

Reviewed
3/16/16 sm
- See attached
letters

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

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Year Ended June 30, 2006

NAME

TITLE

BOARD OF COUNTY COMMISSIONERS

| | |
|--------------------|---------------|
| Leroy H. Garcia | Chairman |
| Susano Ortiz | Vice-Chairman |
| Kenneth C. Medina | Commissioner |
| Hugh H. Ley | Commissioner |
| Lawrence R. Rascon | Commissioner |

ELECTED OFFICIALS

| | |
|----------------|------------------|
| Albert Padilla | County Assessor |
| Paul Maez | County Clerk |
| Chris Najjar | County Sheriff |
| Mark Guerin | County Treasurer |

ADMINISTRATIVE OFFICIALS

| | |
|-------------------|------------------|
| Les W. J. Montoya | County Manager |
| Melinda Gonzales | Finance Director |



| |
|--|
| MEYNER'S + |
| COMPANY, LLC |
| <i>Certified Public Accountants/ Consultants to Business</i> |
| 500 Marquette NW, Suite 800 |
| Albuquerque, NM 87102 |
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| E cpa@meyners.com |

INDEPENDENT AUDITORS' REPORT

Board of County Commissioners,
San Miguel County and
Mr. Domingo P. Martinez, CGFM
New Mexico State Auditor

We have audited the accompanying basic financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the State of New Mexico, San Miguel County (the County) as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County's non-major governmental, fiduciary, and non-major enterprise funds, and budgetary comparisons, presented as supplementary information in the accompanying combining and individual fund financial statements and schedules as of and for the year ended June 30, 2006, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof, and the budgetary comparisons for the general fund and major special revenue funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental, fiduciary and non-major enterprise fund of the County, as of June 30, 2006, and the respective changes in financial position

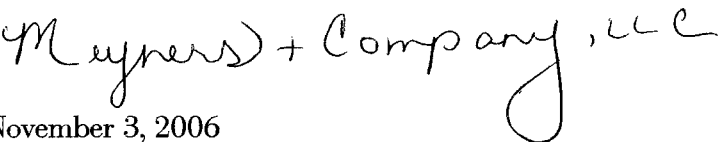
Board of County Commissioners,
San Miguel County and
Mr. Domingo Martinez, CGFM
New Mexico State Auditor

and cash flows, where applicable, thereof, and the budget comparisons for the non-major governmental and enterprise funds and the Courthouse Remodeling and Detention Center Capital Outlay major capital project 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 our report dated November 3, 2006, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis on pages 4 through 11 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements and budgetary comparisons presented as supplemental information. 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 basic financial statements. Also, the schedules listed as other supplementary schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County, including the Financial Data Schedule and the Schedule of Changes in Assets and Liabilities for Agency funds. 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 financial statements taken as a whole.


November 3, 2006

As management of the County of San Miguel (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ending June 30, 2006.

Financial Highlights

During the prior year there were two new gross receipt taxes (GRT) enacted. One of the enactments was the County Correctional Facility GRT, which is equal to one-eighth tax of one percent (.125%) and is dedicated for the purpose of operating, maintaining, constructing, purchasing, furnishing, equipping, rehabilitating, expanding or improving a judicial-correctional or a county correctional facility or the grounds of a judicial-correctional or county correctional facility, including acquiring and improving parking lots, landscaping or any combination of the foregoing; for the purpose of transporting or extraditing prisoners; or to payment of principal and interest on revenue bonds or refunding bonds issued pursuant to the provisions of the County Correctional Facility Gross Receipts Tax Act.

The second enactment in fiscal year 2005 was the County Gross Receipts Tax which is equal to one-sixteenth of one percent (.0625%) and is dedicated for general purposes of the County. The new GRT was implemented during the fiscal year 2005. In 2006, a full year of GRT collection is projected to produce \$360,000 and \$180,000 annually, respectively.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

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

Overview of the Financial Statements - continued

Government-Wide Financial Statements - continued. The statement of activities presents information showing how the County's net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. For this purpose, the County considers revenues to be available if they are collected within 60 days of the current fiscal period. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

In addition to the General fund, the County maintains forty other individual governmental funds, of which thirty two are classified as Special Revenue funds, six are classified as Debt Service funds, and two are classified as Capital Projects funds. Information for the General fund, the Detention fund, and the Solid Waste fund, all of which are considered to be major funds, is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Overview of the Financial Statements - continued

Fund Financial Statements – continued.

Governmental Funds - continued

The County adopts an annual appropriated budget for its General fund. A budgetary comparison statement for the General fund is presented on page 11. In addition, the County adopts an annual budget for other non-major funds. A budgetary comparison statement is presented in the aggregate and individually for all of those funds.

Fiduciary Funds

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County's primary government, assets exceed liabilities by \$12,003,389. The net asset category, invested in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt, is at a positive \$3,095,385. This is a result of bond proceeds that have not been expended during the fiscal year. Once the projects are in progress or are completed, the capital assets will increase. The County uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Management's Discussion and Analysis

Net Assets

Table A-1 summarizes the County's net assets for the fiscal year ending June 30, 2006.

**Table A-1
The County's Net Assets**

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-----------------------------|--------------------------|--------------------------|-----------------------|--------------------------|--------------------------|
| | FY2006 | FY2005 | FY2006 | FY2005 | FY2006 | FY2005 |
| Assets: | | | | | | |
| Current and other assets | \$ 11,043,767 | 7,956,517 | - | - | 11,043,767 | 7,956,517 |
| Capital assets | <u>15,391,760</u> | <u>12,462,250</u> | <u>739,021</u> | <u>760,139</u> | <u>16,130,781</u> | <u>13,222,389</u> |
| Total assets | \$ <u>26,266,943</u> | <u>20,418,767</u> | <u>739,021</u> | <u>760,139</u> | <u>27,005,964</u> | <u>21,178,906</u> |
| Liabilities: | | | | | | |
| Current liabilities | \$ 1,967,179 | 46,887 | - | - | 1,967,179 | 466,887 |
| Long-term liabilities | <u>12,296,375</u> | <u>11,260,250</u> | - | - | <u>12,296,375</u> | <u>11,260,250</u> |
| Total liabilities | 14,263,554 | 11,727,137 | - | - | 14,263,554 | 11,727,137 |
| Net Assets: | | | | | | |
| Invested in capital assets, net of related debt | 3,095,385 | 1,434,396 | - | - | 3,095,385 | 1,434,396 |
| Restricted | - | - | - | - | - | - |
| Unrestricted | <u>8,908,004</u> | <u>7,257,234</u> | <u>739,021</u> | <u>760,139</u> | <u>9,647,025</u> | <u>8,017,373</u> |
| Total net assets | <u>12,003,389</u> | <u>8,691,630</u> | <u>739,021</u> | <u>760,139</u> | <u>12,742,410</u> | <u>9,451,769</u> |
| Total liabilities and net assets | \$ <u>26,266,943</u> | <u>20,481,767</u> | <u>739,021</u> | <u>760,139</u> | <u>27,005,964</u> | <u>21,178,906</u> |

The significant change in net assets for FY06 as compared to FY05 was an increase of \$2,900,000 in capital assets and \$3,000,000 in cash.

Financial Analysis Of The County As A Whole - continued

Changes in Net Assets

Table A-2 summarizes the County's changes in net assets for fiscal year 2006. Governmental activities during the year increased the County's net assets by \$3,311,759

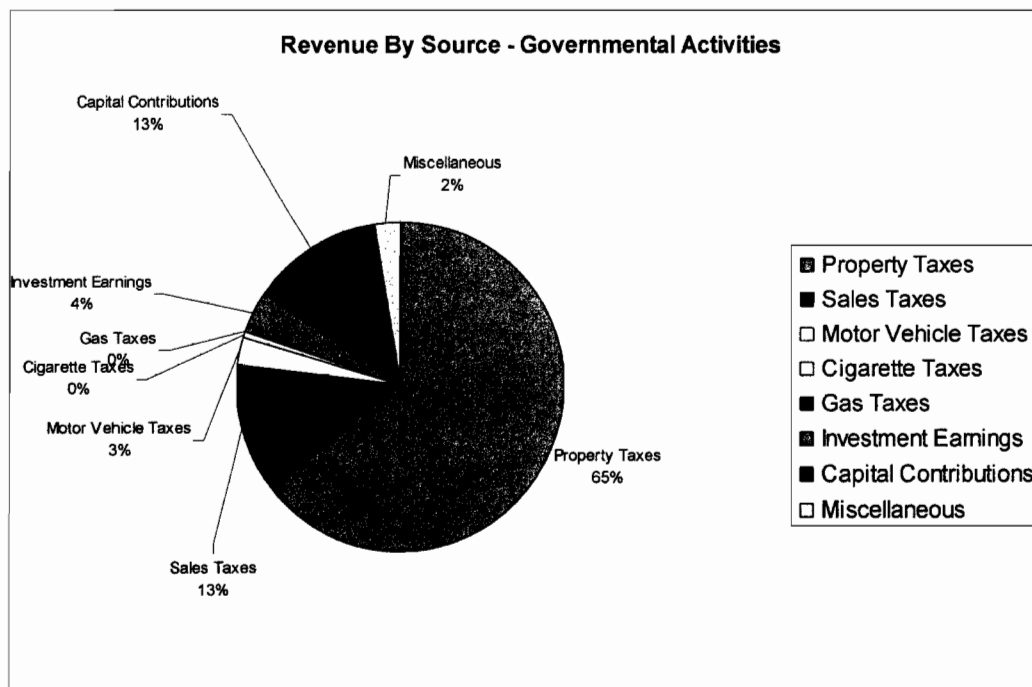
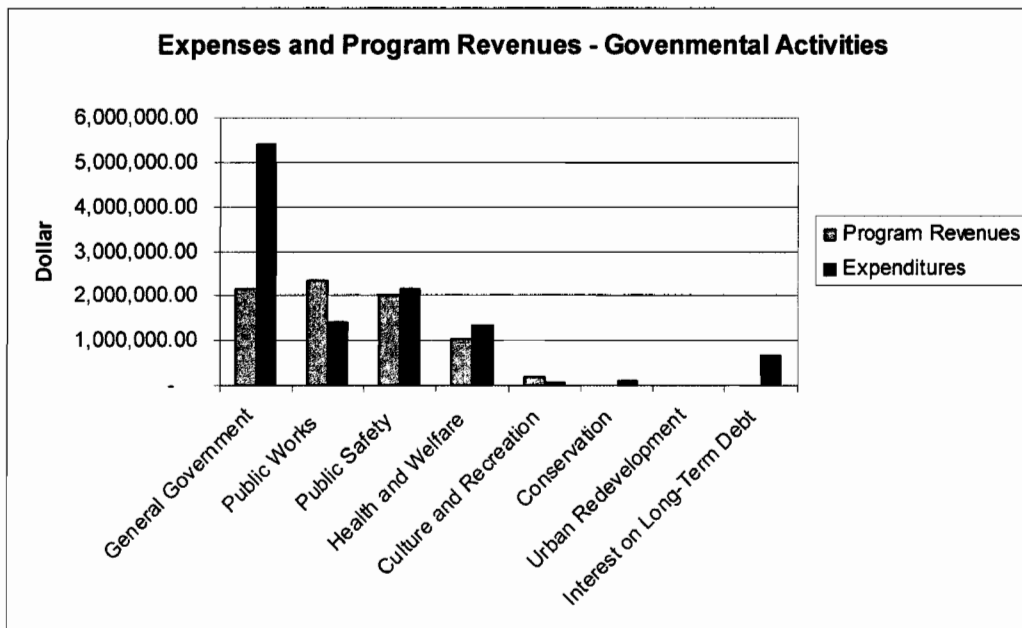
**Table A-2
Changes in the County's Net Assets**

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------------|-------------------------|-------------------|--------------------------|-----------------|-------------------|-------------------|
| | FY2006 | FY2005 | FY2006 | FY2005 | FY2006 | FY2005 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 899,023 | 1,082,661 | - | - | 899,023 | 1,082,661 |
| Operating grants & contributions | 3,683,372 | 2,918,953 | - | - | 3,683,372 | 2,918,953 |
| Capital grants & contributions | 3,084,234 | 2,180,477 | - | - | 3,084,234 | 2,180,477 |
| General revenues: | | | | | | |
| Property taxes | 4,839,044 | 4,216,693 | - | - | 4,839,044 | 4,216,693 |
| Other taxes | 1,424,294 | 2,442,231 | - | - | 1,424,294 | 2,442,231 |
| Investment income | 372,216 | 80,545 | - | - | 372,216 | 80,545 |
| Other | 214,348 | 800,529 | - | - | 214,348 | 800,529 |
| Total revenues | 14,516,531 | 13,722,089 | - | - | 14,516,531 | 13,722,089 |
| Expenses: | | | | | | |
| General government | 5,414,264 | 2,385,406 | - | - | 5,414,264 | 2,385,406 |
| Public works | 1,412,512 | 1,524,444 | - | - | 1,412,512 | 1,524,444 |
| Public safety | 2,166,507 | 3,631,832 | - | - | 2,166,507 | 3,631,832 |
| Health & welfare | 1,356,167 | 1,165,638 | - | - | 1,356,167 | 1,165,638 |
| Culture & recreation | 72,380 | 78,262 | - | - | 72,380 | 78,262 |
| Conservation | 99,996 | 2,617 | - | - | 99,996 | 2,617 |
| Urban redevelopment | 13,066 | 130,856 | - | - | 13,066 | 130,856 |
| Interest on long-term debt | 669,880 | 522,496 | - | - | 669,880 | 522,496 |
| Ribera Housing | - | - | 21,118 | 21,118 | 21,118 | 21,118 |
| Total expenses | 11,204,772 | 9,441,551 | 21,118 | 21,118 | 11,225,890 | 9,462,669 |
| Increase in net assets | \$ 3,311,759 | 4,280,628 | (21,118) | (21,118) | 3,290,641 | 4,259,510 |

The County's revenues increased by 5 percent over FY05 for capital grants. Expenditures increased by 19 percent over FY05 for general government.



Financial Analysis Of The County As A Whole – continued



Financial Analysis of The County As A Whole – continued

For the fiscal year ending June 30, 2006, the County had \$16,130,781 invested in a broad range of capital assets. The capital assets include the District Court Annexation, Detention Center Remodeling, ADA renovations, road improvements, county fleet and fire equipment.

The County's fiscal year 2007 capital budget calls for \$10 million in capital projects, principally for the completion of construction of the district court annex, remodeling of the detention center, road projects, fire equipment and small projects. Not all projects will be completed in the fiscal year so the budgets may be rolled over to future budgets.

Financial Analysis of the County's Funds

As mentioned earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. For the General Fund Budget, total revenues budgeted were \$4,514,554 and actual revenues received were \$4,605,205, which is a positive variance of \$90,651. In addition, the total General Fund expense budgeted was \$3,365,871 and actual expenditures were \$3,111,953 which is a positive variance of \$253,918.

Budget

There were no significant differences between budget and actual for revenue. There was a positive variance for expenditures of \$218,539.

Significant differences between original and final budget in revenue were in intergovernmental and miscellaneous categories. The total change was \$299,562. There were no significant changes in expenditures between the original and final budget.

Capital Assets

For FY06, there were approximately \$4,000,000 in additions. The additions related to buildings for the District Court Annexation and the Detention Center Remodeling.

Debt

At year-end, the County had approximately \$12,182,426 in bonds and notes outstanding for governmental activities. There were two new loans during fiscal year 2006. These loans consist of a \$1,819,689 loan from the New Mexico Finance Authority (NMFA) to finance the renovation of the Sheriff's department headquarters and Detention Center.

Requests for Information

This financial report is designed to provide a general overview of the County's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Supervisor, Finance Office, 500 West National Third Floor, Las Vegas, NM 87701.

FINANCIAL STATEMENTS

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Statement of Net Assets

AS OF JUNE 30, 2006

| | Primary Government | | |
|---|-----------------------------|-----------------------------|--------------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Cash and investments (Note 2) | \$ 8,904,546 | - | 8,904,546 |
| Accounts receivable (Note 3) | 1,768,785 | - | 1,768,785 |
| Due from other funds (Note 6) | 26,618 | - | 26,618 |
| Prepaid assets | 156,606 | - | 156,606 |
| Other assets | 59,487 | - | 59,487 |
| Capital assets, net of accumulated depreciation (Note 4): | | | |
| Land | 1,199,743 | 492,993 | 1,692,736 |
| Buildings | 9,409,613 | 246,028 | 9,655,641 |
| Furniture and fixtures | 266,290 | - | 266,290 |
| Vehicles | 1,498,188 | - | 1,498,188 |
| Heavy equipment | 60,139 | - | 60,139 |
| Infrastructure | <u>2,957,787</u> | <u>-</u> | <u>2,957,787</u> |
| TOTAL ASSETS | \$ <u>26,307,802</u> | <u>739,021</u> | <u>27,046,823</u> |
| LIABILITIES AND NET ASSETS | | | |
| LIABILITIES: | | | |
| Accounts payable | \$ 674,577 | - | 674,577 |
| Bank overdraft | 654,452 | - | 654,452 |
| Accrued payroll | 155,246 | - | 155,246 |
| Deferred revenue | 359,199 | - | 359,199 |
| Other liabilities | 49,835 | - | 49,835 |
| Accrued interest | 115,179 | - | 115,179 |
| Long-term liabilities (Note 5): | | | |
| Due within one year | 809,283 | - | 809,283 |
| Due in more than one year | <u>11,487,092</u> | <u>-</u> | <u>11,487,092</u> |
| TOTAL LIABILITIES | 14,304,863 | - | 14,304,863 |
| NET ASSETS: | | | |
| Invested in capital assets, net of related debt | 3,095,385 | - | 3,095,385 |
| Unrestricted | 7,106,075 | 739,021 | 7,845,096 |
| Unrestricted reported in: | | | |
| Special revenue funds | 394,570 | - | 394,570 |
| Capital projects funds | 83,907 | - | 83,907 |
| Debt service funds | <u>1,323,002</u> | <u>-</u> | <u>1,323,002</u> |
| Total unrestricted | <u>8,907,554</u> | <u>739,021</u> | <u>9,646,575</u> |
| TOTAL NET ASSETS | <u>12,002,939</u> | <u>739,021</u> | <u>12,741,960</u> |
| TOTAL LIABILITIES AND NET ASSETS | \$ <u>26,307,802</u> | <u>739,021</u> | <u>27,046,823</u> |

YEAR ENDED JUNE 30, 2006

| | Program Revenues | | | Primary Government | | Total |
|---------------------------------------|----------------------|----------------------|------------------------------------|-----------------------|-------------------------|--------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Contributions | Governmental Activities | |
| PRIMARY GOVERNMENT: | | | | | | |
| GOVERNMENTAL ACTIVITIES: | | | | | | |
| General government | \$ 5,414,264 | 232,720 | 1,091,247 | 827,796 | (3,262,501) | (3,262,501) |
| Public works | 1,412,512 | 666,303 | 457,760 | 1,235,722 | 947,273 | 947,273 |
| Public safety | 2,166,507 | - | 1,699,009 | 228,217 | (239,281) | (239,281) |
| Health and welfare | 1,356,167 | - | 423,770 | 611,941 | (320,456) | (320,456) |
| Culture and recreation | 72,380 | - | 11,444 | 174,262 | 113,326 | 113,326 |
| Conservation | 99,996 | - | - | - | (99,996) | (99,996) |
| Urban redevelopment | 13,066 | - | 142 | 6,296 | (6,628) | (6,628) |
| Interest on long-term debt | 669,880 | - | - | - | (669,880) | (669,880) |
| TOTAL GOVERNMENTAL ACTIVITIES | 11,204,772 | 899,023 | 3,683,372 | 3,084,234 | (3,538,143) | (3,538,143) |
| BUSINESS-TYPE ACTIVITIES: | | | | | | |
| Ribera Housing | 21,118 | - | - | - | - | (21,118) |
| TOTAL BUSINESS-TYPE ACTIVITIES | 21,118 | - | - | - | - | (21,118) |
| TOTAL PRIMARY GOVERNMENT | \$ 11,225,890 | 899,023 | 3,683,372 | 3,084,234 | (3,538,143) | (21,118) |
| | | | | | | (3,559,261) |
| | | | | | | |
| General revenues: | | | | | | |
| Taxes: | | | | | | |
| Property taxes | | | | | 4,838,594 | 4,838,594 |
| Sales taxes | | | | | 1,146,744 | 1,146,744 |
| Motor vehicle taxes | | | | | 245,622 | 245,622 |
| Cigarette taxes | | | | | 31,589 | 31,589 |
| Gas taxes | | | | | 339 | 339 |
| Lodgers taxes | | | | | - | - |
| Investment earnings | | | | | 372,216 | 372,216 |
| Capital contribution | | | | | - | - |
| Miscellaneous | | | | | 214,348 | 214,348 |
| Total general revenues | | | | | 6,849,452 | 6,849,452 |
| Change in net assets | | | | | 3,311,309 | (21,118) |
| Net assets, beginning | | | | | 8,691,630 | 7,601,399 |
| Net assets, ending | | | | | \$ 12,002,932 | \$ 739,021 |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Balance Sheet - Governmental Funds

AS OF JUNE 30, 2006

| | Major Funds | | | | | | | Total Governmental Funds |
|--|---------------------|-------------------|----------------------------------|-------------------|--------------------------|------------------------------------|--------------------------------|--------------------------------|
| | General Fund | Detention Fund | Road Projects Special Approp. | Fire Districts | Courthouse Remodeling | Detention Center Capital Outlay | Other Governmental Funds | |
| ASSETS: | | | | | | | | |
| Cash and cash equivalents (Note 2) | \$ 2,015,805 | 121,637 | - | 1,549,212 | 762,815 | 1,482,970 | 1,245,655 | 7,178,094 |
| Restricted cash | 990 | - | - | 157,887 | 827,602 | - | 739,973 | 1,726,452 |
| Taxes receivable | 1,239,593 | 16,597 | - | - | - | - | 57,658 | 1,313,848 |
| Accounts receivable (Note 3) | 40,971 | - | - | 12,191 | - | - | 362,854 | 416,016 |
| Federal receivable | - | - | - | 20,000 | - | - | 18,921 | 38,921 |
| Prepaid expenses | 113,824 | - | - | - | - | - | 42,782 | 156,606 |
| Other assets | 23,008 | - | 10,781 | 4,493 | - | - | 54,994 | 59,487 |
| Due from other funds (Note 6) | - | - | - | - | - | - | 175,481 | 209,270 |
| TOTAL ASSETS | \$ 3,434,191 | 138,234 | 10,781 | 1,743,783 | 1,590,417 | 1,482,970 | 2,698,318 | 11,098,694 |
| LIABILITIES: | | | | | | | | |
| Accounts payable | \$ 118,915 | 53,359 | 30,601 | 23,110 | - | - | 448,592 | 674,577 |
| Bank overdraft | - | - | 475,573 | - | - | - | 178,879 | 654,452 |
| Accrued payroll | 78,240 | 52,087 | - | - | - | - | 24,919 | 155,246 |
| Deferred revenue | 1,180,873 | - | 95,008 | 14,538 | - | - | 249,653 | 1,540,072 |
| Debt service reserve | - | - | - | - | - | - | 49,835 | 49,835 |
| Due to other funds | 152,420 | - | - | 20,482 | - | - | 9,743 | 182,652 |
| TOTAL LIABILITIES | 1,530,448 | 105,446 | 601,182 | 58,137 | - | - | 961,621 | 3,256,834 |
| FUND BALANCES: | | | | | | | | |
| Reserved: | | | | | | | | |
| Debt service | - | - | - | - | - | - | 1,258,220 | 1,258,220 |
| Unreserved: | 1,903,743 | 32,788 | (590,401) | 1,685,646 | 1,590,417 | 1,482,970 | - | 6,105,163 |
| Special revenue funds | - | - | - | - | - | - | 394,570 | 394,570 |
| Capital projects funds | - | - | - | - | - | - | 83,907 | 83,907 |
| TOTAL FUND BALANCES | 1,903,743 | 32,788 | (590,401) | 1,685,646 | 1,590,417 | 1,482,970 | 1,736,697 | 7,841,860 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 3,434,191 | 138,234 | 10,781 | 1,743,783 | 1,590,417 | 1,482,970 | 2,698,318 | 11,098,694 |

See Notes to Financial Statements.

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Reconciliation of the Balance Sheet to the
Statement of Net Assets - Governmental Funds

YEAR ENDED JUNE 30, 2006

Total Fund Balance - Governmental Funds
(Governmental Fund Balance Sheet) \$ 7,841,860

Amounts reported for governmental activities in the Statement of
Net Assets are different because:

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds.

The cost of capital assets is: 27,459,563
Accumulated depreciation is: (12,067,803)

Total capital assets 15,391,760

Property tax receivables are not available to pay for current
expenditures and, therefore, are deferred in the funds.

Deferred property tax receivable 1,180,873

Long-term and certain other liabilities, including bonds payable,
are not due and payable in the current period and therefore are
not reported as liabilities in the funds.

Long-term and other liabilities at year end consist of:

Debt (Bonds, notes and capital leases) (12,182,426)
Accrued interest (115,179)
Compensated absences payable: (113,949)

Total long-term and other liabilities (12,411,554)

Net assets of governmental activities (Statement of Net Assets) \$ 12,002,939

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds

AS OF JUNE 30, 2006

| | Major Funds | | | | | | | Total Governmental Funds |
|--|--------------|-------------------|----------------------------------|-------------------|--------------------------|------------------------------------|--------------------------------|--------------------------------|
| | General Fund | Detention Fund | Road Projects Special Approp. | Fire Districts | Courthouse Remodeling | Detention Center Capital Outlay | Other Governmental Funds | |
| REVENUES | | | | | | | | |
| Intergovernmental: | | | | | | | | |
| Operating grants and contributions | \$ 657,244 | 459,658 | 1,079,665 | 1,459,408 | 150,000 | - | 1,221,411 | 5,027,386 |
| Capital grants and contributions | - | - | 74,751 | - | - | - | - | 74,751 |
| Federal grants | - | - | 4,483 | 80,651 | - | - | 1,579,993 | 1,665,127 |
| Taxes: | | | | | | | | |
| Property | 3,091,145 | - | - | - | - | - | 1,443,735 | 4,534,880 |
| Sales | 385,400 | 356,557 | - | 117,329 | - | - | 287,458 | 1,146,744 |
| Motor vehicle | 64,791 | - | - | - | - | - | 180,831 | 245,622 |
| Gas | - | - | - | - | - | - | 339 | 339 |
| Cigarette | 678 | - | - | - | - | - | 30,911 | 31,589 |
| Lodgers | - | - | - | - | - | - | 666,303 | 666,303 |
| Licenses and fees | 282,115 | 35,239 | - | - | - | - | 49,806 | 317,354 |
| Loan proceeds | 37,140 | 1,174 | - | 9,100 | 72,791 | 39,860 | 212,151 | 372,216 |
| Interest income | 153,003 | 9,003 | - | 2,536 | - | - | - | 164,542 |
| Miscellaneous | - | - | - | - | - | - | - | - |
| TOTAL REVENUES | 4,671,516 | 861,631 | 1,158,899 | 1,669,024 | 222,791 | 39,860 | 5,672,938 | 14,296,659 |
| EXPENDITURES: | | | | | | | | |
| Current: | | | | | | | | |
| General government | 2,518,380 | 2,137,057 | 27,769 | - | - | 47,824 | 519,861 | 5,250,891 |
| Public works | - | - | 30,602 | - | - | - | 1,373,770 | 1,404,372 |
| Public safety | 570,556 | - | - | 487,434 | - | - | 230,023 | 1,288,013 |
| Health and welfare | - | - | - | - | - | - | 1,280,972 | 1,280,972 |
| Culture and recreation | - | - | - | - | - | - | 50,789 | 50,789 |
| Conservation | - | - | - | - | 99,882 | - | 114 | 99,996 |
| Urban redevelopment | - | - | - | - | - | - | 13,066 | 13,066 |
| Capital outlay | 124,956 | 6,905 | 1,243,731 | 252,032 | 927,998 | 96,566 | 1,427,368 | 4,079,556 |
| Debt service: | | | | | | | | |
| Principal payments | 16,123 | - | - | 111,588 | - | - | 537,406 | 665,117 |
| Interest payments | 3,674 | - | - | 47,036 | - | - | 503,991 | 554,701 |
| Bond issuance cost | - | - | - | - | - | - | - | - |
| TOTAL EXPENDITURES | 3,233,689 | 2,143,962 | 1,302,102 | 898,090 | 1,027,880 | 144,390 | 5,937,360 | 14,687,473 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 1,437,827 | (1,282,331) | (143,203) | 770,934 | (805,089) | (104,530) | (264,422) | (390,814) |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds - continued

| | Major Funds | | | | | | | Total Governmental Funds |
|--|------------------|-------------------|----------------------------------|-------------------|---------------------------|------------------------------------|--------------------------------|--------------------------------|
| | General Fund | Detention Fund | Road Projects Special Approp. | Fire Districts | Courthouse Remodelling | Detention Center Capital Outlay | Other Governmental Funds | |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 1,437,827 | (1,282,331) | (143,203) | 770,934 | (805,089) | (104,530) | (264,422) | (390,814) |
| OTHER FINANCING SOURCES (USES): | | | | | | | | |
| Transfers in | 31,257 | 1,287,688 | - | - | 142,810 | - | 1,011,590 | 2,473,345 |
| Transfers out | (1,211,039) | (154,740) | - | (31,257) | (25,000) | - | (1,051,309) | (2,473,345) |
| Proceeds from bond sales | - | - | - | - | - | 1,587,500 | 232,189 | 1,819,689 |
| Proceeds from the sale of capital assets | 3,388 | - | - | - | - | - | - | 3,388 |
| TOTAL OTHER FINANCING SOURCES (USES) | (1,176,394) | 1,132,948 | (143,203) | (31,257) | 117,810 | 1,587,500 | 192,470 | 1,823,077 |
| NET CHANGES IN FUND BALANCE | 261,433 | (149,383) | (143,203) | 739,677 | (687,279) | 1,482,970 | (71,952) | 1,492,263 |
| FUND BALANCE, BEGINNING | 1,642,310 | 182,171 | (447,198) | 945,969 | 2,277,696 | - | 1,808,649 | 6,409,597 |
| FUND BALANCE, ENDING | <u>1,903,743</u> | <u>32,788</u> | <u>(590,401)</u> | <u>1,685,646</u> | <u>1,590,417</u> | <u>1,482,970</u> | <u>1,736,697</u> | <u>7,841,860</u> |

\$

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds
to the Statement of Activities - Governmental Funds

YEAR ENDED JUNE 30, 2006

| | | |
|---|----|-----------|
| Net Changes in Fund Balances - Total Governmental Funds | | |
| (Statement of Revenues, Expenditures, and Changes in Fund Balances) | \$ | 1,432,263 |

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

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

| | | |
|----------------------------------|--|-------|
| Decrease in compensated absences | | 1,247 |
| Decrease in accrued interest | | 2,021 |

Debt proceeds provided current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but it reduces long-term l

| | | |
|---------------|--|-------------|
| Debt payments | | 665,117 |
| Debt proceeds | | (1,819,689) |

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. Additionally, there was a transfer of capital assets between the general fund and two enterprise funds. In the current funds, the transfer for the general fund is recorded in the Statement of Activities. In the current period, these amounts were:

| | | |
|--|--|--------------------|
| Capital outlay | | 4,079,556 |
| Depreciation expense | | <u>(1,150,046)</u> |
| Excess of capital outlay over depreciation expense | | <u>2,929,510</u> |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. In the current period, these amounts were:

| | | |
|--------------------------|--|----------------|
| Increase in Property Tax | | <u>100,840</u> |
|--------------------------|--|----------------|

| | | |
|--|-----------|-------------------------|
| Change in net assets of governmental activities (Statement of Activities) | \$ | <u>3,311,309</u> |
|--|-----------|-------------------------|

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Statement of Revenues and Expenditures -
Major Governmental Funds -
Budget and Actual (Non-GAAP Basis)

YEAR ENDED JUNE 30, 2006

| | GENERAL FUND | | | |
|---|---------------------|--------------------|--|--|
| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes: | | | | |
| Property | \$ 2,627,882 | 2,698,430 | 2,848,842 | 150,412 |
| Sales | 610,000 | 640,000 | 555,497 | (84,503) |
| Motor vehicle | 70,000 | 70,000 | 71,286 | 1,286 |
| Cigarette | 700 | 700 | 678 | (22) |
| Intergovernmental | 121,000 | 207,100 | 213,938 | 6,838 |
| Payment in lieu of taxes | 500,000 | 510,000 | 524,041 | 14,041 |
| Licenses and fees | 197,800 | 199,800 | 188,724 | (11,076) |
| Interest income | 25,000 | 32,000 | 36,542 | 4,542 |
| Miscellaneous | 62,610 | 156,524 | 165,657 | 9,133 |
| TOTAL REVENUES | \$ 4,214,992 | 4,514,554 | 4,605,205 | 90,651 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government: | | | | |
| County commission | \$ - | - | - | - |
| County manager | 302,242 | 293,380 | 272,598 | 20,782 |
| Information technology | 135,635 | 101,820 | 88,788 | 13,032 |
| Finance and administration | 213,585 | 219,489 | 209,275 | 10,214 |
| General county | 584,200 | 656,872 | 545,351 | 111,521 |
| Human resources | 103,927 | 96,440 | 88,117 | 8,323 |
| Zoning | 124,635 | 129,198 | 121,927 | 7,271 |
| Legal | 64,388 | 64,388 | 64,387 | 1 |
| County clerk | 260,020 | 261,644 | 222,509 | 39,135 |
| Assessor/reappraisal | 363,813 | 363,203 | 357,309 | 5,894 |
| Treasurer | 240,005 | 240,582 | 230,408 | 10,174 |
| Maintenance | 122,868 | 144,697 | 135,723 | 8,974 |
| Capital outlay | 135,400 | 153,838 | 170,620 | (16,782) |
| Total general government | 2,650,718 | 2,725,551 | 2,507,012 | 218,539 |
| Public safety: | | | | |
| Sheriff | 534,198 | 559,901 | 541,053 | 18,848 |
| Capital outlay | 25,500 | 42,375 | 25,758 | 16,617 |
| Total public safety | 559,698 | 602,276 | 566,811 | 35,465 |
| Culture and recreation | - | - | - | - |
| Debt service: | | | | |
| Principal payments | 59,459 | 34,369 | 34,456 | (87) |
| Interest payments | 28,675 | 3,675 | 3,674 | 1 |
| TOTAL EXPENDITURES | 3,298,550 | 3,365,871 | 3,111,953 | 253,918 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 31,257 | 31,257 | 31,257 | - |
| Transfers out | (1,182,058) | (1,211,538) | 1,176,039 | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (1,150,801) | (1,180,281) | 1,207,296 | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FUNDING SOURCES (USES) | \$ (234,359) | (31,598) | 2,700,548 | (2,732,146) |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ 234,359 | 31,598 | | |

See Notes to Financial Statements.

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Statement of Revenues and Expenditures -
Major Special Revenue Funds -
Budget and Actual (Non-GAAP Basis)



YEAR ENDED JUNE 30, 2006

| | DETENTION CENTER | | | |
|--------------------------------|----------------------------|-------------------------|------------------------------|-------------------------------------|
| | Budgeted Amounts | | Actual | Variance From |
| | Original | Final | Amounts (Budgetary Basis) | Final Budget Positive (Negative) |
| REVENUES: | | | | |
| Intergovernmental | \$ 5,500 | 5,500 | 1,000 | (4,500) |
| Taxes - sales | 360,000 | 360,000 | 367,394 | 7,394 |
| Licenses and fees | 120,000 | 120,000 | 93,989 | (26,011) |
| Interest income | 200 | 600 | 1,006 | 406 |
| Miscellaneous | <u>713,500</u> | <u>476,700</u> | <u>467,662</u> | <u>(9,038)</u> |
| TOTAL REVENUES | \$ <u>1,199,200</u> | <u>962,800</u> | <u>931,051</u> | <u>(31,749)</u> |
| EXPENDITURES - current: | | | | |
| Public safety: | | | | |
| Operating expenses | \$ 2,473,140 | 2,216,835 | 2,121,204 | 95,631 |
| Capital outlay | <u>9,190</u> | <u>32,900</u> | <u>27,075</u> | <u>5,825</u> |
| TOTAL EXPENDITURES | \$ <u>2,482,330</u> | <u>2,249,735</u> | <u>2,148,279</u> | <u>101,456</u> |
| OTHER FINANCING SOURCES | | | | |
| Operating transfers out | - | (154,740) | (154,740) | - |
| Operating transfers in | <u>\$ 1,229,350</u> | <u>1,287,688</u> | <u>1,287,688</u> | <u>-</u> |
| FUND BALANCES - ENDING | \$ <u>(53,780)</u> | <u>(153,987)</u> | <u>(84,280)</u> | <u>69,707</u> |
| PRIOR YEAR CASH BALANCE | | | | |
| REQUIRED TO BALANCE BUDGET | <u>\$ 53,780</u> | <u>153,987</u> | | |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Statement of Revenues and Expenditures -
Major Special Revenue Funds -
Budget and Actual (Non-GAAP Basis) - continued

YEAR ENDED JUNE 30, 2006

| | ROAD PROJECTS - SPECIAL APPROPRIATION | | | |
|---|---------------------------------------|-------------------------|------------------------------|-------------------------------------|
| | Budgeted Amounts | | Actual | Variance From |
| | Original | Final | Amounts (Budgetary Basis) | Final Budget Positive (Negative) |
| REVENUES: | | | | |
| Intergovernmental | \$ 1,163,850 | 1,958,850 | 1,282,282 | (676,568) |
| Taxes - sales | - | - | - | - |
| Licenses and fees | - | - | - | - |
| Interest income | - | - | - | - |
| Miscellaneous | - | - | - | - |
| TOTAL REVENUES | \$ <u>1,163,850</u> | <u>1,958,850</u> | <u>1,282,282</u> | <u>(676,568)</u> |
| EXPENDITURES - current: | | | | |
| Public safety: | | | | |
| Operating expenses | \$ 747,466 | 1,542,466 | 1,271,501 | 270,965 |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | \$ <u>747,466</u> | <u>1,542,466</u> | <u>1,271,501</u> | <u>270,965</u> |
| OTHER FINANCING SOURCES | | | | |
| Operating transfers in | \$ - | - | - | - |
| FUND BALANCES - ENDING | \$ <u>416,384</u> | <u>416,384</u> | <u>10,781</u> | <u>(405,603)</u> |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ <u>(416,384)</u> | <u>(416,384)</u> | | |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Statement of Revenues and Expenditures -
Major Special Revenue Funds -
Budget and Actual (Non-GAAP Basis) - continued

YEAR ENDED JUNE 30, 2006

| | FIRE DISTRICTS | | | |
|--------------------------------|------------------|------------------|----------------------------|-------------------------------------|
| | Budgeted Amounts | | Actual | Variance From |
| | Original | Final | Amounts Budgetary Basis | Final Budget Positive (Negative) |
| REVENUES: | | | | |
| Taxes | \$ 104,500 | 105,200 | 118,067 | 12,867 |
| Intergovernmental | 855,201 | 1,757,688 | 1,456,438 | (301,250) |
| Loan proceeds | 213,000 | 213,000 | - | (213,000) |
| Miscellaneous | - | 205,200 | 7,485 | (197,715) |
| TOTAL REVENUES | 1,172,701 | 2,281,088 | 1,581,990 | (699,098) |
| EXPENDITURES - current: | | | | |
| Fire Marshall | | | | |
| Public Safety | | | | |
| Operating | 19,503 | (35,515) | 13,531 | (49,046) |
| Capital outlay | 4,585 | 5,285 | - | 5,285 |
| | 24,088 | (30,230) | 13,531 | (43,761) |
| VFD Project | | | | |
| Public Safety | | | | |
| Operating | 231,000 | 284,500 | - | (284,500) |
| Capital outlay | - | - | - | - |
| | 231,000 | 284,500 | - | (284,500) |
| Sapello/Rociada VFD | | | | |
| Public Safety | | | | |
| Operating | 41,228 | 125,323 | 23,974 | 101,349 |
| Capital outlay | 53,012 | 87,093 | 7,183 | 79,911 |
| | 94,240 | 212,416 | 31,157 | 181,260 |
| Gallinas VFD | | | | |
| Public Safety | | | | |
| Operating | 46,185 | 63,505 | 54,677 | 8,829 |
| Capital outlay | 24,090 | 239,576 | 12,799 | 226,777 |
| | 70,275 | 303,081 | 67,475 | 235,606 |
| Couchas VFD | | | | |
| Public Safety | | | | |
| Operating | 94,134 | 112,526 | 47,793 | 64,733 |
| Capital outlay | 59,759 | 54,556 | 62,715 | (8,159) |
| | 153,893 | 167,082 | 110,508 | 56,574 |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Statement of Revenues and Expenditures -
Major Special Revenue Funds -
Budget and Actual (Non-GAAP Basis) - continued

YEAR ENDED JUNE 30, 2006

| | FIRE DISTRICTS - continued | | | |
|--|----------------------------|----------------|----------------------------|-------------------------------------|
| | Budgeted Amounts | | Actual | Variance From |
| | Original | Final | Amounts Budgetary Basis | Final Budget Positive (Negative) |
| EXPENDITURES - current - continued: | | | | |
| El Pueblo VFD | | | | |
| Public Safety | | | | |
| Operating | \$ 37,661 | 42,201 | 32,412 | (9,789) |
| Capital outlay | <u>145,978</u> | <u>155,975</u> | <u>61,048</u> | <u>94,927</u> |
| | 183,639 | 198,176 | 93,460 | 85,138 |
| Ilfeld VFD | | | | |
| Public Safety | | | | |
| Operating | 23,523 | 30,121 | 26,550 | 3,571 |
| Capital outlay | <u>50,472</u> | <u>87,004</u> | <u>47,656</u> | <u>39,348</u> |
| | 73,995 | 117,125 | 74,206 | 42,919 |
| Cabo Lucero VFD | | | | |
| Public Safety | | | | |
| Operating | 32,748 | 37,736 | 33,540 | 4,196 |
| Capital outlay | <u>29,985</u> | <u>29,212</u> | <u>-</u> | <u>29,212</u> |
| | 62,733 | 66,948 | 33,540 | 33,408 |
| Sheridan VFD | | | | |
| Public Safety | | | | |
| Operating | 31,878 | 38,133 | 29,418 | 8,715 |
| Capital outlay | <u>49,357</u> | <u>59,111</u> | <u>-</u> | <u>59,111</u> |
| | 81,235 | 97,244 | 29,418 | 67,826 |
| Trementina VFD | | | | |
| Public Safety | | | | |
| Operating | 24,227 | 28,177 | 23,306 | 4,871 |
| Capital outlay | <u>95,487</u> | <u>125,545</u> | <u>4,203</u> | <u>121,342</u> |
| | 119,714 | 153,722 | 27,509 | 126,213 |
| Emergency Fund VFD | | | | |
| Public Safety | | | | |
| Operating | - | 477 | 477 | - |
| Capital outlay | <u>84,077</u> | <u>83,600</u> | <u>-</u> | <u>83,600</u> |
| | 84,077 | 84,077 | 477 | 83,600 |
| Bernal/Tecolote VFD | | | | |
| Public Safety | | | | |
| Operating | 38,980 | 40,773 | 31,832 | 8,941 |
| Capital outlay | <u>43,800</u> | <u>54,822</u> | <u>47,531</u> | <u>7,291</u> |
| | 82,780 | 95,595 | 79,363 | 16,232 |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Statement of Revenues and Expenditures -
Major Special Revenue Funds -
Budget and Actual (Non-GAAP Basis) - continued



YEAR ENDED JUNE 30, 2006

| | FIRE DISTRICTS - continued | | | |
|--|----------------------------|------------------|----------------------------|-------------------------------------|
| | Budgeted Amounts | | Actual | Variance From |
| | Original | Final | Amounts Budgetary Basis | Final Budget Positive (Negative) |
| EXPENDITURES - current - continued: | | | | |
| Pecos Canyon VFD | | | | |
| Public Safety | | | | |
| Operating | \$ 32,502 | 37,174 | 23,016 | 14,158 |
| Capital outlay | 7,000 | 9,371 | - | 9,371 |
| | <u>39,502</u> | <u>46,545</u> | <u>23,016</u> | <u>23,529</u> |
| Tecolote VFD | | | | |
| Public Safety | | | | |
| Operating | - | - | - | - |
| Capital outlay | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| La Placitas VFD | | | | |
| Public Safety | | | | |
| Operating | 13,500 | 31,149 | 27,378 | 3,771 |
| Capital outlay | 48,683 | 49,573 | 4,893 | 44,680 |
| | <u>62,183</u> | <u>80,722</u> | <u>32,271</u> | <u>48,451</u> |
| Rowe VFD | | | | |
| Public Safety | | | | |
| Operating | 32,502 | 48,737 | 17,620 | 31,117 |
| Capital outlay | 241,948 | 232,240 | 91,396 | 140,844 |
| | <u>274,450</u> | <u>280,977</u> | <u>109,016</u> | <u>171,961</u> |
| TOTAL EXPENDITURES | 1,637,804 | 2,157,980 | 724,947 | 844,455 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers (out) in | (31,257) | (31,257) | (31,257) | - |
| TOTAL OTHER SOURCES | (31,257) | (31,257) | (31,257) | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ (496,360) | 91,851 | 825,786 | (733,935) |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ 496,360 | (91,851) | | |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Statement of Net Assets - Proprietary Funds

AS OF JUNE 30, 2006

| | | Business-Type Activities - Proprietary Funds <u>Total Non-major</u> |
|---|-----------|--|
| ASSETS: | | |
| Non-current: | | |
| Land | \$ | 492,993 |
| Buildings | | 823,610 |
| Less accumulated depreciation | | <u>(577,582)</u> |
| Total non-current | | <u>739,021</u> |
| TOTAL ASSETS | \$ | <u>739,021</u> |
| LIABILITIES: | | |
| Current: | \$ | - |
| Non-current: | | <u>-</u> |
| TOTAL LIABILITIES | | - |
| NET ASSETS: | | |
| Invested in capital assets, net of related debt | | <u>739,021</u> |
| TOTAL NET ASSETS | | <u>739,021</u> |
| TOTAL LIABILITIES AND NET ASSETS | \$ | <u>739,021</u> |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Statement of Revenues, Expenses and Changes in
Fund Net Assets - Proprietary Funds

AS OF JUNE 30, 2006

| | Business-Type Activities - Proprietary Funds <u>Total Non-major</u> |
|--------------------------|--|
| OPERATING REVENUES: | |
| Operating revenues | \$ _____ - |
| TOTAL OPERATING REVENUES | - |
| OPERATING EXPENSES: | |
| Operating expenses | _____ 21,118 |
| TOTAL OPERATING EXPENSES | 21,118 |
| CHANGES IN NET ASSETS | (21,118) |
| FUND BALANCE, BEGINNING | _____ 760,139 |
| FUND BALANCE, ENDING | \$ _____ <u>739,021</u> |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Statement of Cash Flows - Proprietary Funds

AS OF JUNE 30, 2006

| | | Business-Type Activities - Proprietary Funds <u>Total Non-major</u> |
|--|----|--|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income (loss) | \$ | _____ - |
| NET INCREASE (DECREASE) IN CASH | | - |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | | _____ - |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ | ===== - |
| RECONCILIATION OF OPERATING INCOME (LOSS) | | |
| TO NET CAS PROVIDED BY OPERATING ACTIVITIES: | | |
| Operating income (loss) | \$ | (21,118) |
| ADJUSTMENT TO RECONCILE OPERATING INCOME (LOSS) | | |
| TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Depreciation | | _____ 21,118 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ | ===== - |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Statement of Fiduciary Assets and Liabilities - Agency Funds

AS OF JUNE 30, 2006

| | <u>Agency Funds</u> |
|-----------------------------------|----------------------------|
| ASSETS: | |
| Cash and cash equivalents | \$ 370,749 |
| Taxes receivable | <u>2,941,911</u> |
| TOTAL ASSETS | \$ <u>3,312,660</u> |
| LIABILITIES: | |
| Due to other agencies | \$ 26,618 |
| Uncollected taxes | 2,746,818 |
| Accounts payable | 59,904 |
| Undistributed taxes | 412,999 |
| Deposits held in trust for others | <u>66,321</u> |
| TOTAL LIABILITIES | \$ <u>3,312,660</u> |

NATURE OF ORGANIZATION

San Miguel County (County) was established by the laws of the Territory of New Mexico of 1876, under the provisions of the act now referred to as Section 4-1-1 of the New Mexico Statutes Annotated, 1978 Compilation. The County operates under the commission-manager form of government and provides the following services as authorized in the grant of powers: public safety (sheriff, fire, emergency medical, etc.), highways and streets, sanitation, health and social services, low-rent housing assistance, culture and recreation, public improvements, planning and zoning, property assessment, tax collection and general administrative services.

1. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The financial statements for the County have been prepared in accordance 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 standard-setting body for governmental accounting and financial reporting. Pronouncements of the Financial Accounting Standard Board (FASB) issued after November 30, 1989, are not applied in the preparation of the financial statements of the proprietary fund type in accordance with GASB No. 20. 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 these accounting policies are described below.

In June 1999, the GASB unanimously approved GASB No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. This statement provides for the most significant change in financial reporting in over 20 years and is scheduled for a phased implementation based on size of government.

The County implemented the provisions of GASB No. 34 effective July 1, 2001. As a part of this statement, there is a reporting requirement regarding the government's infrastructure (roads, bridges, etc.). Effective July 1, 2001, the County also implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, and Statement No. 38, *Certain Financial Statement Note Disclosures*. The financial statements of the County have been prepared in conformity with GAAP as applied to governmental entities. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

1. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued***

◆ ***Financial Reporting Entity - GASB Statement #33***

The County's combined financial statements include the accounts of all County operations.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only criterion for including a potential unit within the reporting entity is the government body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service.

Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the County has included its housing authority, which does not have a separate governing board, as a department for financial reporting purposes.

The financial statements of the funds and account groups of the County include those administered programs that are controlled by or dependent on the County. Control by or dependence on the County is determined on the basis of budget adoption, the County's obligation to finance any deficits that may occur, and fiscal management.

The County is the trustee for the El Valle Foundation.

The Ribera Housing Authority was not considered a component unit of the County.

There were no component units for the County during fiscal year ended June 30, 2006, and the County is not a component unit of any other entity.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

◆ **Government-wide and Fund Financial Statements**

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. The new reporting model focus is on either the County as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. The County's police and fire protection, road maintenance, culture and recreation, and administration are classified as governmental activities. The County's utilities (water and sewer and solid waste) are classified as business activities. In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis by column, and is reflected on a full accrual, economic resources basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary 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 government-wide Statement of Activities reflects both the gross and net cost per functional category, which are otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function. The County includes only one function (infrastructure financing). Inter-fund balances have been eliminated in the government-wide financial statements.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and/or delivery of goods for the funds' ongoing operation.

1. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued***

◆ ***Government-wide and Fund Financial Statements - continued***

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

The governmental fund statements are presented on a current financial resource and modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the County's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column on the government-wide presentation.

◆ ***Basis of Presentation - Fund Accounting***

The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, expenditures or expenses and other financing sources or uses. Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the accompanying financial statements. The various funds are reported by generic classification within the financial statements.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict the guidance of Governmental Accounting Standards Report. The County has elected not to follow subsequent private sector guidance.

GASB No. 34 sets forth minimum criteria for the determination of major funds based on a percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or governmental and enterprise combined.

1. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued***

◆ ***Basis of Presentation - Fund Accounting - continued***

The following fund types and account groups are used by the County:

Governmental Fund Types - All governmental fund types are accounted for on a spending or financial flow measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of available spendable resources. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period. Due to their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. However, they are reported as liabilities in the general long-term debt account group.

The major funds for the County are the General Fund, Detention Fund (a Special Revenue Fund) Road Projects Special Appropriation Fund (a Special Revenue Fund), Fire Districts Fund (a Special Revenue Fund), Courthouse Remodeling (a Capital Projects Fund) and Detention Center Capital Outlay (a Capital Projects Fund).

General Fund. The General Fund is the County's primary operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund. It is funded primarily through property, sales and other miscellaneous taxes.

Special Revenue Fund. The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes. The authority for the creation of the special revenue funds is by state statute, executive order or specific authority.

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

Capital Projects Fund. The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. Capital project funding is comprised of bond proceeds, federal and state grants, and/or unrestricted general funds.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

◆ **Basis of Presentation - Fund Accounting - continued**

Proprietary Funds:

Enterprise Funds - Enterprise funds are established to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges; and (b) when the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and/or delivering goods in connection with the proprietary fund's principal ongoing operations. The County's only proprietary fund (Ribera Housing) had no operating revenue or non-operating revenue for the year ending June 30, 2006. Ribera Housing was dormant and up for sale during the year ended June 30, 2006.

Fiduciary Funds:

Trust and Agency Funds - Trust and agency funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Trust and agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

◆ **Measurement Focus and Basis of Accounting**

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include gross receipts taxes, grants and appropriations. On an accrual basis, revenue from gross receipts taxes is recognized in the fiscal year for which the taxes are collected. Revenue from grants and appropriations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Property taxes should be recognized when levied.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

◆ ***Measurement Focus and Basis of Accounting - continued***

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Governmental fund types follow the modified accrual basis of accounting for financial statement purposes. Under the modified accrual basis of accounting, revenues and other governmental fund financial resource increments are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the fiscal period (available meaning collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, and amounts collected within 60 days after year end).

Revenues from grants that are restricted for specific uses are recognized as revenues and as receivables when the related costs are incurred. Interest earned is accrued currently by the appropriate funds. Contributions, gross receipts tax and other monies held by other state and local agencies are recorded as a receivable at the time the money is made available to the specific fund. All other revenues are recognized when received and are not susceptible to accrual.

Expenditures, other than vacation, compensatory, and sick pay, are recorded when they are incurred. Expenditures charged to federal programs are recorded utilizing the cost principles prescribed or permitted by the various funding sources. Interest expense is recognized when paid. Total interest expense incurred during the year ended June 30, 2006, was \$660,491.

When both restricted and unrestricted net assets are available for expenses, unrestricted funds are applied first.

◆ ***Budgetary Information***

Budgets are adopted on a basis consistent with generally accepted accounting principles, except for the proprietary funds. Unused appropriations of funds of the current fiscal year may be carried over into the next fiscal year by budgeting those funds in the subsequent year's budget. Annual budgets are adopted for the general, special revenue, capital project, debt service and enterprise funds. Budgetary basis (cash basis) actual figures are provided in the financial statements to show actual budgetary basis results of operations for all governmental funds (budgeted and not budgeted).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

◆ Budgetary Information - continued

The County follows required procedures in establishing budgetary data in the financial statements.

- The Finance Director submits to the Commission a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted at the County offices to obtain public comments.
- The budget is tentatively approved by the Commission, and the Department of Finance and Administration, Local Government Division, ultimately makes final approval.
- Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds and Debt Service Fund.

Amendments to the budget, including operating transfers, must follow the same process the original budget followed. Amendments made to the original budget are included in the budgetary comparison schedules of this report, which reflect actual to budget. The legal level of budgetary control is at the fund level.

Budgets and amendments to the budgets for all funds are adopted in a legally permissible manner. During the year, supplementary appropriations were necessary.

◆ Cash and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty, and investments with maturities of three months or less. Cash and investments reported on the balance sheets are a combination of cash in bank, cash on hand, petty cash and certificates of deposit. The County uses a pooled cash and investments method of accounting for cash. Investments are recorded at cost, which approximates market value.

◆ Investments

State Statute Sections 6-10-44 and 6-10-10 (f), NMSA 1978, authorize the County Treasurer to invest in United States treasury certificates, United States bonds or negotiable securities of the United States, and bonds or negotiable securities of the State of New Mexico or of any county, municipality or school district with the advice and consent of the County Board of Finance. Investments are stated at fair value.

◆ Receivables

Receivables are reported net of an allowance for uncollectible accounts, if applicable. Based upon management's estimate, all receivables are deemed fully collectible.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

◆ Property Taxes

The County is responsible for assessing, collecting and distributing property taxes for both outside entities and its own operational and debt service purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments on November 10th of the year in which the tax bill is prepared and April 10th of the following year, with taxes becoming delinquent 30 days thereafter. Collections and remittance of County property taxes are accounted for in the County Treasurer Trust and Agency Funds. Therefore, revenues for budgetary purposes are recorded when taxes are distributed to the General Operating Fund.

◆ Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for 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. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

◆ Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and estimated useful life of more than one year. All purchased capital assets are valued at cost when historical records are available, and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

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

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets constructed in the business-type activities.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

◆ **Capital Assets - continued**

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives in years:

| | |
|-------------------------------------|---------|
| Infrastructure | 10 - 80 |
| Buildings and building improvements | 15 - 40 |
| Equipment, furniture and fixtures | 5 - 10 |

The County has not made any significant software or hardware purchases requiring capitalization and depreciation in the last five years.

◆ **Compensated Absences**

Earned but unused vacation benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for the amounts is reported in governmental funds only if they are required to be paid out within 60 days of year-end.

◆ **Long-term Debt Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type 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 applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

◆ ***Fund Equity***

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

◆ ***Housing Authority Method of Accounting***

The Housing Authority prepares its financial statements using the accounting principles prescribed or permitted by the U.S. Department of Housing and Urban Development. As of June 30, 2004, HUD has adopted GAAP; therefore, the financial statements for the year ended June 30, 2006 are prepared using GAAP. However, the Multi-family Housing Project has been vacant since approximately 1997; therefore, no depreciation has been taken since the assets are vacant and dormant.

◆ ***Restricted and Unrestricted Resources***

Restricted resources are used for expenses only after unrestricted resources are depleted.

◆ ***Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

◆ ***Investments***

The County has no investments at June 30, 2006.

◆ ***Interest Rate Risk***

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

2. **CASH AND INVESTMENTS - continued**

◆ **Credit Risk**

The County's investments shall be in accordance with State Law, 6-10-10 and 6-10-10.1 NMSA 1978, including but not limited to the following: Treasury Bills, Notes, Bonds, Strips, and U.S. Government securities which are backed by the full faith and credit of the U.S. Government. Negotiable securities of the State of New Mexico or any county, municipality or school district with the advice and consent of the Board of Finance per 6-10-44 NMSA 1978, 6-10-10F NMSA 1978, 6-10-10 NMSA 1978.

◆ **Concentration of Credit Risk**

The County's investment policy places no limit on the amount the County may invest in any one issuer.

◆ **Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's cash balances are not exposed to custodial credit risk. All are fully collateralized and the collateral is held in the County's name. The County is required to obtain from each bank that is a depository for public funds pledged collateral in an aggregate amount equal to one half of the public money in each account (Section 6-10-17 NMSA 1978). The amounts of cash not collateralized as of June 30, 2006 is \$2,622,838.

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Notes to Financial Statements - continued

2. CASH AND INVESTMENTS - continued

A summary of cash accounts and certificates of deposit at June 30, 2006, are as follows:

| <u>Depository - Cash</u> | <u>Account Name</u> | <u>Type of Account</u> | <u>Bank Balances</u> |
|---|---------------------------|------------------------|----------------------|
| Bank of Las Vegas | Community Centers | Checking | \$ 1,536 |
| Bank of Las Vegas | El Valle Foundation | Checking | 14,693 |
| Bank of Las Vegas | Employee Fund | Checking | 2,303 |
| Bank of Las Vegas | Federal Housing Authority | Checking | 245,437 |
| Bank of Las Vegas | Fire District Funds | Checking | 1,642,141 |
| Bank of Las Vegas | General Account | Checking | 1,611,292 |
| Bank of Las Vegas | Gross Receipts Taxes | Checking | 43,138 |
| Bank of Las Vegas | Indigent Fund | Checking | 110,647 |
| Bank of Las Vegas | Lodgers Tax | Checking | 50,391 |
| Bank of Las Vegas | Payroll Account | Checking | 43,147 |
| Bank of Las Vegas | Pecos - Prop. Tax Account | Checking | 12,436 |
| Bank of Las Vegas | Rowe Vol. Fire Dept. | Checking | 6 |
| Bank of Las Vegas | SMC Detention Center | Checking | 194,480 |
| Bank of Las Vegas | SMC Inmate Trust Fund | Checking | 11,584 |
| Bank of Las Vegas | Payments in Protest | Savings | 5,337 |
| Bank of Las Vegas | General Fund | Certificate of Deposit | 762,815 |
| Bank of Las Vegas | General Fund | Certificate of Deposit | 200,000 |
| Bank of Las Vegas | El Valle Foundation | Certificate of Deposit | 30,000 |
| Bank of Las Vegas | El Valle Foundation | Certificate of Deposit | 14,723 |
| Total deposits and cash on hand | | | \$ 4,996,106 |
| Total deposits at the Bank of Las Vegas | | | \$ 4,996,106 |
| Less FDIC coverage | | | 200,000 |
| Total uninsured public funds | | | \$ 4,796,106 |
| 50% collateral requirement (Section 6-10017) | | | \$ 2,398,053 |
| Depository collateral held for the State of New Mexico San Miguel County by the Bank of Las Vegas, Las Vegas, NM | | | |
| | <u>CUSIP #</u> | <u>Mature Date</u> | |
| FHLB Bond | 3133MGVA1 | 08/15/06 | \$ 699,783 |
| FHLB Bond | 3133MQSS4 | 08/15/06 | 747,892 |
| FNMA Term Note | 31359MQP1 | 01/28/08 | 484,690 |
| US Treasury Note | 912828DR8 | 04/15/10 | 479,510 |
| US Treasury Note | 912828EG1 | 09/15/10 | 475,450 |
| Total collateral | | | 2,887,325 |
| Over (under) collateralized | | | \$ 489,272 |

2. CASH AND INVESTMENTS - continued

| <u>Depository - Cash</u> | <u>Account Name</u> | <u>Type of Account</u> | | <u>Bank Balances</u> |
|---------------------------------------|----------------------------------|------------------------|----|----------------------|
| Bank of Albuquerque | SMC NM 2003 Bond Account | Money Market | \$ | 53,326 |
| Bank of Albuquerque | SMC NM 2003 Reserve Bond | Money Market | | 170,481 |
| Bank of Albuquerque | NMFA 58th Supp(2004A) SM Reserve | Money Market | | 160,175 |
| Bank of Albuquerque | NMFA 58th Supp(2004A) SM Prog | Money Market | | 747,020 |
| Bank of Albuquerque | NMFA 63rd Supp SM DS Reserve | Money Market | | 28,098 |
| Bank of Albuquerque | NMFA 63rd Supp SM DS Prog | Money Market | | 990 |
| Bank of Albuquerque | NMFA 50th Supp SM/Tecolote | Money Market | | 11,425 |
| Bank of Albuquerque | NMFA 61st Supp SMC Fire (Concha) | Money Market | | 4,548 |
| Bank of Albuquerque | NMFA 63rd Supp SM Rowe Prog | Money Market | | 150,061 |
| Bank of Albuquerque | NMFA Sub Lien 2005 SM Prog | Money Market | | 1,482,969 |
| Bank of Albuquerque | NMFA Sub Lien 2005 SM DS Reserve | Money Market | | 178,401 |
| Bank of Albuquerque | NMFA Dcler 5/19/06 SM Prog | Money Market | | 55,893 |
| Total deposits at Bank of Albuquerque | | | \$ | 3,043,387 |

| | | | | |
|--|--|--|----|-----------|
| Total deposits at Bank of Albuquerque | | | \$ | 3,043,387 |
| Less FDIC coverage | | | | - |
| Total uninsured public funds | | | \$ | 3,043,387 |
| 50% collateral requirement (Section 6-10017) | | | \$ | 1,521,694 |
| Depository collateral held for the State of New Mexico San Miguel County by the Bank of Albuquerque, Albuquerque, NM | | | | |

| | <u>CUSIP #</u> | <u>Mature Date</u> | | |
|-----------------------------|----------------|--------------------|----|-----------|
| US Treasury | 028846103 | 09/05/90 | \$ | 2,329,330 |
| Total collateral | | | | 2,329,330 |
| Over (under) collateralized | | | \$ | 807,637 |

| <u>Depository - Cash</u> | <u>Account Name</u> | <u>Type of Account</u> | | <u>Bank Balances</u> |
|---------------------------------------|---------------------|------------------------|----|----------------------|
| First National Bank | General Fund | Certificat of Deposit | | 309,900 |
| First National Bank | SMC Treasurer | Checking | \$ | 296,369 |
| Total deposits at First National Bank | | | \$ | 606,269 |

| | | | | |
|--|--|--|----|---------|
| Total deposits at First National Bank | | | \$ | 606,269 |
| Less FDIC coverage | | | | 100,000 |
| Total uninsured public funds | | | \$ | 506,269 |
| 50% collateral requirement (Section 6-10-17) | | | \$ | 253,135 |

| | <u>CUSIP #</u> | <u>Mature Date</u> | | |
|--|----------------|--------------------|----|-----------|
| Depository collateral held for the State of New Mexico San Miguel County by First National Bank, Las Vegas, NM | | | | |
| FNMA CA Pool #313932 | 31374GVZ7 | 03/01/23 | \$ | 42,816 |
| FNMA Pool #128776 | 31365IH6M3 | 02/01/31 | | 36,536 |
| FHLMC ARM Pool #609005 | 31354RAE7 | 11/01/23 | | 8,169 |
| GNMA II ARM Pool #81281 | 36225DM76 | 03/20/35 | | 594,423 |
| FNMA Pool | 31371LAF6 | 06/01/13 | | 851,713 |
| FMNA Pool #408915 | 31378UGY2 | 12/01/27 | | 317,649 |
| FHLMC ARM Pool #788825 | 31295MYW4 | 11/01/31 | | 45,347 |
| Total collateral | | | | 1,896,653 |
| Over (under) collateralized | | | \$ | 1,643,519 |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Notes to Financial Statements - continued

2. CASH AND INVESTMENTS - continued

| <u>Depository - Cash</u> | <u>Account Name</u> | <u>Type of Account</u> | <u>Bank Balances</u> |
|---|-------------------------|------------------------|----------------------------|
| Wells Fargo Bank | Series A 1997 Bond Fund | Money Market | \$ 423 |
| Wells Fargo Bank | Series A 1997 Bond Fund | Money Market | 392,103 |
| Wells Fargo Bank | Series B 1997 Bond Fund | Money Market | 526 |
| Wells Fargo Bank | Series B 1997 Reserve | Money Market | <u>77,273</u> |
| Total deposits at Wells Fargo Bank | | | \$ 470,325 |
| Total deposits at Wells Fargo Bank | | | \$ 470,325 |
| Less FDIC coverage | | | <u>100,000</u> |
| Total uninsured public funds | | | \$ 370,325 |
| 50% collateral requirement (Section 6-10017) | | | \$ 185,163 |
| Depository collateral held for the State of New Mexico San Miguel County by | | | |
| Wells Fargo Bank, Las Vegas, NM | | | |
| | <u>CUSIP #</u> | <u>Mature Date</u> | |
| US Treasury Note | N/A | N/A | \$ <u>393,735</u> |
| Total collateral | | | 393,735 |
| Over (under) collateralized | | | \$ 208,573 |
| Bank to Financial Statement Cash Reconciliation: | | | |
| Total cash in bank | | | \$ 9,116,087 |
| Add: | | | |
| Cash on hand | | | 400 |
| Deposits in transit | | | 957 |
| Less: | | | |
| Outstanding warrants | | | (338,798) |
| Outstanding checks | | | <u>(157,803)</u> |
| Total reconciled cash | | | 8,620,843 |
| Less cash in Fiduciary funds | | | (370,749) |
| Add bank overdrafts | | | <u>654,452</u> |
| Financial Statement reconciled cash balance | | | \$ <u><u>8,904,546</u></u> |

3. *RECEIVABLES*

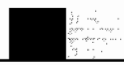
Receivables as of June 30, 2006 consisted of the following. All receivables are net of allowance for doubtful accounts.

| | <u>Taxes</u> | <u>Other</u> | <u>Total</u> |
|---|---------------------|----------------|------------------|
| Governmental funds: | | | |
| General Fund, net of allowance of \$57,830 | \$ 1,239,593 | 40,971 | 1,280,564 |
| Detention Fund | 16,597 | - | 16,597 |
| Fire Districts | - | 32,191 | 32,191 |
| Other governmental funds | <u>57,658</u> | <u>381,775</u> | <u>439,433</u> |
| Total governmental activity funds | \$ <u>1,313,848</u> | <u>454,937</u> | <u>1,768,785</u> |

The Solid Waste Fund is part of other governmental funds. Receivables are net of an allowance of \$1,096,386 at June 30, 2006.

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Notes to Financial Statements - continued



4. CAPITAL ASSETS

A summary of changes in capital assets follows:

| <u>Governmental Activities</u> | <u>Balance 30-Jun-05</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance 30-Jun-06</u> |
|---|------------------------------|--------------------|------------------|------------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,199,743 | - | - | 1,199,743 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 13,904,667 | 2,557,062 | - | 16,461,729 |
| Infrastructure | 1,838,154 | 1,266,161 | - | 3,104,315 |
| Vehicles | 5,141,288 | 198,919 | (35,540) | 5,304,667 |
| Furniture, fixtures and equipment | 697,945 | 57,414 | - | 755,359 |
| Heavy equipment | <u>633,750</u> | <u>-</u> | <u>-</u> | <u>633,750</u> |
| Total capital assets being depreciated | <u>22,215,804</u> | <u>4,079,556</u> | <u>(35,540)</u> | <u>26,259,820</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (6,623,983) | (428,133) | - | (7,052,116) |
| Infrastructure | (66,930) | (79,598) | - | (146,528) |
| Vehicles | (3,304,765) | (537,254) | 35,540 | (3,806,479) |
| Furniture, fixtures and equipment | (399,591) | (89,478) | - | (489,069) |
| Heavy equipment | <u>(558,028)</u> | <u>(15,583)</u> | <u>-</u> | <u>(573,611)</u> |
| Total accumulated depreciation | <u>(10,953,297)</u> | <u>(1,150,046)</u> | <u>35,540</u> | <u>(12,067,803)</u> |
| Total capital assets being depreciated, net | <u>11,262,507</u> | <u>2,929,510</u> | <u>-</u> | <u>14,192,017</u> |
| Governmental activities capital assets, net | \$ <u>12,462,250</u> | <u>2,929,510</u> | <u>-</u> | <u>15,391,760</u> |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Notes to Financial Statements - continued

4. CAPITAL ASSETS - continued

| <u>Business-Type Activities - Ribera Housing:</u> | <u>Balance 30-Jun-05</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance 30-Jun-06</u> |
|---|------------------------------|------------------|------------------|------------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 492,993 | - | - | 492,993 |
| Capital assets being depreciated: | | | | |
| Structures/equipment | 823,610 | - | - | 823,610 |
| Less accumulated depreciation for: | | | | |
| Structures/equipment | <u>(556,464)</u> | <u>(21,118)</u> | <u>-</u> | <u>(577,582)</u> |
| Total capital assets being depreciated, net | <u>267,146</u> | <u>(21,118)</u> | <u>-</u> | <u>246,028</u> |
| Business-type activities capital assets, net | \$ <u>760,139</u> | <u>(21,118)</u> | <u>-</u> | <u>739,021</u> |

The County received transfers of assets from other government agencies of \$287,618.

Depreciation expense was charged to the functions of the primary government, as follows:

| | |
|----------------------------|---------------------|
| Governmental activities: | |
| General government | \$ 136,243 |
| Public safety | 925,163 |
| Public works | 8,140 |
| Health and welfare | 58,909 |
| Culture and recreation | <u>21,591</u> |
| | 1,150,046 |
| Business-type activities: | |
| Ribera housing | <u>21,118</u> |
| Total depreciation expense | \$ <u>1,171,164</u> |

5. **LONG-TERM DEBT**

The changes to long-term debt during the year ended June 30, 2006 are as follows:

| | <u>Balance</u> <u>June 30, 2005</u> | <u>Increase</u> | <u>(Decrease)</u> | <u>Balance</u> <u>June 30, 2006</u> | <u>Amounts Due</u> <u>Within</u> <u>One Year</u> |
|----------------------|--|------------------|-------------------|--|--|
| Notes payable | \$ 1,410,345 | 1,819,689 | (310,067) | 2,919,967 | 327,539 |
| Bonds payable | 9,617,509 | - | (355,050) | 9,262,459 | 367,802 |
| Compensated absences | <u>115,196</u> | <u>116,663</u> | <u>(117,910)</u> | <u>113,949</u> | <u>113,942</u> |
| Total long-term debt | \$ <u>11,143,050</u> | <u>1,936,352</u> | <u>(783,027)</u> | <u>12,296,375</u> | <u>809,283</u> |

The general fund is typically used to liquidate other long-term debt, such as compensated absences.

◆ **Notes Payable**

On May 1, 1996, the County entered into a note payable with the State Board of Finance with an original balance of \$38,000. This agreement is for a period of 20 years with annual payments of \$1,900. The balance at June 30, 2006 is \$17,100.

On May 14, 1996, the County entered into a note payable with the State Board of Finance with an original balance of \$68,982. This agreement is for a period of 5 years with annual payments of \$6,898. The balance at June 30, 2006 is \$6,898.

On September 26, 2002, the County entered into a note payable with New Mexico Finance Authority. This agreement is for a period of 10 years with annual payments of \$4,956. The present value of the future minimum payments is \$35,131.

On March 28, 2003, the County entered into a note payable with New Mexico Finance Authority. This agreement is for a period of 10 years with annual payments of \$23,549. The present value of the future minimum payments is \$179,619.

On March 28, 2003, the County entered into a note payable with New Mexico Finance Authority. This agreement is for a period of 5 years with annual payments of \$19,978. The present value of the future minimum payments is \$0.

5. ***LONG-TERM DEBT - continued***

◆ ***Notes Payable - continued***

On May 1, 2003, the County entered into a note payable with the Bank of Las Vegas with an original balance of \$128,528. This agreement is for a period of 5 years with annual payments of \$24,539. The balance at June 30, 2006 is \$54,879.

On August 29, 2003, the County entered into a note payable with New Mexico Finance Authority. This agreement is for a period of 10 years with annual payments of \$6,255. The present value of the future minimum payments is \$236,311.

On September 10, 2004, the County entered into an agreement with USDA. This agreement is for a period of 25 years with annual payments of \$5,000. The balance at June 30, 2006 is \$145,360.

On November 1, 2004, the County entered into an agreement with New Mexico Finance Authority. This agreement is for a period of 20 years with annual payments of \$10,059. The original balance and balance at June 30, 2006 is \$214,941.

On November 4, 2005, the County entered into a note payable with New Mexico Finance Authority. This agreement is for a period of 15 years with annual payments of \$51,659. The original balance and balance at June 30, 2006 is \$226,119.

On April 29, 2005, the County entered into an agreement with New Mexico Finance Authority. This agreement is for a period of 15 years with annual payments of \$6,186. The original balance and balance at June 30, 2006 is \$68,814.

On May 1, 2006, the County entered into an agreement with New Mexico Finance Authority. This agreement is for a period of 9 years with annual payments of \$84,894. The balance at June 30, 2006 is \$1,678,995.

On May 19, 2006, the County entered into an agreement with New Mexico Finance Authority. This agreement is for a period of 3 years with annual payments of \$17,978. The original balance and balance at June 30, 2006 is \$55,800.

The County entered into a note payable with the New Mexico Taxation and Revenue Department with an original balance of \$41,409. This agreement is for a period of 5 years. The balance at June 30, 2006 is \$0.

5. **LONG-TERM DEBT - continued**

◆ **Bonds**

Gross Receipts Tax Refunding & Improvement Bonds – The Series 1997 Bonds are being issued to pay previously unreimbursed or incurred but unpaid costs for construction, purchasing, furnishing, equipping, rehabilitating, making additions to or making improvements to the County Law Enforcement Facility.

The Series 1997 Bonds were issued pursuant to Section 4-62-1 through 4-62-10, NMSA 1978, as amended.

Gross Receipts Tax Refunding and Improvement Bonds (continued) – The Series 1998 Bonds are being issued for the purpose of providing funds for acquiring, extending, enlarging, bettering, repairing, improving, constructing, purchasing, furnishing, equipping and rehabilitating fire districts within the County.

The Series 1998 Bonds are issued pursuant to County Ordinance No. 6-9-98-F1, adopted on June 9, 1998, and County Resolution No. 5-12-98F-2, adopted on May 12, 1998.

Gross Receipts Tax NMFA – The Series 2003 Bonds are being used for the purpose of County infrastructure improvements, including defraying the cost of planning, designing, repairing, replacing, constructing or acquiring County infrastructure improvements, including the renovation of the County's Courthouse and the construction of a courthouse annex.

The Series 2003 Bonds are issued pursuant to County Ordinance No. 7-21-03, adopted on July 21, 2003.

The general obligation bonds outstanding as of June 30, 2006, are comprised of the following issues:

| <u>Issue</u> | <u>Amount</u> | <u>Interest Rate</u> | <u>Final Maturity</u> |
|---------------|---------------------|----------------------|-----------------------|
| Series 1997A | \$ 4,540,000 | 5.00% - 6.00% | March 1, 2025 |
| Series 1997B | 690,000 | 5.25% - 7.25% | May 1, 2027 |
| Series 1998A | 190,200 | 4.75% | June 23, 2018 |
| Series 1998B | 317,400 | 4.75% | June 23, 2018 |
| I-Series 2003 | 1,595,000 | 3.98% | May 1, 2018 |
| I-Series 2003 | <u>1,929,859</u> | 4.30% | July 1, 2025 |
| Totals | \$ <u>9,262,459</u> | | |

5. **LONG-TERM DEBT - continued**

◆ **Bonds - continued**

The following is a schedule of the future minimum payments under lease purchase agreements and bonds, together with the present value of the net minimum lease payments at June 30, 2006:

| <u>Year Ended June 30,</u> | | <u>Notes</u> | <u>Bonds</u> | <u>Subtotal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------|---|------------------|------------------|-------------------|------------------|-------------------|
| 2007 | S | 360,313 | 552,075 | 912,388 | 840,517 | 1,752,905 |
| 2008 | | 366,771 | 765,023 | 1,131,794 | 780,768 | 1,912,562 |
| 2009 | | 379,873 | 800,000 | 1,179,873 | 755,990 | 1,935,863 |
| 2010 | | 384,335 | 1,135,000 | 1,519,335 | 734,963 | 2,254,298 |
| 2011 | | 450,726 | 1,500,000 | 1,950,726 | 694,048 | 2,644,774 |
| 2012 - 2017 | | 509,682 | 2,085,582 | 2,595,264 | 650,900 | 3,246,164 |
| 2018 - 2022 | | 486,267 | 1,250,582 | 1,718,849 | 601,400 | 2,320,249 |
| 2023 - 2027 | | - | 1,174,197 | 1,174,197 | 555,000 | 1,729,197 |
| Total | S | <u>2,919,967</u> | <u>9,262,459</u> | <u>12,182,426</u> | <u>5,613,586</u> | <u>17,796,012</u> |

◆ **Operating Leases**

During the year ended June 30, 2006, the County leased equipment under operating leases. The County's expenditures on those leases for the year ended June 30, 2006 was \$95,643. The County's future minimum lease commitments at June 30, 2006 are as follows:

| <u>Year Ended June 30,</u> | | <u>Operating Leases</u> |
|--------------------------------|----|-----------------------------|
| 2006 | \$ | 95,643 |
| 2007 | | 95,643 |
| 2008 | | 95,643 |
| 2009 | | 95,643 |
| 2010 | | <u>95,643</u> |
| Total | S | <u>478,215</u> |

6. DUE FROM AND DUE TO OTHER FUNDS AND TRANSFERS

These amounts represent interfund receivables and payables arising from interfund transactions within the County. These balances are netted as part of the reconciliation to the government-wide columnar presentation. Interfund receivables and payables as of June 30, 2006 consist of the following:

| Due from: | | Due to: | | | Total |
|-----------------------|-------------------|------------------|-----------------------------|-----------------|----------|
| | | General Fund | Special Revenue Funds | Agency Funds | |
| General Fund | \$ 23,008 | (13,365) | (9,643) | - | - |
| Special Revenue funds | 186,262 | (159,644) | - | (26,618) | - |
| Agency funds | - | - | - | - | - |
| Total | \$ 209,270 | (173,009) | (9,643) | (26,618) | - |

Property tax collections are accounted for in a separate bank account and fund. When interest is earned in this bank account, the revenue is posted to the general fund with a corresponding due from the agency fund. The interest is not reverted to the general fund until the end of the fiscal year, at which time the cash is physically moved the due to/due from is reduced or eliminated.

General fund transfers to other funds were to fund debt service payments and capital projects, and to reimburse the General fund for cost incurred on behalf of other funds. Transfers as of June 30, 2006 consist of the following:

| Transfer in: | | Transfer out: | | | | | Total |
|----------------------------------|---------------------|--------------------|-------------------|-------------------|----------------------------|------------------------|----------|
| | | General Fund | Detention Fund | Fire Districts | Court- house Remodel | Non- major Funds | |
| General Fund – Major | \$ 31,257 | - | - | (31,257) | - | - | - |
| Detention Fund – Major | 1,287,688 | (1,068,229) | - | - | (25,000) | (194,459) | - |
| Courthouse Remodeling – Major | 142,810 | (142,810) | - | - | - | - | - |
| Non-major funds | 1,011,590 | - | (154,740) | - | - | (856,850) | - |
| Total | \$ 2,473,345 | (1,211,039) | (154,740) | (31,257) | (25,000) | (1,051,309) | - |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Notes to Financial Statements - continued

7. BUDGETARY COMPARISONS

The Combined Statement of Revenues and Expenditures - Budget (non-GAAP Budgetary Basis) and Actual - General, Special Revenue, Capital Projects, and Debt Service, is presented in accordance with the state's legal budgetary basis; and, therefore, includes encumbrances as current period expenditures and excludes expenditures made on prior year encumbrances. The following presentation reconciles the differences between this basis and GAAP.

| | <u>General Fund</u> | <u>Detention Fund</u> | <u>Road Projects</u> | <u>Fire Districts</u> | <u>Court- house Remodel</u> | <u>Detention Center Capital Outlay</u> | <u>Other Gvrnmentl. Funds</u> |
|--|-------------------------|---------------------------|--------------------------|---------------------------|-------------------------------------|--|---------------------------------------|
| Revenues: | | | | | | | |
| Non-GAAP budgetary basis | \$ 4,605,205 | 931,051 | 1,282,282 | 1,581,990 | 222,791 | 39,860 | 6,156,699 |
| Change in accounts & interest receivable | 69,614 | (69,587) | (89,219) | 22,306 | - | - | - |
| Audit adjustments - accruals | <u>(3,303)</u> | <u>167</u> | <u>(34,164)</u> | <u>64,728</u> | <u>-</u> | <u>-</u> | <u>483,761</u> |
| Revenues - GAAP basis | 4,671,516 | 861,631 | 1,158,899 | 1,669,024 | 222,791 | 39,860 | 5,672,938 |
| Expenditures: | | | | | | | |
| Non-GAAP budgetary basis | 3,111,953 | 2,148,279 | 1,271,501 | 724,947 | 1,027,880 | 144,390 | 5,547,071 |
| Accounts payable | 378,124 | 53,359 | 53,984 | 8,334 | - | - | - |
| Audit adjustments - accruals | <u>(256,388)</u> | <u>(57,676)</u> | <u>23,383</u> | <u>164,809</u> | <u>-</u> | <u>-</u> | <u>390,289</u> |
| Expenditures - GAAP basis | \$ <u>3,233,689</u> | <u>2,143,962</u> | <u>1,302,102</u> | <u>898,090</u> | <u>1,027,880</u> | <u>144,390</u> | <u>5,937,360</u> |

8. INSURANCE COVERAGE

The County is exposed to various risks of loss from torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the County carries insurance through the New Mexico Self-Insurers' Fund. The following is a summary of some of the more significant insurance coverage information related to the County.

Coverage provided to the County through the New Mexico Self-Insurers' Fund includes tort liability limits for casualty coverage (general, automobile, civil rights and public officials' liability) on a "claims made" basis. Property is subject to a limit of \$100,000 per occurrence. Law enforcement liability, public officials' errors and omissions, and foreign jurisdiction are all individually subject to \$1 million per occurrence / \$1 million aggregate.

9. DEFICIT FUND EQUITY

The following special revenue funds have a deficit balance for the year ended June 30, 2006:

| | | | | | |
|-----------------|-----------|-------------------|------------|-------------------|------------|
| SMC Health Fac. | \$ 688 | Underage Drinking | \$ 2,716 | Recreation | \$ 1,069 |
| DWI Allocation | \$ 1,030 | Community DWI | \$ 3,163 | Legislative App. | \$ 10,175 |
| DWI Grant | \$ 23,468 | Child Restraint | \$ 4,241 | Courthouse Renov. | \$ 122,075 |
| Community Proj. | \$ 85,730 | Road Projects | \$ 590,401 | Reappraisal | \$ 5,477 |

The County expects that the FY07 operating revenues will be sufficient to cover the deficit.

10. RESERVED FUND BALANCES

Reservation of fund balances of governmental funds are established to either: (1) satisfy legal covenants that require that a portion of the fund balance be segregated, or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Specific reservations of the fund balance accounts are summarized below:

Reserved for debt service – The reserve for debt service was created to segregate a portion of the fund balance account for debt service, including both principal payments and interest payments. The reservation was established to satisfy legal restrictions imposed by various bond agreements.

11. RETIREMENT PLAN

◆ ***PERA Plan Description***

Substantially all of the 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 Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan.

The plan provides for retirement, 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. A copy of 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% of their gross salary. The County is required to contribute 7% to 10%, depending upon the division of the gross covered salary. The contribution requirements of plan members and the Department 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 the years ended June 30, 2006, 2005 and 2004 were \$250,886, \$226,689 and \$137,772, respectively, equal to the amount of the required contributions for each year.

12. RETIREE HEALTH CARE ACT CONTRIBUTIONS

The Retiree Health Care Act (Act) (Chapter 10, Article 7C NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Retiree Health Care Authority is the administrator of the plan. The purpose is to provide eligible retirees, their spouses, dependents and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into the Retiree Health Care Fund and be co-payments or the out-of-pocket payments of eligible retirees.

Monies flow to the Retiree Health Care Fund on a pay-as-you-go basis from eligible employers and eligible retirees. Eligible employers consist of institutions of higher education, school districts or other entities participating in the Public School Insurance Authority, state agencies, state courts, magistrate courts, municipalities or counties which are affiliated under or covered by the Education Retirement Act, Public Employees Retirement Act, Volunteer Firefighters Retirement Act, Judicial Retirement Act or the Magistrate Retirement Act.

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the Retiree Health Care Act on the person's behalf, unless that person retires on or

12. RETIREE HEALTH CARE ACT CONTRIBUTIONS - continued

before July 1, 1995, in which event the time period for contributions becomes the time between July 1, 1990 and the date of retirement; or (2) retirees defined by the Act who retired prior to July 1, 1990, and former legislators who served at least two years.

Each participating employer makes contributions to the fund in the amount of 1.3 percent of each participating employee's annual salary. Each participating employee contributes to the fund an employee contribution equal to .65 percent of the employee's annual salary. Each participating retiree pays a monthly premium for the medical plus basic life plan and an additional participation fee of five dollars (\$5.00) if the eligible participant retired prior to the employer's NMRCHA effective date, or is a former legislator and made no contributions to the plan.

Contributions from participating employers and participating employees become the property of the Retiree Health Care Fund and are not refundable under any circumstances, including termination of employment or termination of the participating employer's operation or participation in the Retiree Health Care Act. The employer, employee and retiree contributions are required to be remitted to the Retiree Health Care Authority on a monthly basis.

The Retiree Health Care Authority issues a separate, publicly available audited financial report that includes post-employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee and retiree) and net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan. That report may be obtained by writing to the Retiree Health Care Authority, 4308 Carlisle Blvd. NE, Suite 104, Albuquerque, NM 87109.

For the fiscal year ended June 30, 2006, the County remitted \$33,678 in employer contributions and \$16,839 in employee contributions to the Retiree Health Care Authority.

13. LITIGATION

At June 30, 2006, there were several cases pending against the County. The total exposure to the County was not determined. No provision for possible losses has been provided for in the accompanying statements.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Combining Balance Sheet - By Fund Type
Non-Major Governmental Funds

AS OF JUNE 30, 2006

| | Special Revenue Funds | Capital Projects Funds | Debt Service Funds | Total |
|--|-----------------------------|------------------------------|--------------------------|-----------|
| ASSETS: | | | | |
| Cash and investments | \$ 635,571 | 83,907 | 526,177 | 1,245,655 |
| Restricted cash | 55,800 | - | 684,173 | 739,973 |
| Taxes receivable | - | - | 57,658 | 57,658 |
| Accounts receivable | 362,854 | - | - | 362,854 |
| Federal receivable | 18,921 | - | - | 18,921 |
| Prepaid expenses | 42,782 | - | - | 42,782 |
| Other assets | - | - | 54,994 | 54,994 |
| Due from other funds | 175,481 | - | - | 175,481 |
| TOTAL ASSETS | \$ 1,291,409 | 83,907 | 1,323,002 | 2,698,318 |
| LIABILITIES AND FUND BALANCES: | | | | |
| LIABILITIES: | | | | |
| Accounts payable | \$ 448,592 | - | - | 448,592 |
| Bank overdraft | 163,932 | - | 14,947 | 178,879 |
| Accrued payroll | 24,919 | - | - | 24,919 |
| Accrued liabilities | - | - | - | - |
| Deferred revenue | 249,653 | - | - | 249,653 |
| Debt Service Reserve | - | - | 49,835 | 49,835 |
| Due to other funds | 9,743 | - | - | 9,743 |
| TOTAL LIABILITIES | 896,839 | - | 64,782 | 961,621 |
| FUND BALANCE (DEFICIT): | | | | |
| Unreserved-undesignated (deficit) | 394,570 | 83,907 | 1,258,220 | 1,736,697 |
| TOTAL FUND BALANCES | 394,570 | 83,907 | 1,258,220 | 1,736,697 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 1,291,409 | 83,907 | 1,323,002 | 2,698,318 |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

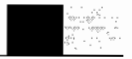
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - By Fund Type
Non-Major Governmental Funds

AS OF JUNE 30, 2006

| | Special Revenue Funds | Capital Projects Funds | Debt Service Funds | Total |
|------------------------------------|-----------------------------|------------------------------|--------------------------|------------------|
| REVENUES: | | | | |
| Intergovernmental: | | | | |
| Operating grants and contributions | \$ 741,681 | - | 479,730 | 1,221,411 |
| Capital grants and contributions | - | - | - | - |
| Federal grants | 1,579,993 | - | - | 1,579,993 |
| Taxes: | | | | |
| Sales | 637,067 | - | 806,668 | 1,443,735 |
| Motor vehicle | 287,458 | - | - | 287,458 |
| Gas | 180,831 | - | - | 180,831 |
| Cigarette | 339 | - | - | 339 |
| Lodgers | 30,911 | - | - | 30,911 |
| Licenses and fees | 666,303 | - | - | 666,303 |
| Loan proceeds | - | - | - | - |
| Investment income | 3,832 | 4,692 | 41,282 | 49,806 |
| Miscellaneous | 212,099 | - | 52 | 212,151 |
| TOTAL REVENUES | 4,340,514 | 4,692 | 1,327,732 | 5,672,938 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 519,861 | - | - | 519,861 |
| Public works | 1,370,643 | 2,020 | 1,107 | 1,373,770 |
| Public safety | 230,023 | - | - | 230,023 |
| Health and welfare | 1,280,972 | - | - | 1,280,972 |
| Culture and recreation | 50,789 | - | - | 50,789 |
| Conservation | 114 | - | - | 114 |
| Urban redevelopment | 13,066 | - | - | 13,066 |
| Capital outlay | 1,374,542 | 52,826 | - | 1,427,368 |
| Debt service: | | | | |
| Principal payments | 93,463 | - | 443,943 | 537,406 |
| Interest payments | 60 | - | 503,931 | 503,991 |
| Bond issuance cost | - | - | - | - |
| TOTAL EXPENDITURES | 4,933,533 | 54,846 | 948,981 | 5,937,360 |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - By Fund Type
Non-Major Governmental Funds - continued



AS OF JUNE 30, 2006

| | Special Revenue Funds | Capital Project Funds | Debt Service Project Funds | Total |
|--|-----------------------------|-----------------------------|----------------------------------|------------------|
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ (593,019) | (50,154) | 378,751 | (264,422) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 424,081 | - | 587,509 | 1,011,590 |
| Transfers out | - | (142,811) | (908,498) | (1,051,309) |
| Proceeds from bond sales | 55,800 | - | 176,389 | 232,189 |
| Proceeds from the sale of capital assets | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | 479,881 | (142,811) | (144,600) | 192,470 |
| NET CHANGES IN FUND BALANCE | (113,138) | (192,965) | 234,151 | (71,952) |
| FUND BALANCE, BEGINNING | 507,708 | 276,872 | 1,024,069 | 1,808,649 |
| FUND BALANCE, ENDING | \$ <u>394,570</u> | <u>83,907</u> | <u>1,258,220</u> | <u>1,736,697</u> |

AS OF JUNE 30, 2006

SPECIAL REVENUE FUNDS

| | Road | Solid Waste | SMC Health Facility | Forest Reserve Title III | Farm and Range | DWI Allocation | DWI Grant | Underage Drinking | Community DWI | DWI Offenders Fee | Education and Enforcement | Child Restraint |
|---|------------|-------------|---------------------|--------------------------|----------------|----------------|-----------|-------------------|---------------|-------------------|---------------------------|-----------------|
| ASSETS: | | | | | | | | | | | | |
| Cash and investments | \$ 104,068 | 29,405 | - | 461 | 9,590 | 2,175 | - | - | - | 6,696 | 60 | - |
| Restricted cash | - | - | - | - | - | - | - | - | - | - | - | - |
| Taxes receivable | - | - | - | - | - | - | - | - | - | - | - | - |
| Accounts receivable | 35,633 | 268,447 | - | - | - | - | - | - | - | - | - | - |
| Federal receivable | - | - | - | - | - | - | - | - | - | - | - | - |
| Prepaid expenses | - | 42,782 | - | - | - | - | - | - | - | - | - | - |
| Other asset | - | - | - | - | - | - | - | - | - | - | - | - |
| Due from other funds | - | - | - | - | - | - | - | - | 11,018 | - | - | 507 |
| TOTAL ASSETS | \$ 139,701 | 340,634 | - | 461 | 9,590 | 2,175 | - | - | 11,018 | 6,696 | 60 | 507 |
| LIABILITIES: | | | | | | | | | | | | |
| Accounts payable | \$ 12,341 | 70,794 | - | - | 114 | - | - | - | 1,472 | 103 | - | - |
| Bank overdraft | - | - | 688 | - | - | - | 13,825 | 2,716 | 12,711 | - | - | 4,748 |
| Accrued payroll | 9,882 | 10,669 | - | - | - | 3,205 | - | - | - | - | - | - |
| Accrued liabilities | - | - | - | - | - | - | - | - | - | - | - | - |
| Deferred revenue | - | - | - | - | - | - | - | - | - | - | - | - |
| Debt service reserve | - | - | - | - | - | - | - | - | - | - | - | - |
| Due to other funds | - | - | - | - | - | - | 9,643 | - | - | - | - | - |
| TOTAL LIABILITIES | 22,223 | 81,463 | 688 | - | 114 | 3,205 | 23,468 | 2,716 | 14,183 | 103 | - | 4,748 |
| FUND BALANCE: | | | | | | | | | | | | |
| Unreserved, undesignated | 117,478 | 259,171 | (688) | 461 | 9,476 | (1,030) | (23,468) | (2,716) | (3,165) | 6,593 | 60 | (4,241) |
| TOTAL FUND BALANCE | 117,478 | 259,171 | (688) | 461 | 9,476 | (1,030) | (23,468) | (2,716) | (3,165) | 6,593 | 60 | (4,241) |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 139,701 | 340,634 | - | 461 | 9,590 | 2,175 | - | - | 11,018 | 6,696 | 60 | 507 |

AS OF JUNE 30, 2006

| | SPECIAL REVENUE FUNDS | | | | | | | | | |
|---|-----------------------|------------------------|------------|-------------------------------|------------------|----------------|----------|-------------|---------------------------------|-----------------------|
| | WIPP | Recording Equipment | Recreation | Legislative Appropriations | Benefitification | Lodgers Tax | Indigent | Reappraisal | San Jose Community Center | Community Projects |
| ASSETS: | | | | | | | | | | |
| Cash and investments | \$ 17,115 | 23,392 | - | - | - | 39,931 | 54,038 | 21,619 | 1,536 | 30,940 |
| Restricted cash | - | - | - | - | - | - | - | - | - | - |
| Taxes receivable | - | - | - | - | - | 6,253 | 52,521 | - | - | - |
| Accounts receivable | - | - | - | - | - | - | - | - | - | 18,921 |
| Federal receivable | - | - | - | - | - | - | - | - | - | - |
| Prepaid expenses | - | - | - | - | - | - | - | - | - | - |
| Other asset | - | - | - | - | - | - | - | - | - | - |
| Due from other funds | - | - | - | - | - | - | - | - | - | 47,652 |
| TOTAL ASSETS | \$ 17,115 | 23,392 | - | - | - | 46,184 | 106,559 | 21,619 | 1,536 | 97,520 |
| LIABILITIES: | | | | | | | | | | |
| Accounts payable | - | 2,079 | 630 | - | - | 4,060 | 51,251 | 26,342 | - | 183,700 |
| Bank overdraft | - | - | 439 | 10,175 | - | - | - | - | - | - |
| Accrued payroll | - | - | - | - | - | - | - | 754 | - | - |
| Accrued liabilities | - | - | - | - | - | - | - | - | - | - |
| Deferred revenue | - | - | - | - | - | - | - | - | - | - |
| Debt service reserve | - | - | - | - | - | - | - | - | - | - |
| Due to other funds | - | - | - | - | - | - | - | - | - | - |
| TOTAL LIABILITIES | - | 2,079 | 1,069 | 10,175 | - | 4,060 | 51,251 | 27,096 | - | 183,700 |
| FUND BALANCE: | | | | | | | | | | |
| Unreserved, undesignated | 17,115 | 21,313 | (1,069) | (10,175) | - | 42,124 | 55,308 | (5,477) | 1,536 | (86,180) |
| TOTAL FUND BALANCE | 17,115 | 21,313 | 17,115 | (10,175) | - | 42,124 | 55,308 | (5,477) | 1,536 | (86,180) |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 17,115 | 23,392 | - | - | - | 46,184 | 106,559 | 21,619 | 1,536 | 97,520 |

AS OF JUNE 30, 2006

| | SPECIAL REVENUE FUNDS | | | | | | | | | | CAPITAL PROJECTS FUNDS | | |
|---|----------------------------|-------------------|-----------------|------|-----------------------|--------------------|-------------------|--------------------------|-------------|-----------------------|--------------------------|------------------------|--|
| | Emergency Medical Services | Bureau of Justice | Law Enforcement | CDBG | Courthouse Renovation | Convenience Center | Section 8 Housing | Professional Development | CDBG - 2006 | Total Special Revenue | Road and Health Projects | Total Capital Projects | |
| ASSETS: | | | | | | | | | | | | | |
| Cash and investments | \$ 14,440 | 10,991 | 6,384 | - | - | - | 239,192 | 19,038 | 4,500 | 635,571 | 83,907 | 83,907 | |
| Restricted cash | - | - | 55,800 | - | - | - | - | - | - | 55,800 | - | - | |
| Taxes receivable | - | - | - | - | - | - | - | - | - | - | - | - | |
| Accounts receivable | - | - | - | - | - | - | - | - | - | 362,854 | - | - | |
| Federal receivable | - | - | - | - | - | - | - | - | - | 18,921 | - | - | |
| Prepaid expenses | - | - | - | - | - | - | - | - | - | 42,782 | - | - | |
| Other asset | - | - | - | - | - | - | - | - | - | - | - | - | |
| Due from other funds | - | - | - | - | 116,297 | - | - | - | - | 175,481 | - | - | |
| TOTAL ASSETS | \$ 14,440 | 10,991 | 62,184 | - | 116,297 | - | 239,192 | 19,038 | 4,500 | 1,291,409 | 83,907 | 83,907 | |
| LIABILITIES: | | | | | | | | | | | | | |
| Accounts payable | - | - | - | - | 95,652 | - | 54 | - | - | 448,592 | - | - | |
| Bank overdraft | - | - | - | - | 116,297 | - | 2,333 | - | - | 163,932 | - | - | |
| Accrued payroll | - | 469 | - | - | - | - | - | - | - | 24,919 | - | - | |
| Accrued liabilities | - | - | - | - | - | - | - | - | - | - | - | - | |
| Deferred revenue | - | 9,976 | - | - | 26,423 | - | 213,254 | - | - | 249,653 | - | - | |
| Debt service reserve | - | - | - | - | - | - | 100 | - | - | 9,743 | - | - | |
| Due to other funds | - | - | - | - | - | - | - | - | - | - | - | - | |
| TOTAL LIABILITIES | - | 10,385 | - | - | 238,372 | - | 215,741 | - | - | 896,839 | - | - | |
| FUND BALANCE: | | | | | | | | | | | | | |
| Unreserved, undesignated | 14,440 | 606 | 62,184 | - | (122,075) | - | 23,451 | 19,038 | 4,500 | 394,570 | 83,907 | 83,907 | |
| TOTAL FUND BALANCE | 14,440 | 606 | 62,184 | - | (122,075) | - | 23,451 | 19,038 | 4,500 | 394,570 | 83,907 | 83,907 | |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 14,440 | 10,991 | 62,184 | - | 116,297 | - | 239,192 | 19,038 | 4,500 | 1,291,409 | 83,907 | 83,907 | |

AS OF JUNE 30, 2006

| | DEBT SERVICE FUNDS | | | | | | | Total Debt Service Funds | Total Non-major Governmental Funds |
|---|------------------------|--------------------------------|--------------------------------|---------------------|---------------------|------------------|-----------|--------------------------------|--|
| | SMC Debt Service | 1997 Series A Bond Issue | 1997 Series B Bond Issue | 1998A Bond Issue | 1998B Bond Issue | 2003 GRT NMFA | | | |
| ASSETS: | | | | | | | | | |
| Cash and investments | \$ 55,852 | 392,526 | 77,799 | - | - | - | 526,177 | 1,245,655 | |
| Restricted cash | 28,098 | - | - | 16,823 | 33,012 | 606,240 | 684,173 | 739,973 | |
| Taxes receivable | 29,970 | - | - | - | - | 27,688 | 57,658 | 57,658 | |
| Accounts receivable | - | - | - | - | - | - | - | 362,854 | |
| Federal receivable | - | - | - | - | - | - | - | 18,921 | |
| Prepaid expenses | - | - | - | - | - | - | - | 42,782 | |
| Other asset | 16,696 | - | - | - | - | 38,298 | 54,994 | 54,994 | |
| Due from other funds | - | - | - | - | - | - | - | 175,481 | |
| TOTAL ASSETS | \$ 130,616 | 392,526 | 77,799 | 16,823 | 33,012 | 672,226 | 1,323,002 | 2,698,318 | |
| LIABILITIES: | | | | | | | | | |
| Accounts payable | \$ - | - | - | - | - | - | - | 448,592 | |
| Bank overdraft | - | - | - | - | - | 14,947 | 14,947 | 178,879 | |
| Accrued payroll | - | - | - | - | - | - | - | 24,919 | |
| Accrued liabilities | - | - | - | - | - | - | - | - | |
| Deferred revenue | - | - | - | - | - | - | - | 249,653 | |
| Debt service reserve | - | - | - | 16,823 | 33,012 | - | 49,835 | 49,835 | |
| Due to other funds | - | - | - | - | - | - | - | 9,743 | |
| TOTAL LIABILITIES | - | - | - | 16,823 | 33,012 | 14,947 | 64,782 | 961,621 | |
| FUND BALANCE: | | | | | | | | | |
| Unreserved, undesignated | 130,616 | 392,526 | 77,799 | - | - | 657,279 | 1,258,220 | 1,736,697 | |
| TOTAL FUND BALANCE | 130,616 | 392,526 | 77,799 | - | - | 657,279 | 1,258,220 | 1,736,697 | |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 130,616 | 392,526 | 77,799 | 16,823 | 33,012 | 672,226 | 1,323,002 | 2,698,318 | |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance - Non-major Governmental Funds

AS OF JUNE 30, 2006

| | Read | Solid Waste | SMC Health Facility | Fees Reserve Title III | Fees and Barges | DWI Allocation | DWI Grant | Underage Drinking | Community DWI | DWI Offenders Fee | Education and Enforcement | Child Restraint |
|--|-----------|-------------|---------------------|------------------------|-----------------|----------------|-----------|-------------------|---------------|-------------------|---------------------------|-----------------|
| REVENUES | | | | | | | | | | | | |
| Intergovernmental: | | | | | | | | | | | | |
| Operating grants and contributions | 56,821 | | | 17,653 | 4,785 | 112,902 | 30,551 | | 23,341 | | | 17,697 |
| Capital grants and contributions | | | | | | | | | | | | |
| Federal grants | | | | | | | | | | | | |
| Taxes: | | | | | | | | | | | | |
| Property | | | | | | | | | | | | |
| Sales | | 58,709 | | | | | | | | | | |
| Motor vehicle | 287,436 | | | | | | | | | | | |
| Gas | 180,831 | | | | | | | | | | | |
| Cigarette | | | | | | | | | | | | |
| Lodgers | | | | | | | | | | | | |
| Licenses and fees | | 570,808 | | | | | | | | | | |
| Loan proceeds | | | | | | | | | | | | |
| Interest income | | 367 | | | | | | | | | | |
| Miscellaneous | | | | | | | | | | 3,700 | | |
| TOTAL REVENUES | 525,110 | 629,834 | | 17,653 | 4,785 | 112,902 | 30,551 | | 23,341 | 3,700 | | 17,697 |
| EXPENDITURES | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| General government | | | | | | | | | | | | |
| Public works | 659,440 | 711,203 | | | | | | | | | | |
| Health and welfare | | | | | | 113,122 | 40,194 | | 13,795 | 5,643 | | 17,190 |
| Culture and recreation | | | | 46,341 | 114 | | | | | | | |
| Conservation | | | | | | | | | | | | |
| Urban redevelopment | | | | | | | | | | | | |
| Capital outlay | 444 | | | | | | | | | | | |
| Data services | | | | | | | | | | | | |
| Principal payments | 11,904 | | | | | | | | | | | |
| Interest payments | | | | | | | | | | | | |
| Bond issuance cost | | | | | | | | | | | | |
| TOTAL EXPENDITURES | 671,388 | 711,203 | | 46,341 | 114 | 113,122 | 40,194 | | 13,795 | 5,643 | | 17,190 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (146,678) | (81,319) | | (28,688) | 4,671 | (220) | (9,643) | | 9,546 | (1,943) | | 507 |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | | | | |
| Transfers in | 176,228 | 182,621 | | 10,647 | | | | | | | | |
| Transfers out | | | | | | | | | | | | |
| Proceeds from bond sales | | | | | | | | | | | | |
| Proceeds from the sale of capital assets | | | | | | | | | | | | |
| TOTAL OTHER FINANCING SOURCES (USES) | 176,228 | 182,621 | | 10,647 | | | | | | | | |
| NET CHANGES IN FUND BALANCE | 29,550 | 101,302 | | (18,041) | 4,671 | (220) | (9,643) | | 9,546 | (1,943) | | 507 |
| FUND BALANCE, BEGINNING | 87,928 | 157,869 | .688 | 13,502 | 4,805 | (13,823) | (13,823) | (2,716) | (12,711) | 8,336 | .60 | (4,748) |
| FUND BALANCE, ENDING | 117,478 | 259,171 | .688 | 461 | 9,476 | (1,003) | (23,468) | (2,716) | (3,165) | 6,393 | .60 | (4,241) |

Combining Statement of Revenues, Expenditures
and Changes in Fund Balance - Non-major Governmental Funds

AS OF JUNE 30, 2006

| SPECIAL REVENUE FUNDS | | | | | | | | | | |
|--|---------|------------------------|------------|-------------------------------|------------------|-----------------|-----------|---------------|---------------------------------|-----------------------|
| | WYPP | Recording Equipment | Recreation | Legislative Appropriations | Reclassification | Lodgers' Tax | Indigent | Reapportioned | San Jose Community Center | Community Projects |
| REVENUES: | | | | | | | | | | |
| Intergovernmental: | | | | | | | | | | |
| Operating grants and contributions | | | | | | | | | | 412,466 |
| Capital grants and contributions | | | | | | | | | | 703,592 |
| Federal grants | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property | | | | | | | | | | |
| Sales | | | | | | | 578,358 | | | |
| Motor vehicle | | | | | | | | | | |
| Gas | | | 339 | | | | | | | |
| Cigarette | | | | | | | | | | |
| Lodgers | | 27,317 | | | | 30,911 | | 68,178 | | |
| Licenses and fees | | | | | | | | | | |
| Loan proceeds | | | | | | | | | | |
| Interest income | | | | | | 863 | 1,495 | | 9 | |
| Miscellaneous | | | | | | | 139,098 | | | 68,401 |
| TOTAL REVENUES | | 27,317 | 339 | | | 31,274 | 719,851 | 68,178 | 9 | 1,184,459 |
| EXPENDITURES: | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 3,731 | 7,693 | | | | 36,671 | | 63,306 | | 353,690 |
| Public safety | | | | | | | | | | |
| Health and welfare | | | | | | | 834,640 | | | 3,175 |
| Culture and recreation | | | 1,273 | | | | | | | |
| Conservation | | | | | | | | | | |
| Urban redevelopment | | 1,039 | | | | | | 19,161 | | 920,313 |
| Capital outlay | | | | | | | | | | |
| Debt service: | | | | | | | | | | |
| Principal payments | | | | | | | | | | |
| Interest payments | | | | | | | | | | |
| Bond issuance cost | | | | | | | | 41,409 | | |
| TOTAL EXPENDITURES | 3,731 | 8,732 | 1,273 | | | 36,671 | 834,640 | 123,876 | 9 | 1,277,418 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (3,731) | 18,585 | (934) | | | (5,397) | (114,789) | (55,698) | 9 | (92,959) |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | | |
| Transfers in | | | | | | | | | | 17,500 |
| Transfers out | | | | | | | | | | |
| Proceeds from bond sales | | | | | | | | | | |
| Proceeds from the sale of capital assets | | | | | | | | | | |
| TOTAL OTHER FINANCING SOURCES (USES) | | | | | | | | | | 17,500 |
| NET CHANGES IN FUND BALANCE | (3,731) | 18,585 | (934) | | | (5,397) | (114,789) | (55,698) | 9 | (75,459) |
| FUND BALANCE, BEGINNING | 20,846 | 2,728 | (135) | (10,175) | | 47,521 | 170,097 | 50,221 | 1,527 | (10,721) |
| FUND BALANCE, ENDING | 17,115 | 21,313 | (1,069) | (10,175) | | 42,124 | 55,308 | (5,477) | 1,536 | 86,180 |

STATE OF NEW MEXICO
 SAN MIGUEL COUNTY
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance - Non-major Governmental Funds

AS OF JUNE 30, 2006

| | SPECIAL REVENUE FUNDS | | | | | | | CAPITAL PROJECT FUNDS | | | | |
|--|----------------------------------|----------------------|--------------------|----------|--------------------------|------------------------|----------------------|-----------------------------|----------------|----------------------------|---------------------------------|------------------------------|
| | Emergency Medical Services | Bureau of Justice | Law Enforcement | CDRC | Courthouse Renovation | Caravanserie Center | Section 8 Housing | Professional Development | CDRC - 2006 | Fund Special Revenue | Rec'd and Health Projects | Total Capital Projects |
| REVENUES: | | | | | | | | | | | | |
| Intergovernmental: | | | | | | | | | | | | |
| Operating grants and contributions | 21,027 | - | 24,800 | - | - | - | - | 19,038 | - | 741,681 | - | - |
| Capital grants and contributions | - | - | - | - | - | - | - | - | - | 1,579,993 | - | - |
| Federal grants | - | 5,973 | - | - | 353,293 | - | 517,135 | - | - | - | - | - |
| Taxes: | | | | | | | | | | | | |
| Property | - | - | - | - | - | - | - | - | - | 637,067 | - | - |
| Sales | - | - | - | - | - | - | - | - | - | 287,458 | - | - |
| Motor vehicle | - | - | - | - | - | - | - | - | - | 180,831 | - | - |
| Gas | - | - | - | - | - | - | - | - | - | 339 | - | - |
| Cigarette | - | - | - | - | - | - | - | - | - | 30,911 | - | - |
| Lodgers | - | - | - | - | - | - | - | - | - | 666,303 | - | - |
| Licenses and fees | - | - | - | - | - | - | - | - | - | 3,832 | - | - |
| Loan proceeds | 213 | 12 | 655 | - | - | - | 718 | - | - | 212,059 | - | 4,692 |
| Interest income | - | - | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL REVENUES | 21,840 | 5,985 | 25,455 | - | 353,293 | - | 517,853 | 19,038 | - | 4,340,514 | 4,692 | 4,692 |
| EXPENDITURES: | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| General government | - | - | - | - | - | - | - | - | - | 519,861 | - | - |
| Public works | - | - | - | - | - | - | 54,530 | - | - | 1,370,643 | - | - |
| Health and welfare | 34,113 | 5,966 | - | - | - | - | - | - | - | 230,023 | - | 2,020 |
| Public safety | - | - | - | - | - | - | - | - | - | 1,280,972 | - | - |
| Culture and recreation | - | - | - | - | - | - | 446,382 | - | - | - | - | - |
| Conservation | - | - | - | - | - | - | - | - | - | 50,789 | - | - |
| Urban redevelopment | - | - | - | - | 13,066 | - | - | - | - | 114 | - | - |
| Capital outlay | - | - | - | - | 414,926 | - | - | - | - | 13,066 | - | - |
| Debt service: | | | | | | | | | | 1,374,542 | - | - |
| Principal payments* | - | - | 40,150 | - | - | - | 18,659 | - | - | 93,463 | - | - |
| Interest payments | - | - | 60 | - | - | - | - | - | - | 60 | - | - |
| Bond issuance cost | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL EXPENDITURES | 34,113 | 5,966 | 40,210 | - | 427,992 | - | 519,521 | 19,038 | - | 4,933,533 | 54,846 | 54,846 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (12,273) | 19 | (14,755) | - | (74,699) | - | (1,668) | 19,038 | - | (593,019) | (50,154) | (50,154) |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | | | | |
| Transfers in | - | 1,585 | 6,000 | - | 25,000 | - | - | - | 4,500 | 424,081 | - | - |
| Transfers out | - | - | - | - | - | - | - | - | - | - | - | - |
| Loan proceeds | - | - | 35,800 | - | - | - | - | - | - | 55,800 | - | - |
| Proceeds from the sale of capital assets | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (12,273) | 1,604 | 47,045 | - | (40,699) | - | (1,668) | 19,038 | 4,500 | (142,811) | (142,811) | (142,811) |
| NET CHANGES IN FUND BALANCE | 26,713 | (988) | 15,189 | - | (72,376) | - | 25,119 | - | - | 507,708 | 276,872 | (192,965) |
| FUND BALANCE, BEGINNING | 14,440 | 606 | 63,184 | - | (122,075) | - | 23,451 | 19,038 | 4,500 | 394,570 | 83,907 | 83,907 |
| FUND BALANCE, ENDING | 41,153 | (382) | 78,373 | - | (194,451) | - | 48,570 | 19,038 | - | 902,278 | 360,779 | (109,058) |

AS OF JUNE 30, 2006

| | DEBT SERVICE FUNDS | | | | | | | Total Non-major Governmental Funds |
|--|--------------------|--------------------------|--------------------------|------------------|------------------|---------------|--------------------------|------------------------------------|
| | SMC Debt Service | 1997 Series A Bond Issue | 1997 Series B Bond Issue | 1998A Bond Issue | 1998B Bond Issue | 2003 GRT/NMFA | Total Debt Service Funds | |
| REVENUES: | | | | | | | | |
| Intergovernmental: | | | | | | | | |
| Operating grants and contributions* | 479,730 | - | - | - | - | - | 479,730 | 1,221,411 |
| Capital grants and contributions | - | - | - | - | - | - | - | 1,579,993 |
| Federal grants | - | - | - | - | - | - | - | - |
| Taxes: | | | | | | | | |
| Property | 380,487 | - | - | - | - | 426,181 | 806,668 | 1,443,735 |
| Sales | - | - | - | - | - | - | - | 287,456 |
| Motor vehicle | - | - | - | - | - | - | - | 180,831 |
| Gas | - | - | - | - | - | - | - | 359 |
| Cigarette | - | - | - | - | - | - | - | 30,911 |
| Lodgers | - | - | - | - | - | - | - | 666,303 |
| Licenses and fees | - | - | - | - | - | - | - | - |
| Loan proceeds | - | - | - | - | - | - | - | - |
| Interest income | 3,203 | 13,172 | 2,585 | - | - | 22,322 | 41,282 | 49,806 |
| Miscellaneous | 52 | - | - | - | - | - | 52 | 212,151 |
| TOTAL REVENUES | 863,472 | 13,172 | 2,585 | - | - | 448,503 | 1,327,732 | 5,672,938 |
| EXPENDITURES: | | | | | | | | |
| Current: | | | | | | | | |
| General government | - | - | - | - | - | - | - | 519,861 |
| Public works | 1,000 | - | - | - | - | 107 | 1,107 | 1,373,770 |
| Health and welfare | - | - | - | - | - | - | - | 230,023 |
| Culture and recreation | - | - | - | - | - | - | - | 1,280,972 |
| Conservation | - | - | - | - | - | - | - | 50,789 |
| Urban redevelopment | - | - | - | - | - | - | - | 114 |
| Capital outlay | - | - | - | - | - | - | - | 13,066 |
| Debt service: | | | | | | | | 1,427,368 |
| Principal payments | 51,659 | 110,000 | 10,000 | - | - | 272,284 | 443,943 | 537,406 |
| Interest payments | 8,450 | 273,160 | 52,190 | - | - | 170,122 | 503,922 | 503,991 |
| Bond issuance cost | - | - | - | - | - | - | - | - |
| TOTAL EXPENDITURES | 61,118 | 383,160 | 62,190 | - | - | 442,513 | 948,981 | 5,937,360 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 802,354 | (369,988) | (59,605) | - | - | 5,990 | 378,751 | (264,422) |
| OTHER FINANCING SOURCES (USES): | | | | | | | | |
| Transfers in | - | 372,662 | 60,107 | - | - | 154,740 | 587,509 | 1,011,590 |
| Transfers out | (804,498) | - | - | - | - | (104,000) | (908,498) | (1,051,309) |
| Proceeds from bond sales | - | - | - | - | - | 176,389 | 176,389 | 252,189 |
| Proceeds from the sale of capital assets | - | - | - | - | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (804,498) | 372,662 | 60,107 | - | - | 227,129 | (144,600) | 192,470 |
| NET CHANGES IN FUND BALANCE | (2,144) | 2,674 | 502 | - | - | 283,110 | 234,151 | (71,952) |
| FUND BALANCE, BEGINNING | 132,760 | 389,852 | 77,247 | - | - | 424,160 | 1,024,069 | 1,808,649 |
| FUND BALANCE, ENDING | 130,616 | 392,526 | 77,749 | - | - | 657,270 | 1,258,220 | 1,736,697 |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Statement of Revenues and Expenditures -
Major Capital Project Funds -
Budget and Actual (Non-GAAP Basis)



YEAR ENDED JUNE 30, 2006

COURTHOUSE REMODELING

| | Budgeted Amounts | | Actual Amounts | Variance From Final Budget |
|---|------------------------------|---------------------------|-------------------------|-------------------------------|
| | Original | Final | (Budgetary Basis) | Positive (Negative) |
| REVENUES: | | | | |
| Intergovernmental | \$ 1,395,000 | 1,395,000 | 150,000 | (1,245,000) |
| Miscellaneous | <u>10,000</u> | <u>35,000</u> | <u>72,791</u> | <u>37,791</u> |
| TOTAL REVENUES | \$ <u>1,405,000</u> | <u>1,430,000</u> | <u>222,791</u> | <u>(1,207,209)</u> |
| EXPENDITURES - current: | | | | |
| Public safety: | | | | |
| Operating expenses | \$ 216,242 | 189,639 | 99,882 | 89,757 |
| Capital outlay | <u>3,441,454</u> | <u>3,543,908</u> | <u>927,998</u> | <u>2,615,910</u> |
| TOTAL EXPENDITURES | \$ <u>3,657,696</u> | <u>3,733,547</u> | <u>1,027,880</u> | <u>2,705,667</u> |
| OTHER FINANCING SOURCES | | | | |
| Operating transfers out | \$ (25,000) | (116,960) | (25,000) | (91,960) |
| Operating transfers in | <u>-</u> | <u>142,811</u> | <u>142,811</u> | <u>-</u> |
| FUND BALANCES - ENDING | \$ <u>(2,277,696)</u> | <u>(2,277,696)</u> | <u>(687,278)</u> | <u>1,590,418</u> |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ <u>2,277,696</u> | <u>2,277,696</u> | | |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Statement of Revenues and Expenditures -
Major Capital Project Funds -
Budget and Actual (Non-GAAP Basis) - continued

YEAR ENDED JUNE 30, 2006

| | DETENTION CENTER CAPITAL OUTLAY | | | |
|--------------------------------|---------------------------------|-----------|------------------------------|-------------------------------------|
| | Budgeted Amounts | | Actual | Variance From |
| | Original | Final | Amounts (Budgetary Basis) | Final Budget Positive (Negative) |
| REVENUES: | | | | |
| Interest income | \$ - | 35,000 | 39,860 | 4,860 |
| TOTAL REVENUES | \$ - | 35,000 | 39,860 | 4,860 |
| EXPENDITURES - current: | | | | |
| General government: | | | | |
| Operating expenses | \$ - | 163,118 | 47,824 | 115,294 |
| Capital outlay | - | 1,459,382 | 96,566 | 1,362,816 |
| TOTAL EXPENDITURES | \$ - | 1,622,500 | 144,390 | 1,478,110 |
| OTHER FINANCING SOURCES | | | | |
| Proceeds from bond sales | \$ - | 1,587,500 | 1,587,500 | - |
| FUND BALANCES - ENDING | \$ - | - | 1,482,970 | 1,482,970 |
| PRIOR YEAR CASH BALANCE | | | | |
| REQUIRED TO BALANCE BUDGET | \$ - | - | | |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Tax Roll Reconciliation

YEAR ENDED JUNE 30, 2006

| | | |
|--|----|--------------------|
| Property taxes receivable, beginning of year | \$ | 4,065,961 |
| Changes to Tax Roll: | | |
| Net taxes charged to Treasurer for fiscal year | | 10,157,157 |
| Adjustments: | | |
| Increases in taxes receivables | | 33,881 |
| Charge off of taxes receivable | | <u>(99,678)</u> |
| Total receivables prior to collections | | 14,157,321 |
| Collections for fiscal year ended June 30, 2006 | | <u>(9,917,987)</u> |
| Property taxes receivable, end of year | \$ | <u>4,239,334</u> |
| Property taxes receivable by years are as follows: | | |
| 1996 | \$ | 101,117 |
| 1997 | | 77,852 |
| 1998 | | 96,757 |
| 1999 | | 147,603 |
| 2000 | | 199,057 |
| 2001 | | 301,787 |
| 2002 | | 353,101 |
| 2003 | | 546,403 |
| 2004 | | 791,368 |
| 2005 | | <u>1,624,289</u> |
| Total taxes receivable | \$ | <u>4,239,334</u> |
| Collections during the fiscal year ended June 30, 2006 are as follows: | | |
| Taxes | \$ | 9,917,987 |
| Penalty and interest | | <u>402,884</u> |
| Taxes charged to Treasurer at June 30, 2006 | \$ | <u>10,320,871</u> |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Tax Roll Reconciliation - continued

YEAR ENDED JUNE 30, 2006

Distributions made on fiscal year June 30, 2006 collections:

| | | |
|---|----|-------------------|
| San Miguel County | \$ | 3,222,894 |
| East Las Vegas Schools | | 2,227,158 |
| West Las Vegas Schools | | 1,681,201 |
| Pecos School | | 544,857 |
| Santa Rosa Consolidated Schools | | 10,647 |
| Luna Vocational | | 726,411 |
| City of Las Vegas | | 1,032,513 |
| Village of Pecos | | 7,834 |
| Mesa | | 809 |
| Guadalupe Soil and Water | | 124 |
| Tierra y Montes Soil and Water | | 188,852 |
| State of New Mexico | | 548,074 |
| New Mexico Taxation and Revenue | | <u>65,005</u> |
| Total distributions | \$ | <u>10,256,379</u> |
| Undistributed taxes and interest at June 30, 2006 | \$ | <u>304,028</u> |

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes:

Road Fund – To account for revenues and expenditures for control of road maintenance. Funding is from state shared revenue. The fund was created by authority of state statute (see Section 7-1-6.19, NMSA 1978 Compilation).

Solid Waste – To account for revenues and expenditures for solid waste within San Miguel County. The creation and maintenance of a separate fund was established by a County Resolution.

SMC Health Facility – To account for the appropriations to the San Miguel County Health Facility. The creation and maintenance of a separate fund was established by a County Resolution.

Forest Reserve Title III – To account for funds used for purposes indicated in Public Law 106-393.

District Attorney Remodeling – To account for revenues and expenditures for the remodeling of the San Miguel District Attorney's Office. The authority to create this fund was done by Resolution 9-9-2003-F2.

Farm and Range Fund – To account for revenues and expenditures for control of predatory animals. Funding is from the Taylor Grazing Act. Expenditures may be made only for the purposes specified in the grant. The fund was created by authority of state statute (see Section 6-11-6, NMSA 1978 Compilation).

D.W.I. Grant – To account for appropriations from the D.W.I. Allocation, Community D.W.I. program, Underage Drinking, Selective Traffic Enforcement and D.W.I. Offenders fee funds. These funds provide quality substance abuse treatment, community education, outreach and primary prevention services to citizens of San Miguel County. This fund was created by authority of state statute (see Section 43-3-14 to 15 of the NMSA 1978 Compilations.)

Education and Enforcement – To account for the appropriations to educate, enforce and protect occupants and children of motor vehicles in the county of San Miguel regarding seat belt restraint and use. The fund was created by authority of state statute (see Section 131-12-7 NMSA 1978 Compilation)..

Child Restraint / Selective Traffic Enforcement – To account for appropriations for Selective Traffic Enforcement. These funds provide quality community education, outreach and primary prevention services to citizens of San Miguel County. The fund was created by authority of state statute (see Section 43-3-14 to 15 NMSA 1978 Compilation).

WIPP – To account for revenues and expenditures used for purposes of enhancing its hazardous material emergency response capability. The authority to create this fund was done by Resolution 9-9-2003-F2.

Recording Equipment Fund - 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 14-8-12.2, NMSA 1978 Compilation).

SPECIAL REVENUE FUNDS - continued

Forest Recovery – To account for revenues and expenditures used in developing a Comprehensive Plan for Forest Recovery and Fire Protection. The authority to create this fund was done by Resolution 9-9-2003-F2.

Recreation Fund – To account for revenues and expenditures related to the County's Youth recreational activities. Funds are provided by the State shared cigarette tax. The fund was created by authority of state statute (see Section 3-19-9, NMSA 1978 Compilation).

Legislative Appropriations – To account for revenues and expenditures restricted to specific purposes as agreed to between San Miguel County and the State in the grant agreement. The authority to create this fund was done by Resolution 9-9-2003-F2.

Beautification – To account for revenues and expenditures for the New Mexico Clean and Beautiful Project. This fund was created by authority of state statute (Section 67-15-1 through 67-16-4 of NMSA 1978 Compilation).

Lodger's Tax – To account for revenues and expenditures for the Lodger's Tax Fund, which is used to promote economic development in the County. Funding is provided by locally imposed gross receipts tax. The fund was created by authority of state statute (see Section 3-38-24, NMSA 1978 Compilation).

Indigent 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 (see Section 7-20E-9, NMSA 1978 Compilation).

Re-appraisal – To account for funds used to provide valuation services to the County and other local entities. Funding is provided through a 1% administrative charge on property taxes collected (see Section 7-38-38.1, NMSA 1978 Compilation).

San Jose Community Center – To account for the revenue and expenditures related to the San Jose Community Center. The fund was created by authority of state statute (see Section 3-19-9 NMSA 1978 Compilation).

Community Projects – To account for the revenue and expenditures related to the Community Centers. The fund was created by authority of state statute (see Section 3-19-9 NMSA 1978 Compilation).

Emergency Medical Service (EMS) Funds – To account for revenues and expenditures for Emergency Medical Services in the communities of El Pueblo, Gallinas, Sapello, Conchas, Ilfeld, General, Cabo Lucero, Sheridan, Bernal/Tecolote, and the Ambulance Aid funds. These funds were created by authority of state statute (see Section 24-10A-6, NMSA 1978 Compilation).

Bureau of Justice – To account for federal funds received by grant. Funds are restricted to projects that reduce crime and improve public safety. The authority to create this fund was done by Resolution 9-9-2003-F2.

SPECIAL REVENUE FUNDS - continued

Law Enforcement Protection Fund – To account for revenues and expenditures for maintaining and improving the County’s law enforcement department in order to enhance its efficiency and effectiveness. Funding is from the State appropriation authorized by Section 29-13-1 to 9 of NMSA.

C.D.B.G. Fund – To account for funds used to rehabilitate personal residences of qualified citizens within the County. Funding is from a Community Development Block Grant from the Department of Housing and Urban Development.

Courthouse Renovations – To account for revenues and expenditures for the CDBG funds. The CDBG funds were dedicated for Courthouse ADA Renovations. The authority to create this fund was done by Resolution 9-9-2003-F2.

Convenience Center – To account for revenues and expenditures of the County’s convenience center(s). The creation and maintenance of a separate fund was established by a County Resolution.

Federal Section 8 Housing Vouchers – To account for revenues and expenditures of providing rental assistance to low-income citizens of the County. The U.S. Department of Housing and Urban Development provides funding. The fund was created by authority of state statute (see Section 1.19.114, NMSA 1978 Compilation).

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - Road Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|-------------------|----------------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 185,000 | 185,000 | 182,168 | (2,832) |
| Intergovernmental | 293,274 | 306,821 | 336,697 | 29,876 |
| Miscellaneous | - | - | - | - |
| TOTAL REVENUES | 478,274 | 491,821 | 518,865 | 27,044 |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | 512,517 | 530,809 | 519,378 | 11,431 |
| Capital outlay | - | 444 | 444 | - |
| Prinpal and Interest | 147,872 | 145,061 | 132,706 | 12,355 |
| TOTAL EXPENDITURES | 660,389 | 676,314 | 652,528 | 23,786 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | 172,522 | 176,228 | 176,228 | - |
| Transfers out | - | - | - | - |
| TOTAL OTHER SOURCES | 172,522 | 176,228 | 176,228 | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ (9,593) | (8,265) | 42,565 | 50,830 |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ 9,593 | 8,265 | | |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - Solid Waste
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual | Variance From |
|---|---------------------------|------------------------|------------------------------|-------------------------------------|
| | Original | Final | Amounts (Budgetary Basis) | Final Budget Positive (Negative) |
| REVENUES: | | | | |
| Taxes - sales | \$ 60,000 | 60,000 | 56,537 | (3,463) |
| Licenses and fees | 401,500 | 420,000 | 571,174 | 151,174 |
| Interest income | - | - | 367 | 367 |
| TOTAL REVENUES | \$ <u>461,500</u> | <u>480,000</u> | <u>628,078</u> | <u>148,078</u> |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating expenses | \$ <u>637,557</u> | <u>674,162</u> | <u>652,430</u> | <u>21,732</u> |
| TOTAL EXPENDITURES | \$ <u>637,557</u> | <u>674,162</u> | <u>652,430</u> | <u>21,732</u> |
| OTHER FINANCING SOURCES | | | | |
| Operating transfers in | \$ <u>164,516</u> | <u>182,621</u> | <u>182,621</u> | - |
| FUND BALANCES - ENDING | \$ <u>(11,541)</u> | <u>(11,541)</u> | <u>158,269</u> | <u>126,346</u> |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ <u>11,541</u> | <u>11,541</u> | | |

STATE OF NEW MEXICO

SAN MIGUEL COUNTY

Special Revenue Fund - Health Facility
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | <u>Budgeted Amounts</u> | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|-------------------------|-------------------|---|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Taxes | \$ - | - | - | - |
| Intergovernmental | 1,915 | 1,915 | - | (1,915) |
| Miscellaneous | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL REVENUES | 1,915 | 1,915 | - | (1,915) |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | 1,227 | 1,227 | - | 1,227 |
| Capital outlay | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL EXPENDITURES | 1,227 | 1,227 | - | 1,227 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | - | - | - |
| Transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL OTHER SOURCES | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ <u>688</u> | <u>688</u> | <u>-</u> | <u>(688)</u> |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ <u>-</u> | <u>-</u> | | |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - Forest Reserve Title III
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|--------------------|-----------------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ - | - | - | - |
| Intergovernmental | 28,300 | 17,653 | 17,653 | - |
| Miscellaneous | - | - | - | - |
| TOTAL REVENUES | 28,300 | 17,653 | 17,653 | - |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | 46,341 | 46,341 | 46,341 | - |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | 46,341 | 46,341 | 46,341 | - |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | 10,647 | 10,647 | - |
| Transfers out | - | - | - | - |
| TOTAL OTHER SOURCES | - | 10,647 | 10,647 | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ (18,041) | (18,041) | (18,041) | - |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ 18,041 | 18,041 | | |

See Independent Auditors' Report.

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - District Attorney Remodeling
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | <u>Budgeted Amounts</u> | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|-------------------------|--------------|---|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Taxes | \$ - | - | - | - |
| Intergovernmental | - | - | - | - |
| Miscellaneous | - | - | - | - |
| TOTAL REVENUES | - | - | - | - |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | - | - | - | - |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | - | - | - | - |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| TOTAL OTHER SOURCES | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ - | - | - | - |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ - | - | | |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - Farm & Range
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|-------------------|----------------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ - | - | - | - |
| Intergovernmental | 3,500 | 3,500 | 4,785 | 1,285 |
| Miscellaneous | - | - | - | - |
| TOTAL REVENUES | 3,500 | 3,500 | 4,785 | 1,285 |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | 8,304 | 8,304 | - | 8,304 |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | 8,304 | 8,304 | - | 8,304 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| TOTAL OTHER SOURCES | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ (4,804) | (4,804) | 4,785 | 9,589 |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ 4,804 | 4,804 | | |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - DWI Allocation
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|------------------|----------------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ - | - | - | - |
| Intergovernmental | 102,426 | 112,902 | 112,902 | - |
| Miscellaneous | - | - | - | - |
| TOTAL REVENUES | 102,426 | 112,902 | 112,902 | - |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | 102,426 | 112,902 | 110,512 | 2,390 |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | 102,426 | 112,902 | 110,512 | 2,390 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| TOTAL OTHER SOURCES | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ - | - | 2,390 | 2,390 |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ - | - | | |

See Independent Auditors' Report.

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - DWI Selective Traffic Enforcement
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|---------------------------|------------------------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ - | - | - | - |
| Intergovernmental | 48,825 | 56,226 | 30,551 | (25,675) |
| Miscellaneous | - | - | - | - |
| TOTAL REVENUES | 48,825 | 56,226 | 30,551 | (25,675) |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | 35,000 | 42,401 | 40,194 | 2,207 |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | 35,000 | 42,401 | 40,194 | 2,207 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| TOTAL OTHER SOURCES | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ <u>13,825</u> | <u>13,825</u> | <u>(9,643)</u> | <u>23,468</u> |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ <u>(13,825)</u> | <u>(13,825)</u> | | |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - Underage Drinking
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|------------------|-------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ - | - | - | - |
| Intergovernmental | - | - | - | - |
| Miscellaneous | - | - | - | - |
| TOTAL REVENUES | - | - | - | - |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | - | - | - | - |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | - | - | - | - |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| TOTAL OTHER SOURCES | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ - | - | - | - |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ - | - | - | - |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - Community DWI Program
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|---------------------------|------------------------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ - | - | - | - |
| Intergovernmental | 25,138 | 25,138 | 23,341 | (1,797) |
| Miscellaneous | - | - | - | - |
| TOTAL REVENUES | 25,138 | 25,138 | 23,341 | (1,797) |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | 12,280 | 12,280 | 10,281 | 1,999 |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | 12,280 | 12,280 | 10,281 | 1,999 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| TOTAL OTHER SOURCES | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ <u>12,858</u> | <u>12,858</u> | <u>13,060</u> | <u>202</u> |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ <u>(12,858)</u> | <u>(12,858)</u> | | |

See Independent Auditors' Report.

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - DWI Offenders Fee
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|--------------------------|-----------------------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ - | - | - | - |
| Intergovernmental | 3,500 | 3,500 | 3,700 | 200 |
| Miscellaneous | - | - | - | - |
| TOTAL REVENUES | 3,500 | 3,500 | 3,700 | 200 |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | 12,127 | 12,127 | 5,591 | 6,536 |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | 12,127 | 12,127 | 5,591 | 6,536 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| TOTAL OTHER SOURCES | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ <u>(8,627)</u> | <u>(8,627)</u> | <u>(1,891)</u> | <u>6,736</u> |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ <u>8,627</u> | <u>8,627</u> | | |

See Independent Auditors' Report.

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - Education and Enforcement
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|------------------|----------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ - | - | - | - |
| Intergovernmental | - | - | - | - |
| Miscellaneous | - | - | - | - |
| TOTAL REVENUES | - | - | - | - |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | - | - | - | - |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | - | - | - | - |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| TOTAL OTHER SOURCES | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ <u>-</u> | <u>-</u> | | |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - Child Restraint
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|-------------------|----------------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ - | - | - | - |
| Intergovernmental | 22,397 | 48,452 | 17,161 | (31,291) |
| Miscellaneous | - | - | - | - |
| TOTAL REVENUES | 22,397 | 48,452 | 17,161 | (31,291) |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | 16,507 | 39,567 | 13,703 | 25,864 |
| Capital outlay | 492 | 3,487 | 3,487 | - |
| TOTAL EXPENDITURES | 16,999 | 43,054 | 17,190 | 25,864 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| TOTAL OTHER SOURCES | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ 5,398 | 5,398 | (29) | (5,427) |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ (5,398) | (5,398) | | |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - WIPP
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts (Budgetary Basis)</u> | <u>Variance From Final Budget Positive (Negative)</u> |
|--|---------------------------|------------------------|---|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Taxes | \$ - | - | - | - |
| Intergovernmental | 7,000 | 7,000 | 7,000 | - |
| Miscellaneous | - | - | - | - |
| TOTAL REVENUES | 7,000 | 7,000 | 7,000 | - |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | 20,846 | 8,245 | 190 | 8,055 |
| Capital outlay | - | <u>12,601</u> | <u>3,541</u> | <u>9,060</u> |
| TOTAL EXPENDITURES | 20,846 | 20,846 | 3,731 | 17,115 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| TOTAL OTHER SOURCES | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ <u>(13,846)</u> | <u>(13,846)</u> | <u>3,269</u> | <u>17,115</u> |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ <u>13,846</u> | <u>13,846</u> | | |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - Recording Equipment
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|-------------------|----------------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ - | - | - | - |
| Intergovernmental | 10,000 | 10,000 | 27,317 | 17,317 |
| Miscellaneous | - | - | - | - |
| TOTAL REVENUES | 10,000 | 10,000 | 27,317 | 17,317 |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | 13,768 | 6,149 | 4,609 | 1,540 |
| Capital outlay | - | 7,619 | 3,084 | 4,535 |
| TOTAL EXPENDITURES | 13,768 | 13,768 | 7,693 | 6,075 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| TOTAL OTHER SOURCES | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ (3,768) | (3,768) | 19,624 | 23,392 |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ 3,768 | 3,768 | | |

See Independent Auditors' Report.

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - Forest Recovery
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|------------------|-------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ - | - | - | - |
| Intergovernmental | - | - | - | - |
| Miscellaneous | - | - | - | - |
| TOTAL REVENUES | - | - | - | - |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | - | - | - | - |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | - | - | - | - |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| TOTAL OTHER SOURCES | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ - | - | - | - |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ - | - | | |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - Recreation
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|------------------------|---------------------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 200 | 200 | 339 | 139 |
| Intergovernmental | - | - | - | - |
| Miscellaneous | - | - | - | - |
| TOTAL REVENUES | 200 | 200 | 339 | 139 |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | 643 | 643 | 643 | - |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | 643 | 643 | 643 | - |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| TOTAL OTHER SOURCES | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ <u>(443)</u> | <u>(443)</u> | <u>(304)</u> | <u>(139)</u> |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ <u>443</u> | <u>443</u> | | |

See Independent Auditors' Report.

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - Legislative Appropriations
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|--------------------|-----------------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ - | - | - | - |
| Intergovernmental | 12,000 | 12,000 | - | (12,000) |
| Miscellaneous | - | - | - | - |
| TOTAL REVENUES | 12,000 | 12,000 | - | (12,000) |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | 1,825 | 1,825 | - | 1,825 |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | 1,825 | 1,825 | - | 1,825 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| TOTAL OTHER SOURCES | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ 10,175 | 10,175 | - | (10,175) |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ (10,175) | (10,175) | | |

See Independent Auditors' Report.

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - Beautification
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|------------------|-------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ - | - | - | - |
| Intergovernmental | - | - | - | - |
| Miscellaneous | - | - | - | - |
| TOTAL REVENUES | - | - | - | - |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | - | - | - | - |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | - | - | - | - |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| TOTAL OTHER SOURCES | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ - | - | - | - |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ - | - | | |

See Independent Auditors' Report.

STATE OF NEW MEXICO

SAN MIGUEL COUNTY

Special Revenue Fund - Lodger's Tax
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

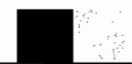
YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|--------------------------|---------------------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ - | - | 33,691 | 33,691 |
| Intergovernmental | 40,000 | 40,000 | - | (40,000) |
| Miscellaneous | - | - | 336 | 336 |
| TOTAL REVENUES | 40,000 | 40,000 | 34,027 | (5,973) |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | 38,310 | 40,810 | 34,822 | 5,988 |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | 38,310 | 40,810 | 34,822 | 5,988 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| TOTAL OTHER SOURCES | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ <u>1,690</u> | <u>(810)</u> | <u>(795)</u> | <u>15</u> |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ <u>(1,690)</u> | <u>810</u> | | |

See Independent Auditors' Report.

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - Indigent
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)



YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|---------------------|-----------------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 744,743 | 744,743 | 569,391 | (175,352) |
| Intergovernmental | | | | - |
| Miscellaneous | <u>250,500</u> | <u>251,000</u> | <u>141,394</u> | <u>(109,606)</u> |
| TOTAL REVENUES | 995,243 | 995,743 | 710,785 | (284,958) |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | 892,503 | 1,005,939 | 809,015 | 196,925 |
| Capital outlay | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL EXPENDITURES | 892,503 | 1,005,939 | 809,015 | 196,925 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | - | - | - |
| Transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL OTHER SOURCES | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ <u>102,740</u> | <u>(10,196)</u> | <u>(98,230)</u> | <u>88,034</u> |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ <u>(102,740)</u> | <u>10,196</u> | | |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - Reappraisal
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|--------------------|-----------------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ - | - | - | - |
| Intergovernmental | - | - | - | - |
| Miscellaneous | <u>60,000</u> | <u>60,000</u> | <u>68,178</u> | <u>8,178</u> |
| TOTAL REVENUES | 60,000 | 60,000 | 68,178 | 8,178 |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | 80,349 | 102,057 | 91,032 | 11,025 |
| Capital outlay | <u>1,000</u> | <u>22,620</u> | <u>19,451</u> | <u>3,170</u> |
| TOTAL EXPENDITURES | 81,349 | 124,677 | 110,482 | 14,194 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | - | - | - |
| Transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL OTHER SOURCES | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ <u>(21,349)</u> | <u>(64,677)</u> | <u>(42,305)</u> | <u>(22,372)</u> |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ <u>21,349</u> | <u>64,677</u> | | |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - San Jose Community Center
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|-------------------|----------------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ - | - | - | - |
| Intergovernmental | - | - | - | - |
| Miscellaneous | - | - | 9 | 9 |
| TOTAL REVENUES | - | - | 9 | 9 |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | 1,518 | 1,518 | - | 1,518 |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | 1,518 | 1,518 | - | 1,518 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| TOTAL OTHER SOURCES | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ <u>(1,518)</u> | <u>(1,518)</u> | <u>9</u> | <u>1,527</u> |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ <u>1,518</u> | = <u>1,518</u> | | |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - Community Projects
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|--------------------|------------------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ | | | - |
| Intergovernmental | 499,942 | 1,900,444 | 1,138,671 | (761,773) |
| Miscellaneous | <u>-</u> | <u>67,001</u> | <u>68,401</u> | <u>1,400</u> |
| TOTAL REVENUES | 499,942 | 1,967,445 | 1,207,072 | (760,373) |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | | 7,861 | 3,204 | 4,657 |
| Capital outlay | <u>452,284</u> | <u>2,021,386</u> | <u>1,095,109</u> | <u>926,277</u> |
| TOTAL EXPENDITURES | 452,284 | 2,029,247 | 1,098,313 | 930,934 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | 17,500 | 17,500 | - |
| Transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL OTHER SOURCES | <u>-</u> | <u>17,500</u> | <u>17,500</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ <u>47,658</u> | <u>(44,303)</u> | <u>126,258</u> | <u>(170,561)</u> |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ <u>(47,658)</u> | <u>44,303</u> | | |

See Independent Auditors' Report.

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - Emergency Medical Services
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--------------------------------|------------------|---------------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 46,500 | 21,627 | 21,627 | - |
| Miscellaneous | - | - | 214 | 214 |
| TOTAL REVENUES | 46,500 | 21,627 | 21,840 | 214 |
| EXPENDITURES - current: | | | | |
| General EMS | | | | |
| Public Safety | | | | |
| Operating | - | - | - | - |
| Capital outlay | - | - | - | - |
| Gallinas EMS | | | | |
| Public Safety | | | | |
| Operating | 7,500 | 7,025 | 5,464 | 1,562 |
| Capital outlay | - | 1,049 | 1,049 | - |
| | 7,500 | 8,074 | 6,512 | 1,562 |
| Sapello/Rociada EMS | | | | |
| Public Safety | | | | |
| Operating | 3,500 | 5,677 | 5,673 | 4 |
| Capital outlay | - | - | - | - |
| | 3,500 | 5,677 | 5,673 | 4 |
| Conchas VFD | | | | |
| Public Safety | | | | |
| Operating | 10,000 | 9,745 | 3,456 | 6,289 |
| Capital outlay | - | - | - | - |
| | 10,000 | 9,745 | 3,456 | 6,289 |
| Ilfeld VFD | | | | |
| Public Safety | | | | |
| Operating | 15,000 | 9,200 | 5,263 | 3,938 |
| Principal and interest | - | - | - | - |
| Capital outlay | - | - | - | - |
| | 15,000 | 9,200 | 5,263 | 3,938 |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - Emergency Medical Services - continued
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|------------------|-----------------|---|---|
| | Original | Final | | |
| EXPENDITURES - current - continued: | | | | |
| Cabo Lucero EMS | | | | |
| Public Safety | | | | |
| Operating | 2,000 | 3,087 | 3,087 | - |
| Capital outlay | - | - | - | - |
| | <u>2,000</u> | <u>3,087</u> | <u>3,087</u> | <u>-</u> |
| Sheridan EMS | | | | |
| Public Safety | | | | |
| Operating | - | 5,000 | 4,033 | 967 |
| Capital outlay | - | - | - | - |
| | <u>-</u> | <u>5,000</u> | <u>4,033</u> | <u>967</u> |
| Bernal/Tecolote EMS | | | | |
| Public Safety | | | | |
| Operating | 8,500 | 6,250 | 6,088 | 162 |
| Capital outlay | - | - | - | - |
| | <u>8,500</u> | <u>6,250</u> | <u>6,088</u> | <u>162</u> |
| TOTAL EXPENDITURES | <u>46,500</u> | <u>47,033</u> | <u>34,113</u> | <u>12,920</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ <u>-</u> | <u>(25,406)</u> | <u>(12,273)</u> | <u>(13,134)</u> |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ <u>-</u> | <u>(25,406)</u> | | |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - Bureau of Justice Asst.
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|------------------|----------------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ - | - | - | - |
| Intergovernmental | 14,270 | 14,270 | 14,269 | (1) |
| Miscellaneous | - | - | 12 | 12 |
| TOTAL REVENUES | 14,270 | 14,270 | 14,281 | 11 |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | 15,855 | 17,722 | 6,333 | 11,389 |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | 15,855 | 17,722 | 6,333 | 11,389 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | 1,585 | 1,585 | 1,585 | - |
| Transfers out | - | - | - | - |
| TOTAL OTHER SOURCES | 1,585 | 1,585 | 1,585 | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ - | (1,867) | 9,533 | 11,400 |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ - | 1,867 | | |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - Law Enforcement
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|------------------|---------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ - | - | - | - |
| Intergovernmental | 24,200 | 24,200 | 4,610 | (19,590) |
| Miscellaneous | - | 55,800 | - | (55,800) |
| TOTAL REVENUES | 24,200 | 80,000 | 4,610 | (75,390) |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | 24,200 | 30,200 | 4,236 | 25,964 |
| Capital outlay | - | 55,800 | - | 55,800 |
| TOTAL EXPENDITURES | 24,200 | 86,000 | 4,236 | 81,764 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | 6,000 | 6,000 | - |
| Transfers out | - | - | - | - |
| TOTAL OTHER SOURCES | - | 6,000 | 6,000 | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ - | (6,000) | 6,374 | 12,374 |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ - | 6,000 | | |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - CDBG 02-C-NR-I-6-G-65
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|------------------|-------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ - | - | - | - |
| Intergovernmental | - | - | - | - |
| Miscellaneous | - | - | - | - |
| TOTAL REVENUES | - | - | - | - |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | - | - | - | - |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | - | - | - | - |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| TOTAL OTHER SOURCES | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ - | - | - | - |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ - | - | | |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - CDBG Courthouse Renovations
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

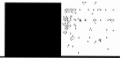
YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|------------------|-----------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ - | - | - | - |
| Intergovernmental | 478,213 | 478,213 | 471,463 | (6,750) |
| Miscellaneous | - | - | - | - |
| TOTAL REVENUES | 478,213 | 478,213 | 471,463 | (6,750) |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | - | 13,066 | 13,066 | - |
| Capital outlay | 386,916 | 373,850 | 367,100 | 6,750 |
| TOTAL EXPENDITURES | 386,916 | 386,916 | 380,166 | 6,750 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | 25,000 | 25,000 | 25,000 | - |
| Transfers out | - | - | - | - |
| TOTAL OTHER SOURCES | 25,000 | 25,000 | 25,000 | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ 116,297 | 116,297 | 116,297 | - |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ (116,297) | (116,297) | | |

See Independent Auditors' Report.

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - Convenience Center
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

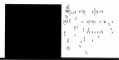


YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|------------------|-------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ - | - | - | - |
| Intergovernmental | - | - | - | - |
| Miscellaneous | - | - | - | - |
| TOTAL REVENUES | - | - | - | - |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | - | - | - | - |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | - | - | - | - |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| TOTAL OTHER SOURCES | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ - | - | - | - |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ - | - | - | - |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Special Revenue Fund - Section 8 Housing
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)



YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|-------------------|-----------------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ - | - | - | - |
| Intergovernmental | 461,586 | 675,846 | 717,763 | 41,917 |
| Miscellaneous | - | - | - | - |
| TOTAL REVENUES | 461,586 | 675,846 | 717,763 | 41,917 |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | 464,224 | 669,050 | 491,354 | 177,696 |
| Capital outlay | 2,500 | 44,150 | 25,781 | 18,369 |
| TOTAL EXPENDITURES | 466,724 | 713,200 | 517,135 | 196,065 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| TOTAL OTHER SOURCES | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ (5,138) | (37,354) | 200,629 | 237,983 |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ 5,138 | 37,354 | | |

CAPITAL PROJECTS FUNDS

To account for resources used for the purpose of purchasing land or improving grounds and for constructing, remodeling, making additions to, and furnishing and equipping buildings. Financing is provided primarily from the sale of bonds.

Road and Health Projects – To account for revenues and expenditures related to road projects and the construction of the Public Health Building. This fund consists of bonds revenues and special appropriations which include both state and federal funding. The creation and maintenance of a separate fund was established by a County Resolution.

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Capital Projects Funds - Road and Health Projects
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|------------------|-----------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ - | - | - | - |
| Intergovernmental | - | - | - | - |
| Miscellaneous | - | - | 4,692 | 4,692 |
| TOTAL REVENUES | - | - | 4,692 | 4,692 |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | - | - | - | - |
| Capital outlay | 216,730 | 136,734 | 52,826 | 83,907 |
| TOTAL EXPENDITURES | 216,730 | 136,734 | 52,826 | 83,907 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | (142,811) | (142,811) | - |
| TOTAL OTHER SOURCES | - | (142,811) | (142,811) | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ (216,730) | (279,545) | (190,945) | 88,600 |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ 216,730 | 279,545 | | |

See Independent Auditors' Report.

DEBT SERVICE FUNDS

SMC Debt Service (SMCDF DFC) – To account for revenues pledged for various debt service projects. It is also used to account for expenditures and/or transfers related to debt services. The creation and maintenance of a separate fund was established by a County Resolution.

1997 Series A Bond Issue – To account for revenues and expenditures of the 1997 Series A Revenue Bond Issue. The funds were used for the construction of the detention center. The creation and maintenance of a separate fund was established by a County Resolution.

1997 Series B Bond Issue – To account for revenues and expenditures of the 1997 Series B Revenue Bond Issue. The funds were used for the construction of the detention center. The creation and maintenance of a separate fund was established by a County Resolution.

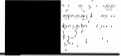
1998 Series A Bond Issue – To account for revenues and expenditures of the 1998 Series A Bond Issue. The funds were used for Volunteer Fire Department capital needs. The creation and maintenance of a separate fund was established by a County Resolution.

1998 Series B Bond Issue – To account for revenues and expenditures of the 1998 Series B Bond Issue. The funds were used for Volunteer Fire Department capital needs. The creation and maintenance of a separate fund was established by a County Resolution.

2003 GRT NMFA – To account for revenues pledged and debt service expenditures related to the 2003 Revenue Bonds/NMFA Loan. The creation and maintenance of a separate fund was established by a County Resolution.

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Debt Service Fund - SMCDF DSF
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)



YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|------------------|-----------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes - sales | \$ 380,000 | 380,000 | 379,550 | (450) |
| Intergovernmental | 400,000 | 479,730 | 479,730 | - |
| Interest on investments | 500 | 553 | 2,212 | 1,659 |
| TOTAL REVENUES | 780,500 | 860,283 | 861,492 | 1,208 |
| EXPENDITURES - current: | | | | |
| Public works: | | | | |
| Operating | 65,216 | 65,119 | 61,118 | 4,001 |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | 65,216 | 65,119 | 61,118 | 4,001 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers out | (737,350) | (817,080) | (804,498) | 12,582 |
| TOTAL OTHER SOURCES | (737,350) | (817,080) | (804,498) | 12,582 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ (22,066) | (21,916) | (4,125) | 17,791 |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ 22,066 | 21,916 | | |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

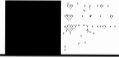
Debt Service Fund - 1997 Series A Bond Issue
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts (Budgetary Basis)</u> | <u>Variance From Final Budget Positive (Negative)</u> |
|--|-------------------------|--------------|---|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Interest on investments | \$ 3,000 | 3,000 | 13,172 | 10,172 |
| TOTAL REVENUES | 3,000 | 3,000 | 13,172 | 10,172 |
| EXPENDITURES - current: | | | | |
| Debt Service | | | | |
| Principal | 110,000 | 110,000 | 110,000 | - |
| Interest | 273,160 | 273,160 | 273,160 | - |
| TOTAL EXPENDITURES | 383,160 | 383,160 | 383,160 | - |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | 383,160 | 383,160 | 372,662 | 10,498 |
| TOTAL OTHER SOURCES | 383,160 | 383,160 | 372,662 | 10,498 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ 3,000 | 3,000 | 2,673 | (327) |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ (3,000) | (3,000) | | |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Debt Service Fund - 1997 Series B Bond Issue
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)



YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|------------------|--------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Interest on investments | \$ 600 | 600 | 2,585 | 1,985 |
| TOTAL REVENUES | 600 | 600 | 2,585 | 1,985 |
| EXPENDITURES - current: | | | | |
| Debt Service | | | | |
| Principal | 10,000 | 10,000 | 10,000 | - |
| Interest | 52,190 | 52,190 | 52,190 | - |
| TOTAL EXPENDITURES | 62,190 | 62,190 | 62,190 | - |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | 62,190 | 62,190 | 60,107 | (2,083) |
| TOTAL OTHER SOURCES | 62,190 | 62,190 | 60,107 | (2,083) |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ 600 | 600 | 501 | (99) |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ (600) | (600) | | |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

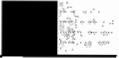
Debt Service Fund - 1998 Series A Bond Issue
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|------------------|-------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Interest on investments | \$ - | - | - | - |
| TOTAL REVENUES | - | - | - | - |
| EXPENDITURES - current: | | | | |
| Debt Service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| TOTAL EXPENDITURES | - | - | - | - |
| OTHER FINANCING SOURCES: | | | | |
| Transfers out | - | - | - | - |
| TOTAL OTHER SOURCES | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ - | - | - | - |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ - | - | - | - |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Debt Service Fund - 1998 Series B Bond Issue
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

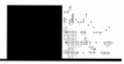


YEAR ENDED JUNE 30, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts (Budgetary Basis)</u> | <u>Variance From Final Budget Positive (Negative)</u> |
|--|-------------------------|--------------|---|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Interest on investments | \$ - | - | - | - |
| TOTAL REVENUES | - | - | - | - |
| EXPENDITURES - current: | | | | |
| Debt Service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| TOTAL EXPENDITURES | - | - | - | - |
| OTHER FINANCING SOURCES: | | | | |
| Transfers out | - | - | - | - |
| TOTAL OTHER SOURCES | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ - | - | - | - |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ - | - | | |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Debt Service Fund - 2003 GRT NMFA
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)



YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|-----------------------|------------------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Tax | \$ 425,000 | 425,000 | 431,240 | 6,240 |
| Interest on investments | <u>2,500</u> | <u>5,000</u> | <u>198,711</u> | <u>193,711</u> |
| TOTAL REVENUES | 427,500 | 430,000 | 629,951 | 199,951 |
| EXPENDITURES - current: | | | | |
| Operating | 300 | 300 | 107 | 193 |
| Debt Service | | | | |
| Principal | 187,350 | 275,215 | 272,284 | 2,931 |
| Interest | <u>140,755</u> | <u>171,238</u> | <u>170,122</u> | <u>1,116</u> |
| TOTAL EXPENDITURES | 328,405 | 446,753 | 442,513 | 4,047 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | 154,740 | 154,740 | - |
| Transfers (out) | <u>(99,095)</u> | <u>(104,000)</u> | <u>(104,000)</u> | - |
| TOTAL OTHER SOURCES | <u>(99,095)</u> | <u>50,740</u> | <u>50,740</u> | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ <u> -</u> | <u>33,987</u> | <u>238,178</u> | <u>204,191</u> |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ <u> -</u> | <u>(33,987)</u> | | |

AGENCY FUNDS

Treasurer Fund – The County collects property taxes from citizens and disburses to the proper agencies.

El Valle Foundation Fund – The County collects donations on behalf of the foundation.

Employee Fund – The County collects donations on behalf of the employees for picnics and parties.

Inmate Trust Fund – The County holds monies on behalf of the inmates in the Detention Center.

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Combining Statement of Assets and Liabilities -
Agency Funds

AS OF JUNE 30, 2006

| | <u>Treasurer</u> | <u>El Valle Foundation</u> | <u>Employee Fund</u> | <u>Inmate Trust Fund</u> | <u>Total</u> |
|------------------------------------|----------------------------|--------------------------------|--------------------------|------------------------------|-------------------------|
| ASSETS: | | | | | |
| Cash and cash equivalents (Note 2) | \$ 304,028 | 59,481 | 5,473 | 1,767 | 370,749 |
| Taxes receivable | <u>2,941,911</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,941,911</u> |
| TOTAL ASSETS | \$ <u>3,245,939</u> | <u>59,481</u> | <u>5,473</u> | <u>1,767</u> | <u>3,312,660</u> |
| LIABILITIES: | | | | | |
| Due to other funds | \$ 26,618 | - | - | - | 26,618 |
| Uncollected taxes | 2,746,818 | - | - | - | 2,746,818 |
| Accounts payable | 59,504 | 400 | - | - | 59,904 |
| Undistributed taxes | 412,999 | - | - | - | 412,999 |
| Deposits held in trust for others | <u>-</u> | <u>59,081</u> | <u>5,473</u> | <u>1,767</u> | <u>66,321</u> |
| TOTAL LIABILITIES | \$ <u>3,245,939</u> | <u>59,481</u> | <u>5,473</u> | <u>1,767</u> | <u>3,312,660</u> |

OTHER SUPPLEMENTAL SCHEDULES

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Schedule 1 - Schedule of Changes in Assets and Liabilities - Agency Funds



AS OF JUNE 30, 2006

| | <u>Treasurer</u> | <u>El Valle Foundation</u> | <u>Employee Fund</u> | <u>Inmate Trust Fund</u> | <u>Total</u> |
|----------------------------|---------------------|--------------------------------|--------------------------|------------------------------|------------------|
| Assets, July 1, 2005 | \$ 3,199,534 | 61,631 | 1,767 | 5,415 | 3,268,347 |
| Increase | 6,750,680 | - | - | 80,765 | 6,831,445 |
| Decrease | <u>6,704,275</u> | <u>2,150</u> | <u>-</u> | <u>80,707</u> | <u>6,787,132</u> |
| Assets, June 30, 2006 | \$ <u>3,245,939</u> | <u>59,481</u> | <u>1,767</u> | <u>5,473</u> | <u>3,312,660</u> |
| Liabilities, July 1, 2005 | \$ 3,199,534 | 61,631 | 1,767 | 5,415 | 3,268,347 |
| Increase | 4,590,670 | - | - | 80,765 | 4,671,435 |
| Decrease | <u>4,544,265</u> | <u>2,150</u> | <u>-</u> | <u>80,707</u> | <u>4,627,122</u> |
| Liabilities, June 30, 2006 | \$ <u>3,245,939</u> | <u>59,481</u> | <u>1,767</u> | <u>5,473</u> | <u>3,312,660</u> |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Schedule 2 - Joint Powers Agreements

The following is a list of Joint Powers Agreements the County has entered into:

| Participants | Responsible Party | Dates of Agreement | | Project Amount | County Portion | Current Year Contributions | Audit Responsibility |
|---|------------------------------------|--------------------|------------|----------------|----------------|----------------------------|----------------------|
| | | Beginning | Ending | | | | |
| Sangre de Cristo Solid Waste Authority/San Miguel/Mora County/City of Las Vegas/Wagon Mound/Pecos Memo of Understanding | City of Las Vegas/ Fiscal Agent | 6/30/1994 | N/A | Formula Funded | Formula Funded | \$ 15,300 | City of Las Vegas |
| USA/San Miguel Sheriff Law Enforcement | SMC | 4/12/2000 | N/A | N/A | N/A | \$ 34,049 | County |
| San Miguel County/NM Assoc. Counties Multi-line Pool | NMAC | 7/27/2000 | N/A | N/A | \$ 240,359 | \$ 240,359 | NMAC |
| San Miguel/Pecos Village Solid Waste Services | N/A | 8/1/2000 | 8/1/2020 | N/A | \$ 212,519 | \$ 212,519 | County |
| San Miguel County/City of Las Vegas Animal Control | SMC | 12/15/2004 | 12/15/2009 | N/A | \$ 10,000 | N/A | SMC |
| San Miguel County/Dept. of Transportation NM Right of Way | SMC | 3/18/2002 | 3/18/2012 | N/A | N/A | N/A | SMC |
| San Miguel County/Dept. of Transportation NM Road Exchange | SMC | 7/18/2002 | N/A | N/A | N/A | N/A | SMC |
| San Miguel County/City of Las Vegas Aid Emergency | SMC | 6/23/2003 | N/A | N/A | N/A | N/A | SMC |
| San Miguel County/County Adult Detention | SMC | 1/31/2003 | 1/31/2008 | 38.00/day | N/A | N/A | SMC |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Schedule 2 - Joint Powers Agreements - continued

| Participants | Responsible Party | Dates of Agreement | | Project Amount | County Portion | Current Year Contributions | Audit Responsibility |
|--|-------------------|--------------------|------------|----------------|----------------|----------------------------|----------------------|
| | | Beginning | Ending | | | | |
| San Miguel County/New Mexico State University GIS Mapping | SMC | 7/1/2003 | 6/30/2009 | \$ 91,027 | \$ 13,171 | N/A | SMC |
| San Miguel County/Heart Hospital Medical Provider | Heart Hospital | 5/12/2004 | N/A | N/A | N/A | N/A | SMC |
| San Miguel County/Guadalupe County Adult Detention | SMC | 8/1/2004 | 7/31/2005 | 85.65/day | N/A | N/A | SMC |
| San Miguel County/Mora County Adult Detention | SMC | 1/11/2005 | 1/11/2009 | 53.00/day | N/A | N/A | SMC |
| San Miguel County/Pecos Valley Ambulance Service | SMC | 1/1/2005 | 12/31/2005 | N/A | \$ 150,000 | N/A | SMC |
| San Miguel County/U.S. Agriculture, Animal and Plant Wildlife | SMC | 11/2/2005 | 11/2/2010 | N/A | N/A | \$ 2,618 | SMC |
| San Miguel County/Harding County Adult Detention | SMC | 5/10/2005 | 5/10/2009 | 45.00/day | N/A | N/A | SMC |
| San Miguel County/NM Health Centers Building Lease | SMC | 4/12/2005 | 4/12/2015 | N/A | N/A | N/A | SMC |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Schedule 2 - Joint Powers Agreements - continued

| Participants | Responsible Party | Dates of Agreement | | Project Amount | County Portion | Current Year Contributions | Audit Responsibility |
|--|-------------------|--------------------|------------|------------------------|----------------|----------------------------|----------------------|
| | | Beginning | Ending | | | | |
| San Miguel County/NM Health Centers Purchase/Sales | SMC | 4/12/2005 | N/A | N/A | N/A | N/A | SMC |
| San Miguel County/Mora County Emergency | SMC | 6/14/2000 | N/A | N/A | N/A | N/A | SMC |
| San Miguel County/City of Las Vegas Adult Detention | SMC | 4/12/2005 | 4/12/2009 | 65.00/day | N/A | N/A | SMC |
| San Miguel County/Los Alamos Adult Detention | SMC | 5/23/2003 | 5/23/2007 | 45.00/day | N/A | N/A | SMC |
| San Miguel County/Town of Taos Adult Detention | SMC | 8/13/2002 | 8/13/2007 | 65.00/day | N/A | N/A | SMC |
| San Miguel County/Union County Adult Detention | SMC | 7/11/2003 | 7/11/2008 | 49.00/day | N/A | N/A | SMC |
| San Miguel County/Cibola County Adult Detention | SMC | 8/23/2004 | 8/23/2009 | 50.00/day | N/A | N/A | SMC |
| San Miguel County/NM Corrections Dept. Security | SMC | 7/8/2004 | 10/30/2005 | 19.00/hr. 23.00/hr. | N/A | N/A | SMC |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Schedule 2 - Joint Powers Agreements - continued



| Participants | Responsible Party | Dates of Agreement | | Project Amount | County Portion | Current Year Contributions | Audit Responsibility |
|--|-------------------|--------------------|------------|------------------------|----------------|----------------------------|----------------------|
| | | Beginning | Ending | | | | |
| San Miguel County/NM Corrections Dept. Security | SMC | 8/27/2005 | 10/30/2005 | 19.00/hr. 23.00/hr. | N/A | N/A | SMC |

FINANCIAL DATA SCHEDULE

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Financial Data Schedule



YEAR ENDED JUNE 30, 2006

| HUD Line Item # | Accounts | Section 8 Rental Voucher 14.855 |
|---------------------------------------|--|--|
| ASSETS: | | |
| 111 | Section 8 Fund Cash | \$ 236,859 |
| 162 | Buildings | <u>-</u> |
| | TOTAL ASSETS | \$ <u>236,859</u> |
| LIABILITIES AND FUND BALANCES: | | |
| Liabilities: | | |
| 331 | Accounts payable | 54 |
| | Due to others | 100 |
| 342 | Deferred revenue | <u>213,254</u> |
| | Total liabilities | 213,408 |
| Fund balances: | | |
| 512 | Unreserved, undesignated | <u>23,451</u> |
| | Total fund equity | <u>23,451</u> |
| | TOTAL LIABILITIES AND FUND BALANCES | \$ <u>236,859</u> |

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Financial Data Schedule - continued

YEAR ENDED JUNE 30, 2006

| HUD Line Item # | Accounts | Section 8 Rental Voucher 14.855 |
|-----------------------|--|--|
| | REVENUE: | |
| 706 | HUD PHA Grants | \$ 517,135 |
| 715 | Other revenue | <u>718</u> |
| | TOTAL REVENUE | 517,853 |
| | EXPENDITURES: | |
| 962 | Other general expenses | 54,530 |
| 976 | Housing assistance payments | 446,332 |
| | Capital outly | <u>18,659</u> |
| | TOTAL EXPENDITURES | 519,521 |
| | EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ <u><u>(1,668)</u></u> |
| | MEMO ACCOUNTING INFORMATION: | |
| 1103 | Beginning equity | \$ <u><u>25,119</u></u> |
| 513 | Total fund equity | \$ <u><u>23,451</u></u> |

SINGLE AUDIT

STATE OF NEW MEXICO
SAN MIGUEL COUNTY

Supplemental Schedule of Expenditures of Federal Awards

AS OF JUNE 30, 2006

| Federal Agency/ Pass-Through Agency | Federal CFDA Number | Pass-through Identification Number | Federal Participating Expenditures |
|---|---------------------------|--|--|
| U.S. Department of Housing & Urban Development Section 8 Choice Vouchers Program | 14.871 | 04-C-NR-I-3-G-3 | \$ 517,135 |
| Passed-through State of NM DFA Local Govt. Admin. Community Development Block Grant | 14.228 | | <u>353,293</u> |
| Total U.S. Department of Housing & Urban Development | | | 870,428 |
| U.S. Department of Agriculture (USDA) NM Forest Service | 10.665 | | <u>45,978</u> |
| Total U.S. Department of Agriculture (USDA) | | | 45,978 |
| U.S. Department of Homeland Security Federal Emergency Management Act (FEMA) Passed-through State of NM DFA Local Govt. Admin. Road Projects | 97.XXX | 1514-DR-NM | <u>38,796</u> |
| Total Passed-through State of NM (FEMA) | | | 38,796 |
| U.S. Department of Justice Law Enforcement Grant | 16.882 | | 6,333 |
| COPS Communications Grant | 16.71 | | <u>703,592</u> |
| Total U.S. Department of Justice | | | <u>709,925</u> |
| Total | | | \$ <u>1,665,127</u> |

Notes to the Supplemental Schedule of Expenditures of Federal Awards

GENERAL

The accompanying Supplemental Schedule of Expenditures of Federal Awards presents the activities of all federal awards of the County.

BASIS OF ACCOUNTING

The accompanying Supplemental Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 of the financial statements.



**INDEPENDENT AUDITORS' 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***

| |
|--|
| MEYNER + |
| COMPANY, LLC |
| <i>Certified Public Accountants/ Consultants to Business</i> |
| 500 Marquette NW, Suite 800 |
| Albuquerque, NM 87102 |
| P 505/842-8290 |
| F 505/842-1568 |
| E.cpa@meyners.com |

Board of County Commissioners,
San Miguel County and
Mr. Domingo Martinez, CGFM
New Mexico State Auditor

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the State of New Mexico, San Miguel County, (the County) as of and for the year ended June 30, 2006. We have also audited the financial statements of each of the County's nonmajor governmental, fiduciary and enterprise funds, presented as supplementary information in the combining and individual fund financial statements and schedules as of and for the year ended June 30, 2006, and have issued our report thereon dated November 3, 2006, as listed in the table of contents. 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 the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted one matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting, that, in our judgment, could adversely affect the County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 04-2, 04-6, 05-6, 05-8 and 06-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe that the following reportable conditions described above are material weaknesses: 04-2 and 04-6.

Board of County Commissioners,
San Miguel County and
Mr. Domingo Martinez, CGFM
New Mexico State Auditor

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of immaterial noncompliance and other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as items 04-4, 04-11, 05-2, 05-3, 05-5, 05-9 and 06-1.

This report is intended solely for the information and use of management, County Commissioners, the Office of the State Auditor and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Mayners + Company, LLC
November 3, 2006

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

Board of County Commissioners,
San Miguel County and
Mr. Domingo Martinez, CGFM
New Mexico State Auditor



| |
|--|
| MEYNER + |
| COMPANY, LLC |
| <i>Certified Public Accountants/ Consultants to Business</i> |
| 500 Marquette NW, Suite 800 |
| Albuquerque, NM 87102 |
| P 505/842-8290 |
| F 505/842-1568 |
| E cpa@meyners.com |

Compliance

We have audited the compliance of the State of New Mexico, San Miguel County (the County), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. 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, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Board of County Commissioners
San Miguel County and
Mr. Domingo Martinez, CGFM
New Mexico State Auditor

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinions on compliance and to test and report internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grant agreements. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 06-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grant agreements caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe that the reportable condition described above is not a material weakness.

This report is intended solely for the information and use of management, County Commissioners, the Office of the State Auditor, and federal award agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Mayhew + Company, LLC
November 3, 2006

YEAR ENDED JUNE 30, 2006

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the State of New Mexico San Miguel County (County).
2. There were no instances of noncompliance material to the financial statements disclosed during the audit of the County.
3. There were five reportable conditions identified, of which two are considered to be material weaknesses to the financial statements of the County.
4. There were no reportable conditions over the internal control over major programs identified that is a material weakness.
5. There was one audit finding that the auditor is required to report under 510(a) of Circular A-133.
6. The auditors' report on compliance for the major federal award programs for the County expresses an unqualified opinion.
7. The programs tested as a major program were:
 - Section 8 Housing Choice Vouchers - CFDA No. 14.871
 - COPS Communications Grant - CFDA No. 16.710
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The County was determined to be a high-risk auditee.



B. FINDINGS - FINANCIAL STATEMENT AUDIT

Prior Year Findings (revised and updated)

04-2 MISCELLANEOUS RECEIPTS – TREASURER’S OFFICE

Condition: The Treasurer’s Office’s miscellaneous receipts are not numbered sequentially by the system. Each day the Treasurer’s Office begins the day by issuing receipt #1.

Criteria: Proper internal control to safeguard the assets of the County dictates that sequentially numbered receipts be issued to maintain the accountability and integrity of the daily collection of monies by the County Treasurer’s Office. (Section 6-6-3; NMSA 1978 & Title 3, Chapter 6, Part 50, NMAC)

Cause: The Treasurer’s Office is not maintaining control over the miscellaneous receipts issued each day for monies collected by their office. The software currently in place does not have the ability to create numbered receipts

Effect: By not controlling the miscellaneous receipts issued by the Treasurer’s Office on a daily basis, the County exposes itself to possible loss of monies by the County through theft or loss due to lack of control over miscellaneous receipts.

Recommendation: The County should ask the current software provider to create a program that could generate sequentially numbered receipts. If this is not possible, the County should invest in new software that would be capable of handling basic functions such as issuing sequential receipts. We believe the benefits of a proper internal control system would outweigh the short-term cost of either updating or purchasing a new system.

Agency Response: *The County Treasurer’s Office will continue requesting that an update of our present computer system be initiated to enable us to number receipts sequentially. We have also looked at other computer systems (e.g. Triadic), but we have been informed that the County does not have the money.*

*addressed
in
6/15 audit
letter
response*

04-4 COUNTY TREASURER’S PROPERTY TAX SCHEDULE - Revised

Condition: The County did not include a schedule of property taxes by recipient agency for the last ten years as supplemental information in this report. (SAO NMAC 2.2.2.12D)

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

04.4 COUNTY TREASURER'S PROPERTY TAX SCHEDULE -- Revised - continued

Criteria: A schedule of property taxes by recipient agency is required by State Auditor Rule NMAC 2.2.2.12 D.

Cause: The County does not have the current staffing resources or the current software capabilities to generate the schedule.

Effect: The County is not in compliance with State Auditor Rule NMAC 2.2.2.12D.

Recommendation: We recommend the County dedicate resources to develop this schedule either manually using current staffing or by purchasing a software program with the ability to produce the required schedule.

Agency Response: *Without additional staffing, we cannot develop and maintain a property tax schedule. The County Treasurer's office is concerned that a manually developed and maintained schedule will and/or can lead to more problems than it would solve. We will not ignore this concern, but under the present staffing and computer capabilities, there is not much we can do to resolve this problem.*

*addressed
in
letter
response*

04.6 PROPERTY TAX ACCOUNT -- GENERAL LEDGER

Condition: The balance per the general ledger per fund account 109 (agency fund) and the reconciled cash balance per the Treasurer do not agree in the amount of \$67,426.

Criteria: Proper internal control to safeguard assets for the various agencies is required in order to maintain the accountability and integrity of property tax and miscellaneous revenues received and processed. (Section 6-6-3; NMSA 1978 & Title 3, Chapter 6, Part 50; NMAC)

Cause: This account has not been balanced in the past and the County continues to operate the account without preparing a proper reconciliation.

Effect: As long as the account remains out of balance, the County's exposure to misappropriation of public monies is increased. Currently, the County cannot rely on the general ledger balance or activity for the property tax account.

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

04-6 PROPERTY TAX ACCOUNT – GENERAL LEDGER - continued

Recommendation: We recommend that a new account be created to account for all current Treasurer's Department bank transactions, and that this account be reconciled to the County's general ledger monthly. As for the old account, it should not have any activity go through it until the County has the time and resources to properly reconcile any remaining balances within the account. This procedure should happen as soon as possible.

Agency Response: *The County Treasurer's Office is very concerned that this account has not been balanced in the past, and the County continues to operate the account without preparing a proper reconciliation. The County Treasurer's Office will work with finance to create a new account for all current Treasurer Department bank transactions and to have this account reconciled to the County's general ledger monthly. The mechanics of how the new account will be developed will be worked out between the Treasurer's Office, the Finance Office and the auditors to ensure legal and financial compliance. With the appropriate time and staffing resources, we will be able to address the reconciliation of the old account. How soon this happens will depend on the County's approval for one additional staff member.*

*Addressed
in 6/05
Audit
Letter
Response*

04-11 LODGERS TAX AUDIT REPORTS - Repeated

Condition: The County has not submitted a Lodgers Tax Audit Report to the DFA.

Criteria: A Lodgers Tax Audit Report is required to be submitted to DFA every three (3) years if less than \$250,000 in taxes is collected per year. (Sections 3-38-17.1 and 3-38-17.2(A); NMSA 1978)

Cause: The County did not submit the required Lodgers Tax Audit Report as required by state statute.

Effect: By not submitting required audit reports, the County is in violation of state statutes.

Recommendation: We recommend that the County submit the required Audit Reports to Local Government Division as soon as possible.

Agency Response: *The County concurs with the finding. The County will make its best effort in performing an audit of the lodgers providing lodging within FY06/07.*

LS

Schedule of Findings and Questioned Costs - continued

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

05-2 UNTIMELY DEPOSITS – Repeated and Revised

Condition: During Cash Receipt test work, 1 out of 25 receipts tested were not deposited in a timely manner (longer than 48 hours).

Criteria: State law requires public funds to be deposited in a timely manner.

Cause: Lack of proper controls over cash receipts.

Effect: Non-compliance with state law.

Recommendation: Cash receipts should be deposited in a timely manner, which would be daily.

Agency Response: Normally, deposits are made on the day they are received. However, there are some instances in which a check is mailed to a department rather than to the Finance and/or Treasurer's Office. The Finance Office will send a letter to the departments requesting any funds must be deposited on a daily basis. 62

05-3 NON-ACCRUALS – Repeated and Modified

Condition: There was no accrual at the end of the year for accounts receivable.

Criteria: There should be an accrual for revenue earned during the fiscal year but not received until after the balance sheet date. GAAP requires accrual basis accounting for items such as accounts receivable.

Cause: Oversight by Management.

Effect: The effect is to potentially understate accounts receivable account balances at year-end.

Recommendation: We recommend that management perform cutoff testing of accounts receivable balances near the fiscal year-end to ensure that revenues are recorded in the correct period for financial statement purposes.

Agency Response: The County's books are on a cash basis, so as cash comes in or goes out it is recorded within the actual period of receipt or disbursement. We are required to prepare our financials on a modified accrual basis in which we have to identify receipts/expenditures posted to

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

05-3 NON-ACCRUALS – Repeated and Modified - continued

Agency Response - continued:

one period actually belonging to another period. The Finance Office will establish a procedure that will track these instances and properly identify the appropriate period of time within which the transactions belong.

05-5 LANDFILL MAINTENANCE - Repeated

Condition: On May 4, 2004, the State of New Mexico Environment Department Solid Waste Bureau performed an inspection of the Tecolote Landfill. Their letter dated July 14, 2004 to the County noted the following violations with the *New Mexico Solid Waste Management Regulations, April 14, 1989* (SWMR):

- 1) Access is not prevented at the entrance and southeast section of the landfill.
- 2) Failure to apply final cover over the trench in areas where settlement has occurred through the years.
- 3) The County also failed to submit a *Closure/Post Closure Care Plan* to the Environment Department.

A second letter dated May 2, 2005 noted that the above violations had not been corrected and that the County still did not have a *Closure/Post Closure Care Plan*.

Criteria: SWMR, Section 301.E requires operators to prevent unauthorized access by the public and by large animals.

SWRM, Section 302.A.2 requires that the final cover of the top portion of the landfill shall have a gradient of 2% to 5%, and that the slope shall be sufficient to prevent the ponding of water and erosion of cover material.

SWMR, Section 302.A.4 requires the submission of a proposed closure care and monitoring plan to the Environment Department Director for approval showing detailed information on how monitoring activities, if required, will be conducted and what corrective action will be taken when deficiencies are found. The monitoring and care period for a landfill shall be 25 years, and may be extended at the discretion of the Director.

Cause: The County was unaware until late fiscal year 2004 that the Tecolote landfill did in fact belong to them.

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

05-5 LANDFILL MAINTENANCE – Repeated - continued

Effect: The County failed to comply with State of New Mexico Environment Department Solid Waste requirements. The County is subject to possible lawsuits for failure to comply with these requirements.

Recommendation: We recommend that the County correct these violations as soon as possible to comply with State of New Mexico requirements.

Agency Response: The County has contracted with an engineering firm to comply with landfill closure requirements on the Tecolote landfill. GI Environmental, Inc. is performing the work necessary to develop a final closure and post-closure plan for the landfill. The work presently being performed will dictate the closure plan required. The County, through its consultant, is maintaining communication with the New Mexico Solid Waste Bureau throughout this initial phase, and will do so until a closure and post-closure plan is approved by the state. The County has budgeted the anticipated funds to complete this work this fiscal year.

05-6 SOLID WASTE ACCOUNTS RECEIVABLE - Repeated

Condition: The County was unable to reconcile the solid waste fund accounts receivable balance at year end. The balance was overstated by \$1,096,386.

Criteria: Proper accounting procedures require the proper accounting and reconciling of all accounts. The Department of Finance and Administration's *Model Accounting Practices* (Volume 1, Chapter 8, Section 3.2) requires monthly reconciliations of all accounts

Condition: The County was unable to reconcile the solid waste fund accounts receivable balance at year end. The balance was excessively overstated.

Criteria: Proper accounting procedures require the proper accounting and reconciling of all accounts. The Department of Finance and Administration's *Model Accounting Practices* (Volume 1, Chapter 8, Section 3.2) requires monthly reconciliations of all accounts

Cause: The County lacks the staff due to budget shortfalls to hire the required personnel to reconcile the solid waste fund. The reconciliation process would require an employee to go through the past year's general ledgers and determine which receivable balances are collectable and uncollectible.

Schedule of Findings and Questioned Costs - continued

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

05-6 SOLID WASTE ACCOUNTS RECEIVABLE – Repeated - continued

Effect: The County does not truly know what amount of solid waste accounts receivable it can collect. Without knowing which receivables are valid, the County can not collect any of the outstanding billings.

Recommendation: We recommend that the County either assign a current employee or hire a new employee with adequate experience to first reconcile the accounts receivable balance to the general ledger and then go through the balance to determine which accounts are still collectable. As the gross balance of the account on the general ledger is in excess of 1 million dollars, the importance of reconciling this account should be of high significance to the County.

Agency Response: The County will try to devote more staff and/or other resources to this office.

05-8 HOUSING AUTHORITY SEGREGATION OF DUTIES - Repeated

Condition: It was noted that the Housing Department does not have proper segregation of duties.

Criteria: Sound internal control dictates that proper internal control be put in place to deter and prevent the misappropriation of assets.

Cause: The County's Housing Department has only one employee.

Effect: Without the proper segregation of duties, the opportunity for the misappropriation of assets (including federal grant monies) is increased as no controls are in place to prevent or deter possible fraud.

Recommendation: We recommend that a quarterly review be done for participants in the Section 8 housing program that is administered by the County's Housing Department by someone other than the sole Housing employee. This would be done to ensure that all participants are eligible under the U.S. Housing and Urban Development Department's regulations, and to verify the appropriateness of all expenditures. The review would also verify that all proper Section 8 voucher waiting list requirements are followed.

Agency Response: The Authority has a quarterly review process in place. This is performed by the County Manager and an employee of the finance division. This process was initiated for the

*addressed
w/ 6/05
Audit
Response
Chr.*

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

05-8 HOUSING AUTHORITY SEGREGATION OF DUTIES - Repeated

Agency Response - continued:

purpose of monitoring the performance of the section 8 housing administrator. A review of randomly selected section 8 participant's files occurs during this review.

Recently, the County placed responsibility with a finance person to perform review of rent calculation for accuracy and appropriateness. This individual was assigned and certified to perform in this capacity after a prior employee who performed this duty resigned and left the County. As of today, two employees work the section 8 program on a day to day basis. The reviews mentioned occur on a scheduled basis.

05-9 NO CONFLICT OF INTEREST STATEMENTS - Repeated

Condition: The County does not have related party questionnaires for the members of the County Commission.

Criteria: All governmental agencies should have conflict of interest statements.

Cause: Management was not aware that the statements were not being completed.

Effect: There could be potential conflict of interest transactions.

Recommendation: We recommend that the County implement a policy that conflict of interest statements be completed yearly by top management and members of the County Commission.

Agency Response: The County Manager will obtain a no conflict of interest statement and present one to each member of the County Commission to fill out in order to disclose any conflicts of interest that may exist. This document will be retained in the personnel file for each respective commissioner. The human resource administrative assistant will perform the filing of the documents.

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

Current Year Findings

06-1 MISSING I-9 FORM

Condition: During payroll testwork, it was noted that 3 out of 40 employee files did not contain an I-9 form.

Criteria: Federal payroll law requires completed tax forms.

Cause: Oversight by Management.

Effect: Non-compliance with federal requirements.

Recommendation: The County should make sure that all employee files contain an I-9 form to verify the employee is eligible to work.

Agency Response: I-9 Forms are part of all employees' orientations when they are hired by San Miguel County, and are filled out by each individual. The Human Resource Administrative Assistant will make sure that all I-9 Forms will be completed during orientation by each employee hired and ensure the forms are filed in a separate confidential file by year in the HR Office.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

06-2 U.S. DEPARTMENT OF JUSTICE COPS PROGRAM REPORTING - CFDA 16.710

Condition: During our reporting compliance testwork of the Public Safety and Community Policing Grants (COPS) program, we noted the following deficiencies:

1. None of the four quarterly reports that were submitted agreed to the expenditures incurred for those periods.
2. The quarter ending June 30, 2005 report was filed on June 9, 2005, before the end of the period, and was inaccurate.
3. The quarter ending September 30, 2005 report was filed late on December 14, 2005.
4. No report was filed for the quarters ending December 31, 2005 and March 31, 2006.
5. The June 30, 2006 final report was filed late on August 30, 2006.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT - continued**

**06-2 U.S. DEPARTMENT OF JUSTICE COPS PROGRAM REPORTING – CFDA 16.710
- continued**

Criteria: According to OMB Circular A-133, *Compliance Supplement for the COPS Grant* (CFDA \$16,710), all entities receiving such a grant award are required to submit Form SF-269, *Financial Status Report*, for each quarter. These quarterly financial reports are to be submitted 30 days after the quarter end and 45 days after the grant period end for the final report.

Cause: The County does not have the current staffing resources to ensure that federal grants and program compliance requirements are being met.

Effect: The County is not in compliance with the COPS reporting requirements. This could result in a loss of future federal funding.

Recommendation: We recommend that the County ensure all compliance requirements are being met when receiving a federal grant award.

Agency Response: *The County concurs with the finding and will be more diligent in complying with the requirement in the future.*

Summary Schedule of Prior Year Audit Findings

STATUS OF PRIOR YEAR AUDIT FINDINGS

| Finding No. | Description | Status |
|--------------------|--|---------------|
| 04-2 | Miscellaneous Receipts – Treasurer’s Office | Repeated |
| 04-4 | County Treasurer’s Property Tax Schedule | Repeated |
| 04-5 | Cash Reserve Requirement | Resolved |
| 04-6 | Property Tax Account – General Ledger | Repeated |
| 04-7 | Audit Report | Resolved |
| 04-8 | Backlog of Property Tax Payments | Resolved |
| 04-10 | Credit Card Payments – Treasurer’s Office | Resolved |
| 04-11 | Lodger’s Tax Audit Reports | Repeated |
| 05-1 | Missing Applications | Resolved |
| 05-2 | Untimely Deposits | Revised |
| 05-3 | Non-accruals | Revised |
| 05-4 | Unrecorded and Non-reconciled Cash Balances | Resolved |
| 05-5 | Landfill Maintenance | Repeated |
| 05-6 | Solid Waste Accounts Receivable | Repeated |
| 05-7 | Tracking of Capital Assets | Resolved |
| 05-8 | Housing Authority Segregation of Duties | Repeated |
| 05-9 | No Conflict of Interest Statements | Repeated |
| 05-10 | Federal Clearinghouse Required Reporting Package | Resolved |



An exit conference was held with the County on December 18, 2006. The conference was held via telephone. In attendance were:

STATE OF NEW MEXICO SAN MIGUEL COUNTY

Leroy Garcia, Chairman of the County Commission
Les W. J. Montoya, County Manager
Melinda Gonzales, Finance Director

MEYNNERS + COMPANY, LLC

Georgie Ortiz, CPA, CGFM, Assurance Director
Raul Anaya, Assurance Senior

PREPARATION OF FINANCIAL STATEMENTS

The financial statements presented in this report have been prepared by the Independent Auditor.