

**STATE OF NEW MEXICO**  
**MCKINLEY COUNTY**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2008**

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## **INTRODUCTORY SECTION**

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**STATE OF NEW MEXICO  
MCKINLEY COUNTY**

Official Roster  
June 30, 2008

Elected Officials

Billy W. Moore	Commission Chairman
David R. Dallago, Jr.	County Commissioner
Ernest C. Becenti, Jr.	County Commissioner
Jacqueline Sloan	County Clerk
Richard Bowman	County Treasurer
Sarah Ortiz	County Assessor
Frank Gonzales	County Sheriff
Tommy Nelson	County Probate Judge

Administrative Officials

Tom D. Trujillo	County Manager
Douglas W. Decker	County Attorney
Helen M. Grenko	Controller

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**STATE OF NEW MEXICO**  
**MCKINLEY COUNTY**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2008**  
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**MCKINLEY COUNTY**

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**FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

Hector Balderas  
New Mexico State Auditor  
The Board of McKinley County Commissioners  
McKinley County  
Gallup, New Mexico

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information consisting of the aggregate nonmajor governmental fund and the fiduciary fund in the fund financial statements, and the budgetary comparisons of the general and major special revenue funds of McKinley County, New Mexico, (the County) as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the County's nonmajor governmental funds and all the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008 as listed in the table of contents. These financial statements are the responsibility of McKinley County, New Mexico's, management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of McKinley County, New Mexico, as of June 30, 2008, and the respective changes in financial position, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of McKinley County, New Mexico, as of June 30, 2008, and the respective changes in financial position, thereof and the respective budgetary comparisons of each major capital project fund and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 29, 2009 on our consideration of McKinley County, New Mexico's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

For the year ended June 30, 2008, the County has not presented the *Management's Discussion and Analysis* that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

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

*Grigo Professional Services, LLC*

Albuquerque, New Mexico  
January 29, 2009

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**BASIC  
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
McKinley County

Exhibit A-1

Statement of Net Assets  
June 30, 2008

	<u>Governmental Activities</u>
<b>Assets</b>	
Current Assets	
Cash and cash equivalents	\$ 4,482,650
Investments	36,910,307
Accounts and taxes receivable	595,205
Due from other governments	560,250
Prepaid expenses	<u>290,393</u>
Total Current Assets	<u>42,838,805</u>
Noncurrent Assets	
Bond issuance costs (net of accumulated amortization)	193,894
Capital assets	92,197,221
Less: accumulated depreciation	<u>(40,988,715)</u>
Total Noncurrent Assets	<u>51,402,400</u>
Total Assets	<u><u>\$ 94,241,205</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO  
McKinley County

Exhibit A-1

Statement of Net Assets  
June 30, 2008

	<u>Governmental Activities</u>
<b>Liabilities</b>	
Current Liabilities	
Accounts payable	\$ 1,055,589
Accrued payroll liabilities	262,682
Accrued Interest payable	65,940
Accrued compensated absences	205,628
Current portion of long-term debt	<u>1,487,788</u>
Total Current Liabilities	<u>3,077,627</u>
Noncurrent Liabilities	
Accrued compensated absences	381,882
Landfill closure & postclosure costs	218,000
Capital leases payable	228,746
Bonds payable	<u>13,635,000</u>
Total Noncurrent Liabilities	<u>14,463,628</u>
Total Liabilities	<u>17,541,255</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	35,638,972
Restricted for:	
Debt service	2,134,667
Capital projects	7,133,287
Unrestricted	<u>31,793,024</u>
Total Net Assets	<u>76,699,950</u>
Total Liabilities and Net Assets	<u><u>94,241,205</u></u>

The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
McKinley County

Exhibit A-2

Statement of Activities  
For the Year Ending June 30, 2008

<u>Functions/Programs</u>	<u>Program Revenues</u>				
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Assets</u>	
<b>Functions/Programs:</b>					
<b>Primary Government</b>					
General government	\$ 5,606,966	\$ 441,660	\$ 1,290,008	-	\$ (3,875,298)
Public safety	14,324,997	2,781,673	3,737,273	-	(7,806,051)
Public works	6,895,728	-	4,353,662	2,530,032	(12,034)
Culture and recreation	69,947	-	-	-	(69,947)
Health and welfare	4,164,278	13,505	74,416	-	(4,076,357)
	4,012,308	-	-	-	(4,012,308)
Interest on long-term debt	691,594	-	-	-	(691,594)
<i>Total governmental activities</i>	<u>35,765,818</u>	<u>3,236,838</u>	<u>9,455,359</u>	<u>2,530,032</u>	<u>(20,543,589)</u>
<b>General Revenues:</b>					
Taxes					
Property taxes, levied for general purposes					6,975,237
Property taxes, levied for debt service					737,174
Franchise taxes					12,822
Gross receipts taxes					14,737,477
Public service taxes					1,675,523
Interest income					1,782,756
Miscellaneous income					1,527,536
Loss on disposal of capital assets					<u>(141,250)</u>
Total General Revenues and Transfers					<u>27,307,275</u>
Change in net assets					6,763,686
Net assets, beginning					<u>69,936,264</u>
Net assets, ending					<u>\$ 76,699,950</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**

McKinley County

Balance Sheet  
Governmental Funds  
June 30, 2008

	<u>General Fund</u>	<u>Road Fund</u>	<u>Adult Detention</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 286,962	\$ 105,402	\$ 84,686
Investments	16,888,315	1,420,000	230,000
Accounts and taxes receivable	358,032	-	-
Due from other governments	-	-	97,702
Prepaid expenses	290,393	-	-
<i>Total assets</i>	<u>\$ 17,823,702</u>	<u>\$ 1,525,402</u>	<u>\$ 412,388</u>
<b>Liabilities and fund balances</b>			
<i>Liabilities</i>			
Accounts payable	\$ 51,760	\$ 395,812	\$ -
Accrued payroll liabilities	132,789	18,378	53,732
Deferred revenue - property taxes	303,279	-	-
<i>Total liabilities</i>	<u>487,828</u>	<u>414,190</u>	<u>53,732</u>
<b>Fund balances</b>			
Unreserved:			
Undesignated, reported in:			
General fund	17,335,874	-	-
Capital projects funds	-	-	-
Debt service funds	-	-	-
Special revenue funds	-	1,111,212	358,656
<i>Total fund balances</i>	<u>17,335,874</u>	<u>1,111,212</u>	<u>358,656</u>
<i>Total liabilities and fund balances</i>	<u>\$ 17,823,702</u>	<u>\$ 1,525,402</u>	<u>\$ 412,388</u>

The accompanying notes are an integral part of these financial statements

<u>Capital Projects</u>	<u>Other Governmental Fund</u>	<u>Total</u>
\$ 110,996	\$ 3,894,604	\$ 4,482,650
5,102,736	13,269,256	36,910,307
-	131,410	489,442
-	568,311	666,013
-	-	290,393
<u>\$ 5,213,732</u>	<u>\$ 17,863,581</u>	<u>\$ 42,838,805</u>
\$ -	\$ 608,017	\$ 1,055,589
-	57,783	262,682
-	31,773	335,052
<u>-</u>	<u>697,573</u>	<u>1,653,323</u>
-	-	17,335,874
5,213,732	1,919,555	7,133,287
-	2,274,611	2,274,611
-	12,971,842	14,441,710
<u>5,213,732</u>	<u>17,166,008</u>	<u>41,185,482</u>
<u>\$ 5,213,732</u>	<u>\$ 17,863,581</u>	<u>\$ 42,838,805</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO

McKinley County

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Assets

June 30, 2008

Exhibit B-1

Page 3 of 3

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

Fund balances - total governmental funds	\$ 41,185,482
Issuance costs, net of accumulated amortization	193,894
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	51,208,506
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds:	
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities	335,052
Accrued interest	(65,940)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	
Accrued compensated absences	(587,510)
Bonds payable	(15,065,000)
Landfill closure & post closure costs	(248,000)
Notes and loans payable	<u>(256,534)</u>
Net assets-Governmental Activities	<u>\$ 76,699,950</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
McKinley County

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ending June 30, 2008

	<u>General Fund</u>	<u>Road Fund</u>	<u>Adult Detention</u>
<i>Revenues:</i>			
Taxes	\$ 10,183,501	\$ 1,125,871	\$ 914,210
Federal Grants	580,566	1,976,762	-
State & Local Grants	745,095	2,376,900	300,000
Charges for Services	118,831	-	2,105,803
Licenses and Fees	102,127	-	33,302
Interest Income	1,771,387	-	-
Miscellaneous	149,983	1,718	2,183
<i>Total Revenues</i>	<u>13,651,490</u>	<u>5,481,251</u>	<u>3,355,498</u>
<i>Expenditures:</i>			
<i>Current:</i>			
General Government	4,705,047	-	-
Public Safety	3,758,157	-	3,795,932
Public Works	-	5,874,399	-
Culture and Recreation	66,343	-	-
Health and Welfare	172,975	-	-
Capital Outlay	239,790	241,030	168,927
<i>Debt Service:</i>			
Principal	-	-	-
Interest	-	-	-
<i>Total Expenditures</i>	<u>8,942,312</u>	<u>6,115,429</u>	<u>3,964,859</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>4,709,178</u>	<u>(634,178)</u>	<u>(609,361)</u>
<i>Other financing sources (uses)</i>			
Transfers In	471,885	-	400,000
Transfers (Out)	(535,000)	-	-
<i>Total other financing sources (uses)</i>	<u>(63,115)</u>	<u>-</u>	<u>400,000</u>
<i>Net change in fund balance</i>	4,646,063	(634,178)	(209,361)
<i>Fund balance - beginning of year</i>	12,689,811	1,745,390	568,017
<i>Fund balance - end of year</i>	<u>\$ 17,335,874</u>	<u>1,111,212</u>	<u>358,656</u>

The accompanying notes are an integral part of these financial statements

<u>Capital Projects</u>	<u>Other Governmental Fund</u>	<u>Total</u>
\$ 1,516,669	\$ 10,232,515	\$ 23,972,766
26,774	1,090,141	3,674,243
590,474	4,007,199	8,019,668
-	452,354	2,676,988
-	426,554	561,983
-	11,369	1,782,756
290,000	1,372,999	1,816,883
<u>2,423,917</u>	<u>17,593,131</u>	<u>42,505,287</u>
17,863	686,182	5,409,092
-	6,710,326	14,264,415
-	25,233	5,899,632
-	3,604	69,947
-	4,090,039	4,263,014
1,034,611	3,760,004	5,444,362
-	1,430,576	1,430,576
-	668,519	668,519
<u>1,052,474</u>	<u>17,374,483</u>	<u>37,449,557</u>
<u>1,371,443</u>	<u>218,648</u>	<u>5,055,730</u>
-	3,453,833	4,325,718
-	(3,790,718)	(4,325,718)
-	(336,885)	-
1,371,443	(118,237)	5,055,730
3,842,289	17,284,245	36,129,752
<u>5,213,732</u>	<u>\$ 17,166,008</u>	<u>\$ 41,185,482</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO  
 McKinley County  
 Reconciliation of the Statement of Revenues, Expenditures and Changes  
 in Fund Balances of Governmental Funds to the Statement of Activities  
 For the Year Ending June 30, 2008

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

Net change in fund balances - total governmental funds	\$ 5,055,730
--	--------------

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:

Capital expenditures	3,516,387
Depreciation expense	(3,194,912)

Revenues in the statement of activities that do not provide current financial  
 resources are not reported as revenue in the funds:

Property taxes	165,467
----------------	---------

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial  
 resources to governmental funds, while the repayment of the principal of long-term  
 debt consumes the current financial resources of governmental funds. Neither  
 transaction, however, has any effect on net assets. Also, governmental funds  
 report the effect of issuance costs, premiums, discounts, and similar items when  
 debt is first issued, whereas these amounts are deferred and amortized in the  
 statement of activities:

Amortization from bond issuance costs	(178,980)
Increase in the reserve for compensated absences	(37,507)
Decrease in accrued interest payable	7,263
Principal payments on bonds	1,385,000
Principal payments on notes payable	15,238
Principal payments on landfill payable	<u>30,000</u>

Change in net assets of governmental activities	<u><u>\$ 6,763,686</u></u>
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**STATE OF NEW MEXICO**  
McKinley County

General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 8,908,800	\$ 8,936,000	\$ 10,103,248	\$ 1,167,248
Intergovernmental Income	807,530.00	921,430	1,325,661	404,231
Charges For Services	157,900.00	102,100	118,831	16,731
Licenses and Fees	92,900.00	86,100	102,127	16,027
Interest Income	1,200,000.00	1,200,000	1,771,387	571,387
Miscellaneous	93,000.00	95,800	149,983	54,183
<i>Total revenues</i>	<u>11,260,130.00</u>	<u>11,341,430</u>	<u>13,571,237</u>	<u>2,229,807</u>
<i>Expenditures:</i>				
Current:				
General Government	6,906,854.00	7,897,805	4,689,646	3,208,159
Public Safety	3,607,525.00	3,986,481	3,775,818	210,663
Public Works	-	-	-	-
Culture and Recreation	71,042.00	69,542	66,343	3,199
Health and Welfare	138,000.00	177,850	172,975	4,875
Capital Outlay	639,497.00	935,005	250,527	684,478
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>11,362,918</u>	<u>13,066,683</u>	<u>8,955,309</u>	<u>4,111,374</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(102,788)</u>	<u>(1,725,253)</u>	<u>4,615,928</u>	<u>6,341,181</u>
<i>Other financing sources (uses)</i>				
Designated Cash	102,788	1,725,253	-	(1,725,253)
Transfers In	-	-	471,885	471,885
Transfers Out	-	-	(535,000)	(535,000)
<i>Total other financing sources (uses)</i>	<u>102,788</u>	<u>1,725,253</u>	<u>(63,115)</u>	<u>(1,788,368)</u>
<i>Net change in fund balance</i>	-	-	4,552,813	4,552,813
<i>Fund Balance - Beginning of Year</i>	-	-	12,912,857	12,912,857
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,465,670</u>	<u>\$ 17,465,670</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			80,253	
Adjustments to expenditures (liabilities)			12,997	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 4,646,063</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
McKinley County

Road Special Revenue Fund  
Statement of Revenue, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 1,090,000	\$ 1,210,800	\$ 1,205,773	\$ (5,027)
Intergovernmental Income	8,195,070	12,923,970	5,999,661	(6,924,309)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	2,200	1,718	(482)
<i>Total revenues</i>	<u>9,285,070</u>	<u>14,136,970</u>	<u>7,207,152</u>	<u>(6,929,818)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	7,464,344	13,598,855	6,018,923	7,579,932
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	248,850	248,850	241,030	7,820
<i>Total expenditures</i>	<u>7,713,194</u>	<u>13,847,705</u>	<u>6,259,953</u>	<u>7,587,752</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,571,876</u>	<u>289,265</u>	<u>947,199</u>	<u>657,934</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(1,571,876)	(289,265)	-	289,265
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(1,571,876)</u>	<u>(289,265)</u>	<u>-</u>	<u>289,265</u>
<i>Net change in fund balance</i>	-	-	947,199	947,199
<i>Fund Balance - Beginning of Year</i>	-	-	578,203	578,203
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,525,402</u>	<u>\$ 1,525,402</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(1,725,901)	
Adjustments to expenditures (liabilities)			<u>144,524</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (634,178)</u>	

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
McKinley County

Adult Detention Special Revenue Fund  
Statement of Revenue, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 910,000	\$ 1,001,000	\$ 997,611	\$ (3,389)
Intergovernmental Income	300,000	300,000	300,000	-
Charges For Services	2,983,900	2,971,014	2,032,593	(938,421)
Licenses and Fees	36,100	36,400	33,302	(3,098)
Interest Income	-	-	-	-
Miscellaneous	1,000	2,200	2,183	(17)
<i>Total revenues</i>	<u>4,231,000</u>	<u>4,310,614</u>	<u>3,365,689</u>	<u>(944,925)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	4,622,810	4,930,218	3,853,115	1,077,103
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	265,500	349,328	168,927	180,401
<i>Total expenditures</i>	<u>4,888,310</u>	<u>5,279,546</u>	<u>4,022,042</u>	<u>1,257,504</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(657,310)</u>	<u>(968,932)</u>	<u>(656,353)</u>	<u>312,579</u>
<i>Other financing sources (uses)</i>				
Designated Cash	657,310	968,932	-	(968,932)
Transfers In	-	-	400,000	400,000
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>657,310</u>	<u>968,932</u>	<u>400,000</u>	<u>(568,932)</u>
<i>Net change in fund balance</i>	-	-	(256,353)	(256,353)
<i>Fund Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>571,039</u>	<u>571,039</u>
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314,686</u>	<u>\$ 314,686</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(10,191)	
Adjustments to expenditures (liabilities)			57,183	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ (209,361)</u>	

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO  
McKinley County

Fiduciary Funds  
Statement of Fiduciary Net Assets - Agency Funds  
June 30, 2008

<i>Assets</i>	
Cash	\$ 4,382
Investments	685,000
Taxes receivable	<u>1,551,749</u>
Total assets	<u>\$ 2,241,131</u>
<i>Liabilities</i>	
Due to schools	667,542
Due to municipalities	228,643
Due to other	<u>1,344,946</u>
Total liabilities	<u>\$ 2,241,131</u>

The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
**MCKINLEY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 1. Summary of Significant Accounting Policies**

McKinley County is a political sub-division of the State of New Mexico established under the provisions of Section 4-5-1 of NMSA, 1978 compilation and regulated by the constitution of the State of New Mexico. The County operates under a commission-manager form of government and provides the following services as authorized by public law: public safety (sheriff, fire, emergency medical, etc.), roads, health and social services, recreation, sanitation, low rent housing assistance, planning and zoning, property assessment, tax collection and general administrative services.

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

*A. Financial Reporting Entity*

GASB Statement No. 14 established criteria for determining the government reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the County is considered a *primary government*, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the County may, without the approval or consent of another government entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The County also has no *component units*, as defined by GASB Statement No. 14 and / or GASB Statement No. 39, as there are no other legally separate organizations for which the elected County Commissioners are financial accountable. There are no other primary governments with which the County Commissioners are financially accountable.

*B. Government-wide and fund financial statements*

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**STATE OF NEW MEXICO**  
**MCKINLEY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*B. Government-wide and fund financial statements (continued)*

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the combining fund financial statements.

*C. Measurement focus, basis of accounting, and financial statement presentation*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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.

The County follows FASB statements and interpretations issued on or before November 30, 1989, Accounting Principles Board opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The County has elected to apply FASB statements and interpretations issued after November 30, 1989, unless those pronouncements conflict with GASB pronouncements.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

Ad valorem taxes (property taxes), and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

The *agency funds* are custodial in nature (assets equal liabilities) and do not represent results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the County holds for others in an agency capacity. The County has one agency fund that accounts for the property tax collections and disbursements.

**STATE OF NEW MEXICO**  
**MCKINLEY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*C. Measurement focus, basis of accounting, and financial statement presentation (continued)*

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 or construction of general fixed assets and the servicing of general long-term debt. Governmental funds include:

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

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).

The *Road Fund* is a special revenue fund used to account for the distribution of gasoline taxes and motor vehicle 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 *Adult Detention Fund* is a special revenue fund used to account for the fiscal operation and reporting of the Gallup McKinley Detention Center. The administration is handled by the local Jail Authority Board.

The *Capital Projects Fund* is a capital project fund used to account for gross receipts taxes (1/4%) designated for capital projects expenditures, authorized by Ordinance No. Aug-02-084.

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

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the County's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the County's general revenues. Program revenues are categorized as (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, (b) program-specific operating grants, which includes revenues received from federal and state sources to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and other items not properly included among programs revenues.

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

**STATE OF NEW MEXICO**  
**MCKINLEY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*C. Measurement focus, basis of accounting, and financial statement presentation (continued)*

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. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

*D. Assets, Liabilities and Net Assets or Equity*

**Cash & Cash Equivalents:** 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.

**Investments:** State statutes authorize the County to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

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. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**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 interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

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

Certain Special Revenue funds are administered on a reimbursement method of funding; other funds are operated on a cash advance method of funding. The funds incurred the cost and submitted the necessary request for reimbursement or advance, respectively.

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



**STATE OF NEW MEXICO**  
**MCKINLEY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*E. Assets, Liabilities and Net Assets or Equity (continued)*

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

<u>Assets</u>	<u>Years</u>
Infrastructure	20-30
Land improvements	10-20
Buildings & improvements	22-40
Vehicles & rolling stock	5-10
Machinery, equipment and other	5-10

**Deferred Revenues:** The County recognizes grant revenue at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as deferred revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be “available” under the current financial resources measurement focus are reported as deferred revenues in the governmental fund financial statements.

**Compensated Absences:** Qualified employees are entitled to earn annual leave according to a graduated leave schedule of ten days to twenty days per year, depending on length of service. Employees may accumulate up to 240 hours (thirty days) of annual leave and carry that leave forward from calendar year to calendar year. Upon termination, employees will be paid for up to 240 hours (thirty days) of accrued annual leave.

Qualified employees are entitled to earn sick leave at a rate of thirteen days per year. Sick leave can be carried over from year to year for an unlimited amount of hours. Upon termination, retiring employees will be paid for up to 520 hours (sixty five days) of accrued annual leave.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net assets.

**STATE OF NEW MEXICO**  
**MCKINLEY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*E. Assets, Liabilities and Net Assets or Equity (continued)*

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

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

**Interfund 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 interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**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. Significant estimates affecting the County's financial statements include management's estimate of the useful lives of capital assets.

**NOTE 2. Stewardship, Compliance and Accountability**

*Budgetary Information*

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 Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the County Commissioners and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total.

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

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

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

**STATE OF NEW MEXICO**  
**MCKINLEY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 2. Stewardship, Compliance and Accountability (continued)**

*Budgetary Information (continued)*

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.

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

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

**NOTE 3. Cash & Investments**

**Cash & Cash Equivalents**

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, 2008.

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.

The collateral pledged is listed on Schedule I of 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 \$100,000 in aggregate and separate from the \$100,000 coverage for public unit demand deposits at the same institution.

**STATE OF NEW MEXICO**  
**MCKINLEY COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

**NOTE 3. Cash & Investments (continued)**

The schedule listed below discloses the State of New Mexico, Office of the State Auditor's requirements on reporting the insured portion of the County's deposits.

	<u>Pinnacle Bank</u>	<u>NMFA</u>	<u>1st Financial Credit Union</u>	<u>1st Community Bank</u>	<u>Total</u>
Total amounts of deposits	\$ 2,414,049	\$ 60,135	\$ 99,349	\$ 1,502,736	\$ 4,076,269
FDIC or NCUSIF Coverage	<u>(200,000)</u>	<u>(60,135)</u>	<u>(99,349)</u>	<u>(100,000)</u>	<u>(459,484)</u>
Total uninsured public funds	<u>\$ 2,214,049</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,402,736</u>	<u>\$ 3,616,785</u>
Collateral requirement (50% of uninsured public funds)	1,107,025	—	—	701,368	1,808,393
Pledged collateral	<u>1,107,025</u>	<u>—</u>	<u>—</u>	<u>1,455,731</u>	<u>2,562,756</u>
Over (Under) collateralized	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 754,363</u>	<u>\$ 754,363</u>

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2008, \$3,616,785 of \$4,076,269 was exposed to custodial credit risk because it was uninsured and the collateral was held by the pledging bank's trust department, not in the County's name. All investments are cash or certificates of deposit whose fair market value approximates face value plus any accrued interest. The County had no investments that were highly sensitive to changes in interest rates. The County's policy related to investments is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63 NMSA 1978)

**Investments**

NM State Statutes require collateral pledged for repurchase agreements in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the County for at least 102% of the amount on deposit with the institution.

The schedule listed below discloses the State of New Mexico, Office of the State Auditor's requirements on reporting the insured portion of the County's repurchase agreements.

	<u>Pinnacle Bank</u>
Repurchase agreements	
Total amount of deposits	\$ 4,900,846
FDIC coverage	<u>—</u>
Total uninsured public funds	<u>\$ 4,900,846</u>
Collateral requirement (102% of uninsured public funds)	\$ 4,998,863
Pledged collateral	<u>18,132,289</u>
Over collateralized	<u>\$ 13,133,426</u>

**STATE OF NEW MEXICO**  
**MCKINLEY COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

**NOTE 3. Cash & 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 investments or collateral securities that are in the possession of an outside party. The County's \$4,900,846 investment in repurchase agreements was held by the investment's counterparty not in the name of the County. The County's policy related to investments is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). The carrying value of the County's repurchase agreements at June 30, 2008 was \$4,900,846.

The County utilizes pooled accounts for their funds. The General, Special Revenue, Capital Projects, and Agency Funds are all in multiple accounts. Separate accounts also exist for Sheriff's Office confiscation related funds.

As of June 30, 2008 the County had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>less than 1</u>	<u>1 to 5</u>	<u>6-10</u>	<u>More than 10</u>
Repurchase Agreement*	4,900,846	4,900,846	—	—	—
	<u>4,900,846</u>	<u>4,900,846</u>	<u>—</u>	<u>—</u>	<u>—</u>
State Treasurer's Investment	6,000,000	6,000,000	—	—	—
Federal Farm	1,495,785	—	1,495,785	—	—
Federal Home Loan	12,623,239	—	6,468,215	6,155,024	—
Federal National Mortgage	13,348,000	—	2,963,910	8,406,590	1,977,500
	<u>30,008,121</u>	<u>6,000,000</u>	<u>10,927,910</u>	<u>14,561,614</u>	<u>1,977,500</u>
Total	<u>38,367,870</u>	<u>10,900,846</u>	<u>10,927,910</u>	<u>14,561,614</u>	<u>1,977,500</u>

\* - Repurchase agreements are included within Cash and cash equivalents on the Statements of Net Assets and the Governmental Funds Balance Sheet.

*Interest rate risk - Investments.* As a means of limiting its exposure to fair value losses arising from increasing interest rates, the County's investment requires structuring so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The County invests operating funds in shorter-term securities, money market mutual funds or similar investment pools to limit the average maturity of the portfolio. The average weighted maturity of the entire portfolio shall be less than five years.

*Interest rate risk* is the risk that interest rate variations may adversely affect an investment's fair value. The prices of securities fluctuate with market interest rates and the securities held in a portfolio will decline if market interest rates rise. The portfolio's weighted average maturity (WAM) is a key determinant of the tolerance of a fund's investments to rising interest rates. At June 30, 2008, the County's investment of New MexiGROW LGIP had a value of \$6,000,000 and a 50-day WAM.

*Credit risk - Investments.* The County's Investment Policy limits investments to those securities authorized by the laws of the State of New Mexico. As of June 30, 2008, the County's investments in Federal National Mortgage Association and Federal Home Loan Mortgage Corp were rated AAA by Moody's Investors Service and S&P. At June 30, 2008, the County's investment of New MexiGROW LGIP had a credit risk rating of AAAM.

*Concentration of Credit risk - Investments.* The County places no limit on the amount the County may invest in any one issuer. More than five percent of the County's investments are in Federal Home Loan, Federal National Mortgage Association, Federal Farm Association and Certificates of Deposit and Repurchase Agreements. These investments represent are 33%, 35%, 4% and 28% of the County's total investments.

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**NOTE 3. Cash & Investments (continued)**

The State Treasurer Local Government Investment Pool is not SEC Registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment funds in securities that are issued by the United States government or by its departments or agencies and are either backed by the full faith and credit of the United States government or are agencies sponsored by the United States government with ratings A to AAA by Moody's Investors Service and S&P. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares; at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts of the fund were invested. Any unrealized gain or loss on the portfolio is distributed through the investment yield on distribution dates. The carrying amount of the portfolio approximates the fair value of all investments at June 30, 2008. The State of New Mexico is the regulatory oversight entity and participation in the pool is voluntary.

**NOTE 4. Receivables**

Receivables as of June 30, 2008, are as follows:

	General Fund	Adult Detention Center	Total Non-major Funds	Total
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Licenses & fees	\$ —	\$ —	\$ —	\$ —
Property Taxes	358,032	—	39,770	397,802
Intergovernmental	—	97,702	568,311	666,013
Other	<u>—</u>	<u>—</u>	<u>91,640</u>	<u>91,640</u>
Net Receivables	<u>\$ 358,032</u>	<u>\$ 97,702</u>	<u>\$ 699,721</u>	<u>\$ 1,155,455</u>

The above receivables are deemed 100% collectible. In accordance with GASB No. 33, property tax receivables are presented net of deferred revenues in the amount of \$1,551,749 in the fiduciary fund and \$335,052 of deferred revenue in the governmental funds.

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**NOTE 5. Interfund Receivables, Payables, and Transfers**

Net operating transfers are as follows:

<b>Governmental Activities:</b>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
To Nonmajor Funds	\$ —	\$ 535,000
From Nonmajor Funds	471,885	—
Adult Detention		
From General Fund	400,000	—
Nonmajor Governmental Funds		
To Nonmajor Funds	—	3,790,718
From Nonmajor Funds	3,318,833	—
To General Fund	—	—
From General Fund	<u>135,000</u>	<u>—</u>
Total Governmental Activities	<u>\$ 4,325,718</u>	<u>\$ 4,325,718</u>

The general purpose of the transfers is to fund expenditures until other financing is arranged or to provide matching funds.

There were no interfund balances as of June 30, 2008.

**NOTE 6. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2008 follows. Land is not subject to depreciation.

	<u>Balance</u>				<u>Balance</u>
	<u>June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>		<u>June 30, 2008</u>
<b>Capital Assets:</b>					
Land	\$ 2,888,911	\$ 772,755	\$ —	\$	\$ 3,661,666
Infrastructure	27,766,383	—	—	—	27,766,383
Land improvements	3,565,443	298,880	—	—	3,864,323
Building & improvements	34,998,349	247,585	—	—	35,245,934
Vehicles & rolling stock	14,695,509	1,165,003	(167,020)	—	15,693,492
Machinery, equipment & other	<u>4,840,641</u>	<u>1,173,414</u>	<u>(48,632)</u>	—	<u>5,965,423</u>
	<u>88,755,236</u>	<u>3,657,637</u>	<u>(215,652)</u>	—	<u>92,197,221</u>
<b>Accumulated Depreciation:</b>					
Infrastructure	13,476,875	907,812	—	—	14,384,687
Land improvements	1,513,016	262,447	—	—	1,775,463
Building & improvements	9,356,454	800,439	—	—	10,156,893
Vehicles & rolling stock	10,340,643	721,837	(30,192)	—	11,032,288
Machinery, equipment & other	<u>3,181,217</u>	<u>502,377</u>	<u>(44,210)</u>	—	<u>3,639,384</u>
	<u>37,868,205</u>	<u>3,194,912</u>	<u>(74,402)</u>	—	<u>40,988,715</u>
<b>Net Book Value</b>	<u>\$ 50,887,031</u>	<u>\$ 462,725</u>	<u>\$ (141,250)</u>	<u>\$</u>	<u>\$ 51,208,506</u>

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**NOTE 6. Capital Assets (continued)**

Depreciation expense for the year ended June 30, 2008 was charged to the following functions and funds:

Public safety	\$ 1,162,544
Public works	1,126,080
Health and welfare	57,692
General	<u>848,596</u>
Total depreciation expense: governmental activities	<u>\$ 3,194,912</u>

**NOTE 7. Long-term Debt**

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

	<u>Balance</u> <u>June 30, 2007</u>	<u>Adjustments /</u> <u>Additions</u>	<u>Adjustments /</u> <u>Retirements</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Due Within</u> <u>One Year</u>
General Obligation Bonds	\$ 2,115,000	\$ —	\$ 675,000	\$ 1,440,000	\$ 705,000
Gross Receipts Revenue Bonds	14,335,000	—	710,000	13,625,000	725,000
NMFA Loans	45,575	—	45,575	—	—
Capital Leases	226,197	56,983	26,646	256,534	27,788
Landfill closure costs	278,000	—	30,000	248,000	30,000
Compensated Absences	<u>550,003</u>	<u>240,216</u>	<u>202,709</u>	<u>587,510</u>	<u>205,628</u>
Total Long-Term Debt	<u>\$ 17,549,775</u>	<u>\$ 297,199</u>	<u>\$ 1,689,930</u>	<u>\$ 16,157,044</u>	<u>\$ 1,693,416</u>

The annual requirements to amortize the Bonds as of June 30, 2008, including interest payments are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>		<u>Interest</u>		<u>Total Debt</u> <u>Service</u>
	<u>General</u> <u>Obligation</u>	<u>Revenue</u> <u>Bonds</u>	<u>General</u> <u>Obligation</u>	<u>Revenue</u> <u>Bonds</u>	
2009	\$ 705,000	\$ 725,000	\$ 29,025	\$ 602,089	\$ 2,061,114
2010	735,000	750,000	10,106	579,674	2,074,780
2011	—	770,000	—	554,199	1,324,199
2012	—	810,000	—	523,699	1,333,699
2013	—	850,000	—	484,629	1,334,629
2014-2018	—	4,520,000	—	1,868,366	6,388,366
2019-2023	<u>—</u>	<u>5,200,000</u>	<u>—</u>	<u>789,138</u>	<u>5,989,138</u>
	<u>\$ 1,440,000</u>	<u>\$13,625,000</u>	<u>\$ 39,131</u>	<u>\$ 5,401,794</u>	<u>\$ 20,505,925</u>

In prior years, the general fund was typically used to liquidate long-term liabilities other than debt.

General obligation and revenue bonds are paid by the Debt Service fund.



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**NOTE 7. Long-term Debt (continued)**

**NMFA Loan Payable – Juvenile Detention Center**

In 1998 the County entered into a loan agreement with the New Mexico Finance Authority for the purpose of constructing a regional juvenile detention center. The County pledged revenues from the Gross Receipts Tax Improvement Revenue Bonds, Series 1996B. The original amount of the loan is \$450,705. Interest on the loan is 4.813%. The term of the loan is for 10 years. The loan is complete as of June 30, 2008.

**Capital Leases**

At June 30, 2008 the County had the following purchase contracts payable.

<u>Description</u>	<u>Date of Contract</u>	<u>Original Amount</u>	<u>Principal Balance June 30, 2008</u>
1. Caterpillar Finance Co. 140H Motor Graders 4.20367% interest	11/10/04	\$ 176,437	\$ 128,267
2. Caterpillar 140H Motor Graders 4.20367% interest	11/10/04	176,437	<u>128,267</u>
Total			<u>\$ 256,534</u>

The capital leases are paid by the Road fund and Infrastructure Gross Receipts fund.

The County leases motor graders under two capital leases. The economic substance of the leases is that the County is financing acquisition of the assets through the leases and, accordingly, they are recorded as County assets and liabilities. The obligations under capital leases have been recorded in the accompanying financial statements at the present value of future minimum lease payments, discounted at interest rates as stated in the individual contracts. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2008, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2008	256,534	11,050	267,584

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**NOTE 7. Long-term Debt (continued)**

**Landfill Closure and Post-Closure Care Costs**

State and Federal laws and regulations require that the county of McKinley place final covers on its landfills when closed and perform certain maintenance and monitoring functions at the landfill sites for thirty year after closure. The County of McKinley had landfill sites at Smith Lake and Gamerco, which were closed by June 30, 1997.

The estimated total cost of the landfill closure and post closure care is based on the amount that would be paid if all equipment, facilities and services required to close, monitor and maintain the landfill were acquired as of June 30, 2004. An updated estimate (the third estimate) was performed in the prior year. Current year deletions were based off of actual costs from the Solid Waste Fund, the balance at June 30, 2008 is \$248,000.

**Compensated Absences**

Employees of the County are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2008, long-term compensated absences increased \$37,507 over the prior year accrual. Compensated absences liability is liquidated by several of the County's fund. See Note 1 for more details.

**NOTE 8. Risk Management**

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters.

McKinley County is a member and is insured through the New Mexico County Insurance Authority. The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The Authority acts as the common carrier for the State of New Mexico counties. The County pays an annual premium to the Authority based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. The County is not liable for more than the premiums paid.

**NOTE 9. Other Required Individual Fund Disclosures**

Generally accepted accounting principles require disclosures as part of the Combining Statements - Overview of certain information concerning individual funds including:

- A. Deficit fund balance of individual funds. None of the funds reported a deficit fund balance at June 30, 2008.
- B. Excess of expenditures over appropriations. No funds exceeded approved budgetary authority for the year ended June 30, 2008.

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**NOTE 10. PERA Pension Plan**

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

*Funding Policy.* Plan members are required to contribute 7% for municipal employees and 13.5% of gross salaries for law enforcement employees. The County is required to contribute 9.15% for law enforcement plan members and 9.15% for all other plan members. The contribution requirements of plan members and McKinley County are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The County's contributions to PERA for years ending June 30, 2008, 2007 and 2006 were \$1,603,450, \$1,478,302, and \$1,196,175, respectively, which equal the amount of the required contributions for each fiscal year.

**NOTE 11. Post-Employment Benefits**

*Plan Description.* The Retiree Health Care Act (the "Act") (Chapter 10, Article 7C, NMSA, 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The purpose is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into Retiree Health Care Fund and by co-payments or out-of-pocket payments to eligible retirees. Monies flow to the Retiree Health Care Fund on pay-as-you-go basis from eligible employers and eligible retirees. Eligible employers are institutions of higher education, school districts, or other entities participating in the Public School Insurance Authority, state agencies, state courts, magistrate courts, municipalities or counties, which are affiliated under or covered by the Education Retirement Act, Public Employees Retirement Association (PERA), Volunteer Firefighters Retirement Act, Judicial Retirement Act or the Magistrate Retirement Act. Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and who's eligible employer during that period of time made contributions as a participant in the Retiree Health Care Act on the person's behalf unless that person retires before the employer's NMRHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; or (2) retirees defined by the Act who retired prior to July 1, 1990; and former legislators who served at least two years.

*Funding Policy.* Each participating employer makes contributions to the fund in the amount of 1.3 percent of each participating employee's annual salary. Each employee contributes to the fund an employee contribution in an amount equal to .65 percent of the employee's salary. Each participating retiree pays a monthly premium for the medical plus basic life plan and an additional participation fee of five dollars (\$5.00) if the eligible participant retired prior to the employer's NMRHCA effective date or is a former legislator. Participants may also enroll in optional plans of coverage. Contributions from participating employers and participating employees become the property of the Retiree Health Care Fund and are not refundable under any circumstances, including termination of employment or termination of the participating employer's operation or participation in the Retiree Health Care Act. The employer, employee, and retiree contributions are required to be remitted to the Retiree Health Care Authority on a monthly basis.

*Annual Cost.* For the year ended June 30, 2008, the County remitted \$103,655 in employer contributions to the Retiree Health Care Authority. The County's annual cost for the preceding two years was \$95,558 and \$79,581.

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

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**NOTE 12. Related Party**

David Dallago, a County Commissioner, is the owner of Dallago Corporation and Dave's Plumbing, plumbing companies contracted with the County to provide plumbing services, which include labor, equipment, and materials. The company repairs County owned or occupied buildings as needed. Contracts awarded to Dallago Corporation for the fiscal year ended June 30, 2008 and 2007 include construction related to the Gamerco Water and Sanitation District Water Improvement Project (award totaling between \$629,088 and \$853,000), Plumbing Service for McKinley County Buildings (based on various rates per hour – awarded August 2007) and Heating and Cooling Services for McKinley County (based on various rates per hour – awarded August 21, 2007)

**NOTE 13. Contingent Liabilities**

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters.

The County is a member and is insured through the New Mexico County Insurance Authority. The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The Authority acts as the common carrier for the State of New Mexico counties. The County pays an annual premium to the Authority based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. At June 30, 2008, there are multiple pending civil suites against the County. The maximum exposure of the County is \$100,000 to \$150,000 in the remaining cases.

*Contingent Debt Obligation*

McKinley County entered into a joint powers agreement with the Cities of Gallup and Grants, the Village of Milan and the County of Cibola, to form the Northwest New Mexico Regional Solid Waste Disposal Authority on November 1, 1996.

Ordinance Nov-02-091 was approved on December 12, 2002 by the County Commissioners to authorize the execution and delivery of loan agreement by and between the County, as well as other member entities, and New Mexico Finance Authority. The loan agreement called for the issuance of debt to consolidate and refund (or pay-off) prior loans. The amount of the obligation authorized by Ordinance Nov-02-091 was \$5,600,000.

This debt obligation is payable solely from the net revenues of the Northwest New Mexico Regional Solid Waste Disposal Authority, and if needed, Environmental Gross Receipts Tax (EGRT) Revenues from the aforementioned Cities, Counties, and Village, including McKinley County. Effective July 30, 2005, an agreement was entered into by the member entities to change the percentage of contribution of monthly EGRT collected from 25% to 50% for operating expenses and equipment replacement.

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**NOTE 14. Federal and State Grants**

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

**NOTE 15. Basis of Presentation of Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of McKinley County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the governmental fund financial statements.

**NOTE 16. Subsequent Accounting Standard Pronouncements**

In June 2004, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which is effective for financial statements for periods beginning after December 15, 2006. This statement improves the relevance and usefulness of financial reporting by (a) requiring systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and (b) providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. The County is analyzing the effect that this standard will have on its financial statements.

In June 2005, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 47, *Accounting for Termination Benefits*, which is effective for financial statements for periods beginning after June 15, 2005 or in conjunction with implementation of GASB No. 45. This statement establishes accounting standards for termination benefits. The County is analyzing the effect that this standard will have on its financial statements.

In November 2006, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which is effective for financial statements for periods beginning after December 15, 2007. This statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current and potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The County is analyzing the effect that this standard will have on its financial statements.

In June 2007, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which is effective for financial statements for periods beginning after June 15, 2009. This statement requires that all intangible assets not specifically excluded by its scope provision be classified as capital assets. The County is analyzing the effect that this standard will have on its financial statements.

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**NONMAJOR GOVERNMENTAL FUNDS**

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## NONMAJOR GOVERNMENTAL FUNDS

**Correction Fees** – To account for correction fees authorized by Section 35-14-11, NMSA, 1978. Such revenues are used to supplement general funds for the care of prisoners.

**Environmental Gross Receipts Taxes** – To account for gross receipts tax imposed to fund environmental activities, mainly sanitary landfill closure and disposal of solid waste. Authority is local ordinance authorized by NMSA 1978 7-20E-17.

**Property Valuation** – To account for funds used to provide valuation services to the County and other local entities. This fund was created by authority of state statute (see Section 7-38-38.1, NMSA 1978 Compilation).

**Hazardous Material Support Services** – To account for funds transferred from the Fire Excise fund utilized for special equipment, uniforms and protective clothing required for hazardous materials handling & disposal. The fund was set up administratively.

**EMS** – To account for grants from the State of New Mexico Health and Environment Department to be utilized for capital outlay for fire personnel as paramedics. Funding is authorized by Section 24-10a-6, NMSA, 1978 Compilation.

**E911 Metro Dispatch** – To account for funds received from the State Funds for E-911 enhancement received from DFA and GRT . The funds are utilized for operational costs and capital outlay. The fund was set up administratively.

**Farm & Range** – To account for soil conservation and predator control activities within the County. Funding is provided by the Taylor Grazing Act. Expenditures may be made only for the purposes specified in the grant. Funding authorized by Section 6-11-6, NMSA, 1978 Compilation.

**Fire Protection Districts** – To account for revenues and expenditures of fire protection funds for the communities of Broadview, Pleasant Hill, and Field. Funding is provided by allotments from the New Mexico State Fire Marshall's Office. The funds were created under the authority of state statute (see Section 59A-93-5-8 and 59A-53-5, NMSA 1978 Compilation).

**Highway Beautification Grant** – To account for revenues and expenditures for the New Mexico Clean and Beautiful Project. This fund was created by authority of state statute (see Section 67-15-1 through 67-16-4 of NMSA).

**Law Enforcement Protection** – 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.

**Liquor Excise Tax** – A locally assessed 5% tax on retail liquor sales within McKinley County, which was adopted through Ordinance 09-92-048, for the purpose of funding alcohol treatment programs. Local ordinance authorized by Section 7-24-10, NMSA, 1978 Compilation.

**Emergency Communication & Medical** – To account for gross receipts tax set aside for emergency communications 911 Metro Dispatch, and emergency medical services (County Ordinance SEPT-02-089).

**Recreation** – To account for recreational Funds. Financing is provided by cigarette taxes and user charges. The fund was created by authority State Statute Section 7-12-15, NMSA 1978 Compilation.

**Community Health Improvement** – To account for State and/or local funds which are used to implement the County's Maternal and Child Health Plan as authorized by State Statute 24-1 B, NMSA 1978 Compilation.

**Senior Citizens Centers** – To account for the operations of the County's portion of two Senior Citizen Centers. The sales of ceramics, fees, and dues as well as Federal and State funding relating to Senior Citizens programs are accounted for in this fund. The operations are funded by McKinley County general funds. The fund was set up administratively.

**Indigent Health Care Fund** – To account for revenues received from state shared gross receipts taxes for hospital service for indigent citizens of the County. The fund was created by authority of state statute Section 7-20E-9, NMSA 1978 Compilation and McKinley County Ordinance No. 07-88-032.9.

## NONMAJOR GOVERNMENTAL FUNDS

**Fire Excise Tax** – To account funds received pursuant to the County’s fire protection excise tax ordinance 07-93-053 as authorized by Sections 7-20E-15, NMSA, 1978. funds are used to supplement the County’s fire districts and cannot be used to pay salaries, compensation or remuneration to any employee of the State, County or independent fire district.

**Local DWI Program** – To account for various Federal, State and Local funds received by the County to implement the County’s DWI plans as authorized pursuant to State Statutes 43-3-15, NMSA 1978 Compilation

**Clerk Recording & Filing** – To account for revenues and expenditures for control of equipment. The fees collected are restricted in that they may only be used for the purchase of equipment associated with the recording, filing, maintaining, or reproducing of documents in the Office of the County Clerk. This fund was created by authority of state statute (see Section 14-8-2.2, NMSA 1978 Compilation).

**Magistrate Court** – To account for funds received pursuant to a joint powers agreement with the State Administrative Office of Courts for Maintenance and Operation of the magistrate Court Building.

**Sheriff’s Grants** – Various law enforcement oriented grants utilized by the Sheriff’s Department to fund personnel & equipment. Fund was created administratively.

**Narcotic Drug Control & K-9 Drug Unit** – To account for various law enforcement agencies from forfeitures of seized drugs used to supplement other funding for uses involving drug interdiction and K-9 unit. Fund was created administratively.

**Federal Office of Justice – Law Enforcement Grant** – To account for federal grants award from the Office of Justice Program and the Federal Vest Program and others if awarded.

**Law Enforcement Seizures** – To account for monetary seizures made by the McKinley County Sheriff’s Dept. while cases are pending litigation and disposition.

**JSAAC Center** – To account for the expenditures related to the Juvenile Alcohol/Substance Abuse facility.

**Rural Public Safety** – To account for gross receipts taxes (1/16%) collected for public safety expenditures for the citizens to McKinley County. Authorized by Ordinance no. Aug-98-075.

**Telecommunications** – To account for fees and deposits collected for the purpose of erecting and making changes to telecommunications towers in the County. Established b the McKinley County Commission.

**CDBG/Gamerco Water System** – To account for the CDBG and local funds to do major repairs and improvements to the Gamerco water system.

**Infrastructure Gross Receipts** – To account for monies received through infrastructure gross receipts tax for the purpose of monitoring County infrastructure and road equipment, July 2009.

**Courthouse Annex** – To account for the resources used for the remodel and construction of an annex to the courthouse of the County. Monies are provided by the County governments and bonds.

**CDBG/HUD Community Pantry** – To account for the costs of construction of the Community Pantry building.

**State Projects** – To account for funding from state sources used for various projects.

**General Obligation Bonds** - To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs of gross receipts tax bonds. The primary source of revenue is property taxes.

**General Revenue/Gross Receipts Tax Bonds/Notes** – To account for gross receipts tax for intercept payments to the New Mexico Finance Authority to retire outstanding notes.

**Other Bonds/ Loans** - To account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs of bonds/loans not associated with primary revenue sources.

## NONMAJOR GOVERNMENTAL FUNDS

**Courthouse Project** – To account for monies designated for the retirement of debt associated with the construction and renovation of the County Courthouse.

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**SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
McKinley County

Statement A-1  
1 of 10

Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2008

	Special Revenue			
	Correction Fees	Environmental Gross Receipts	Property Valuation	Hazardous Material Support Services
<i>Assets</i>				
Cash and cash equivalents	\$ 50,415	\$ 10,497	\$ 33,382	\$ 3,124
Investments	862,989	2,020,341	300,000	30,000
Accounts and taxes receivable	-	-	-	-
Due from other governments	-	-	-	15,000
<i>Total assets</i>	\$ 913,404	\$ 2,030,838	\$ 333,382	\$ 48,124
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	10,990	-	-	-
Deferred revenue	-	-	-	-
<i>Total liabilities</i>	10,990	-	-	-
<i>Fund balances</i>				
Unreserved				
Unreserved, undesignated	902,414	2,030,838	333,382	48,124
<i>Total fund balances</i>	902,414	2,030,838	333,382	48,124
<i>Total liabilities and fund balances</i>	\$ 913,404	\$ 2,030,838	\$ 333,382	\$ 48,124

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
McKinley County

Statement A-1  
2 of 10

Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2008

	Special Revenue			
	Emergency Medical Services	E911 Metro Dispatch	Farm & Range	Fire Protection Districts
<i>Assets</i>				
Cash and cash equivalents	\$ 242,591	\$ 85,485	\$ 3,773	\$ 1,523,801
Investments	-	250,000	-	-
Accounts and taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
<i>Total assets</i>	242,591	335,485	3,773	1,523,801
<i>Liabilities</i>				
Accounts payable	-	78,185	-	-
Accrued payroll liabilities	5,060	20,565	-	-
Deferred revenue	-	-	-	-
<i>Total liabilities</i>	5,060	98,750	-	-
<i>Fund balances</i>				
Unreserved				
Unreserved, undesignated	237,531	236,735	3,773	1,523,801
<i>Total fund balances</i>	237,531	236,735	3,773	1,523,801
<i>Total liabilities and fund balances</i>	\$ 242,591	\$ 335,485	\$ 3,773	\$ 1,523,801

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
McKinley County

Statement A-1  
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Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2008

	Special Revenue			
	Highway Beautification	Law Enforcement Protection	Liquor Excise Tax	Emergency Communication & Medical
<i>Assets</i>				
Cash and cash equivalents	\$ 7,656	\$ 5,455	\$ 51,106	\$ 108,143
Investments	-	-	325,000	1,000,000
Accounts and taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
<i>Total assets</i>	7,656	5,455	376,106	1,108,143
<i>Liabilities</i>				
Accounts payable	-	-	33,500	138,714
Accrued payroll liabilities	374	-	-	-
Deferred revenue	-	-	-	-
<i>Total liabilities</i>	374	-	33,500	138,714
<i>Fund balances</i>				
Unreserved				
Unreserved, undesignated	7,282	5,455	342,606	969,429
<i>Total fund balances</i>	7,282	5,455	342,606	969,429
<i>Total liabilities and fund balances</i>	\$ 7,656	\$ 5,455	\$ 376,106	\$ 1,108,143

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
McKinley County

Statement A-1  
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Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2008

	Special Revenue			
	Recreation	Community Health Improvement	Senior Citizen Centers	Indigent Health Care Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 4,724	\$ 25,001	\$ 13,698	\$ 1,158,563
Investments	-	-	-	99,000
Accounts and taxes receivable	-	-	-	91,640
Due from other governments	-	11,583	-	-
<i>Total assets</i>	4,724	36,584	13,698	1,349,203
<i>Liabilities</i>				
Accounts payable	-	11,583	-	63,273
Accrued payroll liabilities	-	-	-	-
Deferred revenue	-	-	-	-
<i>Total liabilities</i>	-	11,583	-	63,273
<i>Fund balances</i>				
Unreserved				
Unreserved, undesignated	4,724	25,001	13,698	1,285,930
<i>Total fund balances</i>	4,724	25,001	13,698	1,285,930
<i>Total liabilities and fund balances</i>	\$ 4,724	\$ 36,584	\$ 13,698	\$ 1,349,203

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
McKinley County

Statement A-1  
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Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2008

	Special Revenue			
	Fire Excise Tax	Local DWI Program	Clerk Recording & Filing	Magistrate Court
<i>Assets</i>				
Cash and cash equivalents	\$ 2,008	\$ 103,397	\$ 14,299	\$ 14,921
Investments	2,200,000	100,000	75,000	80,000
Accounts and taxes receivable	-	-	-	-
Due from other governments	-	90,763	-	-
<i>Total assets</i>	2,202,008	294,160	89,299	94,921
<i>Liabilities</i>				
Accounts payable	171,972	-	-	-
Accrued payroll liabilities	-	7,851	-	574
Deferred revenue	-	-	-	-
<i>Total liabilities</i>	171,972	7,851	-	574
<i>Fund balances</i>				
Unreserved				
Unreserved, undesignated	2,030,036	286,309	89,299	94,347
<i>Total fund balances</i>	2,030,036	286,309	89,299	94,347
<i>Total liabilities and fund balances</i>	\$ 2,202,008	\$ 294,160	\$ 89,299	\$ 94,921

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
McKinley County

Statement A-1  
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Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2008

	Special Revenue			
	Sheriff's Grants	Narcotic Drug Control	Federal Office of Justice - Law Enforcement	Law Enforcement Seizures
<i>Assets</i>				
Cash and cash equivalents	\$ 10,747	\$ 35,867	\$ 1,633	\$ 5,845
Investments	-	-	-	-
Accounts and taxes receivable	-	-	-	-
Due from other governments	12,666	-	-	-
<i>Total assets</i>	23,413	35,867	1,633	5,845
<i>Liabilities</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	5,986	-	-	-
Deferred revenue	-	-	-	-
<i>Total liabilities</i>	5,986	-	-	-
<i>Fund balances</i>				
Unreserved				
Unreserved, undesignated	17,427	35,867	1,633	5,845
<i>Total fund balances</i>	17,427	35,867	1,633	5,845
<i>Total liabilities and fund balances</i>	\$ 23,413	\$ 35,867	\$ 1,633	\$ 5,845

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
McKinley County

Statement A-1  
7 of 10

Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2008

	Special Revenue		
	JSAAC Grant	Rural Public Safety	Telecom- munications
<i>Assets</i>			
Cash and cash equivalents	\$ 159,413	\$ 38,018	\$ 33,398
Investments	-	2,200,000	-
Accounts and taxes receivable	-	-	-
Due from other governments	15,910	-	-
<i>Total assets</i>	175,323	2,238,018	33,398
<i>Liabilities</i>			
Accounts payable	-	-	-
Accrued payroll liabilities	6,383	-	-
Deferred revenue	-	-	-
<i>Total liabilities</i>	6,383	-	-
<i>Fund balances</i>			
Unreserved			
Unreserved, undesignated	168,940	2,238,018	33,398
<i>Total fund balances</i>	168,940	2,238,018	33,398
<i>Total liabilities and fund balances</i>	\$ 175,323	\$ 2,238,018	\$ 33,398

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
McKinley County

Statement A-1  
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Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2008

	Capital Project			
	CDBG / Gameraco Water System	Infrastructure Gross Receipts	Courthouse Annex	CDBG/HUD Community Pantry
<i>Assets</i>				
Cash and cash equivalents	\$ 250	\$ 49,089	\$ 30,229	\$ -
Investments	-	900,000	425,000	-
Accounts and taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
<i>Total assets</i>	250	949,089	455,229	-
<i>Liabilities</i>				
Accounts payable	-	-	12,968	-
Accrued payroll liabilities	-	-	-	-
Deferred revenue	-	-	-	-
<i>Total liabilities</i>	-	-	12,968	-
<i>Fund balances</i>				
Unreserved				
Unreserved, undesignated	250	949,089	442,261	-
<i>Total fund balances</i>	250	949,089	442,261	-
<i>Total liabilities and fund balances</i>	\$ 250	\$ 949,089	\$ 455,229	\$ -

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
McKinley County

Statement A-1  
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Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2008

	<u>Capital Project</u>	<u>Debt Service</u>	
	<u>State Projects</u>	<u>General Obligation Bonds</u>	<u>General Revenue Bonds</u>
<i>Assets</i>			
Cash and cash equivalents	\$ 12,938	\$ 6,152	\$ 28,992
Investments	200,000	1,000,000	230,000
Accounts and taxes receivable	-	39,770	-
Due from other governments	412,839	-	-
<i>Total assets</i>	<u>625,777</u>	<u>1,045,922</u>	<u>258,992</u>
<i>Liabilities</i>			
Accounts payable	97,822	-	-
Accrued payroll liabilities	-	-	-
Deferred revenue	-	31,773	-
<i>Total liabilities</i>	<u>97,822</u>	<u>31,773</u>	<u>-</u>
<i>Fund balances</i>			
Unreserved			
Unreserved, undesignated	<u>527,955</u>	<u>1,014,149</u>	<u>258,992</u>
<i>Total fund balances</i>	<u>527,955</u>	<u>1,014,149</u>	<u>258,992</u>
<i>Total liabilities and fund balances</i>	<u>\$ 625,777</u>	<u>\$ 1,045,922</u>	<u>\$ 258,992</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
McKinley County

Statement A-1  
10 of 10

Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2008

	Debt Service		Total Nonmajor Governmental Funds
	Other Bonds/Loans	Courthouse Project	
<i>Assets</i>			
Cash and cash equivalents	\$ 17,420	\$ 2,574	3,894,604
Investments	276,926	695,000	13,269,256
Accounts and taxes receivable	-	-	131,410
Due from other governments	9,550	-	568,311
<i>Total assets</i>	303,896	697,574	17,863,581
<i>Liabilities</i>			
Accounts payable	-	-	\$ 608,017
Accrued payroll liabilities	-	-	57,783
Deferred revenue	-	-	31,773
<i>Total liabilities</i>	-	-	697,573
<i>Fund balances</i>			
Unreserved			
Unreserved, undesignated	303,896	697,574	17,166,008
<i>Total fund balances</i>	303,896	697,574	17,166,008
<i>Total liabilities and fund balances</i>	\$ 303,896	\$ 697,574	\$ 17,863,581

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**McKinley County**  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
June 30, 2008

	Special Revenue			
	Correction Fees	Environmental Gross Receipts	Property Valuation	Hazardous Material Support Services
<i>Revenues:</i>				
Taxes	\$ 391,805	\$ 469,302	\$ -	\$ -
Intergovernmental Income	(170)	-	-	30,000
Charges for Services	373,447	-	-	-
Licenses and Fees	179,095	-	191,709	-
Interest Income	-	-	-	-
Miscellaneous	6,220	-	-	-
<i>Total revenues</i>	950,397	469,302	191,709	30,000
<i>Expenditures:</i>				
Current:				
General Government	-	-	178,027	-
Public Safety	776,807	-	-	18,514
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	247,634	-	-
Capital Outlay	-	-	9,650	619
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	776,807	247,634	187,677	19,133
<i>Excess (deficiency) of revenues over expenditures</i>	173,590	221,668	4,032	10,867
<i>Other financing sources (uses)</i>				
Transfers In	-	91,419	-	10,000
Transfers Out	(540,000)	-	-	-
<i>Total other financing sources (uses)</i>	(540,000)	91,419	-	10,000
<i>Net change in fund balances</i>	(366,410)	313,087	4,032	20,867
<i>Fund balances - beginning of year</i>	1,268,824	1,717,751	329,350	27,257
<i>Fund balances - end of year</i>	\$ 902,414	\$ 2,030,838	\$ 333,382	\$ 48,124

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
**McKinley County**  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
June 30, 2008

	Special Revenue			
	Emergency Medical Services	E911 Metro Dispatch	Farm & Range	Fire Protection Districts
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	1,557,632
Charges for Services	77,183	-	-	-
Licenses and Fees	-	-	13,505	-
Interest Income	-	-	-	-
Miscellaneous	1,688	-	-	2,785
<i>Total revenues</i>	78,871	-	13,505	1,560,417
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	680,082	1,589,026	-	774,464
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	19,500	-
Capital Outlay	9,227	19,426	-	73,600
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	689,309	1,608,452	19,500	848,064
<i>Excess (deficiency) of revenues over expenditures</i>	(610,438)	(1,608,452)	(5,995)	712,353
<i>Other financing sources (uses)</i>				
Transfers In	552,000	1,740,000	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	552,000	1,740,000	-	-
<i>Net change in fund balances</i>	(58,438)	131,548	(5,995)	712,353
<i>Fund balances - beginning of year</i>	295,969	105,187	9,768	811,448
<i>Fund balances - end of year</i>	\$ 237,531	\$ 236,735	\$ 3,773	\$ 1,523,801

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**McKinley County**  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
June 30, 2008

	Special Revenue			
	Highway Beautification	Law Enforcement Protection	Liquor Excise Tax	Emergency Communication & Medical
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ 788,160	\$ 2,615,140
Intergovernmental Income	4,000	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	264
<i>Total revenues</i>	<u>4,000</u>	<u>-</u>	<u>788,160</u>	<u>2,615,404</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	56,581	-	103,316
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	4,290	-	814,724	-
Capital Outlay	-	-	-	557,361
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,290</u>	<u>56,581</u>	<u>814,724</u>	<u>660,677</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(290)</u>	<u>(56,581)</u>	<u>(26,564)</u>	<u>1,954,727</u>
<i>Other financing sources (uses)</i>				
Transfers In	5,000	-	-	-
Transfers Out	-	-	-	(2,643,650)
<i>Total other financing sources (uses)</i>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>(2,643,650)</u>
<i>Net change in fund balances</i>	4,710	(56,581)	(26,564)	(688,923)
<i>Fund balances - beginning of year</i>	2,572	62,036	369,170	1,658,352
<i>Fund balances - end of year</i>	<u>\$ 7,282</u>	<u>\$ 5,455</u>	<u>\$ 342,606</u>	<u>\$ 969,429</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**McKinley County**  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
June 30, 2008

	Special Revenue			
	Recreation	Community Health Improvement	Senior Citizen Centers	Indigent Health Care Fund
<i>Revenues:</i>				
Taxes	\$ 3,721	\$ -	\$ -	\$ 1,966,828
Intergovernmental Income	-	70,416	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	4,950
Miscellaneous	-	-	1,346	849,016
<i>Total revenues</i>	<u>3,721</u>	<u>70,416</u>	<u>1,346</u>	<u>2,820,794</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	3,604	-	-	-
Health and Welfare	-	78,210	31,613	2,894,068
Capital Outlay	-	-	-	20,440
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,604</u>	<u>78,210</u>	<u>31,613</u>	<u>2,914,508</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>117</u>	<u>(7,794)</u>	<u>(30,267)</u>	<u>(93,714)</u>
<i>Other financing sources (uses)</i>				
Transfers In	-	-	30,000	-
Transfers Out	-	-	-	(105,235)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>(105,235)</u>
<i>Net change in fund balances</i>	117	(7,794)	(267)	(198,949)
<i>Fund balances - beginning of year</i>	4,607	32,795	13,965	1,484,879
<i>Fund balances - end of year</i>	<u>\$ 4,724</u>	<u>\$ 25,001</u>	<u>\$ 13,698</u>	<u>\$ 1,285,930</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**McKinley County**  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
June 30, 2008

	Special Revenue			
	Fire Excise Tax	Local DWI Program	Clerk Recording & Filing	Magistrate Court
<i>Revenues:</i>				
Taxes	\$ 996,932	\$ -	\$ -	\$ -
Intergovernmental Income	-	974,300	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	13,252	28,993	-
Interest Income	-	-	-	-
Miscellaneous	200	139,008	-	128,857
<i>Total revenues</i>	997,132	1,126,560	28,993	128,857
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	497,742	1,026,684	-	79,672
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	633,578	1,389	1,480	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	1,131,320	1,028,073	1,480	79,672
<i>Excess (deficiency) of revenues over expenditures</i>	(134,188)	98,487	27,513	49,185
<i>Other financing sources (uses)</i>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	(250,000)
<i>Total other financing sources (uses)</i>	-	-	-	(250,000)
<i>Net change in fund balances</i>	(134,188)	98,487	27,513	(200,815)
<i>Fund balances - beginning of year</i>	2,164,224	187,822	61,786	295,162
<i>Fund balances - end of year</i>	\$ 2,030,036	\$ 286,309	\$ 89,299	\$ 94,347

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**McKinley County**  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
June 30, 2008

	Special Revenue			
	Sheriff's Grants	Narcotic Drug Control	Federal Office of Justice - Law Enforcement	Law Enforcement Seizures
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	486,977	-	3,894	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	9,348	-	-
<i>Total revenues</i>	<u>486,977</u>	<u>9,348</u>	<u>3,894</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	470,937	38,317	52,274	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	9,650	5,748	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>480,587</u>	<u>44,065</u>	<u>52,274</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>6,390</u>	<u>(34,717)</u>	<u>(48,380)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers In	-	35,000	50,000	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>35,000</u>	<u>50,000</u>	<u>-</u>
<i>Net change in fund balances</i>	6,390	283	1,620	-
<i>Fund balances - beginning of year</i>	11,037	35,584	13	5,845
<i>Fund balances - end of year</i>	<u>\$ 17,427</u>	<u>\$ 35,867</u>	<u>\$ 1,633</u>	<u>\$ 5,845</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**McKinley County**  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
June 30, 2008

	JSAAC Grant	Rural Public Safety	Telecom- munications
<i>Revenues:</i>			
Taxes	\$ -	\$ 654,775	\$ -
Intergovernmental Income	347,507	-	-
Charges for Services	1,724	-	-
Licenses and Fees	-	-	-
Interest Income	-	-	-
Miscellaneous	-	5,100	16,344
<i>Total revenues</i>	<u>349,231</u>	<u>659,875</u>	<u>16,344</u>
<i>Expenditures:</i>			
Current:			
General Government	-	-	-
Public Safety	462,007	83,903	-
Public Works	-	-	11,664
Culture and Recreation	-	-	-
Health and Welfare	-	-	-
Capital Outlay	-	368,403	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>462,007</u>	<u>452,306</u>	<u>11,664</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(112,776)</u>	<u>207,569</u>	<u>4,680</u>
<i>Other financing sources (uses)</i>			
Transfers In	140,000	-	-
Transfers Out	-	(85,000)	-
<i>Total other financing sources (uses)</i>	<u>140,000</u>	<u>(85,000)</u>	<u>-</u>
<i>Net change in fund balances</i>	27,224	122,569	4,680
<i>Fund balances - beginning of year</i>	141,716	2,115,449	28,718
<i>Fund balances - end of year</i>	<u>\$ 168,940</u>	<u>\$ 2,238,018</u>	<u>\$ 33,398</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**McKinley County**  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
June 30, 2008

	Capital Project			
	CDBG / Gamerco Water System	Infrastructure Gross Receipts	Courthouse Annex	CDBG/HUD Community Pantry
<i>Revenues:</i>				
Taxes	\$ -	\$ 373,757	\$ -	\$ -
Intergovernmental Income	466,566	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	4,669	-
<i>Total revenues</i>	<u>466,566</u>	<u>373,757</u>	<u>4,669</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General Government	-	41,785	44,132	-
Public Safety	-	-	-	-
Public Works	13,569	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	412,650	67,934	414,572	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>426,219</u>	<u>109,719</u>	<u>458,704</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>40,347</u>	<u>264,038</u>	<u>(454,035)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers In	-	-	-	-
Transfers Out	(116,419)	-	-	-
<i>Total other financing sources (uses)</i>	<u>(116,419)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(76,072)	264,038	(454,035)	-
<i>Fund balances - beginning of year</i>	76,322	685,051	896,296	-
<i>Fund balances - end of year</i>	<u>\$ 250</u>	<u>\$ 949,089</u>	<u>\$ 442,261</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**McKinley County**  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
June 30, 2008

	Debt Service		
	State Projects	General Obligation Bonds	General Revenue Bonds
<i>Revenues:</i>			
Taxes	\$ -	\$ 706,385	\$ 122,375
Intergovernmental Income	1,156,218	-	-
Charges for Services	-	-	-
Licenses and Fees	-	-	-
Interest Income	-	-	-
Miscellaneous	208,154	-	-
<i>Total revenues</i>	1,364,372	706,385	122,375
<i>Expenditures:</i>			
Current:			
General Government	422,100	-	-
Public Safety	-	-	-
Public Works	-	-	-
Culture and Recreation	-	-	-
Health and Welfare	-	-	-
Capital Outlay	1,154,277	-	-
Debt Service:			
Principal	-	675,000	95,000
Interest	-	44,588	37,500
<i>Total expenditures</i>	1,576,377	719,588	132,500
<i>Excess (deficiency) of revenues over expenditures</i>	(212,005)	(13,203)	(10,125)
<i>Other financing sources (uses)</i>			
Transfers In	500,000	250,000	-
Transfers Out	-	-	-
<i>Total other financing sources (uses)</i>	500,000	250,000	-
<i>Net change in fund balances</i>	287,995	236,797	(10,125)
<i>Fund balances - beginning of year</i>	239,960	777,352	269,117
<i>Fund balances - end of year</i>	\$ 527,955	\$ 1,014,149	\$ 258,992

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
**McKinley County**  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
June 30, 2008

	Debt Service		Total Nonmajor Governmental Funds
	Other Bonds/Loans	Courthouse Project	
<i>Revenues:</i>			
Taxes	\$ 43,085	\$ 1,100,250	\$ 10,232,515
Intergovernmental Income	-	-	5,097,340
Charges for Services	-	-	452,354
Licenses and Fees	-	-	426,554
Interest Income	6,419	-	11,369
Miscellaneous	-	-	1,372,999
<i>Total revenues</i>	49,504	1,100,250	17,593,131
<i>Expenditures:</i>			
Current:			
General Government	138	-	686,182
Public Safety	-	-	6,710,326
Public Works	-	-	25,233
Culture and Recreation	-	-	3,604
Health and Welfare	-	-	4,090,039
Capital Outlay	-	-	3,760,004
Debt Service:			
Principal	45,576	615,000	1,430,576
Interest	2,183	584,248	668,519
<i>Total expenditures</i>	47,897	1,199,248	17,374,483
<i>Excess (deficiency) of revenues over expenditures</i>	1,607	(98,998)	218,648
<i>Other financing sources (uses)</i>			
Transfers In	50,414	-	3,453,833
Transfers Out	(50,414)	-	(3,790,718)
<i>Total other financing sources (uses)</i>	-	-	(336,885)
<i>Net change in fund balances</i>	1,607	(98,998)	(118,237)
<i>Fund balances - beginning of year</i>	302,289	796,572	17,284,245
<i>Fund balances - end of year</i>	\$ 303,896	\$ 697,574	\$ 17,166,008

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 Correction Fees Special Revenue Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 390,000	\$ 428,000	\$ 427,548	\$ (452)
Intergovernmental Income	-	-	-	-
Charges For Services	404,000	464,400	440,327	(24,073)
Licenses and Fees	125,000	166,300	222,825	56,525
Interest Income	-	-	-	-
Miscellaneous	1,000	14,950	6,220	(8,730)
<i>Total revenues</i>	<u>920,000</u>	<u>1,073,650</u>	<u>1,096,920</u>	<u>23,270</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	924,342	1,021,887	778,157	243,730
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	<u>924,342</u>	<u>1,021,887</u>	<u>778,157</u>	<u>243,730</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(4,342)</u>	<u>51,763</u>	<u>318,763</u>	<u>267,000</u>
<i>Other financing sources (uses)</i>				
Designated Cash	4,342	(51,763)	-	51,763
Transfers In	-	-	-	-
Transfers Out	-	-	(540,000)	(540,000)
<i>Total other financing sources (uses)</i>	<u>4,342</u>	<u>(51,763)</u>	<u>(540,000)</u>	<u>(488,237)</u>
<i>Net change in fund balance</i>	-	-	(221,237)	(221,237)
<i>Fund Balance - Beginning of Year</i>	-	-	1,134,641	1,134,641
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 913,404</u>	<u>\$ 913,404</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(146,523)	
Adjustments to expenditures (liabilities)			<u>1,350</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (366,410)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 Environmental Gross Receipts Special Revenue Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	(Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 535,000	\$ 610,000	\$ 494,825	\$ (115,175)
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	535,000	610,000	494,825	(115,175)
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	613,950	1,062,900	247,634	815,266
Capital Outlay	100,000	100,000	-	100,000
<i>Total expenditures</i>	713,950	1,162,900	247,634	915,266
<i>Excess (deficiency) of revenues over expenditures</i>	(178,950)	(552,900)	247,191	800,091
<i>Other financing sources (uses)</i>				
Designated Cash	178,950	552,900	-	(552,900)
Transfers In	-	-	91,419	91,419
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	178,950	552,900	91,419	(461,481)
<i>Net change in fund balance</i>	-	-	338,610	338,610
<i>Fund Balance - Beginning of Year</i>	-	-	1,692,228	1,692,228
<i>Fund Balance - End of Year</i>	\$ -	\$ -	\$ 2,030,838	\$ 2,030,838
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(25,523)	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 313,087	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 Property Evaluation Special Revenue Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	(Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	150,000	180,000	191,709	11,709
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>150,000</u>	<u>180,000</u>	<u>191,709</u>	<u>11,709</u>
<i>Expenditures:</i>				
Current:				
General Government	244,546	263,572	192,398	71,174
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	9,600	35,300	9,650	25,650
<i>Total expenditures</i>	<u>254,146</u>	<u>298,872</u>	<u>202,048</u>	<u>96,824</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(104,146)</u>	<u>(118,872)</u>	<u>(10,339)</u>	<u>108,533</u>
<i>Other financing sources (uses)</i>				
Designated Cash	104,146	118,872	-	(118,872)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>104,146</u>	<u>118,872</u>	<u>-</u>	<u>(118,872)</u>
<i>Net change in fund balance</i>	-	-	(10,339)	(10,339)
<i>Fund Balance - Beginning of Year</i>	-	-	343,721	343,721
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 333,382</u>	<u>\$ 333,382</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			14,371	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 4,032</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 Hazardous Material Support Services Special Revenue Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	(Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	15,000	15,000	15,000	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	15,000	15,000	15,000	-
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	45,500	48,130	18,514	29,616
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	700	619	81
<i>Total expenditures</i>	45,500	48,830	19,133	29,697
<i>Excess (deficiency) of revenues over expenditures</i>	(30,500)	(33,830)	(4,133)	29,697
<i>Other financing sources (uses)</i>				
Designated Cash	30,500	33,830	-	(33,830)
Transfers In	-	-	10,000	10,000
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	30,500	33,830	10,000	(23,830)
<i>Net change in fund balance</i>	-	-	5,867	5,867
<i>Fund Balance - Beginning of Year</i>	-	-	27,257	27,257
<i>Fund Balance - End of Year</i>	\$ -	\$ -	\$ 33,124	\$ 33,124
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			15,000	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 20,867	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 Emergency Medical Services Special Revenue Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	(Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	180,922	202,422	202,010	(412)
Charges For Services	82,000	84,200	77,183	(7,017)
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	400	1,700	1,688	(12)
<i>Total revenues</i>	<u>263,322</u>	<u>288,322</u>	<u>280,881</u>	<u>(7,441)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	805,414	871,813	686,114	185,699
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	9,625	37,677	9,227	28,450
<i>Total expenditures</i>	<u>815,039</u>	<u>909,490</u>	<u>695,341</u>	<u>214,149</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(551,717)</u>	<u>(621,168)</u>	<u>(414,460)</u>	<u>206,708</u>
<i>Other financing sources (uses)</i>				
Designated Cash	551,717	621,168	-	(621,168)
Transfers In	-	-	552,000	552,000
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>551,717</u>	<u>621,168</u>	<u>552,000</u>	<u>(69,168)</u>
<i>Net change in fund balance</i>	-	-	137,540	137,540
<i>Fund Balance - Beginning of Year</i>	-	-	105,051	105,051
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 242,591</u>	<u>\$ 242,591</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(202,010)	
Adjustments to expenditures (liabilities)			6,032	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (58,438)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 E911 Metro Dispatch Special Revenue Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	(Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	80,000	99,700	-	(99,700)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	10,000	10,000	-	(10,000)
<i>Total revenues</i>	<u>90,000</u>	<u>109,700</u>	<u>-</u>	<u>(109,700)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	1,714,130	1,675,936	1,513,684	162,252
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	113,119	50,426	19,426	31,000
<i>Total expenditures</i>	<u>1,827,249</u>	<u>1,726,362</u>	<u>1,533,110</u>	<u>193,252</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,737,249)</u>	<u>(1,616,662)</u>	<u>(1,533,110)</u>	<u>83,552</u>
<i>Other financing sources (uses)</i>				
Designated Cash	1,737,249	1,616,662	-	(1,616,662)
Transfers In	-	-	1,740,000	1,740,000
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,737,249</u>	<u>1,616,662</u>	<u>1,740,000</u>	<u>123,338</u>
<i>Net change in fund balance</i>	-	-	206,890	206,890
<i>Fund Balance - Beginning of Year</i>	-	-	128,595	128,595
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 335,485</u>	<u>\$ 335,485</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			<u>(75,342)</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 131,548</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 Farm & Range Special Revenue Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	15,800	15,800	13,505	(2,295)
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>15,800</u>	<u>15,800</u>	<u>13,505</u>	<u>(2,295)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	19,500	19,500	19,500	-
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	<u>19,500</u>	<u>19,500</u>	<u>19,500</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,700)</u>	<u>(3,700)</u>	<u>(5,995)</u>	<u>(2,295)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	3,700	3,700	-	(3,700)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>3,700</u>	<u>3,700</u>	<u>-</u>	<u>(3,700)</u>
<i>Net change in fund balance</i>	-	-	(5,995)	(5,995)
<i>Fund Balance - Beginning of Year</i>	-	-	9,768	9,768
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,773</u>	<u>\$ 3,773</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (5,995)</u>	

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
 McKinley County  
 Fire Protection Districts Special Revenue Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	1,017,100	1,460,087	1,557,632	97,545
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	2,000	1,700	2,785	1,085
<i>Total revenues</i>	<u>1,019,100</u>	<u>1,461,787</u>	<u>1,560,417</u>	<u>98,630</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	1,041,045	1,505,514	810,462	695,052
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	175,250	488,935	80,545	408,390
<i>Total expenditures</i>	<u>1,216,295</u>	<u>1,994,449</u>	<u>891,007</u>	<u>1,103,442</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(197,195)</u>	<u>(532,662)</u>	<u>669,410</u>	<u>1,202,072</u>
<i>Other financing sources (uses)</i>				
Designated Cash	197,195	532,662	-	(532,662)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>197,195</u>	<u>532,662</u>	<u>-</u>	<u>(532,662)</u>
<i>Net change in fund balance</i>	-	-	669,410	669,410
<i>Fund Balance - Beginning of Year</i>	-	-	854,391	854,391
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,523,801</u>	<u>\$ 1,523,801</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			42,943	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 712,353</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 Highway Beautification Special Revenue Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	4,800	4,800	4,000	(800)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	4,800	4,800	4,000	(800)
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	10,121	7,973	5,300	2,673
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	10,121	7,973	5,300	2,673
<i>Excess (deficiency) of revenues over expenditures</i>	(5,321)	(3,173)	(1,300)	1,873
<i>Other financing sources (uses)</i>				
Designated Cash	5,321	3,173	-	(3,173)
Transfers In	-	-	5,000	5,000
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	5,321	3,173	5,000	1,827
<i>Net change in fund balance</i>	-	-	3,700	3,700
<i>Fund Balance - Beginning of Year</i>	-	-	3,956	3,956
<i>Fund Balance - End of Year</i>	\$ -	\$ -	\$ 7,656	\$ 7,656
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			1,010	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 4,710	

The accompanying notes are an integral part of these financial statements

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

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	(Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	48,600	48,600	48,600	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>48,600</u>	<u>48,600</u>	<u>48,600</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	38,600	58,785	56,581	2,204
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	10,000	-	-	-
<i>Total expenditures</i>	<u>48,600</u>	<u>58,785</u>	<u>56,581</u>	<u>2,204</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(10,185)</u>	<u>(7,981)</u>	<u>2,204</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	10,185	-	(10,185)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>10,185</u>	<u>-</u>	<u>(10,185)</u>
<i>Net change in fund balance</i>	-	-	(7,981)	(7,981)
<i>Fund Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>13,436</u>	<u>13,436</u>
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,455</u>	<u>\$ 5,455</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(48,600)	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (56,581)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 Liquor Excise Tax Special Revenue Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	(Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 950,000	\$ 950,000	\$ 788,160	\$ (161,840)
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	950,000	950,000	788,160	(161,840)
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	1,000,000	2,115,136	830,391	1,284,745
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	1,000,000	2,115,136	830,391	1,284,745
<i>Excess (deficiency) of revenues over expenditures</i>	(50,000)	(1,165,136)	(42,231)	1,122,905
<i>Other financing sources (uses)</i>				
Designated Cash	50,000	1,165,136	-	(1,165,136)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	50,000	1,165,136	-	(1,165,136)
<i>Net change in fund balance</i>	-	-	(42,231)	(42,231)
<i>Fund Balance - Beginning of Year</i>	-	-	418,337	418,337
<i>Fund Balance - End of Year</i>	\$ -	\$ -	\$ 376,106	\$ 376,106
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			15,667	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ (26,564)	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 Emergency Communication & Medical Special Revenue Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ 2,610,000	\$ 2,854,102	\$ 244,102
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	264	264
<i>Total revenues</i>	<u>-</u>	<u>2,610,000</u>	<u>2,854,366</u>	<u>244,366</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	923,833	1,463,776	128,900	1,334,876
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	75,000	924,368	418,647	505,721
<i>Total expenditures</i>	<u>998,833</u>	<u>2,388,144</u>	<u>547,547</u>	<u>1,840,597</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(998,833)</u>	<u>221,856</u>	<u>2,306,819</u>	<u>2,084,963</u>
<i>Other financing sources (uses)</i>				
Designated Cash	998,833	(221,856)	-	221,856
Transfers In	-	-	-	-
Transfers Out	-	-	(2,643,650)	(2,643,650)
<i>Total other financing sources (uses)</i>	<u>998,833</u>	<u>(221,856)</u>	<u>(2,643,650)</u>	<u>(2,421,794)</u>
<i>Net change in fund balance</i>	-	-	(336,831)	(336,831)
<i>Fund Balance - Beginning of Year</i>	-	-	1,444,974	1,444,974
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,108,143</u>	<u>\$ 1,108,143</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(238,962)	
Adjustments to expenditures (liabilities)			(113,130)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (688,923)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 Recreation Special Revenue Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 3,200	\$ 3,200	\$ 3,721	\$ 521
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	3,200	3,200	3,721	521
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	7,600	4,800	3,604	1,196
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	7,600	4,800	3,604	1,196
<i>Excess (deficiency) of revenues over expenditures</i>	(4,400)	(1,600)	117	1,717
<i>Other financing sources (uses)</i>				
Designated Cash	4,400	1,600	-	(1,600)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	4,400	1,600	-	(1,600)
<i>Net change in fund balance</i>	-	-	117	117
<i>Fund Balance - Beginning of Year</i>	-	-	4,607	4,607
<i>Fund Balance - End of Year</i>	\$ -	\$ -	\$ 4,724	\$ 4,724
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 117	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 Maternal/Child Health Special Revenue Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	95,500	79,333	(16,167)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>95,500</u>	<u>79,333</u>	<u>(16,167)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	24,335	87,800	66,627	21,173
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	<u>24,335</u>	<u>87,800</u>	<u>66,627</u>	<u>21,173</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(24,335)</u>	<u>7,700</u>	<u>12,706</u>	<u>5,006</u>
<i>Other financing sources (uses)</i>				
Designated Cash	24,335	(7,700)	-	7,700
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>24,335</u>	<u>(7,700)</u>	<u>-</u>	<u>7,700</u>
<i>Net change in fund balance</i>	-	-	12,706	12,706
<i>Fund Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>12,295</u>	<u>12,295</u>
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,001</u>	<u>\$ 25,001</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(8,917)	
Adjustments to expenditures (liabilities)			(11,583)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (7,794)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 Senior Citizens Center Special Revenue Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	1,000	1,000	1,346	346
<i>Total revenues</i>	<u>1,000</u>	<u>1,000</u>	<u>1,346</u>	<u>346</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	37,330	43,130	35,312	7,818
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	<u>37,330</u>	<u>43,130</u>	<u>35,312</u>	<u>7,818</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(36,330)</u>	<u>(42,130)</u>	<u>(33,966)</u>	<u>8,164</u>
<i>Other financing sources (uses)</i>				
Designated Cash	36,330	42,130	-	(42,130)
Transfers In	-	-	30,000	30,000
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>36,330</u>	<u>42,130</u>	<u>30,000</u>	<u>(12,130)</u>
<i>Net change in fund balance</i>	-	-	(3,966)	(3,966)
<i>Fund Balance - Beginning of Year</i>	-	-	17,664	17,664
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,698</u>	<u>\$ 13,698</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			3,699	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (267)</u>	

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
 McKinley County  
 Indigent Special Revenue Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	(Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 1,950,000	\$ 2,110,000	\$ 2,086,615	\$ (23,385)
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	4,000	5,000	4,950	(50)
Miscellaneous	1,099,900	999,900	757,376	(242,524)
<i>Total revenues</i>	<u>3,053,900</u>	<u>3,114,900</u>	<u>2,848,941</u>	<u>(265,959)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	3,829,506	5,345,675	2,847,840	2,497,835
Capital Outlay	28,000	28,000	20,440	7,560
<i>Total expenditures</i>	<u>3,857,506</u>	<u>5,373,675</u>	<u>2,868,280</u>	<u>2,505,395</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(803,606)</u>	<u>(2,258,775)</u>	<u>(19,339)</u>	<u>2,239,436</u>
<i>Other financing sources (uses)</i>				
Designated Cash	803,606	2,258,775	-	(2,258,775)
Transfers In	-	-	-	-
Transfers Out	-	-	(105,235)	(105,235)
<i>Total other financing sources (uses)</i>	<u>803,606</u>	<u>2,258,775</u>	<u>(105,235)</u>	<u>(2,364,010)</u>
<i>Net change in fund balance</i>	-	-	(124,574)	(124,574)
<i>Fund Balance - Beginning of Year</i>	-	-	1,382,137	1,382,137
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,257,563</u>	<u>\$ 1,257,563</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(28,147)	
Adjustments to expenditures (liabilities)			(46,228)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (198,949)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 Fire Excise Tax Special Revenue Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 1,070,000	\$ 1,070,000	\$ 1,099,023	\$ 29,023
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	100	100	200	100
<i>Total revenues</i>	<u>1,070,100</u>	<u>1,070,100</u>	<u>1,099,223</u>	<u>29,123</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	230,100	834,790	425,774	409,016
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	863,000	2,899,454	533,574	2,365,880
<i>Total expenditures</i>	<u>1,093,100</u>	<u>3,734,244</u>	<u>959,348</u>	<u>2,774,896</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(23,000)</u>	<u>(2,664,144)</u>	<u>139,875</u>	<u>2,804,019</u>
<i>Other financing sources (uses)</i>				
Designated Cash	23,000	2,664,144	-	(2,664,144)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>23,000</u>	<u>2,664,144</u>	<u>-</u>	<u>(2,664,144)</u>
<i>Net change in fund balance</i>	-	-	139,875	139,875
<i>Fund Balance - Beginning of Year</i>	-	-	2,062,133	2,062,133
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,202,008</u>	<u>\$ 2,202,008</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(102,091)	
Adjustments to expenditures (liabilities)			(171,972)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (134,188)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 Local DWI Program Special Revenue Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	948,750	956,350	1,023,762	67,412
Charges For Services	-	-	-	-
Licenses and Fees	14,000	13,300	13,252	(48)
Interest Income	-	-	-	-
Miscellaneous	76,400	146,300	146,220	(80)
<i>Total revenues</i>	1,039,150	1,115,950	1,183,234	67,284
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	971,600	1,694,921	1,056,256	638,665
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	16,039	16,039	-
<i>Total expenditures</i>	971,600	1,710,960	1,072,295	638,665
<i>Excess (deficiency) of revenues over expenditures</i>	67,550	(595,010)	110,939	705,949
<i>Other financing sources (uses)</i>				
Designated Cash	(67,550)	595,010	-	(595,010)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	(67,550)	595,010	-	(595,010)
<i>Net change in fund balance</i>	-	-	110,939	110,939
<i>Fund Balance - Beginning of Year</i>	-	-	92,458	92,458
<i>Fund Balance - End of Year</i>	\$ -	\$ -	\$ 203,397	\$ 203,397
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(56,674)	
Adjustments to expenditures (liabilities)			44,222	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 98,487	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 Clerk Recording & Filing Special Revenue Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	(Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	24,000	24,000	28,993	4,993
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>24,000</u>	<u>24,000</u>	<u>28,993</u>	<u>4,993</u>
<i>Expenditures:</i>				
Current:				
General Government	11,525	12,525	-	12,525
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	69,000	70,573	1,480	69,093
<i>Total expenditures</i>	<u>80,525</u>	<u>83,098</u>	<u>1,480</u>	<u>81,618</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(56,525)</u>	<u>(59,098)</u>	<u>27,513</u>	<u>86,611</u>
<i>Other financing sources (uses)</i>				
Designated Cash	56,525	59,098	-	(59,098)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>56,525</u>	<u>59,098</u>	<u>-</u>	<u>(59,098)</u>
<i>Net change in fund balance</i>	-	-	27,513	27,513
<i>Fund Balance - Beginning of Year</i>	-	-	61,786	61,786
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,299</u>	<u>\$ 89,299</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 27,513</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 Magistrate Court Special Revenue Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	125,000	125,000	128,857	3,857
<i>Total revenues</i>	<u>125,000</u>	<u>125,000</u>	<u>128,857</u>	<u>3,857</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	130,000	133,031	79,719	53,312
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	<u>130,000</u>	<u>133,031</u>	<u>79,719</u>	<u>53,312</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(5,000)</u>	<u>(8,031)</u>	<u>49,138</u>	<u>57,169</u>
<i>Other financing sources (uses)</i>				
Designated Cash	5,000	8,031	-	(8,031)
Transfers In	-	-	(250,000)	(250,000)
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>5,000</u>	<u>8,031</u>	<u>(250,000)</u>	<u>(258,031)</u>
<i>Net change in fund balance</i>	-	-	(200,862)	(200,862)
<i>Fund Balance - Beginning of Year</i>	-	-	295,783	295,783
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,921</u>	<u>\$ 94,921</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			47	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (200,815)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 Sheriff's Grants Special Revenue Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	233,749	796,733	601,962	(194,771)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>233,749</u>	<u>796,733</u>	<u>601,962</u>	<u>(194,771)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	321,536	1,015,184	471,171	544,013
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	24,000	124,256	124,256	-
<i>Total expenditures</i>	<u>345,536</u>	<u>1,139,440</u>	<u>595,427</u>	<u>544,013</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(111,787)</u>	<u>(342,707)</u>	<u>6,535</u>	<u>349,242</u>
<i>Other financing sources (uses)</i>				
Designated Cash	111,787	342,707	-	(342,707)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>111,787</u>	<u>342,707</u>	<u>-</u>	<u>(342,707)</u>
<i>Net change in fund balance</i>	-	-	6,535	6,535
<i>Fund Balance - Beginning of Year</i>	-	-	4,212	4,212
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,747</u>	<u>\$ 10,747</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(114,985)	
Adjustments to expenditures (liabilities)			114,840	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 6,390</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 Narcotic Drug Control Special Revenue Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	(Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	1,000	-	(1,000)
Interest Income	-	-	-	-
Miscellaneous	600	400	9,348	8,948
<i>Total revenues</i>	<u>600</u>	<u>1,400</u>	<u>9,348</u>	<u>7,948</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	34,000	40,551	38,317	2,234
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	5,749	5,748	1
<i>Total expenditures</i>	<u>34,000</u>	<u>46,300</u>	<u>44,065</u>	<u>2,235</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(33,400)</u>	<u>(44,900)</u>	<u>(34,717)</u>	<u>10,183</u>
<i>Other financing sources (uses)</i>				
Designated Cash	33,400	44,900	-	(44,900)
Transfers In	-	-	35,000	35,000
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>33,400</u>	<u>44,900</u>	<u>35,000</u>	<u>(9,900)</u>
<i>Net change in fund balance</i>	-	-	283	283
<i>Fund Balance - Beginning of Year</i>	-	-	35,584	35,584
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,867</u>	<u>\$ 35,867</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 283</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 Federal Office of Justice - Law Enforcement  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	61,291	3,894	(57,397)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>61,291</u>	<u>3,894</u>	<u>(57,397)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	4,000	61,291	52,274	9,017
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	<u>4,000</u>	<u>61,291</u>	<u>52,274</u>	<u>9,017</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(4,000)</u>	<u>-</u>	<u>(48,380)</u>	<u>(48,380)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	4,000	-	-	-
Transfers In	-	-	50,000	50,000
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>4,000</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
<i>Net change in fund balance</i>	-	-	1,620	1,620
<i>Fund Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>13</u>	<u>13</u>
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,633</u>	<u>\$ 1,633</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 1,620</u>	

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
 McKinley County  
 Law Enforcement Seizures  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund Balance - Beginning of Year</i>	-	-	5,845	5,845
<i>Fund Balance - End of Year</i>	\$ -	\$ -	\$ 5,845	\$ 5,845
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ -	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 JSAAC Grant Special Revenue Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	279,400	296,945	440,760	143,815
Charges For Services	-	600	1,724	1,124
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	279,400	297,545	442,484	144,939
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	389,300	479,549	460,240	19,309
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	389,300	479,549	460,240	19,309
<i>Excess (deficiency) of revenues over expenditures</i>	(109,900)	(182,004)	(17,756)	164,248
<i>Other financing sources (uses)</i>				
Designated Cash	109,900	182,004	-	(182,004)
Transfers In	-	-	140,000	140,000
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	109,900	182,004	140,000	(42,004)
<i>Net change in fund balance</i>	-	-	122,244	122,244
<i>Fund Balance - Beginning of Year</i>	-	-	37,169	37,169
<i>Fund Balance - End of Year</i>	\$ -	\$ -	\$ 159,413	\$ 159,413
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(93,253)	
Adjustments to expenditures (liabilities)			(1,767)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 27,224	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 Rural Public Safety Special Revenue Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	(Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 655,000	\$ 660,900	\$ 714,668	\$ 53,768
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	5,100	5,100	-
<i>Total revenues</i>	655,000	666,000	719,768	53,768
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	118,259	167,884	83,903	83,981
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	300,000	400,000	368,403	31,597
<i>Total expenditures</i>	418,259	567,884	452,306	115,578
<i>Excess (deficiency) of revenues over expenditures</i>	236,741	98,116	267,462	169,346
<i>Other financing sources (uses)</i>				
Designated Cash	(236,741)	(98,116)	-	98,116
Transfers In	-	-	-	-
Transfers Out	-	-	(85,000)	(85,000)
<i>Total other financing sources (uses)</i>	(236,741)	(98,116)	(85,000)	13,116
<i>Net change in fund balance</i>	-	-	182,462	182,462
<i>Fund Balance - Beginning of Year</i>	-	-	2,055,556	2,055,556
<i>Fund Balance - End of Year</i>	\$ -	\$ -	\$ 2,238,018	\$ 2,238,018
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(59,893)	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 122,569	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 Telecommunications Special Revenue Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	12,000	12,000	16,344	4,344
<i>Total revenues</i>	<u>12,000</u>	<u>12,000</u>	<u>16,344</u>	<u>4,344</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	13,932	28,824	11,664	17,160
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	<u>13,932</u>	<u>28,824</u>	<u>11,664</u>	<u>17,160</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,932)</u>	<u>(16,824)</u>	<u>4,680</u>	<u>21,504</u>
<i>Other financing sources (uses)</i>				
Designated Cash	1,932	16,824	-	(16,824)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,932</u>	<u>16,824</u>	<u>-</u>	<u>(16,824)</u>
<i>Net change in fund balance</i>	-	-	4,680	4,680
<i>Fund Balance - Beginning of Year</i>	-	-	28,718	28,718
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,398</u>	<u>\$ 33,398</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 4,680</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 Capital Projects Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	(Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 1,440,000	\$ 1,470,000	\$ 1,656,070	\$ 186,070
Intergovernmental Income	-	-	617,248	617,248
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	290,000	290,000	290,000	-
<i>Total revenues</i>	1,730,000	1,760,000	2,563,318	803,318
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	900,000	3,379,685	17,863	3,361,822
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	1,500,000	2,384,590	1,034,611	1,349,979
<i>Total expenditures</i>	2,400,000	5,764,275	1,052,474	4,711,801
<i>Excess (deficiency) of revenues over expenditures</i>	(670,000)	(4,004,275)	1,510,844	5,515,119
<i>Other financing sources (uses)</i>				
Designated Cash	670,000	4,004,275	-	(4,004,275)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	670,000	4,004,275	-	(4,004,275)
<i>Net change in fund balance</i>	-	-	1,510,844	1,510,844
<i>Fund Balance - Beginning of Year</i>	-	-	3,702,888	3,702,888
<i>Fund Balance - End of Year</i>	\$ -	\$ -	\$ 5,213,732	\$ 5,213,732
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(139,401)	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 1,371,443	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 CDBG/Gamerco Water System  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	438,577	466,566	27,989
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>438,577</u>	<u>466,566</u>	<u>27,989</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	135,380	13,569	121,811
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	912,693	412,650	500,043
<i>Total expenditures</i>	<u>-</u>	<u>1,048,073</u>	<u>426,219</u>	<u>621,854</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(609,496)</u>	<u>40,347</u>	<u>649,843</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	609,496	-	(609,496)
Transfers In	-	-	-	-
Transfers Out	-	-	(116,419)	(116,419)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>609,496</u>	<u>(116,419)</u>	<u>(725,915)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(76,072)</u>	<u>(76,072)</u>
<i>Fund Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>76,322</u>	<u>76,322</u>
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250</u>	<u>\$ 250</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (76,072)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 Infrastructure Gross Receipts Capital Projects Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 401,000	\$ 401,000	\$ 412,038	\$ 11,038
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	401,000	401,000	412,038	11,038
<i>Expenditures:</i>				
Current:				
General Government	100,000	419,300	41,785	377,515
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	325,000	410,744	67,934	342,810
<i>Total expenditures</i>	425,000	830,044	109,719	720,325
<i>Excess (deficiency) of revenues over expenditures</i>	(24,000)	(429,044)	302,319	731,363
<i>Other financing sources (uses)</i>				
Designated Cash	24,000	429,044	-	(429,044)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	24,000	429,044	-	(429,044)
<i>Net change in fund balance</i>	-	-	302,319	302,319
<i>Fund Balance - Beginning of Year</i>	-	-	646,770	646,770
<i>Fund Balance - End of Year</i>	\$ -	\$ -	\$ 949,089	\$ 949,089
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(38,281)	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 264,038	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 Courthouse Annex Capital Projects Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	4,669	4,669
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>4,669</u>	<u>4,669</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	40,000	59,345	44,132	15,213
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	762,000	882,988	405,720	477,268
<i>Total expenditures</i>	<u>802,000</u>	<u>942,333</u>	<u>449,852</u>	<u>492,481</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(802,000)</u>	<u>(942,333)</u>	<u>(445,183)</u>	<u>497,150</u>
<i>Other financing sources (uses)</i>				
Designated Cash	802,000	942,333	-	(942,333)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>802,000</u>	<u>942,333</u>	<u>-</u>	<u>(942,333)</u>
<i>Net change in fund balance</i>	-	-	(445,183)	(445,183)
<i>Fund Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>900,412</u>	<u>900,412</u>
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 455,229</u>	<u>\$ 455,229</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			(8,852)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (454,035)</u>	

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
 McKinley County  
 CDBG/HUD Community Pantry Capital Projects Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund Balance - Beginning of Year</i>	-	-	-	-
<i>Fund Balance - End of Year</i>	\$ -	\$ -	\$ -	\$ -
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ -	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 State Capital Projects Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	2,487,000	5,933,601	743,379	(5,190,222)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	500,000	560,000	208,154	(351,846)
<i>Total revenues</i>	<u>2,987,000</u>	<u>6,493,601</u>	<u>951,533</u>	<u>(5,542,068)</u>
<i>Expenditures:</i>				
Current:				
General Government	848,987	2,018,894	422,100	1,596,794
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	1,407,496	9,031,870	1,056,455	7,975,415
<i>Total expenditures</i>	<u>2,256,483</u>	<u>11,050,764</u>	<u>1,478,555</u>	<u>9,572,209</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>730,517</u>	<u>(4,557,163)</u>	<u>(527,022)</u>	<u>4,030,141</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(730,517)	4,557,163	-	(4,557,163)
Transfers In	-	-	500,000	500,000
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(730,517)</u>	<u>4,557,163</u>	<u>500,000</u>	<u>(4,057,163)</u>
<i>Net change in fund balance</i>	-	-	(27,022)	(27,022)
<i>Fund Balance - Beginning of Year</i>	-	-	239,960	239,960
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 212,938</u>	<u>\$ 212,938</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			412,839	
Adjustments to expenditures (liabilities)			(97,822)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 287,995</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 General Obligation Bonds Debt Service Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 720,600	\$ 715,600	\$ 712,105	\$ (3,495)
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	720,600	715,600	712,105	(3,495)
<i>Expenditures:</i>				
Current:				
General Government	1,000	1,000	-	1,000
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	675,000	675,000	675,000	-
Interest	44,600	44,600	44,588	12
<i>Total expenditures</i>	720,600	720,600	719,588	1,012
<i>Excess (deficiency) of revenues over expenditures</i>	-	(5,000)	(7,483)	(2,483)
<i>Other financing sources (uses)</i>				
Designated Cash	-	5,000	-	(5,000)
Transfers In	-	-	250,000	250,000
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	5,000	250,000	245,000
<i>Net change in fund balance</i>	-	-	242,517	242,517
<i>Fund Balance - Beginning of Year</i>	-	-	763,635	763,635
<i>Fund Balance - End of Year</i>	\$ -	\$ -	\$ 1,006,152	\$ 1,006,152
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(5,720)	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 236,797	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 General Revenue Bonds Debt Service Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 133,500	\$ 133,500	\$ 133,500	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	133,500	133,500	133,500	-
<i>Expenditures:</i>				
Current:				
General Government	1,000	1,000	-	1,000
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	95,000	95,000	95,000	-
Interest	37,500	37,500	37,500	-
<i>Total expenditures</i>	133,500	133,500	132,500	1,000
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	1,000	1,000
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	1,000	1,000
<i>Fund Balance - Beginning of Year</i>	-	-	257,992	257,992
<i>Fund Balance - End of Year</i>	\$ -	\$ -	\$ 258,992	\$ 258,992
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(11,125)	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ (10,125)	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 Other Bonds/Loans Debt Service Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 57,650	\$ 57,500	\$ 47,872	\$ (9,628)
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	5,400	5,400	6,419	1,019
Miscellaneous	-	-	-	-
<i>Total revenues</i>	63,050	62,900	54,291	(8,609)
<i>Expenditures:</i>				
Current:				
General Government	200	400	138	262
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:	-	-	-	-
Principal	54,700	109,400	54,690	54,710
Interest	2,760	5,520	2,619	2,901
<i>Total expenditures</i>	57,660	115,320	57,447	57,873
<i>Excess (deficiency) of revenues over expenditures</i>	5,390	(52,420)	(3,156)	49,264
<i>Other financing sources (uses)</i>				
Designated Cash	(5,390)	52,420	-	(52,420)
Transfers In	-	-	50,414	50,414
Transfers Out	-	-	(50,414)	(50,414)
<i>Total other financing sources (uses)</i>	(5,390)	52,420	-	(52,420)
<i>Net change in fund balance</i>	-	-	(3,156)	(3,156)
<i>Fund Balance - Beginning of Year</i>	-	-	297,502	297,502
<i>Fund Balance - End of Year</i>	\$ -	\$ -	\$ 294,346	\$ 294,346
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			4,763	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 1,607	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 McKinley County  
 Courthouse Project Debt Service Fund  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 1,200,250	\$ 1,200,250	\$ 1,200,250	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	1,200,250	1,200,250	1,200,250	-
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	615,000	615,000	615,000	-
Interest	585,250	585,250	584,248	1,002
<i>Total expenditures</i>	1,200,250	1,200,250	1,199,248	1,002
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	1,002	1,002
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	1,002	1,002
<i>Fund Balance - Beginning of Year</i>	-	-	696,572	696,572
<i>Fund Balance - End of Year</i>	\$ -	\$ -	\$ 697,574	\$ 697,574
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(100,000)	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ (98,998)	

The accompanying notes are an integral part of these financial statements

**SUPPORTING SCHEDULES**

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**STATE OF NEW MEXICO**  
**Mckinley County**  
**Schedule of Collateral Pledged by Depository**  
**For the Year Ended June 30, 2008**

Security Description	CUSIP Number	Fair Market Value	Maturity Date	Name and Location of Safekeeper
<b>Pinnacle Bank</b>				
FHLB Bonds, 5.50%	3133XH3J9	\$ 2,392,650	9/25/2013	Federal Reserve Bank of Kansas City
FHLB Bonds, 4.60%	3133XNP29	6,028,125	12/12/2012	Federal Reserve Bank of Kansas City
FHLB Bonds - CONT, 5.25%	3133XNG60	7,327,289	12/19/2014	Federal Reserve Bank of Kansas City
FHLB Bonds - Q5, 4.50%	31339X6B5	<u>3,491,250</u>	6/12/2013	Federal Reserve Bank of Kansas City
<b>Total - Pinnacle Bank</b>		<u>\$ 19,239,314</u>		
<b>1st Community Bank</b>				
FHLB Agency Note, 3.50%	3133X3YY3	\$ 35,148	2/13/2009	Federal Home Loan Bank - Dallas, TX
MBS FNMA 254228, 5.50%	31371KLH2	47,916	3/1/2009	Federal Home Loan Bank - Dallas, TX
Portales NM Muni SD #1, 4.00%	736151CV1	485,099	1/15/2015	Federal Home Loan Bank - Dallas, TX
FHR 2724 PT, 3.75%	31394NBR8	55,448	5/15/2016	Federal Home Loan Bank - Dallas, TX
MBS FHLMC E73312 Gold, 5.50%	3128G7VD2	8,635	11/1/2013	Federal Home Loan Bank - Dallas, TX
FHR 2634 PA, 3.00%	31393VFN6	<u>823,485</u>	2/15/2023	Federal Home Loan Bank - Dallas, TX
<b>Total - 1st Community Bank</b>		<u>\$ 1,455,731</u>		
<b>Total</b>		<u><u>\$ 20,695,045</u></u>		

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

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**STATE OF NEW MEXICO**  
**McKinley County**  
**Schedule of Depositories**  
**For the Year Ended June 30, 2008**

<u>Bank Name</u>	<u>Acct. Type</u>	<u>Bank Balance</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>Carrying Balance</u>
Pinnacle Bank					
Operational	Ckg	\$ 264,997	\$ 179,577	\$ 882,000	\$ (437,426)
CDBG	Ckg	250	-	-	250
Seizure	Ckg	5,813	-	-	5,813
Sweep	Ckg	4,900,846	-	-	4,900,846
Savings	Svgs	192,989	-	-	192,989
National Financial Services Corp.					
U.S. Government Securities	Inv	27,765,932	-	-	27,765,932
Pinnacle Bank					
Certificate of Deposit	CD	1,950,000	-	-	1,950,000
Bank of Albuquerque					
Reserve	MM	40,565	-	-	40,565
NM State					
Certificate of Deposit	CD	6,000,000	-	-	6,000,000
1st Community Bank					
Certificate of Deposit	CD	1,502,736	-	-	1,502,736
NMFA					
State Treasure D/S	Ckg	60,135	-	-	60,135
1st Financial Credit Union					
Certificate of Deposit	CD	99,349	-	-	99,349
Total cash in bank		<u>\$ 42,783,612</u>	<u>\$ 179,577</u>	<u>\$ 882,000</u>	<u>\$ 42,081,189</u>
Petty Cash					1,150
Total per General Ledger					<u>42,082,339</u>

The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
McKinley County

Tax Roll Reconciliation - Changes in Property Taxes Receivable  
For the Year Ended June 30, 2008

Property taxes receivable, beginning of year	\$	1,706,043
Changes to Tax Roll:		
Net taxes charged to Treasurer for fiscal year		22,771,954
Adjustments:		
Increases in taxes receivable		12,646
Charge off of taxes receivable		<u>(4,107)</u>
Total receivables prior to collections		24,486,536
Collections for fiscal year ended June 30, 2008		<u>22,537,048</u>
Property taxes receivable, end of year	\$	<u><u>1,949,488</u></u>
Property taxes receivable by year:		
1998		13,552
1999		21,393
2000		31,584
2001		25,328
2002		33,157
2003		26,882
2004		40,814
2005		111,926
2006		422,498
2007		<u>1,222,354</u>
Total taxes receivable	\$	<u><u>1,949,488</u></u>

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

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STATE OF NEW MEXICO  
MCKINLEY COUNTY  
TAX RECONCILIATION - COLLECTIONS AND DISTRIBUTIONS  
JUNE 30, 2008

	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	County Receivable at Year-End
<b>001 State Debt Service</b>						
State Debt Service 1998	17,913,853	9	17,410,846	9	17,410,846	503,007
State Debt Service 1999	864,844	19	863,966	19	863,966	878
State Debt Service 2000	262,049	26	260,976	26	260,976	1,072
State Debt Service 2001	321,154	33	320,617	33	320,617	537
State Debt Service 2002	209,463	46	208,970	46	208,970	494
State Debt Service 2003	296,723	56	295,917	56	295,917	806
State Debt Service 2004	204,808	113	204,010	113	204,010	799
State Debt Service 2005	261,358	839	259,038	839	259,038	2,320
State Debt Service 2006	282,716	705	274,133	705	274,133	8,583
State Debt Service 2007	288,955	5,530	266,896	5,530	266,896	22,059
Total state debt service fees	<u>20,905,924</u>	<u>7,376</u>	<u>20,365,369</u>	<u>1,142</u>	<u>19,824,340</u>	<u>540,554</u>
<b>002 County Operational - Res</b>						
County Operational - Res 1998	(1,293)	6	61,361	6	61,361	(62,654)
County Operational - Res 1999	867,766	40	867,329	40	867,329	438
County Operational - Res 2000	904,755	89	901,042	89	901,042	3,713
County Operational - Res 2001	936,209	98	935,329	98	935,329	880
County Operational - Res 2002	970,442	215	969,486	215	969,486	956
County Operational - Res 2003	993,887	189	992,881	189	992,881	1,005
County Operational - Res 2004	1,037,421	573	1,034,933	573	1,034,933	2,488
County Operational - Res 2005	1,083,980	3,479	1,074,358	3,479	1,074,358	9,623
County Operational - Res 2006	1,151,692	2,870	1,116,705	2,870	1,116,705	34,987
County Operational - Res 2007	1,232,718	23,590	1,138,612	23,590	1,138,612	94,107
Total county operational - res. fee	<u>9,177,577</u>	<u>31,148</u>	<u>9,092,035</u>	<u>31,148</u>	<u>9,092,035</u>	<u>85,542</u>
<b>003 County Debt Service</b>						
County Debt Service 1998	(116)	9	24,126	9	24,126	(24,242)
County Debt Service 1999	917,948	20	917,016	-	917,016	932
County Debt Service 2000	156,156	15	155,323	15	155,323	834
County Debt Service 2001	192,706	20	192,552	20	192,552	154
County Debt Service 2002	231,528	51	231,300	51	231,300	228
County Debt Service 2003	23,580	4	23,557	4	23,557	24
County Debt Service 2004	496,729	274	495,538	274	495,538	1,191
County Debt Service 2005	248,862	799	246,653	799	246,653	2,209
County Debt Service 2006	254,703	635	246,953	635	246,953	7,749
County Debt Service 2007	250,614	4,796	231,482	4,796	231,482	19,132
Total County Debt Service	<u>2,772,710</u>	<u>6,624</u>	<u>2,764,498</u>	<u>6,604</u>	<u>2,764,498</u>	<u>8,212</u>

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STATE OF NEW MEXICO  
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TAX RECONCILIATION - COLLECTIONS AND DISTRIBUTIONS  
JUNE 30, 2008

	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	County Receivable at Year-End
<b>004 Gallup Municipal Operational - Res</b>						
Gallup Municipal Operational - Res 1998	(257)	5	34,947	5	34,947	(35,204)
Gallup Municipal Operational - Res 1999	633,842	22	633,693	22	633,693	149
Gallup Municipal Operational - Res 2000	659,185	-	657,726	-	657,726	1,459
Gallup Municipal Operational - Res 2001	682,246	9	681,853	9	681,853	393
Gallup Municipal Operational - Res 2002	706,717	-	706,310	-	706,310	407
Gallup Municipal Operational - Res 2003	724,613	-	724,188	-	724,188	425
Gallup Municipal Operational - Res 2004	755,928	211	754,406	211	754,406	1,523
Gallup Municipal Operational - Res 2005	789,987	2,305	783,673	2,305	783,673	6,314
Gallup Municipal Operational - Res 2006	838,846	1,723	818,499	1,723	818,499	20,347
Gallup Municipal Operational - Res 2007	897,444	16,824	844,062	16,824	844,062	53,382
Total Gallup Municipal Operational - Res	<u>6,688,551</u>	<u>21,098</u>	<u>6,639,356</u>	<u>21,098</u>	<u>6,639,356</u>	<u>49,195</u>
<b>005 Gallup Municipal Debt Service</b>						
Gallup Municipal Debt Service 1998	(34)	2	13,944	2	13,944	(13,978)
Gallup Municipal Debt Service 1999	300,902	6	300,590	6	300,590	312
Gallup Municipal Debt Service 2000	165,179	-	164,804	-	164,804	375
Gallup Municipal Debt Service 2001	171,467	2	171,369	2	171,369	99
Gallup Municipal Debt Service 2002	173,959	-	173,859	-	173,859	100
Gallup Municipal Debt Service 2003	334,047	-	333,851	-	333,851	196
Gallup Municipal Debt Service 2004	346,298	97	345,601	97	345,601	698
Gallup Municipal Debt Service 2005	368,053	1,074	365,111	1,074	365,111	2,942
Gallup Municipal Debt Service 2006	235,921	484	230,042	484	230,042	5,879
Gallup Municipal Debt Service 2007	404,830	7,589	380,750	7,589	380,750	24,080
Total Gallup Municipal Debt Service	<u>2,500,622</u>	<u>9,253</u>	<u>2,479,920</u>	<u>9,253</u>	<u>2,479,920</u>	<u>20,702</u>
<b>006 School District Operational - Res</b>						
School District Debt Service 1998	(57)	-	2,716	-	2,716	(2,773)
School District Debt Service 1999	39,063	2	39,046	2	39,046	17
School District Debt Service 2000	40,785	4	40,617	4	40,617	167
School District Debt Service 2001	42,902	4	42,862	4	42,862	40
School District Debt Service 2002	44,509	10	44,465	10	44,465	44
School District Debt Service 2003	45,594	9	45,548	9	45,548	46
School District Debt Service 2004	47,540	26	47,426	26	47,426	114
School District Debt Service 2005	49,768	160	49,326	160	49,326	442
School District Debt Service 2006	52,773	132	51,170	132	51,170	1,603
School District Debt Service 2007	56,555	1,082	52,238	1,082	52,238	4,317
Total District Debt Service	<u>419,431</u>	<u>1,429</u>	<u>415,414</u>	<u>1,429</u>	<u>415,414</u>	<u>4,017</u>

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STATE OF NEW MEXICO  
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TAX RECONCILIATION - COLLECTIONS AND DISTRIBUTIONS  
JUNE 30, 2008

	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	County Receivable at Year-End
<b>007 School District Debt Service</b>						
School District Debt Service 1998	(808)	50	135,183	50	135,183	(135,991)
School District Debt Service 1999	4,650,359	102	4,646,193	102	4,646,193	4,166
School District Debt Service 2000	1,368,068	134	1,362,390	134	1,362,390	5,677
School District Debt Service 2001	1,468,264	153	1,466,928	153	1,466,928	1,336
School District Debt Service 2002	1,504,545	334	1,503,062	334	1,503,062	1,482
School District Debt Service 2003	1,565,581	298	1,563,997	298	1,563,997	1,584
School District Debt Service 2004	1,602,851	885	1,599,007	885	1,599,007	3,844
School District Debt Service 2005	1,718,783	5,517	1,703,533	5,517	1,703,533	15,250
School District Debt Service 2006	1,775,941	4,426	1,721,939	4,426	1,721,939	54,002
School District Debt Service 2007	1,919,792	36,741	1,773,237	36,741	1,773,237	146,555
Total School District Debt Service	<u>17,573,375</u>	<u>48,640</u>	<u>17,475,469</u>	<u>48,640</u>	<u>17,475,469</u>	<u>97,906</u>
<b>008 School Dist. Cap. Improvement - Res</b>						
School Dist. Cap. Improvement 1998	(200)	12	33,436	12	33,436	(33,636)
School Dist. Cap. Improvement 1999	301,653	14	301,523	14	301,523	130
School Dist. Cap. Improvement 2000	342,685	34	341,323	34	341,323	1,363
School Dist. Cap. Improvement 2001	360,119	38	359,785	38	359,785	334
School Dist. Cap. Improvement 2002	372,458	83	372,091	83	372,091	367
School Dist. Cap. Improvement 2003	381,507	73	381,121	73	381,121	386
School Dist. Cap. Improvement 2004	397,829	220	396,874	220	396,874	954
School Dist. Cap. Improvement 2005	415,718	1,334	412,030	1,334	412,030	3,688
School Dist. Cap. Improvement 2006	437,953	1,091	424,646	1,091	424,646	13,307
School Dist. Cap. Improvement 2007	468,767	8,971	432,982	8,971	432,982	35,785
Total School Dist. Cap. Improvement - Res	<u>3,478,489</u>	<u>11,869</u>	<u>3,455,812</u>	<u>11,869</u>	<u>3,455,812</u>	<u>22,678</u>
<b>009 Gallup Branch College - Res</b>						
Gallup Branch College - Res 1998	(165)	1	7,813	1	7,813	(7,978)
Gallup Branch College - Res 1999	112,374	5	112,317	5	112,317	57
Gallup Branch College - Res 2000	117,229	12	116,748	12	116,748	481
Gallup Branch College - Res 2001	123,093	13	122,979	13	122,979	114
Gallup Branch College - Res 2002	127,592	28	127,466	28	127,466	126
Gallup Branch College - Res 2003	130,764	25	130,632	25	130,632	132
Gallup Branch College - Res 2004	136,466	75	136,139	75	136,139	327
Gallup Branch College - Res 2005	423,595	1,359	419,835	1,359	419,835	3,760
Gallup Branch College - Res 2006	438,004	1,091	424,683	1,091	424,683	13,321
Gallup Branch College - Res 2007	468,807	8,971	433,018	8,971	433,018	35,789
Total Gallup Branch College - Res	<u>2,077,759</u>	<u>11,581</u>	<u>2,031,630</u>	<u>11,581</u>	<u>2,031,630</u>	<u>46,129</u>

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STATE OF NEW MEXICO  
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JUNE 30, 2008

	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	County Receivable at Year-End
<b>010 Gallup Branch Debt Service</b>						
Gallup Branch Debt Service 1998	(81)	6	16,742	6	16,742	(16,823)
Gallup Branch Debt Service 1999	583,565	13	582,973	13	582,973	593
Gallup Branch Debt Service 2000	171,394	17	170,684	17	170,684	710
Gallup Branch Debt Service 2001	181,820	19	181,652	19	181,652	167
Gallup Branch Debt Service 2002	372,531	83	372,164	83	372,164	367
Gallup Branch Debt Service 2003	389,759	74	389,365	74	389,365	394
Gallup Branch Debt Service 2004	397,860	220	396,906	220	396,906	954
Gallup Branch Debt Service 2005	635,393	2,039	629,753	2,039	629,753	5,640
Gallup Branch Debt Service 2006	438,281	1,091	424,683	1,091	424,683	13,597
Gallup Branch Debt Service 2007	473,303	9,057	437,171	9,057	437,171	36,132
Total Gallup Branch Debt Service	<u>3,643,826</u>	<u>12,619</u>	<u>3,602,094</u>	<u>12,619</u>	<u>3,602,094</u>	<u>41,732</u>
<b>011 Rehoboth Christian Hospital - Res</b>						
Rehoboth Christian Hospital 1998	(161)	12	33,485	12	33,485	(33,646)
Rehoboth Christian Hospital 1999	301,723	14	301,571	14	301,571	152
Rehoboth Christian Hospital 2000	314,496	31	313,205	31	313,205	1,291
Rehoboth Christian Hospital 2001	181,946	19	181,652	19	181,652	294
Rehoboth Christian Hospital 2002	186,265	41	186,082	41	186,082	183
Rehoboth Christian Hospital 2003	190,787	36	190,594	36	190,594	193
Rehoboth Christian Hospital 2004	397,860	220	396,906	220	396,906	954
Rehoboth Christian Hospital 2005	423,595	1,359	419,835	1,359	419,835	3,760
Rehoboth Christian Hospital 2006	438,004	1,091	424,683	1,091	424,683	13,321
Rehoboth Christian Hospital 2007	468,807	8,971	433,018	8,971	433,018	35,789
Total Rehoboth Christian Hospital - Res	<u>2,903,323</u>	<u>11,796</u>	<u>2,881,032</u>	<u>11,796</u>	<u>2,881,032</u>	<u>22,291</u>
<b>012 UNM-Gallup Special Vocational - Res</b>						
UNM-Gallup Special Vocational 1998	(165)	1	7,813	1	7,813	(7,978)
UNM-Gallup Special Vocational 1999	112,374	5	112,317	5	112,317	57
UNM-Gallup Special Vocational 2000	151,451	15	150,885	15	150,885	566
UNM-Gallup Special Vocational 2001	123,123	13	122,979	13	122,979	144
UNM-Gallup Special Vocational 2002	127,592	28	127,466	28	127,466	126
UNM-Gallup Special Vocational 2003	130,764	25	130,632	25	130,632	132
UNM-Gallup Special Vocational 2004	136,466	75	136,139	75	136,139	327
UNM-Gallup Special Vocational 2005	211,798	680	209,918	680	209,918	1,880
UNM-Gallup Special Vocational 2006	219,002	546	212,342	546	212,342	6,660
UNM-Gallup Special Vocational 2007	234,522	4,488	216,618	4,488	216,618	17,904
Total UNM Gallup Special Vocational -Res	<u>1,446,927</u>	<u>5,875</u>	<u>1,427,108</u>	<u>5,875</u>	<u>1,427,108</u>	<u>19,819</u>

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	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	County Receivable at Year-End
<b>013 Zuni School District Operation - Res</b>						
Zuni School District Operation 1998	-	-	-	-	-	-
Zuni School District Operation 1999	9	-	6	-	6	3
Zuni School District Operation 2000	8	-	8	-	8	-
Zuni School District Operation 2001	11	-	11	-	11	-
Zuni School District Operation 2002	12	-	12	-	12	-
Zuni School District Operation 2003	13	-	13	-	13	-
Zuni School District Operation 2004	8	-	8	-	8	-
Zuni School District Operation 2005	10	-	10	-	10	1
Zuni School District Operation 2006	10	-	9	-	9	1
Zuni School District Operation 2007	10	-	9	-	9	1
Total Zuni School District Operational - Res	<u>92</u>	<u>-</u>	<u>87</u>	<u>-</u>	<u>87</u>	<u>5</u>
<b>014 Zuni School District Debt Serv - Res</b>						
Zuni School District Debt Service 1999	59,099	-	56,960	-	56,960	2,139
Zuni School District Debt Service 2000	287	-	310	-	310	(23)
Zuni School District Debt Service 2001	-	-	-	-	-	-
Zuni School District Debt Service 2003	36	-	36	-	36	-
Zuni School District Debt Service 2004	48	-	48	-	48	-
Zuni School District Debt Service 2005	56	-	52	-	52	3
Zuni School District Debt Service 2006	60	-	55	-	55	5
Zuni School District Debt Service 2007	61	-	55	-	55	6
Total Zuni School District Debt Service	<u>59,647</u>	<u>-</u>	<u>57,517</u>	<u>-</u>	<u>57,517</u>	<u>2,130</u>
<b>015 Zuni School Dist Cap Improv - Res</b>						
Zuni School Dist Capital Improv. 1998	-	-	2	-	2	(2)
Zuni School Dist Capital Improv. 1999	3,959	-	3,816	-	3,816	143
Zuni School Dist Capital Improv. 2000	44	-	46	-	46	(2)
Zuni School Dist Capital Improv. 2001	68	-	68	-	68	-
Zuni School Dist Capital Improv. 2002	72	-	72	-	72	-
Zuni School Dist Capital Improv. 2003	69	-	69	-	69	-
Zuni School Dist Capital Improv. 2004	32	-	32	-	32	-
Zuni School Dist Capital Improv. 2005	41	-	39	-	39	2
Zuni School Dist Capital Improv. 2006	41	-	38	-	38	4
Zuni School Dist Capital Improv. 2007	40	-	36	-	36	4
Total Zuni School Dist Capital Improv - Res	<u>4,367</u>	<u>-</u>	<u>4,218</u>	<u>-</u>	<u>4,218</u>	<u>149</u>
<b>016 Zuni Public School</b>						

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	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	County Receivable at Year-End
Zuni Public School 1998	10	-	12	-	12	(2)
Zuni Public School 1999	971	-	941	-	941	30
Zuni Public School 2000	1,200	-	1,175	-	1,175	25
Total Zuni Public School	2,180	-	2,128	-	2,128	53

**018 Zuni Public School**

Zuni School District Operation 1998	39	-	46	-	46	(8)
Total Zuni Public School	39	-	46	-	46	(8)

**019 Zuni School District Educ. Tech - Res**

Zuni School District Educ. Tech 1998	39	-	49	-	49	(10)
Zuni School District Educ. Tech 1999	6,573	-	6,335	-	6,335	238
Zuni School District Educ. Tech 2000	50	-	52	-	52	(3)
Zuni School District Educ. Tech 2001	449	-	449	-	449	-
Zuni School District Educ. Tech 2002	467	-	467	-	467	-
Zuni School District Educ. Tech 2003	474	-	474	-	474	-
Zuni School District Educ. Tech 2004	372	-	372	-	372	-
Zuni School District Educ. Tech 2005	300	-	283	-	283	17
Zuni School District Educ. Tech 2007	271	-	246	-	246	26
Total Zuni School District Educ. Tech-Res	8,994	-	8,726	-	8,726	268

**022 County Operational - Non Res**

County Operational - Non Res 1998	1,664	62	74,122	62	74,122	(72,459)
County Operational - Non Res 1999	4,936,603	62	4,930,578	62	4,930,578	6,025
County Operational - Non Res 2000	5,003,928	62	4,998,826	62	4,998,826	5,102
County Operational - Non Res 2001	4,560,863	62	4,553,692	62	4,553,692	7,171
County Operational - Non Res 2002	4,698,351	64	4,688,750	64	4,688,750	9,600
County Operational - Non Res 2003	4,496,211	63	4,488,246	63	4,488,246	7,965
County Operational - Non Res 2004	4,350,749	64	4,341,942	64	4,341,942	8,806
County Operational - Non Res 2005	4,781,742	8,950	4,764,856	8,950	4,764,856	16,886
County Operational - Non Res 2006	4,905,720	2,029	4,835,406	2,029	4,835,406	70,314
County Operational - Non Res 2007	5,256,922	58,136	5,044,226	58,136	5,044,226	212,696
Total County Operational -Non Res	42,992,752	69,551	42,720,645	69,551	42,720,645	272,107

**024 Gallup Municipal Operational - Non Res**

Gallup Municipal Operational-Non Res 1998	180	1	26,766	1	26,766	(26,586)
Gallup Municipal Operational-Non Res 1999	801,974	1	800,331	1	800,331	1,643
Gallup Municipal Operational-Non Res 2000	838,609	1	837,551	1	837,551	1,058

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	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	County Receivable at Year-End
Gallup Municipal Operational-Non Res 2001	859,742	1	857,424	1	857,424	2,318
Gallup Municipal Operational-Non Res 2002	873,373	1	869,745	1	869,745	3,628
Gallup Municipal Operational-Non Res 2003	861,280	1	859,792	1	859,792	1,488
Gallup Municipal Operational-Non Res 2004	873,103	1	871,547	1	871,547	1,557
Gallup Municipal Operational-Non Res 2005	964,473	4,938	959,664	4,938	959,664	4,809
Gallup Municipal Operational-Non Res 2006	1,023,677	476	990,338	476	990,338	33,339
Gallup Municipal Operational-Non Res 2007	1,116,541	22,255	1,019,665	22,255	1,019,665	96,876
Total Gallup Municipal Operational - Non	8,212,952	27,674	8,092,822	27,674	8,092,822	120,130

**026 School District Operational - Non Res**

School District Operational-Non Res 1998	61	3	3,116	3	3,116	(3,055)
School District Operational-Non Res 1999	207,325	3	207,100	3	207,100	225
School District Operational-Non Res 2000	209,936	3	209,746	3	209,746	190
School District Operational-Non Res 2001	191,103	3	190,826	3	190,826	277
School District Operational-Non Res 2002	196,811	3	196,431	3	196,431	380
School District Operational-Non Res 2003	188,466	3	188,155	3	188,155	311
School District Operational-Non Res 2004	182,435	3	182,089	3	182,089	346
School District Operational-Non Res 2005	200,450	378	199,766	378	199,766	684
School District Operational-Non Res 2006	205,702	86	202,764	86	202,764	2,938
School District Operational-Non Res 2007	220,467	2,453	211,522	2,453	211,522	8,945
Total School District Operational - Non Res	1,802,755	2,935	1,791,516	2,935	1,791,516	11,240

**028 School Dist Cap Improv Non-Res**

School Dist Cap Improv Non-Res 1999	829,300	10	828,401	10	828,401	898
School Dist Cap Improv Non-Res 2000	839,744	10	838,983	10	838,983	761
School Dist Cap Improv Non-Res 2001	764,412	10	763,303	10	763,303	1,109
School Dist Cap Improv Non-Res 2002	787,244	11	785,725	11	785,725	1,519
School Dist Cap Improv Non-Res 2003	753,865	11	752,622	11	752,622	1,243
School Dist Cap Improv Non-Res 2004	729,742	11	728,357	11	728,357	1,385
School Dist Cap Improv Non-Res 2005	801,800	1,511	799,066	1,511	799,066	2,734
School Dist Cap Improv Non-Res 2006	822,807	342	811,055	342	811,055	11,752
School Dist Cap Improv Non-Res 2007	881,867	9,812	846,087	9,812	846,087	35,780
Total Dist Cap Improv Non-Res	7,210,780	11,728	7,153,599	11,728	7,153,599	57,181

**029 Gallup Branch College - Non Res**

Gallup Branch College - Non Res 1998	140	5	6,255	5	6,255	(6,115)
Gallup Branch College - Non Res 1999	416,591	5	416,083	5	416,083	508
Gallup Branch College - Non Res 2000	422,272	5	421,842	5	421,842	431
Gallup Branch College - Non Res 2001	384,883	5	384,278	5	384,278	605

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STATE OF NEW MEXICO  
MCKINLEY COUNTY  
TAX RECONCILIATION - COLLECTIONS AND DISTRIBUTIONS  
JUNE 30, 2008

	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	County Receivable at Year-End
Gallup Branch College - Non Res 2002	396,485	5	395,675	5	395,675	810
Gallup Branch College - Non Res 2003	379,427	5	378,755	5	378,755	672
Gallup Branch College - Non Res 2004	367,152	5	366,409	5	366,409	743
Gallup Branch College - Non Res 2005	807,045	1,511	804,195	1,511	804,195	2,850
Gallup Branch College - Non Res 2006	827,970	342	816,102	342	816,102	11,867
Gallup Branch College - Non Res 2007	887,244	9,812	851,346	9,812	851,346	35,898
Total Gallup Branch College - Non Res	4,889,210	11,702	4,840,940	11,702	4,840,940	48,270

**031 Rehoboth Christian Hospital-Non Res**

Rehoboth Christian hospital - Non Res 1999	833,182	10	832,165	10	832,165	1,017
Rehoboth Christian hospital - Non Res 2000	844,545	10	843,684	10	843,684	861
Rehoboth Christian hospital - Non Res 2001	384,887	5	384,278	5	384,278	609
Rehoboth Christian hospital - Non Res 2002	396,485	5	395,675	5	395,675	810
Rehoboth Christian hospital - Non Res 2003	379,427	5	378,755	5	378,755	672
Rehoboth Christian hospital - Non Res 2004	734,304	11	732,817	11	732,817	1,486
Rehoboth Christian hospital - Non Res 2005	807,045	1,511	804,195	1,511	804,195	2,850
Rehoboth Christian hospital - Non Res 2006	827,970	342	816,102	342	816,102	11,867
Rehoboth Christian hospital - Non Res 2007	887,244	9,812	851,346	9,812	851,346	35,898
Total Rehoboth Christian hospital - Non Res	6,095,088	11,712	6,039,017	11,712	6,039,017	56,071

**032 UNM Gallup Special Vocational Non-Res**

UNM Gallup Special Vocational Non-Res 19	140	5	6,255	5	6,255	(6,115)
UNM Gallup Special Vocational Non-Res 19	416,591	5	416,083	5	416,083	508
UNM Gallup Special Vocational Non-Res 20	422,272	5	421,842	5	421,842	431
UNM Gallup Special Vocational Non-Res 20	384,883	5	384,278	5	384,278	605
UNM Gallup Special Vocational Non-Res 20	396,485	5	395,675	5	395,675	810
UNM Gallup Special Vocational Non-Res 20	379,427	5	378,755	5	378,755	672
UNM Gallup Special Vocational Non-Res 20	367,152	5	366,409	5	366,409	743
UNM Gallup Special Vocational Non-Res 20	403,523	755	402,098	755	402,098	1,425
UNM Gallup Special Vocational Non-Res 20	413,985	171	408,051	171	408,051	5,934
UNM Gallup Special Vocational Non-Res 20	443,622	4,906	425,673	4,906	425,673	17,949
Total UNM Gallup Special Vocational Non-Res	3,628,080	5,869	3,605,118	5,869	3,605,118	22,963

**061 Rio San Jose Flood Control - Res**

Rio San Jose Flood Control - Res 1998	-	-	104	-	104	(104)
Rio San Jose Flood Control - Res 1999	1,300	-	1,299	-	1,299	1
Rio San Jose Flood Control - Res 2000	1,424	-	1,423	-	1,423	1
Rio San Jose Flood Control - Res 2001	1,497	-	1,495	-	1,495	1

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STATE OF NEW MEXICO  
MCKINLEY COUNTY  
TAX RECONCILIATION - COLLECTIONS AND DISTRIBUTIONS  
JUNE 30, 2008

	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	County Receivable at Year-End
Rio San Jose Flood Control - Res 2002	1,563	-	1,562	-	1,562	1
Rio San Jose Flood Control - Res 2003	1,489	-	1,488	-	1,488	1
Rio San Jose Flood Control - Res 2004	1,418	-	1,411	-	1,411	7
Rio San Jose Flood Control - Res 2005	1,666	-	1,613	-	1,613	54
Rio San Jose Flood Control - Res 2006	1,751	-	1,627	-	1,627	124
Rio San Jose Flood Control - Res 2007	2,052	26	1,686	26	1,686	366
Total Rio San Jose Flood Control - Res	14,161	26	13,708	26	13,708	453

**062 Rio San Jose Flood Control Non-Res**

Rio San Jose Flood Control Non-Res 1998	(1)	-	134	-	134	(135)
Rio San Jose Flood Control Non-Res 1999	22,192	-	22,191	-	22,191	-
Rio San Jose Flood Control Non-Res 2000	21,506	-	21,506	-	21,506	-
Rio San Jose Flood Control Non-Res 2001	24,275	-	24,274	-	24,274	-
Rio San Jose Flood Control Non-Res 2002	23,511	-	23,508	-	23,508	2
Rio San Jose Flood Control Non-Res 2003	23,738	-	23,732	-	23,732	6
Rio San Jose Flood Control Non-Res 2004	24,356	-	24,342	-	24,342	14
Rio San Jose Flood Control Non-Res 2005	23,372	-	23,319	-	23,319	54
Rio San Jose Flood Control Non-Res 2006	24,767	-	24,684	-	24,684	82
Rio San Jose Flood Control Non-Res 2007	26,136	190	25,930	190	25,930	207
Total Rio San Jose Flood Control Non-Res	213,853	190	213,621	190	213,621	231

**101 State Debt Service**

State Debt Service 2000	645,651	8	644,996	8	644,996	655
State Debt Service 2001	679,324	9	678,250	9	678,250	1,074
State Debt Service 2002	445,253	6	444,343	6	444,343	910
State Debt Service 2003	576,729	8	575,708	8	575,708	1,022
State Debt Service 2004	377,432	6	376,668	6	376,668	764
State Debt Service 2005	497,947	932	496,188	932	496,188	1,758
State Debt Service 2006	534,454	221	526,794	221	526,794	7,660
State Debt Service 2007	541,663	5,990	519,747	5,990	519,747	21,916
Total State Debt Service	4,298,454	7,180	4,262,695	7,180	3,742,948	35,759

**103 County Debt Service**

County Debt Service 2000	384,266	5	383,876	5	383,876	390
County Debt Service 2001	407,975	6	407,334	6	407,334	641
County Debt Service 2002	492,831	7	491,824	7	491,824	1,007
County Debt Service 2003	45,911	1	45,829	1	45,829	81
County Debt Service 2004	916,778	13	914,922	13	914,922	1,856
County Debt Service 2005	474,139	887	472,465	887	472,465	1,674

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STATE OF NEW MEXICO  
MCKINLEY COUNTY  
TAX RECONCILIATION - COLLECTIONS AND DISTRIBUTIONS  
JUNE 30, 2008

	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	County Receivable at Year-End
County Debt Service 2006	481,464	199	474,563	199	474,563	6,901
County Debt Service 2007	469,796	5,195	450,788	5,195	450,788	19,008
Total County Debt Service	<u>3,673,160</u>	<u>6,313</u>	<u>3,641,602</u>	<u>6,313</u>	<u>3,641,602</u>	<u>31,558</u>
<b>105 Gallup Municipal Debt Services</b>						
Gallup Municipal Debt Services 2000	133,410	-	133,242	-	133,242	168
Gallup Municipal Debt Services 2001	132,951	-	132,592	-	132,592	359
Gallup Municipal Debt Services 2002	135,059	-	134,498	-	134,498	561
Gallup Municipal Debt Services 2003	244,874	-	244,451	-	244,451	423
Gallup Municipal Debt Services 2004	253,371	-	252,919	-	252,919	452
Gallup Municipal Debt Services 2005	286,171	1,465	284,744	1,465	284,744	1,427
Gallup Municipal Debt Services 2006	185,600	86	179,555	86	179,555	6,045
Gallup Municipal Debt Services 2007	336,348	6,704	307,165	6,704	307,165	29,183
Total Gallup Municipal Debt Service	<u>1,707,783</u>	<u>8,256</u>	<u>1,669,166</u>	<u>8,256</u>	<u>1,669,166</u>	<u>38,617</u>
<b>107 School District Debt Service</b>						
School District Debt Service 2000	3,351,820	41	3,348,801	41	3,348,801	3,019
School District Debt Service 2001	3,087,077	42	3,082,598	-	3,082,598	4,479
School District Debt Service 2002	3,180,073	43	3,173,937	43	3,173,937	6,136
School District Debt Service 2003	3,028,652	43	3,023,658	43	3,023,658	4,994
School District Debt Service 2004	2,940,129	43	2,934,549	43	2,934,549	5,580
School District Debt Service 2005	3,253,705	6,130	3,242,609	6,130	3,242,609	11,096
School District Debt Service 2006	3,336,481	1,389	3,288,827	1,389	3,288,827	47,654
School District Debt Service 2007	3,577,293	39,802	3,432,153	39,802	3,432,153	145,140
Total District Debt Service	<u>25,755,229</u>	<u>47,534</u>	<u>25,527,132</u>	<u>47,492</u>	<u>25,527,132</u>	<u>228,098</u>
<b>110 Gallup Branch Debt Service</b>						
Gallup Branch Debt Service 2000	422,270	5	421,842	5	421,842	428
Gallup Branch Debt Service 2001	384,883	5	384,278	5	384,278	605
Gallup Branch Debt Service 2002	792,971	11	791,350	11	791,350	1,620
Gallup Branch Debt Service 2003	758,854	11	757,510	11	757,510	1,344
Gallup Branch Debt Service 2004	734,304	11	732,817	11	732,817	1,486
Gallup Branch Debt Service 2005	1,210,568	2,266	1,206,293	2,266	1,206,293	4,275
Gallup Branch Debt Service 2006	827,970	342	816,102	342	816,102	11,867
Gallup Branch Debt Service 2007	887,244	9,812	851,346	9,812	851,346	35,898
Total Gallup Branch Debt Service	<u>6,019,063</u>	<u>12,463</u>	<u>5,961,538</u>	<u>12,463</u>	<u>5,961,538</u>	<u>57,525</u>
<b>113 Zuni School District Oper Non-Res</b>						

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STATE OF NEW MEXICO  
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TAX RECONCILIATION - COLLECTIONS AND DISTRIBUTIONS  
JUNE 30, 2008

	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	County Receivable at Year-End
Zuni School District Oper Non-Res 2001	1,339	-	1,313	-	1,313	25
Zuni School District Oper Non-Res 2002	1,432	-	1,406	-	1,406	25
Zuni School District Oper Non-Res 2003	1,247	-	1,222	-	1,222	25
Zuni School District Oper Non-Res 2004	1,140	-	1,115	-	1,115	25
Zuni School District Oper Non-Res 2005	1,227	-	1,200	-	1,200	27
Zuni School District Oper Non-Res 2006	1,291	-	1,262	-	1,262	29
Zuni School District Oper Non-Res 2007	1,344	-	1,315	-	1,315	30
Total Zuni School District Oper Non-Res	<u>9,020</u>	<u>-</u>	<u>8,834</u>	<u>-</u>	<u>8,834</u>	<u>187</u>
<b>114 Zuni School District Debt Serv Non-Res</b>						
Zuni School Dist Debt Serv Non-Res 2000	32,706	-	32,023	-	32,023	683
Zuni School Dist Debt Serv Non-Res 2003	2,612	-	2,559	-	2,559	53
Zuni School Dist Debt Serv Non-Res 2004	6,859	-	6,707	-	6,707	152
Zuni School Dist Debt Serv Non-Res 2005	7,083	-	6,927	-	6,927	156
Zuni School Dist Debt Serv Non-Res 2006	7,574	-	7,405	-	7,405	170
Zuni School Dist Debt Serv Non-Res 2007	8,200	-	8,020	-	8,020	180
Total Zuni School Dist Debt Serv Non-Res	<u>65,034</u>	<u>-</u>	<u>63,640</u>	<u>-</u>	<u>63,640</u>	<u>1,394</u>
<b>115 Zuni School Dist Cap Improv Non-Res</b>						
Zuni School Dist Cap Improv Non-Res 2000	4,801	-	4,701	-	4,701	100
Zuni School Dist Cap Improv Non-Res 2001	5,354	-	5,253	-	5,253	101
Zuni School Dist Cap Improv Non-Res 2002	5,726	-	5,625	-	5,625	101
Zuni School Dist Cap Improv Non-Res 2003	4,990	-	4,888	-	4,888	101
Zuni School Dist Cap Improv Non-Res 2004	4,562	-	4,461	-	4,461	101
Zuni School Dist Cap Improv Non-Res 2005	4,917	-	4,809	-	4,809	108
Zuni School Dist Cap Improv Non-Res 2006	5,163	-	5,048	-	5,048	116
Zuni School Dist Cap Improv Non-Res 2007	5,377	-	5,259	-	5,259	118
Total Zuni School Dist Cap Improv Non-Res	<u>40,890</u>	<u>-</u>	<u>40,043</u>	<u>-</u>	<u>40,043</u>	<u>847</u>
<b>119 Zuni School Dist Educ Tech Non-Res</b>						
Zuni School Dist Educ Tech Non-Res 2000	5,502	-	5,387	-	5,387	115
Zuni School Dist Educ Tech Non-Res 2001	34,804	-	34,146	-	34,146	658
Zuni School Dist Educ Tech Non-Res 2002	36,950	-	36,296	-	36,296	653
Zuni School Dist Educ Tech Non-Res 2003	34,238	-	33,543	-	33,543	695
Zuni School Dist Educ Tech Non-Res 2004	53,073	-	51,896	-	51,896	1,178
Zuni School Dist Educ Tech Non-Res 2005	38,241	-	37,398	-	37,398	843
Zuni School Dist Educ Tech Non-Res 2007	36,444	-	35,641	-	35,641	803
Total Zuni School Dist Educ Tech Non-Res	<u>239,252</u>	<u>-</u>	<u>234,308</u>	<u>-</u>	<u>234,308</u>	<u>4,944</u>

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STATE OF NEW MEXICO  
MCKINLEY COUNTY  
TAX RECONCILIATION - COLLECTIONS AND DISTRIBUTIONS  
JUNE 30, 2008

	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	County Receivable at Year-End
<b>900 Corporate Non Ren Pen</b>						
Corporate Non Ren Pen 1999	-	-	96	-	96	(96)
Corporate Non Ren Pen 2000	-	-	871	-	871	(871)
Total Corporate Non Ren Pen	-	-	967	-	967	(967)
<b>951 Cattle Indemnity</b>						
Cattle Indemnity 1998	(6)	-	180	-	180	(186)
Cattle Indemnity 1999	10,275	-	10,264	-	10,264	11
Cattle Indemnity 2000	11,438	-	11,391	-	11,391	47
Cattle Indemnity 2001	9,106	-	9,106	-	9,106	-
Cattle Indemnity 2002	9,970	-	9,933	-	9,933	38
Cattle Indemnity 2003	10,933	-	10,898	-	10,898	36
Cattle Indemnity 2004	11,434	-	11,434	-	11,434	-
Cattle Indemnity 2005	13,720	-	13,430	-	13,430	290
Cattle Indemnity 2006	18,645	-	18,249	-	18,249	396
Cattle Indemnity 2007	18,940	20	18,695	20	18,695	245
Total Cattle Indemnity	114,456	20	113,579	20	113,579	877
<b>952 Sheep</b>						
Sheep 1998	-	-	28	-	28	(28)
Sheep 1999	405	-	405	-	405	-
Sheep 2000	250	-	250	-	250	-
Sheep 2001	250	-	250	-	250	-
Sheep 2002	261	2	261	2	261	-
Sheep 2003	216	1	216	1	216	-
Sheep 2004	246	2	246	2	246	-
Sheep 2005	281	2	281	2	281	-
Sheep 2006	176	-	174	-	174	2
Sheep 2007	145	-	143	-	143	2
Total Sheep	2,230	7	2,254	7	2,254	(25)
<b>953 Goats</b>						
Goats 2000	24	-	24	-	24	-
Goats 2001	25	-	25	-	25	-
Goats 2002	38	-	38	-	38	-
Goats 2003	30	-	30	-	30	-
Goats 2004	28	-	28	-	28	-
Goats 2005	32	-	32	-	32	-

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STATE OF NEW MEXICO  
MCKINLEY COUNTY  
TAX RECONCILIATION - COLLECTIONS AND DISTRIBUTIONS  
JUNE 30, 2008

	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	County Receivable at Year-End
Goats 2006	16	-	15	-	15	1
Goats 2007	19	-	18	-	18	1
Total Goats	<u>211</u>	<u>-</u>	<u>210</u>	<u>-</u>	<u>210</u>	<u>1</u>
<b>954 Horses, Mules and Asses</b>						
Horses, Mules and Assess 1999	631	-	617	-	617	13
Horses, Mules and Assess 2000	614	-	600	-	600	14
Horses, Mules and Assess 2001	622	-	608	-	608	14
Horses, Mules and Assess 2002	711	-	695	-	695	16
Horses, Mules and Assess 2003	653	-	653	-	653	-
Horses, Mules and Assess 2004	783	-	783	-	783	-
Horses, Mules and Assess 2005	891	-	848	-	848	42
Horses, Mules and Assess 2006	929	-	909	-	909	21
Horses, Mules and Assess 2007	776	13	732	13	732	44
Total Horses, Mules and Assess	<u>6,610</u>	<u>13</u>	<u>6,446</u>	<u>13</u>	<u>6,446</u>	<u>164</u>
<b>955 Hogs</b>						
Hogs 1998	-	-	1	-	1	(1)
Hogs 1999	-	-	-	-	-	-
Hogs 2001	-	-	-	-	-	-
Hogs 2002	-	-	-	-	-	-
Hogs 2003	1	-	1	-	1	-
Hogs 2004	-	-	-	-	-	-
Hogs 2005	-	-	-	-	-	-
Hogs 2006	-	-	-	-	-	-
Hogs 2007	-	-	-	-	-	-
Total Hogs	<u>1</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>	<u>(1)</u>
<b>956 Dairy</b>						
Dairy 1999	21	-	21	-	21	-
Dairy 2000	21	-	21	-	21	-
Dairy 2001	21	-	21	-	21	-
Dairy 2002	18	-	18	-	18	-
Dairy 2003	17	-	17	-	17	-
Dairy 2004	18	-	18	-	18	-
Dairy 2005	18	-	18	-	18	-
Dairy 2006	6	-	6	-	6	-
Dairy 2007	3	-	3	-	3	-
Total Dairy	<u>142</u>	<u>-</u>	<u>142</u>	<u>-</u>	<u>142</u>	<u>-</u>

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STATE OF NEW MEXICO  
MCKINLEY COUNTY  
TAX RECONCILIATION - COLLECTIONS AND DISTRIBUTIONS  
JUNE 30, 2008

	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	County Receivable at Year-End
<b>957 Bison</b>						
Bison 2003	34	-	34	-	34	-
Bison 2004	40	-	40	-	40	-
Total Bison	<u>74</u>	<u>-</u>	<u>74</u>	<u>-</u>	<u>74</u>	<u>-</u>
<b>980 DCLPEN</b>						
DCLPEN 1998	268	-	-	-	-	268
DCLPEN 1999	553	-	296	-	296	256
DCLPEN 2000	533	-	290	-	290	243
DCLPEN 2001	908	-	793	-	793	115
DCLPEN 2002	6,084	-	6,493	-	6,493	(409)
DCLPEN 2003	249	-	535	-	535	(286)
DCLPEN 2004	594	-	675	-	675	(81)
DCLPEN 2005	213	-	213	-	213	-
DCLPEN 2006	2,987	-	2,987	-	2,987	-
DCLPEN 2007	351	-	351	-	351	-
Total DCLPEN	<u>12,739</u>	<u>-</u>	<u>12,633</u>	<u>-</u>	<u>12,633</u>	<u>105</u>
<b>990 Tre Admin Fee</b>						
Tre Admin Fee 1998	(2)	1	15	1	15	(17)
Tre Admin Fee 1999	(2)	1	48	1	48	(50)
Tre Admin Fee 2000	473	1	421	1	421	52
Tre Admin Fee 2001	510	1	441	1	441	69
Tre Admin Fee 2002	488	1	430	1	430	58
Tre Admin Fee 2003	475	2	436	2	436	39
Tre Admin Fee 2004	412	1	371	1	371	41
Tre Admin Fee 2005	543	1	509	1	509	34
Tre Admin Fee 2006	437	1	381	1	381	56
Tre Admin Fee 2007	421	9	315	9	315	106
Total Tre Admin Fee	<u>3,754</u>	<u>19</u>	<u>3,368</u>	<u>19</u>	<u>3,368</u>	<u>386</u>
<b>Grand Total</b>	<u><u>190,671,566</u></u>	<u><u>402,500</u></u>	<u><u>188,722,077</u></u>	<u><u>396,204</u></u>	<u><u>187,661,301</u></u>	<u><u>1,949,488</u></u>

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**STATE OF NEW MEXICO**  
**McKinley County**  
**Schedule of Changes In Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2008**

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<u>ASSETS</u>				
Cash and investments:	\$ 529,324	\$ 15,485,961	\$ 15,325,903	\$ 689,382
Taxes receivable	1,448,369	15,590,659	15,487,285	1,551,743
	<u>1,977,693</u>	<u>31,076,620</u>	<u>30,813,188</u>	<u>2,241,125</u>
Total assets	<u>\$ 1,977,693</u>	<u>\$ 31,076,620</u>	<u>\$ 30,813,188</u>	<u>\$ 2,241,125</u>
 <u>LIABILITIES</u>				
Due to other entities	<u>\$ 1,977,693</u>	<u>\$ 31,076,620</u>	<u>\$ 30,813,188</u>	<u>\$ 2,241,125</u>
Total liabilities	<u>\$ 1,977,693</u>	<u>\$ 31,076,620</u>	<u>\$ 30,813,188</u>	<u>\$ 2,241,125</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO  
MCKINLEY COUNTY  
JOINT POWERS AGREEMENTS  
June 30, 2008

<b>Other Participants with County</b>	<b>Responsible Party</b>	<b>Description</b>	<b>Beginning/Ending Dates</b>
Cibola County	McKinley County	Bluewater Acres Fire District	05/11/93 Infinite
City of Gallup/ Gallup McKinley Schools	All	Cooperative Procurement	3/22/2002 Infinite
City of Gallup	Both	Hazardous Materials Response	06/10/97 Infinite
Navajo Nation	McKinley County	Operation of Navajo Pines Fire Station	11/19/1991 Infinite
Cibola County	Both Parties	Provide Road Maintenance of Road Located in Other Party's County	04/01/02 Infinite
City of Gallup	City of Gallup	Operation of a Jail Facility	09/09/03 Infinite
City of Gallup/Village of Milan/Cibola County/Northwest New Mexico Solid Waste Disposal Authority	Northwest New Mexico Solid Waste Disposal Authority	Solid Waste Disposal Facility	5/8/95 - Infinite
Pueblo of Zuni	McKinley County	911 Emergency Services	9/1/05 - Infinite

**STATE OF NEW MEXICO**  
**MCKINLEY COUNTY**  
**JOINT POWERS AGREEMENTS**  
 June 30, 2008

<b>Other Participants with County</b>	<b>County Portion</b>	<b>County Contributions FYE 06/30/08</b>	<b>Audit Responsibility</b>
Cibola County	Unknown	Unknown	McKinley County
City of Gallup/ Gallup McKinley Schools	Unknown	Unknown	Purchasing Entity
City of Gallup	Unknown	Unknown	Both Parties
Navajo Nation	Unknown	Unknown	McKinley County
Cibola County	Unknown	Unknown	Both Parties
City of Gallup	\$600,000	Unknown	McKinley County
City of Gallup/Village of Milan/Cibola County/Northwest New Mexico Solid Waste Disposal Authority	Unknown	Unknown	Northwest New Mexico Solid Waste Disposal Authority
Pueblo of Zuni	Unknown	Unknown	McKinley County

**STATE OF NEW MEXICO**  
**MCKINLEY COUNTY**  
**JOINT POWERS AGREEMENTS**  
 June 30, 2008

<b>Other Participants with County</b>	<b>Fiscal Agent</b>	<b>Reporting Entity</b>
Cibola County	McKinley County	McKinley County
City of Gallup/ Gallup McKinley Schools	Purchasing Entity	Purchasing Entity
City of Gallup	McKinley County	McKinley County
Navajo Nation	McKinley County	McKinley County
Cibola County	Both Parties	Both Parties
City of Gallup	McKinley County	McKinley County
City of Gallup/Village of Milan/Cibola County/Northwest New Mexico Solid Waste Disposal Authority	Northwest New Mexico Solid Waste Disposal Authority	Northwest New Mexico Solid Waste Disposal Authority
Pueblo of Zuni	McKinley County	McKinley County

**COMPLIANCE SECTION**

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

Hector Balderas  
New Mexico State Auditor  
The Board of McKinley County Commissioners  
McKinley County  
Gallup, New Mexico

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, consisting of the aggregate nonmajor governmental fund and the fiduciary fund in the fund financial statements, and the budgetary comparisons of the general and major special revenue funds. We have also audited the financial statements of each of McKinley County, New Mexico's (the "County") nonmajor governmental funds and all the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents, and have issued our report thereon dated January 29, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatements of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items FS 07-03 and FS 08-01 to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, the significant deficiency described above, we consider item FS 07-03 to be a material weakness.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether McKinley County, New Mexico'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 FS 07-03 and FS 08-01.

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

This report is intended solely for the information and use of the County commission, County management, the Office of the State Auditor, the New Mexico State Legislature and its committees, the New Mexico Department of Finance and Administration, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Albuquerque, New Mexico  
January 29, 2009

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**FEDERAL FINANCIAL ASSISTANCE**

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

Hector Balderas  
New Mexico State Auditor  
The Board of McKinley County Commissioners  
McKinley County  
Gallup, New Mexico

Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about McKinley County, New Mexico's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of McKinley County, New Mexico's compliance with those requirements.

In our opinion, McKinley County, New Mexico, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of McKinley County, New Mexico, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered McKinley County, New Mexico's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses, as defined above.

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

A handwritten signature in black ink that reads "Grigo Professional Services, LLC". The signature is written in a cursive, flowing style.

Albuquerque, New Mexico  
January 29, 2009

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**STATE OF NEW MEXICO**  
 McKinley County  
 Schedule of Expenditures of Federal Awards  
 June 30, 2008

Federal Grantor or Pass-Through Grantor / Program Title	Passthrough Grant Number	Federal CFDA Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>			
Forest Reserve	2007-2008	10.672	\$ 16,622
<b>Total U.S. Department of Housing and Urban Development</b>			<u>16,622</u>
<b>U.S. Department of Housing and Urban Development</b>			
Community Development Block Grant (1)	2007-2008	14.228	\$ 466,566
<b>Total U.S. Department of Housing and Urban Development</b>			<u>466,566</u>
<b>U.S. Department of Justice</b>			
Vest Program	2007-2008	16.607	3,894
Juvenile Accountability Incentive Block Grant	OJJDP#02-JF-FX-0035 JABG #02-JB-BX-0030 CYFD Sub Grant 05-690- 7000-7054	16.501/16.523	<u>237,507</u>
<b>Total U.S. Department of Justice</b>			<u>241,401</u>
<b>U.S. Department of Transportation</b>			
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	2007-2008	20.605	116,862
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	2007-2008	20.601	19,720
Transportation Urban Funds (1)	TPE-TPO-4414(2) SP-GA-ST-4417	20.509	1,959,243
Federal Emergency Management Agency Assistane	FG0216069FF8002	97.044	<u>124,082</u>
<b>Total U.S. Department of Transportation</b>			<u>2,219,907</u>
<b>Total Federal Financial Assistance</b>			<u><u>\$ 2,944,496</u></u>

(1) Denotes major program

**Notes to Schedule of Expenditures of Federal Awards**1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of McKinley County and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. Subrecipients

The County did not provide any federal awards to subrecipients during the year.

**Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:**

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 2,944,496
Total expenditures funded by other sources	<u>34,505,061</u>
Total expenditures	<u><u>\$ 37,449,557</u></u>

**STATE OF NEW MEXICO**  
**MCKINLEY COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2008**

**Section I – Summary of Audit Results***Financial Statements:*

- |  |             |
|--|-------------|
| 1. Type of auditors' report issued   | Unqualified |
| 2. <i>Internal Control over Financial Reporting and on Compliance and Other Matters:</i> |             |
| a. Material weakness identified?   | Yes         |
| b. Significant deficiency identified not considered to be a material weaknesses?         | Yes         |
| c. Control deficiency identified not considered to be a significant deficiency?          | No          |

*Federal Awards:*

- |  |             |
|--|-------------|
| 1. Internal control over major programs:   |             |
| a. Material weaknesses identified?   | No          |
| b. Significant deficiency identified not considered to be material weaknesses?   | No          |
| c. Control deficiency identified not considered to be significant deficiency?  | No          |
| 2. Type of auditors' opinion issued on the <i>Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in accordance with OMB Circular A-133</i> |             |
|  | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?  |             |
|  | No          |
| 4. Identification of major programs:   |             |

CFDA Number	Federal Program
20.509	Surface Transportation Urban Funds
14.228	Community Development Block Grants

- |   |           |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 6. Auditee qualified as low-risk auditee?                                   | Yes       |

**STATE OF NEW MEXICO**  
**MCKINLEY COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2008**

Schedule VIII

**Section II – Financial Statement Findings**

**FS 07-03 — Internal Control over Financial Reporting**

*Criteria:* SAS 112 requires that the management of a governmental agency maintain sufficient knowledge within the organization to take responsibility for the preparation of the financial statements.

*Condition:* The County's Finance Director terminated her employment with the County in September 2007. The County hired a Finance Director during the 2008 fiscal year; however, the individual hired passed away after only a few months on the job. The County has since disbursed the responsibilities of the Finance Director position to three individuals within the County. The County has also begun the process of having the Accounting Supervisor trained in an attempt to be in compliance with this requirement. Although the County is making progress, it has currently been unable to fill the position has left the County without an individual at the management level capable of taking responsibility for the preparation of the financial statements.

*Effect:* The County does not have an individual in a management position capable of meeting the qualification of SAS 112 and to take responsibility for the preparation of the financial statements.

*Cause:* The County's Finance Director was the individual capable of preparing the financial statements in the absence of preparation by the independent public accountant. The County has made attempts to fill the Finance Director position, however, due to the circumstances; the position has not been filled.

*Auditor's Recommendation:* We recommend that the County fill the Finance Director position as soon as possible with an individual who has qualifications to satisfy SAS 112 or continue to have current employees attend training and implement procedures to meet the SAS 112 qualifications.

*Management's Response:* The County has obtained and is continuing to obtain training for the Finance Controller. At this time the Controller is willing to begin preparing financial statements; however she feels more training is needed to satisfy SAS 112 qualifications and become more confident to take full responsibility for the financials.

**FS 08-01 Audit Report**

*Criteria:* Audit reports not received on or before the due date, November 15, are considered to be in non-compliance with requirements of Section 2.2.2.9.A of the State Audit Rule.

*Condition:* The County's audit report for the year ended June 30, 2008 was not submitted to the State Auditor by the required due date, November 15, 2008. The audit report was submitted to the State Auditor's Office in February 2009.

*Effect:* The result was the late submission of the County's audit report for the year ended June 30, 2008. The late submission of the County's audit report not only results in non-compliance with State and Federal guidelines but also may affect the County's borrowing capacity by affecting the bond ratings or other performance measures.

*Cause:* The County experienced turnover in the Finance Director position during the 2008 fiscal year. In addition, the County implemented a new accounting system between July 2008 and December 2008. These situations resulted in the County not providing necessary information to the auditor in a timely manner.

*Auditors' Recommendations:* The County must finalize the implementation of the accounting system and insure that audit procedures may be performed timely in the future by providing necessary information timely.

*Management's Response:* The County recognizes the need for timely submission of the audit report. The County will take all necessary steps to insure timely submission in the future.

**STATE OF NEW MEXICO**  
**MCKINLEY COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2008**

Schedule VIII

**Section IV – Prior Year Audit Findings**

FS 02-07 — Property Tax Schedule. Resolved.  
FS 07-02 — Lack of Supporting Documentation. Resolved.  
FS 07-03 — Compliance with SAS 112. Revised and repeated

**Section V – Other Disclosures**

Auditor Prepared Financials

The financial statements presented in this report were prepared by the auditors, Griego Professional Services, LLC.

Exit Conference

The contents of this report were discussed on February 2, 2009. The following individuals were in attendance.

McKinley County

David Dallago, County Commissioner  
Tom Trujillo, County Manager  
Helen Grenko, Controller  
Douglas Decker, County Attorney

Griego Professional Services, LLC

J.J. Griego, CPA