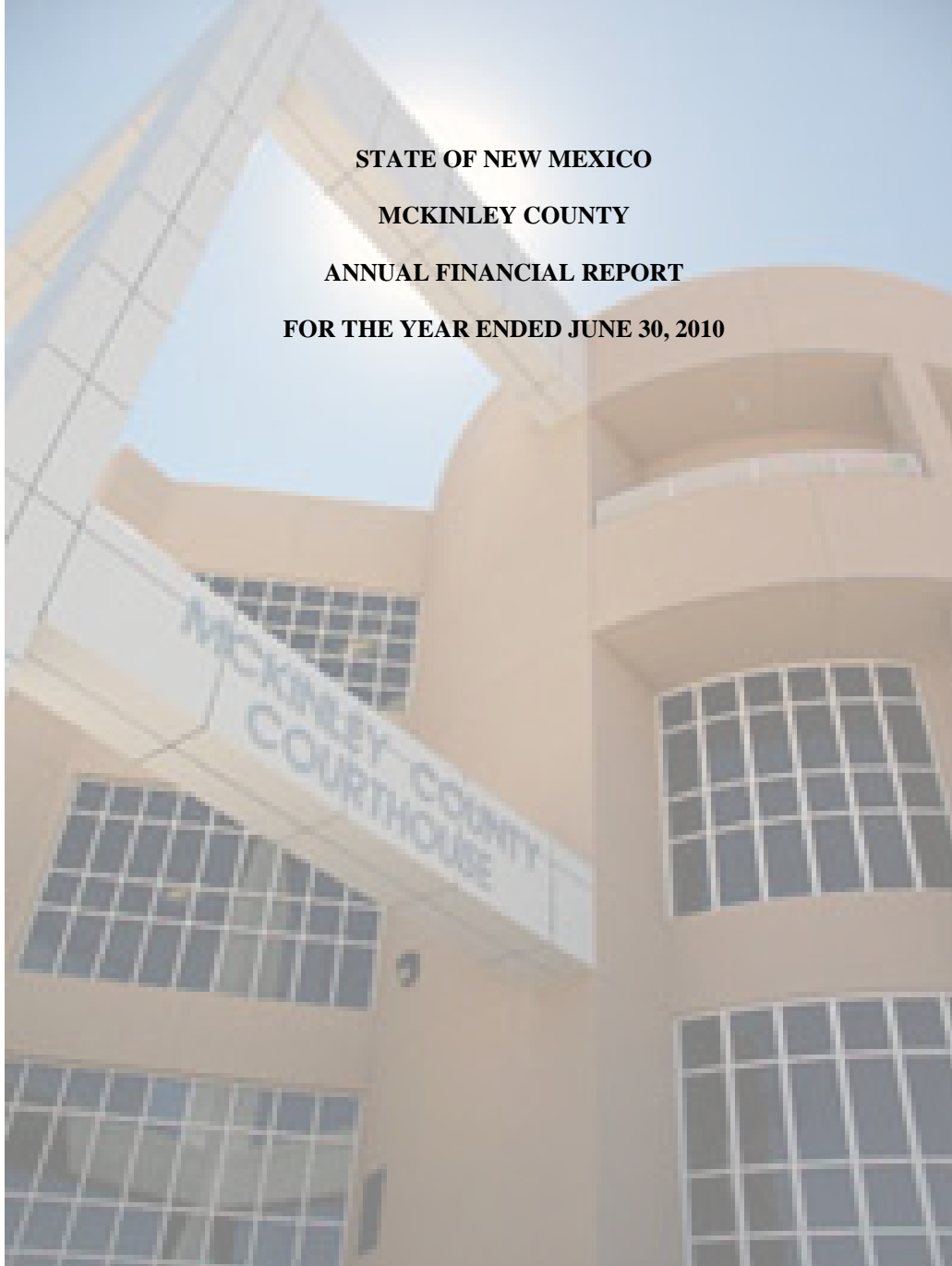


**STATE OF NEW MEXICO
MCKINLEY COUNTY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2010**



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INTRODUCTORY SECTION

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**STATE OF NEW MEXICO
MCKINLEY COUNTY**

Official Roster
June 30, 2010

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
Sara A. Keeler	Finance Director
Helen M. Grenko	Controller

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STATE OF NEW MEXICO
MCKINLEY COUNTY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2010
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MCKINLEY COUNTY

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**STATE OF NEW MEXICO
MCKINLEY COUNTY**

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FINANCIAL SECTION

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Griego Professional Services, LLC

Certified Public Accountants

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 financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of McKinley County, New Mexico (the County), as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. We have also audited the financial statement of each for the County's nonmajor governmental and fiduciary funds, and the budgetary comparisons for the major capital project funds, and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, 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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and fiduciary fund of McKinley County, New Mexico as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the 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 7, 2011 on our consideration of McKinley County, New Mexico's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

P.O. Box 37379 • Albuquerque, NM 87176-7379
8500 Menaul Blvd. NE, Ste. B295 • Albuquerque, NM 87112
Phone (505) 856-2741 - Fax (505) 856-7510

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For the year ended June 30, 2010, 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.

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

A handwritten signature in cursive script that reads "Arigo Professional Services, LLC".

Albuquerque, New Mexico
January 7, 2011

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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
MCKINLEY COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2010

Exhibit A-1

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 11,099,122
Restricted cash and equivalents	2,047,609
Investments	33,514,499
Property taxes receivable	932,818
Due from other governments	2,085,300
Other accounts receivable	<u>2,992,655</u>
Total Current Assets	<u>52,672,003</u>
Noncurrent Assets	
Bond issuance costs (net of accumulated amortization of \$736,994)	205,169
Original issue discounts (net of accumulated amortization of \$1,452)	48,548
Capital assets	113,070,058
Less: accumulated depreciation	<u>(46,579,242)</u>
Total Noncurrent Assets	<u>66,744,533</u>
Total Assets	<u><u>\$ 119,416,536</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
MCKINLEY COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2010

Exhibit A-1

	<u>Governmental Activities</u>
Liabilities	
Current Liabilities	
Accounts payable	\$ 648,226
Accrued payroll liabilities	355,367
Accrued Interest payable	119,232
Accrued compensated absences	223,318
Current portion of landfill closure & postclosure costs	30,000
Current portion of bonds payable	<u>1,030,000</u>
Total Current Liabilities	<u>2,406,143</u>
Noncurrent Liabilities	
Accrued compensated absences	414,734
Landfill closure & postclosure costs	158,000
Bonds payable	<u>20,865,000</u>
Total Noncurrent Liabilities	<u>21,437,734</u>
Total Liabilities	<u>23,843,877</u>
Net Assets	
Invested in capital assets, net of related debt	44,595,816
Restricted for:	
Debt service	1,579,192
Capital projects	6,841,057
Unrestricted	<u>42,556,594</u>
Total Net Assets	<u>95,572,659</u>
Total Liabilities and Net Assets	<u><u>119,416,536</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
MCKINLEY COUNTY
STATEMENT OF ACTIVITIES
JUNE 30, 2010

Functions/Programs	Expenses	Charges for Services
<i>Functions/Programs:</i>		
Primary Government		
General government	\$ 7,517,618	\$ 395,678
Public safety	15,940,821	3,208,336
Public works	7,220,473	-
Culture and recreation	72,974	-
Health and welfare	4,496,171	-
Interest on long-term debt	1,039,218	-
	36,287,275	3,604,014
<i>Total governmental activities</i>		

The accompanying notes are an integral part of these financial statements

Program Revenues		
<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Assets</u>
\$ 319,555	\$ -	\$ (6,802,385)
3,977,509	-	(8,754,976)
5,367,017	3,869,901	2,016,445
-	-	(72,974)
339,778	-	(4,156,393)
-	-	(1,039,218)
<u>10,003,859</u>	<u>3,869,901</u>	<u>(18,809,501)</u>
General Revenues:		
Taxes		
Property taxes, levied for general purposes		7,443,660
Property taxes, levied for debt service		5,168
Franchise taxes		12,471
Gross receipts taxes		18,022,186
Public service taxes		2,373,863
Interest income		545,268
Loss on disposal of assets		(183,940)
Miscellaneous income		641,705
Total General Revenues and Transfers		<u>28,860,381</u>
Change in net assets		10,050,880
		<u>85,521,779</u>
		<u>\$ 95,572,659</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
MCKINLEY COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>General Fund</u>	<u>Road Fund</u>
Assets		
<i>Current:</i>		
Cash and cash equivalents	\$ 6,369,403	\$ 43,763
Investments	14,417,695	1,000,000
Accounts receivable		
Property taxes	909,705	-
Intergovernmental	-	464,157
Other receivables	483,567	158,598
Interfund receivables	1,833,364	-
<i>Total assets</i>	<u>\$ 24,013,734</u>	<u>\$ 1,666,518</u>
 Liabilities and fund balances		
<i>Liabilities</i>		
Accounts payable	\$ 21,500	\$ 18,295
Accrued payroll liabilities	175,315	23,733
Interfund payables	-	-
Deferred revenue - property taxes	883,825	-
<i>Total liabilities</i>	<u>1,080,640</u>	<u>42,028</u>
 Fund balances		
Unreserved:		
Undesignated, reported in:		
General fund	22,933,094	-
Capital projects funds	-	-
Debt service funds	-	-
Special revenue funds	-	1,624,490
<i>Total fund balances</i>	<u>22,933,094</u>	<u>1,624,490</u>
 <i>Total liabilities and fund balances</i>	<u>\$ 24,013,734</u>	<u>\$ 1,666,518</u>

The accompanying notes are an integral part of these financial statements

<u>Capital Projects</u>	<u>Law Enforcement JDC Building</u>	<u>Other Governmental Fund</u>	<u>Total</u>
\$ 38,326	\$ 8,229	\$ 6,687,010	\$ 13,146,731
4,280,554	-	13,816,250	33,514,499
-	-	23,113	932,818
-	-	1,750,669	2,214,826
49,872	-	2,171,092	2,863,129
-	-	-	1,833,364
<u>\$ 4,368,752</u>	<u>\$ 8,229</u>	<u>\$ 24,448,134</u>	<u>\$ 54,505,367</u>
\$ 390,248	\$ -	\$ 218,183	\$ 648,226
-	-	156,319	355,367
-	-	1,833,364	1,833,364
-	-	21,668	905,493
<u>390,248</u>	<u>-</u>	<u>2,229,534</u>	<u>3,742,450</u>
-	-	-	22,933,094
3,978,504	8,229	2,854,324	6,841,057
-	-	1,578,809	1,578,809
-	-	17,785,467	19,409,957
<u>3,978,504</u>	<u>8,229</u>	<u>22,218,600</u>	<u>50,762,917</u>
<u>\$ 4,368,752</u>	<u>\$ 8,229</u>	<u>\$ 24,448,134</u>	<u>\$ 54,505,367</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 BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010

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	\$ 50,762,917
Issuance costs, net of accumulated amortization	205,169
Original issue discounts, net of accumulated amortization	48,548
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	66,490,816
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	905,493
Accrued interest	(119,232)
Current portion of accrued compensate absences	(223,318)
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	(414,734)
Bonds payable	(21,895,000)
Landfill closure & post closure costs	(188,000)
	\$ 95,572,659
Net assets-Governmental Activities	\$ 95,572,659

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, 2010

Exhibit B-2
Page 1 of 3

	<u>General Fund</u>	<u>Road Fund</u>
<i>Revenues:</i>		
Taxes	\$ 10,808,435	\$ 1,293,466
Federal Grants	-	265,571
State & Local Grants	319,555	5,101,446
Charges for Services	4,354	-
Licenses and Fees	180,775	-
Interest Income	543,095	-
Miscellaneous	150,256	979
<i>Total Revenues</i>	<u>12,006,470</u>	<u>6,661,462</u>
<i>Expenditures:</i>		
<i>Current:</i>		
General Government	9,733,008	-
Public Safety	-	-
Public Works	-	5,635,599
Culture and Recreation	-	-
Health and Welfare	-	-
Capital Outlay	200,141	239,577
<i>Debt Service:</i>		
Principal	-	-
Interest	-	-
<i>Total Expenditures</i>	<u>9,933,149</u>	<u>5,875,176</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,073,321</u>	<u>786,286</u>
<i>Other financing sources (uses)</i>		
Transfers In	181,752	-
Transfers (Out)	(90,000)	-
<i>Total other financing sources (uses)</i>	<u>91,752</u>	<u>-</u>
<i>Net change in fund balance</i>	2,165,073	786,286
<i>Fund balance - beginning of year</i>	<u>20,768,021</u>	<u>838,204</u>
<i>Fund balance - end of year</i>	<u>\$ 22,933,094</u>	<u>\$ 1,624,490</u>

The accompanying notes are an integral part of these financial statements

<u>Capital Projects</u>	<u>Law Enforcement JDC Building</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 1,156,013	\$ -	\$ 14,153,674	\$ 27,411,588
-	-	1,142,592	1,408,163
265,833	-	6,778,763	12,465,597
-	-	3,090,975	3,095,329
-	-	327,910	508,685
-	-	2,173	545,268
-	-	490,470	641,705
<u>1,421,846</u>	<u>-</u>	<u>25,986,557</u>	<u>46,076,335</u>
232,221	-	1,150,434	11,115,663
-	62,504	11,536,070	11,598,574
-	-	994,359	6,629,958
-	-	3,620	3,620
-	-	3,361,477	3,361,477
3,453,986	6,546,683	4,529,188	14,969,575
-	-	1,740,000	1,740,000
-	-	1,036,999	1,036,999
<u>3,686,207</u>	<u>6,609,187</u>	<u>24,352,147</u>	<u>50,455,866</u>
<u>(2,264,361)</u>	<u>(6,609,187)</u>	<u>1,634,410</u>	<u>(4,379,531)</u>
-	-	3,578,139	3,759,891
(500,000)	-	(3,169,891)	(3,759,891)
<u>(500,000)</u>	<u>-</u>	<u>408,248</u>	<u>-</u>
(2,764,361)	(6,609,187)	2,042,658	(4,379,531)
6,742,865	6,617,416	20,175,942	55,142,448
<u>\$ 3,978,504</u>	<u>\$ 8,229</u>	<u>\$ 22,218,600</u>	<u>\$ 50,762,917</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
MCKINLEY COUNTY

Exhibit B-2
Page 3 of 3

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING JUNE 30, 2010**

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

Net change in fund balances - total governmental funds	\$ (4,379,531)
--	----------------

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	15,653,947
Depreciation expense	(3,228,720)
Loss on disposition of assets	(183,940)

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

Increase in deferred property taxes	445,760
-------------------------------------	---------

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 of bond issuance costs	(18,274)
Amortization of original issue discount on bonds	(792)
Increase in the reserve for compensated absences	(234,097)
Increase in accrued interest payable	(2,219)
Principal payments on bonds	1,740,000
Principal payments on capital leases	228,746
Principal payments on landfill payable	30,000

Change in net assets of governmental activities	\$ 10,050,880
---	---------------

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-1

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP	Favorable
			Basis)	(Unfavorable)
				Final to Actual
<i>Revenues:</i>				
Taxes	9,664,900	9,664,900	10,636,796	971,896
Intergovernmental Income	1,026,914	1,026,914	319,555	(707,359)
Charges For Services	4,000	4,000	4,354	354
Licenses and Fees	186,800	186,800	180,775	(6,025)
Interest Income	1,000,000	1,000,000	522,191	(477,809)
Miscellaneous	90,000	90,000	150,256	60,256
<i>Total revenues</i>	<u>11,972,614</u>	<u>11,972,614</u>	<u>11,813,927</u>	<u>(158,687)</u>
<i>Expenditures:</i>				
Current:				
General Government	12,137,795	12,137,795	9,842,693	2,295,102
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	294,000	294,000	200,141	93,859
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>12,431,795</u>	<u>12,431,795</u>	<u>10,042,834</u>	<u>2,388,961</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(459,181)</u>	<u>(459,181)</u>	<u>1,771,093</u>	<u>2,230,274</u>
<i>Other financing sources (uses)</i>				
Designated Cash	459,181	459,181	-	(459,181)
Transfers In	-	-	181,752	181,752
Transfers Out	-	-	(90,000)	(90,000)
<i>Total other financing sources (uses)</i>	<u>459,181</u>	<u>459,181</u>	<u>91,752</u>	<u>(367,429)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	1,862,845	1,862,845
<i>Fund Balance - Beginning of Year</i>	-	-	20,757,617	20,757,617
<i>Fund Balance - End of Year</i>	<u>-</u>	<u>-</u>	<u>22,620,462</u>	<u>22,620,462</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			192,543	
Adjustments to expenditures (liabilities)			<u>109,685</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>2,165,073</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-2

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 1,135,000	\$ 1,135,000	\$ 1,201,708	\$ 66,708
Intergovernmental Income	11,118,079	11,118,079	5,057,860	(6,060,219)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	500	500	979	479
<i>Total revenues</i>	<u>12,253,579</u>	<u>12,253,579</u>	<u>6,260,547</u>	<u>(5,993,032)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	11,778,852	11,778,852	6,071,890	5,706,962
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	305,817	305,817	239,577	66,240
<i>Total expenditures</i>	<u>12,084,669</u>	<u>12,084,669</u>	<u>6,311,467</u>	<u>5,773,202</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>168,910</u>	<u>168,910</u>	<u>(50,920)</u>	<u>(219,830)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(168,910)	(168,910)	-	168,910
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(168,910)</u>	<u>(168,910)</u>	<u>-</u>	<u>168,910</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>-</u>	<u>-</u>	<u>(50,920)</u>	<u>(50,920)</u>
<i>Fund Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>1,094,683</u>	<u>1,094,683</u>
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,043,763</u>	<u>\$ 1,043,763</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			400,915	
Adjustments to expenditures (liabilities)			436,291	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 786,286</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
McKinley County
Fiduciary Funds
Agency Funds
Statement of Fiduciary Net Assets
June 30, 2010

Exhibit D-1

<i>Assets</i>	
Cash	59,446
Investments	1,502,736
Taxes receivable	<u>2,189,293</u>
Total assets	<u><u>\$ 3,751,475</u></u>
<i>Liabilities</i>	
Due to schools	1,812,665
Due to municipalities	422,254
Due to other	<u>1,516,556</u>
Total liabilities	<u><u>\$ 3,751,475</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
MCKINLEY COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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, 2010

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, 2010

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 *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.

The *Law Enforcement JDC Building Fund* is a capital project fund used to account for bond proceeds from the bond issue in 2009 designated for the construction of a Law Enforcement Complex and Juvenile Detention Center.

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, 2010

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 10th and April 10th are considered delinquent and the County may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent.

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, 2010

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, 2010

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: Reservations of fund balance represent amounts that are not appropriable for expenditures or legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. These designations are established to earmark resources for specific future use and to indicate that the fund equity does not represent available spendable resources.

Equity Classifications: Equity is classified as net assets and displayed in three components:

- a. Net assets invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Assets:
Consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. The government-wide statement of net assets reports \$1,071,544 of restricted net assets.
- c. Unrestricted Net assets:
All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The County’s policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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

STATE OF NEW MEXICO
MCKINLEY COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information (continued)

County Commissioners and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total.

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

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

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

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

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, 2010 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, 2009.

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

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

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

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.

STATE OF NEW MEXICO
MCKINLEY COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 3. Cash & Investments (continued)

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. This coverage has increased to \$250,000 for time and savings deposits as well as demand deposits until December 31, 2013. Additionally, until December 31, 2010, all deposits in non-interest bearing transaction accounts (such as non-interest bearing checking accounts) at participating institutions are fully guaranteed, regardless of dollar amount.

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.

	Pinnacle Bank	1st Financial Credit Union	First Community Bank	Washington Federal Bank	Wells Fargo Bank	Total
Total amounts of deposits*	\$ 27,884,970	\$ 99,349	\$ 2,502,736	\$ 2,000,000	\$ 1,000,000	\$ 33,487,055
FDIC or NCUSIF Coverage	<u>(500,000)</u>	<u>(99,349)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(1,349,349)</u>
Total uninsured public funds	<u>\$ 27,384,970</u>	<u>\$ —</u>	<u>\$ 2,252,736</u>	<u>\$ 1,750,000</u>	<u>\$ 750,000</u>	<u>\$ 32,137,706</u>
Collateral requirement (50% of uninsured public funds)	13,692,485	—	1,126,368	875,000	375,000	16,068,853
Pledged collateral	<u>(49,319,038)</u>	<u>—</u>	<u>(2,343,531)</u>	<u>—</u>	<u>—</u>	<u>(51,662,569)</u>
Under (Over) collateralized	<u>\$ (8,241,583)</u>	<u>\$ —</u>	<u>\$ (1,217,163)</u>	<u>\$ 875,000</u>	<u>\$ 375,000</u>	<u>\$(35,593,716)</u>

* - Total amount of deposits per bank includes deposit accounts and certificates of deposit.

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, 2010, \$32,384,970 of \$33,487,055 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)

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.

Investments

As of June 30, 2010 the County had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		less than 1	1 to 5	6-10	More than 10
State Treasurer's Investment	(105,868)	(105,868)	—	—	—
Federal Farm	3,503,595	—	3,503,595	—	—
Federal Home Loan	9,913,420	—	8,929,783	983,637	—
Certificates of Deposit	<u>14,815,955</u>	<u>13,815,955</u>	<u>1,000,000</u>	<u>—</u>	<u>—</u>
Total	<u>28,127,113</u>	<u>13,7210,087</u>	<u>13,433,378</u>	<u>983,637</u>	<u>—</u>

STATE OF NEW MEXICO
MCKINLEY COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 3. Cash & Investments (continued)

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, 2010, the County's investment of New MexiGROW LGIP had a credit risk rating of AAAM and a WAM of 50 days.

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, 2010, 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, 2010, 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 Farm Association and Certificates of Deposit. These investments represent are 35%, 12%, and 53% of the County's total investments.

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, 2010. The State of New Mexico is the regulatory oversight entity and participation in the pool is voluntary.

The New Mexico State Treasurer's Office invested a portion of the LGIP in The Reserve Primary Fund ("the Fund"), a money market fund, in fiscal years 2006, 2007, 2008 and 2009. On September 15, 2008, the balance of the LGIP's investment in the Fund was \$381.7 million. On September 16, 2008, The Reserve Primary Fund's net asset value fell below \$1.00 and holdings in the Fund were frozen. Since September 2008, The Reserve Primary Fund has returned approximately \$0.90 per share to shareholders. On February 26, 2009, The Reserve Primary Fund announced that it was withholding \$3.5 billion of the Fund's assets for anticipated and pending litigation against it, which amount could increase or decrease as the Fund evaluates information related to such litigation. As a result, the State Treasurer's Office cannot anticipate what the actual loss to the LGIP from The Reserve Primary Fund may be or when the actual loss may be realized. No actual loss has been realized to date. The total remaining Reserve Primary Fund position as of June 30, 2009, is \$39.5 million. The LGIP's remaining position in the Reserve Primary Fund is a non-performing asset.

The County removed all balances relating to the LGIP during the fiscal year. The County does not owe the state funds, however, the negative balance represents funds in litigation which will be reconciled if recovered through litigation procedures. The New Mexico State Treasurer's Office believes that The Reserve Primary Fund will ultimately end up disturbing between 98.38% and 98.77% of the balance that the LGIP had in The Reserve Primary Fund as of September 15, 2008. This means that of the remaining undistributed balance as of June 30, 2010, we expect the LGIP to recover between 83.84% and 87.78%. Uncertainty remains, however, as to the timing of the distributions.

STATE OF NEW MEXICO
MCKINLEY COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4. Receivables

Receivables as of June 30, 2010, are as follows:

	General Fund	Road Fund	Capital Projects	Total Non-major Funds
Property Taxes	\$ 909,705	\$ —	\$ —	\$ 23,113
Intergovernmental	—	464,157	—	1,621,143
Other	483,567	158,598	49,872	2,300,618
Net Receivables	<u>\$ 1,393,272</u>	<u>\$ 622,755</u>	<u>\$ 49,872</u>	<u>\$ 3,944,874</u>

	Total Governmental Funds	Fiduciary Funds
Property Taxes	\$ 932,818	\$ 2,189,293
Intergovernmental	2,085,300	—
Other	2,922,655	—
Net Receivables	<u>\$ 6,010,773</u>	<u>\$ 2,189,293</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 \$905,493 of deferred revenue in the governmental funds.

NOTE 5. Interfund Receivables, Payables, and Transfers

Operating transfers made to close out funds and to supplement other funding sources, were as follows:

Governmental Activities:	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 181,752	\$ 90,000
Capital Projects	—	500,000
Nonmajor Governmental Funds	3,578,139	3,169,891
Total Governmental Activities	<u>\$ 3,759,891</u>	<u>\$ 3,759,891</u>

Interfund receivables as of June 30, 2010 consisted of the following:

Governmental Activities:	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 1,833,364	\$ —
Federal Office of Justice – Law Enforcement	—	73,785
Adult Detention	—	759,606
State Projects	—	999,973
Total Governmental Activities	<u>\$ 1,833,364</u>	<u>\$ 1,833,364</u>

STATE OF NEW MEXICO
MCKINLEY COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2010 follows.

	Balance June 30, 2009	Additions	Deletions	Transfers/ Adjustments	Balance June 30, 2010
Capital Assets not being depreciated:					
Land	\$ 3,661,666	\$ —	\$ —	250	\$ 3,661,916
Construction in Progress	4,352,288	14,402,682	—	(18,555,780)	199,190
	<u>8,013,954</u>	<u>14,402,682</u>	<u>—</u>	<u>(18,555,530)</u>	<u>3,861,106</u>
Capital Assets being depreciated:					
Infrastructure	27,766,383	—	—	6	27,766,389
Land improvements	3,864,323	—	(57,601)	—	3,806,722
Building & improvements	35,245,934	—	(11,340)	18,555,780	53,790,374
Vehicles & rolling stock	17,018,874	777,311	(364,184)	—	17,432,001
Machinery, equipment & other	6,104,762	473,698	(164,994)	—	6,413,466
	<u>90,000,276</u>	<u>1,251,009</u>	<u>(598,119)</u>	<u>18,555,786</u>	<u>109,208,952</u>
Accumulated Depreciation:					
Infrastructure	15,286,423	888,124	—	—	16,174,547
Land improvements	2,039,566	261,850	(57,601)	—	2,243,815
Building & improvements	10,936,717	776,430	(11,340)	—	11,701,807
Vehicles & rolling stock	11,479,394	845,916	(180,244)	—	12,145,066
Machinery, equipment & other	4,022,601	456,400	(164,994)	—	4,314,007
	<u>43,764,701</u>	<u>3,228,720</u>	<u>(414,179)</u>	<u>—</u>	<u>46,579,242</u>
Net Capital Assets	<u>\$ 54,249,529</u>	<u>\$ 12,424,971</u>	<u>\$ (183,940)</u>	<u>\$ 256</u>	<u>\$ 66,490,816</u>

Depreciation expense for the year ended June 30, 2010 was charged to the following functions and funds:

Public Safety	\$ 979,620
Public Works	1,462,272
Health and Welfare	30,749
Culture and Recreation	4,121
General Government	751,958
Total depreciation expense: governmental activities	<u>\$ 3,228,720</u>

NOTE 7. Long-term Debt

During the year ended June 30, 2010, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	Balance June 30, 2009	Adjustments / Additions	Adjustments / Retirements	Balance June 30, 2010	Due Within One Year
General Obligation Bonds	\$ 735,000	\$ —	\$ 735,000	\$ —	\$ —
Gross Receipts Revenue Bonds	22,900,000	—	1,005,000	21,895,000	1,030,000
Capital Leases	228,746	—	228,746	—	—
Landfill Closure Costs	218,000	—	30,000	188,000	30,000
Compensated Absences	403,955	849,598	615,501	638,052	223,318
Total Long-Term Debt	<u>\$ 24,485,701</u>	<u>\$ 849,598</u>	<u>\$ 2,614,247</u>	<u>\$ 22,721,052</u>	<u>\$ 1,283,318</u>

STATE OF NEW MEXICO
MCKINLEY COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the Bonds as of June 30, 2010, including interest payments are as follows:

Fiscal Year <u>Ending June 30,</u>	<u>Principal</u> Revenue <u>Bonds</u>	<u>Interest</u> Revenue <u>Bonds</u>	Total Debt <u>Service</u>
2011	\$ 1,030,000	\$ 992,493	\$ 2,022,493
2012	1,080,000	952,893	2,032,893
2013	1,130,000	904,373	2,034,373
2014	1,170,000	860,073	2,030,073
2015	1,215,000	812,625	2,027,625
2016-2020	5,375,000	3,264,170	8,639,170
2021-2025	6,360,000	1,729,565	8,089,565
Thereafter	<u>4,535,000</u>	<u>1,062,514</u>	<u>5,597,514</u>
	<u>\$ 21,895,000</u>	<u>\$ 10,578,706</u>	<u>\$ 32,473,706</u>

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

General Obligation Bonds

The County's General Obligation bond was issued for the purpose of refunding the County's 1995 General Obligation Bonds. These bonds are payable out of the General Obligation Bonds Debt Service Fund. Interest payments are due semi-annually on August 1 and February 1. Interest rates on the bond ranged from 1.30% to 2.75%. Principal payments in varying amounts are due annually on August 1 through 2009.

Revenue Bonds

The County has issued three Revenue Bonds as described below:

The County's 2003 Refunding Revenue bond was issued for the purpose of refunding the County's 1996 Revenue Bond. These bonds are payable out of the General Revenue Bonds Debt Service Fund. The County has pledged a portion of their Gross Receipts revenues for the purpose of paying this bond. Interest payments are due semi-annually on June 1 and December 1. Interest rates on the bond ranged from 1.20% to 4.00%. Principal payments in varying amounts are due annually on June 1 through 2016.

The County's 2003 Revenue bond was issued for the purpose of renovations to the County Courthouse complex. These bonds are payable out of the Courthouse Project Bonds Debt Service Fund. The County has pledged a portion of their Gross Receipts revenues for the purpose of paying this bond. Interest payments are due semi-annually on June 1 and December 1. Interest rates on the bond ranged from 2.50% to 5.00%. Principal payments in varying amounts are due annually on June 1 through 2023.

During the year ended June 30, 2009 the County issued the 2008 Gross Receipts Tax Improvement Revenue Bonds in the amount of \$10,350,000 for the purpose of building a Juvenile Detention Center and Law Enforcement Complex. These bonds are payable out of the Law Enforcement/Juvenile Detention Center Bond Debt Service Fund. The County has pledged a portion of their Gross Receipts revenues for the purpose of paying this bond. Interest payments are due semi-annually on June 1 and December 1. Interest rates on the bond ranged from 2.50% to 4.75%. Principal payments in varying amounts are due annually on June 1 through 2027.

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MCKINLEY COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 7. Long-term Debt (continued)

Capital Leases

The County previously leased motor graders under two capital leases. During the year ended June 30, 2010 the county made \$4,767 in scheduled principal payments. Instead of making the final purchase payment, the County returned the motor graders to Caterpillar Financial, thus extinguishing the debt related to them in the amount of \$224,000.

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, 2010 is \$188,000.

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, 2010, compensated absences increased \$234,097 from 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.

Federal Office of Justice Law Enforcement	\$ 73,785
Adult Detention	<u>552,021</u>
Total	<u>\$ 625,806</u>

STATE OF NEW MEXICO
MCKINLEY COUNTY
NOTES TO FINANCIAL STATEMENTS
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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, 2010, 2009 and 2008 were \$1,777,404, \$1,710,924, and \$1,603,450, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan

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

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

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

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

(1)The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2010, the statute required each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee was required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

STATE OF NEW MEXICO
MCKINLEY COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)

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

Fiscal Year	Employer Contribution Rate	Employee Contribution Rate
FY11	1.666%	.833%
FY12	1.834%	.917%
FY13	2.000%	1.000%

(2) For employees who are members of an enhanced retirement plan (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4 and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]) the contribution rates will be:

Fiscal Year	Employer Contribution Rate	Employee Contribution Rate
FY11	2.084%	1.042%
FY12	2.292%	1.146%
FY13	2.500%	1.250%

Also, employers joining the program after 1/1/98 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals. The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature. McKinley County's contributions to the RHCA for the years ended June 30, 2010, 2009 and 2008 were \$117,026, \$111,483 and \$103,655, respectively, which equal the required contributions for each year.

NOTE 12. Related Party

David Dallago, a County Commissioner, is the owner of Dallago Corporation a plumbing company contracted with the County to provide plumbing services, which include labor, equipment, and materials. The company repairs County owned or occupied buildings as needed. The total expense amount for fiscal year 2010 year is \$172,153 for prior year invoices and non-contract or emergency work.

NOTE 13. Commitments

The County had various construction and purchase commitments totaling approximately \$6,100,000 as of June 30, 2010. The funding to cover the various commitments was bond and/or note proceeds, including bonds and grants.

NOTE 14. 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, 2010, there are multiple pending civil suites against the County. The maximum exposure of the County is not estimable as of June 30, 2010 in the remaining cases.

STATE OF NEW MEXICO
MCKINLEY COUNTY
NOTES TO FINANCIAL STATEMENTS
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NOTE 14. Contingent Liabilities (continued)

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.

NOTE 15. 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 16. 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 17 Subsequent Accounting Standard Pronouncements

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is effective for financial statement periods beginning after June 15, 2010. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

In March 2009, the GASB issued Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which is effective upon issuance. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles.

In March 2009, the GASB issued Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, which is effective upon issuance. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles—related party transactions, going concern

STATE OF NEW MEXICO
MCKINLEY COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 17 **Subsequent Accounting Standard Pronouncements (continued)**

considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature.

In December 2009, the GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plan*, which is effective for financial statement periods beginning after June 15, 2011. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers).

In December 2009, the GASB issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*, which is effective for financial statement periods beginning after June 15, 2009. The objective of this Statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to re-measure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan.

In June 2010, the GASB issued Statement No. 59, *Financial Instruments Omnibus*, which is effective for financial statement periods beginning after June 15, 2010. The Statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools.

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SUPPLEMENTARY INFORMATION

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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.

Adult Detention Fund – 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.

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

CDBG Planning – To account for the CDBG and local funds to do major repairs and improvements for the Thoreau Water Project.

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.

CDBG/Williams Acres Water System – To account for the CDBG and local funds to do major repairs and improvements to the Williams Acres 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.

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.

NONMAJOR GOVERNMENTAL FUNDS

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.

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

Law Enforcement JDC Bonds – To account for monies designated for the retirement of debt associated with the construction Law Enforcement & Juvenile Detention Center Bonds.

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MCKINLEY COUNTY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
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	Special Revenue			
	Correction Fees	Environmental Gross Receipts	Property Valuation	Hazardous Material Support Services
<i>Assets</i>				
Cash and cash equivalents	\$ 236,867	\$ 100,901	\$ 40,936	\$ 45,578
Investments	500,000	2,000,000	320,000	-
Accounts Receivable				
Property taxes	-	-	-	-
Intergovernmental	129,526	-	-	-
Other receivables	83,900	-	-	-
Interfund receivables	-	-	-	-
<i>Total assets</i>	<u>\$ 950,293</u>	<u>\$ 2,100,901</u>	<u>\$ 360,936</u>	<u>\$ 45,578</u>
<i>Liabilities</i>				
Accounts payable	\$ 1,796	\$ -	\$ 522	\$ -
Accrued payroll liabilities	19,363	-	4,458	-
Interfund payables	-	-	-	-
Deferred revenue	-	-	-	-
<i>Total liabilities</i>	<u>21,159</u>	<u>-</u>	<u>4,980</u>	<u>-</u>
<i>Fund balances</i>				
Unreserved				
Unreserved, undesignated	929,134	2,100,901	355,956	45,578
<i>Total fund balances</i>	<u>929,134</u>	<u>2,100,901</u>	<u>355,956</u>	<u>45,578</u>
<i>Total liabilities and fund balances</i>	<u>\$ 950,293</u>	<u>\$ 2,100,901</u>	<u>\$ 360,936</u>	<u>\$ 45,578</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
MCKINLEY COUNTY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2010

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	Special Revenue			
	Emergency Medical Services	E911 Metro Dispatch	Farm & Range	Fire Protection Districts
<i>Assets</i>				
Cash and cash equivalents	\$ 208,910	\$ 4,887	\$ 9,130	\$ 2,043,017
Investments	-	250,000	-	-
Accounts Receivable				
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Other receivables	-	-	-	-
Interfund receivables	-	-	-	-
<i>Total assets</i>	\$ 208,910	\$ 254,887	\$ 9,130	\$ 2,043,017
<i>Liabilities</i>				
Accounts payable	\$ 567	\$ 1,966	\$ -	\$ 15,675
Accrued payroll liabilities	9,260	37,202	-	-
Interfund payables	-	-	-	-
Deferred revenue	-	-	-	-
<i>Total liabilities</i>	9,827	39,168	-	15,675
<i>Fund balances</i>				
Unreserved				
Unreserved, undesignated	199,083	215,719	9,130	2,027,342
<i>Total fund balances</i>	199,083	215,719	9,130	2,027,342
<i>Total liabilities and fund balances</i>	\$ 208,910	\$ 254,887	\$ 9,130	\$ 2,043,017

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
MCKINLEY COUNTY
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	Special Revenue			
	Highway Beautification	Law Enforcement Protection	Liquor Excise Tax	Emergency Communication & Medical
<i>Assets</i>				
Cash and cash equivalents	\$ 14,087	\$ 2,267	\$ 163,555	\$ 22,531
Investments	-	-	500,000	2,276,923
Accounts Receivable				
Property taxes	-	-	-	-
Intergovernmental	-	54,000	-	-
Other receivables	-	-	-	559,535
Interfund receivables	-	-	-	-
<i>Total assets</i>	\$ 14,087	\$ 56,267	\$ 663,555	\$ 2,858,989
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ 25,000	\$ -
Accrued payroll liabilities	9,590	-	-	-
Interfund payables	-	-	-	-
Deferred revenue	-	-	-	-
<i>Total liabilities</i>	9,590	-	25,000	-
<i>Fund balances</i>				
Unreserved				
Unreserved, undesignated	4,497	56,267	638,555	2,858,989
<i>Total fund balances</i>	4,497	56,267	638,555	2,858,989
<i>Total liabilities and fund balances</i>	\$ 14,087	\$ 56,267	\$ 663,555	\$ 2,858,989

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
MCKINLEY COUNTY
NONMAJOR GOVERNMENTAL FUNDS
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JUNE 30, 2010

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	Special Revenue			
	Recreation	Community Health Improvement	Senior Citizen Centers	Indigent Health Care Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 6,097	\$ 32,795	\$ 37,753	\$ 1,146,074
Investments	-	-	-	99,163
Accounts Receivable				
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Other receivables	-	-	-	520,105
Interfund receivables	-	-	-	-
<i>Total assets</i>	\$ 6,097	\$ 32,795	\$ 37,753	\$ 1,765,342
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ 571	\$ 69,463
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	-	-	-
Deferred revenue	-	-	-	-
<i>Total liabilities</i>	-	-	571	69,463
<i>Fund balances</i>				
Unreserved				
Unreserved, undesignated	6,097	32,795	37,182	1,695,879
<i>Total fund balances</i>	6,097	32,795	37,182	1,695,879
<i>Total liabilities and fund balances</i>	\$ 6,097	\$ 32,795	\$ 37,753	\$ 1,765,342

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
MCKINLEY COUNTY
NONMAJOR GOVERNMENTAL FUNDS
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JUNE 30, 2010

Statement A-1
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	Special Revenue			
	Fire Excise Tax	Local DWI Program	Clerk Recording & Filing	Magistrate Court
<i>Assets</i>				
Cash and cash equivalents	\$ 41,261	\$ (12,319)	\$ 15,972	\$ 212,157
Investments	3,596,127	210,000	75,000	-
Accounts Receivable				
Property taxes	-	-	-	-
Intergovernmental	-	46,849	-	-
Other receivables	-	-	-	-
Interfund receivables	-	-	-	-
<i>Total assets</i>	\$ 3,637,388	\$ 244,530	\$ 90,972	\$ 212,157
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 29,011	\$ -	\$ 863
Accrued payroll liabilities	-	3,214	-	806
Interfund payables	-	-	-	-
Deferred revenue	-	-	-	-
<i>Total liabilities</i>	-	32,225	-	1,669
<i>Fund balances</i>				
Unreserved				
Unreserved, undesignated	3,637,388	212,305	90,972	210,488
<i>Total fund balances</i>	3,637,388	212,305	90,972	210,488
<i>Total liabilities and fund balances</i>	\$ 3,637,388	\$ 244,530	\$ 90,972	\$ 212,157

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
MCKINLEY COUNTY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
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	Special Revenue			
	Sheriff's Grants	Narcotic Drug Control	Federal Office of Justice - Law Enforcement	Law Enforcement Seizures
<i>Assets</i>				
Cash and cash equivalents	\$ 14,787	\$ 60,412	\$ -	\$ 8,072
Investments	-	-	-	-
Accounts Receivable				
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Other receivables	-	-	-	-
Interfund receivables	-	-	-	-
<i>Total assets</i>	\$ 14,787	\$ 60,412	\$ -	\$ 8,072
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	9,188	-	-	-
Interfund payables	-	-	73,785	-
Deferred revenue	-	-	-	-
<i>Total liabilities</i>	9,188	-	73,785	-
<i>Fund balances</i>				
Unreserved				
Unreserved, undesignated	5,599	60,412	(73,785)	8,072
<i>Total fund balances</i>	5,599	60,412	(73,785)	8,072
<i>Total liabilities and fund balances</i>	\$ 14,787	\$ 60,412	\$ -	\$ 8,072

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
MCKINLEY COUNTY
NONMAJOR GOVERNMENTAL FUNDS
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Statement A-1
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	Special Revenue			
	Adult Detention	JSAAC Grant	CDBG Planning	Rural Public Safety
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 106,023	\$ 250	\$ 67,761
Investments	-	-	-	2,370,341
Accounts Receivable				
Property taxes	-	-	-	-
Intergovernmental	80,424	185,834	50,000	-
Other receivables	220,768	-	-	139,903
Interfund receivables	-	-	-	-
<i>Total assets</i>	\$ 301,192	\$ 291,857	\$ 50,250	\$ 2,578,005
<i>Liabilities</i>				
Accounts payable	\$ 32,689	\$ 1,054	\$ -	\$ -
Accrued payroll liabilities	60,918	2,320	-	-
Interfund payables	759,606	-	-	-
Deferred revenue	-	-	-	-
<i>Total liabilities</i>	853,213	3,374	-	-
<i>Fund balances</i>				
Unreserved				
Unreserved, undesignated	(552,021)	288,483	50,250	2,578,005
<i>Total fund balances</i>	(552,021)	288,483	50,250	2,578,005
<i>Total liabilities and fund balances</i>	\$ 301,192	\$ 291,857	\$ 50,250	\$ 2,578,005

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
MCKINLEY COUNTY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
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	Special Revenue	Capital Project		
	Telecom- munications	CDBG / Gamerco Water System	CDBG / Williams Acres Water System	Infrastructure Gross Receipts
<i>Assets</i>				
Cash and cash equivalents	\$ 56,195	\$ -	\$ 500,000	\$ 23,798
Investments	-	-	-	1,600,000
Accounts Receivable				
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Other receivables	-	-	-	53,806
Interfund receivables	-	-	-	-
<i>Total assets</i>	<u>\$ 56,195</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 1,677,604</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	-	-	-
Deferred revenue	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Unreserved				
Unreserved, undesignated	56,195	-	500,000	1,677,604
<i>Total fund balances</i>	<u>56,195</u>	<u>-</u>	<u>500,000</u>	<u>1,677,604</u>
<i>Total liabilities and fund balances</i>	<u>\$ 56,195</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 1,677,604</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
MCKINLEY COUNTY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2010

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	Capital Project		Debt Service	
	Courthouse Annex	State Projects	General Obligation Bonds	General Revenue Bonds
<i>Assets</i>				
Cash and cash equivalents	\$ 257,549	\$ 161,039	\$ 8,943	\$ 156,487
Investments	-	-	18,696	-
Accounts Receivable				
Property taxes	-	-	23,113	-
Intergovernmental	-	1,204,036	-	-
Other receivables	-	93,075	-	-
Interfund receivables	-	-	-	-
<i>Total assets</i>	\$ 257,549	\$ 1,458,150	\$ 50,752	\$ 156,487
<i>Liabilities</i>				
Accounts payable	\$ 21,254	\$ 17,752	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	999,973	-	-
Deferred revenue	-	-	21,668	-
<i>Total liabilities</i>	21,254	1,017,725	21,668	-
<i>Fund balances</i>				
Unreserved				
Unreserved, undesignated	236,295	440,425	29,084	156,487
<i>Total fund balances</i>	236,295	440,425	29,084	156,487
<i>Total liabilities and fund balances</i>	\$ 257,549	\$ 1,458,150	\$ 50,752	\$ 156,487

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
MCKINLEY COUNTY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
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	Debt Service			Total Nonmajor Governmental Funds
	Other Bonds/Loans	Courthouse Project	Law Enforcement JDC Bonds	
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 598,066	\$ 295,172	\$ 6,687,010
Investments	-	-	-	13,816,250
Accounts Receivable				
Property taxes	-	-	-	23,113
Intergovernmental	-	-	-	1,750,669
Other receivables	-	400,000	100,000	2,171,092
Interfund receivables	-	-	-	-
<i>Total assets</i>	\$ -	\$ 998,066	\$ 395,172	\$ 24,448,134
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ 218,183
Accrued payroll liabilities	-	-	-	156,319
Interfund payables	-	-	-	1,833,364
Deferred revenue	-	-	-	21,668
<i>Total liabilities</i>	-	-	-	2,229,534
<i>Fund balances</i>				
Unreserved				
Unreserved, undesignated	-	998,066	395,172	22,218,600
<i>Total fund balances</i>	-	998,066	395,172	22,218,600
<i>Total liabilities and fund balances</i>	\$ -	\$ 998,066	\$ 395,172	\$ 24,448,134

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, 2010

	Special Revenue			
	Correction Fees	Environmental Gross Receipts	Property Valuation	Hazardous Material Support Services
<i>Revenues:</i>				
Taxes	\$ 480,398	\$ 674,885	\$ -	\$ -
Federal Grants	-	-	-	-
State & Local Grants	-	-	-	-
Charges for Services	753,483	-	-	-
Licenses and Fees	4,050	-	197,145	-
Interest Income	-	-	-	-
Miscellaneous	565	-	-	-
<i>Total revenues</i>	<u>1,238,496</u>	<u>674,885</u>	<u>197,145</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	183,168	-
Public Safety	963,425	-	-	35,574
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	384,600	-	-
Capital Outlay	56,780	-	25,898	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,020,205</u>	<u>384,600</u>	<u>209,066</u>	<u>35,574</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>218,291</u>	<u>290,285</u>	<u>(11,921)</u>	<u>(35,574)</u>
<i>Other financing sources (uses)</i>				
Transfers In	-	-	-	-
Transfers Out	(200,000)	(500,000)	-	-
<i>Total other financing sources (uses)</i>	<u>(200,000)</u>	<u>(500,000)</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	18,291	(209,715)	(11,921)	(35,574)
<i>Fund balances - beginning of year</i>	910,843	2,310,616	367,877	81,152
<i>Fund balances - end of year</i>	<u>\$ 929,134</u>	<u>\$ 2,100,901</u>	<u>\$ 355,956</u>	<u>\$ 45,578</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, 2010

Statement A-2
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	Special Revenue			
	Emergency Medical Services	E911 Metro Dispatch	Farm & Range	Fire Protection Districts
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Federal Grants	-	-	13,484	-
State & Local Grants	233,370	22,519	-	1,466,738
Charges for Services	92,451	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	2,306	10	-	930
<i>Total revenues</i>	<u>328,127</u>	<u>22,529</u>	<u>13,484</u>	<u>1,467,668</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	717,366	1,666,843	-	761,050
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	12,000	-
Capital Outlay	67,516	103,995	-	109,216
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>784,882</u>	<u>1,770,838</u>	<u>12,000</u>	<u>870,266</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(456,755)</u>	<u>(1,748,309)</u>	<u>1,484</u>	<u>597,402</u>
<i>Other financing sources (uses)</i>				
Transfers In	544,700	1,667,689	7,000	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>544,700</u>	<u>1,667,689</u>	<u>7,000</u>	<u>-</u>
<i>Net change in fund balances</i>	87,945	(80,620)	8,484	597,402
<i>Fund balances - beginning of year</i>	111,138	296,339	646	1,429,940
<i>Fund balances - end of year</i>	<u>\$ 199,083</u>	<u>\$ 215,719</u>	<u>\$ 9,130</u>	<u>\$ 2,027,342</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, 2010

Statement A-2
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	Special Revenue			
	Highway Beautification	Law Enforcement Protection	Liquor Excise Tax	Emergency Communication & Medical
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ 1,157,253	\$ 3,226,646
Federal Grants	-	-	-	-
State & Local Grants	3,600	54,000	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	45
<i>Total revenues</i>	<u>3,600</u>	<u>54,000</u>	<u>1,157,253</u>	<u>3,226,691</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	954,644	-
Public Safety	-	31,217	-	67,806
Public Works	14,791	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	19,418	-	126,666
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>14,791</u>	<u>50,635</u>	<u>954,644</u>	<u>194,472</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(11,191)</u>	<u>3,365</u>	<u>202,609</u>	<u>3,032,219</u>
<i>Other financing sources (uses)</i>				
Transfers In	6,000	-	-	-
Transfers Out	-	-	-	(2,212,389)
<i>Total other financing sources (uses)</i>	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>(2,212,389)</u>
<i>Net change in fund balances</i>	(5,191)	3,365	202,609	819,830
<i>Fund balances - beginning of year</i>	9,688	52,902	435,946	2,039,159
<i>Fund balances - end of year</i>	<u>\$ 4,497</u>	<u>\$ 56,267</u>	<u>\$ 638,555</u>	<u>\$ 2,858,989</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, 2010

Statement A-2
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	Special Revenue			
	Recreation	Community Health Improvement	Senior Citizen Centers	Indigent Health Care Fund
<i>Revenues:</i>				
Taxes	\$ 3,172	\$ -	\$ -	\$ 2,588,726
Federal Grants	-	-	-	-
State & Local Grants	-	76,750	-	195,944
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	2,173
Miscellaneous	-	-	155	18,543
<i>Total revenues</i>	<u>3,172</u>	<u>76,750</u>	<u>155</u>	<u>2,805,386</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	3,620	-	-	-
Health and Welfare	-	63,917	32,217	2,868,743
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,620</u>	<u>63,917</u>	<u>32,217</u>	<u>2,868,743</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(448)</u>	<u>12,833</u>	<u>(32,062)</u>	<u>(63,357)</u>
<i>Other financing sources (uses)</i>				
Transfers In	2,000	-	50,000	-
Transfers Out	-	-	-	(105,000)
<i>Total other financing sources (uses)</i>	<u>2,000</u>	<u>-</u>	<u>50,000</u>	<u>(105,000)</u>
<i>Net change in fund balances</i>	1,552	12,833	17,938	(168,357)
<i>Fund balances - beginning of year</i>	4,545	19,962	19,244	1,864,236
<i>Fund balances - end of year</i>	<u>\$ 6,097</u>	<u>\$ 32,795</u>	<u>\$ 37,182</u>	<u>\$ 1,695,879</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, 2010

	Special Revenue			
	Fire Excise Tax	Local DWI Program	Clerk Recording & Filing	Magistrate Court
<i>Revenues:</i>				
Taxes	\$ 1,167,163	\$ -	\$ -	\$ -
Federal Grants	-	-	-	-
State & Local Grants	-	1,021,777	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	13,978	13,404	-
Interest Income	-	-	-	-
Miscellaneous	-	103,371	-	152,167
<i>Total revenues</i>	1,167,163	1,139,126	13,404	152,167
<i>Expenditures:</i>				
Current:				
General Government	-	-	12,285	-
Public Safety	152,248	1,216,099	-	86,921
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	54,831	26,237	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	207,079	1,242,336	12,285	86,921
<i>Excess (deficiency) of revenues over expenditures</i>	960,084	(103,210)	1,119	65,246
<i>Other financing sources (uses)</i>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	960,084	(103,210)	1,119	65,246
<i>Fund balances - beginning of year</i>	2,677,304	315,515	89,853	145,242
<i>Fund balances - end of year</i>	\$ 3,637,388	\$ 212,305	\$ 90,972	\$ 210,488

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, 2010

	Special Revenue			
	Sheriff's Grants	Narcotic Drug Control	Federal Office of Justice - Law Enforcement	Law Enforcement Seizures
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Federal Grants	233,886	-	13,888	-
State & Local Grants	330,888	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	113
Interest Income	-	-	-	-
Miscellaneous	-	5,923	-	-
<i>Total revenues</i>	<u>564,774</u>	<u>5,923</u>	<u>13,888</u>	<u>113</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	630,649	49,479	197,185	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	32,337	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>630,649</u>	<u>49,479</u>	<u>229,522</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(65,875)</u>	<u>(43,556)</u>	<u>(215,634)</u>	<u>113</u>
<i>Other financing sources (uses)</i>				
Transfers In	-	50,500	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>50,500</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(65,875)	6,944	(215,634)	113
<i>Fund balances - beginning of year</i>	71,474	53,468	141,849	7,959
<i>Fund balances - end of year</i>	<u>\$ 5,599</u>	<u>\$ 60,412</u>	<u>\$ (73,785)</u>	<u>\$ 8,072</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, 2010

	<u>Special Revenue</u>			
	<u>Adult Detention</u>	<u>JSAAC Grant</u>	<u>CDBG Planning</u>	<u>Rural Public Safety</u>
<i>Revenues:</i>				
Taxes	\$ 1,363,929	\$ -	\$ -	\$ 806,129
Federal Grants	-	331,334	50,000	-
State & Local Grants	-	269,109	-	-
Charges for Services	1,925,752	-	-	-
Licenses and Fees	99,220	-	-	-
Interest Income	-	-	-	-
Miscellaneous	2,372	729	-	75
<i>Total revenues</i>	<u>3,391,273</u>	<u>601,172</u>	<u>50,000</u>	<u>806,204</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	4,167,523	510,473	-	265,487
Public Works	-	-	50,000	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	296,984
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,167,523</u>	<u>510,473</u>	<u>50,000</u>	<u>562,471</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(776,250)</u>	<u>90,699</u>	<u>-</u>	<u>243,733</u>
<i>Other financing sources (uses)</i>				
Transfers In	-	200,000	50,250	-
Transfers Out	-	-	-	(50,500)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>200,000</u>	<u>50,250</u>	<u>(50,500)</u>
<i>Net change in fund balances</i>	(776,250)	290,699	50,250	193,233
<i>Fund balances - beginning of year</i>	224,229	(2,216)	-	2,384,772
<i>Fund balances - end of year</i>	<u>\$ (552,021)</u>	<u>\$ 288,483</u>	<u>\$ 50,250</u>	<u>\$ 2,578,005</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, 2010

	<u>Special Revenue</u>		<u>Capital Project</u>	
	<u>Telecom- munications</u>	<u>CDBG / Gamerco Water System</u>	<u>CDBG / Williams Acres Water System</u>	<u>Infrastructure Gross Receipts</u>
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ 506,738
Federal Grants	-	-	500,000	-
State & Local Grants	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	24,025	-	-	-
<i>Total revenues</i>	<u>24,025</u>	<u>-</u>	<u>500,000</u>	<u>506,738</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	18,572	-	-	39,545
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	500,000	124,432
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>18,572</u>	<u>-</u>	<u>500,000</u>	<u>163,977</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>5,453</u>	<u>-</u>	<u>-</u>	<u>342,761</u>
<i>Other financing sources (uses)</i>				
Transfers In	-	-	500,000	-
Transfers Out	-	-	(250)	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>499,750</u>	<u>-</u>
<i>Net change in fund balances</i>	5,453	-	499,750	342,761
<i>Fund balances - beginning of year</i>	50,742	-	250	1,334,843
<i>Fund balances - end of year</i>	<u>\$ 56,195</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 1,677,604</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, 2010

	Capital Project		Debt Service	
	Courthouse Annex	State Projects	General Obligation Bonds	General Revenue Bonds
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ 29,085	\$ 87,950
Federal Grants	-	-	-	-
State & Local Grants	-	3,104,068	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	179,254	-	-
<i>Total revenues</i>	-	3,283,322	29,085	87,950
<i>Expenditures:</i>				
Current:				
General Government	-	-	337	-
Public Safety	-	-	-	-
Public Works	166,851	704,600	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	5,653	2,995,950	-	-
Debt Service:				
Principal	-	-	735,000	100,000
Interest	-	-	10,106	30,470
<i>Total expenditures</i>	172,504	3,700,550	745,443	130,470
<i>Excess (deficiency) of revenues over expenditures</i>	(172,504)	(417,228)	(716,358)	(42,520)
<i>Other financing sources (uses)</i>				
Transfers In	-	500,000	-	-
Transfers Out	-	-	(101,284)	-
<i>Total other financing sources (uses)</i>	-	500,000	(101,284)	-
<i>Net change in fund balances</i>	(172,504)	82,772	(817,642)	(42,520)
<i>Fund balances - beginning of year</i>	408,799	357,653	846,726	199,007
<i>Fund balances - end of year</i>	\$ 236,295	\$ 440,425	\$ 29,084	\$ 156,487

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, 2010

	Debt Service			Total Nonmajor Governmental Funds
	Other Bonds/Loans	Courthouse Project	Law Enforcement JDC Bonds	
<i>Revenues:</i>				
Taxes	\$ -	\$ 1,400,000	\$ 661,600	\$ 14,153,674
Federal Grants	-	-	-	1,142,592
State & Local Grants	-	-	-	6,778,763
Charges for Services	-	-	319,289	3,090,975
Licenses and Fees	-	-	-	327,910
Interest Income	-	-	-	2,173
Miscellaneous	-	-	-	490,470
<i>Total revenues</i>	-	1,400,000	980,889	25,986,557
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	1,150,434
Public Safety	-	-	-	11,519,345
Public Works	-	-	-	994,359
Culture and Recreation	-	-	-	3,620
Health and Welfare	-	-	-	3,361,477
Capital Outlay	-	-	-	4,545,913
Debt Service:				
Principal	-	650,000	255,000	1,740,000
Interest	-	549,204	447,219	1,036,999
<i>Total expenditures</i>	-	1,199,204	702,219	24,352,147
<i>Excess (deficiency) of revenues over expenditures</i>	-	200,796	278,670	1,634,410
<i>Other financing sources (uses)</i>				
Transfers In	-	-	-	3,578,139
Transfers Out	(468)	-	-	(3,169,891)
<i>Total other financing sources (uses)</i>	(468)	-	-	408,248
<i>Net change in fund balances</i>	(468)	200,796	278,670	2,042,658
<i>Fund balances - beginning of year</i>	468	797,270	116,502	20,175,942
<i>Fund balances - end of year</i>	\$ -	\$ 998,066	\$ 395,172	\$ 22,218,600

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-1

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, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 400,000	\$ 400,000	\$ 438,342	\$ 38,342
Intergovernmental Income	-	-	-	-
Charges For Services	685,000	685,000	623,957	(61,043)
Licenses and Fees	3,000	3,000	4,050	1,050
Interest Income	-	-	-	-
Miscellaneous	-	-	565	565
<i>Total revenues</i>	<u>1,088,000</u>	<u>1,088,000</u>	<u>1,066,914</u>	<u>(21,086)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	1,092,212	1,092,212	1,004,530	87,682
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	146,780	146,780	56,780	90,000
<i>Total expenditures</i>	<u>1,238,992</u>	<u>1,238,992</u>	<u>1,061,310</u>	<u>177,682</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(150,992)</u>	<u>(150,992)</u>	<u>5,604</u>	<u>156,596</u>
<i>Other financing sources (uses)</i>				
Designated Cash	150,992	150,992	-	(150,992)
Transfers In	-	-	-	-
Transfers Out	-	-	(200,000)	(200,000)
<i>Total other financing sources (uses)</i>	<u>150,992</u>	<u>150,992</u>	<u>(200,000)</u>	<u>(350,992)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(194,396)	(194,396)
<i>Fund Balance - Beginning of Year</i>	-	-	931,263	931,263
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 736,867</u>	<u>\$ 736,867</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			171,582	
Adjustments to expenditures (liabilities)			41,105	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 18,291</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-2

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 515,000	\$ 515,000	\$ 710,528	\$ 195,528
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>515,000</u>	<u>515,000</u>	<u>710,528</u>	<u>195,528</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	767,000	767,000	384,600	382,400
Capital Outlay	50,000	50,000	-	50,000
<i>Total expenditures</i>	<u>817,000</u>	<u>817,000</u>	<u>384,600</u>	<u>432,400</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(302,000)</u>	<u>(302,000)</u>	<u>325,928</u>	<u>627,928</u>
<i>Other financing sources (uses)</i>				
Designated Cash	302,000	302,000	-	(302,000)
Transfers In	-	-	(500,000)	(500,000)
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>302,000</u>	<u>302,000</u>	<u>(500,000)</u>	<u>(802,000)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(174,072)	(174,072)
<i>Fund Balance - Beginning of Year</i>	-	-	2,274,973	2,274,973
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,100,901</u>	<u>\$ 2,100,901</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(35,643)	
Adjustments to expenditures (liabilities)			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ (209,715)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-3

McKinley County

Property Valuation Special Revenue Fund

Statement of Revenue, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Basis) and Actual

For the Year Ending June 30, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	175,000	175,000	197,145	22,145
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>175,000</u>	<u>175,000</u>	<u>197,145</u>	<u>22,145</u>
<i>Expenditures:</i>				
Current:				
General Government	222,554	222,554	186,485	36,069
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	47,600	47,600	25,898	21,702
<i>Total expenditures</i>	<u>270,154</u>	<u>270,154</u>	<u>212,383</u>	<u>57,771</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(95,154)</u>	<u>(95,154)</u>	<u>(15,238)</u>	<u>79,916</u>
<i>Other financing sources (uses)</i>				
Designated Cash	95,154	95,154	-	(95,154)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>95,154</u>	<u>95,154</u>	<u>-</u>	<u>(95,154)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(15,238)	(15,238)
<i>Fund Balance - Beginning of Year</i>	-	-	376,174	376,174
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 360,936</u>	<u>\$ 360,936</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			3,317	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (11,921)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-4

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, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Basis)	Favorable (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	-	-	-	-
Total revenues	15,000	15,000	-	(15,000)
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	37,751	37,751	35,574	2,177
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Total expenditures	37,751	37,751	35,574	2,177
<i>Excess (deficiency) of revenues over expenditures</i>	(22,751)	(22,751)	(35,574)	(12,823)
<i>Other financing sources (uses)</i>				
Designated Cash	22,751	22,751	-	(22,751)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total other financing sources (uses)	22,751	22,751	-	(22,751)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(35,574)	(35,574)
<i>Fund Balance - Beginning of Year</i>	-	-	81,152	81,152
<i>Fund Balance - End of Year</i>	\$ -	\$ -	\$ 45,578	\$ 45,578
<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)			\$ (35,574)	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-5

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, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	325,648	325,648	233,370	(92,278)
Charges For Services	-	-	92,451	92,451
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	2,306	2,306
Total revenues	325,648	325,648	328,127	2,479
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	801,773	801,773	731,574	70,199
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	100,782	100,782	67,516	33,266
Total expenditures	902,555	902,555	799,090	103,465
<i>Excess (deficiency) of revenues over expenditures</i>	(576,907)	(576,907)	(470,963)	105,944
<i>Other financing sources (uses)</i>				
Designated Cash	576,907	576,907	-	(576,907)
Transfers In	-	-	544,700	544,700
Transfers Out	-	-	-	-
Total other financing sources (uses)	576,907	576,907	544,700	(32,207)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	73,737	73,737
<i>Fund Balance - Beginning of Year</i>	-	-	135,173	135,173
<i>Fund Balance - End of Year</i>	\$ -	\$ -	\$ 208,910	\$ 208,910
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			14,208	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 87,945	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-6

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	21,000	21,000	22,519	1,519
Charges For Services	-	-	-	-
Licenses and Fees	1,500	1,500	-	(1,500)
Interest Income	-	-	-	-
Miscellaneous	-	-	10	10
<i>Total revenues</i>	<u>22,500</u>	<u>22,500</u>	<u>22,529</u>	<u>29</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	1,865,740	1,865,740	1,732,657	133,083
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	185,000	185,000	103,995	81,005
<i>Total expenditures</i>	<u>2,050,740</u>	<u>2,050,740</u>	<u>1,836,652</u>	<u>214,088</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,028,240)</u>	<u>(2,028,240)</u>	<u>(1,814,123)</u>	<u>214,117</u>
<i>Other financing sources (uses)</i>				
Designated Cash	2,028,240	2,028,240	-	(2,028,240)
Transfers In	-	-	1,667,689	1,667,689
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>2,028,240</u>	<u>2,028,240</u>	<u>1,667,689</u>	<u>(360,551)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(146,434)	(146,434)
<i>Fund Balance - Beginning of Year</i>	-	-	401,321	401,321
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 254,887</u>	<u>\$ 254,887</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			65,814	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ (80,620)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-7

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, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	13,000	13,000	13,484	484
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>13,000</u>	<u>13,000</u>	<u>13,484</u>	<u>484</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	12,800	12,800	12,000	800
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	<u>12,800</u>	<u>12,800</u>	<u>12,000</u>	<u>800</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>200</u>	<u>200</u>	<u>1,484</u>	<u>1,284</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(200)	(200)	-	200
Transfers In	-	-	7,000	7,000
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(200)</u>	<u>(200)</u>	<u>7,000</u>	<u>7,200</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	8,484	8,484
<i>Fund Balance - Beginning of Year</i>	-	-	646	646
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,130</u>	<u>\$ 9,130</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 8,484</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-8

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	1,330,963	1,330,963	1,466,738	135,775
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	930	930
<i>Total revenues</i>	<u>1,330,963</u>	<u>1,330,963</u>	<u>1,467,668</u>	<u>136,705</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	1,054,044	1,054,044	819,186	234,858
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	135,700	135,700	109,216	26,484
<i>Total expenditures</i>	<u>1,189,744</u>	<u>1,189,744</u>	<u>928,402</u>	<u>261,342</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>141,219</u>	<u>141,219</u>	<u>539,266</u>	<u>398,047</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(141,219)	(141,219)	-	141,219
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(141,219)</u>	<u>(141,219)</u>	<u>-</u>	<u>141,219</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	539,266	539,266
<i>Fund Balance - Beginning of Year</i>	-	-	1,503,751	1,503,751
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,043,017</u>	<u>\$ 2,043,017</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			58,136	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 597,402</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-9

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	3,600	3,600	3,600	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>3,600</u>	<u>3,600</u>	<u>3,600</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	9,023	9,023	5,468	3,555
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	<u>9,023</u>	<u>9,023</u>	<u>5,468</u>	<u>3,555</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(5,423)</u>	<u>(5,423)</u>	<u>(1,868)</u>	<u>3,555</u>
<i>Other financing sources (uses)</i>				
Designated Cash	5,423	5,423	-	(5,423)
Transfers In	-	-	6,000	6,000
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>5,423</u>	<u>5,423</u>	<u>6,000</u>	<u>577</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	4,132	4,132
<i>Fund Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>9,955</u>	<u>9,955</u>
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,087</u>	<u>\$ 14,087</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			(9,323)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (5,191)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-10

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, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	51,000	51,000	51,000	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>51,000</u>	<u>51,000</u>	<u>51,000</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	51,000	51,000	31,217	19,783
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	19,418	(19,418)
<i>Total expenditures</i>	<u>51,000</u>	<u>51,000</u>	<u>50,635</u>	<u>365</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>365</u>	<u>365</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>-</u>	<u>-</u>	<u>365</u>	<u>365</u>
<i>Fund Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>1,902</u>	<u>1,902</u>
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,267</u>	<u>\$ 2,267</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			3,000	
Adjustments to expenditures (liabilities)			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 3,365</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-11

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, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 900,000	\$ 900,000	\$ 1,248,569	\$ 348,569
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>900,000</u>	<u>900,000</u>	<u>1,248,569</u>	<u>348,569</u>
<i>Expenditures:</i>				
Current:				
General Government	979,167	979,167	954,644	24,523
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	<u>979,167</u>	<u>979,167</u>	<u>954,644</u>	<u>24,523</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(79,167)</u>	<u>(79,167)</u>	<u>293,925</u>	<u>373,092</u>
<i>Other financing sources (uses)</i>				
Designated Cash	79,167	79,167	-	(79,167)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>79,167</u>	<u>79,167</u>	<u>-</u>	<u>(79,167)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	293,925	293,925
<i>Fund Balance - Beginning of Year</i>	-	-	369,630	369,630
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 663,555</u>	<u>\$ 663,555</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(91,316)	
Adjustments to expenditures (liabilities)			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 202,609</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-12

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 2,600,000	\$ 2,600,000	\$ 2,946,148	\$ 346,148
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	45	45
<i>Total revenues</i>	<u>2,600,000</u>	<u>2,600,000</u>	<u>2,946,193</u>	<u>346,193</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	126,500	126,500	67,806	58,694
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	125,920	125,920	126,666	(746)
<i>Total expenditures</i>	<u>252,420</u>	<u>252,420</u>	<u>194,472</u>	<u>57,948</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,347,580</u>	<u>2,347,580</u>	<u>2,751,721</u>	<u>404,141</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(2,347,580)	(2,347,580)	-	2,347,580
Transfers In	-	-	-	-
Transfers Out	-	-	(2,212,389)	(2,212,389)
<i>Total other financing sources (uses)</i>	<u>(2,347,580)</u>	<u>(2,347,580)</u>	<u>(2,212,389)</u>	<u>135,191</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	539,332	539,332
<i>Fund Balance - Beginning of Year</i>	-	-	1,760,122	1,760,122
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,299,454</u>	<u>\$ 2,299,454</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			280,498	
Adjustments to expenditures (liabilities)			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 819,830</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-13

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, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 3,000	\$ 3,000	\$ 3,172	\$ 172
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	3,000	3,000	3,172	172
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	5,000	5,000	3,620	1,380
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Total expenditures	5,000	5,000	3,620	1,380
<i>Excess (deficiency) of revenues over expenditures</i>	(2,000)	(2,000)	(448)	1,552
<i>Other financing sources (uses)</i>				
Designated Cash	2,000	2,000	-	(2,000)
Transfers In	-	-	2,000	2,000
Transfers Out	-	-	-	-
Total other financing sources (uses)	2,000	2,000	2,000	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	1,552	1,552
<i>Fund Balance - Beginning of Year</i>	-	-	4,545	4,545
<i>Fund Balance - End of Year</i>	\$ -	\$ -	\$ 6,097	\$ 6,097
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ 1,552	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-14

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, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	75,000	75,000	76,750	1,750
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>75,000</u>	<u>75,000</u>	<u>76,750</u>	<u>1,750</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	75,000	75,000	63,917	11,083
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	<u>75,000</u>	<u>75,000</u>	<u>63,917</u>	<u>11,083</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>12,833</u>	<u>12,833</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>-</u>	<u>-</u>	<u>12,833</u>	<u>12,833</u>
<i>Fund Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>19,962</u>	<u>19,962</u>
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,795</u>	<u>\$ 32,795</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>\$ 12,833</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-15

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, 2010

	Budgeted Amounts		Actual	Variations
	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	-	-	155	155
Total revenues	-	-	155	155
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	46,699	46,699	31,646	15,053
Capital Outlay	-	-	-	-
Total expenditures	46,699	46,699	31,646	15,053
<i>Excess (deficiency) of revenues over expenditures</i>	(46,699)	(46,699)	(31,491)	15,208
<i>Other financing sources (uses)</i>				
Designated Cash	46,699	46,699	-	(46,699)
Transfers In	-	-	50,000	50,000
Transfers Out	-	-	-	-
Total other financing sources (uses)	46,699	46,699	50,000	3,301
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	18,509	18,509
<i>Fund Balance - Beginning of Year</i>	-	-	19,244	19,244
Fund Balance - End of Year	\$ -	\$ -	\$ 37,753	\$ 37,753
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			(571)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 17,938	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-16

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 2,100,000	\$ 2,100,000	\$ 2,208,213	\$ 108,213
Intergovernmental Income	1,200,000	1,200,000	293,916	(906,084)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	2,400	2,400	2,173	(227)
Miscellaneous	2,000	2,000	18,543	16,543
<i>Total revenues</i>	<u>3,304,400</u>	<u>3,304,400</u>	<u>2,522,845</u>	<u>(781,555)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	3,683,300	3,683,300	2,901,944	781,356
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	<u>3,683,300</u>	<u>3,683,300</u>	<u>2,901,944</u>	<u>781,356</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(378,900)</u>	<u>(378,900)</u>	<u>(379,099)</u>	<u>(199)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	378,900	378,900	-	(378,900)
Transfers In	-	-	-	-
Transfers Out	-	-	(105,000)	(105,000)
<i>Total other financing sources (uses)</i>	<u>378,900</u>	<u>378,900</u>	<u>(105,000)</u>	<u>(483,900)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(484,099)	(484,099)
<i>Fund Balance - Beginning of Year</i>	-	-	1,729,336	1,729,336
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,245,237</u>	<u>\$ 1,245,237</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			282,541	
Adjustments to expenditures (liabilities)			33,201	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ (168,357)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-17

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 1,000,000	\$ 1,000,000	\$ 1,296,916	\$ 296,916
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,296,916</u>	<u>296,916</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	204,050	204,050	148,571	55,479
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	<u>1,160,000</u>	<u>1,160,000</u>	<u>54,831</u>	<u>1,105,169</u>
<i>Total expenditures</i>	<u>1,364,050</u>	<u>1,364,050</u>	<u>203,402</u>	<u>1,160,648</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(364,050)</u>	<u>(364,050)</u>	<u>1,093,514</u>	<u>1,457,564</u>
<i>Other financing sources (uses)</i>				
Designated Cash	364,050	364,050	-	(364,050)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>364,050</u>	<u>364,050</u>	<u>-</u>	<u>(364,050)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	1,093,514	1,093,514
<i>Fund Balance - Beginning of Year</i>	-	-	2,543,874	2,543,874
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,637,388</u>	<u>\$ 3,637,388</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(129,753)	
Adjustments to expenditures (liabilities)			<u>(3,677)</u>	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 960,084</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-18

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	1,072,348	1,115,180	1,046,355	(68,825)
Charges For Services	-	-	-	-
Licenses and Fees	12,000	12,000	13,978	1,978
Interest Income	-	-	-	-
Miscellaneous	150,000	150,000	140,614	(9,386)
<i>Total revenues</i>	<u>1,234,348</u>	<u>1,277,180</u>	<u>1,200,947</u>	<u>(76,233)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	1,281,722	1,316,354	1,287,056	29,298
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	22,000	30,200	26,237	3,963
<i>Total expenditures</i>	<u>1,303,722</u>	<u>1,346,554</u>	<u>1,313,293</u>	<u>33,261</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(69,374)</u>	<u>(69,374)</u>	<u>(112,346)</u>	<u>(42,972)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	69,374	69,374	-	(69,374)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>69,374</u>	<u>69,374</u>	<u>-</u>	<u>(69,374)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(112,346)	(112,346)
<i>Fund Balance - Beginning of Year</i>	-	-	310,027	310,027
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,681</u>	<u>\$ 197,681</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(61,821)	
Adjustments to expenditures (liabilities)			70,957	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ (103,210)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-19

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, 2010

	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	15,000	15,000	13,404	(1,596)
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>15,000</u>	<u>15,000</u>	<u>13,404</u>	<u>(1,596)</u>
<i>Expenditures:</i>				
Current:				
General Government	11,800	11,800	12,285	(485)
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	75,000	75,000	-	75,000
<i>Total expenditures</i>	<u>86,800</u>	<u>86,800</u>	<u>12,285</u>	<u>74,515</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(71,800)</u>	<u>(71,800)</u>	<u>1,119</u>	<u>72,919</u>
<i>Other financing sources (uses)</i>				
Designated Cash	71,800	71,800	-	(71,800)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>71,800</u>	<u>71,800</u>	<u>-</u>	<u>(71,800)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	1,119	1,119
<i>Fund Balance - Beginning of Year</i>	-	-	89,853	89,853
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,972</u>	<u>\$ 90,972</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 1,119</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-20

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, 2010

	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	144,000	144,000	152,167	8,167
<i>Total revenues</i>	<u>144,000</u>	<u>144,000</u>	<u>152,167</u>	<u>8,167</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	127,256	127,256	88,099	39,157
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	<u>127,256</u>	<u>127,256</u>	<u>88,099</u>	<u>39,157</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>16,744</u>	<u>16,744</u>	<u>64,068</u>	<u>47,324</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(16,744)	(16,744)	-	16,744
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(16,744)</u>	<u>(16,744)</u>	<u>-</u>	<u>16,744</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	64,068	64,068
<i>Fund Balance - Beginning of Year</i>	-	-	148,089	148,089
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 212,157</u>	<u>\$ 212,157</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			1,178	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 65,246</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-21

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	816,130	816,130	614,743	(201,387)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	816,130	816,130	614,743	(201,387)
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	700,177	700,177	646,211	53,966
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Total expenditures	700,177	700,177	646,211	53,966
<i>Excess (deficiency) of revenues over expenditures</i>	115,953	115,953	(31,468)	(147,421)
<i>Other financing sources (uses)</i>				
Designated Cash	(115,953)	(115,953)	-	115,953
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total other financing sources (uses)	(115,953)	(115,953)	-	115,953
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(31,468)	(31,468)
<i>Fund Balance - Beginning of Year</i>	-	-	46,255	46,255
<i>Fund Balance - End of Year</i>	\$ -	\$ -	\$ 14,787	\$ 14,787
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(49,969)	
Adjustments to expenditures (liabilities)			15,562	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ (65,875)	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-22

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, 2010

	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	11,000	11,000	5,923	(5,077)
Total revenues	11,000	11,000	5,923	(5,077)
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	60,500	60,500	49,479	11,021
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Total expenditures	60,500	60,500	49,479	11,021
<i>Excess (deficiency) of revenues over expenditures</i>	(49,500)	(49,500)	(43,556)	5,944
<i>Other financing sources (uses)</i>				
Designated Cash	49,500	49,500	-	(49,500)
Transfers In	-	-	50,500	50,500
Transfers Out	-	-	-	-
Total other financing sources (uses)	49,500	49,500	50,500	1,000
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	6,944	6,944
<i>Fund Balance - Beginning of Year</i>	-	-	53,468	53,468
<i>Fund Balance - End of Year</i>	\$ -	\$ -	\$ 60,412	\$ 60,412
<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)			\$ 6,944	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-23

McKinley County

Federal Office of Justice - Law Enforcement Special Revenue Fund
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ending June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	271,073	271,073	13,888	(257,185)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>271,073</u>	<u>271,073</u>	<u>13,888</u>	<u>(257,185)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	281,142	281,142	197,185	83,957
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	32,337	(32,337)
<i>Total expenditures</i>	<u>281,142</u>	<u>281,142</u>	<u>229,522</u>	<u>51,620</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(10,069)</u>	<u>(10,069)</u>	<u>(215,634)</u>	<u>(205,565)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	10,069	10,069	-	(10,069)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>10,069</u>	<u>10,069</u>	<u>-</u>	<u>(10,069)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(215,634)	(215,634)
<i>Fund Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>141,849</u>	<u>141,849</u>
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (73,785)</u>	<u>\$ (73,785)</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>\$ (215,634)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-24

McKinley County

Law Enforcement Seizures Special Revenue Fund

Statement of Revenue, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Basis) and Actual

For the Year Ending June 30, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	113	113
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>113</u>	<u>113</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>113</u>	<u>113</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	113	113
<i>Fund Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>7,959</u>	<u>7,959</u>
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,072</u>	<u>\$ 8,072</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>\$ 113</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-25

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 1,315,500	\$ 1,315,500	\$ 1,290,798	\$ (24,702)
Intergovernmental Income	-	-	-	-
Charges For Services	3,416,500	3,416,500	2,050,247	(1,366,253)
Licenses and Fees	32,000	32,000	99,220	67,220
Interest Income	-	-	-	-
Miscellaneous	8,500	8,500	2,372	(6,128)
<i>Total revenues</i>	<u>4,772,500</u>	<u>4,772,500</u>	<u>3,442,637</u>	<u>(1,329,863)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	4,377,462	4,377,462	4,365,143	12,319
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	<u>4,377,462</u>	<u>4,377,462</u>	<u>4,365,143</u>	<u>12,319</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>395,038</u>	<u>395,038</u>	<u>(922,506)</u>	<u>(1,317,544)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(395,038)	(395,038)	-	395,038
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(395,038)</u>	<u>(395,038)</u>	<u>-</u>	<u>395,038</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(922,506)	(922,506)
<i>Fund Balance - Beginning of Year</i>	-	-	162,900	162,900
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (759,606)</u>	<u>\$ (759,606)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(51,364)	
Adjustments to expenditures (liabilities)			197,620	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (776,250)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-26

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	705,957	705,957	414,609	(291,348)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	729	729
<i>Total revenues</i>	<u>705,957</u>	<u>705,957</u>	<u>415,338</u>	<u>(290,619)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	532,381	532,381	531,035	1,346
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	10,000	10,000	-	10,000
<i>Total expenditures</i>	<u>542,381</u>	<u>542,381</u>	<u>531,035</u>	<u>11,346</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>163,576</u>	<u>163,576</u>	<u>(115,697)</u>	<u>(279,273)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(163,576)	(163,576)	-	163,576
Transfers In	-	-	200,000	200,000
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(163,576)</u>	<u>(163,576)</u>	<u>200,000</u>	<u>363,576</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	84,303	84,303
<i>Fund Balance - Beginning of Year</i>	-	-	21,720	21,720
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,023</u>	<u>\$ 106,023</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			185,834	
Adjustments to expenditures (liabilities)			20,562	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 290,699</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-27

McKinley County

CDBG Planning Special Revenue Fund

Statement of Revenue, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Basis) and Actual

For the Year Ending June 30, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	50,000	50,000	-	(50,000)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	50,000	50,000	50,000	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	50,250	50,250
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>50,250</u>	<u>50,250</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>-</u>	<u>-</u>	<u>250</u>	<u>250</u>
<i>Fund Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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)			50,000	
Adjustments to expenditures (liabilities)			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 50,250</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-26

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 675,000	\$ 675,000	\$ 736,022	\$ 61,022
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	5,000	5,000	75	(4,925)
<i>Total revenues</i>	<u>680,000</u>	<u>680,000</u>	<u>736,097</u>	<u>56,097</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	513,554	513,554	265,487	248,067
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	908,366	908,366	296,984	611,382
<i>Total expenditures</i>	<u>1,421,920</u>	<u>1,421,920</u>	<u>562,471</u>	<u>859,449</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(741,920)</u>	<u>(741,920)</u>	<u>173,626</u>	<u>915,546</u>
<i>Other financing sources (uses)</i>				
Designated Cash	741,920	741,920	-	(741,920)
Transfers In	-	-	-	-
Transfers Out	-	-	(50,500)	(50,500)
<i>Total other financing sources (uses)</i>	<u>741,920</u>	<u>741,920</u>	<u>(50,500)</u>	<u>(792,420)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	123,126	123,126
<i>Fund Balance - Beginning of Year</i>	-	-	2,314,976	2,314,976
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,438,102</u>	<u>\$ 2,438,102</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			70,107	
Adjustments to expenditures (liabilities)			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 193,233</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-27

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, 2010

	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	20,000	20,000	24,025	4,025
<i>Total revenues</i>	<u>20,000</u>	<u>20,000</u>	<u>24,025</u>	<u>4,025</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	60,466	60,466	18,572	41,894
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	<u>60,466</u>	<u>60,466</u>	<u>18,572</u>	<u>41,894</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(40,466)</u>	<u>(40,466)</u>	<u>5,453</u>	<u>45,919</u>
<i>Other financing sources (uses)</i>				
Designated Cash	40,466	40,466	-	(40,466)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>40,466</u>	<u>40,466</u>	<u>-</u>	<u>(40,466)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	5,453	5,453
<i>Fund Balance - Beginning of Year</i>	-	-	50,742	50,742
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,195</u>	<u>\$ 56,195</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 5,453</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-1

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 1,100,000	\$ 1,100,000	\$ 1,235,231	\$ 135,231
Intergovernmental Income	-	-	265,833	265,833
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,501,064</u>	<u>401,064</u>
<i>Expenditures:</i>				
Current:				
General Government	1,020,433	1,020,433	168,273	852,160
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	2,680,000	2,680,000	3,127,686	(447,686)
<i>Total expenditures</i>	<u>3,700,433</u>	<u>3,700,433</u>	<u>3,295,959</u>	<u>404,474</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,600,433)</u>	<u>(2,600,433)</u>	<u>(1,794,895)</u>	<u>805,538</u>
<i>Other financing sources (uses)</i>				
Designated Cash	2,600,433	2,600,433	-	(2,600,433)
Transfers In	-	-	-	-
Transfers Out	-	-	(500,000)	(500,000)
<i>Total other financing sources (uses)</i>	<u>2,600,433</u>	<u>2,600,433</u>	<u>(500,000)</u>	<u>(3,100,433)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(2,294,895)	(2,294,895)
<i>Fund Balance - Beginning of Year</i>	-	-	6,613,775	6,613,775
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,318,880</u>	<u>\$ 4,318,880</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(79,218)	
Adjustments to expenditures (liabilities)			(390,248)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>(2,764,361)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-2

McKinley County

Law Enforcement JDC Building Capital Project Fund

Statement of Revenue, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Basis) and Actual

For the Year Ending June 30, 2010

	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	-	(1,000)
<i>Total revenues</i>	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	49,265	49,265	115,893	(66,628)
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	7,875,995	7,875,995	7,803,270	72,725
<i>Total expenditures</i>	<u>7,925,260</u>	<u>7,925,260</u>	<u>7,919,163</u>	<u>6,097</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(7,924,260)</u>	<u>(7,924,260)</u>	<u>(7,919,163)</u>	<u>5,097</u>
<i>Other financing sources (uses)</i>				
Bond Proceeds	7,924,260	7,924,260	-	(7,924,260)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>7,924,260</u>	<u>7,924,260</u>	<u>-</u>	<u>(7,924,260)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(7,919,163)	(7,919,163)
<i>Fund Balance - Beginning of Year</i>	-	-	7,927,392	7,927,392
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,229</u>	<u>\$ 8,229</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			1,309,976	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (6,609,187)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

McKinley County
 CDBG/Williams Acres Water System Capital Project Fund
 Statement of Revenue, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 For the Year Ending June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	500,000	500,000	500,000	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	500,000	500,000	500,000	-
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	500,000	500,000	500,000	-
Total expenditures	500,000	500,000	500,000	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	500,000	500,000
Transfers Out	-	-	(250)	(250)
Total other financing sources (uses)	-	-	499,750	499,750
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	499,750	499,750
<i>Fund Balance - Beginning of Year</i>	-	-	250	250
Fund Balance - End of Year	\$ -	\$ -	\$ 500,000	\$ 500,000
<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)			\$ 499,750	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-4

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 435,000	\$ 435,000	\$ 486,290	\$ 51,290
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>435,000</u>	<u>435,000</u>	<u>486,290</u>	<u>51,290</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	530,000	530,000	39,545	490,455
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	174,500	174,500	124,432	50,068
<i>Total expenditures</i>	<u>704,500</u>	<u>704,500</u>	<u>163,977</u>	<u>540,523</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(269,500)</u>	<u>(269,500)</u>	<u>322,313</u>	<u>591,813</u>
<i>Other financing sources (uses)</i>				
Designated Cash	269,500	269,500	-	(269,500)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>269,500</u>	<u>269,500</u>	<u>-</u>	<u>(269,500)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	322,313	322,313
<i>Fund Balance - Beginning of Year</i>	-	-	1,301,485	1,301,485
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,623,798</u>	<u>\$ 1,623,798</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			20,448	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>20,448</u>	
			\$ 342,761	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-5

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, 2010

	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>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	222,916	222,916	145,597	77,319
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	170,000	170,000	5,653	164,347
<i>Total expenditures</i>	<u>392,916</u>	<u>392,916</u>	<u>151,250</u>	<u>241,666</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(392,916)</u>	<u>(392,916)</u>	<u>(151,250)</u>	<u>241,666</u>
<i>Other financing sources (uses)</i>				
Designated Cash	392,916	392,916	-	(392,916)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>392,916</u>	<u>392,916</u>	<u>-</u>	<u>(392,916)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(151,250)	(151,250)
<i>Fund Balance - Beginning of Year</i>	-	-	408,799	408,799
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 257,549</u>	<u>\$ 257,549</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			-	
Adjustments to expenditures (liabilities)			(21,254)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (172,504)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-6

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	7,155,326	7,155,326	2,307,116	(4,848,210)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	707,000	707,000	116,811	(590,189)
<i>Total revenues</i>	<u>7,862,326</u>	<u>7,862,326</u>	<u>2,423,927</u>	<u>(5,438,399)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	6,679,165	6,679,165	712,956	5,966,209
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	862,000	862,000	3,285,669	(2,423,669)
<i>Total expenditures</i>	<u>7,541,165</u>	<u>7,541,165</u>	<u>3,998,625</u>	<u>3,542,540</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>321,161</u>	<u>321,161</u>	<u>(1,574,698)</u>	<u>(1,895,859)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(321,161)	(321,161)	-	321,161
Transfers In	-	-	500,000	500,000
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(321,161)</u>	<u>(321,161)</u>	<u>500,000</u>	<u>821,161</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(1,074,698)	(1,074,698)
<i>Fund Balance - Beginning of Year</i>	-	-	235,764	235,764
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (838,934)</u>	<u>\$ (838,934)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			859,395	
Adjustments to expenditures (liabilities)			298,075	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>82,772</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement D-1

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, 2010

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes	\$ 6,600	\$ 6,600	\$ 34,075	\$ 27,475
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>6,600</u>	<u>6,600</u>	<u>34,075</u>	<u>27,475</u>
<i>Expenditures:</i>				
Current:				
General Government	500	500	337	163
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	735,000	735,000	735,000	-
Interest	10,107	10,107	10,106	1
<i>Total expenditures</i>	<u>745,607</u>	<u>745,607</u>	<u>745,443</u>	<u>164</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(739,007)</u>	<u>(739,007)</u>	<u>(711,368)</u>	<u>27,639</u>
<i>Other financing sources (uses)</i>				
Designated Cash	739,007	739,007	-	(739,007)
Transfers In	-	-	-	-
Transfers Out	-	-	(101,284)	(101,284)
<i>Total other financing sources (uses)</i>	<u>739,007</u>	<u>739,007</u>	<u>(101,284)</u>	<u>(840,291)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(812,652)	(812,652)
<i>Fund Balance - Beginning of Year</i>	-	-	840,291	840,291
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,639</u>	<u>\$ 27,639</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			(4,990)	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (817,642)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement D-2

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, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP	Favorable
			Basis)	(Unfavorable)
				Final to Actual
<i>Revenues:</i>				
Taxes	\$ 88,000	\$ 88,000	\$ 87,950	\$ (50)
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>88,000</u>	<u>88,000</u>	<u>87,950</u>	<u>(50)</u>
<i>Expenditures:</i>				
Current:				
General Government	500	500	-	500
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	100,000	100,000	100,000	-
Interest	30,500	30,500	30,470	30
<i>Total expenditures</i>	<u>131,000</u>	<u>131,000</u>	<u>130,470</u>	<u>530</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(43,000)</u>	<u>(43,000)</u>	<u>(42,520)</u>	<u>480</u>
<i>Other financing sources (uses)</i>				
Designated Cash	43,000	43,000	-	(43,000)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>43,000</u>	<u>43,000</u>	<u>-</u>	<u>(43,000)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(42,520)	(42,520)
<i>Fund Balance - Beginning of Year</i>	-	-	199,007	199,007
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,487</u>	<u>\$ 156,487</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>\$ (42,520)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement D-3

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP	Favorable
			Basis)	(Unfavorable)
				Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	(468)	(468)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(468)</u>	<u>(468)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing</i>	-	-	(468)	(468)
<i>Fund Balance - Beginning of Year</i>	-	-	468	468
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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>\$ (468)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement D-4

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 1,200,000	\$ 1,200,000	\$ 1,100,000	\$ (100,000)
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,100,000</u>	<u>(100,000)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	650,000	650,000	650,000	-
Interest	549,705	549,705	549,204	501
<i>Total expenditures</i>	<u>1,199,705</u>	<u>1,199,705</u>	<u>1,199,204</u>	<u>501</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>295</u>	<u>295</u>	<u>(99,204)</u>	<u>(99,499)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(295)	(295)	-	295
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(295)</u>	<u>(295)</u>	<u>-</u>	<u>295</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(99,204)	(99,204)
<i>Fund Balance - Beginning of Year</i>	-	-	697,270	697,270
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 598,066</u>	<u>\$ 598,066</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			300,000	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 200,796</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement D-5

McKinley County

Law Enforcement Juvenile Detention Center Debt Service Fund
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ending June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 611,711	\$ 611,711	\$ 611,711	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	319,289	319,289	319,289	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>931,000</u>	<u>931,000</u>	<u>931,000</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	255,000	255,000	255,000	-
Interest	447,220	447,220	447,219	1
<i>Total expenditures</i>	<u>702,220</u>	<u>702,220</u>	<u>702,219</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>228,780</u>	<u>228,780</u>	<u>228,781</u>	<u>1</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(228,780)	(228,780)	-	228,780
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(228,780)</u>	<u>(228,780)</u>	<u>-</u>	<u>228,780</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	228,781	228,781
<i>Fund Balance - Beginning of Year</i>	-	-	66,391	66,391
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 295,172</u>	<u>\$ 295,172</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues (assets)			49,889	
Adjustments to expenditures (liabilities)			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 278,670</u>	

The accompanying notes are an integral part of these financial statements

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Mckinley County
Schedule of Collateral Pledged by Depository
For the Year Ended June 30, 2010

Security Description	CUSIP Number	Fair Market Value	Maturity Date	Name and Location of Safekeeper
Pinnacle Bank				
FNMA Notes-1T10, 2.5%	3136FHEC5	9,132,210	9/18/2012	Federal Reserve Bank of Kansas City
FHLB Bonds-STEP UP1T5, 2.5%	3133XTY75	5,265,563	7/7/2014	Federal Reserve Bank of Kansas City
FHLB Bonds-STEP UP1T5, 2.55%	3133XUHM8	4,821,529	5/24/2013	Federal Reserve Bank of Kansas City
FHLB Bonds-STEP UP1T5, 2.5%	3133XUJM6	5,015,650	2/25/2013	Federal Reserve Bank of Kansas City
FHLB Bonds-STEP UP1T, 2%	3133XVKB6	3,461,642	11/18/2014	Federal Reserve Bank of Kansas City
FHLB Bonds-1T5, 3%	3133XWGX1	9,118,170	1/13/2015	Federal Reserve Bank of Kansas City
FNMA 21058 ARM, 4.65%	313605MF1	3,893,253	11/15/2013	Federal Reserve Bank of Kansas City
FNMA 21058 ARM, 4.65%	313605MF1	35,850	7/28/2011	Federal Reserve Bank of Kansas City
FNMA 303603, 6.5%	31373UGL5	18,906	2/1/2014	Federal Reserve Bank of Kansas City
FNMA 238817 ARM, 5.76%	31370RG27	186,042	11/1/2024	Federal Reserve Bank of Kansas City
FNMA 303603, 6.5%	31373UGL5	68,063	2/1/2014	Federal Reserve Bank of Kansas City
FNMA 323755, 6.5%	31374TTL3	45,632	11/1/2013	Federal Reserve Bank of Kansas City
FNMA 323794, 6.5%	31374TUT4	52,889	6/1/2014	Federal Reserve Bank of Kansas City
FNMA 422841, 6.5%	31379LWA5	45,882	4/1/2013	Federal Reserve Bank of Kansas City
FNMA 257504, 5.0%	31371PAD2	1,916,045	5/4/2012	Federal Reserve Bank of Kansas City
FHLMC G11533, 5.0%	31283KV21	2,410,532	10/12/2012	Federal Reserve Bank of Kansas City
FHLMC 2894 QG, 4.5%	31394LLQ3	3,005,918	10/1/2011	Federal Reserve Bank of Kansas City
CORRALES NM GO, 3.75%	22025PBF5	80,345	8/1/2015	U.S. Bank, Minneapolis, MN
CORRALES NM GO, 4.0%	22025PBG3	80,843	8/1/2016	U.S. Bank, Minneapolis, MN
WEST POINT NE COP, 4.2%	95544AB0	256,428	11/1/2016	U.S. Bank, Minneapolis, MN
WEST POINT NE COP, 4.25%	95544AC8	407,648	11/1/2017	U.S. Bank, Minneapolis, MN
Total - Pinnacle Bank		\$ 49,319,040		

The accompanying notes are an integral part of these financial statements

First Community Bank

PORTALES N MEX

MUN SD #1 FSA, 4.0%	736151CV1	\$	475,000	1/15/2015	Federal Home Loan Bank - Dallas, TX
Southern Sandoval NM Arroyo Flood, 3.8%	843789DZ8		100,000	1/1/2020	Federal Home Loan Bank - Dallas, TX
GNR 2009-58 AP, 4.0%	38375D2H0		1,019,999	6/20/1939	Federal Home Loan Bank - Dallas, TX
GNR 2009-61 AP, 4.0%	38376FFN7		519,878	8/20/2039	Federal Home Loan Bank - Dallas, TX
GNR 2009-28 PB, 5.0%	37374GCT7		45,924	11/20/2033	Federal Home Loan Bank - Dallas, TX
MBS GNMA II 30- Yr SF, 4.5%	36202EZE2		<u>182,730</u>	1/20/2039	Federal Home Loan Bank - Dallas, TX
Total - First Community Bank		\$	<u>2,343,531</u>		
Total		\$	<u><u>51,662,571</u></u>		

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
McKinley County
Schedule of Depositories
For the Year Ended June 30, 2010

<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	\$ 14,031,818	\$ 55,528	\$ 1,756,652	\$ 12,330,694
CDBG	Ckg	661,289	-	-	661,289
Seizure	Ckg	8,040	-	-	8,040
A/P Clearing	Ckg	-	-	-	-
Savings	Sav	1,035,507	-	-	1,035,507
Certificate of Deposit	CD	1,070,341	-	-	1,070,341
Certificate of Deposit	CD	1,000,000	-	-	1,000,000
Certificate of Deposit	CD	3,380,554	-	-	3,380,554
Certificate of Deposit	CD	3,412,189	-	-	3,412,189
Certificate of Deposit	CD	3,421,127	-	-	3,421,127
National Financial Services Corp.					
U.S. Government Securities	Inv	16,076,923	-	-	16,076,923
NM State					
State Treasurer's LGIP	LGIP	18,696	-	-	18,696
First Community Bank					
Certificate of Deposit	CD	1,502,736	-	-	1,502,736
Certificate of Deposit	CD	1,000,000	-	-	1,000,000
Washington Federal Bank					
Certificate of Deposit	CD	2,000,000	-	-	2,000,000
Wells Fargo Bank					
Certificate of Deposit	CD	1,000,000	-	-	1,000,000
1st Financial Credit Union					
Certificate of Deposit	CD	99,162	-	-	99,162
Total cash in bank		<u>\$ 49,718,382</u>	<u>\$ 55,528</u>	<u>\$ 1,756,652</u>	<u>\$ 48,017,258</u>
County unreconciled difference					205,004
Petty Cash					1,150
Total per General Ledger					<u><u>48,223,412</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
McKinley County
Tax Roll Reconciliation - Changes in Property Taxes Receivable
For the Year Ended June 30, 2010

Property taxes receivable, beginning of year	\$ 1,898,317
Changes to Tax Roll:	
Net taxes charged to Treasurer for fiscal year	24,611,093
Adjustments:	
Increases in taxes receivable	242,170
Charge off of taxes receivable	<u>(17,714)</u>
 Total receivables prior to collections	 26,733,866
 Collections for fiscal year ended June 30, 2010	 <u>23,611,755</u>
 Property taxes receivable, end of year	 <u><u>\$ 3,122,111</u></u>
 Property taxes receivable by year:	
2000	15,342
2001	22,058
2002	26,715
2003	20,626
2004	24,924
2005	22,110
2006	44,851
2007	125,968
2008	522,510
2009	<u>2,297,007</u>
 Total taxes receivable	 <u><u>\$ 3,122,111</u></u>

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

STATE OF NEW MEXICO

Schedule IIIA

MCKINLEY COUNTY

TAX RECONCILIATION - COLLECTIONS AND DISTRIBUTIONS

JUNE 30, 2010

	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	County Receivable at Year-End
001 State Debt Service						
State Debt Service 2000	261,145	9	261,060	9	261,060	85
State Debt Service 2001	321,066	32	320,932	32	320,932	134
State Debt Service 2002	209,188	32	209,084	32	209,084	104
State Debt Service 2003	296,223	37	296,058	37	296,058	165
State Debt Service 2004	204,485	24	204,285	24	204,285	200
State Debt Service 2005	261,314	99	261,059	99	261,059	255
State Debt Service 2006	282,725	973	282,068	973	282,068	657
State Debt Service 2007	288,926	4,908	285,818	4,908	285,818	3,108
State Debt Service 2008	303,710	13,524	291,940	13,524	291,940	11,770
State Debt Service 2009	295,456	272,401	272,401	272,401	272,401	23,055
Total State Debt Service	<u>2,724,238</u>	<u>292,039</u>	<u>2,684,705</u>	<u>292,039</u>	<u>2,684,705</u>	<u>39,533</u>
002 County Operational - Res						
County Operational - Res 2000	901,625	32	901,332	32	901,332	293
County Operational - Res 2001	936,640	92	936,249	92	936,249	391
County Operational - Res 2002	970,497	146	970,015	146	970,015	482
County Operational - Res 2003	993,907	125	993,353	125	993,353	554
County Operational - Res 2004	1,037,343	121	1,036,330	121	1,036,330	1,013
County Operational - Res 2005	1,083,797	414	1,082,740	414	1,082,740	1,057
County Operational - Res 2006	1,151,707	3,964	1,149,029	3,964	1,149,029	2,678
County Operational - Res 2007	1,232,608	20,939	1,219,352	20,939	1,219,352	13,256
County Operational - Res 2008	1,303,039	58,026	1,252,540	58,026	1,252,540	50,499
County Operational - Res 2009	1,396,093	1,287,153	1,287,153	1,287,153	1,287,153	108,940
Total County Operational - Res.	<u>11,007,256</u>	<u>1,371,012</u>	<u>10,828,093</u>	<u>1,371,012</u>	<u>10,828,093</u>	<u>179,163</u>

STATE OF NEW MEXICO

Schedule IIIA

MCKINLEY COUNTY

TAX RECONCILIATION - COLLECTIONS AND DISTRIBUTIONS

JUNE 30, 2010

	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	County Receivable at Year-End
003 County Debt Service						
County Debt Service 2000	155,423	6	155,373	6	155,373	50
County Debt Service 2001	192,822	19	192,741	19	192,741	81
County Debt Service 2002	231,541	35	231,426	35	231,426	115
County Debt Service 2003	23,581	3	23,568	3	23,568	13
County Debt Service 2004	496,691	59	496,207	59	496,207	484
County Debt Service 2005	248,820	94	248,577	94	248,577	243
County Debt Service 2006	254,694	877	254,102	877	254,102	592
County Debt Service 2007	250,592	4,257	247,897	4,257	247,897	2,695
County Debt Service 2008	197,533	8,797	189,878	8,797	189,878	7,655
County Debt Service 2009	-	-	-	-	-	-
Total County Debt Service	<u>2,051,697</u>	<u>14,147</u>	<u>2,039,769</u>	<u>14,147</u>	<u>2,039,769</u>	<u>11,928</u>
004 Gallup Municipal Operational - Res						
Gallup Municipal Operational - Res 2000	657,923	30	657,769	30	657,769	154
Gallup Municipal Operational - Res 2001	682,439	59	682,275	59	682,275	164
Gallup Municipal Operational - Res 2002	706,766	78	706,606	78	706,606	160
Gallup Municipal Operational - Res 2003	724,620	70	724,390	70	724,390	230
Gallup Municipal Operational - Res 2004	755,928	48	755,331	48	755,331	597
Gallup Municipal Operational - Res 2005	790,007	318	789,360	318	789,360	647
Gallup Municipal Operational - Res 2006	838,977	2,359	837,206	2,359	837,206	1,771
Gallup Municipal Operational - Res 2007	897,455	12,414	890,071	12,414	890,071	7,384
Gallup Municipal Operational - Res 2008	949,750	33,316	919,193	33,316	919,193	30,557
Gallup Municipal Operational - Res 2009	1,019,194	952,517	952,517	952,517	952,517	66,677
Total Gallup Municipal Operational - Res	<u>8,023,059</u>	<u>1,001,209</u>	<u>7,914,718</u>	<u>1,001,209</u>	<u>7,914,718</u>	<u>108,341</u>

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005 Gallup Municipal Debt Service						
Gallup Municipal Debt Service 2000	164,853	8	164,815	8	164,815	38
Gallup Municipal Debt Service 2001	171,516	15	171,475	15	171,475	41
Gallup Municipal Debt Service 2002	173,971	19	173,931	19	173,931	40
Gallup Municipal Debt Service 2003	334,050	32	333,944	32	333,944	106
Gallup Municipal Debt Service 2004	346,298	22	346,025	22	346,025	273
Gallup Municipal Debt Service 2005	368,062	149	367,761	149	367,761	301
Gallup Municipal Debt Service 2006	235,798	663	235,300	663	235,300	498
Gallup Municipal Debt Service 2007	404,835	5,600	401,504	5,600	401,504	3,331
Gallup Municipal Debt Service 2008	416,031	14,594	402,646	14,594	402,646	13,385
Gallup Municipal Debt Service 2009	440,625	411,799	411,799	411,799	411,799	28,826
Total Gallup Municipal Debt Service	3,056,039	432,901	3,009,200	432,901	3,009,200	46,839
006 School District Operational - Res						
School District Debt Service 2000	40,644	2	40,631	2	40,631	13
School District Debt Service 2001	42,922	4	42,904	4	42,904	18
School District Debt Service 2002	44,511	7	44,489	7	44,489	22
School District Debt Service 2003	45,595	5	45,569	5	45,569	26
School District Debt Service 2004	47,537	6	47,491	6	47,491	46
School District Debt Service 2005	49,759	19	49,711	19	49,711	48
School District Debt Service 2006	52,773	182	52,651	182	52,651	122
School District Debt Service 2007	56,550	961	55,942	961	55,942	608
School District Debt Service 2008	59,765	2,661	57,449	2,661	57,449	2,316
School District Debt Service 2009	63,969	58,977	58,977	58,977	58,977	4,992
Total District Debt Service	504,025	62,824	495,814	62,824	495,814	8,211

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007 School District Debt Service						
School District Debt Service 2000	1,363,273	49	1,362,829	49	1,362,829	444
School District Debt Service 2001	1,468,984	145	1,468,371	145	1,468,371	613
School District Debt Service 2002	1,504,629	226	1,503,882	226	1,503,882	747
School District Debt Service 2003	1,565,612	198	1,564,741	198	1,564,741	871
School District Debt Service 2004	1,602,731	188	1,601,166	188	1,601,166	1,565
School District Debt Service 2005	1,718,492	645	1,716,815	645	1,716,815	1,677
School District Debt Service 2006	1,775,901	6,103	1,771,777	6,103	1,771,777	4,124
School District Debt Service 2007	1,919,620	32,601	1,898,979	32,601	1,898,979	20,641
School District Debt Service 2008	2,028,861	90,346	1,950,233	90,346	1,950,233	78,628
School District Debt Service 2009	2,146,403	1,978,912	1,978,912	1,978,912	1,978,912	167,491
Total School District Debt Service	17,094,506	2,109,413	16,817,705	2,109,413	16,817,705	276,801
008 School Dist. Cap. Improvement - Res						
School Dist. Cap. Improvement 2000	341,544	12	341,433	12	341,433	111
School Dist. Cap. Improvement 2001	360,289	35	360,139	35	360,139	150
School Dist. Cap. Improvement 2002	372,479	56	372,294	56	372,294	185
School Dist. Cap. Improvement 2003	381,514	48	381,302	48	381,302	212
School Dist. Cap. Improvement 2004	397,799	46	397,410	46	397,410	389
School Dist. Cap. Improvement 2005	415,648	157	415,243	157	415,243	405
School Dist. Cap. Improvement 2006	437,953	1,505	436,936	1,505	436,936	1,017
School Dist. Cap. Improvement 2007	468,725	7,960	463,685	7,960	463,685	5,040
School Dist. Cap. Improvement 2008	485,906	21,637	467,066	21,637	467,066	18,840
School Dist. Cap. Improvement 2009	513,801	473,707	473,707	473,707	473,707	40,094
Total School Dist. Cap. Improvement - Res	4,175,658	505,163	4,109,215	505,163	4,109,215	66,443

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009 Gallup Branch College - Res						
Gallup Branch College - Res 2000	116,824	5	116,786	5	116,786	38
Gallup Branch College - Res 2001	123,151	12	123,100	12	123,100	51
Gallup Branch College - Res 2002	127,599	20	127,536	20	127,536	63
Gallup Branch College - Res 2003	130,767	16	130,694	16	130,694	73
Gallup Branch College - Res 2004	136,456	16	136,323	16	136,323	133
Gallup Branch College - Res 2005	423,524	161	423,110	161	423,110	414
Gallup Branch College - Res 2006	437,994	1,507	436,976	1,507	436,976	1,018
Gallup Branch College - Res 2007	468,765	7,962	463,723	7,962	463,723	5,042
Gallup Branch College - Res 2008	485,937	21,639	467,104	21,639	467,104	18,833
Gallup Branch College - Res 2009	513,836	473,741	473,741	473,741	473,741	40,095
Total Gallup Branch College - Res	2,964,853	505,079	2,899,093	505,079	2,899,093	65,760
010 Gallup Branch Debt Service						
Gallup Branch Debt Service 2000	170,795	6	170,739	6	170,739	56
Gallup Branch Debt Service 2001	181,907	18	181,831	18	181,831	76
Gallup Branch Debt Service 2002	372,552	56	372,367	56	372,367	185
Gallup Branch Debt Service 2003	389,767	49	389,550	49	389,550	217
Gallup Branch Debt Service 2004	397,831	46	397,442	46	397,442	389
Gallup Branch Debt Service 2005	635,285	243	634,666	243	634,666	619
Gallup Branch Debt Service 2006	437,994	1,507	436,976	1,507	436,976	1,018
Gallup Branch Debt Service 2007	473,261	8,039	468,171	8,039	468,171	5,090
Gallup Branch Debt Service 2008	485,937	21,639	467,104	21,639	467,104	18,833
Gallup Branch Debt Service 2009	642,295	592,176	592,176	592,176	592,176	50,119
Total Gallup Branch Debt Service	4,187,624	623,779	4,111,022	623,779	4,111,022	76,602

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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
011 Rehoboth Christian Hospital - Res						
Rehoboth Christian Hospital 2000	313,408	11	313,306	11	313,306	102
Rehoboth Christian Hospital 2001	181,907	18	181,831	18	181,831	76
Rehoboth Christian Hospital 2002	186,276	28	186,183	28	186,183	93
Rehoboth Christian Hospital 2003	190,791	24	190,685	24	190,685	106
Rehoboth Christian Hospital 2004	397,831	46	397,442	46	397,442	389
Rehoboth Christian Hospital 2005	423,524	161	423,110	161	423,110	414
Rehoboth Christian Hospital 2006	437,994	1,507	436,976	1,507	436,976	1,018
Rehoboth Christian Hospital 2007	468,765	7,962	463,723	7,962	463,723	5,042
Rehoboth Christian Hospital 2008	485,937	21,639	467,104	21,639	467,104	18,833
Rehoboth Christian Hospital 2009	513,836	473,741	473,741	473,741	473,741	40,095
Total Rehoboth Christian Hospital - Res	3,600,269	505,137	3,534,101	505,137	3,534,101	66,168
012 UNM-Gallup Special Vocational - Res						
UNM-Gallup Special Vocational 2000	150,983	5	150,933	5	150,933	50
UNM-Gallup Special Vocational 2001	123,151	12	123,100	12	123,100	51
UNM-Gallup Special Vocational 2002	127,599	20	127,536	20	127,536	63
UNM-Gallup Special Vocational 2003	130,767	16	130,694	16	130,694	73
UNM-Gallup Special Vocational 2004	136,456	16	136,323	16	136,323	133
UNM-Gallup Special Vocational 2005	211,762	80	211,555	80	211,555	207
UNM-Gallup Special Vocational 2006	218,997	754	218,488	754	218,488	509
UNM-Gallup Special Vocational 2007	234,501	3,984	231,979	3,984	231,979	2,522
UNM-Gallup Special Vocational 2008	242,968	10,820	233,552	10,820	233,552	9,416
UNM-Gallup Special Vocational 2009	256,918	236,870	236,870	236,870	236,870	20,048
Total UNM Gallup Special Vocational -Res	1,834,102	252,577	1,801,030	252,577	1,801,030	33,072

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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
013 Zuni School District Operational - Res						
Zuni School District Operational 2000	8	-	8	-	8	-
Zuni School District Operational 2001	11	-	11	-	11	-
Zuni School District Operational 2002	12	-	12	-	12	-
Zuni School District Operational 2003	13	-	13	-	13	-
Zuni School District Operational 2004	8	-	8	-	8	-
Zuni School District Operational 2005	10	-	10	-	10	-
Zuni School District Operational 2006	10	1	10	1	10	-
Zuni School District Operational 2007	10	1	10	1	10	-
Zuni School District Operational 2008	10	1	10	1	10	-
Zuni School District Operational 2009	9	8	8	8	8	1
Total Zuni School District Operational - Res	101	11	100	11	100	1
014 Zuni School District Debt Serv - Res						
Zuni School District Debt Service 2000	310	-	310	-	310	-
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	4	56	4	56	-
Zuni School District Debt Service 2006	60	4	59	4	59	1
Zuni School District Debt Service 2007	61	4	59	4	59	2
Zuni School District Debt Service 2008	55	3	53	3	53	2
Zuni School District Debt Service 2009	88	83	83	83	83	5
Total Zuni School District Debt Service Res	714	98	704	98	704	10

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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
015 Zuni School Dist Cap Improv - Res						
Zuni School Dist Capital Improv. 2000	46	-	46	-	46	-
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	2	41	2	41	-
Zuni School Dist Capital Improv. 2006	41	2	40	2	40	1
Zuni School Dist Capital Improv. 2007	40	3	39	3	39	1
Zuni School Dist Capital Improv. 2008	40	3	39	3	39	1
Zuni School Dist Capital Improv. 2009	35	33	33	33	33	2
Total Zuni School Dist Capital Improv - Res	484	43	479	43	479	5
016 Zuni Public School						
Zuni Public School 2000	1,200	234	1,175	234	1,175	25
Total Zuni Public School	1,200	234	1,175	234	1,175	25
019 Zuni School District Educ. Tech - Res						
Zuni School District Educ. Tech 2000	52	-	52	-	52	-
Zuni School District Educ. Tech 2001	450	-	450	-	450	-
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	17	300	17	300	-
Zuni School District Educ. Tech 2007	271	16	262	16	262	9
Zuni School District Educ. Tech 2008	177	11	172	11	172	5
Zuni School District Educ. Tech 2009	159	149	149	149	149	10
Total Zuni School District Educ. Tech-Res	2,722	193	2,698	193	2,698	24

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022 County Operational - Non Res						
County Operational - Non Res 2000	5,004,374	15	4,999,546	15	4,999,546	4,828
County Operational - Non Res 2001	4,561,325	120	4,554,383	120	4,554,383	6,942
County Operational - Non Res 2002	4,698,201	223	4,690,036	223	4,690,036	8,165
County Operational - Non Res 2003	4,496,503	362	4,489,835	362	4,489,835	6,668
County Operational - Non Res 2004	4,352,062	955	4,345,728	955	4,345,728	6,334
County Operational - Non Res 2005	4,781,750	1,256	4,776,747	1,256	4,776,747	5,003
County Operational - Non Res 2006	4,923,393	13,443	4,913,646	13,443	4,913,646	9,747
County Operational - Non Res 2007	5,320,042	35,794	5,303,599	35,794	5,303,599	16,443
County Operational - Non Res 2008	5,285,711	217,684	5,212,680	217,684	5,212,680	73,031
County Operational - Non Res 2009	5,766,417	5,173,036	5,173,036	5,173,036	5,173,036	593,381
Total County Operational -Non Res	49,189,778	5,442,888	48,459,236	5,442,888	48,459,236	730,542
024 Gallup Municipal Operational - Non Res						
Gallup Municipal Operational-Non Res 2000	838,760	3	837,778	3	837,778	982
Gallup Municipal Operational-Non Res 2001	859,743	69	857,644	69	857,644	2,099
Gallup Municipal Operational-Non Res 2002	873,373	69	870,415	69	870,415	2,958
Gallup Municipal Operational-Non Res 2003	861,459	69	860,642	69	860,642	817
Gallup Municipal Operational-Non Res 2004	873,947	69	873,100	69	873,100	847
Gallup Municipal Operational-Non Res 2005	964,473	110	963,445	110	963,445	1,028
Gallup Municipal Operational-Non Res 2006	1,019,504	6,423	1,016,404	6,423	1,016,404	3,100
Gallup Municipal Operational-Non Res 2007	1,113,217	16,968	1,107,473	16,968	1,107,473	5,744
Gallup Municipal Operational-Non Res 2008	1,180,967	61,927	1,144,926	61,927	1,144,926	36,041
Gallup Municipal Operational-Non Res 2009	1,160,632	1,056,106	1,056,106	1,056,106	1,056,106	104,526
Total Gallup Municipal Operational - Non Res	9,746,075	1,141,813	9,587,933	1,141,813	9,587,933	158,142

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026 School District Operational - Non Res						
School District Operational-Non Res 2000	209,955	-	209,776	-	209,776	179
School District Operational-Non Res 2001	191,122	5	190,855	5	190,855	267
School District Operational-Non Res 2002	196,805	10	196,486	10	196,486	319
School District Operational-Non Res 2003	188,479	15	188,222	15	188,222	257
School District Operational-Non Res 2004	182,491	40	182,249	40	182,249	242
School District Operational-Non Res 2005	200,450	53	200,268	53	200,268	182
School District Operational-Non Res 2006	206,447	567	206,065	567	206,065	382
School District Operational-Non Res 2007	223,126	1,510	222,462	1,510	222,462	664
School District Operational-Non Res 2008	221,696	9,185	218,646	9,185	218,646	3,050
School District Operational-Non Res 2009	242,064	217,060	217,060	217,060	217,060	25,004
Total School District Operational - Non Res	2,062,635	228,445	2,032,089	228,445	2,032,089	30,546
028 School Dist Cap Improv Non-Res						
School Dist Cap Improv Non-Res 2000	839,819	3	839,105	3	839,105	714
School Dist Cap Improv Non-Res 2001	764,490	20	763,419	20	763,419	1,071
School Dist Cap Improv Non-Res 2002	787,219	37	785,942	37	785,942	1,277
School Dist Cap Improv Non-Res 2003	753,914	61	752,890	61	752,890	1,024
School Dist Cap Improv Non-Res 2004	729,963	162	728,996	162	728,996	967
School Dist Cap Improv Non-Res 2005	801,801	212	801,073	212	801,073	728
School Dist Cap Improv Non-Res 2006	825,789	2,269	824,260	2,269	824,260	1,529
School Dist Cap Improv Non-Res 2007	892,506	6,041	889,848	6,041	889,848	2,658
School Dist Cap Improv Non-Res 2008	886,784	36,740	874,584	36,740	874,584	12,200
School Dist Cap Improv Non-Res 2009	968,255	868,240	868,240	868,240	868,240	100,015
Total Dist Cap Improv Non-Res	8,250,540	913,785	8,128,357	913,785	8,128,357	122,183

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029 Gallup Branch College - Non Res						
Gallup Branch College - Non Res 2000	422,310	2	421,903	2	421,903	407
Gallup Branch College - Non Res 2001	384,922	10	384,336	10	384,336	586
Gallup Branch College - Non Res 2002	396,473	19	395,784	19	395,784	689
Gallup Branch College - Non Res 2003	379,452	31	378,889	31	378,889	563
Gallup Branch College - Non Res 2004	367,263	80	366,728	80	366,728	535
Gallup Branch College - Non Res 2005	807,046	212	806,202	212	806,202	844
Gallup Branch College - Non Res 2006	830,952	2,269	829,307	2,269	829,307	1,645
Gallup Branch College - Non Res 2007	897,897	6,041	895,122	6,041	895,122	2,775
Gallup Branch College - Non Res 2008	892,103	36,740	879,777	36,740	879,777	12,326
Gallup Branch College - Non Res 2009	973,235	873,086	873,086	873,086	873,086	100,149
Total Gallup Branch College - Non Res	6,351,653	918,490	6,231,134	918,490	6,231,134	120,519
031 Rehoboth Christian Hospital-Non Res						
Rehoboth Christian hospital - Non Res 2000	844,620	2	843,805	2	843,805	815
Rehoboth Christian hospital - Non Res 2001	384,922	10	384,336	10	384,336	586
Rehoboth Christian hospital - Non Res 2002	396,473	19	395,784	19	395,784	689
Rehoboth Christian hospital - Non Res 2003	379,452	31	378,889	31	378,889	563
Rehoboth Christian hospital - Non Res 2004	734,525	161	733,456	161	733,456	1,069
Rehoboth Christian hospital - Non Res 2005	807,046	212	806,202	212	806,202	844
Rehoboth Christian hospital - Non Res 2006	830,952	2,269	829,307	2,269	829,307	1,645
Rehoboth Christian hospital - Non Res 2007	897,897	6,041	895,122	6,041	895,122	2,775
Rehoboth Christian hospital - Non Res 2008	892,103	36,740	879,777	36,740	879,777	12,326
Rehoboth Christian hospital - Non Res 2009	973,235	873,086	873,086	873,086	873,086	100,149
Total Rehoboth Christian hospital - Non Res	7,141,225	918,571	7,019,764	918,571	7,019,764	121,461

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032 UNM Gallup Special Vocational Non-Res						
UNM Gallup Special Vocational Non-Res 2000	422,310	2	421,903	2	421,903	407
UNM Gallup Special Vocational Non-Res 2001	384,922	10	384,336	10	384,336	586
UNM Gallup Special Vocational Non-Res 2002	396,473	19	395,784	19	395,784	689
UNM Gallup Special Vocational Non-Res 2003	379,452	31	378,889	31	378,889	563
UNM Gallup Special Vocational Non-Res 2004	367,263	80	366,728	80	366,728	535
UNM Gallup Special Vocational Non-Res 2005	403,523	106	403,101	106	403,101	422
UNM Gallup Special Vocational Non-Res 2006	415,476	1,135	414,654	1,135	414,654	822
UNM Gallup Special Vocational Non-Res 2007	448,949	3,020	447,561	3,020	447,561	1,388
UNM Gallup Special Vocational Non-Res 2008	446,052	18,370	439,889	18,370	439,889	6,163
UNM Gallup Special Vocational Non-Res 2009	486,617	436,543	436,543	436,543	436,543	50,074
Total UNM Gallup Special Vocational Non-Res	4,151,037	459,316	4,089,388	459,316	4,089,388	61,649
061 Rio San Jose Flood Control - Res						
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	2
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	-	1,417	-	1,417	1
Rio San Jose Flood Control - Res 2005	1,666	-	1,665	-	1,665	1
Rio San Jose Flood Control - Res 2006	1,751	-	1,747	-	1,747	4
Rio San Jose Flood Control - Res 2007	2,052	97	2,034	97	2,034	18
Rio San Jose Flood Control - Res 2008	2,121	212	1,985	212	1,985	136
Rio San Jose Flood Control - Res 2009	2,258	1,933	1,933	1,933	1,933	325
Total Rio San Jose Flood Control - Res	17,239	2,242	16,749	2,242	16,749	490

STATE OF NEW MEXICO

Schedule IIIA

MCKINLEY COUNTY

TAX RECONCILIATION - COLLECTIONS AND DISTRIBUTIONS

JUNE 30, 2010

	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	County Receivable at Year-End
062 Rio San Jose Flood Control Non-Res						
Rio San Jose Flood Control Non-Res 2000	21,506	-	21,506	-	21,506	-
Rio San Jose Flood Control Non-Res 2001	24,275	-	24,275	-	24,275	-
Rio San Jose Flood Control Non-Res 2002	23,511	3	23,511	3	23,511	-
Rio San Jose Flood Control Non-Res 2003	23,739	6	23,738	6	23,738	1
Rio San Jose Flood Control Non-Res 2004	24,356	8	24,356	8	24,356	-
Rio San Jose Flood Control Non-Res 2005	23,372	12	23,369	12	23,369	3
Rio San Jose Flood Control Non-Res 2006	24,767	26	24,758	26	24,758	9
Rio San Jose Flood Control Non-Res 2007	26,137	54	26,106	54	26,106	31
Rio San Jose Flood Control Non-Res 2008	26,842	341	26,737	341	26,737	105
Rio San Jose Flood Control Non-Res 2009	23,078	22,793	22,793	22,793	22,793	285
Total Rio San Jose Flood Control Non-Res	241,583	23,243	241,149	23,243	241,149	434
101 State Debt Service						
State Debt Service 2000	645,712	2	645,089	2	645,089	623
State Debt Service 2001	679,387	18	678,353	18	678,353	1,034
State Debt Service 2002	445,239	21	444,465	21	444,465	774
State Debt Service 2003	576,767	46	575,911	46	575,911	856
State Debt Service 2004	377,546	83	376,997	83	376,997	549
State Debt Service 2005	497,947	131	497,427	131	497,427	520
State Debt Service 2006	536,380	1,465	535,318	1,465	535,318	1,062
State Debt Service 2007	548,166	3,688	546,472	3,688	546,472	1,694
State Debt Service 2008	557,564	22,872	549,861	22,872	549,861	7,703
State Debt Service 2009	559,611	502,025	502,025	502,025	502,025	57,586
Total State Debt Service	5,424,319	530,351	5,351,918	530,351	5,351,918	72,401

STATE OF NEW MEXICO

Schedule IIIA

MCKINLEY COUNTY

TAX RECONCILIATION - COLLECTIONS AND DISTRIBUTIONS

JUNE 30, 2010

	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	County Receivable at Year-End
103 County Debt Service						
County Debt Service 2000	384,302	1	383,931	1	383,931	371
County Debt Service 2001	408,017	10	407,396	10	407,396	621
County Debt Service 2002	492,815	23	491,959	23	491,959	856
County Debt Service 2003	45,914	4	45,846	4	45,846	68
County Debt Service 2004	917,055	201	915,720	201	915,720	1,335
County Debt Service 2005	474,140	125	473,644	125	473,644	496
County Debt Service 2006	483,199	1,319	482,242	1,319	482,242	957
County Debt Service 2007	475,437	3,199	473,967	3,199	473,967	1,470
County Debt Service 2008	362,640	14,934	357,629	14,934	357,629	5,011
Total County Debt Service	4,043,519	19,816	4,032,334	19,816	4,032,334	11,185
105 Gallup Municipal Debt Services						
Gallup Municipal Debt Services 2000	133,434	1	133,278	1	133,278	156
Gallup Municipal Debt Services 2001	132,951	11	132,627	11	132,627	324
Gallup Municipal Debt Services 2002	135,059	10	134,601	10	134,601	458
Gallup Municipal Debt Services 2003	244,925	19	244,692	19	244,692	233
Gallup Municipal Debt Services 2004	253,616	20	253,370	20	253,370	246
Gallup Municipal Debt Services 2005	286,171	33	285,866	33	285,866	305
Gallup Municipal Debt Services 2006	184,843	1,164	184,281	1,164	184,281	562
Gallup Municipal Debt Services 2007	335,347	5,111	333,616	5,111	333,616	1,731
Gallup Municipal Debt Services 2008	342,712	17,971	332,253	17,971	332,253	10,459
Gallup Municipal Debt Services 2009	336,811	306,478	306,478	306,478	306,478	30,333
Total Gallup Municipal Debt Service	2,385,869	330,818	2,341,062	330,818	2,341,062	44,807

STATE OF NEW MEXICO

Schedule IIIA

MCKINLEY COUNTY

TAX RECONCILIATION - COLLECTIONS AND DISTRIBUTIONS

JUNE 30, 2010

	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	County Receivable at Year-End
107 School District Debt Service						
School District Debt Service 2000	3,352,139	11	3,349,287	11	3,349,287	2,852
School District Debt Service 2001	3,087,392	81	3,083,069	81	3,083,069	4,323
School District Debt Service 2002	3,179,971	152	3,174,813	152	3,174,813	5,158
School District Debt Service 2003	3,028,849	246	3,024,735	246	3,024,735	4,114
School District Debt Service 2004	2,941,022	649	2,937,123	649	2,937,123	3,899
School District Debt Service 2005	3,253,710	860	3,250,752	860	3,250,752	2,958
School District Debt Service 2006	3,348,576	9,200	3,342,374	9,200	3,342,374	6,202
School District Debt Service 2007	3,620,449	24,506	3,609,667	24,506	3,609,667	10,782
School District Debt Service 2008	3,702,766	153,407	3,651,825	153,407	3,651,825	50,941
School District Debt Service 2009	4,044,886	3,627,072	3,627,072	3,627,072	3,627,072	417,814
Total District Debt Service	33,559,760	3,816,184	33,050,717	3,816,184	33,050,717	509,043
110 Gallup Branch Debt Service						
Gallup Branch Debt Service 2000	422,310	2	421,903	2	421,903	407
Gallup Branch Debt Service 2001	384,922	10	384,336	10	384,336	586
Gallup Branch Debt Service 2002	792,945	37	791,567	37	791,567	1,378
Gallup Branch Debt Service 2003	758,903	61	757,778	61	757,778	1,125
Gallup Branch Debt Service 2004	734,525	161	733,456	161	733,456	1,069
Gallup Branch Debt Service 2005	1,210,570	318	1,209,303	318	1,209,303	1,267
Gallup Branch Debt Service 2006	830,952	2,269	829,307	2,269	829,307	1,645
Gallup Branch Debt Service 2007	897,897	6,041	895,122	6,041	895,122	2,775
Gallup Branch Debt Service 2008	892,103	36,740	879,777	36,740	879,777	12,326
Gallup Branch Debt Service 2009	1,216,544	1,091,358	1,091,358	1,091,358	1,091,358	125,186
Total Gallup Branch Debt Service	8,141,671	1,136,997	7,993,907	1,136,997	7,993,907	147,764

STATE OF NEW MEXICO

Schedule IIIA

MCKINLEY COUNTY

TAX RECONCILIATION - COLLECTIONS AND DISTRIBUTIONS

JUNE 30, 2010

	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	County Receivable at Year-End
113 Zuni School District Oper Non-Res						
Zuni School District Oper Non-Res 2001	1,339	-	1,313	-	1,313	26
Zuni School District Oper Non-Res 2002	1,432	-	1,406	-	1,406	26
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	1,348	-	1,319	-	1,319	29
Zuni School District Oper Non-Res 2008	1,330	-	1,298	-	1,298	32
Zuni School District Oper Non-Res 2009	1,245	1,212	1,212	1,212	1,212	33
Total Zuni School District Oper Non-Res	11,599	1,212	11,347	1,212	11,347	252
114 Zuni School District Debt Serv Non-Res						
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	169
Zuni School Dist Debt Serv Non-Res 2007	8,223	-	8,044	-	8,044	179
Zuni School Dist Debt Serv Non-Res 2008	7,317	-	7,143	-	7,143	174
Zuni School Dist Debt Serv Non-Res 2009	12,395	12,063	12,063	12,063	12,063	332
Total Zuni School Dist Debt Serv Non-Res	84,769	12,063	82,871	12,063	82,871	1,898

STATE OF NEW MEXICO

Schedule IIIA

MCKINLEY COUNTY

TAX RECONCILIATION - COLLECTIONS AND DISTRIBUTIONS

JUNE 30, 2010

	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	County Receivable at Year-End
115 Zuni School Dist Cap Improv Non-Res						
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	102
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	-	5,047	-	5,047	116
Zuni School Dist Cap Improv Non-Res 2007	5,392	-	5,275	-	5,275	117
Zuni School Dist Cap Improv Non-Res 2008	5,320	-	5,193	-	5,193	127
Zuni School Dist Cap Improv Non-Res 2009	4,980	4,846	4,846	4,846	4,846	134
Total Zuni School Dist Cap Improv Non-Res	51,205	4,846	50,098	4,846	50,098	1,107
119 Zuni School Dist Educ Tech Non-Res						
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	654
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	1,177
Zuni School Dist Educ Tech Non-Res 2005	38,241	-	37,398	-	37,398	843
Zuni School Dist Educ Tech Non-Res 2007	36,543	-	35,748	-	35,748	795
Zuni School Dist Educ Tech Non-Res 2008	23,586	-	23,027	-	23,027	559
Zuni School Dist Educ Tech Non-Res 2009	22,297	21,700	21,700	21,700	21,700	597
Total Zuni School Dist Educ Tech Non-Res	285,234	21,700	279,141	21,700	279,141	6,093

STATE OF NEW MEXICO

Schedule IIIA

MCKINLEY COUNTY

TAX RECONCILIATION - COLLECTIONS AND DISTRIBUTIONS

JUNE 30, 2010

	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	County Receivable at Year-End
900 Corporate Non Ren Pen						
Corporate Non Ren Pen 2000	871	-	871	-	871	-
Total Corporate Non Ren Pen	871	-	871	-	871	-
951 Cattle Indemnity						
Cattle Indemnity 2000	11,410	-	11,410	-	11,410	-
Cattle Indemnity 2001	9,132	-	9,132	-	9,132	-
Cattle Indemnity 2002	9,991	-	9,954	-	9,954	37
Cattle Indemnity 2003	10,983	-	10,947	-	10,947	36
Cattle Indemnity 2004	11,454	-	11,454	-	11,454	-
Cattle Indemnity 2005	13,747	16	13,659	16	13,659	88
Cattle Indemnity 2006	18,691	-	18,502	-	18,502	189
Cattle Indemnity 2007	18,959	-	18,843	-	18,843	116
Cattle Indemnity 2008	12,501	118	12,317	118	12,317	184
Cattle Indemnity 2009	13,328	12,798	12,798	12,798	12,798	530
Total Cattle Indemnity	130,196	12,932	129,016	12,932	129,016	1,180
952 Sheep						
Sheep 2000	250	-	250	-	250	-
Sheep 2001	250	-	250	-	250	-
Sheep 2002	262	-	262	-	262	-
Sheep 2003	216	-	216	-	216	-
Sheep 2004	247	-	247	-	247	-
Sheep 2005	282	-	282	-	282	-
Sheep 2006	176	-	176	-	176	-
Sheep 2007	145	-	145	-	145	-
Sheep 2008	145	-	144	-	144	1
Sheep 2009	94	87	87	87	87	7
Total Sheep	2,067	87	2,059	87	2,059	8

STATE OF NEW MEXICO

Schedule IIIA

MCKINLEY COUNTY

TAX RECONCILIATION - COLLECTIONS AND DISTRIBUTIONS

JUNE 30, 2010

	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	County Receivable at Year-End
953 Goats						
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	-
Goats 2006	16	-	16	-	16	-
Goats 2007	19	-	19	-	19	-
Goats 2008	59	-	59	-	59	-
Goats 2009	16	8	8	8	8	8
Total Goats	287	8	279	8	279	8
954 Horses, Mules, & Asses						
Horses, Mules, & Asses 2009	377	288	288	288	288	89
Total Horses, Mules, & Asses	377	288	288	288	288	89
955 Hogs						
Hogs 2001	-	-	-	-	-	-
Hogs 2002	-	-	-	-	-	-
Hogs 2003	1	-	1	-	1	-
Hogs 2004	-	-	-	-	-	-
Hogs 2005	-	-	-	-	-	-
Hogs 2006	-	-	-	-	-	-
Hogs 2007	-	-	-	-	-	-
Hogs 2008	2	-	2	-	2	-
Hogs 2009	-	-	-	-	-	-
Total Hogs	3	-	3	-	3	-

STATE OF NEW MEXICO

Schedule IIIA

MCKINLEY COUNTY

TAX RECONCILIATION - COLLECTIONS AND DISTRIBUTIONS

JUNE 30, 2010

	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	County Receivable at Year-End
956 Dairy						
Dairy 2000	627	-	627	-	627	-
Dairy 2001	634	-	634	-	634	-
Dairy 2002	719	-	719	-	719	-
Dairy 2003	677	-	677	-	677	-
Dairy 2004	808	-	808	-	808	-
Dairy 2005	923	-	923	-	923	-
Dairy 2006	940	7	927	7	927	13
Dairy 2007	782	31	769	31	769	13
Dairy 2008	-	-	-	-	-	-
Dairy 2009	-	-	-	-	-	-
Total Dairy	6,110	38	6,084	38	6,084	26
957 Bison						
Bison 2003	34	-	34	-	34	-
Bison 2004	40	-	40	-	40	-
Bison 2005	-	-	-	-	-	-
Bison 2006	-	-	-	-	-	-
Bison 2007	-	-	-	-	-	-
Bison 2008	-	-	-	-	-	-
Bison 2009	-	-	-	-	-	-
Total Bison	74	-	74	-	74	-

STATE OF NEW MEXICO

Schedule IIIA

MCKINLEY COUNTY

TAX RECONCILIATION - COLLECTIONS AND DISTRIBUTIONS

JUNE 30, 2010

	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	County Receivable at Year-End
980 DCLPEN						
DCLPEN 2000	533	-	290	-	290	243
DCLPEN 2001	1,218	-	818	-	818	400
DCLPEN 2002	6,726	-	6,499	-	6,499	227
DCLPEN 2003	751	-	535	-	535	216
DCLPEN 2004	907	-	677	-	677	230
DCLPEN 2005	213	-	213	-	213	-
DCLPEN 2006	2,992	-	2,992	-	2,992	-
DCLPEN 2007	351	-	351	-	351	-
DCLPEN 2008	42	-	-	-	-	42
DCLPEN 2009	-	-	-	-	-	-
Total DCLPEN	<u>13,733</u>	<u>-</u>	<u>12,375</u>	<u>-</u>	<u>12,375</u>	<u>1,358</u>
990 Treasurer Admin Fee						
Treasurer Admin Fee 2000	420	-	420	-	420	-
Treasurer Admin Fee 2001	444	-	444	-	444	-
Treasurer Admin Fee 2002	434	-	434	-	434	-
Treasurer Admin Fee 2003	440	-	440	-	440	-
Treasurer Admin Fee 2004	374	-	374	-	374	-
Treasurer Admin Fee 2005	513	-	513	-	513	-
Treasurer Admin Fee 2006	390	-	390	-	390	-
Treasurer Admin Fee 2007	343	-	343	-	343	-
Treasurer Admin Fee 2008	357	-	357	-	357	-
Treasurer Admin Fee 2009	-	-	-	-	-	-
Total Treasurer Admin Fee	<u>3,715</u>	<u>-</u>	<u>3,715</u>	<u>-</u>	<u>3,715</u>	<u>-</u>
Grand Total	<u>202,525,690</u>	<u>23,611,992</u>	<u>199,403,579</u>	<u>23,611,992</u>	<u>199,403,579</u>	<u>3,122,111</u>

STATE OF NEW MEXICO
McKinley County
Agency Funds
Schedule of Changes In Assets and Liabilities
For the Year Ended June 30, 2010

Schedule IV

	<u>Balance</u> July 1, 2009	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> June 30, 2010
 <u>ASSETS</u>				
Cash	\$ 550,563	\$ 17,776,488	\$ 16,764,869	\$ 1,562,182
Taxes receivable	<u>1,370,447</u>	<u>16,764,129</u>	<u>15,945,283</u>	<u>2,189,293</u>
Total assets	<u><u>\$ 1,921,010</u></u>	<u><u>\$ 34,540,617</u></u>	<u><u>\$ 32,710,152</u></u>	<u><u>\$ 3,751,475</u></u>
 <u>LIABILITIES</u>				
Due to other entities	<u>\$ 1,921,010</u>	<u>\$ 34,540,617</u>	<u>\$ 32,710,152</u>	<u>\$ 3,751,475</u>
Total liabilities	<u><u>\$ 1,921,010</u></u>	<u><u>\$ 34,540,617</u></u>	<u><u>\$ 32,710,152</u></u>	<u><u>\$ 3,751,475</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
MCKINLEY COUNTY
JOINT POWERS AGREEMENTS
June 30, 2010

Other Participants with County	Responsible Party	Description	Beginning/Ending Dates
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, 2010

Other Participants with County	County Portion	County Contributions FYE 06/30/10	Audit Responsibility
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, 2010

Other Participants with County	Fiscal Agent	Reporting Entity
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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Griego Professional Services, LLC

Certified Public Accountants

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 financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of McKinley County (the County) as of and for the year ended June 30, 2010, and have issued our report thereon dated January 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses identified as FS 07-03 and FS 10-06.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies identified as FS 09-02, FS 09-04, FS 10-01, FS 10-02, FS 10-03, FS 10-04, and FS 10-05.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether McKinley County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as items FS 09-01 and FS 09-04.

We noted no other matters that are required to be reported pursuant to Government Auditing Standards paragraphs 5.14 and 5.16, and pursuant to Section 12-6-5, NMSA 1978.

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 agency's responses and, accordingly, we express no opinion on them.

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

Grigo Professional Services, LLC

Albuquerque, New Mexico
January 7, 2011

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FEDERAL FINANCIAL ASSISTANCE

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Griego Professional Services, LLC

Certified Public Accountants

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON 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 McKinley County's (the "County") compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of County's major federal programs for the year ended June 30, 2010. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

Grigo Professional Services, LLC

Albuquerque, New Mexico
January 7, 2011

STATE OF NEW MEXICO
 McKinley County
 Schedule of Expenditures of Federal Awards
 June 30, 2010

Federal Grantor or Pass-Through Grantor / Program Title	Passthrough Grant Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Agriculture			
Bankhead Jones	2009-2010	10.666	6,370
Forest Reserve (1)	2009-2010	10.672	270,639
Total U.S. Department of Agriculture			<u>277,009</u>
U.S. Department of Housing and Urban Development			
Community Development Block Grant (1)	2009-2010	14.228	550,000
Total U.S. Department of Housing and Urban Development			<u>550,000</u>
U.S. Department of the Interior			
Taylor Grazing	2009-2010	15.227	13,484
Total U.S. Department of the Interior			<u>13,484</u>
U.S. Department of Justice			
Juvenile Accountability Incentive Block Grants	2009-2010	16.523	145,500
Sheriff's Federal Grant OJP	2009-2010	16.579	10,009
Vest Program	2009-2010	16.607	3,879
Total U.S. Department of Justice			<u>159,388</u>
U.S. Department of Transportation			
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	2009-2010	20.605	220,927
Total U.S. Department of Transportation			<u>220,927</u>
Total Federal Financial Assistance			<u><u>\$ 1,220,808</u></u>

(1) Denotes major program

The accompanying notes are an integral part of these financial statements

Notes to Schedule of Expenditures of Federal Awards1. 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	\$ 1,220,808
Total expenditures funded by other sources	<u>49,235,058</u>
Total expenditures	<u><u>50,455,866</u></u>

STATE OF NEW MEXICO
MCKINLEY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010

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? | Yes |

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
10.672	Forest Reserve
14.228	CDBG

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 6. Auditee qualified as low-risk auditee? | No |

STATE OF NEW MEXICO
MCKINLEY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010

Schedule VII

Section II – Financial Statement Findings

FS 07-03 — Compliance with SAS 112

Condition: The County's Finance Director terminated her employment with the County in September 2007. The County has struggled in filling the position since that time. During fiscal year 2010, the County filled the position and is now in the process of ensuring the new individuals qualifications are brought up-to-date through training sessions which have been scheduled for early calendar year 2011. The departure of the former Finance Director and the fact that the County has struggled filling the position has left the County without an individual at the management level capable of taking responsibility for the preparation of the financial statements.

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

Effect: During fiscal year 2010, the County has put has 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 once she has updated her credentials and continuing education.

Cause: The County's former Finance Director was the individual capable of preparing the financial statements in the absence of preparation by the independent public accountant. The New Finance Director is now currently working toward attaining the qualifications to satisfy SAS 112.

Auditor's Recommendation: We recommend that the County Finance Director continue training to attain qualifications to satisfy SAS 112. The County could also have other employees attend training to meet the SAS 112 qualifications. Alternative individuals must be trained in order to avoid this occurrence in the future.

Management's Response: The County Finance Director has taken two (2) GAAP updates in the past week, as well as, registering for a CPA review course and more GAAP updates. She is also going to pick up additional material from our current Auditor regarding GAAP updates so that McKinley County will be in compliance with SAS 112.

FS 09-01 — Audit Report Not Submitted Timely

Condition: The County's audit report for the year ended June 30, 2010 was not submitted to the State Auditor by the required due date, November 15, 2010.

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.

Effect: The result was the late submission of the County's audit report for the year ended June 30, 2010.

Cause: Accounting records were not completed in time to ensure the submission of a timely audit report due to delays caused by a system upgrade.

Auditors' Recommendations: The County should ensure that their books of record are closed so that future reports can be submitted timely. The County is making efforts to ensure their reports are submitted timely in the future.

Management's Response:

FS 09-02 – Bank Reconciliations

Condition: During the performance of audit procedures relating to cash and bank reconciliations, the following items were noted:

- There was an un-reconciled difference of \$205,004 between the bank statements and the general ledger. This difference was caused by the accounting system changes in both Finance and the Treasurer's Office simultaneously. The County is working to resolve this difference.

STATE OF NEW MEXICO
MCKINLEY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010

Schedule VII

- Due to a change in software and adjustments related to that change, the County's bank reconciliations did not appear to be prepared, finalized, and reviewed in a timely manner. Reconciliations were not performed on a timely basis until April 2010.

Criteria: Good accounting practices state that bank statements should be reconciled to the General Ledger monthly and on a timely basis. In addition, the McKinley County Accounting Manual states that "It is the responsibility of the Finance Department to reconcile all warrants, journal entries, budget adjustments, resolutions, and receipts to the General Ledger. Meetings are set up with the Chief Deputy Treasurer, as needed to ensure that all receipts are posted accurately and that disbursements and investments are recorded properly to each fund."

Effect: Reconciling cash accounts is essential to operational and management decisions. Delays in reconciling accounts may result in unnecessary adjustments which are not properly supported.

Cause: The cause is that the County Finance and Treasurer's offices are on different software packages. During 2009 both offices began using new software packages which caused delays in being able to reconcile the bank statements.

Auditor's Recommendation: We recommend that each bank statement be reconciled to the general ledger balances on a monthly basis and all supporting documentation be maintained.

Management's Response: Before our software conversion, our bank reconciliations had been completed in a timely manner. However, our office got behind until this issue was corrected in March, 2010. Our bank reconciliations are now being completed in a timely manner.

FS 09-04 – PERA & RHC Report Submissions

Condition: For the year ended June 30, 2010 reports and submissions for PERA and RHC were not submitted to their corresponding association by the dates required by each association. Reports filed with the state had been delayed since December 2008 and were not caught up until October 2009.

Criteria: 10-7C-15-D NMSA 1978 states that RHC contributions should be remitted for a month by the 10th of the following month or interest will be compounded on the amounts due. 10-11-126-A NMSA 1978 states that PERA contributions shall be remitted to PERA in accordance with the schedules established by the association.

Effect: PERA and RHC reports and contributions were submitted late for the periods from January 2009 through October 2009. This resulted in interest charges that were accrued as a result of the payments being late, costing the County more money than normally necessary to pay these funds.

Cause: Reports were not submitted in a timely manner due to a change in the County's accounting software.

Auditor Recommendation: The County must implement internal controls to ensure that PERA and RHC reports are calculated and recorded properly and amounts are remitted in a timely manner.

Management Response: During the transition of the Finance Director moving from Payroll to Finance, there was a gap in training new personnel and also the ongoing software deficiencies that has prohibited us from compliance of filing in a timely manner. However, McKinley County has changed personnel and efforts have been made to modify the software to enable successful reporting in a timely manner.

FS 10-01 — Pledged Collateral – Cash Equivalents and Deposits

Condition: During the year ended June 30, 2010, the County maintained and utilized deposits with financial institutions which were not covered by 50% of pledged collateral as required by State of New Mexico Statutes. As of June 30, 2010 the under collateralization at the institutions totaled \$875,000 at Washington Federal and \$375,000 at Wells Fargo.

STATE OF NEW MEXICO
MCKINLEY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010

Schedule VII

Criteria: Cash equivalents and deposits in excess of FDIC Insurance Amounts (currently \$250,000) must be covered by 50% of pledged collateral in accordance with NMSA 1978 Section 6-10-17.

Effect: The County has Certificate of Deposits that are not covered by FDIC. Lack of proper collateralization may result in non-compliance with state statutes and increase potential liability and exposure to the loss of the County's public funds in the event of bank closure.

Cause: The County maintained Certificates of Deposit with Washington Federal and Wells Fargo in amounts in excess of FDIC Coverage without properly holding pledged collateral for the County.

Auditors' Recommendations: The County should ensure all cash balances are collateralized as required by State Statutes.

Management's Response: Both Washington Federal and Wells Fargo Bank failed to submit the Depository Pledge Agreement to the McKinley County Treasurer in a timely manner, which resulted in the under collateralization of these two CD's. This issue was addressed with both banks and has been corrected. The CD's being held by Washington Federal Bank and Wells Fargo Bank are fully collateralized at 102% and are being monitored by the Treasurer's office on a monthly basis to ensure they remain fully collateralized.

FS 10-02 — Accounting Conversion Journal Entries

Condition: During the year ended June 30, 2010, as a result of an accounting system transition, the County made journal entries in several funds in order to properly roll forward cash balances from the prior year.

Criteria: Per proper accounting procedures effective internal controls should exist to protect the integrity of account balances during transitions between accounting software systems.

Effect: The County has made entries to expenditures in order to roll forward fund balance which may not be fully supported by supporting documents. This could lead to fund expenditures being over or understated in many funds.

Cause: The County did not maintain controls over general ledger conversion and expenditures were required to be recorded which to funds as a result of the accounting system conversion. Reconciliations of accounts before future conversions would assist in an accurate conversion process. These adjustments made for this conversion totaled \$452,905.

Auditors' Recommendations: The County should ensure proper controls are in place in the future to plan and reconcile account balances before future accounting conversions.

Management's Response: Due to conversion processes in the Finance Department, Fund Balances did not coincide with the Treasurer's Office Financial Report. Purchases Order carryover and Payroll adjustments were not being recorded in the software program correctly. Journal Entries were required in the Financial Management System to correct Expenditure totals. The process is being closely monitored to avoid this problem until software is updated properly.

FS 10-03 — Fixed Asset Accounting System

Condition: In preparation for the audit of McKinley County as of June 30, 2010 the County was not able to provide their capital asset listing complete with applicable depreciation expense for the year in a timely manner.

Criteria: 2.20.1.8 NMAC states that a capital asset accounting system "must be capable of generating lists of fixed assets in sequences useful for managing them. It must track all transactions including acquisitions, depreciation (if needed), betterments and dispositions. It must generate all necessary accounting entries to the agency's general ledger."

STATE OF NEW MEXICO
MCKINLEY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010

Schedule VII

Effect: Not providing capital asset information in a timely manner to auditors puts the County in jeopardy of not being able to complete their financial statements by the required date for submission to the State Auditor of November 15, 2010.

Cause: The County transitioned to new accounting software. Due to technical difficulties with this transition, several reporting functions, including capital assets and depreciation, were delayed in being processed and provided to the County's auditor in a timely manner.

Auditors' Recommendations: The County must ensure that capital asset inventory and associated depreciation expense reports are completed in a timely manner and provided to auditors in order to complete the audit and financial statement preparation process in a timely manner. Capital asset listings and depreciation schedules should be available no later than August 15 annually.

Management's Response: The conversion process of updating Accumulated Depreciation in the Fixed Assets System has been completed therefore should not be a problem in the future.

FS-10-04 Lack of Supporting Documentation– Procurement

Condition: There was evidence that quotes were attained for a project to be completed by the County. It does not appear that the County maintained the documentation of the communications from the different vendors. The County has stipulated that the documentation is not available due to the inadequate record keeping of a former employee.

Criteria: NMAC 6.20 2.14: Protection of records requires that the administrator and every other custodian of public records shall carefully protect and preserve such records from deterioration, mutilation, loss or destruction and, whenever advisable, shall cause them to be properly repaired and renovated. All paper, ink and other materials used in public offices for the purposes of permanent records shall be of durable quality.

Effect: Records were not properly completed and maintained resulting in a violation of NMAC 6 20 2.14. The failure to maintain records properly and completely may result in the County providing overpayment to vendors, create unallowable costs as well as create non-compliance with State Statutes.

Cause: The County did not keep the quotes of the vendors that sent in quotes on file for the auditors to view in order to ensure that the County chose the lowest amount for the project. The former procurement officer did not maintain the documentation.

Auditor Recommendation: We recommend that personnel in charge of documents review the proper procedures for maintaining documents, and seek to establish better controls over the handling of these documents. We also recommend the County implement policies which require all personnel to maintain required documentation for all transactions. Violation of such policy should result in disciplinary action to be determined by the County.

Management Response: McKinley County's has a copy of the former procurement agent's notes that prove that there was only one quote submitted for the project in question. When the ONE quote came back over \$10,000.00, the County Manager put the project on hold until more information could be obtained. In addition, On February 1st, the bid process is being started to construct a display case being that the cost will be over \$10,000.00.

S 10-05 Personnel Files

Condition: During our additional test work of personnel files, GPS noted six out of the nine employees tested were being paid an amount that was higher than the amount allowed for their pay grade. The pay grade for each employee is listed on the personnel action form and updated annually by the human resources department. In addition, one of the nine tested was not only paid higher than his pay grade and was compensated more than the amount indicated in the contract located in the personnel file.

STATE OF NEW MEXICO
MCKINLEY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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Schedule VII

Criteria: The County has established a pay-grade scale for use in hiring employees. The County's policy states that an employee will be paid within a range of hourly amounts depending on what pay grade each hired employee has been designated; however, following the pay-grade scale is not required.

Effect: The County is not in compliance with its own policies for amounts employees should be paid according to their pay grades and information within an employees personnel file.

Cause: The County has not followed policies regarding paying employees no more than what is stated on each employee's pay grade. The County has indicated that policy does not require the use of the pay-grade scale.

Auditors' Recommendations: We recommend the County follow its policies regarding the maximum amounts they pay employees for each pay grade as well as paying their employees the amounts stated on their personnel files. If the County has elected not to use the pay-grades, policies and procedures should be revised to implement the policies and procedures actually in use. In addition, the County must review personnel files and ensure employee files agree to the payroll rates being processed.

Management's Response: The H/R department has corrected the typographical errors for the pay level for the position(s) on the Personnel Action Form for the employees that were tested. In addition, the H/R department is working on clarifying that all personnel files are updated and correct according to current policies being revised. The H/R department is currently waiting for the NWS 7.0 upgrade before discontinuing the use of the access program, which is not functioning properly.

FS 10-06 Procurement and Bidding Process (Audit Committee)

Condition: During our review of test work, we noted the following issues which may need to be clarified within the County's procurement process:

- The County has not established a formalized audit committee. Recent challenges of the County's procurement process have occurred as a result of a member of the County commission, through his company, to be allowed to bid and provide services to the County. County policies and procedures do not appear to clearly address transactions such as this to mitigate County policy.
- It appears the procurement manager and other administrative staff allowed questions regarding the bid to be asked by potential proposers and answers provided the potential vendors without a formal amendment to the request for proposal.

Criteria: Formalized and implemented internal controls are required to mitigate risks and define responsibilities within the organization.

Effect: The County's internal controls, policies and procedures have been questioned regarding the procurement process and the procurement of services to the County by a company owned by a County Commissioner. Per 13-1-190 NMSA 1978 "it is unlawful for any state agency or local public body employee, as defined in the Procurement Code [13-1-28 NMSA 1978], to participate directly or indirectly in a procurement when the employee knows that the employee or any member of the employee's immediate family has a financial interest in the business seeking or obtaining a contract." The said Commissioner appears to have abstained from all votes relating to the procurement; however, questions regarding the bid process and management override of controls have been indicated. Transactions involving related parties and the procurement process often require administrative time and additional costs to address. Formal inquiries relating to these types of transactions may result in unallowable expenditures or uncertainty by the County's constituents which could be mitigated through the use of an audit committee.

Cause: The County has maintained a procurement department, policies and procedures, as well as management levels sufficient for a County its size; however, recent procurements of related party bids by the County have been challenged. The County does not maintain an audit committee which could act as a mechanism to mitigate questions regarding related party transactions and potential management override of internal controls. An example of a measure that can be taken by audit committee members is to make inquiries of those in management who do not

STATE OF NEW MEXICO
MCKINLEY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010

Schedule VII

have financial reporting responsibilities to ascertain if there are any concerns about ethics or actions of financial reporting personnel or management or governance.

Auditors' Recommendations: We recommend the County revise its current policy and procedures to encompass an audit committee. The audit committee should consist of members of the Commission, management and members from outside the organization with financial backgrounds and independent of the County operations, management or Commission. An audit committee may make independent inquiries of management to ascertain potential ethical inquiries and review financial reports to ascertain transactions of risk to the County. In addition, we recommend the County implement policies to ensure all requests for changes to formal "requests for proposal" are processed through a formal proposal amendment of the "request for proposal".

Management's Response: McKinley County does obtain an evaluation for each RFP and the committee is entrusted to evaluate and rate on a scale. The offeror with the most points wins the proposal. This particular instance, the Former procurement agent did not follow policy and did not put an amendment for this RFP. Additional procedures/instructions have been put into place to ensure that an amendment is put out when needed by the procurement department. Additional instructions will also be given to the evaluation committee. As to the Auditor's recommendation of an audit committee, McKinley County is taking this under advisement to add outside Financial Advisors to our existing Audit Committee until approval from Commission. McKinley County is also looking for a New County Manager who will be entrusted to uphold our policies and procedures.

Section III – Federal Award Findings

None

Section IV – Prior Year Audit Findings

- FS 07-03 – Compliance with SAS 112, Repeated
- FS 09-01 – Audit Report Not Submitted Timely, Revised & Repeated
- FS 09-02 – Bank Reconciliations, Revised & Repeated
- FS 09-03 – Treasurer's Report Cash Reconciliation, Resolved
- FS 09-04 – PERA & RHC Report Submissions, Revised & Repeated
- FS 09-05 – Travel Expenditures, Resolved
- FS 09-06 – Capital Asset Disposition, Resolved
- FS 09-07 – Budget Process, Resolved
- FA 09-01 – Audit Report Submission of Data Collection Form and Reporting Package, Resolved

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 January 24, 2011. The following individuals were in attendance.

McKinley County
Tom Trujillo, County Manager
David Dallago, Commissioner
Carol Bowman Muskett, Commissioner
Sara Keeler, Finance Director
Douglas W. Decker, County Attorney

Griego Professional Services, LLC
J.J. Griego, CPA