 2012

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 FUND
BALANCE SHEET
JUNE 30, 2012

Local
Infrastructure
Capital
Improvements
Fund

ASSETS

Cash and cash equivalents	\$96,209
Investments	0
Receivables:	
Due from other governments	0
<hr/>	
<i>Total assets</i>	\$96,209

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$0
<i>Total liabilities</i>	0

Fund Balance:

Committed	96,209
<i>Total fund balance</i>	96,209

<i>Total liabilities and fund balance</i>	\$96,209
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The Notes to Financial Statements are an integral part of these statements.

COUNTY OF LUNA
NONMAJOR CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Local Infrastructure Capital Improvements Fund</u>
REVENUES	
Property tax	\$0
Other income	2,943
<i>Total revenues</i>	<u>2,943</u>
EXPENDITURES	
Current:	
Capital outlay	681,671
<i>Total expenditures</i>	<u>681,671</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(678,728)</u>
Other Financing Sources (Uses):	
Transfers in	300,000
Transfers out	0
<i>Total other financing sources (uses)</i>	<u>300,000</u>
<i>Net changes in fund balances</i>	<u>(378,728)</u>
Fund balance - beginning of year	474,937
Fund balance - end of year	<u>\$96,209</u>

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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Intergovernmental revenue	\$997,236	\$997,237	\$130,652	(\$866,585)
Interest income	101,000	101,000	52,701	(48,299)
Federal grants	1,803,917	2,098,492	1,454,724	(643,768)
State grants	50,000	167,959	46,034	(121,925)
Other	0	0	1,000	1,000
<i>Total revenues</i>	<u>2,952,153</u>	<u>3,364,688</u>	<u>1,685,111</u>	<u>(1,679,577)</u>
EXPENDITURES				
Current:				
General government	42,500	42,500	23,297	19,203
Public works	0	0	0	0
Health and welfare	163,917	163,917	7,500	156,417
Culture and recreation	599,411	599,411	145,526	453,885
Capital outlay	2,074,397	2,578,449	1,557,550	1,020,899
<i>Total expenditures</i>	<u>2,880,225</u>	<u>3,384,277</u>	<u>1,733,873</u>	<u>1,650,404</u>
<i>Excess (deficiency) of revenues over expenditures</i>	71,928	(19,589)	(48,762)	(29,173)
Other Financing Sources (Uses):				
Operating transfers in (out)	(20,000)	71,517	83,017	11,500
<i>Total other financing sources (uses)</i>	<u>(20,000)</u>	<u>71,517</u>	<u>83,017</u>	<u>11,500</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<u>\$51,928</u>	<u>\$51,928</u>	<u>\$34,255</u>	<u>(\$17,673)</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$34,255
Adjustments for revenue accruals	(1,157,840)
Adjustments for expenditures accruals	172,619
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$950,966)

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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
PILT proceeds	\$0	\$0	\$2,943	\$2,943
<i>Total revenues</i>	0	0	2,943	2,943
EXPENDITURES				
Capital outlay	764,890	764,890	704,095	60,795
<i>Total expenditures</i>	764,890	764,890	704,095	60,795
<i>Excess (deficiency) of revenues over expenditures</i>	(764,890)	(764,890)	(701,152)	63,738
Other Financing Sources (Uses):				
Operating transfers in (out)	300,000	300,000	300,000	0
<i>Total other financing sources (uses)</i>	300,000	300,000	300,000	0
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(464,890)	(464,890)	(401,152)	\$63,738
<i>Budgeted cash carryover</i>	464,890	464,890		
	\$0	\$0		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$401,152)
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)	(\$378,728)

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

COUNTY OF LUNA
DEBT SERVICE FUNDS
JUNE 30, 2012

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, 2012

	Entertainment Complex Bond	Judicial Bond	Totals
ASSETS			
Cash and cash equivalents	\$0	\$0	\$0
Investment	0	0	0
Receivables:			
Due from other governments	122,624	61,341	183,965
Grants	0	0	0
Accounts receivable	0	0	0
Due from other funds	0	0	0
Interfund receivable	0	0	0
Restricted cash and cash equivalents	825,060	262,671	1,087,731
<i>Total assets</i>	\$947,684	\$324,012	\$1,271,696
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	947,684	324,012	1,271,696
Committed	0	0	0
Assigned	0	0	0
Unassigned	0	0	0
<i>Total fund balance</i>	947,684	324,012	1,271,696
<i>Total liabilities and fund balance</i>	\$947,684	\$324,012	\$1,271,696

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, 2012

	Entertainment Complex Bond	Judicial Bond	Totals
REVENUES			
State shared taxes	\$771,751	\$385,872	\$1,157,623
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>	<i>771,751</i>	<i>385,872</i>	<i>1,157,623</i>
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	151,856	120,908	272,764
Interest expense	392,338	169,342	561,680
<i>Total expenditures</i>	<i>544,194</i>	<i>290,250</i>	<i>834,444</i>
<i>Excess (deficiency) of revenues over expenditures</i>	<i>227,557</i>	<i>95,622</i>	<i>323,179</i>
Other Financing Sources (Uses):			
Transfers in	0	0	0
Transfers out	0	0	0
<i>Total other financing sources (uses)</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Net changes in fund balance</i>	<i>227,557</i>	<i>95,622</i>	<i>323,179</i>
<i>Fund balance - beginning of year</i>	<i>720,127</i>	<i>228,390</i>	<i>948,517</i>
<i>Fund balance - end of year</i>	<i>\$947,684</i>	<i>\$324,012</i>	<i>\$1,271,696</i>

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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State shared taxes	\$678,500	\$678,500	\$786,308	\$107,808
EXPENDITURES				
Principal and interest	539,862	539,862	544,194	(4,332)
<i>Excess (deficiency) of revenues over expenditures</i>	<u>\$138,638</u>	<u>\$138,638</u>	<u>\$242,114</u>	<u>\$103,476</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$242,114
Adjustments for revenue accruals	(14,557)
Adjustments for expenditures accruals	0
<u>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)</u>	<u>\$227,557</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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State shared taxes	\$339,300	\$339,300	\$393,154	\$53,854
EXPENDITURES				
Principal and interest	287,410	287,410	290,250	(2,840)
<i>Excess (deficiency) of revenues over expenditures</i>	<i>\$51,890</i>	<i>\$51,890</i>	<i>\$102,904</i>	<i>\$51,014</i>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$102,904
Adjustments for revenue accruals	(7,282)
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$95,622

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, 2012

	Special Revenue	Capital Projects	Debt Service	Total
ASSETS				
Cash and cash equivalents	\$984,781	\$96,209	\$0	\$1,080,990
Investments	0	0	0	0
Receivables:				
Due from other governments	314,546	0	183,965	498,511
Grants	420,281	0	0	420,281
Accounts receivable	49,493	0	0	49,493
Property tax receivable	14,763	0	0	14,763
Due from other funds	960,101	0	0	960,101
Interfund receivable	0	0	0	0
Restricted cash and cash equivalents	0	0	1,087,731	1,087,731
Total assets	\$2,743,965	\$96,209	\$1,271,696	4,111,870
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$84,922	\$0	\$0	\$84,922
Accrued salaries	18,289	0	0	18,289
Accrued compensated absences - ST	2,385	0	0	2,385
Bank overdraft	0	0	0	0
Interest payable	0	0	0	0
Due to other funds	96,421	0	0	96,421
Deferred revenue	13,821	0	0	13,821
Total liabilities	215,838	0	0	215,838
Fund Balance:				
Restricted	1,788,817	0	1,271,696	3,060,513
Committed	0	96,209	0	96,209
Assigned	750,341	0	0	750,341
Unassigned	(11,031)	0	0	(11,031)
Total fund balance	2,528,127	96,209	1,271,696	3,896,032
Total liabilities and fund balance	\$2,743,965	\$96,209	\$1,271,696	\$4,111,870

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, 2012

	Special Revenue	Capital Projects	Debt Service	Total
REVENUES				
Property tax	\$18,473	\$0	\$0	\$18,473
State shared taxes	1,000,084	0	1,157,623	2,157,707
Intergovernmental	839,600	0	0	839,600
Charges for services	252,478	0	0	252,478
Interest income	3,510	0	0	3,510
Federal grants	2,040,130	0	0	2,040,130
State grants	1,170,392	0	0	1,170,392
Other income	116,657	2,943	0	119,600
<i>Total revenues</i>	5,441,324	2,943	1,157,623	6,601,890
EXPENDITURES				
Current:				
General government	156,600	0	0	156,600
Public works	16,646	0	0	16,646
Public safety	1,911,905	0	0	1,911,905
Health and welfare	2,715,059	0	0	2,715,059
Culture and recreation	100,000	0	0	100,000
Capital outlay	139,516	681,671	0	821,187
Debt service:				
Principal	0	0	272,764	272,764
Interest expense	0	0	561,680	561,680
<i>Total expenditures</i>	5,039,726	681,671	834,444	6,555,841
<i>Excess (deficiency) of revenues over expenditures</i>	401,598	(678,728)	323,179	46,049
Other Financing Sources (Uses):				
Transfers in	380,740	300,000	0	680,740
Transfers out	(116,664)	0	0	(116,664)
<i>Total other financing sources (uses)</i>	264,076	300,000	0	564,076
<i>Net changes in fund balances</i>	665,674	(378,728)	323,179	610,125
Fund balance - beginning of year	1,862,453	474,937	948,517	3,285,907
Fund balance - end of year	\$2,528,127	\$96,209	\$1,271,696	\$3,896,032

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

COUNTY OF LUNA
ENTERPRISE FUNDS
JUNE 30, 2012

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, 2012

	Commissary	Columbus Stockyard	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$8,405	\$0	\$8,405
Accounts receivable	0	0	0
Due from other governments	0	0	0
Due from external sources	0	0	0
<i>Total current assets</i>	8,405	0	8,405
Non-Current Assets			
Capital assets	0	19,975	19,975
Accumulated depreciation	0	(11,652)	(11,652)
<i>Total non-current assets</i>	0	8,323	8,323
Total assets	\$8,405	\$8,323	\$16,728
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable	\$1,371	\$1,146	\$2,517
Accrued salaries	0	2,910	2,910
Due to other funds	0	60,530	60,530
Long-term accrued compensated absences	0	1,085	1,085
<i>Total liabilities</i>	1,371	65,671	67,042
Net Assets:			
Invested in capital assets	0	8,323	8,323
Unrestricted	7,034	(65,671)	(58,637)
<i>Total net assets</i>	7,034	(57,348)	(50,314)
Total liabilities and net assets	\$8,405	\$8,323	\$16,728

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, 2012

	Commissary	Columbus Stockyard	Total
OPERATING REVENUES			
Cattle crossing revenue	\$0	\$110,133	\$110,133
Starmax revenues	0	0	0
Correction fees	0	0	0
Adult prisoner fees	0	0	0
Juvenile prisoner fees	0	0	0
Miscellaneous revenue	38,227	0	38,227
<i>Total operating revenues</i>	38,227	110,133	148,360
OPERATING EXPENDITURES			
Personnel expenses	0	145,217	145,217
Depreciation	0	2,853	2,853
Other operating costs	47,376	9,320	56,696
<i>Total operating expenditures</i>	47,376	157,390	204,766
<i>Operating income (loss)</i>	(9,149)	(47,257)	(56,406)
NON-OPERATING REVENUES (EXPENSES)			
Interest revenue	0	0	0
<i>Net income (loss) before transfers</i>	(9,149)	(47,257)	(56,406)
Operating transfers in (out)	0	0	0
<i>Change in net assets</i>	(9,149)	(47,257)	(56,406)
Total net assets, beginning of year	16,183	(10,091)	6,092
<i>Total fund net assets, end of year</i>	\$7,034	(\$57,348)	(\$50,314)

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, 2012

	Commissary	Columbus Stockyard	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$38,228	\$110,133	\$148,361
Cash payments to suppliers for goods and services	(47,310)	(8,646)	(55,956)
Cash payments to employees for services	0	(144,696)	(144,696)
<i>Net cash provided (used) by operating activities</i>	(9,082)	(43,209)	(52,291)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:			
Temporary loan - other funds	0	60,530	60,530
Cash received (paid) from intergovernmental sources	0	0	0
Net transfers in (out)	0	0	0
<i>Net cash provided (used) by non-capital and related financing activities</i>	0	60,530	60,530
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>	0	0	0
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	0	0	0
<i>Net cash provided (used) by investing activities</i>	0	0	0
<i>Net increase (decrease) in cash</i>	(9,082)	17,321	8,239
Cash and cash equivalents, beginning of year	17,487	(17,321)	166
<i>Cash and cash equivalents, end of year</i>	\$8,405	\$0	\$8,405
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income (loss)	(\$9,149)	(\$47,257)	(\$56,406)
Depreciation	0	2,854	2,854
Receivables	0	0	0
Accrued expenses and wages payable	0	520	520
Accounts payable	67	674	741
<i>Net cash provided (used) by operating activities</i>	(\$9,082)	(\$43,209)	(\$52,291)

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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Charges for services	\$194,500	\$194,500	\$110,134	(\$84,366)
<i>Total revenues</i>	194,500	194,500	110,134	(84,366)
EXPENDITURES				
Current:				
Personnel expenditures	135,726	132,676	116,243	16,433
Operating expenditures	38,150	41,200	37,100	4,100
<i>Total expenditures</i>	173,876	173,876	153,343	20,533
<i>Excess (deficiency) of revenues over expenditures</i>	\$20,624	\$20,624	(\$43,209)	(\$63,833)

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$43,209)
Adjustments for revenue accruals	0
<u>Adjustments for expenditures accruals</u>	<u>(4,048)</u>
<u>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)</u>	<u>(\$47,257)</u>

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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Other income	\$50,000	\$50,000	\$38,227	(\$11,773)
<i>Total revenues</i>	<u>50,000</u>	<u>50,000</u>	<u>38,227</u>	<u>(11,773)</u>
EXPENDITURES				
Current:				
Operating expenditures	50,000	50,000	47,311	2,689
<i>Total expenditures</i>	<u>50,000</u>	<u>50,000</u>	<u>47,311</u>	<u>2,689</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>\$0</u>	<u>\$0</u>	<u>(\$9,084)</u>	<u>(\$9,084)</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$9,084)
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	(65)
<u>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)</u>	<u>(\$9,149)</u>

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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Charges for services	\$5,001,000	\$5,001,000	\$3,861,777	(\$1,139,223)
Interest income	1,000	1,000	3,028	2,028
<i>Total revenues</i>	<u>5,002,000</u>	<u>5,002,000</u>	<u>3,864,805</u>	<u>(1,137,195)</u>
EXPENDITURES				
Current:				
Personnel expenditures	4,260,161	4,088,604	3,745,930	342,674
Operating expenditures	984,500	1,153,000	1,153,792	(792)
Capital outlay	50,000	50,739	18,724	32,015
<i>Total expenditures</i>	<u>5,294,661</u>	<u>5,292,343</u>	<u>4,918,446</u>	<u>373,897</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(292,661)	(290,343)	(1,053,641)	(763,298)
Other Financing Sources (Uses):				
Operating transfers in (out)	0	(2,318)	(2,318)	0
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>(2,318)</u>	<u>(2,318)</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(292,661)	(292,661)	<u>(\$1,055,959)</u>	<u>(\$763,298)</u>
<i>Budgeted cash carryover</i>	<u>292,661</u>	<u>292,661</u>		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$1,055,959)
Adjustments for revenue accruals	16,669
Adjustments for expenditures accruals	38,154
<u>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)</u>	<u>(\$1,001,136)</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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Rent income	\$30,000	\$30,000	\$41,457	\$11,457
<i>Total revenues</i>	30,000	30,000	41,457	11,457
EXPENDITURES	0	0	0	0
<i>Total expenditures</i>	0	0	0	0
<i>Excess (deficiency) of revenues over expenditures</i>	30,000	30,000	41,457	11,457
Other Financing Sources (Uses):				
Operating transfers in (out)	(11,500)	(11,500)	(11,500)	0
<i>Total other financing sources (uses)</i>	(11,500)	(11,500)	(11,500)	0
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	\$18,500	\$18,500	\$29,957	\$11,457

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$29,957
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)	\$29,957

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

OTHER SUPPLEMENTARY INFORMATION

COUNTY OF LUNA
AGENCY FUNDS
JUNE 30, 2012

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, 2012

	Balance June 30, 2011	Increase	Decrease	Balance June 30, 2012
TAXES COLLECTED FOR OTHERS				
ASSETS				
Cash and cash equivalents	\$119,241	\$5,727,369	\$5,697,354	\$149,256
Property taxes receivable	2,628,399	2,439,268	2,628,399	2,439,268
Total assets	\$2,747,640	\$8,166,637	\$8,325,753	\$2,588,524
LIABILITIES				
Due to other governmental agency	\$2,698,077	\$8,115,621	\$8,285,550	\$2,528,148
Prepaid taxes	1,333	25,457	12,049	14,741
Overpayment of taxes	850	25,559	25,703	706
Taxes paid in advance	17,360	0	2,451	14,909
Due to taxpayers	30,020	0	0	30,020
Total liabilities	\$2,747,640	\$8,166,637	\$8,325,753	\$2,588,524
INMATE ACCOUNTS				
ASSETS				
Cash and cash equivalents	\$68,601	\$0	\$2,726	\$65,875
Due from inmates	1,610	3,713	0	5,323
Total assets	\$70,211	\$3,713	\$2,726	\$71,198
LIABILITIES				
Due to inmates	\$6,230	\$0	\$740	\$5,490
Due to Luna County	3,421	263	0	3,684
Due to others	60,560	1,464	0	62,024
Total liabilities	\$70,211	\$1,727	\$740	\$71,198

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, 2012

	Balance June 30, 2011	Increase	Decrease	Balance June 30, 2012
TOTAL ASSETS AND LIABILITIES				
ASSETS				
Cash and cash equivalents	\$187,842	\$527,369	\$5,700,080	\$215,131
Property taxes receivable	2,628,399	2,439,268	2,628,399	2,439,268
Due from inmates	1,610	3,713	0	5,323
<i>Total assets</i>	\$2,817,851	\$2,970,350	\$8,328,479	\$2,659,722
LIABILITIES				
Due to other governmental agency	\$2,698,077	\$8,115,621	\$8,285,550	\$2,528,148
Prepaid taxes	1,333	25,457	12,049	14,741
Overpayment of taxes	850	25,559	25,703	706
Taxes paid in advance	17,360	0	2,451	14,909
Due to taxpayers	30,020	0	0	30,020
Due to inmates	6,230	0	740	5,490
Due to Luna County	3,421	263	0	3,684
Due to others	60,560	1,464	0	62,024
<i>Total liabilities</i>	\$2,817,851	\$8,168,364	\$8,326,493	\$2,659,722

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, 2012

	First New Mexico Bank	Wells Fargo Bank
Total amount of deposits	\$2,537,457	\$503,375
Less FDIC coverage	(250,000)	(250,000)
Total uninsured public funds	2,287,457	253,375
Collateral requirement 50%	1,143,729	126,688
<u>Type of Security</u>		
<u>Security Number</u>	<u>CUSIP Number</u>	<u>Maturity Date</u>
Fannie Mae Fed Home Ln. Mtg. Pool	4.500% 3138A2BX6	12/1/2040
Fannie Mae Fed Home Ln. Mtg. Pool	4.000% 3138A4XY6	1/1/2041
Fannie Mae Fed Home Ln. Mtg. Pool	4.000% 3138A8YD2	3/1/2041
Fannie Mae Fed Home Ln. Mtg. Pool	3.000% 3138ALU21	10/1/2026
Fannie Mae Fed Home Ln. Mtg. Pool	4.000% 3138AULU9	10/1/2041
Alamogordo, NM	011464FA7	8/1/2017
Alamogordo, NM	01145OCR2	8/1/2021
Bernalillo, NM	085279MJ3	8/1/2017
FHLB	3133MTZL5	11/15/2012
<i>Total pledged securities</i>	3,240,000	253,948
 <i>Over (under) pledged</i>	\$2,096,271	\$127,260

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

COUNTY OF LUNA
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
JUNE 30, 2012

Financial Institution: Account Name	Type of Account	Bank Balance	(Checks) Deposits	Book Balance
CASH				
<u>First New Mexico Bank</u>				
Treasurer	Checking	\$1,515,482	(\$730,435)	\$785,047
General	Checking	956,000	0	956,000
CDBG Grant	Checking	100	0	100
Detention Center Accounts:				
Inmate Account	Checking	1,117	0	1,117
Inmate Account	Checking	50,988	0	50,988
Inmate Account	Checking	394	0	394
Inmate Account	Checking	13,376	0	13,376
<u>Wells Fargo Bank</u>				
Treasurer	Checking	503,375	0	503,375
Total bank and book balance		3,040,832	(730,435)	2,310,397
INVESTMENTS				
State of New Mexico				
Local Government Investment Pool	Investment	4,869	0	4,869
Wells Fargo Securities, Inc.				
Money Market Funds	Investment	66,800	0	66,800
Bonds	Investment	8,805,471	0	8,805,471
Money Market Funds	Investment	59,141	0	59,141
Bonds	Investment	5,026,069	0	5,026,069
Total investments		13,962,350	0	13,962,350
Petty cash on hand		375	0	375
Total cash and investments		\$17,003,557	(\$730,435)	\$16,273,122

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, 2012

Property taxes receivable, beginning of year	\$4,718,779
Changes to tax roll:	
Net taxes charged to Treasurer for fiscal year	12,125,617
Adjustments:	0
Increase in property tax receivable	752,180
Total taxes charged to Treasurer for fiscal year	12,877,797
Total receivables before collections	17,596,576
Collections for fiscal year June 30, 2012	11,967,984
Property taxes receivable, end of year	\$5,628,592

Property taxes receivable by years:

2002-2010	\$4,545,565
2011	1,083,027
Total taxes receivable	\$5,628,592

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

COUNTY OF LUNA
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
JUNE 30, 2012

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							
2002-2010	\$34,815,801	\$430,708	\$33,197,159	\$430,708	\$33,197,159	\$0	\$1,618,642
2011	5,482,812	5,072,398	5,072,398	5,072,398	5,072,398	0	410,414
Total General Advalorem	40,298,613	5,503,106	38,269,557	5,503,106	38,269,557	0	2,029,056
Non-Rendition Fees							
2002-2010	316,412	4,096	216,039	4,096	216,039	0	100,373
2011	39,435	20,979	20,979	20,979	20,979	0	18,456
Total Non-Rendition Fees	355,847	25,075	237,018	25,075	237,018	0	118,829
Re-Appraisal Program							
2002-2010	745,105	9,162	699,465	9,162	699,465	0	45,640
2011	119,665	109,333	109,333	109,333	109,333	0	10,332
Total Re-Appraisal Program	864,770	118,495	808,798	118,495	808,798	0	55,972
Administrative Fees							
2002-2010	0	404	0	404	404	0	0
2011	0	0	0	0	0	0	0
Total Administrative Fees	0	404	0	404	404	0	0
Road Levy							
2002-2010	4,210,257	64,430	3,462,279	64,430	3,462,279	0	747,978
2011	861,987	639,262	639,262	693,262	639,262	0	222,725
Total Road Levy	5,072,244	703,692	4,101,541	757,692	4,101,541	0	970,703
Livestock							
2002-2010	282,844	575	270,884	518	270,827	57	11,960
2011	47,740	44,937	44,937	44,862	44,862	75	2,803
Total Livestock	330,584	45,512	315,821	45,380	315,689	132	14,763
Total Luna County	\$46,922,058	\$6,396,284	\$43,732,735	\$6,450,152	\$43,733,007	\$132	\$3,189,323

COUNTY OF LUNA
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
JUNE 30, 2012

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
STATE LEVY							
2002-2010	\$4,283,842	\$22,152	\$4,048,814	\$19,873	\$4,046,535	\$2,279	\$235,028
2011	695,367	642,386	642,386	634,425	634,425	7,961	52,981
Total State Levy	4,979,209	664,538	4,691,200	654,298	4,680,960	10,240	288,009
Total State Levy	\$4,979,209	\$664,538	\$4,691,200	\$654,298	\$4,680,960	\$10,240	\$288,009
SCHOOL DISTRICTS							
Deming Public Schools							
2002-2010	\$26,995,825	\$329,058	\$25,390,988	\$314,986	\$25,376,916	\$14,072	\$1,604,837
2011	4,127,357	3,814,054	3,814,054	3,766,841	3,766,841	47,213	313,303
Total Deming Public Schools	31,123,182	4,143,112	29,205,042	4,081,827	29,143,757	61,285	1,918,140
Total School Districts	\$31,123,182	\$4,143,112	\$29,205,042	\$4,081,827	\$29,143,757	\$61,285	\$1,918,140
MUNICIPALITIES							
City of Deming							
2002-2010	\$3,138,586	\$56,166	\$2,998,986	\$54,753	\$2,997,573	\$1,413	\$139,600
2011	686,876	644,712	644,712	636,663	636,663	8,049	42,164
Total City of Deming	3,825,462	700,878	3,643,698	691,416	3,634,236	9,462	181,764
Village of Columbus							
2002-2010	427,381	9,046	385,874	8,294	385,122	752	41,507
2011	64,378	54,530	54,530	53,010	53,010	1,520	9,848
Total Village of Columbus	491,759	63,576	440,404	61,304	438,132	2,272	51,355
Total Municipalities	\$4,317,221	\$764,454	\$4,084,102	\$752,720	\$4,072,368	\$11,734	\$233,119
GRAND TOTALS	\$87,341,670	\$11,968,388	\$81,713,079	\$11,938,997	\$81,630,092	\$83,391	\$5,628,591

COUNTY OF LUNA
SCHEDULE OF JOINT POWERS AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Participants	Responsible Party for Operations	Descriptions	Beginning and Ending dates	Total Estimated Amount of Project	Contribution 6/30/2011	Audit Responsibility	Revenues and Expenditures Reported on:
Village of Columbus	Luna County	Multi Service Agreement	August 12, 2011 August 12, 2012	\$111,000		Luna County	REV: \$33,741 EXP: \$33,741
City of Deming	Luna County	Multi Service Agreement	July 1, 2011 June 30, 2012	Varies yearly		Luna County	REV: \$140,500 EXP: \$140,500

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, 2012

Federal Grantor/Program Title	Federal CFDA Number or Agency Prefix	Project Number	Award Amount	Accrued or (Deferred) Revenue at June 30, 2011	Receipts	Expenditures	Accrued or (Deferred) Revenue at June 30, 2012
<u>U.S. Department of Housing and Urban Development</u>							
Passed through New Mexico							
Mortgage Finance Authority							
Emergency Homeless Assistance	14.231	11-02-HLH-EHA	\$13,330	\$0	(\$11,638)	\$13,330	\$1,692
<u>U.S. Department of Health and Human Services</u>							
Healthy Start Initiative	93.926	5 H67MC00011-08-00	\$712,500	\$12,732	(\$44,744)	\$32,012	\$0
Healthy Start Initiative	93.926	5 H67MC00011-09-00	712,500	55,121	(684,528)	679,610	50,203
Total U.S. Department of Health and Human Services			\$1,425,000	\$67,853	(\$729,272)	\$711,622	\$50,203
<u>U.S. Department of Justice</u>							
VOCA	16.575	2012-VA-715	\$31,436	\$0	(\$24,619)	\$29,844	\$5,225
VOCA - CASA	16.575	2012-VA-714	41,050	0	(25,433)	29,485	4,052
VAWA	16.588	2010-WF-612	22,500	0	(18,453)	22,500	4,047
Enhanced Border							
Enhanced Border Security Operations	16.580	2008-DD-BX-0334	205,253	3,349	(3,349)	0	0
Southwest NM Border Law							
Enforcement Alliance	16.753	2009-DI-BX-0266	375,000	59,866	(75,178)	17,005	1,493
Assistance to Rural Law Enforcement							
	16.810	2010-SD-B9-0001	225,000	23,590	(95,340)	97,900	26,150
Law Enforcement Technology Grant - COPS	16.710	2010-CK-WX-0061	250,000	14,568	(54,500)	54,910	14,978
Justice Assistance Grant	16.804	2009-SB-B9-1061	29,626	0	(2,108)	2,108	0
Total U.S. Department of Justice			\$1,179,865	\$101,173	(\$298,980)	\$253,752	\$55,945
<u>U.S. Department of Homeland Security</u>							
Passed through Department of Homeland Security and Emergency Management							
Emergency Food and Shelter Program	97.024	60800	\$5,659	\$0	(\$5,659)	\$5,659	\$0
Operation Stonegarden	97.067	2009-SG-T9-0001	1,133,174	64,355	(346,649)	359,817	77,523
Operation Stonegarden	97.067	2009-SJ-T9-0001	639,077	110,497	(207,013)	261,717	165,201
Operation Stonegarden	97.067	2010-SS-T0-0011	1,233,174	0	(323,611)	323,611	0
Operation Stonegarden	97.067	2011-SS-00094-S01	1,203,067	0	0	0	0
Total U.S. Department of Homeland Security			\$4,214,151	\$174,852	(\$882,932)	\$950,804	\$242,724

COUNTY OF LUNA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/Program Title	Federal CFDA Number or Agency Prefix	Project Number	Award Amount	Accrued or (Deferred) Revenue at June 30, 2011	Receipts	Expenditures	Accrued or (Deferred) Revenue at June 30, 2012
<u>U.S. Environmental Protection Agency</u>							
EPA - Brownfield	66.xxx	Coop Agreement BF-00F14001-0	\$200,000	\$0	(\$21,599)	\$28,844	\$7,245
<u>General Services Administration</u>							
Port of Entry - Columbus	39.xxx	GS-07P-02-UFC-103BA	\$4,213,754	\$1,265,139	(\$1,433,125)	\$310,721	\$142,735
<u>Total Expenditures of Federal Awards</u>			\$11,246,100	\$1,609,017	(\$3,377,546)	\$2,269,073	\$500,544

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, 2012

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, 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, 2012, and have issued our report thereon dated November 14, 2012. 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

Management of County of Luna is responsible for establishing and maintaining effective 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.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. 2012-02, 2012-03, and 2011-03. 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.

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

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 2012-01, 2012-04, 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, 2012



**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, 2012. 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, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2010-02.

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

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.

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 a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2012-04. *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, 2012

COUNTY OF LUNA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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? _____ Yes X 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>
97.067	Homeland Security Grant Program Operation Stonegarden
93.926	Healthy Start Initiative
39.xxx	GAS Contract – Port of Entry - Columbus

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, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR SIGNIFICANT DEFICIENCIES:

2012-01 Involuntary Termination Not Paid in Accordance with Employment Law – Significant Deficiency

Statement of Condition – While performing the test of terminated employees, we noted that two of the seven terminated employees did not receive their final pay in accordance with employment law.

Criteria – Employment law requires terminated employees receive their final pay five days after date of involuntarily termination. In addition, employees who leave voluntarily should receive their final pay within ten days or by the date of the next payroll, whichever comes first.

Cause – Oversight.

Effect – Potential costs associated with noncompliance.

Recommendation – Implement procedure to pay terminated employees in accordance with the law.

Management's Response – Management will implement procedure to ensure employees are paid in accordance with the law.

COUNTY OF LUNA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED):

2012-02 No Central Control, Oversight and Reconciliation of Grant Activity – Significant Deficiency

Statement of Condition – There is no central control and oversight of grant activity. Accounting records not regularly reconciled to grant activity.

Criteria – Good internal controls over grant activity requires oversight and accountability. The County has a responsibility to be cognizant of all grants and to reconcile grant records on a regular basis to the accounting system.

Cause – Lack of organization and communication.

Effect – Potential for grant non-compliance by the County to go undetected for an extended period of time.

Recommendation – A master list of all grants should be compiled and maintained in a central location describing key criteria for each grant. Grant administrators should be provided detailed revenue and expense reports monthly to reconcile to grant activity. Timely corrections should be made to the accounting records as necessary. Grant status reports should be provided to management on an established periodic basis.

Management's Response – Luna County purchased software which will enable the County to maintain a master list of grants. We have also established a Grant Clearinghouse that will retain master files on all grants.

The Budget and Procurement Director will send monthly reports to the County's Grant Administrator detailing expenses and revenue for reconciliation purposes by the third day of the month subsequent to the month reporting. Funds and line items will be examined to ensure consistency between the line items approved and required by the grantor and the line items within the county budget.

Finally, a mandatory monthly meeting will be held on or before the 10th of each month between the Grant Clearinghouse, the Treasurer's Office and the Budget Director for communication and reconciliation purposes. Grant Status Reports will be created by the County's Grant Administrator and given to the County Manger by the 15th of each month.

COUNTY OF LUNA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED):

2012-03 PERA Exclusion Forms Not in Employee File – Significant Deficiency

Statements of Condition– Seven of the 22 employees without PERA deductions do not have PERA exclusion forms on file.

Criteria – The supporting documents should be retained to document the proper exclusion of employees from PERA.

Cause – PERA forms were sent to PERA prior to making copies.

Effect – An employee subject to PERA deductions could be overlooked. In addition, without supporting documentation no method of reassurance exists.

Recommendation – Retain a copy of exclusion form. Review employee files periodically and obtain missing documents.

Management's Response – All PERA Forms submitted by employees will be retained in the business office. Furthermore, the Human Resources Director will conduct bi-annual reviews of personnel files to ensure there are no missing documents.

COUNTY OF LUNA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED):

2012-04 Audit Report Not Submitted Timely – Significant Deficiency

Statement of Condition – The audit report for the year ended June 30, 2012 was not submitted timely.

Criteria – Audits of Counties must be submitted by November 15 in accordance with the New Mexico State Audit Rule 2.2.2. NMAC.

Cause – The auditor was unable to complete and produce a quality report by the November 15, 2012 due date.

Effect – Noncompliance with New Mexico State Audit Rule 2.2.2. NMAC.

Recommendation – The timing of field work and report preparation should be revised to improve timeliness.

Management's Response – We concur with Kriegel/Gray/Shaw & Co., P.C.'s finding and recommendation.

COUNTY OF LUNA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT STATUS ON PRIOR YEAR FINDINGS:

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

Resolved and not repeated.

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

Resolved and not repeated.

2011-03 Communication between Departments Not Adequate – Significant Deficiency

Repeated.

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 – Regularly scheduled meetings will be held to review monthly reconciliations between the Budget and Procurement Director, the Luna County Treasurer’s Office and the Grant Administrator. Included in this meeting will be a review of the Treasurer’s Reports, grant activity, the budget reports, capital assets schedules and project management schedules.

COUNTY OF LUNA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):

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

Resolved and not repeated.

2008-02 Legal Compliance with Budget – Significant Deficiency

Repeated with modifications.

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>
Entertainment Complex Bond	\$539,862	\$544,193	\$4,331
Community Health & Social Services	\$60,000	\$63,367	\$3,367
Judicial Bond	\$287,410	\$290,250	\$2,840

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 – Community Health & Social Services: Paid prior years’ final invoice in the new fiscal year causing the overage.

Entertainment Complex Bond and Judicial Bond: Bond payments were made using the Maturity Schedule; however bond payment amounts were budgeted using the Debt Repayment Schedule.

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 – Community Health & Social Services management will more closely review expenditures to make sure they are completed in the correct fiscal year.

Entertainment Complex Bond and Judicial Bond: Luna County’s Budget and Procurement Director will more closely communicate with the Luna County Treasurers Office to verify that bond payments are paid according to the debt repayment schedule.

COUNTY OF LUNA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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 expenditure budgets exceeded the available projected revenues and cash carryover balances in the following funds:

Healing House Fund	\$61,097
Mimbres Valley Learning Center Fund	\$9,702

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 – The Healing House did exceed projected revenues. Luna County interjected funds into the Healing House to remedy this situation; however, we agree that it was not done in a timely manner. In the future, Luna County will insure that all funds have adequate projected revenues and cash carryovers for appropriations.

There was an overage in the Mesilla Valley Learning Center Fund created by an error in posting a journal entry to the wrong fund. Monthly meetings addressed in 2012-02 should assist with resolving this type of budget issue.

COUNTY OF LUNA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

2012-04 Healthy Start Grant – No Control Over Expenditures – Significant Deficiency

Program Name	Program CFDA	Federal Award Number	Project Year	Federal Awarding Agency	Pass through entity
Healthy Start	93.926	H67Mc00011-10-00	N/A	Department of Health & Human Services	N/A

Questioned Costs – Purchase of furniture in the amount of \$16,000, purchase of computer for \$1,238, exterminator services for \$57, and advertisement for open positions \$1,332.

Statement of Condition – While performing the test of internal controls over expenditures for the Healthy Start Grant, the following was noted:

- 6 of the 25 selected purchases were for items that were not in the grantor approved budget.
- 1 of the 25 selected purchases exceeded the requisitioned amount.
- 7 of the 25 selected purchases did not receive prior authorization.

Criteria – Reliable controls to insure allowable expenditures and prevent misuse of funds.

Cause – Change in personnel and inadequate oversight.

Effect – Potential misuse of funds and potential for expenditures to exceed approved budget.

Recommendation – Implement a policy to monitor expenditures in accordance with the proposed program of budgeted expenditures.

Management’s Response – Costs were questioned regarding the purchase of furniture, a computer, exterminator services and advertisement for open positions. The purchase of the furniture and computer utilized a funding surplus at the end of the program year. Approval from the federal project manager was received in the form of an email. Exterminator services and advertisement for open positions were not approved by the federal project manager; however, in the past federal program audits have never identified necessary operational expenses as an issue.

The Grant Clearinghouse will serve to more closely monitor and document budget adjustments and allowable expenses, in conjunction with the Program Director, the Business Office and the Treasurer’s Office.

COUNTY OF LUNA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**PRIOR 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**

Resolved and not repeated.

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

Repeated with modifications.

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
EXIT CONFERENCE
JUNE 30, 2012

EXIT CONFERENCE:

The exit conference was held November 14, 2012 and was attended by the following:

From County of Luna:

J. Jay Spivey, Chairman
Kelly Kuenstler, County Manager
Rheganne Vaughn, Department Director

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

Debbie Gray, CPA/Shareholder
Thomas Baker, Staff Auditor
Mary Salameh, 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.