



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

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**STATE OF NEW MEXICO**

**COUNTY OF LUNA**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**JUNE 30, 2014**

**COUNTY OF LUNA**  
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**COUNTY OF LUNA**  
**OFFICIAL ROSTER**  
**JUNE 30, 2014**

**ELECTED OFFICIALS**

<b><u>Name</u></b>	<b><u>Title</u></b>
<i>R. Javier Diaz</i>	<i>Chairman</i>
<i>Joe L. "Oleo" Milo, Jr.</i>	<i>Member</i>
<i>J. Jay Spivey</i>	<i>Member</i>
<i>Andrea Rodriguez</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>Charles "Tink" Jackson</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

**Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the County of Luna, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the County of Luna's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County of Luna'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, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Mr. Hector H. Balderas, State Auditor and  
The Mayor and County Commissioners  
County of Luna  
Deming, New Mexico  
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Luna, as of June 30, 2014, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and nonmajor enterprise funds of the County of Luna as of June 30, 2014, 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 accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 and 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

Mr. Hector H. Balderas, State Auditor and  
The Mayor and County Commissioners  
County of Luna  
Deming, New Mexico  
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The *Schedule of Expenditures of federal awards and other supplementary information required by 2.2.2 NMAC* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the *Schedule of Expenditures and other supplementary information required by 2.2.2 NMAC* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2014 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* in considering the County of Luna's internal control over financial reporting and compliance.

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

Kriegel/Gray/Shaw & Co., P.C.  
Las Cruces, New Mexico  
November 7, 2014



**COUNTY OF LUNA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2014**

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, 2014. 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 \$48,548,408 (*net position*). Of this amount, \$20,407,482 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Revenues for governmental activities increased by \$1,555,321 from the prior year.
- Expenditures for governmental activities increased \$158,032 from the prior year.
- As of June 30, 2014, the County's governmental funds reported combined ending fund balances of \$35,218,875.
- At the close of the current fiscal year, unassigned balance of the general fund was \$6,743,662.

**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 position* presents information on all of County of Luna's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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, 2014**

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

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

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

County of Luna maintains 27 individual governmental funds organized according to their type (special revenue, debt service, and capital projects). Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, Road Fund, and County Maintenance Fund, all of which are considered to be major funds. Data from the other 24 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

**Proprietary Funds.** Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses proprietary funds to account for the Detention Center, the Entertainment Complex, 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, 2014**

**Analysis of Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of County of Luna, net position increased from the prior year by \$2,546,210 to total \$48,548,408 at the close of the current fiscal year.

A large portion of County of Luna's net position represents the County's investment of \$23,308,106 (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 position* \$20,407,482 may be used to meet the government's ongoing obligations to citizens and creditors.

**Analysis of Changes in Net Position**

The County's net position, overall, increased by \$2,546,210 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 state shared taxes and property taxes and showed an increase in charges for services and other income which includes sale of County assets. Total Expenditures for Governmental Activities decreased during the year and total revenues exceeded total expenditures by \$2,677,114. Property taxes and state-shared taxes contributed \$12,132,115 to fund the \$10,820,535 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 decreased 9% as compared to the prior year.

Investment earnings increased by more than 800% in the fiscal year ended June 30, 2014. The primary cause for this increase was an increase in the market value of the investment portfolio.

**Business-Type Activities.** Business-type activities decreased the County's net position by \$130,904. The key element of this decrease was due to Starmax Entertainment activities. Business-type activities expenses increased by \$797,121 due to Starmax Entertainment expenses.

**COUNTY OF LUNA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2014**

**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 \$26,623,783, an increase of \$3,022,829 from the prior year. The increase is primarily due to a concerted effort to control expenditures even though revenues increased.

Revenues for governmental functions overall totaled \$19,664,975, in the fiscal year ended June 30, 2014, which represents an increase of \$590,588 (after restatements) from the fiscal year ended June 30, 2013, due to increases in state grant funds and the sale of County property. Expenditures for governmental functions totaled \$16,672,746. This was a decrease of \$1,124,432 from the fiscal year ended June 30, 2013 resulting from a concentrated effort to minimize expenses throughout the County. In the fiscal year ended June 30, 2014, revenues for governmental functions exceeded expenditures by \$2,992,229.

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 \$6,743,662. The fund balance of County of Luna's General Fund increased by \$508,344 during the current fiscal year. This increase is primarily due to a decrease in transfers to other funds.

The Road Fund has a total fund balance of \$1,148,999. The net increase in fund balance during the current year in the Road Fund was \$91,154. This increase is due to the reduction in expenditures.

The County Maintenance Fund has a total fund balance of \$6,183,886. The net decrease in fund balance during the current year in the County Maintenance Fund was \$44,657. This decrease is due to transfers out to other funds.

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

At the end of the fiscal year, the total unrestricted net position for the Proprietary Funds was \$523,128. The total decrease in net position for the Proprietary Funds was \$130,904. 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, 2014**

**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	\$4,767,261	\$4,779,572	\$12,311	To provide for additional expenditures
Public Safety	4,066,220	4,084,841	18,621	To provide for additional expenditures
Public Works	777,245	791,308	14,063	To provide for additional expenditures
Capital Outlay	236,500	234,323	(2,177)	To reclassify budgeted expenditures to other functions
<b>Totals</b>	<b>\$9,847,226</b>	<b>\$9,890,044</b>	<b>\$42,818</b>	

**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, 2014 amount to \$33,473,599 (net of accumulated depreciation). Capital assets include land, land improvements, buildings, machinery, equipment and infrastructure. The total decrease in the County's capital assets (excluding accumulated depreciation) for the current fiscal year was \$901,455 for governmental activities. The total decrease in business-type capital assets (excluding accumulated depreciation) for the current fiscal year was \$443,841.

**COUNTY OF LUNA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2014**

**Capital Assets Net of Depreciation**  
**June 30, 2014**

	Governmental Activities	Business-Type Activities	Totals
Land and Construction in Progress	\$6,167,232	\$719,714	\$6,886,946
Buildings and Improvements	12,108,182	11,755,091	23,863,273
Leasehold Improvements	0	31,169	31,169
Equipment and Furnishings	2,391,780	300,431	2,692,211
<b><i>Capital Assets, net of Accumulated Depreciation</i></b>	<b>\$20,667,194</b>	<b>\$12,806,405</b>	<b>\$33,473,599</b>

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 5 in the accompanying Notes to the Financial Statements for further information regarding capital assets.

The Statement of Net Position shows the Net investment in Capital Assets-Governmental Funds in the amount of \$20,667,194. This investment includes the land, buildings, land and building improvements, equipment, construction in progress, and all applicable debt service. The total shows a decrease in capital assets of \$901,455 from the prior fiscal year. At fiscal year end, County of Luna continued to have a substantial amount of construction projects in progress.

The most significant construction projects in progress at year end were the Port of Entry at Columbus funded with a GSA federal contract and the Law Enforcement Complex.

The additions in business-type activities total \$443,841 of Equipment and Furnishings.

The County's debt decreased \$187,330 resulting from a principal payment on the NMFA loan for the purchase of graders. Additional information on the County's debt can be found in Note 6.

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, 2014
Net Value of Capital Assets	\$20,667,194	\$12,806,405	\$33,473,599
Long-Term Debt:			
Judicial Complex Bond 2007A	3,666,348	0	3,666,348
Entertainment Center Bond 2007B	5,878,402	0	5,878,402
NMFA Loan	620,743	0	602,743
<b><i>Total net investment in capital assets</i></b>	<b>\$10,501,701</b>	<b>\$12,806,405</b>	<b>\$23,308,106</b>

**COUNTY OF LUNA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2014**

**Comparative Statements**

Presented below are a Comparative Condensed Statement of Activities and a Comparative Statement of Net Position. The County's Business-Type Activities, including the County of Luna Detention Center, the Entertainment Complex and the Columbus Livestock Import/Export Stockyards added \$13,329,533 to the County's net position at the end of fiscal year 2014. Total Revenue generated by Governmental activities and Business-type activities in the County in 2014 was \$1,843,860 more than those activities generated in 2013. The primary cause of this increase in revenue was an increase in revenue generated from business-type activities in Starmax Enterprises. Expenses for the County's business type operations increased during the fiscal year, still resulting in an increase in net position for the combined operations during the fiscal year.

**Condensed Comparative Statement of Activities**

	Governmental Activities		Business-type Activities		Total	
	2014	2013 (restated)	2014	2013 (restated)	2014	2013 (restated)
<b>Revenues:</b>						
<u>Program Revenues:</u>						
Charges for services	\$526,882	\$431,536	\$6,754,350	\$5,410,912	\$7,281,232	\$5,842,448
Operating grants and contributions	4,487,499	4,792,263	0	4,000	4,487,499	4,796,263
Capital grants and contributions	1,096,043	557,856	0	0	1,096,043	557,856
<u>General Revenue:</u>						
Property taxes	8,795,191	9,531,888	0	0	8,795,191	9,531,888
State shared taxes	3,336,924	3,816,072	683,077	0	4,020,001	3,816,072
Other income	1,334,934	592,941	85,686	119,258	1,420,620	712,199
<i>Total revenues</i>	<i>19,577,473</i>	<i>19,722,556</i>	<i>7,523,113</i>	<i>5,534,170</i>	<i>27,100,586</i>	<i>25,256,726</i>
<b>Expenses:</b>						
General Government	4,870,107	4,580,047	0	0	4,870,107	4,580,047
Public Safety	6,064,133	6,139,004	0	0	6,064,133	6,139,004
Public Works	3,042,892	3,044,993	0	0	3,042,892	3,044,993
Health and Welfare	2,144,479	2,271,818	0	0	2,144,479	2,271,818
Culture and Recreation	228,787	238,992	0	0	228,787	238,992
Interest on long-term debt	580,561	498,073	0	0	580,561	498,073
Business-Type activities	0	0	7,623,417	6,826,296	7,623,417	6,826,296
<i>Total expenses</i>	<i>16,930,959</i>	<i>16,772,927</i>	<i>7,623,417</i>	<i>6,826,296</i>	<i>24,554,376</i>	<i>23,599,223</i>
Transfers	30,600	(1,669,804)	(30,600)	1,669,804	0	0
<i>Change in net position</i>	<i>2,677,114</i>	<i>1,279,825</i>	<i>(130,904)</i>	<i>377,678</i>	<i>2,546,210</i>	<i>1,657,503</i>
Net position, beginning of year, as previously restated	32,541,761	31,306,269	13,460,437	13,039,588	46,002,198	44,345,857
Restatements	0	(44,333)	0	43,171	0	(1,162)
Net position, beginning of year, as restated	32,541,761	31,261,936	13,460,437	13,082,759	46,002,198	44,344,695
<b>Net position, end of year</b>	<b>\$35,218,875</b>	<b>\$32,541,761</b>	<b>\$13,329,533</b>	<b>\$13,460,437</b>	<b>\$48,548,408</b>	<b>\$46,002,198</b>

**COUNTY OF LUNA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2014**

**Condensed Summary of Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013 (restated)	2014	2013 (restated)	2014	2013 (restated)
<b>Assets:</b>						
Cash and cash equivalents	\$4,951,624	\$2,092,743	\$805,946	\$536,739	\$5,757,570	\$2,629,482
Investments	11,698,556	12,524,619	0	0	11,698,556	12,524,619
<b>Receivables:</b>						
Property taxes	4,442,810	4,147,022	0	0	4,442,810	4,147,022
Account	12,194	87,977	431,283	316,328	443,477	404,305
Grant	1,286,107	1,089,444	0	0	1,286,107	1,089,444
Other	0	0	0	0	0	0
Internal balances	359,381	359,381	(359,381)	(359,381)	0	0
Due from other governments	877,887	513,986	118,187	117,538	996,074	631,524
Inventory	138,755	130,238	17,779	0	156,534	130,238
Restricted cash	2,175,995	1,410,559	0	0	2,175,995	1,410,559
Due from external sources	0	0	22,033	11,396	22,033	11,396
<b>Capital assets</b>						
Land and Assets net of accumulated depreciation	20,667,194	21,568,649	12,806,405	13,250,246	33,473,599	34,818,895
<b>Total assets</b>	<b>\$46,610,503</b>	<b>\$43,924,618</b>	<b>\$13,842,252</b>	<b>\$13,872,866</b>	<b>\$60,452,755</b>	<b>\$57,797,484</b>
<b>Liabilities and Net Position:</b>						
Accounts payable	\$262,612	\$318,780	\$189,135	\$125,155	\$451,747	\$253,625
Accrued salaries	178,311	159,341	102,357	83,599	280,668	242,940
Interest payable	258,599	0	0	0	258,599	0
<b>Non-Current Liabilities:</b>						
<b>Compensated Absences</b>						
Due within one year	14,014	0	2,054	0	16,068	0
Due after one year	512,599	551,913	219,173	203,675	731,772	755,588
<b>Loans Payable</b>						
Due within one year	525,568	204,566	0	0	525,568	204,566
Due after one year	9,639,925	10,148,257	0	0	9,639,925	10,148,257
<b>Total liabilities</b>	<b>11,391,628</b>	<b>11,382,857</b>	<b>512,719</b>	<b>412,429</b>	<b>11,904,347</b>	<b>11,795,286</b>
<b>Net Position:</b>						
Net investment in capital assets	10,501,701	11,215,826	12,806,405	13,250,246	23,308,106	24,466,072
<b>Restricted for</b>						
Road inventory	138,755	130,238	0	0	138,755	130,238
Debt service	1,971,586	1,464,169	0	0	1,971,586	1,464,169
Other purposes	2,722,479	1,667,092	0	0	2,722,479	1,667,092
Unrestricted	19,884,354	18,064,436	523,128	210,191	20,407,482	18,274,627
<b>Total net position</b>	<b>35,218,875</b>	<b>32,541,761</b>	<b>13,329,533</b>	<b>13,460,437</b>	<b>48,548,408</b>	<b>46,002,198</b>
<b>Total liabilities and net position</b>	<b>\$46,610,503</b>	<b>\$43,924,618</b>	<b>\$13,842,252</b>	<b>\$13,872,866</b>	<b>\$60,452,755</b>	<b>\$57,797,484</b>



**COUNTY OF LUNA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2014**

The County's Total Assets decreased during the fiscal year, as well as total liabilities. Total Net Position 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, 2014 consisted of Judicial Complex 2007A, Entertainment Complex 2007B and NMFA Loan. Interest on the bonds is due January 1 and July 1 of each year, and the interest for the NMFA Loan is due semi-annually on May 1 and November 1. For additional information concerning these bonds, see Note 6.

**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 2015. 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 2015 fiscal year budget. In fiscal 2015, the County continues a thoroughly review its priorities, staffing, compensation, projects, and programs with a focus on driving efficiency and effectiveness in its operations, resulting in reduced costs for 2015.

**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 POSITION**  
**JUNE 30, 2014**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$4,951,624	\$805,946	\$5,757,570
Investments	11,698,556	0	11,698,556
Receivables:			
Property taxes	4,355,831	0	4,355,831
State shared taxes	86,979	0	86,979
Grant	1,286,107	0	1,286,107
Accounts	12,194	431,283	443,477
Internal balances	359,381	(359,381)	0
Due from other governments	877,887	118,187	996,074
Inventory	138,755	17,779	156,534
Restricted cash	2,175,995	0	2,175,995
Due from external sources	0	22,033	22,033
Capital Assets:			
Land and assets net of accumulated depreciation	20,667,194	12,806,405	33,473,599
<b>Total assets</b>	<b>\$46,610,503</b>	<b>\$13,842,252</b>	<b>\$60,452,755</b>
<b>LIABILITIES</b>			
Accounts payable	\$262,612	\$189,135	\$451,747
Accrued salaries	178,311	102,357	280,668
Interest payable	258,599	0	258,599
Noncurrent Liabilities:			
Compensated absences:			
Due within one year	14,014	2,054	16,068
Due after one year	512,599	219,173	731,772
Loans payable:			
Due within one year	525,568	0	525,568
Due after one year	9,639,925	0	9,639,925
<b>Total liabilities</b>	<b>11,391,628</b>	<b>512,719</b>	<b>11,904,347</b>
<b>NET POSITION</b>			
Net investment in capital assets	10,501,701	12,806,405	23,308,106
Non expendable inventory	138,755	0	138,755
Restricted for:			
Debt service	1,971,586	0	1,971,586
Other purposes	2,722,479	0	2,722,479
Unrestricted	19,884,354	523,128	20,407,482
<b>Total net position</b>	<b>35,218,875</b>	<b>13,329,533</b>	<b>48,548,408</b>
<b>Total liabilities and net position</b>	<b>\$46,610,503</b>	<b>\$13,842,252</b>	<b>\$60,452,755</b>

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, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in net position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>Primary Government</b>							
<b>Governmental Activities:</b>							
General government	\$4,870,107	\$203,700	\$219,117	\$272,730	(\$4,174,560)	\$0	(\$4,174,560)
Public safety	6,064,133	0	2,115,193	384,700	(3,564,240)	0	(3,564,240)
Public works	3,042,892	3,624	60,699	438,613	(2,539,956)	0	(2,539,956)
Health and welfare	2,144,479	13,270	2,092,490	0	(38,719)	0	(38,719)
Culture and recreation	228,787	306,288	0	0	77,501	0	77,501
Interest on long-term debt	580,561	0	0	0	(580,561)	0	(580,561)
<i>Total governmental activities</i>	<i>16,930,959</i>	<i>526,882</i>	<i>4,487,499</i>	<i>1,096,043</i>	<i>(10,820,535)</i>	<i>0</i>	<i>(10,820,535)</i>
<b>Business-Type Activities:</b>							
Detention Facility	5,592,794	4,978,483	0	0	0	(614,311)	(614,311)
Entertainment Complex	1,981,187	1,716,981	0	0	0	(264,206)	(264,206)
Columbus Stockyard	23,542	11,797	0	0	0	(11,745)	(11,745)
Commissary	25,894	47,089	0	0	0	21,195	21,195
<i>Total business-type activities</i>	<i>7,623,417</i>	<i>6,754,350</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(869,067)</i>	<i>(869,067)</i>
<b>Total primary government</b>	<b>\$24,554,376</b>	<b>\$7,281,232</b>	<b>\$4,487,499</b>	<b>\$1,096,043</b>	<b>(\$10,820,535)</b>	<b>(\$869,067)</b>	<b>(\$11,689,602)</b>

**General Revenues**

Property taxes	\$8,795,191	\$0	\$8,795,191
State shared taxes	3,336,924	683,077	4,020,001
Interest earnings	246,871	1,867	248,738
Other income	586,009	42,126	628,135
Gain on asset disposal	502,054	41,693	543,747
Transfers in (out)	30,600	(30,600)	0
<i>Total general revenues</i>	<i>13,497,649</i>	<i>738,163</i>	<i>14,235,812</i>

Change in net position	2,677,114	(130,904)	2,546,210
Net position, beginning of year, as previously stated	32,233,691	13,432,266	45,665,957
Restatements	308,070	28,171	336,241
Net position, beginning of year, as restated	32,541,761	13,460,437	46,002,198
Net position, end of year	\$35,218,875	\$13,329,533	\$48,548,408

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

**COUNTY OF LUNA**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEETS**  
**JUNE 30, 2014**

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Road Fund	County Maintenance		
<b>ASSETS</b>					
Cash and cash equivalents	\$0	\$391,487	\$866,812	\$3,693,325	\$4,951,624
Investments	6,999,664	0	4,698,892	0	11,698,556
Receivables:					
Due from other governments	12,654	438,614	0	426,619	877,887
Property taxes	2,954,843	1,384,868	0	16,120	4,355,831
State shared taxes	0	86,979	0	0	86,979
Grants	4,794	0	213,073	1,068,240	1,286,107
Accounts receivable	42	0	0	12,152	12,194
Due from other funds	359,381	0	460,458	220,016	1,039,855
Inventory	0	138,755	0	0	138,755
Restricted cash and cash equivalents	0	123,091	0	2,052,904	2,175,995
<b>Total assets</b>	<b>\$10,331,378</b>	<b>\$2,563,794</b>	<b>\$6,239,235</b>	<b>\$7,489,376</b>	<b>\$26,623,783</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts payable	\$104,563	\$16,248	\$100,006	\$41,795	\$262,612
Accrued salaries	131,476	20,433	0	26,402	178,311
Accrued compensated absences	1,681	12,333	0	0	14,014
Interest payable	0	0	0	258,599	258,599
Due to other funds	512,141	0	0	168,333	680,474
<b>Total liabilities</b>	<b>749,861</b>	<b>49,014</b>	<b>100,006</b>	<b>495,129</b>	<b>1,394,010</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes	2,837,855	1,365,781	0	16,000	4,219,636
<b>Fund Balance:</b>					
Nonspendable	0	138,755	0	0	138,755
Restricted	0	0	0	4,694,065	4,694,065
Committed	0	0	0	1,374,965	1,374,965
Assigned	0	1,010,244	6,139,229	909,217	8,058,690
Unassigned	6,743,662	0	0	0	6,743,662
<b>Total fund balance</b>	<b>6,743,662</b>	<b>1,148,999</b>	<b>6,139,229</b>	<b>6,978,247</b>	<b>21,010,137</b>
<b>Total liabilities and fund balance</b>	<b>\$10,331,378</b>	<b>\$2,563,794</b>	<b>\$6,239,235</b>	<b>\$7,489,376</b>	<b>\$26,623,783</b>

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 POSITION**  
**JUNE 30, 2014**

<b>FUND BALANCE of Governmental Funds</b>	<b>\$21,010,137</b>
Amounts reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	20,667,194
Certain assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	4,219,636
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	(10,678,092)
<b><i>Net position of governmental activities</i></b>	<b><i>\$35,218,875</i></b>

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, 2014**

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Road Fund	County Maintenance		
<b>REVENUES</b>					
Property taxes/PILT	\$7,791,293	\$660,251	\$0	\$14,551	\$8,466,095
State shared taxes	540,093	1,053,058	0	1,743,773	3,336,924
Small counties assistance	169,000	0	0	0	169,000
Intergovernmental	375,664	15,866	26,035	714,993	1,132,558
Charges for services	136,530	3,624	0	386,728	526,882
Interest income/investment earnings	104,336	8,059	128,464	6,012	246,871
Federal grants	0	0	384,700	1,447,252	1,831,952
State grants/sources	10,000	438,613	272,730	1,717,689	2,439,032
Other grants	11,000	0	0	0	11,000
Rental income	129,535	0	0	0	129,535
Sale of County property	825,087	78,591	0	14,974	918,652
Other income	252,576	22,709	6,805	174,384	456,474
<i>Total revenues</i>	10,345,114	2,280,771	818,734	6,220,356	19,664,975
<b>EXPENDITURES</b>					
<b>Current:</b>					
General government	4,315,363	0	0	151,261	4,466,624
Public safety	3,671,389	0	0	1,831,006	5,502,395
Public works	786,900	1,979,827	0	0	2,766,727
Health and welfare	0	0	0	1,970,986	1,970,986
Culture and recreation	0	0	0	228,180	228,180
<b>Debt Service</b>					
Principal	0	204,566	0	0	204,566
Interest expense	0	5,224	0	558,101	563,325
Capital outlay	158,421	0	784,433	27,089	969,943
<i>Total expenditures</i>	8,932,073	2,189,617	784,433	4,766,623	16,672,746
<i>Excess (deficiency) of revenues over expenditures</i>	1,413,041	91,154	34,301	1,453,733	2,992,229
<b>Other Financing Sources (Uses):</b>					
Loan proceeds	0	0	0	0	0
Operating transfers in	148,035	0	31,200	1,203,184	1,382,419
Operating transfers (out)	(1,052,732)	0	(110,158)	(188,929)	(1,351,819)
<i>Total other financing sources (uses)</i>	(904,697)	0	(78,958)	1,014,255	30,600
<i>Net changes in fund balances</i>	508,344	91,154	(44,657)	2,467,988	3,022,829
Fund balance - beginning of year, as previously stated	6,235,318	1,057,845	5,930,467	4,510,259	17,733,889
Restatements	0	0	253,419	0	253,419
Fund balance - beginning of year, as restated	6,235,318	1,057,845	6,183,886	4,510,259	17,987,308
<b>Fund balance - end of year</b>	<b>\$6,743,662</b>	<b>\$1,148,999</b>	<b>\$6,139,229</b>	<b>\$6,978,247</b>	<b>\$21,010,137</b>

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, 2014**

**Net change in fund balances - Governmental Funds** **\$3,022,829**

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 \$845,598 was exceeded by depreciation expense of \$1,330,455 in the current period. (484,857)

Property taxes are deferred in the funds based on available and measurable criteria. In the Statement of Activities they are recorded as revenue. 329,096

Repayment of bond principal is an expenditure in the governmental funds but reduce the liability in the statement of net position (net of discount amortization). 187,330

Disposition of capital assets (416,598)

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. 39,314

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***Change in net position of governmental activities*** **\$2,677,114**

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# 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, 2014

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>				
Property taxes	\$7,431,912	\$7,431,912	\$7,858,591	\$426,679
State shared taxes	465,000	465,000	539,809	74,809
Small counties assistance	140,000	140,000	169,000	29,000
Intergovernmental revenue	415,579	415,579	457,967	42,388
Charges for services	103,150	103,150	136,125	32,975
Interest income	75,000	75,000	136,274	61,274
Federal grants	20,000	20,000	0	(20,000)
State grants/state sources	55,000	55,000	10,000	(45,000)
Rental income	96,032	96,032	129,535	33,503
Other income	185,000	185,000	1,094,691	909,691
<i>Total revenues</i>	<u>8,986,673</u>	<u>8,986,673</u>	<u>10,531,992</u>	<u>1,545,319</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	4,767,261	4,779,572	4,518,492	261,080
Public safety	4,066,220	4,084,841	3,499,140	585,701
Public works	777,245	791,308	771,564	19,744
Capital outlay	236,500	234,323	158,422	75,901
<i>Total expenditures</i>	<u>9,847,226</u>	<u>9,890,044</u>	<u>8,947,618</u>	<u>942,426</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(860,553)	(903,371)	1,584,374	2,487,745
<b>Other Financing Sources (Uses):</b>				
Operating transfers in (out)	53,142	(904,696)	(904,696)	0
<i>Total other financing sources (uses)</i>	<u>53,142</u>	<u>(904,696)</u>	<u>(904,696)</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(807,411)	(1,808,067)	<u>\$679,678</u>	<u>\$2,487,745</u>
<i>Budgeted cash/investment carryover</i>	<u>807,411</u>	<u>1,808,067</u>		
	<u>\$0</u>	<u>\$0</u>		

**Budgetary - GAAP Reporting Reconciliation:**

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$679,678
Adjustments for revenue accruals	(186,878)
Adjustments for expenditures accruals	15,544
<b>Net changes in fund balance (GAAP basis)</b>	<b>\$508,344</b>

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, 2014

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>				
Property tax	\$861,930	\$861,930	\$679,447	(\$182,483)
State shared taxes	1,030,000	1,030,000	816,622	(213,378)
Intergovernmental revenue	1,200	1,200	15,866	14,666
Charges for services	7,500	7,500	3,624	(3,876)
Interest income	3,100	3,100	7,665	4,565
Federal grants	0	0	0	0
State grants/sources	439,146	439,146	0	(439,146)
Other revenue	250	250	101,298	101,048
<i>Total revenues</i>	<u>2,343,126</u>	<u>2,343,126</u>	<u>1,624,522</u>	<u>(718,604)</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Public works	2,527,317	2,527,317	1,979,257	548,060
Capital outlay	0	0	0	0
Principal, interest and fees	0	0	0	0
<i>Total expenditures</i>	<u>2,527,317</u>	<u>2,527,317</u>	<u>1,979,257</u>	<u>548,060</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(\$184,191)</u>	<u>(\$184,191)</u>	<u>(\$354,735)</u>	<u>(\$170,544)</u>

**Budgetary - GAAP Reporting Reconciliation:**

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$354,735)
Adjustments for revenue accruals	656,249
Adjustments for expenditures accruals	(210,360)
<b>Net changes in fund balance (GAAP basis)</b>	<b>\$91,154</b>

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

**COUNTY OF LUNA**  
**PROPRIETARY FUNDS**  
**STATEMENTS OF FUND NET POSITION**  
**JUNE 30, 2014**

	Detention Center	Entertainment Complex Operations	Columbus Stockyard	Nonmajor Funds	Total
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$378,187	\$137,729	\$240,079	\$49,951	\$805,946
Accounts receivable	410,800	16,547	0	3,936	431,283
Inventory	0	17,779	0	0	17,779
Due from other governments	118,187	0	0	0	118,187
Due from external sources	22,033	0	0	0	22,033
<i>Total current assets</i>	<i>929,207</i>	<i>172,055</i>	<i>240,079</i>	<i>53,887</i>	<i>1,395,228</i>
<b>Non-Current Assets</b>					
Capital assets	7,314,907	9,858,669	19,975	0	17,193,551
Accumulated depreciation	(3,173,365)	(1,196,422)	(17,359)	0	(4,387,146)
<i>Total non-current assets</i>	<i>4,141,542</i>	<i>8,662,247</i>	<i>2,616</i>	<i>0</i>	<i>12,806,405</i>
<b>Total assets</b>	<b>\$5,070,749</b>	<b>\$8,834,302</b>	<b>\$242,695</b>	<b>\$53,887</b>	<b>\$14,201,633</b>
<b>LIABILITIES AND FUND NET POSITION</b>					
<b>Current Liabilities:</b>					
Accounts payable	\$116,909	\$71,401	\$0	\$825	\$189,135
Accrued salaries	80,836	17,547	0	0	98,383
Payroll liabilities	0	3,974	0	0	3,974
Due to other funds	11,447	0	347,934	0	359,381
Accrued compensation - current	2,054	0	0	0	2,054
Long-term accrued compensated absences	219,173	0	0	0	219,173
<i>Total liabilities</i>	<i>430,419</i>	<i>92,922</i>	<i>347,934</i>	<i>825</i>	<i>872,100</i>
<b>Fund Net Position:</b>					
Net investment in capital assets	4,141,542	8,662,247	2,616	0	12,806,405
Unrestricted	498,788	79,133	(107,855)	53,062	523,128
<i>Total fund net position</i>	<i>4,640,330</i>	<i>8,741,380</i>	<i>(105,239)</i>	<i>53,062</i>	<i>13,329,533</i>
<b>Total liabilities and fund net position</b>	<b>\$5,070,749</b>	<b>\$8,834,302</b>	<b>\$242,695</b>	<b>\$53,887</b>	<b>\$14,201,633</b>

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

# COUNTY OF LUNA

## PROPRIETARY FUNDS

### STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Detention Center	Entertainment Complex Operations	Columbus Stockyard	Nonmajor Funds	Total
<b>OPERATING REVENUES</b>					
Cattle crossing revenue	\$0	\$0	\$11,797	\$0	\$11,797
Starmax revenues	0	1,716,981	0	0	1,716,981
Correction fees	358,250	0	0	0	358,250
Adult prisoner fees	4,497,338	0	0	0	4,497,338
Juvenile prisoner fees	122,895	0	0	0	122,895
State shared taxes	683,077	0	0	0	683,077
Sale of County property	41,693	0	0	0	41,693
Miscellaneous revenue	26,910	0	15,216	47,089	89,215
<i>Total operating revenues</i>	5,730,163	1,716,981	27,013	47,089	7,521,246
<b>OPERATING EXPENDITURES</b>					
Personnel expenses	3,870,800	406,985	20,036	0	4,297,821
Depreciation	174,740	321,025	2,854	0	498,619
Other operating costs	1,547,254	1,253,177	652	25,894	2,826,977
<i>Total operating expenditures</i>	5,592,794	1,981,187	23,542	25,894	7,623,417
<i>Operating income (loss)</i>	137,369	(264,206)	3,471	21,195	(102,171)
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest revenue	1,867	0	0	0	1,867
<i>Net income (loss) before transfers</i>	139,236	(264,206)	3,471	21,195	(100,304)
<b>Other Financing Sources (Uses):</b>					
Capital contributions	0	0	0	0	0
Operating transfers in	0	(30,600)	0	0	(30,600)
Operating transfers (out)	0	0	0	0	0
<i>Total other financing sources (uses)</i>	0	(30,600)	0	0	(30,600)
<i>Change in fund net position</i>	139,236	(294,806)	3,471	21,195	(130,904)
Total fund net position, beginning of year, as previously restated	4,457,923	9,051,186	(108,710)	31,867	13,432,266
Restatements	43,171	(15,000)	0	0	28,171
Total fund net position, beginning of year, as restated	4,501,094	9,036,186	(108,710)	31,867	13,460,437
<b><i>Total fund net position, end of year</i></b>	<b>\$4,640,330</b>	<b>\$8,741,380</b>	<b>(\$105,239)</b>	<b>\$53,062</b>	<b>\$13,329,533</b>

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

**COUNTY OF LUNA**  
**PROPRIETARY FUND TYPES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Detention Center	Entertainment Complex Operations	Columbus Stockyard	Nonmajor Funds	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers	\$5,624,248	\$1,682,929	\$34,369	\$46,317	\$7,387,863
Cash payments to suppliers for goods and services	(1,538,999)	(1,193,916)	(1,041)	(25,069)	(2,759,025)
Cash payments to employees for services	(3,837,719)	(403,826)	(23,938)	0	(4,265,483)
<i>Net cash provided (used) by operating activities</i>	247,530	85,187	9,390	21,248	363,355
<b>CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Temporary loans - to/from other funds	(10,637)	0	0	0	(10,637)
Net transfers in (out)	0	(30,600)	0	0	(30,600)
<i>Net cash provided (used) by non-capital and related financing activities</i>	(10,637)	(30,600)	0	0	(41,237)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition of equity interest	0	0	0	0	0
Acquisition of capital assets	0	(54,778)	0	0	(54,778)
<i>Net cash provided (used) by capital and related financing activities</i>	0	(54,778)	0	0	(54,778)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest income	1,867	0	0	0	1,867
<i>Net cash provided (used) by investing activities</i>	1,867	0	0	0	1,867
<i>Net increase (decrease) in cash</i>	238,760	(191)	9,390	21,248	269,207
Cash and cash equivalents, beginning of year	139,427	137,920	230,689	28,703	536,739
<b><i>Cash and cash equivalents, end of year</i></b>	<b>\$378,187</b>	<b>\$137,729</b>	<b>\$240,079</b>	<b>\$49,951</b>	<b>\$805,946</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>					
Operating income (loss)	\$137,369	(\$264,206)	\$3,471	\$21,195	(\$102,171)
Depreciation	174,740	321,025	2,854	0	498,619
Receivables	(105,915)	(16,273)	7,356	(772)	(115,604)
Inventory	0	(17,779)	0	0	(17,779)
Accrued payroll expenses	33,079	7,132	(3,902)	0	36,309
Accounts payable	8,257	55,288	(389)	825	63,981
<b><i>Net cash provided (used) by operating activities</i></b>	<b>\$247,530</b>	<b>\$85,187</b>	<b>\$9,390</b>	<b>\$21,248</b>	<b>\$363,355</b>

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, 2014**

	Agency Funds
<b>ASSETS</b>	
Cash and temporary investments	\$214,152
Receivables:	
Property taxes	3,424,477
Due from inmates	22,419
<hr/>	
<b>Total assets</b>	<b>\$3,661,048</b>
<hr/>	
<b>LIABILITIES</b>	
Due to inmates	\$11,332
Due to Luna County	22,033
Due to others	62,904
Due to other governments	3,496,602
Prepaid taxes	2,138
Overpayment of taxes	1,152
Taxes paid in advance	34,867
Due to taxpayers	30,020
<hr/>	
<b>Total liabilities</b>	<b>\$3,661,048</b>
<hr/>	

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

**COUNTY OF LUNA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**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 position and the statement of activities and changes in net position) 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.

**COUNTY OF LUNA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**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. All assets, all liabilities and deferred outflows and inflows of resources are included on the statement of net position. 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 position 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.

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.

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.

**COUNTY OF LUNA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**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 not considered available are recorded as deferred inflows of resources. 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 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, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The County reports the following major 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.

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.

**Assets, Liabilities and Net Position or Equity**

***Cash and Cash Equivalents***

A "Pooled Cash" concept is used in maintaining the cash in the accounting records. Under this method, all cash is pooled and each fund has equity in the pooled amount. All amounts included in pool cash are considered to be cash equivalents for the purposes of the statement of cash flows. Negative cash balances in certain funds have been reclassified as due to other funds at year end.

***Deposits and Investments***

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

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

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

**COUNTY OF LUNA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***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.

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.

***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.

***Deferred Outflows of Resources***

Deferred outflows of resources represent the County’s net assets that is applicable to a future reporting period. The County does not have any deferred outflows as of June 30, 2014.

***Net Position***

Net investment in capital assets, net of related debt. This category reflects the portion of net position that is associated with capital assets less outstanding capital asset related debt.

**Restricted Net Position** – Restricted net position results from the constraints placed on the use of net position 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 Position** – This category reflects net position of the County, not restricted for any project or other purpose.

**COUNTY OF LUNA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***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.

***Inter-Fund Transactions***

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

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

***Capital Assets***

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets including computer software are defined by the government as assets with 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, 2014. 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 Salaries***

Accrued salaries are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2014.

**COUNTY OF LUNA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Deferred Inflows of Resources***

Deferred inflows of resources represents the acquisition of net assets that is applicable to a future reporting period. The County reports property taxes receivable received beyond 60 days after year end as deferred inflows.

***Compensated Absences***

Paid time off is the component of accrued compensated absences. The County accumulates paid time off per employee, per year, and per years of service. Currently, employees with one or more but less than five years of service accumulate 15 days of paid time off per year. Employees with more than five years but less than fifteen years of service accumulate 20 days of paid time off per year. In addition, employees with an excess of fifteen years of service accumulate 25 days of paid time off per year. There is no separate accumulation of sick leave.

An employee may accumulate no more than 45 days (360 hours) of paid time off. Accumulated paid time off for the County total \$747,840 as of June 30, 2014.

***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 position. 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 7, 2014, the date the financial statements were available to be issued.

**COUNTY OF LUNA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**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 at the fund level.

These budgets are prepared on the Non-GAAP cash basis 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, Capital Projects Funds, and Proprietary 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 (or fund net position) of individual funds:  
Columbus Stockyards
- B. Designated cash appropriations in excess of available balances:  
KLCB Aluminum  
Law Enforcement
- C. Excess of fund actual expenditures over budget:

Fund	Budget Amount	Actual Amount	Over Expended
Entertainment Complex, LLC	\$0	\$1,643,801	\$1,643,801

**COUNTY OF LUNA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**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, 2014.

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, 2014, 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
First New Mexico Bank	\$7,290,494	(\$914,161)	\$6,376,333
Wells Fargo Bank	540,140	0	540,140
Western Heritage Bank	95,529	0	95,529
<i>Total cash deposits</i>	\$7,926,163	(\$914,161)	7,012,002
Cash on hand			1,286
Cash held with Trustee – State Treasurer			123,091
Wells Fargo Investments – Money Market Accounts			1,011,338
			\$8,147,717

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

Cash and cash equivalents	\$5,757,570
Restricted cash and cash equivalents	2,175,995
Agency funds	214,152
<i>Statement of net position</i>	\$8,147,717

**COUNTY OF LUNA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**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 Bank deposit balance 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, 2014, \$2,004,904 of the County's bank balances of \$7,926,163 were exposed to custodial credit risk as follows:

	Western Heritage Bank	First New Mexico Bank	Wells Fargo Bank
Year ended June 30, 2014:			
Total amount of deposits	\$95,529	\$7,290,494	\$540,140
FDIC Coverage	(95,529)	(250,000)	(250,000)
<i>Total uninsured public funds</i>	0	7,040,494	290,140
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the County's name	0	5,035,590	306,037
<i>Over (under) collateralization</i>	\$0	\$2,004,904	(\$15,897)
Collateral requirement (50% of uninsured public funds)	\$0	\$3,520,247	\$145,070
Pledged securities	0	5,035,590	306,037
<i>Over (under) collateralization</i>	\$0	\$1,515,343	\$160,967

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.

**COUNTY OF LUNA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**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, 2014, the County's investment balances were exposed to custodial credit risk as follows:

<u>Investment Type</u>	<u>Credit Risk Rating</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Percent of Portfolio</u>
Mortgage Backed Securities	N/A	\$250,350		1.97
Certificates of Deposit	N/A	6,327,471		49.78
US Government Securities	N/A	1,362,506		10.72
New Mexico Municipals	A to AAA	3,758,228		29.57
Money Market Accounts	N/A	1,011,339		7.96
<i>Total fair value</i>		12,709,894	1,150	100.00
<u>Less cash equivalents – shown as cash</u>		<u>1,011,338</u>		
		<u>\$11,698,556</u>		

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

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

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

*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, 2014**

**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.

<b><u>Interfund Transfers In (Out)</u></b>	<b><u>Operating Transfers Out</u></b>				<b>Totals</b>
	General Fund	Nonmajor Governmental Funds	County Maintenance	Entertainment Complex	
<b>Operating Transfers In:</b>					
General fund	\$0	\$84,777	\$32,658	\$30,600	\$148,035
County maintenance	0	31,200	0	0	31,200
Nonmajor governmental funds	1,052,732	72,952	77,500	0	1,203,184
<b><i>Totals</i></b>	<b>\$1,052,732</b>	<b>\$188,929</b>	<b>\$110,158</b>	<b>\$30,600</b>	<b>\$1,382,419</b>

<b><u>Due From (to) Other Funds</u></b>	<b><u>Due To:</u></b>				<b>Totals</b>
	General Fund	Columbus Stockyard Fund	Detention Fund	Nonmajor Governmental Funds	
<b>Due From:</b>					
General fund	\$0	\$347,934	\$11,447	\$0	\$359,381
County maintenance fund	460,458	0	0	0	460,458
Nonmajor governmental funds	51,683	0	0	168,333	220,016
<b><i>Totals</i></b>	<b>\$512,141</b>	<b>\$347,934</b>	<b>\$11,447</b>	<b>\$168,333</b>	<b>\$1,039,855</b>

**COUNTY OF LUNA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 5. CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, 2014 is as follows:

	Balance June 30, 2013	Restatements	Additions	Retirements	Transfers	Balance June 30, 2014
<b>Governmental Activities:</b>						
<b>Capital assets not being depreciated</b>						
Land	\$1,785,702	\$0	\$26,033	(\$349,072)	\$0	\$1,462,663
Construction in progress	4,460,811	(145,658)	389,416	0	0	4,704,569
<i>Total capital assets not being depreciated</i>	<i>6,246,513</i>	<i>(145,658)</i>	<i>415,449</i>	<i>(349,072)</i>	<i>0</i>	<i>6,167,232</i>
<b>Capital assets being depreciated</b>						
Buildings	15,771,939	0	0	(50,340)	0	15,721,599
Equipment and furnishings	11,721,997	87,078	430,419	(1,059,206)	0	11,180,018
<i>Total capital assets being depreciated</i>	<i>27,493,936</i>	<i>87,078</i>	<i>430,419</i>	<i>(1,109,546)</i>	<i>0</i>	<i>26,901,617</i>
<b>Less accumulated depreciation for:</b>						
Buildings	(3,210,221)	0	(411,481)	8,285	0	(3,613,417)
Equipment and furnishings	(8,917,246)	14,247	(918,974)	1,033,735	0	(8,788,238)
<i>Total accumulated depreciation</i>	<i>(12,127,467)</i>	<i>14,247</i>	<i>(1,330,455)</i>	<i>1,042,020</i>	<i>0</i>	<i>(12,401,655)</i>
<b>Governmental activities capital assets, net</b>	<b>\$21,612,982</b>	<b>(\$44,333)</b>	<b>(\$484,857)</b>	<b>(\$416,598)</b>	<b>\$0</b>	<b>\$20,667,194</b>

Depreciation expense for the year ended June 30, 2014 was charged to the following functions and funds:

General Government	\$290,146
Public Safety	564,883
Public Works	291,104
Health and Welfare	183,715
Culture and Recreation	607
	<b>\$1,330,455</b>

**COUNTY OF LUNA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 5. CAPITAL ASSETS (CONTINUED)**

	Balance June 30, 2013	Restatements	Additions	Retirements	Balance June 30, 2014
<b>Business-Type Activities:</b>					
Capital assets not being depreciated					
Land	\$719,714	\$0	\$0	\$0	\$719,714
<i>Total capital assets not being depreciated</i>	719,714	0	0	0	719,714
Capital assets being depreciated					
Buildings	15,185,704	0	0	0	15,185,704
Leasehold improvements	0	0	33,253	0	33,253
Equipment and furnishings	1,288,580	0	21,525	(55,225)	1,254,880
<i>Total capital assets being depreciated</i>	16,474,284	0	54,778	(55,225)	16,473,837
Less accumulated depreciation for:					
Buildings	(3,051,249)	0	(379,364)	0	(3,430,613)
Leasehold improvements	0	0	(2,084)	0	(2,084)
Equipment and furnishings	(935,674)	43,171	(117,171)	55,225	(954,449)
<i>Total accumulated depreciation</i>	(3,986,923)	43,171	(498,619)	55,225	(4,387,146)
<b><i>Business-Type activities capital assets, net</i></b>	<b>\$13,207,075</b>	<b>\$43,171</b>	<b>(\$443,843)</b>	<b>\$0</b>	<b>\$12,806,405</b>

Depreciation expense for business-type activities for the year ended June 30, 2014 was \$498,619.

**COUNTY OF LUNA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 6. LONG-TERM DEBT**

Governmental Activities: During the year ended June 30, 2014, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance June 30, 2013	Restatements	Additions	Reductions	Balance June 30, 2014	Due Within One Year
Judicial Bond 2007A	\$3,662,256	\$0	\$0	(\$4,092)	\$3,666,348	\$135,000
Entertainment Complex 2007B	5,865,258	0	0	(13,144)	5,878,402	185,000
NMFA Loan	825,309	0	0	204,566	620,743	205,568
Compensated absences	650,897	(98,984)	418,101	443,401	526,613	14,014
<b>Total primary government</b>	<b>\$11,003,720</b>	<b>(\$98,984)</b>	<b>\$418,101</b>	<b>\$630,731</b>	<b>\$10,692,106</b>	<b>\$539,582</b>

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:

<u>Years Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	3.900%	150,000	137,372	287,372
2019	3.900%-4.000%	155,000	131,463	286,463
2020-2024	4.200%	885,000	556,110	1,441,110
2025-2029	4.450%	1,085,000	352,650	1,437,650
2030-2034	4.450%	1,045,000	95,564	1,140,564
Discount remaining		(73,652)	0	(73,652)
		<b>\$3,666,348</b>	<b>\$1,717,907</b>	<b>\$5,384,255</b>

**COUNTY OF LUNA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**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>
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	5.600%	215,000	323,395	538,395
2019	5.600%-6.000%	230,000	310,878	540,878
2020-2024	6.000%	1,360,000	1,331,040	2,691,040
2025-2029	6.000%	1,830,000	855,600	2,685,600
2030-2034	6.000%	1,895,000	235,350	2,130,350
Discount remaining		(236,598)	0	(236,598)
		\$5,878,402	\$4,093,688	\$9,972,090

NMFA Loan – Motor Graders #402

On December 14, 2012, the County entered into a loan and incept agreement with New Mexico Finance Authority for the purchase of four motor graders in the amount of \$875,691. Pledged gas tax monthly revenues of \$17,482 are intercepted and deposited into a debt service account with the State Treasurer on behalf of Luna County. Annual principal payments are paid from the debt service account on November 1<sup>st</sup>. The interest rate ranges from .38% to .78% with an additional maintenance fee of .100%. Interest is paid from the debt service account semi-annually on May 1<sup>st</sup> and November 1<sup>st</sup>. The loan term is 5.5 years and matures with the final payment on May 1, 2017.

Loan debt service requirements to maturity are as follows:

<u>Years Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest and Maintenance Fee</u>	<u>Total</u>
2015	.49%-.59%	\$205,568	\$4,221	\$209,789
2016	.59%-.78%	206,781	3,008	209,789
2017	.78%	208,394	1,396	209,790
		\$620,743	\$8,625	\$629,368

**COUNTY OF LUNA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 6. LONG-TERM DEBT (CONTINUED)**

Business-Type Activities: During the year ended June 30, 2014, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	Due Within One Year
Compensated absences	\$203,675	\$226,302	\$208,750	\$221,227	\$2054

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

**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, 2013 through June 30, 2014, the premiums paid were \$603,707. 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](http://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, 2014, 2013 and 2012 were \$841,080, \$807,570, and \$777,358, respectively, which equal the amount of the required contributions for each fiscal year.

**COUNTY OF LUNA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**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](http://www.nmrhca.state.nm.us).

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2014, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The County of Luna's contributions to the RHCA for the years ended June 30, 2014, 2013 and 2012 were \$157,830, \$156,180, and \$137,832, respectively, which equal the required contributions for each year.

**COUNTY OF LUNA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**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.

**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.



**COUNTY OF LUNA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 11. FUND BALANCE CLASSIFICATIONS (CONTINUED)**

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 position 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.

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
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Inventory	\$0	\$138,755	\$0	\$0	\$138,755
<b>Restricted for:</b>					
Ambulance services	0	0	0	400,776	400,776
Health and social services	0	0	0	407,908	407,908
DWI prevention/education	0	0	0	114,296	114,296
DWI services	0	0	0	27,143	27,143
Conservation and range control	0	0	0	25,587	25,587
Fire protection	0	0	0	65,122	65,122
Indigent claims – health	0	0	0	293,088	293,088
Law enforcement	0	0	0	604,529	604,529
Recreation	0	0	0	143	143
Reappraisals	0	0	0	424,972	424,972
Volunteer fire services	0	0	0	358,915	358,915
Debt service	0	0	0	1,971,586	1,971,586
<b>Committed To:</b>					
Capital projects	0	0	0	1,374,965	1,374,965
<b>Assigned To:</b>					
Road surface repairs	0	1,010,244	0	0	1,010,244
County maintenance/projects	0	0	6,139,229	0	6,139,229
Clerk’s office	0	0	0	85,196	85,196
Education	0	0	0	379,926	379,926
Waste/recycling	0	0	0	33,588	33,588
Treasurer’s office	0	0	0	345,579	345,579
Assessor’s non-rendition fees	0	0	0	64,928	64,928
<b>Unassigned</b>	<b>6,743,662</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,743,662</b>
<b>Total fund balances</b>	<b>\$6,743,662</b>	<b>\$1,148,999</b>	<b>\$6,139,229</b>	<b>\$6,978,247</b>	<b>\$21,010,137</b>

**COUNTY OF LUNA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 12. STARMAX ENTERTAINMENT COMPLEX OPERATIONS**

In September 2012, the County took over the operations of the Starmax Entertainment Complex after the contracted operator and the County mutually terminated the operating agreement. As the operator of the facility the County entered into agreements with the movie production companies to receive digital film. The film companies required an individual guarantor. Therefore, the County Manager was named as the guarantor. The operations of the Entertainment Complex are shown in these financial statements as a proprietary fund and operated as a limited liability company.

**NOTE 13. RESTATEMENTS**

**Governmental Activities**

Capital asset corrections	(\$58,580)
Accumulated depreciation – prior depreciation correction	14,247
Compensated absences corrections	98,984
Grant receivable correction	253,419
	<hr/> <b>\$308,070</b> <hr/>

**Business-Type Activities/Proprietary Funds**

Capital asset corrections – Detention	\$43,171
Accounts payable corrections – Entertainment Complex	(15,000)
	<hr/> <b>\$28,171</b> <hr/>

**Governmental Funds**

County Maintenance Fund	
Grant receivable correction	\$253,419
	<hr/> <b>\$253,419</b> <hr/>

**SUPPLEMENTARY INFORMATION**

**COUNTY OF LUNA**  
**SPECIAL REVENUE FUNDS**  
**JUNE 30, 2014**

**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.

Assessor’s Non-rendition – To account for non-rendition fees collected and set aside by the County Commission to be expended for the Assessor’s Office capital needs. The authority to create this fund is by County ordinance.

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

DWI Compliance Monitoring – To account for fees to monitor DWI offenders. The authority to create this fund is by County ordinance.

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

**COUNTY OF LUNA**  
**SPECIAL REVENUE FUNDS**  
**JUNE 30, 2014**

**Special Revenue Funds (Continued)**

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.

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, 2014**

	Ambulance	Assessor's Non-remi- tion Fees	Community Health and Social Services	Community Services (formerly Healthy Start)	DWI Compliance Monitoring
<b>ASSETS</b>					
Cash and cash equivalents	\$341,682	\$64,928	\$3,320	\$138,484	\$5,674
Investments	0	0	0	0	0
Receivables:					
Due from other governments	59,094	0	0	0	0
Grants	0	0	0	210,590	0
Accounts receivable	0	0	0	0	0
Property tax receivable	0	0	0	0	0
Due from other funds	0	0	0	0	0
<b>Total assets</b>	<b>\$400,776</b>	<b>\$64,928</b>	<b>\$3,320</b>	<b>\$349,074</b>	<b>\$5,674</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts payable	\$0	\$0	\$1,548	\$12,514	\$0
Accrued salaries	0	0	0	9,647	0
Accrued compensated absences - ST	0	0	0	0	0
Bank overdraft	0	0	0	0	0
Due to other funds	0	0	0	0	0
<b>Total liabilities</b>	<b>0</b>	<b>0</b>	<b>1,548</b>	<b>22,161</b>	<b>0</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes	0	0	0	0	0
<b>Fund Balance:</b>					
Restricted	400,776	0	1,772	326,913	5,674
Committed	0	0	0	0	0
Assigned	0	64,928	0	0	0
Unassigned	0	0	0	0	0
<b>Total fund balance</b>	<b>400,776</b>	<b>64,928</b>	<b>1,772</b>	<b>326,913</b>	<b>5,674</b>
<b>Total liabilities and fund balance</b>	<b>\$400,776</b>	<b>\$64,928</b>	<b>\$3,320</b>	<b>\$349,074</b>	<b>\$5,674</b>

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

**COUNTY OF LUNA**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2014**

	DWI Grants	DWI Screening Fees	DWI Treatment Fees	Farm and Range	Fire Protection
<b>ASSETS</b>					
Cash and cash equivalents	\$39,472	\$19,328	\$2,371	\$28,674	\$36,782
Investments	0	0	0	0	0
Receivables:					
Due from other governments	0	0	0	0	28,340
Grants	27,725	0	0	0	0
Accounts receivable	0	0	0	0	0
Property tax receivable	0	0	0	16,120	0
Due from other funds	51,683	0	0	0	0
<b>Total assets</b>	<b>\$118,880</b>	<b>\$19,328</b>	<b>\$2,371</b>	<b>\$44,794</b>	<b>\$65,122</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts payable	\$1,427	\$230	\$0	\$3,207	\$0
Accrued salaries	3,157	0	0	0	0
Accrued compensated absences - ST	0	0	0	0	0
Bank overdraft	0	0	0	0	0
Due to other funds	0	0	0	0	0
<b>Total liabilities</b>	<b>4,584</b>	<b>230</b>	<b>0</b>	<b>3,207</b>	<b>0</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes	0	0	0	16,000	0
<b>Fund Balance:</b>					
Restricted	114,296	19,098	2,371	25,587	65,122
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned	0	0	0	0	0
<b>Total fund balance</b>	<b>114,296</b>	<b>19,098</b>	<b>2,371</b>	<b>25,587</b>	<b>65,122</b>
<b>Total liabilities and fund balance</b>	<b>\$118,880</b>	<b>\$19,328</b>	<b>\$2,371</b>	<b>\$44,794</b>	<b>\$65,122</b>

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

**COUNTY OF LUNA**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2014**

	Healing House	Indigent Hospital Claims	KLCB Aluminum	Law Enforcement Protection	Mimbres Valley Learning Center	Recreation
<b>ASSETS</b>						
Cash and cash equivalents	\$51,092	\$174,901	\$1,428	\$0	\$199,204	\$143
Investments	0	0	0	0	0	0
Receivables:						
Due from other governments	0	118,187	0	14,170	29,547	0
Grants	36,579	0	35,725	757,621	0	0
Accounts receivable	0	0	0	0	0	0
Property tax receivable	0	0	0	0	0	0
Due from other funds	8,731	0	0	6,366	153,236	0
<b>Total assets</b>	<b>\$96,402</b>	<b>\$293,088</b>	<b>\$37,153</b>	<b>\$778,157</b>	<b>\$381,987</b>	<b>\$143</b>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>Liabilities:</b>						
Accounts payable	\$4,388	\$0	\$3,638	\$5,182	\$2,061	\$0
Accrued salaries	6,425	0	0	6,479	0	0
Accrued compensated absences - ST	0	0	0	0	0	0
Bank overdraft	0	0	0	0	0	0
Due to other funds	6,366	0	0	161,967	0	0
<b>Total liabilities</b>	<b>17,179</b>	<b>0</b>	<b>3,638</b>	<b>173,628</b>	<b>2,061</b>	<b>0</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property taxes	0	0	0	0	0	0
<b>Fund Balance:</b>						
Restricted	79,223	293,088	0	604,529	0	143
Committed	0	0	0	0	0	0
Assigned	0	0	33,515	0	379,926	0
Unassigned	0	0	0	0	0	0
<b>Total fund balance</b>	<b>79,223</b>	<b>293,088</b>	<b>33,515</b>	<b>604,529</b>	<b>379,926</b>	<b>143</b>
<b>Total liabilities and fund balance</b>	<b>\$96,402</b>	<b>\$293,088</b>	<b>\$37,153</b>	<b>\$778,157</b>	<b>\$381,987</b>	<b>\$143</b>

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



**COUNTY OF LUNA**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2014**

	Reappraisal Program	Recording Fees	Solid Waste Grant	Treasurer's Mobile Home Sales	Volunteer Fire Departments	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$425,864	\$85,196	\$73	\$345,593	\$366,303	\$2,330,512
Investments	0	0	0	0	0	0
Receivables:						
Due from other governments	0	0	0	0	0	249,338
Grants	0	0	0	0	0	1,068,240
Accounts receivable	0	0	0	0	0	0
Property tax receivable	0	0	0	0	0	16,120
Due from other funds	0	0	0	0	0	220,016
<b>Total assets</b>	<b>\$425,864</b>	<b>\$85,196</b>	<b>\$73</b>	<b>\$345,593</b>	<b>\$366,303</b>	<b>\$3,884,226</b>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>Liabilities:</b>						
Accounts payable	\$198	\$0	\$0	\$14	\$7,388	\$41,795
Accrued salaries	694	0	0	0	0	26,402
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	168,333
<b>Total liabilities</b>	<b>892</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>7,388</b>	<b>236,530</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property taxes	0	0	0	0	0	16,000
<b>Fund Balance:</b>						
Restricted	424,972	0	0	0	358,915	2,722,479
Committed	0	0	0	0	0	0
Assigned	0	85,196	73	345,579	0	909,217
Unassigned	0	0	0	0	0	0
<b>Total fund balance</b>	<b>424,972</b>	<b>85,196</b>	<b>73</b>	<b>345,579</b>	<b>358,915</b>	<b>3,631,696</b>
<b>Total liabilities and fund balance</b>	<b>\$425,864</b>	<b>\$85,196</b>	<b>\$73</b>	<b>\$345,593</b>	<b>\$366,303</b>	<b>\$3,884,226</b>

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, 2014

	Ambulance	Assessor's Non-remi- tion Fees	Community Health and Social Services	Community Services (formerly Healthy Start)	DWI Compliance Monitoring
<b>REVENUES</b>					
Property tax	\$0	\$0	\$0	\$0	\$0
State shared taxes	341,539	0	0	0	0
Intergovernmental	0	0	0	539	0
Charges for services	0	31,370	0	0	5,760
Interest income	0	0	0	0	0
Federal grants	0	0	0	72,802	0
State grants	0	0	0	732,567	0
Sale of County property	0	0	0	0	0
Other income	0	0	0	0	0
<i>Total revenues</i>	341,539	31,370	0	805,908	5,760
<b>EXPENDITURES</b>					
<b>Current:</b>					
General government	0	173	0	0	0
Public works	0	0	0	0	0
Public safety	353,750	0	0	0	0
Health and welfare	0	0	17,050	797,216	86
Culture and recreation	0	0	0	0	0
Debt service principal	0	0	0	0	0
Capital outlay	0	20,000	0	0	0
<i>Total expenditures</i>	353,750	20,173	17,050	797,216	86
<i>Excess (deficiency) of revenues over expenditures</i>	(12,211)	11,197	(17,050)	8,692	5,674
<b>Other Financing Sources (Uses):</b>					
Transfers in	0	0	5,000	2,952	0
Transfers out	0	0	0	0	0
<i>Total other financing sources (uses)</i>	0	0	5,000	2,952	0
<i>Net changes in fund balances</i>	(12,211)	11,197	(12,050)	11,644	5,674
Fund balance - beginning of year	412,987	53,731	13,822	315,269	0
<b>Fund balance - end of year</b>	<b>\$400,776</b>	<b>\$64,928</b>	<b>\$1,772</b>	<b>\$326,913</b>	<b>\$5,674</b>

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, 2014

	DWI Grants	DWI Screening Fees	DWI Treatment Fees	Farm and Range	Fire Protection
<b>REVENUES</b>					
Property tax	\$0	\$0	\$0	\$14,551	\$0
State shared taxes	0	0	0	0	137,899
Intergovernmental	0	0	0	13,251	0
Charges for services	0	5,250	2,260	0	0
Interest income	0	0	0	405	0
Federal grants	0	0	0	0	0
State grants	194,441	0	0	0	0
Sale of County property	0	0	0	0	3,140
Other income	0	0	0	0	0
<i>Total revenues</i>	194,441	5,250	2,260	28,207	141,039
<b>EXPENDITURES</b>					
<b>Current:</b>					
General government	0	0	0	46,500	0
Public works	0	0	0	0	0
Public safety	0	0	0	0	167,358
Health and welfare	196,700	9,620	2,813	0	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>	196,700	9,620	2,813	46,500	167,358
<i>Excess (deficiency) of revenues over expenditures</i>	(2,259)	(4,370)	(553)	(18,293)	(26,319)
<b>Other Financing Sources (Uses):</b>					
Transfers in	7,968	0	0	6,000	0
Transfers out	0	0	0	0	(31,200)
<i>Total other financing sources (uses)</i>	7,968	0	0	6,000	(31,200)
<i>Net changes in fund balances</i>	5,709	(4,370)	(553)	(12,293)	(57,519)
Fund balance - beginning of year	108,587	23,468	2,924	37,880	122,641
<b>Fund balance - end of year</b>	<b>\$114,296</b>	<b>\$19,098</b>	<b>\$2,371</b>	<b>\$25,587</b>	<b>\$65,122</b>

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, 2014**

	Healing House	Indigent Hospital Claims	KLCB Aluminum	Law Enforcement Protection	Mimbres Valley Learning Center	Recreation
<b>REVENUES</b>						
Property tax	\$0	\$0	\$0	\$0	\$0	\$0
State shared taxes	0	0	0	68,950	170,769	0
Intergovernmental	18,126	683,077	0	0	0	0
Charges for services	0	0	0	0	232,426	0
Interest income	0	1,250	0	380	0	0
Federal grants	113,201	0	0	1,261,249	0	0
State grants	251,702	0	60,699	294,292	0	0
Sale of County property	0	0	0	0	0	0
Other income	0	0	4,508	7,932	0	0
<i>Total revenues</i>	383,029	684,327	65,207	1,632,803	403,195	0
<b>EXPENDITURES</b>						
<b>Current:</b>						
General government	0	0	53,917	0	0	0
Public works	0	0	0	0	0	0
Public safety	0	0	0	1,179,922	0	0
Health and welfare	356,481	591,020	0	0	0	0
Culture and recreation	0	0	0	0	228,180	0
Debt service principal	0	0	0	0	0	0
Capital outlay	0	0	0	5,849	0	0
<i>Total expenditures</i>	356,481	591,020	53,917	1,185,771	228,180	0
<i>Excess (deficiency) of revenues over expenditures</i>	26,548	93,307	11,290	447,032	175,015	0
<b>Other Financing Sources (Uses):</b>						
Transfers in	70,406	100,000	18,113	77,745	0	0
Transfers out	(24,625)	0	0	(130,485)	0	0
<i>Total other financing sources (uses)</i>	45,781	100,000	18,113	(52,740)	0	0
<i>Net changes in fund balances</i>	72,329	193,307	29,403	394,292	175,015	0
Fund balance - beginning of year	6,894	99,781	4,112	210,237	204,911	143
<b>Fund balance - end of year</b>	<b>\$79,223</b>	<b>\$293,088</b>	<b>\$33,515</b>	<b>\$604,529</b>	<b>\$379,926</b>	<b>\$143</b>

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, 2014**

	Reappraisal Program	Recording Fees	Solid Waste Grant	Treasurer's Mobile Home Sales	Volunteer Fire Departments	Totals
<b>REVENUES</b>						
Property tax	\$0	\$0	\$0	\$0	\$0	\$14,551
State shared taxes	0	0	0	0	0	719,157
Intergovernmental	0	0	0	0	0	714,993
Charges for services	4,934	30,866	0	0	0	312,866
Interest income	0	0	0	0	3,977	6,012
Federal grants	0	0	0	0	0	1,447,252
State grants	0	0	0	0	183,988	1,717,689
Sale of County property	0	0	0	0	11,834	14,974
Other income	121,153	0	0	40,741	50	174,384
<i>Total revenues</i>	126,087	30,866	0	40,741	199,849	5,121,878
<b>EXPENDITURES</b>						
<b>Current:</b>						
General government	40,944	1,881	0	7,846	0	151,261
Public works	0	0	0	0	0	0
Public safety	0	0	0	0	129,976	1,831,006
Health and welfare	0	0	0	0	0	1,970,986
Culture and recreation	0	0	0	0	0	228,180
Debt service principal	0	0	0	0	0	0
Capital outlay	3,132	11,921	0	0	0	40,902
<i>Total expenditures</i>	44,076	13,802	0	7,846	129,976	4,222,335
<i>Excess (deficiency) of revenues over expenditures</i>	82,011	17,064	0	32,895	69,873	899,543
<b>Other Financing Sources (Uses):</b>						
Transfers in	0	0	0	0	0	288,184
Transfers out	(2,619)	0	0	0	0	(188,929)
<i>Total other financing sources (uses)</i>	(2,619)	0	0	0	0	99,255
<i>Net changes in fund balances</i>	79,392	17,064	0	32,895	69,873	998,798
Fund balance - beginning of year	345,580	68,132	73	312,684	289,042	2,632,898
<b>Fund balance - end of year</b>	<b>\$424,972</b>	<b>\$85,196</b>	<b>\$73</b>	<b>\$345,579</b>	<b>\$358,915</b>	<b>\$3,631,696</b>

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

**COUNTY OF LUNA**  
**AMBULANCE 1/8% GRT**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
State shared taxes	\$342,170	\$342,170	\$341,214	(\$956)
<i>Total revenues</i>	<u>342,170</u>	<u>342,170</u>	<u>341,214</u>	<u>(956)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	355,000	355,000	340,000	15,000
<i>Total expenditures</i>	<u>355,000</u>	<u>355,000</u>	<u>340,000</u>	<u>15,000</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(12,830)	(12,830)	<u>\$1,214</u>	<u>\$14,044</u>
Budgeted cash carryover	12,830	12,830		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$1,214
Adjustments for revenue accruals	325
Adjustments for expenditures accruals	(13,750)
<u>Net changes in fund balance</u>	<u>(\$12,211)</u>

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

**COUNTY OF LUNA**  
**ASSESSOR'S NON-RENDITION FEES**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Charges for services	\$25,000	\$25,000	\$31,370	\$6,370
<i>Total revenues</i>	25,000	25,000	31,370	6,370
<b>EXPENDITURES</b>				
Current:				
General government	5,000	5,000	173	4,827
Capital outlay	20,000	20,000	20,000	0
<i>Total expenditures</i>	25,000	25,000	20,173	4,827
<i>Excess (deficiency) of revenues over expenditures</i>	\$0	\$0	\$11,197	\$11,197

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$11,197
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
<i>Net changes in fund balance</i>	\$11,197

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

**COUNTY OF LUNA**  
**COMMUNITY HEALTH & SOCIAL SERVICES**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
State grants	\$0	\$0	\$0	\$0
<i>Total revenues</i>	0	0	0	0
<b>EXPENDITURES</b>				
Current:				
Health and welfare	23,000	23,000	20,500	2,500
<i>Total expenditures</i>	23,000	23,000	20,500	2,500
<i>Excess (deficiency) of revenues over expenditures</i>	(23,000)	(23,000)	(20,500)	2,500
<b>Other Financing Sources (Uses):</b>				
Operating transfers in (out)	5,000	5,000	5,000	0
<i>Total other financing sources (uses)</i>	5,000	5,000	5,000	0
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(18,000)	(18,000)	(\$15,500)	\$2,500
Budgeted cash carryover	18,000	18,000		
	\$0	\$0		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$15,500)
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	3,450
<b>Net changes in fund balance</b>	<b>(\$12,050)</b>

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



**COUNTY OF LUNA**  
**COMMUNITY SERVICES (Formerly HEALTHY START)**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Intergovernmental revenue	\$0	\$0	\$539	\$539
Federal grants	577,382	577,382	74,386	(502,996)
State grants	335,600	418,600	817,178	398,578
Other	0	0	5,000	5,000
<i>Total revenues</i>	<u>912,982</u>	<u>995,982</u>	<u>897,103</u>	<u>(98,879)</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Health and welfare	911,275	1,011,482	793,867	217,615
<i>Total expenditures</i>	<u>911,275</u>	<u>1,011,482</u>	<u>793,867</u>	<u>217,615</u>
<i>Excess (deficiency) of revenues over expenditures</i>	1,707	(15,500)	103,236	118,736
<b>Other Financing Sources (Uses):</b>				
Operating transfers in (out)	2,952	2,952	2,952	0
<i>Total other financing sources (uses)</i>	<u>2,952</u>	<u>2,952</u>	<u>2,952</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	4,659	(12,548)	<u>\$106,188</u>	<u>\$118,736</u>
Budgeted cash carryover	0	12,548		
	<u>\$4,659</u>	<u>\$0</u>		

**Budgetary - GAAP Reporting Reconciliation:**

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$106,188
Adjustments for revenue accruals	(91,195)
Adjustments for expenditures accruals	(3,349)
<b>Net changes in fund balance</b>	<u>\$11,644</u>

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

**COUNTY OF LUNA**  
**DWI COMPLIANCE MONITORING**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Charges for services	\$3,800	\$3,800	\$5,760	\$1,960
Other income	0	0	0	0
<i>Total revenues</i>	3,800	3,800	5,760	1,960
<b>EXPENDITURES</b>				
Current:				
Health and welfare	3,800	3,800	86	3,714
<i>Total expenditures</i>	3,800	3,800	86	3,714
<i>Excess (deficiency) of revenues over expenditures</i>	\$0	\$0	\$5,674	\$5,674

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$5,674
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
<b>Net changes in fund balance</b>	<b>\$5,674</b>

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

**COUNTY OF LUNA**  
**DWI GRANT**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
State grants	\$200,718	\$202,703	\$211,766	\$9,063
Other income	100	100	0	(100)
<i>Total revenues</i>	<u>200,818</u>	<u>202,803</u>	<u>211,766</u>	<u>8,963</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	200,718	210,978	198,787	12,191
Capital outlay	0	0	0	0
<i>Total expenditures</i>	<u>200,718</u>	<u>210,978</u>	<u>198,787</u>	<u>12,191</u>
<i>Excess (deficiency) of revenues over expenditures</i>	100	(8,175)	12,979	21,154
<b>Other Financing Sources (Uses):</b>				
Operating transfers in (out)	0	7,968	7,968	0
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>7,968</u>	<u>7,968</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	100	(207)	<u>\$20,947</u>	<u>\$21,154</u>
Budgeted cash carryover	0	207		
	<u>\$100</u>	<u>\$0</u>		

**Budgetary - GAAP Reporting Reconciliation:**

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$20,947
Adjustments for revenue accruals	(17,325)
Adjustments for expenditures accruals	2,087
<i>Net changes in fund balance</i>	<u>\$5,709</u>

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

**COUNTY OF LUNA**  
**DWI SCREENING FEES**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Charges for services	\$5,700	\$5,700	\$5,250	(\$450)
Other income	0	0	0	0
<i>Total revenues</i>	<u>5,700</u>	<u>5,700</u>	<u>5,250</u>	<u>(450)</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Health and welfare	5,700	11,326	9,535	1,791
<i>Total expenditures</i>	<u>5,700</u>	<u>11,326</u>	<u>9,535</u>	<u>1,791</u>
<i>Excess (deficiency) of revenues over expenditures</i>	0	(5,626)	<u>(\$4,285)</u>	<u>\$1,791</u>
<i>Budgeted cash carryover</i>	0	5,626		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$4,285)
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	(85)
<i>Net changes in fund balance</i>	<u>(\$4,370)</u>

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, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
State grants	\$0	\$0	\$0	\$0
Charges for services	3,400	3,400	2,260	(1,140)
<i>Total revenues</i>	3,400	3,400	2,260	(1,140)
<b>EXPENDITURES</b>				
Current:				
Health and welfare	3,400	3,400	2,813	587
<i>Total expenditures</i>	3,400	3,400	2,813	587
<i>Excess (deficiency) of revenues over expenditures</i>	\$0	\$0	(\$553)	(\$553)

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$553)
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
<b>Net changes in fund balance</b>	<b>(\$553)</b>

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, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Property tax	\$10,000	\$10,000	\$14,452	\$4,452
Intergovernmental revenue	18,000	18,000	13,251	(4,749)
Interest income	100	100	405	305
<i>Total revenues</i>	<u>28,100</u>	<u>28,100</u>	<u>28,108</u>	<u>8</u>
<b>EXPENDITURES</b>				
Current:				
General government	46,500	46,500	43,293	3,207
<i>Total expenditures</i>	<u>46,500</u>	<u>46,500</u>	<u>43,293</u>	<u>3,207</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(18,400)	(18,400)	(15,185)	3,215
<b>Other Financing Sources (Uses):</b>				
Operating transfers in (out)	6,000	6,000	6,000	0
<i>Total other financing sources (uses)</i>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(12,400)	(12,400)	<u>(\$9,185)</u>	<u>\$3,215</u>
Budgeted cash carryover	12,400	12,400		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$9,185)
Adjustments for revenue accruals	99
Adjustments for expenditures accruals	(3,207)
<b>Net changes in fund balance</b>	<b>(\$12,293)</b>

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

**COUNTY OF LUNA**  
**FIRE PROTECTION 1/4% GRT**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
State shared tax	\$150,000	\$150,000	\$136,748	(\$13,252)
State grants	18,750	18,750	0	(18,750)
Other	0	0	3,140	3,140
<i>Total revenues</i>	<u>168,750</u>	<u>168,750</u>	<u>139,888</u>	<u>(28,862)</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Public safety	188,422	188,422	167,358	21,064
<i>Total expenditures</i>	<u>188,422</u>	<u>188,422</u>	<u>167,358</u>	<u>21,064</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(19,672)	(19,672)	(27,470)	(7,798)
<b>Other Financing Sources (Uses):</b>				
Operating transfers in (out)	(12,000)	(31,200)	(31,200)	0
<i>Total other financing sources (uses)</i>	<u>(12,000)</u>	<u>(31,200)</u>	<u>(31,200)</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(31,672)	(50,872)	<u>(\$58,670)</u>	<u>(\$7,798)</u>
Budgeted cash carryover	31,672	31,672		
	<u>\$0</u>	<u>(\$19,200)</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$58,670)
Adjustments for revenue accruals	1,151
Adjustments for expenditures accruals	0
<b>Net changes in fund balance</b>	<b>(\$57,519)</b>

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

**COUNTY OF LUNA**  
**HEALING HOUSE**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Intergovernmental revenue	\$5,000	\$5,000	\$18,126	\$13,126
State grants	252,508	252,508	242,251	(10,257)
Federal grants	130,347	130,347	126,818	(3,529)
<i>Total revenues</i>	<u>387,855</u>	<u>387,855</u>	<u>387,195</u>	<u>(660)</u>
<b>EXPENDITURES</b>				
Current:				
General government	0	0	0	0
Public works	0	0	0	0
Health and welfare	426,767	406,764	355,591	51,173
Capital outlay	0	0	0	0
<i>Total expenditures</i>	<u>426,767</u>	<u>406,764</u>	<u>355,591</u>	<u>51,173</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(38,912)	(18,909)	31,604	50,513
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	30,000	70,406	70,406	0
Operating transfers (out)	(2,952)	(24,625)	(24,625)	0
<i>Total other financing sources (uses)</i>	<u>27,048</u>	<u>45,781</u>	<u>45,781</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<u>(\$11,864)</u>	<u>\$26,872</u>	<u>\$77,385</u>	<u>\$50,513</u>

**Budgetary - GAAP Reporting Reconciliation:**

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$77,385
Adjustments for revenue accruals	(4,166)
Adjustments for expenditures accruals	(890)
<b>Net changes in fund balance</b>	<b>\$72,329</b>

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



**COUNTY OF LUNA**  
**INDIGENT HOSPITAL CLAIMS**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Intergovernmental revenue	\$883,000	\$883,000	\$682,428	(\$200,572)
Interest income	500	500	1,250	750
<i>Total revenues</i>	<u>883,500</u>	<u>883,500</u>	<u>683,678</u>	<u>(199,822)</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	972,250	972,250	625,745	346,505
<i>Total expenditures</i>	<u>972,250</u>	<u>972,250</u>	<u>625,745</u>	<u>346,505</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(88,750)	(88,750)	57,933	146,683
<b>Other Financing Sources (Uses):</b>				
Operating transfers in (out)	100,000	100,000	100,000	0
<i>Total other financing sources (uses)</i>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<u>\$11,250</u>	<u>\$11,250</u>	<u>\$157,933</u>	<u>\$146,683</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$157,933
Adjustments for revenue accruals	649
Adjustments for expenditures accruals	34,725
<u>Net changes in fund balance</u>	<u>\$193,307</u>

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

**COUNTY OF LUNA**  
**KLCB ALUMINUM**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Federal grants	\$0	\$0	\$0	\$0
State grants	32,300	32,300	29,612	(2,688)
Other income	7,100	7,100	9,008	1,908
<i>Total revenues</i>	<u>39,400</u>	<u>39,400</u>	<u>38,620</u>	<u>(780)</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	58,513	58,513	52,233	6,280
<i>Total expenditures</i>	<u>58,513</u>	<u>58,513</u>	<u>52,233</u>	<u>6,280</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<b>(19,113)</b>	<b>(19,113)</b>	<b>(13,613)</b>	<b>5,500</b>
<b>Other Financing Sources (Uses):</b>				
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><b>(\$1,000)</b></u>	<u><b>(\$1,000)</b></u>	<u><b>\$4,500</b></u>	<u><b>\$5,500</b></u>

**Budgetary - GAAP Reporting Reconciliation:**

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$4,500
Adjustments for revenue accruals	26,587
Adjustments for expenditures accruals	(1,684)
<b>Net changes in fund balance</b>	<b>\$29,403</b>

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

**COUNTY OF LUNA**  
**LAW ENFORCEMENT PROTECTION**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
State shared taxes	\$75,000	\$75,000	\$68,374	(\$6,626)
Interest income	0	0	380	380
Federal grants	1,255,216	1,255,216	784,638	(470,578)
State grants/state sources	312,190	312,190	327,488	15,298
Other income	10,000	10,000	7,932	(2,068)
<i>Total revenues</i>	<u>1,652,406</u>	<u>1,652,406</u>	<u>1,188,812</u>	<u>(463,594)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	1,467,501	1,729,941	1,231,166	498,775
Capital outlay	75,000	75,000	16,647	58,353
<i>Total expenditures</i>	<u>1,542,501</u>	<u>1,804,941</u>	<u>1,247,813</u>	<u>557,128</u>
<i>Excess (deficiency) of revenues over expenditures</i>	109,905	(152,535)	(59,001)	93,534
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	0	77,745	77,745	0
Operating transfers (out)	(60,485)	(60,485)	(130,485)	(70,000)
<i>Total other financing sources (uses)</i>	<u>(60,485)</u>	<u>17,260</u>	<u>(52,740)</u>	<u>(70,000)</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<u>\$49,420</u>	<u>(\$135,275)</u>	<u>(\$111,741)</u>	<u>\$23,534</u>
 Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			(\$111,741)	
Adjustments for revenue accruals			443,991	
Adjustments for expenditures accruals			62,042	
Net changes in fund balance			<u>\$394,292</u>	

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

**COUNTY OF LUNA**  
**MIMBRES VALLEY LEARNING CENTER**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
State shared taxes	\$165,000	\$165,000	\$170,607	\$5,607
State grants	0	0	0	0
Charges for services	137,000	137,000	232,426	95,426
<i>Total revenues</i>	<u>302,000</u>	<u>302,000</u>	<u>403,033</u>	<u>101,033</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	255,000	255,000	226,691	28,309
<i>Total expenditures</i>	<u>255,000</u>	<u>255,000</u>	<u>226,691</u>	<u>28,309</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>\$47,000</u>	<u>\$47,000</u>	<u>\$176,342</u>	<u>\$129,342</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$176,342
Adjustments for revenue accruals	162
Adjustments for expenditures accruals	(1,489)
<i>Net changes in fund balance</i>	<u>\$175,015</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, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Intergovernmental revenue	\$0	\$0	\$0	\$0
<i>Total revenues</i>	0	0	0	0
<b>EXPENDITURES</b>				
<b>Current:</b>				
Culture and recreation	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
<i>Net changes in fund balance</i>	<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, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Charges for services	\$0	\$0	\$4,934	\$4,934
Other	100,000	100,000	121,153	21,153
<i>Total revenues</i>	100,000	100,000	126,087	26,087
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	59,067	56,448	41,488	14,960
Capital outlay	16,500	16,500	3,132	13,368
<i>Total expenditures</i>	75,567	72,948	44,620	28,328
<i>Excess (deficiency) of revenues over expenditures</i>	24,433	27,052	81,467	54,415
<b>Other Financing Sources (Uses):</b>				
Operating transfers in (out)	0	(2,619)	(2,619)	0
<i>Total other financing sources (uses)</i>	0	(2,619)	(2,619)	0
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	\$24,433	\$24,433	\$78,848	\$54,415
 <b>Budgetary - GAAP Reporting Reconciliation:</b>				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			\$78,848	
Adjustments for revenue accruals			0	
Adjustments for expenditures accruals			544	
<i>Net changes in fund balance</i>			\$79,392	

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

**COUNTY OF LUNA**  
**RECORDING FEES**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Charges for services	\$15,000	\$15,000	\$30,866	\$15,866
<i>Total revenues</i>	15,000	15,000	30,866	15,866
<b>EXPENDITURES</b>				
Current:				
General government	6,800	6,800	1,881	4,919
Capital outlay	35,000	35,000	11,921	23,079
<i>Total expenditures</i>	41,800	41,800	13,802	27,998
<i>Excess (deficiency) of revenues over expenditures</i>	(26,800)	(26,800)	<u>\$17,064</u>	<u>\$43,864</u>
Budgeted cash carryover	26,800	26,800		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$17,064
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
<b>Net changes in fund balance</b>	<u>\$17,064</u>

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

**COUNTY OF LUNA**  
**SOLID WASTE GRANT**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
State shared taxes	\$0	\$0	\$0	\$0
<i>Total revenues</i>	0	0	0	0
<b>EXPENDITURES</b>				
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	\$0	\$0
Budgeted cash carryover	0	0		
	\$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
<i>Net changes in fund balance</i>	\$0

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



**COUNTY OF LUNA**  
**TREASURER'S MOBILE HOME SALES**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Other income	\$46,500	\$46,500	\$40,741	(\$5,759)
<i>Total revenues</i>	46,500	46,500	40,741	(5,759)
<b>EXPENDITURES</b>				
Current:				
General government	15,000	15,000	8,687	6,313
Capital outlay	25,000	25,000	0	25,000
<i>Total expenditures</i>	40,000	40,000	8,687	31,313
<i>Excess (deficiency) of revenues over expenditures</i>	\$6,500	\$6,500	\$32,054	\$25,554

**Budgetary - GAAP Reporting Reconciliation:**

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$32,054
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	841
<b>Net changes in fund balance</b>	<b>\$32,895</b>

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

**COUNTY OF LUNA**  
**VOLUNTEER FIRE DEPARTMENTS**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Federal grants	\$0	\$0	\$0	\$0
Interest income	0	0	3,977	3,977
State grants/state sources	188,798	188,798	183,988	(4,810)
Other income	0	0	11,884	11,884
<i>Total revenues</i>	188,798	188,798	199,849	11,051
<b>EXPENDITURES</b>				
Current:				
Public safety	255,944	255,944	82,240	173,704
Capital outlay	10,398	225,141	48,404	176,737
<i>Total expenditures</i>	266,342	481,085	130,644	350,441
<i>Excess (deficiency) of revenues over expenditures</i>	(77,544)	(292,287)	\$69,205	\$361,492
Budgeted cash carryover	77,544	292,287		
	\$0	\$0		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$69,205
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	668
<b>Net changes in fund balance</b>	<b>\$69,873</b>

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

**COUNTY OF LUNA**  
**CAPITAL PROJECT FUNDS**  
**JUNE 30, 2014**

**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, 2014**

Local  
Infrastructure  
Capital  
Improvements  
Fund

<b>ASSETS</b>	
Cash and cash equivalents	\$1,362,813
Investments	0
Accounts receivable	12,152
<hr/>	
<b><i>Total assets</i></b>	<b>\$1,374,965</b>
<hr/>	
<b>LIABILITIES AND FUND BALANCE</b>	
<b>Liabilities:</b>	
Accounts payable	\$0
<b><i>Total liabilities</i></b>	<b>0</b>
<hr/>	
<b>Fund Balance:</b>	
Committed	1,374,965
<b><i>Total fund balance</i></b>	<b>1,374,965</b>
<hr/>	
<b><i>Total liabilities and fund balance</i></b>	<b>\$1,374,965</b>
<hr/>	

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, 2014**

	<u>Local Infrastructure Capital Improvements Fund</u>
<b>REVENUES</b>	
Charges for services	\$73,862
<i>Total revenues</i>	<u>73,862</u>
<b>EXPENDITURES</b>	
<b>Current:</b>	
Capital outlay	27,089
<i>Total expenditures</i>	<u>27,089</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>46,773</u>
<b>Other Financing Sources (Uses):</b>	
Transfers in	915,000
Transfers out	0
Capital transfers in (out)	0
<i>Total other financing sources (uses)</i>	<u>915,000</u>
<i>Net changes in fund balances</i>	961,773
Fund balance - beginning of year	413,192
<b>Fund balance - end of year</b>	<u><b>\$1,374,965</b></u>

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

**COUNTY OF LUNA**  
**COUNTY MAINTENANCE**  
**CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>				
Intergovernmental revenue	\$0	\$0	\$315	\$315
Interest income	30,000	30,000	109,879	79,879
Federal grants	705,797	732,192	645,961	(86,231)
State grants	365,000	1,634,000	221,743	(1,412,257)
Other	0	0	6,804	6,804
<i>Total revenues</i>	<u>1,100,797</u>	<u>2,396,192</u>	<u>984,702</u>	<u>(1,411,490)</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	0	0	0	0
Public works	0	0	0	0
Health and welfare	0	0	0	0
Culture and recreation	0	0	0	0
Capital outlay	676,273	1,988,192	664,538	1,323,654
<i>Total expenditures</i>	<u>676,273</u>	<u>1,988,192</u>	<u>664,538</u>	<u>1,323,654</u>
<i>Excess (deficiency) of revenues over expenditures</i>	424,524	408,000	320,164	(87,836)
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	12,000	31,200	31,200	0
Operating transfers (out)	(14,885)	(110,158)	(110,158)	0
<i>Total other financing sources (uses)</i>	<u>(2,885)</u>	<u>(78,958)</u>	<u>(78,958)</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<u>\$421,639</u>	<u>\$329,042</u>	<u>\$241,206</u>	<u>(\$87,836)</u>
 <b>Budgetary - GAAP Reporting Reconciliation:</b>				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			\$241,206	
Adjustments for revenue accruals			(165,968)	
Adjustments for expenditures accruals			(119,895)	
<b>Net changes in fund balance</b>			<u>(\$44,657)</u>	

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

**COUNTY OF LUNA**  
**LOCAL INFRASTRUCTURE CAPITAL IMPROVEMENTS**  
**CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Charges for services - Starmax	\$0	\$0	\$64,536	\$64,536
<i>Total revenues</i>	0	0	64,536	64,536
<b>EXPENDITURES</b>				
Capital outlay	250,000	1,095,000	27,089	1,067,911
<i>Total expenditures</i>	250,000	1,095,000	27,089	1,067,911
<i>Excess (deficiency) of revenues over expenditures</i>	(250,000)	(1,095,000)	37,447	1,132,447
<b>Other Financing Sources (Uses):</b>				
Operating transfers in (out)	0	915,000	915,000	0
<i>Total other financing sources (uses)</i>	0	915,000	915,000	0
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(250,000)	(180,000)	<u>\$952,447</u>	<u>\$1,132,447</u>
Budgeted cash carryover	250,000	180,000		
	<u>\$0</u>	<u>\$0</u>		

**Budgetary - GAAP Reporting Reconciliation:**

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$952,447
Adjustments for revenue accruals	9,326
Adjustments for expenditures accruals	0
<b>Net changes in fund balance</b>	<b>\$961,773</b>

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

**COUNTY OF LUNA**  
**DEBT SERVICE FUNDS**  
**JUNE 30, 2014**

**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, 2014**

	Entertainment Complex Bond	Judicial Bond	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$0	\$0	\$0
Investment	0	0	0
Receivables:			
Due from other governments	118,188	59,093	177,281
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	1,472,228	580,676	2,052,904
<b>Total assets</b>	<b>\$1,590,416</b>	<b>\$639,769</b>	<b>\$2,230,185</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Accounts payable	\$0	\$0	\$0
Accrued salaries	0	0	0
Bank overdraft	0	0	0
Interest payable	180,628	77,971	258,599
Due to other funds	0	0	0
Deferred revenue	0	0	0
<b>Total liabilities</b>	<b>180,628</b>	<b>77,971</b>	<b>258,599</b>
<b>Fund Balance:</b>			
Nonspendable	0	0	0
Restricted	1,409,788	561,798	1,971,586
Committed	0	0	0
Assigned	0	0	0
Unassigned	0	0	0
<b>Total fund balance</b>	<b>1,409,788</b>	<b>561,798</b>	<b>1,971,586</b>
<b>Total liabilities and fund balance</b>	<b>\$1,590,416</b>	<b>\$639,769</b>	<b>\$2,230,185</b>

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, 2014**

	Entertainment Complex Bond	Judicial Bond	Totals
<b>REVENUES</b>			
State shared taxes	\$683,077	\$341,539	\$1,024,616
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>	683,077	341,539	1,024,616
<b>EXPENDITURES</b>			
<b>Current:</b>			
General government	0	0	0
Public safety	0	0	0
Health and welfare	0	0	0
Capital outlay	0	0	0
<b>Debt service:</b>			
Principal	0	0	0
Interest expense	361,256	155,943	517,199
<i>Total expenditures</i>	361,256	155,943	517,199
<i>Excess (deficiency) of revenues over expenditures</i>	321,821	185,596	507,417
<b>Other Financing Sources (Uses):</b>			
Transfers in	0	0	0
Transfers out	0	0	0
<i>Total other financing sources (uses)</i>	0	0	0
<i>Net changes in fund balance</i>	321,821	185,596	507,417
Fund balance - beginning of year	1,087,967	376,202	1,464,169
<b><i>Fund balance - end of year</i></b>	<b>\$1,409,788</b>	<b>\$561,798</b>	<b>\$1,971,586</b>

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, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
State shared taxes	\$685,000	\$685,000	\$682,428	(\$2,572)
<i>Total revenues</i>	685,000	685,000	682,428	(2,572)
<b>EXPENDITURES</b>				
Principal and interest	540,894	540,894	180,628	360,266
<i>Total expenditures</i>	540,894	540,894	180,628	360,266
<i>Excess (deficiency) of revenues over expenditures</i>	\$144,106	\$144,106	\$501,800	\$357,694

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$501,800
Adjustments for revenue accruals	649
Adjustments for expenditures accruals	(180,628)
<b>Net changes in fund balance</b>	<b>\$321,821</b>

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, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
State shared taxes	\$340,000	\$340,000	\$341,214	\$1,214
<i>Total revenues</i>	340,000	340,000	341,214	1,214
<b>EXPENDITURES</b>				
Principal and interest	288,315	288,315	77,971	210,344
<i>Total expenditures</i>	288,315	288,315	77,971	210,344
<i>Excess (deficiency) of revenues over expenditures</i>	\$51,685	\$51,685	\$263,243	\$211,558

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$263,243
Adjustments for revenue accruals	325
Adjustments for expenditures accruals	(77,972)
<b>Net changes in fund balance</b>	<b>\$185,596</b>

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, 2014**

	Special Revenue	Capital Projects	Debt Service	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$2,330,512	\$1,362,813	\$0	\$3,693,325
Investments	0	0	0	0
Receivables:				
Due from other governments	249,338	0	177,281	426,619
Grants	1,068,240	0	0	1,068,240
Accounts receivable	0	12,152	0	12,152
Property tax receivable	16,120	0	0	16,120
Due from other funds	220,016	0	0	220,016
Interfund receivable	0	0	0	0
Restricted cash and cash equivalents	0	0	2,052,904	2,052,904
<b>Total assets</b>	<b>\$3,884,226</b>	<b>\$1,374,965</b>	<b>\$2,230,185</b>	<b>7,489,376</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Accounts payable	\$41,795	\$0	\$0	\$41,795
Accrued salaries	26,402	0	0	26,402
Accrued compensated absences - ST	0	0	0	0
Bank overdraft	0	0	0	0
Interest payable	0	0	258,599	258,599
Due to other funds	168,333	0	0	168,333
<b>Total liabilities</b>	<b>236,530</b>	<b>0</b>	<b>258,599</b>	<b>495,129</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes	16,000	0	0	16,000
<b>Fund Balance:</b>				
Restricted	2,722,479	0	1,971,586	4,694,065
Committed	0	1,374,965	0	1,374,965
Assigned	909,217	0	0	909,217
Unassigned	0	0	0	0
<b>Total fund balance</b>	<b>3,631,696</b>	<b>1,374,965</b>	<b>1,971,586</b>	<b>6,978,247</b>
<b>Total liabilities and fund balance</b>	<b>\$3,884,226</b>	<b>\$1,374,965</b>	<b>\$2,230,185</b>	<b>\$7,489,376</b>

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, 2014

	Special Revenue	Capital Projects	Debt Service	Total
<b>REVENUES</b>				
Property tax	\$14,551	\$0	\$0	\$14,551
State shared taxes	719,157	0	1,024,616	1,743,773
Intergovernmental	714,993	0	0	714,993
Charges for services	312,866	73,862	0	386,728
Interest income	6,012	0	0	6,012
Federal grants	1,447,252	0	0	1,447,252
State grants	1,717,689	0	0	1,717,689
Sale of County property	14,974	0	0	14,974
Other income	174,384	0	0	174,384
<i>Total revenues</i>	5,121,878	73,862	1,024,616	6,220,356
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	151,261	0	0	151,261
Public works	0	0	0	0
Public safety	1,831,006	0	0	1,831,006
Health and welfare	1,970,986	0	0	1,970,986
Culture and recreation	228,180	0	0	228,180
Capital outlay	0	27,089	0	27,089
<b>Debt service:</b>				
Principal	0	0	0	0
Interest expense	40,902	0	517,199	558,101
<i>Total expenditures</i>	4,222,335	27,089	517,199	4,766,623
<i>Excess (deficiency) of revenues over expenditures</i>	899,543	46,773	507,417	1,453,733
<b>Other Financing Sources (Uses):</b>				
Transfers in	288,184	915,000	0	1,203,184
Transfers out	(188,929)	0	0	(188,929)
Capital transfers in (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	99,255	915,000	0	1,014,255
<i>Net changes in fund balances</i>	998,798	961,773	507,417	2,467,988
Fund balance - beginning of year	2,632,898	413,192	1,464,169	4,510,259
<b>Fund balance - end of year</b>	<b>\$3,631,696</b>	<b>\$1,374,965</b>	<b>\$1,971,586</b>	<b>\$6,978,247</b>

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

**COUNTY OF LUNA**  
**ENTERPRISE FUNDS**  
**JUNE 30, 2014**

**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 and the operations of the entertainment complex through a limited liability company.

**COUNTY OF LUNA**  
**NONMAJOR PROPRIETARY FUNDS**  
**STATEMENTS OF FUND NET POSITION**  
**JUNE 30, 2014**

Commissary

**ASSETS**

**Current Assets:**

Cash and cash equivalents	\$49,951
Accounts receivable	3,936
Due from other governments	0
Due from external sources	0
<i>Total current assets</i>	53,887

**Non-Current Assets**

Capital assets	0
Accumulated depreciation	0
<i>Total non-current assets</i>	0

**Total assets**

**\$53,887**

**LIABILITIES AND FUND NET POSITION**

**Current Liabilities:**

Accounts payable	\$825
Accrued salaries	0
Due to other funds	0
Long-term accrued compensated absences	0
<i>Total liabilities</i>	825

**Fund Net Position:**

Net investment in capital assets	0
Unrestricted	53,062
<i>Total fund net position</i>	53,062

**Total liabilities and fund net position**

**\$53,887**

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 POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Commissary</u>
<b>OPERATING REVENUES</b>	
Cattle crossing revenue	\$0
Starmax revenues	0
Correction fees	0
Adult prisoner fees	0
Juvenile prisoner fees	0
Miscellaneous revenue	47,089
<i>Total operating revenues</i>	47,089
<b>OPERATING EXPENDITURES</b>	
Personnel expenses	0
Depreciation	0
Other operating costs	25,894
<i>Total operating expenditures</i>	25,894
<i>Operating income (loss)</i>	21,195
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest revenue	0
<i>Net income (loss) before transfers</i>	21,195
Operating transfers in (out)	0
<i>Change in net position</i>	21,195
Total fund net position, beginning of year	31,867
<i>Total fund net position, end of year</i>	\$53,062

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, 2014**

	<u>Commissary</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers	\$46,317
Cash payments to suppliers for goods and services	(25,069)
Cash payments to employees for services	0
<i>Net cash provided (used) by operating activities</i>	21,248
<b>CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Temporary loan - other funds	0
Cash received (paid) from intergovernmental sources	0
Net transfers in (out)	0
<i>Net cash provided (used) by non-capital and related financing activities</i>	0
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Acquisition of capital assets	0
<i>Net cash provided (used) by capital and related financing activities</i>	0
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest income	0
<i>Net cash provided (used) by investing activities</i>	0
<i>Net increase (decrease) in cash</i>	21,248
Cash and cash equivalents, beginning of year	28,703
<b><i>Cash and cash equivalents, end of year</i></b>	<b>\$49,951</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>	
Operating income (loss)	\$21,195
Depreciation	0
Receivables	(772)
Accrued expenses and wages payable	0
Accounts payable	825
<b><i>Net cash provided (used) by operating activities</i></b>	<b>\$21,248</b>

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

**COUNTY OF LUNA**  
**COLUMBUS STOCKYARDS**  
**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, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>				
Charges for services	\$67,170	\$67,170	\$34,369	(\$32,801)
<i>Total revenues</i>	<u>67,170</u>	<u>67,170</u>	<u>34,369</u>	<u>(32,801)</u>
<b>EXPENDITURES</b>				
Current:				
Personnel expenditures	67,170	67,170	23,939	43,231
Operating expenditures	175	1,040	1,040	0
<i>Total expenditures</i>	<u>67,345</u>	<u>68,210</u>	<u>24,979</u>	<u>43,231</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(175)	(1,040)	<u>\$9,390</u>	<u>\$10,430</u>
<i>Budgeted cash carryover</i>	175	1,040		
	<u>\$0</u>	<u>\$0</u>		

**Budgetary - GAAP Reporting Reconciliation:**

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$9,390
Adjustments for revenue accruals	(7,356)
Adjustments for expenditures accruals	1,437
<i>Change in fund net position</i>	<u>\$3,471</u>

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

**COUNTY OF LUNA**

**COMMISSARY**

**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, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>				
Other income	\$25,000	\$25,000	\$46,316	\$21,316
<i>Total revenues</i>	25,000	25,000	46,316	21,316
<b>EXPENDITURES</b>				
Current:				
Operating expenditures	25,000	26,539	25,068	1,471
<i>Total expenditures</i>	25,000	26,539	25,068	1,471
<i>Excess (deficiency) of revenues over expenditures</i>	0	(1,539)	\$21,248	\$22,787
<i>Budgeted cash carryover</i>	0	1,539		
	\$0	\$0		

**Budgetary - GAAP Reporting Reconciliation:**

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$21,248
Adjustments for revenue accruals	773
Adjustments for expenditures accruals	(826)
<b>Change in fund net position</b>	<b>\$21,195</b>

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

**COUNTY OF LUNA****DETENTION CENTER****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, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
State shared taxes	\$695,000	\$695,000	\$682,428	(\$12,572)
Charges for services	4,977,702	5,056,338	4,889,532	(166,806)
Interest income	1,000	1,000	1,867	867
Other income	0	0	41,693	41,693
<i>Total revenues</i>	<i>5,673,702</i>	<i>5,752,338</i>	<i>5,615,520</i>	<i>(136,818)</i>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Personnel expenditures	3,943,982	3,934,152	3,830,465	103,687
Operating expenditures	1,504,200	1,589,171	1,513,063	76,108
Capital outlay	30,000	35,000	34,191	809
<i>Total expenditures</i>	<i>5,478,182</i>	<i>5,558,323</i>	<i>5,377,719</i>	<i>180,604</i>
<i>Excess (deficiency) of revenues over expenditures</i>	<i>\$195,520</i>	<i>\$194,015</i>	<i>\$237,801</i>	<i>\$43,786</i>

**Budgetary - GAAP Reporting Reconciliation:**

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$237,801
Adjustments for revenue accruals	116,510
Adjustments for expenditures accruals	(215,075)
<i>Change in fund net position</i>	<i>\$139,236</i>

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

**COUNTY OF LUNA**  
**ENTERTAINMENT COMPLEX OPERATIONS**  
**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, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Rent income	\$14,000	\$14,000	\$14,000	\$0
<i>Total revenues</i>	14,000	14,000	14,000	0
<b>EXPENDITURES</b>				
<i>Total expenditures</i>	0	0	0	0
<i>Excess (deficiency) of revenues over expenditures</i>	14,000	14,000	14,000	0
<b>Other Financing Sources (Uses):</b>				
Operating transfers in (out)	(30,600)	(30,600)	(30,600)	0
<i>Total other financing sources (uses)</i>	(30,600)	(30,600)	(30,600)	0
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(\$16,600)	(\$16,600)	(\$16,600)	\$0

**Budgetary - GAAP Reporting Reconciliation:**

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$16,600)
Adjustments for revenue accruals	(14,000)
Adjustments for expenditures accruals	(301,238)
Capital contributions	0
Capital transfers in	0
<b>Change in fund net position</b>	<b>(\$331,838)</b>

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

**COUNTY OF LUNA**  
**ENTERTAINMENT COMPLEX, LLC**  
**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, 2014**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Charges for services	\$0	\$0	\$1,699,488	\$1,699,488
Other income	0	0	1,119	1,119
<i>Total revenues</i>	0	0	1,700,607	1,700,607
<b>EXPENDITURES</b>				
Current:				
Purchases for resale	0	0	117,770	(117,770)
Personnel expenditures	0	0	403,827	(403,827)
Operating expenditures	0	0	343,402	(343,402)
Gross receipts tax	0	0	778,802	(778,802)
<i>Total expenditures</i>	0	0	1,643,801	(1,643,801)
<i>Excess (deficiency) of revenues over expenditures</i>	\$0	\$0	\$56,806	\$56,806

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$56,806
Adjustments for revenue accruals	16,374
Adjustments for expenditures accruals	(36,148)
<i>Change in fund net position</i>	\$37,032

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

**OTHER SUPPLEMENTARY INFORMATION**



**COUNTY OF LUNA**  
**AGENCY FUNDS**  
**JUNE 30, 2014**

**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, 2014**

	Balance June 30, 2013	Increase	Decrease	Balance June 30, 2014
<b>TAXES COLLECTED FOR OTHERS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$133,824	\$6,465,158	\$6,458,680	\$140,302
Property taxes receivable	3,285,235	3,424,477	3,285,235	3,424,477
<b>Total assets</b>	<b>\$3,419,059</b>	<b>\$9,889,635</b>	<b>\$9,743,915</b>	<b>\$3,564,779</b>
<b>LIABILITIES</b>				
Due to other governmental agency	\$3,357,570	\$9,828,295	\$9,689,263	\$3,496,602
Prepaid taxes	7,257	28,204	33,323	2,138
Overpayment of taxes	6,386	16,095	21,329	1,152
Taxes paid in advance	17,826	17,041	0	34,867
Due to taxpayers	30,020	0	0	30,020
<b>Total liabilities</b>	<b>\$3,419,059</b>	<b>\$9,889,635</b>	<b>\$9,743,915</b>	<b>\$3,564,779</b>
<b>INMATE ACCOUNTS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$47,578	\$480,325	\$454,053	\$73,850
Due from inmates	14,299	8,120	0	22,419
<b>Total assets</b>	<b>\$61,877</b>	<b>\$488,445</b>	<b>\$454,053</b>	<b>\$96,269</b>
<b>LIABILITIES</b>				
Due to inmates	\$9,477	\$1,855	\$0	\$11,332
Due to Luna County	11,396	10,637	0	22,033
Due to others	41,004	475,953	454,053	62,904
<b>Total liabilities</b>	<b>\$61,877</b>	<b>\$488,445</b>	<b>\$454,053</b>	<b>\$96,269</b>

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, 2014**

	Balance June 30, 2013	Increase	Decrease	Balance June 30, 2014
<b>TOTAL ASSETS AND LIABILITIES</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$181,402	\$6,945,483	\$6,912,733	\$214,152
Property taxes receivable	3,285,235	3,424,477	3,285,235	3,424,477
Due from inmates	14,299	8,120	0	22,419
<b><i>Total assets</i></b>	<b>\$3,480,936</b>	<b>\$10,378,080</b>	<b>\$10,197,968</b>	<b>\$3,661,048</b>
<b>LIABILITIES</b>				
Due to other governmental agency	\$3,357,570	\$9,828,295	\$9,689,263	\$3,496,602
Prepaid taxes	7,257	28,204	33,323	2,138
Overpayment of taxes	6,386	16,095	21,329	1,152
Taxes paid in advance	17,826	17,041	0	34,867
Due to taxpayers	30,020	0	0	30,020
Due to inmates	9,477	1,855	0	11,332
Due to Luna County	11,396	10,637	0	22,033
Due to others	41,004	475,953	454,053	62,904
<b><i>Total liabilities</i></b>	<b>\$3,480,936</b>	<b>\$10,378,080</b>	<b>\$10,197,968</b>	<b>\$3,661,048</b>

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, 2014**

		First New Mexico Bank	Wells Fargo Bank
Total amount of deposits		\$7,290,494	\$540,140
Less FDIC coverage		(250,000)	(250,000)
Total uninsured public funds		7,040,494	290,140
Collateral requirement 50%		3,520,247	145,070
Type of Security			
<u>Security Number</u>		<u>CUSIP Number</u>	<u>Maturity Date</u>
Fannie Mae Fed Home Ln. Mtg. Pool	3.000%	3138WPGZ1	4/1/2043
Fannie Mae Fed Home Ln. Mtg. Pool	3.000%	3138WQA28	5/1/2043
FHLB		31338OGJO	9/9/2022
Alamogordo, NM		011464FA7	8/1/2017
Alamogordo, NM		01145OCR2	8/1/2021
FFCB		31331SFQ1	11/10/2014
<u>Total pledged securities</u>		5,035,590	306,037
<u>Over (under) pledged</u>		(\$1,515,343)	(\$160,967)

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

**COUNTY OF LUNA**  
**SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS**  
**JUNE 30, 2014**

Financial Institution: Account Name	Type of Account	Bank Balance	(Checks) Deposits	Book Balance
<b>CASH</b>				
<u>First New Mexico Bank</u>				
Treasurer	Demand	\$762,063	\$0	\$762,063
General	Demand	6,406,234	(910,869)	5,495,365
CDBG Grant	Demand	100	0	100
Detention Center Accounts:				
Inmate Account	Demand	59,203	(1,847)	57,356
Inmate Account	Demand	2,421	(504)	1,917
Inmate Account	Demand	13,376	0	13,376
Inmate Account	Demand	394	0	394
Starmax Account	Demand	43,037	(941)	42,096
Flex Account	Demand	3,666	0	3,666
<u>Wells Fargo Bank</u>				
Treasurer	Demand	540,140	0	540,140
<u>Western Heritage Bank</u>				
Starmax #328	Demand	9,767	0	9,767
Starmax #352	Demand	5,774	0	5,774
Starmax #360	Demand	25,300	0	25,300
Starmax #409	Demand	54,688	0	54,688
<i>Total bank and book balance</i>		7,926,163	(914,161)	7,012,002
Cash held by Trustee:				
State Treasurer - D/S NMFA	Demand	35,168	0	35,168
State Treasurer - Reserve NMFA	Demand	87,923	0	87,923
<i>Total held with trustee</i>		123,091	0	123,091
<b>INVESTMENTS</b>				
Wells Fargo Securities, Inc.				
Money Market Funds	Investment	734,688	0	734,688
Bonds	Investment	6,999,664	0	6,999,664
Money Market Funds	Investment	276,650	0	276,650
Bonds	Investment	4,698,892	0	4,698,892
<i>Total investments</i>		12,709,894	0	12,709,894
Petty cash on hand		0	0	1,286
<i>Total cash and investments</i>				<b>\$19,846,273</b>

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, 2014**

<u>Property taxes receivable, beginning of year</u>	<u>\$7,365,630</u>
Changes to tax roll:	
Net taxes charged to Treasurer for fiscal year	13,419,638
Adjustments:	
Increase in property tax receivable	(54,507)
<u>Total taxes charged to Treasurer for fiscal year</u>	<u>13,365,131</u>
 Total receivables before collections	 20,730,761
 <u>Collections for fiscal year June 30, 2014</u>	 <u>(12,950,453)</u>
 <b><u>Property taxes receivable, end of year</u></b>	 <b><u>\$7,780,308</u></b>

Property taxes receivable by years:

2004-2012	\$6,520,427
2013	1,259,881
 <b><u>Total taxes receivable</u></b>	 <b><u>\$7,780,308</u></b>

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

**COUNTY OF LUNA**  
**COUNTY TREASURER'S PROPERTY TAX SCHEDULE**  
**JUNE 30, 2014**

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
<b>LUNA COUNTY</b>							
<b>General Advalorem</b>							
2004-2012	\$40,803,916	\$342,198	\$38,503,961	\$342,198	\$38,503,961	\$0	\$2,299,955
2013	5,854,476	5,399,826	5,399,826	5,399,826	5,399,826	0	454,650
<b>Total General Advalorem</b>	<b>46,658,392</b>	<b>5,742,024</b>	<b>43,903,787</b>	<b>5,742,024</b>	<b>43,903,787</b>	<b>0</b>	<b>2,754,605</b>
<b>Non-Rendition Fees</b>							
2004-2012	330,337	3,920	203,385	3,920	203,385	0	126,952
2013	44,758	27,408	27,408	27,408	27,408	0	17,350
<b>Total Non-Rendition Fees</b>	<b>375,095</b>	<b>31,328</b>	<b>230,793</b>	<b>31,328</b>	<b>230,793</b>	<b>0</b>	<b>144,302</b>
<b>Re-Appraisal Program</b>							
2004-2012	878,041	7,825	834,167	7,825	834,167	0	43,874
2013	132,456	120,394	120,394	120,394	120,394	0	12,062
<b>Total Re-Appraisal Program</b>	<b>1,010,497</b>	<b>128,219</b>	<b>954,561</b>	<b>128,219</b>	<b>954,561</b>	<b>0</b>	<b>55,936</b>
<b>Administrative Fees</b>							
2003-2005	0	362	0	362	362	0	0
<b>Total Administrative Fees</b>	<b>0</b>	<b>362</b>	<b>0</b>	<b>362</b>	<b>362</b>	<b>0</b>	<b>0</b>
<b>Total Luna County</b>	<b>\$48,043,984</b>	<b>\$5,901,933</b>	<b>\$45,089,141</b>	<b>\$5,901,933</b>	<b>\$45,089,503</b>	<b>\$0</b>	<b>\$2,954,843</b>
<b>OTHER TAX</b>							
<b>Road Levy</b>							
2004-2012	\$5,501,145	\$75,263	\$4,374,553	\$75,263	\$4,374,553	\$0	\$1,126,592
2013	861,930	603,654	603,654	603,654	603,654	0	258,276
<b>Total Road Levy</b>	<b>6,363,075</b>	<b>678,917</b>	<b>4,978,207</b>	<b>678,917</b>	<b>4,978,207</b>	<b>0</b>	<b>1,384,868</b>
<b>Livestock</b>							
2004-2012	332,317	3,052	318,719	3,049	318,716	3	13,598
2013	58,226	55,704	55,704	55,672	55,672	32	2,522
<b>Total Livestock</b>	<b>390,543</b>	<b>58,756</b>	<b>374,423</b>	<b>58,721</b>	<b>374,388</b>	<b>35</b>	<b>16,120</b>
<b>State Levy</b>							
2004-2012	4,971,296	44,818	4,698,690	41,773	4,695,645	3,045	272,605
2013	733,287	675,151	675,151	670,182	670,182	4,969	58,137
<b>Total State Levy</b>	<b>5,704,583</b>	<b>719,969</b>	<b>5,373,841</b>	<b>711,955</b>	<b>5,365,827</b>	<b>8,014</b>	<b>330,742</b>
<b>Total Other Taxes</b>	<b>\$12,458,201</b>	<b>\$1,457,642</b>	<b>\$10,726,471</b>	<b>\$1,449,593</b>	<b>\$10,718,422</b>	<b>\$8,049</b>	<b>\$1,731,730</b>

**COUNTY OF LUNA**  
**COUNTY TREASURER'S PROPERTY TAX SCHEDULE**  
**JUNE 30, 2014**

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
<b>SCHOOL DISTRICTS</b>							
<b>Deming Public Schools</b>							
2004-2012	\$31,296,179	\$264,462	\$28,916,221	\$246,425	\$25,106,724	\$18,037	\$2,379,958
2013	4,531,169	4,169,974	4,169,974	4,139,271	4,139,271	30,703	361,195
<b>Total Deming Public Schools</b>	<b>35,827,348</b>	<b>4,434,436</b>	<b>33,086,195</b>	<b>4,385,696</b>	<b>29,245,995</b>	<b>48,740</b>	<b>2,741,153</b>
<b>Total School Districts</b>	<b>\$35,827,348</b>	<b>\$4,434,436</b>	<b>\$33,086,195</b>	<b>\$4,385,696</b>	<b>\$29,245,995</b>	<b>\$48,740</b>	<b>\$2,741,153</b>
<b>MUNICIPALITIES</b>							
<b>City of Deming</b>							
2004-2012	\$4,176,878	\$41,610	\$3,969,478	\$39,071	\$3,966,939	\$2,539	\$207,400
2013	1,134,702	1,050,930	1,050,930	1,044,660	1,044,660	6,270	83,772
<b>Total City of Deming</b>	<b>5,311,580</b>	<b>1,092,540</b>	<b>5,020,408</b>	<b>1,083,731</b>	<b>5,011,599</b>	<b>8,809</b>	<b>291,172</b>
<b>Village of Columbus</b>							
2004-2012	492,411	7,185	442,918	6,720	442,453	465	49,493
2013	68,634	56,717	56,717	56,128	56,128	589	11,917
<b>Total Village of Columbus</b>	<b>561,045</b>	<b>63,902</b>	<b>499,635</b>	<b>62,848</b>	<b>498,581</b>	<b>1,054</b>	<b>61,410</b>
<b>Total Municipalities</b>	<b>\$5,872,625</b>	<b>\$1,156,442</b>	<b>\$5,520,043</b>	<b>\$1,146,579</b>	<b>\$5,510,180</b>	<b>\$9,863</b>	<b>\$352,582</b>
<b>GRAND TOTALS</b>	<b>\$102,202,158</b>	<b>\$12,950,453</b>	<b>\$94,421,850</b>	<b>\$12,883,801</b>	<b>\$90,564,100</b>	<b>\$66,652</b>	<b>\$7,780,308</b>
<b>Governmental Activities</b>							<b>\$4,355,831</b>
<b>Agency Funds</b>							<b>3,424,477</b>
							<b>\$7,780,308</b>



**COUNTY OF LUNA**  
**SCHEDULE OF JOINT POWERS AGREEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Participants	Responsible Party for Operations	Descriptions	Beginning and Ending dates	Total Estimated Amount of Project	Contribution 6/30/2013	Audit Responsibility	Revenues and Expenditures Reported on:
Village of Columbus	Luna County	Multi Service Agreement	August 12, 2013 August 12, 2014	\$111,000		Luna County	EXP: \$607,500
City of Deming	Luna County	Multi Service Agreement	July 1, 2013 June 30, 2014	Varies		Luna County	EXP: \$80,000

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, 2014**

Federal Grantor/Program Title	Federal CFDA Number or Agency Prefix	Project Number	Award Amount	Accrued or (Deferred) Revenue at June 30, 2013	Receipts	Expenditures	Accrued or (Deferred) Revenue at June 30, 2014
<b><u>U.S. Department of Housing and Urban Development</u></b>							
<b>Passed through New Mexico</b>							
<b>Mortgage Finance Authority</b>							
Emergency Homeless Assistance	14.231	12-02-HLH-EHA-001	\$16,570	\$2,700	(\$2,700)	\$0	\$0
Emergency Homeless Assistance	14.231	13-02-HLH-EHA-001	15,284	0	(11,717)	15,284	3,567
<i>Total U.S. Department of Housing and Urban Development</i>			\$31,854	\$2,700	(\$14,417)	\$15,284	\$3,567
<b><u>U.S. Department of Health and Human Services</u></b>							
Healthy Start Initiative	93.926	4 H67MC00011-10-03	\$178,125	\$80,539	\$0	\$0	\$80,539
<b>Passed through Optum Health - NM</b>							
PFS II Strat Prevention	93.243	FY13	48,300	10,162	(45,219)	35,057	0
PFS II Strat Prevention	93.243	FY14	128,806	0	(29,167)	37,745	8,578
<i>Total U.S. Department of Health and Human Services</i>			\$355,231	\$70,701	(\$74,386)	\$72,802	\$89,117
<b><u>U.S. Department of Justice</u></b>							
VOCA - CASA	16.575	2014-VA-215	\$51,313	\$0	(\$24,355)	\$32,227	\$7,872
VOCA - CASA	16.575	2013-VA-915	41,050	18,286	(18,286)	0	0
VOCA	16.575	2013-VA-916	31,436	11,526	(11,526)	0	0
VOCA	16.575	2014-VA-216	39,295	0	(23,714)	30,716	7,002
VAWA Liason	16.588	2012-WF-AX-0023	35,000	0	(25,856)	28,974	3,118
VAWA	16.588	2011-WF-AX-0021	20,000	1,187	(1,187)	0	0
VAWA Liason	16.588	2011-WF-AX-0021	30,515	1,671	(1,671)	0	0
<b>Enhanced Border</b>							
Hiring Program Grant - COPS	16.710	2012 UNMWX0139	250,000	5,468	(42,355)	52,754	15,867
<i>Total U.S. Department of Justice</i>			\$498,609	\$38,138	(\$148,950)	\$144,671	\$33,859

**COUNTY OF LUNA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Federal Grantor/Program Title	Federal CFDA Number or Agency Prefix	Project Number	Award Amount	Accrued or (Deferred) Revenue at June 30, 2013	Receipts	Expenditures	Accrued or (Deferred) Revenue at June 30, 2014
<b><u>U.S. Department of Homeland Security</u></b>							
<b>Passed through Department of Homeland Security and Emergency Management</b>							
<b><u>FEMA</u></b>							
Emergency Food and Shelter Program	97.024		\$6,000	\$0	(\$3,500)	\$6,000	\$2,500
Emergency Food and Shelter Program	97.024	608000-009	4,611	2,306	(2,306)	0	0
State Homeland Security Grant Program	97.039	PDMC-PL-06-NM-2012-004	35,625	0	0	18,318	18,318
State Homeland Security Grant Program	97.067	EMV-2011-SS-00094-S01-luna	85,411	26,311	(62,569)	49,072	12,814
State Homeland Security Grant Program	97.067	EMW-2013-SS-00152-S01	15,000	0	0	9,978	9,978
State Homeland Security Grant Program	97.067	EMW-2012-SS-00097-S01	50,665	0	(50,174)	50,174	0
State Homeland Security Grant Program	97.067	EMW-2011-SS-00094-S01	7,395	0	(109)	823	714
Emergency Management Performance Grant Program	97.042	EMW-2012-EP-00039-S01	15,097	0	(10,817)	14,924	4,107
Emergency Management Performance Grant Program	97.042	EMV-2011-SS-00061-luna	22,645	14,511	(14,511)	0	0
Operation Stonegarden	97.067	2010-SS-T0-0011	1,233,174	234,781	(365,416)	130,635	0
Operation Stonegarden	97.067	2011-SS-00094-S01	1,203,067	0	(362,456)	892,494	530,038
Operation Stonegarden	97.067	2012-SS-00097-S01-Luna	950,000	0	0	167,871	167,871
Assistance to Firefighters	97.044	EMW-2012-FV-03081	228,000	0	(228,000)	228,000	0
Assistance to Firefighters	97.044	EMW-2011-FR-00177	266,330	253,419	(266,330)	12,911	0
<i>Total U.S. Department of Homeland Security</i>			\$4,123,020	\$531,328	(\$1,366,188)	\$1,581,200	\$746,340
<b><u>U.S. Department of Transportation</u></b>							
<b>Passed through State of New Mexico</b>							
<b>Department of Transportation</b>							
ODWI - DOT Alcohol Counter Measurers	20.608	14-AL-64-060	\$16,780	\$0	(\$14,411)	\$17,495	\$3,084
<b><u>General Services Administration</u></b>							
Port of Entry - Columbus	39.xxx	GS-07P-02-UFC-1038A	\$4,213,754	\$41,128	(\$13,451)	\$0	\$27,677
<i>Total Expenditures of Federal Awards</i>			\$9,239,248	\$683,995	(\$1,631,803)	\$1,831,452	\$883,644

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, 2014**

**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***

**Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds of the County of Luna as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County of Luna's basic financial statements, and the combining and individual fund and related budgetary comparisons of the County of Luna, presented as supplemental information, and have issued our report thereon dated November 7, 2014.

**Internal Control Over Financial Reporting**

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

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. 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  
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Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies. 2014-001, 2014-002, 2014-003, 2014-004, 2014-006, 2014-007, 2013-003, 2012-002, and 2011-003

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County of Luna's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2014-005, 2014-008, and 2014-009, 2009-001 and 2008-002.

### **The County of Luna's Response to Findings**

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

### **Purpose of this Report**

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



Kriegel/Gray/Shaw & Co., P.C.  
Las Cruces, New Mexico  
November 7, 2014

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

**Report on Compliance for Each Major Federal Program**

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 County of Luna's major federal programs for the year ended June 30, 2014. 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.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of County of Luna's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major federal program. However, our audit does not provide a legal determination of County of Luna's compliance.

***Opinion on Each Major Federal Program***

In our opinion, County of Luna complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.



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

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2014-011. Our opinion on each major federal program is not modified with respect to these matters.

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

**Report on Internal Control over Compliance**

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

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-011, that we consider to be a significant deficiency.

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

Mr. Hector H. Balderas, State Auditor and  
The Board of Commissioners  
County of Luna  
Deming, New Mexico  
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The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Kriegel/Gray/Shaw & Co., P.C.  
Las Cruces, New Mexico  
November 7, 2014

**COUNTY OF LUNA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**FINANCIAL STATEMENTS**

Type of Auditor’s Report issued:

**Unmodified**

**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:

**Unmodified**

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:**

CFDA Number(s)

Name of Federal Program or Cluster

97.067

Operation Stone Garden

97.044

Assistance to Firefighters

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, 2014**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

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**CURRENT YEAR SIGNIFICANT DEFICIENCIES:**

**2014-001 Lack of Adherence to Controls Over Disbursements – Significant Deficiency**

**Statement of Condition** – During test work, we found five disbursements out of 40 tested where the purchase order was dated after the invoice. (\$325, \$1,500, \$667, \$3,200, \$743)

**Criteria** – To ensure proper disbursement internal control, Luna County’s policy requires that a requisition be completed for all disbursements (excluding monthly bills) and receive proper approval signatures. Purchase orders are required for all disbursements that are not made with a P-Card.

**Cause** – Lack of appropriate planning and approval prior to purchase.

**Effect** – Increased risk of fraudulent activity involving disbursements. Increased risk of budget noncompliance.

**Recommendation** – Approval should be obtained prior to all purchases.

**Management’s Response** – Management will continue to monitor and evaluate processes for procurement; including expansion for disciplinary actions for violations of procurement guidelines.

**COUNTY OF LUNA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

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**CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED):**

**2014-002 Lack of Adherence to Controls Over Travel & Per Diem – Significant Deficiency**

**Statement of Condition** – Out of 12 Travel & Per Diem disbursements tested, we noted the following exceptions:

- One travel & per diem check for \$24 was comprised of two travel expense forms. Only one of these forms had a supervisor signature.
- One meal reimbursement receipt for \$38 was for purchases made from a gift shop (immediate reimbursement was paid to the County upon discovery).

**Criteria** – In order to ensure proper travel & per diem internal control, Luna County's policy requires all related disbursements to have proper supervisor approval. All travel expense forms and related support are reviewed to ensure the disbursements are compliant with the New Mexico Per Diem and Mileage Act (NMAC 2.42.2).

**Cause** – Travel & per diem expense forms were not thoroughly reviewed before reimbursement checks were created.

**Effect** – Increased risk of fraudulent activity involving Travel & Per Diem disbursements.

**Recommendation** – Follow Travel & Per Diem policies and procedures set by NMAC and Luna County policy.

**Management's Response** – New Travel & Per Diem Policy pending commission approval in January 2015; to include travel pre-approval and estimated expenditures for any authorized travel.

**COUNTY OF LUNA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

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**CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED):**

**2014-003 No Policy for Reimbursement of Tuition – Significant Deficiency**

**Statement of Condition** – During test work, we found one instance where Luna County issued reimbursements for employee educational tuition costs of \$1,512; the County has no policies or procedures in place governing these types of disbursements.

**Criteria** – NMAC 2.2.2: “Employee fringe benefits are presumed by the IRS to be income to the employee unless they are specifically excluded from income by the tax code; any employee fringe benefits not excluded from income by the tax code must be reported on the employee’s W-2.”

**Cause** – No policies or procedures developed by Luna County regarding reimbursement for educational tuition.

**Effect** – Wages have been under reported.

**Recommendation** – Luna County should establish a policy regarding the reimbursement of tuition costs.

**Management’s Response** – No tuition costs will be approved or reimbursed in the future unless a policy is adopted by the commission allowing for such costs.

**COUNTY OF LUNA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

---

**CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED):**

**2014-004 Lack of Adherence to Controls Over P-Card Purchases – Significant Deficiency**

**Statement of Condition** – Out of 24 P-Card purchases tested, we noted the following exceptions:

- One P-Card report for \$635 did not have a requisition attached.
- One requisition for \$962 was dated after the purchase was made.
- Two instances where gross receipts taxes of \$54 were paid on purchases made with a P-Card.

**Criteria** – In order to ensure proper P-Card internal control, Luna County requires that a cardholder obtain an approved requisition prior to making a P-Card purchase and obtain an original, itemized receipt. Monthly packets are kept for each employee and contain original receipts and approved requisitions for each purchase. According to NMSA 7-9-13 no taxes shall be paid on the purchase of goods.

**Cause** – Lack of planning and diligence.

**Effect** – Increased risk of fraudulent activity involving purchases made with a P-Card. Increased risk that budget is not being followed. Not compliant with statutory policies and procedures regarding the governmental purchase of goods.

**Recommendation** – Employees need to follow all P-Card policies and procedures set forth by Luna County. They also need to ensure they are not paying any gross receipts tax on supplies and that they receive a reimbursement from a vendor if they have.

**Management's Response** – Management will continue to monitor and evaluate processes for procurement; develop Procurement Procedures with violation consequences.

**COUNTY OF LUNA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

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**CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED):**

**2014-005 Incorrect Employee PERA Contributions – Significant Deficiency (Non Compliance)**

**Statement of Condition** – PERA employee contributions were improperly calculated and underpaid.

**Criteria** – NMAC 20.80.500.1: “In accordance with the Public Employees Retirement Act each state agency or affiliated public employer shall be responsible for deducting the applicable contribution from the salary or wages paid to each member for each payroll period.”

**Cause** – Luna County uses four different codes in their payroll system to calculate the PERA contribution amounts for each pay period. At the beginning of FY14 when PERA employee contributions were increased 1.5%, three of the codes were changed but one was not. This caused all 28 payroll reports for FY14 to be calculated incorrectly. Lack of a review.

**Effect** – Noncompliance with the PERA policies and procedures set forth by the NMFA and the Public Employees Retirement Association.

**Recommendation** – Luna County should review all PERA reports before submission and compare them to their corresponding payroll run to ensure all calculation percentages and contribution amounts are correct.

**Management’s Response** – Calculations have been prepared and are awaiting PERA response to pay and make whole.



**COUNTY OF LUNA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

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**CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED):**

**2014-006 Capital Assets – Significant Deficiency**

**Statement of Condition** – During test work, we noted the following deficiencies:

- Client depreciation schedule does not include prior year adjustments and contains assets that should not be on the schedule.
- Three out of 10 fully depreciated assets tested that are no longer in service and were auctioned off in prior years were still included on the depreciation schedule.
- Client did not capitalize donated land appraised at \$26,033.

**Criteria** – Good internal controls require continuous maintenance of the depreciation schedule.

**Cause** – Lack of communication with Triadic to properly maintain depreciation schedule and lack of communication within the County to properly record all current year additions.

**Effect** – Potential for misstatement of Net Book Value of Capital Assets.

**Recommendation** – Properly review depreciation schedule and communicate with Triadic and County personnel to ensure depreciation schedule includes prior year adjustments as well as current year additions.

**Management's Response** – Continue to work diligently to get our capital assets correct and accurate. We will work with auditors on prior year adjustments. Management is looking at developing a policy regarding donated property to capture all assets.

**COUNTY OF LUNA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

---

**CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED):**

**2014-007 Lack of Controls Over Starmax LLC ATM Cash Handling – Significant Deficiency**

**Statement of Condition** – During FY14, 59 deposits were made into the ATM located at the Starmax Entertainment Complex totaling \$82,526.50 (with an average of \$1,398.75 per deposit). Starmax did not maintain any documentation (prior to July 13, 2014) regarding the amount of each deposit other than a check stub. There was also no dual control or segregation of duties over the deposits; cash was taken out of the bank and deposited into the ATM by the same employee.

**Criteria** – To ensure good Internal Control, all cash handling should be done under dual control. Documentation should also be kept and filed to provide support for the deposited amounts.

**Cause** – Unaware of need for dual control in this process.

**Effect** – Lack of an appropriate audit trail.

**Recommendation** – Starmax/Luna County should create cash handling procedures in order to safeguard assets. When ATM deposits are made they should be counted and deposited into the ATM by two employees at the same time and documents should be printed, signed, and maintained to provide a documentation trail of deposited amounts.

**Management's Response** – Management will establish procedures to be used when replenishing ATM cash including documentation maintenance, dual control and reconciliation.

**COUNTY OF LUNA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

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**CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED):**

**2014-008 Entertainment Complex – Compliance**

**Statement of Condition** – Luna County used public funds to build the entertainment complex. In FY13, the contracted operator quit. Luna County assumed management responsibilities of the complex. All funds generated by a public entity are considered public funds. Therefore, it appears that the activities of the entertainment center are supported by and produce public funds. The operations of the entertainment center have not been subjected to proper procurement for purchases and budgetary requirements. In addition, eligible employees are not receiving PERA and other County benefits.

**Criteria** – The following are requirements that all governmental agencies supported by public funds must comply with:

- PERA requirements (NMAC 2.80.400): “Full-time employees who work 40 or more hours in a week and part-time employees who work 20 or more hours but fewer than 40 hours in a week shall be members” (with some exceptions)
- Procurement requirements (NMSA 13-1-30): “Except as otherwise provided in the Procurement Code [13-1-28 NMSA 1978] that code shall apply to every expenditure by state agencies and local public bodies for the procurement of items of tangible personal property, services and construction... When a procurement involves the expenditure of federal funds, the procurement shall be conducted in accordance with mandatory applicable federal law and regulations.”
- Budgetary requirements (2.2.3 NMAC): “Pursuant to Section 6-6-2 NMSA 1978, budgets shall be submitted by the local public body to the local government division.”

**Cause** – Luna County did not seek appropriate legal council from individuals who are highly experienced in New Mexico government legal matters.

**Effect** – Government generated funds are not being treated as public funds.

**Recommendation** – Luna County should seek legal advice from someone who is knowledgeable about governmental entities.

**Management’s Response** – Luna County will seek additional legal advice regarding the operations of Starmax LLC. Auditor was provided opinion on allowability of Luna County to own LLC. We will seek additional advice on “public monies” designation.

**COUNTY OF LUNA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

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**CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED):**

**2014-009 Late Independent Public Accountant Recommendation – Compliance**

**Statement of Condition** – The State Auditor received the IPA Recommendation Form and Audit Contract on June 2, 2014 after the required due date of May 1, 2014.

**Criteria** – Paragraph (6)(c) of Subsection G of 2.2.2.8 NMAC requires that component units of municipalities submit a completed IPA Recommendation Form and Audit Contract to the State Auditor by May 1.

**Effect** – Luna County is not in compliance with state statute regarding submission of IPA Recommendation Form and Audit Contract.

**Cause** – Inadequate time available from date of notification to obtain proposals, evaluate proposals, and obtain commission approval in accordance with County policy.

**Recommendation** – We recommend that Luna County implement a procedure to ensure that future Recommendation Forms and Audit Contracts are delivered to the State Auditor by the prescribed deadline.

**Management's Response** – Lack of time to coordinate scheduling for timely response.

**COUNTY OF LUNA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

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**CURRENT STATUS ON PRIOR YEAR FINDINGS:**

**2013-001(2013-01) Procurement Law Violation – Significant Deficiency**

Resolved and not repeated.

**2013-002 (2013-02) Unrecorded Capitalization of Completed Construction in Process (CIP) – Material Weakness**

Resolved and not repeated.

**COUNTY OF LUNA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

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**CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):**

**2013-003 (2013-03) Inventory-Road Department – Significant Deficiency**

Repeated with modifications.

**Statement of Condition** – During test work, we concluded that inventory was not properly maintained and accounted for. The following deficiencies were noted:

- Three out of 24 haphazardly selected inventory items counts from the inventory could not be traced to the shelf/shop.
- Seven out of 18 haphazardly selected inventory items from the shelf/shop could not be traced to the inventory list. Three out of the seven inventory items were not included on the inventory list.
- Costs of inventory items on the inventory list have not been updated in over three years.
- There was one instance where an employee stated, “Anyone can drive in and take whatever they want.” (Using the City of Deming as an example)
- Year-end inventory was not complete until August 11, 2014.

**Criteria** – Controls and procedures over inventory, valuation of inventory, and the annual inventory count should be in place to ensure that all inventory items held by the entity are accounted for and safeguarded.

**Cause** – Lack of proper controls and procedures over inventory, inventory valuation, and annual inventory count.

**Effect** – Potential for misappropriation of County inventory items.

**Recommendation** – We recommend that the County develop procedures to ensure all inventory items are accounted for properly and an annual inventory count is performed timely.

**Management’s Response** – Management has ordered an inventory system for Road Department to be installed and training completed in December. Luna County will implement policy to have inventory completed by June 30<sup>th</sup>.

**COUNTY OF LUNA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

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**CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):**

**2012-002 (2012-02) No Central Control, Oversight and Reconciliation of Grant Activity – Significant Deficiency**

Repeated.

**Statement of Condition** – Although, a central grant coordinator position was established, accounting records were not regularly reconciled to grant activity.

**Criteria** – Good internal controls over grant activity requires reconciliation 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 noncompliance by the County to go undetected for an extended period of time. Reversion of Healthy Start grant funds not expended timely.

**Recommendation** – A master list of all grants should be compiled, maintained, and reconciled 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 has implemented a master control file for all grant activity to be reported centrally and reconciled on a monthly basis.

**COUNTY OF LUNA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

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**CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):**

**2011-003 (2011-03) Communication Between Departments Not Adequate – Significant Deficiency**

Repeated with modification.

**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 reconciliation processes may not be complete without timely and appropriate input from various County departments.

- NMFA loan and intercepted revenues and payments not recorded.
- Cash balances versus investment balances not separately identified by fund which led to deficit budgeting.
- Donated assets not recorded.
- Grant revenue not properly classified.

**Recommendation** – Regularly scheduled meetings should be held to review monthly reconciliations including the review of the treasurer’s report debt payments and the recording of the same, 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** – Continue regularly meetings to address and review of the treasurer’s report debt payments and the recording of the same, the budget report, capital asset schedules, and project management schedules.



**COUNTY OF LUNA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

---

**CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):**

**2009-001 (2009-01) Designated Cash Exceeded Available Balance – Compliance**

Repeated with modification.

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

KLCB	(\$1,000)
Law Enforcement Protection	(\$135,275)

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

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

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

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

**Management’s Response** – Grant budgets for future years will be designated and recorded upon receipt of grant award letter or grant contract only. Cash and investments will be separated to allow easy determination of actual cash balances available.

**COUNTY OF LUNA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

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**CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):**

**2008-002 (2008-02) Legal Compliance with Budget – Compliance**

Repeated with modification.

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

Fund	Budget Amount	Actual Amount	Over Expended
Entertainment Complex, LLC	\$0	\$1,643,801	\$1,643,801

**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** – The County is operating the Entertainment Complex under the assumption that because it is an LLC government budget requirements do not apply.

**Effect** – Noncompliance with the New Mexico State Statutes could jeopardize future funding opportunities.

**Recommendation** – We suggest that management adopt budgets in accordance with state requirements and seek appropriate legal advice as to the status of the Entertainment Complex (see finding 2014-09).

**Management’s Response** – If the County determines (through appropriate legal advice see Finding 2014-09) that the Starmax Complex, LLC activities are public money, the County will adopt a budget in accordance with the State of New Mexico requirements.

**COUNTY OF LUNA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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

**2014-011 Lack of Compliance with FEMA / DHS Financial Reporting Requirements of Grant Activity –  
Significant Deficiency**

**CFDA # 97.044**

**Questioned Costs = None**

**U.S. Department of Homeland Security**

**Assistance to Fire Fighters      EMW-2011-FR-00177**

**Assistance to Fire Fighters      EMW-2012-FV-03081**

**Statement of Condition** – Luna County did not prepare and submit the semi-annual and final Federal Financial Reports for Assistance to Fire Fighter Grants EMW-2011-FR-00177 and EMW-2012-FV-03081 as follows:

- EMW-2011-FR-00177: The final report for July 31, 2013
- EMW-2012-FV-03081: The semi-annual report for period ending June 30, 2014

**Criteria** – The Assistance to Fire Fighter Grants require Federal Financial Reports to be filed semi-annually and upon completion of grant.

**Cause** – Lack of clear and consistent grant administrative procedures.

**Effect** – Noncompliance with grant requirements may jeopardize future grant awards from the Federal Emergency Management Agency and the Department of Homeland Security.

**Recommendation** – Upon receipt of each grant award, clearly establish and document procedures for grant administration in accordance with grant agreement.

**Management's Response** – We will establish grant administrative procedures (including reporting) to be followed by all grant administrators.

**COUNTY OF LUNA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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

**2013-001 (2013-01) Healthy Start Grant – Unreconciled Grant Balance/Status – Significant Deficiency**

<u>Program Name</u>	<u>Program CFDA</u>	<u>Federal Award Number</u>	<u>Project Year</u>	<u>Federal Awarding Agency</u>	<u>Pass through entity</u>
Healthy Start	93.926	H67MC000-11-10-00	N/A	Department of Health & Human Services	N/A

Resolved and not repeated.

**COUNTY OF LUNA**  
**EXIT CONFERENCE**  
**JUNE 30, 2014**

**EXIT CONFERENCE:**

The exit conference was held November 4, 2014 and was attended by the following:

**From County of Luna:**

Charles "Tink" Jackson, County Manager  
Joe L. "Oleo" Milo Jr., Commissioner  
Joanne Hethcox – Budget & Procurement Director  
Dora Madrid, Treasurer

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

Debbie Gray, CPA/Shareholder

**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.