

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

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INTRODUCTORY SECTION

STATE OF NEW MEXICO

Valencia County
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June 30, 2008

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STATE OF NEW MEXICO

Valencia County
Directory of Officials
June 30, 2008

<u>Name</u>	<u>Board of County Commissioners</u>	<u>Title</u>
Pedro G. Rael		Chairman
Georgia Otero-Kirkman		Vice- Chairman
David R. Medina		Member
Ron Gentry		Member
Lynette Pinkston		Member
 <u>Elected Officials</u>		
Sally Perea		County Clerk
Diana Martinez-Coplen		County Treasurer
Viola S. Garcia- Vallejos		County Assessor
Rene S. Rivera		County Sheriff
Reyna Aragon Carrejo		County Probate Judge
 <u>Administrative Officials</u>		
Eric Zamora		County Manager
Wilma Abril		Finance Director

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget
To the Board of Valencia County Commissioners
Valencia County
Los Lunas, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, budgetary comparisons for the General Fund, the County Indigent Claims Special Revenue Fund and the aggregate remaining fund information of Valencia County, New Mexico, as of and for the year ended June 30, 2008, which collectively comprise Valencia County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County's nonmajor governmental funds and the budgetary comparisons for the Bonds/ Judicial Renovation and Legislative Appropriation FY 07/08 Capital Projects Fund, the County Debt Service Fund, and remaining nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008 as listed in the table of contents. These financial statements are the responsibility of Valencia County's management. Our responsibility is to express our 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. 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 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.

We were not able to verify capital assets and the related accumulated depreciation at June 30, 2008 and the depreciation expenses for the year then ended. We were unable to determine these amounts through the use of alternative procedures. The effect on assets, net assets, and expenses of the governmental activities is not readily determinable.

In our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had we been able to determine the amount of capital assets, related accumulated depreciation, and current depreciation expense, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Valencia County, New Mexico, as of June 30, 2008 and the respective changes in financial position thereof 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 major fund, and the aggregate remaining fund information of Valencia County, New Mexico, as of June 30, 2008, and the respective changes in financial position and the budgetary comparisons for the General Fund and the County Indigent Claims Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of Valencia County, New Mexico, as of June 30, 2008, and the respective changes in financial position thereof, and the budgetary comparisons for the Bonds/ Judicial and Legislative Appropriation FY 07/08 capital projects fund, the County Debt Service Fund, and the nonmajor governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 7, 2008 on our consideration of Valencia County, New Mexico's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The County has not presented the Management's Discussion and Analysis that the Government Accounting Standards Board (GASB) has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Valencia County's basic financial statements, the combining and individual fund financial statements and the budgetary comparisons. The accompanying information on Schedules I through V are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and each of the County's nonmajor governmental fund financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements and each of nonmajor governmental fund financial statements taken as a whole.

Accounting & Consulting Group, L.L.P.

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
November 7, 2008

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BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO

Valencia County
Statement of Net Assets
June 30, 2008

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 7,481,030
Investments	1,500,000
Receivables:	
Property taxes receivable	3,232,899
Due from other governments	3,516,894
Other receivables	383,965
Prepaid expenses	<u>627,356</u>
Total Current Assets	<u>16,742,144</u>
Noncurrent Assets	
Restricted assets:	
Restricted cash and cash equivalents	961,455
Bond issuance costs (net of amortization of \$24,260)	24,260
Capital assets	66,215,012
Less: accumulated depreciation	<u>(23,623,887)</u>
Total Noncurrent Assets	<u>43,576,840</u>
Total Assets	<u><u>\$ 60,318,984</u></u>

The accompanying notes are an integral part of these financial statements

	<u>Governmental Activities</u>
Liabilities	
Current Liabilities:	
Accounts payable	\$ 302,885
Due to State of New Mexico	19,829
Accrued interest	420,259
Accrued payroll expenses	383,366
Other accrued liabilities	493,155
Current portion of accrued compensated absences	216,197
Current portion of long-term debt	1,102,312
	<u>2,938,003</u>
Total Current Liabilities	
Noncurrent Liabilities:	
Noncurrent portion of accrued compensated absences	196,150
Landfill liability	1,212,470
Capital leases	1,086,945
Bonds payable	9,168,666
	<u>11,664,231</u>
Total Noncurrent Liabilities	
Total Liabilities	<u>14,602,234</u>
Net Assets	
Invested in capital assets, net of related debt	31,233,202
Restricted for (Note 18):	
Debt service	1,729,675
Capital projects	3,504,185
Other purposes-special revenue	14,427,758
Unrestricted	(5,178,070)
Total Net Assets	<u>45,716,750</u>
Total liabilities and net assets	<u>\$ 60,318,984</u>

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STATE OF NEW MEXICO
Valencia County
Statement of Activities
For the Year Ended June 30, 2008

Exhibit A-2

Functions/Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	
Primary Government					
General government	6,674,292	101,460	2,317,912	7,862,698	\$ 3,607,778
Public safety	8,908,138	-	608,125	-	(8,300,013)
Public works	1,690,942	124,034	779,468	-	(787,440)
Culture and recreation	856,622	219	449,215	-	(407,188)
Health and welfare	1,359,560	-	-	-	(1,359,560)
Interest on long-term debt	677,920	-	-	-	(677,920)
<i>Total governmental activities</i>	<u>\$ 20,167,474</u>	<u>\$ 225,713</u>	<u>\$ 4,154,720</u>	<u>\$ 7,862,698</u>	<u>(7,924,343)</u>
General Revenues:					
Taxes					
Property taxes, levied for general purposes					9,580,535
Property taxes, levied for debt service					-
Gross receipts taxes					6,465,534
Gasoline, motor vehicle and cigarette taxes					1,027,027
Licenses and fees					1,124,317
Investment income					640,729
Miscellaneous income					375,822
Loss on sale of capital assets					(278,193)
Total general revenues					<u>18,935,771</u>
Change in net assets					<u>11,011,428</u>
Net assets, beginning					<u>33,447,350</u>
Restatement					<u>1,257,972</u>
Net assets, restated					<u>34,705,322</u>
Net assets, ending					<u>\$ 45,716,750</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Valencia County

Balance Sheet

Governmental Funds

June 30, 2008

	<u>General Fund</u>	<u>County Indigent Claims</u>	<u>Bonds/Judicial Renovation</u>	<u>Legislative Appropriation FY 07/08</u>
Assets				
Cash and cash equivalents	\$ 1,851,841	\$ 1,453,678	\$ 377,840	\$ -
Investments	1,500,000	-	-	-
Property taxes receivable	2,945,272	-	-	-
Due from other governments	49,221	208,285	-	1,733,043
Other receivables	52,484	1,225	-	-
Prepaid expenses	473,966	2,723	-	-
Due from other funds	2,669,674	-	-	-
<i>Total assets</i>	<u>\$ 9,542,458</u>	<u>\$ 1,665,911</u>	<u>\$ 377,840</u>	<u>\$ 1,733,043</u>
Liabilities and fund balances				
<i>Liabilities</i>				
Accounts payable	\$ 108,075	\$ 48,518	\$ -	\$ 42,779
Due to State of New Mexico	-	-	-	-
Accrued payroll expenses	230,027	2,116	-	-
Other accrued liabilities	493,155	-	-	-
Deferred revenue	2,730,871	-	-	1,187,543
Due to other funds	-	-	-	1,690,264
<i>Total liabilities</i>	<u>3,562,128</u>	<u>50,634</u>	<u>-</u>	<u>2,920,586</u>
<i>Fund balances</i>				
Reserved for:				
Debt service, repair and replacement	-	-	-	-
Prepaid expenses	473,966	-	-	-
Unreserved	5,506,364	-	-	-
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	1,615,277	377,840	(1,187,543)
<i>Total fund balances</i>	<u>5,980,330</u>	<u>1,615,277</u>	<u>377,840</u>	<u>(1,187,543)</u>
<i>Total liabilities and fund balances</i>	<u>\$ 9,542,458</u>	<u>\$ 1,665,911</u>	<u>\$ 377,840</u>	<u>\$ 1,733,043</u>

The accompanying notes are an integral part of these financial statements

<u>County Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 1,233,660	\$ 3,525,466	\$ 8,442,485
-	-	1,500,000
224,338	63,289	3,232,899
-	1,467,635	3,458,184
-	388,966	442,675
-	150,667	627,356
-	-	2,669,674
<u>\$ 1,457,998</u>	<u>\$ 5,596,023</u>	<u>\$ 20,373,273</u>
\$ -	\$ 103,513	\$ 302,885
-	19,829	19,829
-	151,223	383,366
-	-	493,155
203,573	1,089,980	5,211,967
-	979,410	2,669,674
<u>203,573</u>	<u>2,343,955</u>	<u>9,080,876</u>
1,254,425	305,555	1,559,980
-	144,919	618,885
-	-	5,506,364
-	2,801,594	2,801,594
-	-	805,574
<u>1,254,425</u>	<u>3,252,068</u>	<u>11,292,397</u>
<u>\$ 1,457,998</u>	<u>\$ 5,596,023</u>	<u>\$ 20,373,273</u>

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STATE OF NEW MEXICO

Valencia County

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Assets

June 30, 2008

Exhibit B-1

Page 2 of 2

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

Fund balances - total governmental funds	\$ 11,292,397
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	42,591,125
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds:	
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities	2,992,541
Capital outlay revenues not collected within sixty days after year end are not considered "available" revenues and are deferred revenues in the fund financial statements	2,219,426
Bond issuance costs, including original issue discounts and premiums are not financial resources and, therefore, are not reported in the funds	24,260
Accrued Interest is not due and payable with current financial resources therefore are not reported in the funds	(420,259)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
General obligation bonds and notes payable	(10,091,812)
Capital leases	(1,266,111)
Landfill liability	(1,212,470)
Compensated absences	<u>(412,347)</u>
 Total Net Assets	 <u><u>\$ 45,716,750</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Valencia County
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	General Fund	County Indigent Claims	Bonds/Judicial Renovation	Legislative Appropriation FY 07/08
<i>Revenues</i>				
<i>Taxes:</i>				
Property	\$ 7,879,831	\$ -	\$ -	\$ -
Gross receipts	1,375,162	1,710,678	-	-
Gasoline and motor vehicle	351,871	-	-	-
Other	5	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
State operating grants	2,059,807	-	-	-
State capital grants	-	-	-	3,616,167
Charges for services	102,076	-	-	-
Licenses and fees	895,156	-	-	-
Investment income	150,066	12,789	452,450	-
Miscellaneous	1,009	26,436	100	-
<i>Total revenues</i>	<u>12,814,983</u>	<u>1,749,903</u>	<u>452,550</u>	<u>3,616,167</u>
<i>Expenditures</i>				
<i>Current</i>				
General government	4,825,723	-	50,571	-
Public safety	3,973,719	1,359,255	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	92,447	-	2,802,366	4,803,710
<i>Debt service:</i>				
Principal	166,446	-	475,000	-
Interest	12,818	-	300,731	-
<i>Total Expenditures</i>	<u>9,071,153</u>	<u>1,359,255</u>	<u>3,628,668</u>	<u>4,803,710</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>3,743,830</u>	<u>390,648</u>	<u>(3,176,118)</u>	<u>(1,187,543)</u>
<i>Other financing sources (uses)</i>				
Transfers in	40,000	-	775,731	-
Transfers out	(3,276,059)	-	-	-
Proceeds from issuance of long term debt	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(3,236,059)</u>	<u>-</u>	<u>775,731</u>	<u>-</u>
<i>Net change in fund balances</i>	507,771	390,648	(2,400,387)	(1,187,543)
<i>Fund balance - beginning of year</i>	5,472,559	1,224,629	2,778,227	-
<i>Restatement</i>	-	-	-	-
<i>Fund balance - restated</i>	<u>5,472,559</u>	<u>1,224,629</u>	<u>2,778,227</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ 5,980,330</u>	<u>\$ 1,615,277</u>	<u>\$ 377,840</u>	<u>\$ (1,187,543)</u>

The accompanying notes are an integral part of these financial statements

County Debt Service	Other Governmental Funds	Total
\$ 1,108,944	\$ 276,843	\$ 9,265,618
-	3,379,694	6,465,534
-	313,849	665,720
-	361,302	361,307
-	409,943	409,943
-	1,869,633	3,929,440
-	2,104,861	5,721,028
-	3,953	106,029
-	348,305	1,243,461
-	25,576	640,881
-	585,124	612,669
<u>1,108,944</u>	<u>9,679,083</u>	<u>29,421,630</u>
-	566,432	5,442,726
-	4,576,608	9,909,582
-	1,428,244	1,428,244
-	755,930	755,930
-	217	217
-	5,976,687	13,675,210
-	1,058,298	1,699,744
-	93,266	406,815
-	<u>14,455,682</u>	<u>33,318,468</u>
<u>1,108,944</u>	<u>(4,776,599)</u>	<u>(3,896,838)</u>
-	3,687,355	4,503,086
(775,731)	(451,297)	(4,503,087)
-	696,366	696,366
<u>(775,731)</u>	<u>3,932,424</u>	<u>696,365</u>
333,213	(844,175)	(3,200,473)
921,212	2,838,271	13,234,898
-	1,257,972	1,257,972
<u>921,212</u>	<u>4,096,243</u>	<u>14,492,870</u>
<u>\$ 1,254,425</u>	<u>\$ 3,252,068</u>	<u>\$ 11,292,397</u>

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STATE OF NEW MEXICO

Valencia County

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
June 30, 2008

Exhibit B-2

Page 2 of 2

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

Net change in fund balances - total governmental funds	\$ (3,200,473)
--	----------------

Governmental funds report capital outlays as expenditures. However in
the statement of activities, the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense:

Capital assets reported as capital outlay expenditures	13,675,210
Depreciation expense	(2,269,376)
Loss on disposition of assets	(338,574)

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

Change in deferred revenue related to property taxes receivable	2,534,343
---	-----------

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

Decrease in landfill liability	29,530
Increase in accrued interest	(271,165)
Amortization of bond issuance costs and bond premiums	(24,260)
Proceeds from issuance of loans	(696,366)
Increase in accrued compensated absences	(77,877)
Principal payments on long-term debt	<u>1,650,436</u>

Change in net assets of governmental activities	<u><u>\$ 11,011,428</u></u>
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The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO

Exhibit C-1

Valencia County

General Fund

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

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ 7,115,000	\$ 7,164,112	\$ 7,869,316	\$ 705,204
Gross receipts	950,000	950,000	1,373,077	423,077
Gasoline and motor vehicle	-	-	383,800	383,800
Other	-	-	5	5
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	1,228,840	1,228,840	2,059,807	830,967
State capital grants	-	-	-	-
Charges for services	1,440,000	1,440,000	911,129	(528,871)
Licenses and fees	20,000	20,000	116,663	96,663
Investment income	60,000	60,000	170,021	110,021
Miscellaneous	852,396	978,831	1,009	(977,822)
<i>Total revenues</i>	<u>11,666,236</u>	<u>11,841,783</u>	<u>12,884,827</u>	<u>1,043,044</u>
<i>Expenditures:</i>				
Current:				
General government	4,893,721	5,232,481	4,368,587	863,894
Public safety	4,025,776	4,072,328	3,908,492	163,836
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	30,500	93,892	92,447	1,445
Debt service:				
Principal	177,885	179,985	179,264	721
Interest	-	-	-	-
<i>Total expenditures</i>	<u>9,127,882</u>	<u>9,578,686</u>	<u>8,548,790</u>	<u>1,029,896</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,538,354</u>	<u>2,263,097</u>	<u>4,336,037</u>	<u>2,072,940</u>
<i>Other financing sources (uses)</i>				
Designated cash	1,489,265	1,764,522	-	(1,764,522)
Transfers in	-	-	40,000	40,000
Transfers out	(4,027,619)	(4,027,619)	(3,409,743)	617,876
<i>Total other financing sources (uses)</i>	<u>(2,538,354)</u>	<u>(2,263,097)</u>	<u>(3,369,743)</u>	<u>(1,106,646)</u>
<i>Net change in fund balance</i>	-	-	966,294	966,294
<i>Fund balance - beginning of year</i>	-	-	5,055,221	5,055,221
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,021,515</u>	<u>\$ 6,021,515</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 966,294
Adjustments for state grant and miscellaneous receivable accrual				(69,844)
Adjustments to expenditures for general fund function accruals				(388,679)
Net change in fund balance (GAAP)				<u>\$ 507,771</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
Valencia County
County Indigent Claim Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

Exhibit C-2

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	1,525,000	1,525,000	1,711,514	186,514
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	10,000	10,000	14,036	4,036
Miscellaneous	-	-	26,436	26,436
<i>Total revenues</i>	<u>1,535,000</u>	<u>1,535,000</u>	<u>1,751,986</u>	<u>216,986</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	1,494,753	1,494,753	1,384,937	109,816
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	6,000	6,000	-	6,000
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,500,753</u>	<u>1,500,753</u>	<u>1,384,937</u>	<u>115,816</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>34,247</u>	<u>34,247</u>	<u>367,049</u>	<u>332,802</u>
<i>Other financing sources (uses)</i>				
Designated cash	(34,247)	(34,247)	-	34,247
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(34,247)</u>	<u>(34,247)</u>	<u>-</u>	<u>34,247</u>
<i>Net change in fund balance</i>	-	-	367,049	367,049
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,086,629</u>	<u>1,086,629</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,453,678</u>	<u>\$ 1,453,678</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 367,049
Adjustments made for revenue accruals				(2,083)
Adjustments to expenditures for indigent claim accruals				25,682
Net change in fund balance (GAAP)				<u>\$ 390,648</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
Valencia County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2008

Exhibit D-1

Assets

Cash	\$ 4,026,385
Taxes receivable	<u>4,842,833</u>
 Total assets	 <u><u>\$ 8,869,218</u></u>

Liabilities

Deposits held for others	\$ 4,026,385
Due to other taxing entities	<u>4,842,833</u>
 Total liabilities	 <u><u>\$ 8,869,218</u></u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
Valencia County
Notes to Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies

Valencia County is a political sub-division of the State of New Mexico established in 1876 under the provisions of Section 4-5-1 of NMSA, 1978 compilation and regulated by the constitution of the State of New Mexico. The County operates under a Board of County Commissioners-manager form of government and provides the following services as authorized by public law: public safety (sheriff, fire, emergency medical, etc.), roads, health and social services, recreation, sanitation, planning and zoning, property assessment, tax collection and general administrative services.

The Valencia County is a body politic and corporate under the name and form of government selected by its qualified electors. The County may:

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico.
6. Protect generally the property of its county and its inhabitants;
7. Preserve peace and order within the county; and
8. Establish rates for services provided by the County utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

This summary of significant accounting policies of Valencia County is presented to assist in the understanding of Valencia County's financial statements. The financial statements and notes are the representation of Valencia County's management that is responsible for their integrity and objectivity. The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private sector guidance for their government-wide financial statements subject to the same limitation. The County has elected not to follow the subsequent private sector guidance. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the County, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14 and No. 39. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

STATE OF NEW MEXICO
Valencia County
Notes to Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

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. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the County does not have any component units required to be reported under GASB Statements No. 14 and No. 39.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities and changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The County does not have any *business-type activities*.

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place, regardless of the timing of the related cash flows. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*. Property taxes are recognized as revenues in the year for which they are billed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

In the government-wide Statement of Net Assets, both the governmental and business-type activities (if applicable)(a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Neither fiduciary funds nor component units that are fiduciary in nature are included in the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

STATE OF NEW MEXICO
Valencia County
Notes to Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operations fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Indigent Claims Special Revenue Fund* was created by Section 7-20-3, New Mexico Statutes Annotated, 1978 Compilation to account for funds reserved from a County excise tax equal to one eighth of one percent of the "county gross receipts tax" adopted through County ordinance 86-17. Expenditures are restricted to indigent care.

The *Bond/Judicial Renovation Capital Projects Fund* was created by Resolution No. 2004-26 to account for the County's Judicial Renovations

The *Legislative Appropriation FY 07/08 Capital Projects Fund* was created under authority of the county commission to account for appropriations to Valencia County for year 2007/2008 to plan, design, and construct community centers, infrastructure, and fire departments for several communities. Authorized by Legislative Council 48th Legislature, 1st Session, 2007.

The *County Debt Service Fund* accounts for resources designated for the retirement of NMFA Notes Payable. This fund also administers the bond reserve fund and the payment of certain obligations for which the notes were issued.

Additionally, the government reports the following fund types:

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Debt Service Funds* account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

STATE OF NEW MEXICO
Valencia County
Notes to Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

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

The *Capital Projects Funds* account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The *Fiduciary Funds* are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The County's fiduciary funds are used to account for the collection and payment of property taxes and special fees to other governmental agencies.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the County's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the County's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of County facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as small cities assistance to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The County reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The County does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

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

D. Assets, Liabilities and Net Assets or Fund Equity

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

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

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

STATE OF NEW MEXICO
Valencia County
Notes to Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Assets or Fund Equity (continued)

Receivables and Payables: Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting funds and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

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

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Property tax receivables are recognized when levied net of estimated refunds and uncollectible amounts.

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

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

Restricted Assets: Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended.

Capital Assets: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Valencia County was a Phase I government for purposes of implementing GASB 34. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

STATE OF NEW MEXICO
Valencia County
Notes to Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Assets or Fund Equity (continued)

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

<u>Assets</u>	<u>Years</u>
Infrastructure	30-40
Buildings and building improvements	40-50
Vehicles	5-7
Office furniture and equipment	5-20
Machinery and equipment	5-7
Software	3
Computer equipment	3-7

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2008, along with applicable PERA and Retiree Health Care.

Deferred Revenues: There are two types of deferred revenue. Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for deferred revenue (commonly referred to as unearned revenue). The other type of deferred revenue is "unavailable revenue." Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. It must also be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be off-set by a corresponding liability for deferred revenue.

Compensated Absences: Qualified employees are entitled to accumulate annual leave according to a graduated annual leave schedule. Depending on the length of service, employees may accrue 10 to 20 days per year. Annual leave may be accumulated from year to year up to a maximum of 30 days. Annual leave balances in excess of 30 days as of December 31 of any calendar year will be lost. The employee or the employee's estate will be paid for each day of the unused annual leave at the time of the employee's voluntary or involuntary termination, retirement, death, or total disability up to a maximum of 30 days plus the number of days accrued and unused during the current calendar year.

Qualified employees are entitled to accumulate sick leave at a rate of 12 days per year. There is no accrual limitation and upon separation or retirement of an employee who has served five or more years, the County shall pay the employee a sum equal to 25% of the value of the accumulated and unused sick leave, based on his/her average rate of pay for the preceding 12 months. Part-time employees accrue sick leave on a pro-rata basis. Casual and temporary employees do not accrue sick leave.

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

Long-term Obligations: In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. For bonds that were issued after GASB 34 was implemented by the County bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds Payable are reported net of the applicable bond premium or discount. For

STATE OF NEW MEXICO
Valencia County
Notes to Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Assets or Fund Equity (continued)

fund financial reporting, bond premiums and discounts, as well as issuance costs are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source

net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

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

Equity Classifications

Government-wide Statements

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

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

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

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

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications: Certain amounts included in the financial statements have been reclassified to conform to the current year presentation

STATE OF NEW MEXICO
Valencia County
Notes to Financial Statements
June 30, 2008

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets of the County are prepared prior to June 1 and must be approved by resolution of the Board of County Commissioners, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the County Commissioners and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget at the fund level.

These budgets are prepared on the Non-GAAP cash budgetary basis. Budgetary expenditures exclude encumbrances. The budget secures appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	\$ 2,538,354	\$ 2,713,901
County Indigent Claims	34,247	34,247
Bonds / Judicial Renovation	(3,290,708)	(3,583,403)
Legislative Appropriations FY 07/08	(25,000)	-
County Debt Service	775,731	775,731

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

Since accounting principles applied for purposes of developing revenues and expenditures on the budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America (GAAP), a reconciliation of resultant basis, perspective, equity and timing differences in the net change in fund balances is presented for the year ended June 30, 2008. Reconciliations between the Non-GAAP budgetary basis amounts and the financials statements on the GAAP basis by fund can be found on the individual budgetary comparison statements.

STATE OF NEW MEXICO
Valencia County
Notes to Financial Statements
June 30, 2008

NOTE 3. Deposits and Investments

State statutes authorize the investment of County funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. The County is not aware of any invested funds that did not meet the State investment requirements as of June 30, 2008.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the County. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute.

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

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

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$100,000 in aggregate and separate from the \$100,000 coverage for public unit demand deposits at the same institution.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County does not have a policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63 NMSA 1978). New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the County for at least one half of the amount on deposit with the institution. At June 30, 2008, \$11,371,036 of the County's deposits of \$13,163,225 were exposed to custodial credit risk, \$8,810,011 was uninsured and collateralized by collateral held by the pledging bank's department or agent, not in the County's name. \$2,248,309 was uninsured and uncollateralized. The escrow accounts of \$312,716 were invested 100% in U.S. Treasury Obligations that were held by the counterparty's trust department but not in the County's name.

STATE OF NEW MEXICO
Valencia County
Notes to Financial Statements
June 30, 2008

NOTE 3. Deposits and Investments (continued)

	<u>Bank of the West</u>	<u>Wells Fargo</u>	<u>First Community Bank</u>	<u>Bank of Albuquerque</u>
Amount of deposits	\$ 3,662,202	\$ 130,649	\$ 2,289,942	\$
FDIC Coverage	(200,000)	(130,649)	(200,000)	(
Total uninsured public funds	<u>3,462,202</u>	<u>-</u>	<u>2,089,942</u>	<u></u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	<u>2,298,368</u>	<u>-</u>	<u>2,089,942</u>	<u></u>
Uninsured and uncollateralized	<u>\$ 1,163,834</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$</u>
Collateral requirement (50% of uninsured funds)	\$ 1,731,101	\$ -	\$ 1,044,971	\$
Pledged Collateral	2,298,368	-	2,089,942	-
Over (Under) collateralized	<u>\$ 567,267</u>	<u>\$ -</u>	<u>\$ 1,044,971</u>	<u>\$</u>
	<u>NM Bank & Trust</u>	<u>My Bank</u>	<u>Total</u>	
Amount of deposits	\$ 569,916	\$ 2,018,088	\$ 8,670,882	
FDIC Coverage	(100,000)	(200,000)	(830,734)	
Total uninsured public funds	<u>469,916</u>	<u>1,818,088</u>	<u>7,840,148</u>	
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	<u>189,429</u>	<u>1,014,100</u>	<u>5,591,839</u>	
Uninsured and uncollateralized	<u>\$ 280,487</u>	<u>\$ 803,988</u>	<u>\$ 2,248,309</u>	
Collateral requirement (50% of uninsured funds)	\$ 234,958	\$ 909,044	\$ 3,920,074	
Pledged Collateral	189,429	1,014,100	5,591,839	
Over (Under) collateralized	<u>\$ (45,529)</u>	<u>\$ 105,056</u>	<u>\$ 1,671,765</u>	

STATE OF NEW MEXICO
Valencia County
Notes to Financial Statements
June 30, 2008

NOTE 3. Deposits and Investments (continued)

Re-purchase Account	Bank of the West
Total amounts of deposits	\$ 3,218,172
FDIC coverage	<u>-</u>
Total uninsured public funds	3,218,172
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	<u>3,218,172</u>
Uninsured and uncollateralized	<u><u>\$ -</u></u>
Collateral requirement (102% of uninsured-re-purchase)	\$ 3,282,535
Pledged securities	<u>3,250,353</u>
Over (under) collateralized	<u>\$ (32,182)</u>

Investment Type	Rating	Fair Value	WAM	Depository
U.S. Treasury Money Market Mutual Fund	N/C	\$ 942,132	< 1 year	Bank of Albuquerque
U.S. Treasury Money Market Mutual Fund	N/C	\$ 19,323	< 1 year	New Mexico Finance Authority
U.S Treasury Obligations	N/C	312,716	< 1 year	Wells Fargo
New MexiGROW LGIP	AAA rating	<u>\$ 1,500,000</u>	< 24 days	State Treasurer
Total		<u><u>\$ 2,774,171</u></u>		

STATE OF NEW MEXICO
Valencia County
Notes to Financial Statements
June 30, 2008

NOTE 3. Deposits and Investments (continued)

The New MexiGROW Local Government Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Section 6-10-10 I through 6-10-10 P and Sections 6-10-1.1 A and E, NMSA 1978. The pool does not have unit shares. Per Section 6-10-10.1 F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary.

Interest Rate Risk – Investments. The County does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates. The County follows state law with investment activities.

Reconciliation to the Statement of Net Assets

Cash and cash equivalents per Exhibit A-1	\$ 8,981,030
Restricted cash and cash equivalents per Exhibit A-1	961,455
Agency funds cash per Exhibit E-1	<u>4,026,385</u>
 Total cash and cash equivalents	 <u>13,968,870</u>
 Less: deposits in transit and other reconciling items	 694,356
 Bank balance of deposits	 <u><u>\$ 14,663,226</u></u>

NOTE 4. Receivables

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

	General	County Indigent Claims	Bond / Judicial Renovation	Legislative Appropriation 07/08	County Debt Service	Total Nonmajor Funds	Total
Property taxes	\$ 2,945,272		\$ -	\$ -	\$ 224,338	\$ 63,289	\$3,232,899
Other taxes:							
Oil and gas taxes	-		-	-	-	32,584	32,584
Other	-		-	-	-	587,579	587,579
Other receivables:							
Intergovernmental-grants:							
Local						58,760	58,760
State	-		-	1,733,043	-	1,038,932	2,771,975
Federal	-		-	-	-	66,046	66,046
Interest	27,532		-	-	-	21,602	49,134
Miscellaneous	24,952	1,225	-	-	-	308,604	334,781
Totals	<u>\$ 2,997,756</u>	<u>\$ 1,225</u>	<u>\$ -</u>	<u>\$ 1,733,043</u>	<u>\$ 224,338</u>	<u>\$ 2,177,396</u>	<u>\$7,133,758</u>

In accordance with GASB Statement No. 33, revenues that were not received during the period of availability have been presented as deferred revenue in the fund financial statements.

STATE OF NEW MEXICO
Valencia County
Notes to Financial Statements
June 30, 2008

NOTE 5. Interfund Receivables, Payables, and Transfers

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

<u>Governmental Funds:</u>	<u>Transfer In</u>	<u>Transfer Out</u>
From General Fund to:	\$ 40,000	\$ 3,276,059
Road	626,167	-
Juvenile Detention	268,758	-
Adult Detention	2,169,057	-
Solid Waste GRT	115,761	-
Title C-1	57,501	-
 From Los Chavez to:	 -	 277,612
Fire Excise Tax	277,612	
 From Sheriff's GRT to:	 -	 173,685
Title III-B	34,500	-
Title C-2	138,000	-
 From County Debt Service to:	 -	 775,731
Bond/Judicial Renovation	775,731	-
	<u>\$ 4,503,087</u>	<u>\$ 4,503,087</u>

The County has interfund loans for the purpose of providing cash to grant funds that must expend funds in order to get reimbursements.

The composition of interfund balances as of June 30, 2008 is as follows:

All interfund receivables are to be repaid within one year

Governmental Funds	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 2,669,674	\$ -
CDBG Fund	-	66,046
G.R.E.A.T Grant Fund	-	4,047
LLEBG Fund	-	757
Traffic Safety Fund	-	15,189
Title C-1	-	3,588
Title C-2	-	8,295
Cash in lieu Fund	-	4,716
Legislative Appropriation 03/04	-	59,324
Legislative Appropriation 04/05	-	27,515
Legislative Appropriation 05/06	-	233,686
Legislative Appropriation 06/07	-	556,247
Legislative Appropriation 07/08	-	1,690,264
	<u>\$ 2,669,674</u>	<u>\$ 2,669,674</u>
Total Governmental Funds	<u>\$ 2,669,674</u>	<u>\$ 2,669,674</u>

STATE OF NEW MEXICO
Valencia County
Notes to Financial Statements
June 30, 2008

NOTE 6. Capital Assets

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

Governmental Activities:

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Capital assets not being depreciated:				
Land	\$ 3,679,297	\$ -	\$ -	\$ 3,679,297
Construction in progress	9,369,601	1,397,719	-	10,767,320
Total capital assets not being depreciated	13,048,898	1,397,719	-	14,446,617
Capital assets being depreciated:				
Buildings and improvements	12,575,917	7,690,654	8,608	20,257,963
Equipment	16,932,260	2,624,462	1,282,183	18,274,539
Infrastructure	11,273,519	1,962,375	-	13,235,894
Total capital assets being depreciated	40,781,696	12,277,491	1,290,791	51,768,396
Less accumulated depreciation:				
Buildings and improvements	7,235,793	1,156,346	-	8,392,139
Equipment	8,571,785	936,138	952,218	8,555,705
Infrastructure	6,499,151	176,892	-	6,676,043
Total accumulated depreciation	22,306,729	2,269,376	952,218	23,623,887
Total capital assets, net of depreciation	\$ 31,523,865	\$ 11,405,834	\$ 338,573	\$ 42,591,126

Construction in progress relates to improvements on the County's cultural centers and fire departments. Estimated cost to complete was not determined.

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

General Government	\$ 748,894
Public Safety	1,180,076
Public Works	226,938
Culture & Recreation	113,468
Total depreciation expense	\$ 2,269,376

STATE OF NEW MEXICO
Valencia County
Notes to Financial Statements
June 30, 2008

NOTE 6. Capital Assets (continued)

Of the depreciable assets balance of \$42,591,126, approximately \$1,266,111 is related to machinery and vehicles financed by capital leases. The amount of amortization associated with the leased machinery and vehicles reported in the accumulated depreciation balance of \$23,623,887 has not been determined.

NOTE 7. Long-term Debt

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

	<u>Balance June 30, 2007</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2008</u>	<u>Due Within One Year</u>
Governmental activities					
Landfill closure and post closure	\$ 1,242,000	\$ -	\$ 29,530	\$ 1,212,470	\$ -
Bonds:					
GRT Revenue Bonds Series 2001	350,000	-	115,000	235,000	115,000
GO Bonds - Series 2004 - Judicial Complex	9,235,000	-	475,000	8,760,000	500,000
Subtotal bonds	<u>9,585,000</u>	<u>-</u>	<u>590,000</u>	<u>8,995,000</u>	<u>615,000</u>
NMFA loans:					
Series 2000A - Jail Facility	1,055,000	-	855,000	200,000	430,000
Tome Adelino Fire Department	109,056	-	12,263	96,793	12,599
El Cerro Volunteer Fire Department	163,189	-	18,349	144,840	18,832
Los Chavez Fire Department	249,253	-	23,213	226,040	24,171
Los Chaves Fire Department	-	119,700	23,895	95,805	24,723
Meadow Lake Fire Department	-	333,334	-	333,334	27,821
Subtotal NMFA loans	<u>1,576,498</u>	<u>453,034</u>	<u>932,720</u>	<u>1,096,812</u>	<u>538,146</u>
Capital leases:					
Kansas State Bank - 3 Dump Trucks	110,227	-	53,940	56,287	56,287
John Deere Credit - 2 Graders	331,177	-	18,263	312,914	19,150
State Board of Finance	14,000	-	-	14,000	3,500
State Board of Finance	414,936	-	-	414,936	51,867
John Deere Credit - 2 Graders	258,450	-	23,062	235,388	24,061
Bank One Leasing - Tahoe and Tanker	21,705	-	21,705	-	-
Key Government Finance Inc.	-	65,042	4,863	60,179	12,061
John Deere Motor Grader	-	178,290	5,884	172,406	12,240
Subtotal Capital leases	<u>1,150,495</u>	<u>243,332</u>	<u>127,717</u>	<u>1,266,110</u>	<u>179,166</u>
Accrued compensated absences	<u>335,068</u>	<u>293,476</u>	<u>216,197</u>	<u>412,347</u>	<u>216,197</u>
Total Governmental Activities	<u>\$ 13,889,061</u>	<u>\$ 989,842</u>	<u>\$ 1,896,164</u>	<u>\$ 12,982,739</u>	<u>\$ 1,548,509</u>

STATE OF NEW MEXICO
Valencia County
Notes to Financial Statements
June 30, 2008

NOTE 7. Long-term Debt (continued)

Bonds Payable

On September 23, 2003, voters of the County authorized the issuance of \$9,870,000 General Obligation Judicial Complex Bonds at a special election held within the County. The bonds were issued in the amount of \$9,870,000 and sold to the New Mexico Finance Authority for 100% of the principal with a interest rate of 1.15% to 4.01%. Payments are due semi-annually on February 1 and August 1. The bond repayment ends in 2019.

Voters of the County authorized a Series 2001 Gross Receipts Tax revenue Bond. The bond was issued in the amount of \$865,000 with a interest rate of 3.0% to 4.5%. Payments are due semi-annually on February 1 and August 1. The bond repayment ends in 2009.

The annual requirements to amortize the revenue bonds and general obligation as of June 30, 2008, including interest payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2009	\$ 115,000	\$ 7,901	122,901
2010	120,000	2,700	122,700
	<u>\$ 235,000</u>	<u>\$ 10,601</u>	<u>\$ 245,601</u>

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2009	\$ 500,000	\$ 290,985	790,985
2010	575,000	278,512	853,512
2011	600,000	263,280	863,280
2012	685,000	244,947	929,947
2013	725,000	234,775	959,775
2014-2018	4,675,000	667,074	5,342,074
2019-2023	1,000,000	20,050	1,020,050
	<u>\$ 8,760,000</u>	<u>\$ 1,999,622</u>	<u>\$ 10,759,623</u>

STATE OF NEW MEXICO
Valencia County
Notes to Financial Statements
June 30, 2008

NOTE 7. Long-term Debt (continued)

NMFA Revenue Notes

The County of Valencia entered into several loan agreements with the New Mexico Finance Authority, wherein the County pledged revenue derived from New Mexico Fire Protection Allotments to cover debt service. This revenue is subject to intercept agreements. The various NMFA Revenue Notes are as follows:

Description	Date of Issue	Term	Interest Rate	Original amount of issue	Balance June 30, 2008
Series 2000A- Jail facility	June 30, 2000	June 30, 2009	4.1% - 5.3%	\$ 4,715,000	\$ 430,000
Tome Adelino Fire Department	September 30, 2004	September 30, 2015	1.26% - 3.67%	194,445	96,793
El Cerro Volunteer Fire Department	September 30, 2004	September 30, 2015	1.26% - 3.67%	130,000	144,840
Los Chavez Fire Department	March 10, 2006	March 10, 2016	4.1% - 5.3%	270,000	226,040
Metal Building & Class "A" Fire Pumper LCFD	November 1, 2007	November 1, 2012	3.87%	119,700	95,805
Construction Phase II Addition MLFD	August 27, 2007	August 27, 2018	1.52%	333,334	333,334
Total of NMFA loans					<u>1,326,812</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2009	\$ 538,146	\$ 54,285	592,431
2010	114,852	24,122	138,974
2011	118,322	20,660	138,982
2012	113,573	16,986	130,559
2013	97,473	13,391	110,864
2014-2018	<u>344,446</u>	<u>23,127</u>	<u>367,573</u>
	<u>\$ 1,326,812</u>	<u>\$ 152,570</u>	<u>\$ 1,479,382</u>

STATE OF NEW MEXICO
Valencia County
Notes to Financial Statements
June 30, 2008

NOTE 7. Long-term Debt (continued)

Capital Leases

The County leases vehicles and other equipment under various capital leases. The economic substance of the leases is that the County is financing the acquisition of the assets through the leases and, accordingly, they are recorded as County assets and liabilities. The obligations under capital leases have been recorded in the accompanying financial statements at the present value of future minimum lease payments, discounted at interest rates as stated in the individual contracts. The capital leases are as follows:

Description	Date of Issue	Term	Interest Rate	Original amount of issue	Balance June 30, 2008
Kansas State Bank- 3 Dump Trucks	August 7, 2003	August 15, 2008	4.28%	\$ 259,017	\$ 56,287
John Deere Credit-2 Graders	November 1, 2005	December 1, 2010	4.75%	353,380	312,914
State Board of Finance	April 21, 2000	December 31, 2009	no interest	35,000	14,000
State Board of Finance	February 4, 2004	December 31, 2013	no interest	518,668	414,936
John Deere Credit-2 Graders	December 1, 2004	December 1, 2009	4.25%	312,000	235,388
Chase Equipment-Tahoe and Tanker	July 5, 2001	July 25, 2007	7.40%	140,000	-
Key Government Finance, Inc.	January 17, 2008	January 17, 2013	4.83%	66,848	60,179
John Deer Credit-Motor Grader	December 4, 2007	January 1, 2013	5.25%	178,290	172,406
Total capital leases					<u>\$ 1,266,111</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2008, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2009	\$ 179,166	\$ 37,740	\$ 216,906
2010	312,306	27,973	340,279
2011	355,877	15,175	371,052
2012	83,552	7,419	90,971
2013	179,606	3,673	183,279
2014-2018	155,601	—	155,601
	<u>\$ 1,266,109</u>	<u>\$ 91,980</u>	<u>\$ 1,358,089</u>

Compensated Absences – Employees of the County are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2008, compensated absences increased \$77,279 over the prior year accrual.

In prior years, the General Fund was typically used to liquidate long-term liabilities other than capital leases and NMFA notes which were liquidated by the Road Fund and the Fire District special revenue funds.

STATE OF NEW MEXICO
Valencia County
Notes to Financial Statements
June 30, 2008

NOTE 8. Landfill Closure and Postclosure Care

State law, federal law and various regulations require that Valencia County place a final cover on its landfill when it is closed, and perform certain maintenance and monitoring functions at the landfill for 30 years after the closure. Therefore, the County has recognized in its financial statements both operating expenses for current year landfill activities, and an expense provision and related liability for the future closure and postclosure care costs that will be incurred near or after the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on management's estimates of the landfill capacity used to date. In the fiscal year ended June 30, 2008, the landfill reached 100% of its capacity and it is expected to be closed during the next fiscal year. The estimated liability for the County's landfill closure and postclosure care was \$1,212,470 as of June 30, 2008, which was a decrease of \$29,530 from the prior year's estimate. These estimates change due to inflation or deflation, changes in technology, applicable laws or regulations.

The County has approved \$705,000 in its operating budget for the upcoming fiscal year ending June 30, 2009, for these estimated closure and postclosure care costs. The County is actively seeking additional available funds to finance the necessary improvements. The County has contracted with specialists in the area of landfill closures to ensure the closure is done properly and meets all applicable codes and regulations of the State of New Mexico.

NOTE 9. Risk Management

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

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

NOTE 10. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

A. Deficit fund balance of individual funds. The following funds reflected a deficit fund balance as of June 30, 2008:

Legislative Appropriation FY 03/04 Capital Project Fund (Fund 409)	(59,234)
Legislative Appropriation FY 04/05 Capital Project Fund (Fund 410)	(27,515)
Tome Adelino Capital Project Fund (Fund 411)	(233,686)
Legislative Appropriation FY 06/07 Capital Project Fund (Fund 412)	(633,602)
Legislative Appropriation FY 07/08 Capital Project Fund (Fund 433)	(1,187,543)
CDBG Special Revenue Fund (Fund 433)	(66,046)
G.R.E.A.T Grant Special Revenue Fund (Fund 439)	(4,047)
Solid Waste GRT Special Revenue Fund (Fund 446)	(2,682)
LLEBG Special Revenue Fund (Fund 456)	(757)
Traffic Safety Special Revenue Fund (Fund 465)	(9,270)
Title C-1 Special Revenue Fund (Fund 495)	(1,894)
Title C-2 Special Revenue Fund (Fund 496)	(5,769)
Cash in Lieu Special Revenue Fund (Fund 497)	(4,716)
Total	\$ (2,236,761)

The County plans to collect grant revenues and reduce or eliminate these negative fund balances.

STATE OF NEW MEXICO
Valencia County
Notes to Financial Statements
June 30, 2008

NOTE 11. PERA Pension Plan

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

Funding Policy: Plan members are required to contribute 6.15% for municipal employees and 7.00% of gross salaries for law enforcement employees. The County is required to contribute 12.15% for all other plan members and 27.80% for law enforcement plan members. The contribution requirements of plan members and Valencia County are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The County's contributions to PERA for the years ended June 30, 2008, 2007 and 2006 were \$762,749, \$754,316, and 512,362 respectively, which equal the amount of the required contribution for each fiscal year.

NOTE 12. Retiree Health Care Act Contributions

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

STATE OF NEW MEXICO
Valencia County
Notes to Financial Statements
June 30, 2008

NOTE 12. Retiree Health Care Act Contributions (Continued)

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The County's contributions to the RHCA for the years ended June 30, 2008, 2007 and 2006 were \$105,814, \$95,490 and \$92,057, respectively which equaled the required contributions each year.

NOTE 13. Joint Powers Agreement

The County's Detention Center is a participant in a joint powers agreement with the Central New Mexico Correction Facility where both parties agree to maintain personnel and equipment for the preservation of peace within its own jurisdiction, and enforce security and control in and to their various establishments, directs, agencies, and municipalities. Both of the parties to the agreement are responsible. The agreement was entered into on June 8, 2008 and will remain in full force until by mutual agreement of the parties or by written notice by one party to the other giving 30 day notice of said cancellation. The amount of the project and the County contributions are not readily determinable. Each party is responsible for the audit of its own related expenditures.

The County is a participant in a joint powers agreement with the Humane Society of the United States to observe and evaluate the operating procedures of animal care and control agencies and, where necessary, recommend changes to such procedures to enable the shelter to operate in a safer, more cost- effective, and more humane manner. Both of the parties are responsible. The agreement was entered into on January 1, 2008 and will commence on the 31st day following the delivery of the report from the Humane Society of the United States. The County agrees to pay a fee of \$7,600. The term of the agreement is no more than thirty-one days following the Humane Society of the United States' receipt of the fee mentioned above. Audit responsibility is with the Humane Society of the United States.

The County is a participant in a joint powers agreement with Bernalillo and Sandoval County to exercise the power to incarcerate any person within the same county, who is charged with any crime or properly committed for trial or for the imprisonment of every person who in conformity with sentence, upon conviction of an offense, may have been sentenced, and for the safekeeping of every person who shall be committed by competent authority according to law pursuant to NMSA 1978, Section 33-3-3 (2001). Both of the parties are responsible. Valencia County agrees to compensate Bernalillo County on a quarterly basis for actual program costs. Bernalillo County agrees to assist Valencia County in developing, implementing and operating a juvenile community custody program and services for the diversion of juveniles to community-based settings. The total amount of the project and the County contributions are not readily determinable. The agreement shall remain in effect until terminated by either party with given notice at least 30 days prior to termination. The responsibility for the audit is with both parties.

The County is a participant in separate joint powers agreements with the Village of Bosque Farms, Village of Los Lunas, City of Belen, and Pueblo of Isleta to provide for the holding of impounded animals at the Valencia County Animal Control Center. Valencia County agrees to report revenues while the other participants agree to report expenditures. All parties are responsible to perform their share of the agreement. The agreement was entered into on

July 1, 2002 and will remain in full force until by mutual agreement of the parties or by written notice by one party to the other giving 30 day notice of said cancellation. The term of the agreement is indefinite. The amount of the project and County contributions are not readily determinable. The participants are responsible for the audit of their own related expenditures.

The County is a participant in separate joint powers agreements with the Socorro County, Village of Los Lunas, Pueblo of Isleta, Village of Bosque Farms, City of Belen, Otero County, and Santo Domingo Pueblo to provide for the housing and care of adult prisoners arrested by the above jurisdictions. Valencia County agrees to report revenues while the other participants agree to report expenditures. All parties are responsible for their share of the agreement. The agreements were entered into on December 2005 and are effective December 2010. The amount of the project and the County contributions are not readily determinable. The participants are responsible for the audit of their own related expenditures.

STATE OF NEW MEXICO
Valencia County
Notes to Financial Statements
June 30, 2008

NOTE 14. Commitments

The County's commitments on construction projects at June 30, 2008 are as follows:

<u>Description</u>	<u>Amount</u>
Peralta Fire Department	\$ 100,973
Conejo Transfer Station Public Works	412,110
El Cerro Loop Traffic Lights	65,902
Jarales Community Center/Sherriff Sub Station	<u>19,612</u>
 Total	 <u>\$ 598,597</u>

NOTE 15. Contingent Liabilities

The County is a defendant in a lawsuit in which the plaintiff's complaint purports that the County failed to grant the plaintiff's company a hauler's permit and failed to renew his contract. The County has responded that the denial was due to the plaintiff's refusal to pay the related franchise fees. The expected outcome of the case is uncertain. The plaintiff's claim against the County is estimated at approximately \$140,000.

In September of 2001, the New Mexico Environment Department (the Department) assessed a landfill closure related fine of \$900,000 against the County. The County has been negotiating with the Department to obtain credit toward payment of the fine, for expenditures the County has already made on related landfill clean-up. The County is pursuing all allowable avenues to reduce the fine. The resulting fine may be as low as \$350,000.

NOTE 16. Federal and State Grants

In the normal course of operations, the County receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. The County expects any liability for reimbursement which may arise as a result of these audits is to be immaterial.

NOTE 17. Claims and Judgments Liability

The County is proceeding with a class action law suit to resolve all claims with employees regarding problems in past contributions to employees' PERA retirement accounts. There is not a dispute regarding the time period the county owes PERA benefits for seven employees. There are seventeen employees the County owes PERA benefits to but there are disputes with those employees regarding issues related to their specific eligibility like: dates worked; contributions made to PERA; and employee eligibility for benefits throughout employment. The County is in the process of negotiating these claims with the employees' attorney. In addition, the County is in the process of reviewing the files of ten employees who have also made claims. The County calculated its present exposure to be \$393,155 (\$37,967 employer contributions plus \$37,258 employee contributions, and \$317,930 for accrued interest)

NOTE 17. Claims and Judgments Liability (Continued)

for employees currently identified, and its probable exposure to be \$100,000 for attorney fees for the class attorneys. The County has recorded the total liability of \$493,155 in its financial statements as required by GASB 10 ¶ 53.

NOTE 18. Net Assets

In the Statement of Net Assets \$19,661,618 of net assets is reported as restricted, of which \$(1,907,984) is restricted by enabling legislation. See the enabling legislation in the fund descriptions on pages 24 and 46-49.

NOTE 19. Restatement

Reimbursement basis funds that had negative fund balances at the end of the prior fiscal year have been restated to correct previous understatements of accounts receivables.

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
Valencia County
Nonmajor Governmental Funds
June 30, 2008

SPECIAL REVENUE FUNDS

402 – Road Fund – To account for funds used to maintain roads for which the County has responsibility. Financing sources include motor vehicle registration fees and New Mexico State Highway Department Cooperative Agreement funds. Expenditures are restricted for the construction and maintenance of county roads. The fund was created by authority of State Statute Section 67-4-1, NMSA, 1978 Compilation.

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

404 – Recreation – To account for recreational funds. Financing is provided by cigarette taxes and special Federal Grants used in park development. The fund was created by authority of State Statute Section 7-12-15, NMSA 1978 Compilation.

408 – Juvenile Detention – This fund was created by Resolution No. 2002-37 to account for the operation of the County's Juvenile Detention Center.

415 – Older American – To account for operation of the County's Older American Program. Funding is provided through the Department of Health and Human Services. The Fund was created by authority of the Older Americans Act of 1965, Title III, Parts A and F, Public Law 89-73, as amended; Public Law 90-42, 81 Stat. 106; Public Law 91-69, 83 Stat. 108; Public Law 93-29, 87 Stat. 30; Public Law 93-351, 88 Stat. 357; Public Law 94-135, 89 Stat. 713; Public Law 95-65, 91 Stat. 269; Public Law 95-478, 92 Stat. 1513; Public Law 97-115, 95 Stat. 1595; Public Law 98-459, 98 Stat. 1767; Public Law 100-175, 101 Stat. 926; Section 705, Public Law 100-628; 42 U.S.C 3022-3030(m); Public Law 102-375.

416 – Fire Protection – To account for the operation and maintenance of the County's several fire protection districts. Funding is provided by an allotment from the State Fire Marshall's Office. The Fund was created by authority of State Statute Section 59A-53-1, NMSA 1978 Compilation.

417 – EMS – To account for grants from the State of New Mexico Health Department to be utilized for emergency services provided within the County. Funding is authorized by Section 24-10A-6, NMSA, 1978 Compilation.

418 – Wildlife Fire Reimbursement – The fund is for forestry reimbursements to volunteer fire fighters for "brush fires" in specified dollar amounts per hour and per county equipment usage.

419 – Neighborhood Watch – This fund was created by Resolution No. 2003-65 to account for the operation of the fund from Wal-Mart.

420 – Valuation Maintenance – To account for the County's property reappraisal program pursuant to Section 7-38-38.1, NMSA Compilation. Expenditures from the county property valuation fund may be made pursuant to a property valuation program presented by the county assessor and approved by the majority of the county commissioners.

422 – Adult Detention Center – To account for the operation of the County's Adult Detention Center by the County. This fund was created by Resolution No. 2005-66.

423 – Fire Excise Tax – To account for funds received from a dedicated gross receipts tax used to supplement the County's fire districts. The Fund was created by authority of State Statute Section 7-20E-15, NMSA 1978 Compilation.

424 – Law Enforcement – To account for a state grant restricted to equipment purchases for use in law enforcement planning and training. The fund was created under the authority of Section 29-13-4, NMSA, 1978 Compilation.

429 – Tome Adelino Community Center – To account for the tracking of intercept payments for a fire pumper lease. Funding is provided by gross receipts taxes. The authority for creation of this fund is by County Commission resolution.

STATE OF NEW MEXICO
Valencia County
Nonmajor Governmental Funds
June 30, 2008

SPECIAL REVENUE FUNDS (Continued)

- 430 – Los Chavez**– Created by County Commission resolution to account for proceeds of long-term borrowing.
- 433 – CDBG** – Community Development Block Grant is a planning grant to develop a comprehensive plan for the community.
- 434 – Law Enforcement Explorer Program** – Created by County Commission resolution.
- 439 – G.R.E.A.T Grant** – This fund is to account for monies received from the Bureau of Justice Assistance which is a component of the Office of Justice Programs (OJP), U.S. Department of Justice. The program focuses on gang resistance education and training. This grant reaches out to elementary and middle school students.
- 444 – Solid Waste Performance** – The fund was created as a contract surety bond for insuring services for the solid waste program.
- 446 – Solid Waste GRT** – This fund was created by Section 7-20E-17, New Mexico Section Annotated, 1978 Compilation to account for operation and maintenance of the Valencia County Sanitary Landfill.
- 449 – Clerk’s Equipment** – To account for funds restricted for the repair and replacement of equipment used in the County Clerk’s office. The fund was created under the authority of Section 14-8-12.2, NMSA, 1978 Compilation.
- 456 –LLEBG** – This fund is used to account for grant monies received for the purpose of law enforcement off-road vehicles and equipment. The fund was created under the authority of the Local Law Enforcement Block Grants Act of 1996, H.R. 728; Omnibus Fiscal Year 1997 Appropriations Act, Public Law 104-208.
- 459 – Special Revenue Bond** – This is a bond fund used to account for grant monies received for the purpose of improving roads and purchasing necessary equipment. The fund was created under the authority of Section 3-31-4, NMSA, 1978 Compilation.
- 462 – Sheriff’s GRT** – This fund is used to account for grant monies used for operating expenses for the Sheriff’s department. The fund was created under the authority of State Statute 07-20E-9 thru 7-20E-11. Part of the County Gross receipts tax by Ordinance 2001-01.
- 463 – Road GRT** – This fund is used to account for grant monies used for capital outlay, leasing, backhoe and grader. The fund was created under the authority of State Statute 07-20E-9 thru 7-20E-11. Part of the County Gross receipts tax by Ordinance 2001-01.
- 464 – Fire GRT** – This fund is used to account for grant monies used for contractual services. The fund was created under the authority of State Statute 07-20E-9 thru 7-20E-11. Part of the County Gross receipts tax by Ordinance 2001-01.
- 465 – Traffic Safety** – This education and enforcement fund was created under Resolution No. 2002-48.
- 466 – Homeland Security** – The fund was created under Resolution No. 2002-52.
- 493 – Title III-B** – This fund is part of the Older American fund #415 for access services (priority services) The Fund was created by authority of the Older Americans Act of 1965, Title III, Parts A and F, Public Law 89-73, as amended; Public Law 90-42, 81 Stat. 106; Public Law 91-69, 83 Stat. 108; Public Law 93-29, 87 Stat. 30; Public Law 93-351, 88 Stat. 357; Public Law 94-135, 89 Stat. 713; Public Law 95-65, 91 Stat. 269; Public Law 95-478, 92 Stat. 1513; Public Law 97-115, 95 Stat. 1595; Public Law 98-459, 98 Stat. 1767; Public Law 100-175, 101 Stat. 926; Section 705, Public Law 100-628; 42 U.S.C 3022-3030(m); Public Law 102-375. Revenue in this fund is from federal, state, and local sources.

STATE OF NEW MEXICO
Valencia County
Nonmajor Governmental Funds
June 30, 2008

SPECIAL REVENUE FUNDS (Continued)

494 – Title III-E – This fund is part of the Older American fund #415 for a caregiver support program. The Fund was created by authority of the Older Americans Act of 1965, Title III, Parts A and F, Public Law 89-73, as amended; Public Law 90-42, 81 Stat. 106; Public Law 91-69, 83 Stat. 108; Public Law 93-29, 87 Stat. 30; Public Law 93-351, 88 Stat. 357; Public Law 94-135, 89 Stat. 713; Public Law 95-65, 91 Stat. 269; Public Law 95-478, 92 Stat. 1513; Public Law 97-115, 95 Stat. 1595; Public Law 98-459, 98 Stat. 1767; Public Law 100-175, 101 Stat. 926; Section 705, Public Law 100-628; 42 U.S.C 3022-3030(m); Public Law 102-375. Revenue in this fund is from federal, state, and local sources.

495 – Title C-1 – This fund is part of the Older American fund #415 for congregate meals. The Fund was created by authority of the Older Americans Act of 1965, Title III, Parts A and F, Public Law 89-73, as amended; Public Law 90-42, 81 Stat. 106; Public Law 91-69, 83 Stat. 108; Public Law 93-29, 87 Stat. 30; Public Law 93-351, 88 Stat. 357; Public Law 94-135, 89 Stat. 713; Public Law 95-65, 91 Stat. 269; Public Law 95-478, 92 Stat. 1513; Public Law 97-115, 95 Stat. 1595; Public Law 98-459, 98 Stat. 1767; Public Law 100-175, 101 Stat. 926; Section 705, Public Law 100-628; 42 U.S.C 3022-3030(m); Public Law 102-375. Revenue in this fund is from federal, state, and local sources.

496 –Title C-2 – This fund is part of the Older American fund #415 for homebound meals. The Fund was created by authority of the Older Americans Act of 1965, Title III, Parts A and F, Public Law 89-73, as amended; Public Law 90-42, 81 Stat. 106; Public Law 91-69, 83 Stat. 108; Public Law 93-29, 87 Stat. 30; Public Law 93-351, 88 Stat. 357; Public Law 94-135, 89 Stat. 713; Public Law 95-65, 91 Stat. 269; Public Law 95-478, 92 Stat. 1513; Public Law 97-115, 95 Stat. 1595; Public Law 98-459, 98 Stat. 1767; Public Law 100-175, 101 Stat. 926; Section 705, Public Law 100-628; 42 U.S.C 3022-3030(m); Public Law 102-375. Revenue in this fund is from federal, state, and local sources.

497 – Cash in Lieu – This fund is part of the Older American fund #415 for commodities. The Fund was created by authority of the Older Americans Act of 1965, Title III, Parts A and F, Public Law 89-73, as amended; Public Law 90-42, 81 Stat. 106; Public Law 91-69, 83 Stat. 108; Public Law 93-29, 87 Stat. 30; Public Law 93-351, 88 Stat. 357; Public Law 94-135, 89 Stat. 713; Public Law 95-65, 91 Stat. 269; Public Law 95-478, 92 Stat. 1513; Public Law 97-115, 95 Stat. 1595; Public Law 98-459, 98 Stat. 1767; Public Law 100-175, 101 Stat. 926; Section 705, Public Law 100-628; 42 U.S.C 3022-3030(m); Public Law 102-375. Revenue in this fund is from federal, state, and local sources.

CAPITAL PROJECT FUNDS

406 – Legislative Appropriation FY 02/03 – The fund was created under authority of the county commissioner to account for appropriations to Valencia County for year 2002/2003 to plan, design and construct community centers and fire departments for several communities.

409 – Legislative Appropriation FY 03/04– The fund was created under authority of the county commissioner to account for appropriations by the Legislature in the 1st session of 2003 for the purpose of capital outlay projects that improve several communities' facilities, and infrastructure.

410 – Legislative Appropriation FY 04/05– The fund was created under authority of the county commission to account for appropriations by the Legislature in the 2nd session of 2004 for the purpose of capital outlay projects that improve several communities' facilities, and infrastructure.

411 – Tome Adelino Capital Projects Fund – This fund was created by State Statute 59A-53-1, NMSA Compilation to account for the Tome Adelino Senior Community Center Renovations.

412 – Legislative Appropriation 06/07 – This fund was created under authority of the county commission to account for appropriations to Valencia County for year 2006/2007 to plan, design, and construct community centers, infrastructure, and fire departments for several communities.

458 – Corrections GRT– Created by County Commission resolution to account for gross receipts tax collections. This fund is used to account for gross receipts tax funding of the construction of a new adult detention center. This fund is part of County Gross Receipts Tax Ordinance 2001-01.

STATE OF NEW MEXICO
Valencia County
Nonmajor Governmental Funds
June 30, 2008

DEBT SERVICE FUNDS

427 – El Cerro Pump Debt Service – The fund is for a PPRF loan from New Mexico Authority for the El Cerro/Valencia fire pumper.

440 – Debt Service – The fund accounts for resources designated for the retirement of NMFA Notes Payable. This fund also administers the bond reserve fund and the payment of certain obligations for which the notes were issued.

467 –Meadow Lake Fire Department Debt Service – This fund accounts for the tracking of intercept payments for construction of phase II addition to Meadow Lake Fire Department. Funding is from State capital grants.

STATE OF NEW MEXICO
Valencia County
Nonmajor Governmental Funds
Combining Balance Sheet
For the Year Ended June 30, 2008

	Special Revenue			
	Road Fund	Farm and Range	Recreation	Juvenile Detention
Assets				
Cash and cash equivalents	\$ 872,539	\$ 1,089	\$ 8,008	\$ -
Property taxes receivable	-	-	-	-
Due from other governments	58,931	-	-	-
Other receivables	20,377	-	-	-
Prepaid expenses	21,083	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	\$ 972,930	\$ 1,089	\$ 8,008	\$ -
Liabilities and fund balances				
<i>Liabilities</i>				
Current liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to State of New Mexico	-	-	-	-
Accrued payroll expenses	38,741	-	-	-
Deferred revenue	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	38,741	-	-	-
<i>Fund balances</i>				
Reserved for:				
Debt service, repair and replacement	-	-	-	-
Prepaid expenses	21,083	-	-	-
Unreserved, reported in:				
Special revenue funds	913,106	1,089	8,008	-
Capital projects funds	-	-	-	-
<i>Total fund balances</i>	934,189	1,089	8,008	-
<i>Total liabilities and fund balances</i>	\$ 972,930	\$ 1,089	\$ 8,008	\$ -

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Older American</u>	<u>Fire Protection</u>	<u>EMS</u>	<u>Wildlife Fire Reimbursement</u>	<u>Neighborhood Watch</u>	<u>Valuation Maintenance</u>
\$ 30,569	\$ 465,878	\$ 25,287	\$ 6,900	\$ 1,652	\$ 252,942
-	-	-	-	-	63,289
-	11,337	-	2,998	-	-
-	-	-	-	-	-
-	24,888	-	-	-	5,103
-	-	-	-	-	-
<u>\$ 30,569</u>	<u>\$ 502,103</u>	<u>\$ 25,287</u>	<u>\$ 9,898</u>	<u>\$ 1,652</u>	<u>\$ 321,334</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
16,894	-	-	-	-	7,650
-	-	-	-	-	58,097
-	-	-	-	-	-
<u>16,894</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,747</u>
-	-	-	-	-	-
-	24,888	-	-	-	5,103
13,675	477,215	25,287	9,898	1,652	250,484
-	-	-	-	-	-
<u>13,675</u>	<u>502,103</u>	<u>25,287</u>	<u>9,898</u>	<u>1,652</u>	<u>255,587</u>
<u>\$ 30,569</u>	<u>\$ 502,103</u>	<u>\$ 25,287</u>	<u>\$ 9,898</u>	<u>\$ 1,652</u>	<u>\$ 321,334</u>

STATE OF NEW MEXICO
Valencia County
Nonmajor Governmental Funds
Combining Balance Sheet
For the Year Ended June 30, 2008

	Special Revenue			
	Adult Detention Center	Fire Excise Tax	Law Enforcement	Tome Adelino Community Center
Assets				
Cash and cash equivalents	\$ -	364,102	\$ 45,017	36,397
Property taxes receivable	-	-	-	-
Due from other governments	58,760	61,695	-	-
Other receivables	-	305,313	48,600	-
Prepaid expenses	79,243	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	\$ 138,003	\$ 731,110	\$ 93,617	\$ 36,397
Liabilities and fund balances				
<i>Liabilities</i>				
Current liabilities				
Accounts payable	\$ 16,155	\$ -	\$ -	\$ -
Due to State of New Mexico	-	-	-	-
Accrued payroll expenses	76,120	-	-	-
Deferred revenue	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	92,275	-	-	-
<i>Fund balances</i>				
Reserved for:				
Debt service, repair and replacement	-	-	-	-
Prepaid expenses	79,243	-	-	-
Unreserved, reported in:				
Special revenue funds	(33,515)	731,110	93,617	36,397
Capital projects funds	-	-	-	-
<i>Total fund balances</i>	45,728	731,110	93,617	36,397
<i>Total liabilities and fund balances</i>	\$ 138,003	\$ 731,110	\$ 93,617	\$ 36,397

The accompanying notes are an integral part of these financial statements

Special Revenue

Special Revenue					
Los Chavez	CDBG	Law Enforcement Explorer Program	G.R.E.A.T Program	Solid Waste Performance	Solid Waste GRT
\$ -	\$ -	\$ 1,250	\$ -	\$ 10,000	\$ -
-	-	-	-	-	-
-	66,046	-	4,047	-	33,450
-	-	-	-	-	4,566
-	-	-	-	-	10,382
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 66,046</u>	<u>\$ 1,250</u>	<u>\$ 4,047</u>	<u>\$ 10,000</u>	<u>\$ 48,398</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,003
-	-	-	-	-	-
-	-	-	-	-	7,627
-	66,046	-	4,047	-	-
-	66,046	-	4,047	-	-
<u>-</u>	<u>132,092</u>	<u>-</u>	<u>8,094</u>	<u>-</u>	<u>17,630</u>
-	-	-	-	-	-
-	-	-	-	-	10,382
-	(66,046)	1,250	(4,047)	10,000	20,386
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>(66,046)</u>	<u>1,250</u>	<u>(4,047)</u>	<u>10,000</u>	<u>30,768</u>
<u>\$ -</u>	<u>\$ 66,046</u>	<u>\$ 1,250</u>	<u>\$ 4,047</u>	<u>\$ 10,000</u>	<u>\$ 48,398</u>

STATE OF NEW MEXICO
Valencia County
Nonmajor Governmental Funds
Combining Balance Sheet
For the Year Ended June 30, 2008

	Special Revenue			
	Clerk's Equipment	LLEBG	Special Revenue Bond	Sheriff's GRT
Assets				
Cash and cash equivalents	\$ 163,623	\$ -	\$ 14,855	\$ 472,581
Property taxes receivable	-	-	-	-
Due from other governments	-	-	-	146,007
Other receivables	-	-	-	-
Prepaid expenses	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	\$ 163,623	\$ -	\$ 14,855	\$ 618,588
Liabilities and fund balances				
<i>Liabilities</i>				
Current liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to State of New Mexico	-	-	-	-
Accrued payroll expenses	-	-	-	-
Deferred revenue	-	-	-	-
Due to other funds	-	757	-	-
<i>Total liabilities</i>	-	757	-	-
<i>Fund balances</i>				
Reserved for:				
Debt service, repair and replacement	-	-	-	-
Prepaid expenses	-	-	-	-
Unreserved, reported in:				
Special revenue funds	163,623	(757)	14,855	618,588
Capital projects funds	-	-	-	-
<i>Total fund balances</i>	163,623	(757)	14,855	618,588
<i>Total liabilities and fund balances</i>	\$ 163,623	\$ -	\$ 14,855	\$ 618,588

The accompanying notes are an integral part of these financial statements

Special Revenue

Road GRT	Fire GRT	Traffic Safety	Homeland Security	Title III-B	Title III-E
\$ 172,202	\$ 34,943	\$ -	\$ 3,500	\$ 11,597	\$ 25
-	-	-	-	-	-
31,287	31,287	-	-	-	-
-	-	10,110	-	-	-
-	-	-	-	5,748	-
-	-	-	-	-	-
<u>\$ 203,489</u>	<u>\$ 66,230</u>	<u>\$ 10,110</u>	<u>\$ 3,500</u>	<u>\$ 17,345</u>	<u>\$ 25</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	4,191	-	-	-
-	-	-	-	-	-
-	-	15,189	-	-	-
<u>-</u>	<u>-</u>	<u>19,380</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	19,380	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
203,489	66,230	(9,270)	3,500	17,345	25
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>203,489</u>	<u>66,230</u>	<u>(9,270)</u>	<u>3,500</u>	<u>17,345</u>	<u>25</u>
<u>\$ 203,489</u>	<u>\$ 66,230</u>	<u>\$ 10,110</u>	<u>\$ 3,500</u>	<u>\$ 17,345</u>	<u>\$ 25</u>

STATE OF NEW MEXICO
Valencia County
Nonmajor Governmental Funds
Combining Balance Sheet
For the Year Ended June 30, 2008

	Special revenue			Capital Projects
	Title C-1	Title C-2	Cash in Lieu	Legislative Appropriation FY 02/03
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 19,829
Property taxes receivable	-	-	-	-
Due from other governments	1,894	5,769	-	-
Other receivables	-	-	-	-
Prepaid expenses	1,694	2,526	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	\$ 3,588	\$ 8,295	\$ -	\$ 19,829
Liabilities and fund balances				
<i>Liabilities</i>				
Current liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to State of New Mexico	-	-	-	19,829
Accrued payroll expenses	-	-	-	-
Deferred revenue	1,894	5,769	-	-
Due to other funds	3,588	8,295	4,716	-
<i>Total liabilities</i>	5,482	14,064	4,716	19,829
<i>Fund balances</i>				
Reserved for:				
Debt service, repair and replacement	-	-	-	-
Prepaid expenses	1,694	2,526	-	-
Unreserved, reported in:				
Special revenue funds	(3,588)	(8,295)	(4,716)	-
Capital projects funds	-	-	-	-
<i>Total fund balances</i>	(1,894)	(5,769)	(4,716)	-
<i>Total liabilities and fund balances</i>	\$ 3,588	\$ 8,295	\$ -	\$ 19,829

The accompanying notes are an integral part of these financial statements

Capital Projects				Debt Service	
Legislative Appropriation FY 03/04	Legislative Appropriation FY 04/05	Tome Adelino Capital Projects	Legislative Appropriation FY 06/07	Corrections GRT	El Cerro Pump Debt Service
\$ -	\$ -	\$ -	\$ -	\$ 205,126	75,007
-	-	-	-	-	-
59,324	27,515	233,686	633,602	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 59,324</u>	<u>\$ 27,515</u>	<u>\$ 233,686</u>	<u>\$ 633,602</u>	<u>\$ 205,126</u>	<u>\$ 75,007</u>
\$ -	\$ -	\$ -	\$ 77,355	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
59,324	27,515	233,686	633,602	-	-
59,324	27,515	233,686	556,247	-	-
<u>118,648</u>	<u>55,030</u>	<u>467,372</u>	<u>1,267,204</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	75,007
-	-	-	-	-	-
(59,324)	(27,515)	(233,686)	(633,602)	205,126	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(59,324)</u>	<u>(27,515)</u>	<u>(233,686)</u>	<u>(633,602)</u>	<u>205,126</u>	<u>75,007</u>
<u>\$ 59,324</u>	<u>\$ 27,515</u>	<u>\$ 233,686</u>	<u>\$ 633,602</u>	<u>\$ 205,126</u>	<u>\$ 75,007</u>

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STATE OF NEW MEXICO
Valencia County
Nonmajor Governmental Funds
Combining Balance Sheet
For the Year Ended June 30, 2008

	Debt Service		Total
	Debt Service	Meadow Lake Fire Department Debt Service	Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	196,670	\$ 33,878	\$ 3,525,466
Property taxes receivable	-	-	63,289
Due from other governments	-	-	1,467,635
Other receivables	-	-	388,966
Prepaid expenses	-	-	150,667
Due from other funds	-	-	-
<i>Total assets</i>	\$ 196,670	\$ 33,878	\$ 5,596,023
Liabilities and fund balances			
<i>Liabilities</i>			
Current liabilities			
Accounts payable	\$ -	\$ -	\$ 103,513
Due to State of New Mexico	-	-	19,829
Accrued payroll expenses	-	-	151,223
Deferred revenue	-	-	1,089,980
Due to other funds	-	-	979,410
<i>Total liabilities</i>	-	-	2,343,955
<i>Fund balances</i>			
Reserved for:			
Debt service, repair and replacement	196,670	33,878	305,555
Prepaid expenses	-	-	144,919
Unreserved, reported in:			
Special revenue funds	-	-	2,801,594
Capital projects funds	-	-	-
<i>Total fund balances</i>	196,670	33,878	3,252,068
<i>Total liabilities and fund balances</i>	\$ 196,670	\$ 33,878	\$ 5,596,023

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Valencia County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008

	Special Revenue			
	Road Fund	Farm and Range	Recreation	Juvenile Detention
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	313,849	-	-	-
Other	361,299	-	3	-
Intergovernmental:				
Federal operating grants	273,622	3,782	-	-
State operating grants	505,846	-	11,227	46,598
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	123,494	-	-	-
Investment income	45,534	-	-	-
Miscellaneous	93,667	-	124,015	-
<i>Total revenues</i>	<u>1,717,311</u>	<u>3,782</u>	<u>135,245</u>	<u>46,598</u>
<i>Expenditures:</i>				
General government	-	4,000	-	278,261
Public safety	-	-	-	-
Public works	1,428,244	-	-	-
Culture and recreation	-	-	28,095	-
Health and welfare	-	-	-	-
Capital outlay	1,108,524	-	-	1,016
Debt service:				
Principal	18,263	-	-	-
Interest	15,337	-	-	-
<i>Total expenditures</i>	<u>2,570,368</u>	<u>4,000</u>	<u>28,095</u>	<u>279,277</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(853,057)</u>	<u>(218)</u>	<u>107,150</u>	<u>(232,679)</u>
<i>Other financing sources (uses)</i>				
Transfers in	626,167	-	-	268,758
Transfers out	-	-	-	-
Proceeds from issuance of long term debt	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>626,167</u>	<u>-</u>	<u>-</u>	<u>268,758</u>
<i>Net change in fund balance</i>	(226,890)	(218)	107,150	36,079
<i>Fund balance - beginning of year</i>	1,161,079	1,307	(99,142)	(36,079)
<i>Restatement</i>	-	-	-	-
<i>Fund balance - restated</i>	<u>1,161,079</u>	<u>1,307</u>	<u>(99,142)</u>	<u>(36,079)</u>
<i>Fund balance - end of year</i>	<u>\$ 934,189</u>	<u>\$ 1,089</u>	<u>\$ 8,008</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Older American</u>	<u>Fire Protection</u>	<u>EMS</u>	<u>Wildlife Fire Reimburse</u>	<u>Neighborhood Watch</u>	<u>Valuation Maintenance</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 276,843
-	61,995	45,328	12,322	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	453,027	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	3,734
-	-	-	-	-	-
-	-	-	-	-	-
-	174,625	2,277	-	-	-
-	689,647	47,605	12,322	-	280,577
-	-	-	-	-	222,768
-	455,615	37,710	11,819	-	-
-	-	-	-	-	-
6,147	-	-	-	-	-
-	-	-	-	-	-
-	494,527	44,735	-	-	-
-	37,043	-	-	-	5,847
-	8,729	-	-	-	-
6,147	995,914	82,445	11,819	-	228,615
(6,147)	(306,267)	(34,840)	503	-	51,962
-	-	-	-	-	-
-	-	-	-	-	-
-	333,334	-	-	-	-
-	333,334	-	-	-	-
(6,147)	27,067	(34,840)	503	-	51,962
19,822	475,036	60,127	9,395	1,652	203,625
-	-	-	-	-	-
19,822	475,036	60,127	9,395	1,652	203,625
\$ 13,675	\$ 502,103	\$ 25,287	\$ 9,898	\$ 1,652	\$ 255,587

STATE OF NEW MEXICO
Valencia County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008

	Special Revenue			
	Adult Detention Center	Fire Excise Tax	Law Enforcement	Tome Adelino Community Center
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	729,313	96,000	13,124
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	6,923	-	-	-
State operating grants	530,418	5,442	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	(127,807)	-	554
Miscellaneous	65,119	-	-	-
<i>Total revenues</i>	<u>602,460</u>	<u>606,948</u>	<u>96,000</u>	<u>13,678</u>
<i>Expenditures:</i>				
General government	-	-	-	-
Public safety	2,759,316	60,598	21,274	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	42,528	727,807	-	-
Debt service:				
Principal	5,015	43,811	-	-
Interest	-	1,073	-	-
<i>Total expenditures</i>	<u>2,806,859</u>	<u>833,289</u>	<u>21,274</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,204,399)</u>	<u>(226,341)</u>	<u>74,726</u>	<u>13,678</u>
<i>Other financing sources (uses)</i>				
Transfers in	2,169,057	277,612	-	-
Transfers out	-	-	-	-
Proceeds from issuance of long term debt	-	119,700	-	-
<i>Total other financing sources (uses)</i>	<u>2,169,057</u>	<u>397,312</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	(35,342)	170,971	74,726	13,678
<i>Fund balance - beginning of year</i>	81,070	560,139	18,891	22,719
<i>Restatement</i>	-	-	-	-
<i>Fund balance - restated</i>	<u>81,070</u>	<u>560,139</u>	<u>18,891</u>	<u>22,719</u>
<i>Fund balance - end of year</i>	<u>\$ 45,728</u>	<u>\$ 731,110</u>	<u>\$ 93,617</u>	<u>\$ 36,397</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Los Chavez	CDBG	Law Enforcement Explorer Program	G.R.E.A.T Program	Solid Waste Performance	Solid Waste GRT
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	4,882	-	-	211,851
-	-	-	-	-	-
-	-	-	-	-	-
-	1,139	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	224,811
-	-	-	-	-	-
-	-	-	-	-	733
-	1,139	4,882	-	-	437,395
-	-	-	-	-	-
-	49,783	3,824	-	-	530,908
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	217	-	-
-	-	-	3,830	-	7,981
-	-	-	-	-	-
-	-	-	-	-	-
-	49,783	3,824	4,047	-	538,889
-	(48,644)	1,058	(4,047)	-	(101,494)
-	-	-	-	-	115,761
(277,612)	-	-	-	-	-
-	-	-	-	-	-
(277,612)	-	-	-	-	115,761
(277,612)	(48,644)	1,058	(4,047)	-	14,267
277,612	(17,402)	192	-	10,000	16,501
-	-	-	-	-	-
277,612	(17,402)	192	-	10,000	16,501
\$ -	\$ (66,046)	\$ 1,250	\$ (4,047)	\$ 10,000	\$ 30,768

STATE OF NEW MEXICO
Valencia County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008

	Special Revenue			
	Clerk's Equipment	LLEBG	Special Revenue Bond	Sheriff's GRT
<i>Revenues</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	77,893	-	-	851,341
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>77,893</u>	<u>-</u>	<u>-</u>	<u>851,341</u>
<i>Expenditures:</i>				
General government	58,546	-	-	-
Public safety	-	-	-	444,842
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	15,274	-	-	64,322
<i>Debt service:</i>				
Principal	-	-	-	5,570
Interest	-	-	-	-
<i>Total expenditures</i>	<u>73,820</u>	<u>-</u>	<u>-</u>	<u>514,734</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>4,073</u>	<u>-</u>	<u>-</u>	<u>336,607</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	(173,685)
Proceeds from issuance of long term debt	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(173,685)</u>
<i>Net change in fund balance</i>	4,073	-	-	162,922
<i>Fund balance - beginning of year</i>	159,550	(757)	14,855	455,666
<i>Restatement</i>	-	-	-	-
<i>Fund balance - restated</i>	<u>159,550</u>	<u>(757)</u>	<u>14,855</u>	<u>455,666</u>
<i>Fund balance - end of year</i>	<u>\$ 163,623</u>	<u>\$ (757)</u>	<u>\$ 14,855</u>	<u>\$ 618,588</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Road GRT</u>	<u>Fire GRT</u>	<u>Traffic Safety</u>	<u>Homeland Security</u>	<u>Title III-B</u>	<u>Title III-E</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
182,430	182,430	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	41,519	-
-	-	-	-	17,290	-
-	-	-	-	-	-
-	-	-	-	219	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	52,275	-	3,276	-
<u>182,430</u>	<u>182,430</u>	<u>52,275</u>	<u>-</u>	<u>62,304</u>	<u>-</u>
-	-	-	-	-	-
-	183,815	17,104	-	-	-
-	-	-	-	-	-
-	-	-	-	80,695	-
-	-	-	-	-	-
381,184	-	13,098	-	-	-
87,749	-	-	-	-	-
21,195	-	-	-	-	-
<u>490,128</u>	<u>183,815</u>	<u>30,202</u>	<u>-</u>	<u>80,695</u>	<u>-</u>
<u>(307,698)</u>	<u>(1,385)</u>	<u>22,073</u>	<u>-</u>	<u>(18,391)</u>	<u>-</u>
-	-	-	-	34,500	-
-	-	-	-	-	-
243,332	-	-	-	-	-
<u>243,332</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,500</u>	<u>-</u>
(64,366)	(1,385)	22,073	-	16,109	-
267,855	67,615	(31,343)	3,500	1,236	25
-	-	-	-	-	-
<u>267,855</u>	<u>67,615</u>	<u>(31,343)</u>	<u>3,500</u>	<u>1,236</u>	<u>25</u>
<u>\$ 203,489</u>	<u>\$ 66,230</u>	<u>\$ (9,270)</u>	<u>\$ 3,500</u>	<u>\$ 17,345</u>	<u>\$ 25</u>

STATE OF NEW MEXICO
Valencia County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008

	Special revenue			Capital Projects
	Title C-1	Title C-2	Cash in Lieu	Legislative Appropriation FY 02/03
<i>Revenues</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	67,630	15,328	47,106	-
State operating grants	6,977	245,702	-	-
State capital grants	-	-	-	(10,221)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	28,369	40,767	-	-
	<u>102,976</u>	<u>301,797</u>	<u>47,106</u>	<u>(10,221)</u>
<i>Total revenues</i>				
<i>Expenditures:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	157,500	430,886	52,607	-
Health and welfare	-	-	-	-
Capital outlay	-	2,652	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>157,500</u>	<u>433,538</u>	<u>52,607</u>	<u>-</u>
<i>Total expenditures</i>				
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(54,524)</u>	<u>(131,741)</u>	<u>(5,501)</u>	<u>(10,221)</u>
<i>Other financing sources (uses)</i>				
Transfers in	57,500	138,000	-	-
Transfers out	-	-	-	-
Proceeds from issuance of long term debt	-	-	-	-
	<u>57,500</u>	<u>138,000</u>	<u>-</u>	<u>-</u>
<i>Total other financing sources (uses)</i>				
<i>Net change in fund balance</i>	2,976	6,259	(5,501)	(10,221)
<i>Fund balance - beginning of year</i>	(4,870)	(12,028)	785	10,221
<i>Restatement</i>	-	-	-	-
	<u>(4,870)</u>	<u>(12,028)</u>	<u>785</u>	<u>10,221</u>
<i>Fund balance - restated</i>				
<i>Fund balance - end of year</i>	<u>\$ (1,894)</u>	<u>\$ (5,769)</u>	<u>\$ (4,716)</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Capital Projects					Debt Service
Legislative Appropriation FY 03/04	Legislative Appropriation FY 04/05	Tome Adelino Capital Projects Fund	Legislative Appropriation FY 06/07	Corrections GRT	El Cerro Pump Debt Service
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	205,079	22,466
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(58,218)	51,321	1,310,331	811,648	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(58,218)</u>	<u>51,321</u>	<u>1,310,331</u>	<u>811,648</u>	<u>205,079</u>	<u>22,466</u>
-	-	-	-	-	794
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,106	78,836	1,544,017	1,445,250	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,106</u>	<u>78,836</u>	<u>1,544,017</u>	<u>1,445,250</u>	<u>-</u>	<u>794</u>
<u>(59,324)</u>	<u>(27,515)</u>	<u>(233,686)</u>	<u>(633,602)</u>	<u>205,079</u>	<u>21,672</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(59,324)</u>	<u>(27,515)</u>	<u>(233,686)</u>	<u>(633,602)</u>	<u>205,079</u>	<u>21,672</u>
(147,495)	(49,929)	(588,606)	(471,942)	47	53,335
147,495	49,929	588,606	471,942	-	-
-	-	-	-	47	53,335
<u>\$ (59,324)</u>	<u>\$ (27,515)</u>	<u>\$ (233,686)</u>	<u>\$ (633,602)</u>	<u>\$ 205,126</u>	<u>\$ 75,007</u>

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STATE OF NEW MEXICO

Valencia County

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008

Statement A-2

Page 5 of 5

	Debt Service		Total Non-major Governmental Funds
	Debt Service	Meadow Lake Fire Department Debt Service	
<i>Revenues</i>			
<i>Taxes:</i>			
Property	\$ -	\$ -	\$ 276,843
Gross receipts	683,240	-	3,379,694
Gasoline and motor vehicle	-	-	313,849
Other	-	-	361,302
<i>Intergovernmental:</i>			
Federal operating grants	-	-	457,049
State operating grants	-	-	1,822,527
State capital grants	-	-	2,104,861
Charges for services	-	-	3,953
Licenses and fees	-	-	348,305
Investment income	73,418	33,877	25,576
Miscellaneous	-	1	585,124
<i>Total revenues</i>	<u>756,658</u>	<u>33,878</u>	<u>9,679,083</u>
<i>Expenditures:</i>			
General government	2,063	-	566,432
Public safety	-	-	4,576,608
Public works	-	-	1,428,244
Culture and recreation	-	-	755,930
Health and welfare	-	-	217
Capital outlay	-	-	5,976,687
<i>Debt service:</i>			
Principal	855,000	-	1,058,298
Interest	46,932	-	93,266
<i>Total expenditures</i>	<u>903,995</u>	<u>-</u>	<u>14,455,682</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(147,337)</u>	<u>33,878</u>	<u>(4,776,599)</u>
<i>Other financing sources (uses)</i>			
Transfers in	-	-	3,687,355
Transfers out	-	-	(451,297)
Proceeds from issuance of long term debt	-	-	696,366
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>3,932,424</u>
<i>Net change in fund balance</i>	(147,337)	33,878	(844,175)
<i>Fund balance - beginning of year</i>	344,007	-	2,838,271
<i>Restatement</i>	-	-	1,257,972
<i>Fund balance - restated</i>	<u>344,007</u>	<u>-</u>	<u>4,096,243</u>
<i>Fund balance - end of year</i>	<u>\$ 196,670</u>	<u>\$ 33,878</u>	<u>\$ 3,252,068</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO

Statement B-01

Valencia County

Road Special Revenue Fund

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

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	-	\$ -	\$ -	\$ -
Gross receipt taxes	-	-	-	-
Gasoline and motor vehicle	285,000	285,000	343,333	58,333
Other	362,000	362,000	358,815	(3,185)
Intergovernmental:				
Federal operating grants	227,077	227,077	273,622	46,545
Federal capital grants	-	-	-	-
State operating grants	569,156	569,156	505,846	(63,310)
State capital grants	-	-	-	-
License and fees	285,000	285,000	123,494	(161,506)
Changes for services	-	-	-	-
Investment income	10,000	10,000	37,110	27,110
Miscellaneous	-	-	93,667	93,667
<i>Total revenues</i>	<u>1,738,233</u>	<u>1,738,233</u>	<u>1,735,887</u>	<u>(2,346)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	1,584,426	1,636,074	1,411,636	224,438
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	1,374,321	1,920,438	1,143,416	777,022
Debt service:				
Principal	33,600	33,600	33,600	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,992,347</u>	<u>3,590,112</u>	<u>2,588,652</u>	<u>1,001,460</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,254,114)</u>	<u>(1,851,879)</u>	<u>(852,765)</u>	<u>999,114</u>
<i>Other financing sources (uses)</i>				
Designated cash	859,114	1,456,879	-	(1,456,879)
Transfers in	395,000	395,000	626,167	231,167
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,254,114</u>	<u>1,851,879</u>	<u>626,167</u>	<u>(1,225,712)</u>
<i>Net change in fund balances</i>	-	-	(226,598)	(226,598)
<i>Fund balance - beginning of year</i>	-	-	1,099,137	1,099,137
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 872,539</u>	<u>\$ 872,539</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (226,598)
Adjustments to revenues for other taxes receivable and investment income accrual				(18,576)
Adjustments to expenditure for public works and capital outlay function accrual				18,284
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ (226,890)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-02

Valencia County

Farm and Range Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	4,000	4,136	3,782	(354)
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>4,000</u>	<u>4,136</u>	<u>3,782</u>	<u>(354)</u>
<i>Expenditures</i>				
Current:				
General government	4,136	4,136	4,000	136
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,136</u>	<u>4,136</u>	<u>4,000</u>	<u>136</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(136)</u>	<u>-</u>	<u>(218)</u>	<u>(218)</u>
<i>Other financing sources (uses)</i>				
Designated cash	136	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>136</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(218)	(218)
<i>Fund balance - beginning of year</i>	-	-	1,307	1,307
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,089</u>	<u>\$ 1,089</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (218)
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ (218)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-03

Valencia County

Recreation Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2008

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	3	3
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	187,145	(187,145)	14,221	201,366
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	29,232	133,754	129,945	(3,809)
<i>Total revenues</i>	<u>216,377</u>	<u>(53,391)</u>	<u>144,169</u>	<u>197,560</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	216,377	216,377	31,639	184,738
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>216,377</u>	<u>216,377</u>	<u>31,639</u>	<u>184,738</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(269,768)</u>	<u>112,530</u>	<u>382,298</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	269,768	-	(269,768)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>269,768</u>	<u>-</u>	<u>(269,768)</u>
<i>Net change in fund balances</i>	-	-	112,530	112,530
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(104,522)</u>	<u>(104,522)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,008</u>	<u>\$ 8,008</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 112,530
Adjustments to revenues for state grant and miscellaneous receivable accrual				(8,924)
Adjustments to expenditures for culture and recreation function accrual				3,544
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ 107,150</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-04

Valencia County

Juvenile Detention Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2008

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	60,000	48,926	(11,074)
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>60,000</u>	<u>48,926</u>	<u>(11,074)</u>
<i>Expenditures</i>				
Current:				
General government	650,000	708,900	316,668	392,232
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	1,100	1,016	84
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>650,000</u>	<u>710,000</u>	<u>317,684</u>	<u>392,316</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(650,000)</u>	<u>(650,000)</u>	<u>(268,758)</u>	<u>381,242</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	650,000	650,000	268,758	(381,242)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>650,000</u>	<u>650,000</u>	<u>268,758</u>	<u>(381,242)</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ -
Adjustments to revenues for state operating grants accrual				(2,328)
Adjustments to expenditures for general government expenditure accrual				38,407
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ 36,079</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-05

Valencia County

Older American Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2008

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	30,522	30,620	-	(30,620)
<i>Total revenues</i>	<u>30,522</u>	<u>30,620</u>	<u>-</u>	<u>(30,620)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	30,620	30,570	(1,910)	32,480
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>30,620</u>	<u>30,570</u>	<u>(1,910)</u>	<u>32,480</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(98)</u>	<u>50</u>	<u>1,910</u>	<u>1,860</u>
<i>Other financing sources (uses)</i>				
Designated cash	98	(50)	-	50
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>98</u>	<u>(50)</u>	<u>-</u>	<u>50</u>
<i>Net change in fund balances</i>	-	-	1,910	1,910
<i>Fund balance - beginning of year</i>	-	-	28,659	28,659
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,569</u>	<u>\$ 30,569</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 1,910
No adjustment for revenue accruals				-
Adjustments to expenditures for culture and recreation function accrual				(8,057)
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ (6,147)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-06

Valencia County

Fire Protection Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2008

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	595,892	674,948	61,995	(612,953)
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	452,494	452,494
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	174,625	174,625
<i>Total revenues</i>	<u>595,892</u>	<u>674,948</u>	<u>689,114</u>	<u>14,166</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	509,022	606,500	460,949	145,551
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	120,567	296,784	161,193	135,591
Debt service:				
Principal	45,359	45,359	45,355	4
Interest	-	-	-	-
<i>Total expenditures</i>	<u>674,948</u>	<u>948,643</u>	<u>667,497</u>	<u>281,146</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(79,056)</u>	<u>(273,695)</u>	<u>21,617</u>	<u>295,312</u>
<i>Other financing sources (uses)</i>				
Designated cash	79,056	273,695	-	(273,695)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from issuance of long term debt	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>79,056</u>	<u>273,695</u>	<u>-</u>	<u>(273,695)</u>
<i>Net change in fund balances</i>	-	-	21,617	21,617
<i>Fund balance - beginning of year</i>	-	-	444,261	444,261
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 465,878</u>	<u>\$ 465,878</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 21,617
Adjustments to revenue for state operating grants accrual				533
Adjustments to expenditures for public safety function accrual				(328,417)
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ (306,267)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-07

Valencia County

EMS Special Revenue Fund

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

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	42,556	45,533	45,328	(205)
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	2,277	2,277
Total revenues	42,556	45,533	47,605	2,072
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	43,472	48,433	37,710	10,723
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	2,267	47,324	44,735	2,589
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	45,739	95,757	82,445	13,312
<i>Excess (deficiency) of revenues over expenditures</i>	(3,183)	(50,224)	(34,840)	15,384
<i>Other financing sources (uses)</i>				
Designated cash	3,183	50,224	-	(50,224)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	3,183	50,224	-	(50,224)
<i>Net change in fund balances</i>	-	-	(34,840)	(34,840)
<i>Fund balance - beginning of year</i>	-	-	60,127	60,127
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 25,287	\$ 25,287
<i>Net change in fund balances (Budget Basis)</i>				\$ (34,840)
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
<i>Net changes in fund balances (GAAP Basis)</i>				\$ (34,840)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-08

Valencia County

Wildlife Fire Reimbursement Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	2,000	2,000	14,733	12,733
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>2,000</u>	<u>2,000</u>	<u>14,733</u>	<u>12,733</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	2,000	11,820	11,819	1
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,000</u>	<u>11,820</u>	<u>11,819</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(9,820)</u>	<u>2,914</u>	<u>12,734</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	9,820	-	(9,820)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>9,820</u>	<u>-</u>	<u>(9,820)</u>
<i>Net change in fund balances</i>	-	-	2,914	2,914
<i>Fund balance - beginning of year</i>	-	-	3,986	3,986
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,900</u>	<u>\$ 6,900</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 2,914
Adjustments to revenues for gross receipt tax accruals				(2,411)
No adjustments for expenditure accruals				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ 503</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-09

Valencia County

Neighborhood Watch Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2008

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,652</u>	<u>1,652</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,652</u>	<u>\$ 1,652</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ -
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-10

Valencia County

Valuation Maintenance Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2008

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ 221,000	\$ 221,000	\$ 277,332	\$ 56,332
Gross receipt taxes	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	3,734	3,734
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>221,000</u>	<u>221,000</u>	<u>281,066</u>	<u>60,066</u>
<i>Expenditures</i>				
Current:				
General government	226,865	226,665	221,086	5,579
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	5,700	5,900	5,847	53
Interest	-	-	-	-
<i>Total expenditures</i>	<u>232,565</u>	<u>232,565</u>	<u>226,933</u>	<u>5,632</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(11,565)</u>	<u>(11,565)</u>	<u>54,133</u>	<u>65,698</u>
<i>Other financing sources (uses)</i>				
Designated cash	11,565	11,565	-	(11,565)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>11,565</u>	<u>11,565</u>	<u>-</u>	<u>(11,565)</u>
<i>Net change in fund balances</i>	-	-	54,133	54,133
<i>Fund balance - beginning of year</i>	-	-	198,809	198,809
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,942</u>	<u>\$ 252,942</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 54,133
Adjustments to revenues for property tax receivable accruals				(489)
Adjustments to expenditures for general government function accruals				(1,682)
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ 51,962</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-11

Valencia County

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

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	6,923	6,923
Federal capital grants	-	-	-	-
State operating grants	591,300	420,000	587,014	167,014
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	171,300	65,119	(106,181)
<i>Total revenues</i>	<u>591,300</u>	<u>591,300</u>	<u>659,056</u>	<u>67,756</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	2,920,193	2,922,816	2,780,570	142,246
Public works	-	-	-	-
Capital outlay	-	42,528	42,528	-
Debt service:				
Principal	3,496	8,496	5,015	3,481
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,923,689</u>	<u>2,973,840</u>	<u>2,828,113</u>	<u>145,727</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,332,389)</u>	<u>(2,382,540)</u>	<u>(2,169,057)</u>	<u>213,483</u>
<i>Other financing sources (uses)</i>				
Designated cash	1	50,152	-	(50,152)
Transfers in	2,332,388	2,332,388	2,169,057	(163,331)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>2,332,389</u>	<u>2,382,540</u>	<u>2,169,057</u>	<u>(213,483)</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ -
Adjustments to revenues for state operating grants accruals				(56,596)
Adjustments to expenditures for public safety function accruals				21,254
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ (35,342)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-12

Valencia County

Fire Excise Tax Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2008

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	288,000	288,000	427,680	139,680
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	5,442	5,442
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	(127,807)	(127,807)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>288,000</u>	<u>288,000</u>	<u>305,315</u>	<u>17,315</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	122,137	148,517	60,598	87,919
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	117,863	720,229	608,107	112,122
Debt service:				
Principal	48,000	48,800	44,884	3,916
Interest	-	-	-	-
<i>Total expenditures</i>	<u>288,000</u>	<u>917,546</u>	<u>713,589</u>	<u>203,957</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(629,546)</u>	<u>(408,274)</u>	<u>221,272</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	629,546	-	(629,546)
Transfers in	-	-	277,612	277,612
Transfers out	-	-	-	-
Proceeds from issuance of long term debt	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>629,546</u>	<u>277,612</u>	<u>(351,934)</u>
<i>Net change in fund balances</i>	-	-	(130,662)	(130,662)
<i>Fund balance - beginning of year</i>	-	-	526,764	526,764
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 396,102</u>	<u>\$ 396,102</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (130,662)
Adjustments to revenues for gross receipts tax accruals				301,633
No adjustments for expenditure accruals				(119,700)
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ 51,271</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-13

Valencia County

Law Enforcement Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	47,400	47,400	47,400	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>47,400</u>	<u>47,400</u>	<u>47,400</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	27,400	27,400	21,274	6,126
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	20,000	20,000	-	20,000
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>47,400</u>	<u>47,400</u>	<u>21,274</u>	<u>26,126</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>26,126</u>	<u>26,126</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	26,126	26,126
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>18,891</u>	<u>18,891</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,017</u>	<u>\$ 45,017</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 26,126
Adjustments to revenues for gross receipt tax accruals				48,600
No adjustments for expenditure accruals				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ 74,726</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-14

Valencia County

Tome Adelino Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	-	-	13,124	13,124
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	554	554
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>13,678</u>	<u>13,678</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>13,678</u>	<u>13,678</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	13,678	13,678
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>22,719</u>	<u>22,719</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,397</u>	<u>\$ 36,397</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 13,678
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ 13,678</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-15

Valencia County

Los Chavez Special Revenue Fund

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

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(277,612)	277,612
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(277,612)</u>	<u>277,612</u>
<i>Net change in fund balances</i>	-	-	(277,612)	277,612
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>277,612</u>	<u>277,612</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 555,224</u>
<i>Net change in fund balances (Budget Basis)</i>				<u>\$ (277,612)</u>
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ (277,612)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-16

Valencia County

CDBG Special Revenue Fund

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

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	194,811	200,000	1,139	(198,861)
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>194,811</u>	<u>200,000</u>	<u>1,139</u>	<u>(198,861)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	181,598	190,598	49,783	140,815
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>181,598</u>	<u>190,598</u>	<u>49,783</u>	<u>140,815</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>13,213</u>	<u>9,402</u>	<u>(48,644)</u>	<u>(58,046)</u>
<i>Other financing sources (uses)</i>				
Designated cash	(13,213)	(9,402)	-	9,402
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(13,213)</u>	<u>(9,402)</u>	<u>-</u>	<u>9,402</u>
<i>Net change in fund balances</i>	-	-	(48,644)	(48,644)
<i>Fund balance - beginning of year</i>	-	-	(17,402)	(17,402)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (66,046)</u>	<u>\$ (66,046)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (48,644)
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ (48,644)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-17

Valencia County

Law Enforcement Explorer Program Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ending June 30, 2008

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	3,000	3,000	4,882	1,882
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>3,000</u>	<u>3,000</u>	<u>4,882</u>	<u>1,882</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	3,000	3,825	3,824	1
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,000</u>	<u>3,825</u>	<u>3,824</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(825)</u>	<u>1,058</u>	<u>1,883</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	825	-	(825)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>825</u>	<u>-</u>	<u>(825)</u>
<i>Net change in fund balances</i>	-	-	1,058	1,058
<i>Fund balance - beginning of year</i>	-	-	192	192
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,250</u>	<u>\$ 1,250</u>
<i>Net change in fund balances (Budget Basis)</i>				<u>\$ 1,058</u>
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ 1,058</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-18

Valencia County

BJA- G.R.E.A.T Grant Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	140,000	217	139,783
Capital outlay	-	10,000	3,830	6,170
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>150,000</u>	<u>4,047</u>	<u>145,953</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(150,000)</u>	<u>(4,047)</u>	<u>145,953</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	150,000	-	(150,000)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>
<i>Net change in fund balances</i>	-	-	(4,047)	(4,047)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,047)</u>	<u>\$ (4,047)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (4,047)
No adjustments for revenue accrual				-
No adjustment for expenditure accrual				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ (4,047)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-19

Valencia County

Solid Waste Performance Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	10,000	10,000	-	(10,000)
Total revenues	10,000	10,000	-	(10,000)
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	10,000	10,000	-	(10,000)
<i>Other financing sources (uses)</i>				
Designated cash	(10,000)	(10,000)	-	10,000
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	(10,000)	(10,000)	-	10,000
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	10,000	10,000
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 10,000	\$ 10,000
<i>Net change in fund balances (Budget Basis)</i>				\$ -
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
<i>Net changes in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-20

Valencia County

Solid Waste GRT Special Revenue Fund

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

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	160,000	160,000	213,841	53,841
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
License and fees	195,000	195,000	225,890	30,890
Changes for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	733	733
<i>Total revenues</i>	<u>355,000</u>	<u>355,000</u>	<u>440,464</u>	<u>85,464</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	787,231	799,331	548,244	251,087
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	4,000	8,000	7,981	19
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>791,231</u>	<u>807,331</u>	<u>556,225</u>	<u>251,106</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(436,231)</u>	<u>(452,331)</u>	<u>(115,761)</u>	<u>336,570</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	16,100	-	(16,100)
Transfers in	436,231	436,231	115,761	(320,470)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>436,231</u>	<u>452,331</u>	<u>115,761</u>	<u>(336,570)</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ -
Adjustments to revenues for gross receipt tax and licenses and fees accrual				(3,069)
Adjustments to expenditures for public safety function accruals				17,336
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ 14,267</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-21

Valencia County

Clerk's Equipment Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	90,000	90,000	77,893	(12,107)
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>90,000</u>	<u>90,000</u>	<u>77,893</u>	<u>(12,107)</u>
<i>Expenditures</i>				
Current:				
General government	99,076	102,676	60,176	42,500
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	21,100	17,500	15,274	2,226
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>120,176</u>	<u>120,176</u>	<u>75,450</u>	<u>44,726</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(30,176)</u>	<u>(30,176)</u>	<u>2,443</u>	<u>32,619</u>
<i>Other financing sources (uses)</i>				
Designated cash	30,176	30,176	-	(30,176)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>30,176</u>	<u>30,176</u>	<u>-</u>	<u>(30,176)</u>
<i>Net change in fund balances</i>	-	-	2,443	2,443
<i>Fund balance - beginning of year</i>	-	-	161,180	161,180
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,623</u>	<u>\$ 163,623</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 2,443
No adjustments for revenue accruals				-
Adjustment to expenditures for general government function accruals				1,630
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ 4,073</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-22

Valencia County

LLEBG Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2008

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	13,511	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>13,511</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	13,511	13,511	-	13,511
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>13,511</u>	<u>13,511</u>	<u>-</u>	<u>13,511</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(13,511)</u>	<u>-</u>	<u>13,511</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	13,511	-	(13,511)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>13,511</u>	<u>-</u>	<u>(13,511)</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(757)</u>	<u>(757)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (757)</u>	<u>\$ (757)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ -
No adjustment for revenue accruals				-
No adjustment for expenditure accruals				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-23

Valencia County

Revenue Bond Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>14,855</u>	<u>14,855</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,855</u>	<u>\$ 14,855</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ -
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-24

Valencia County

Sheriff's GRT Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2008

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	750,000	750,000	851,718	101,718
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>750,000</u>	<u>750,000</u>	<u>851,718</u>	<u>101,718</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	682,000	681,000	627,149	53,851
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	65,125	64,322	803
Debt service:				
Principal	8,000	8,000	5,570	2,430
Interest	-	-	-	-
<i>Total expenditures</i>	<u>690,000</u>	<u>754,125</u>	<u>697,041</u>	<u>57,084</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>60,000</u>	<u>(4,125)</u>	<u>154,677</u>	<u>158,802</u>
<i>Other financing sources (uses)</i>				
Designated cash	(60,000)	4,125	-	(4,125)
Transfers in	-	-	-	-
Transfers out	-	-	(173,685)	(173,685)
<i>Total other financing sources (uses)</i>	<u>(60,000)</u>	<u>4,125</u>	<u>(173,685)</u>	<u>(177,810)</u>
<i>Net change in fund balances</i>	-	-	(19,008)	(19,008)
<i>Fund balance - beginning of year</i>	-	-	491,589	491,589
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 472,581</u>	<u>\$ 472,581</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (19,008)
Adjustments to revenues for gross receipt tax accruals				(377)
Adjustments to expenditures for public safety function accruals				182,307
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ 162,922</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-25

Valencia County

Road GRT Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2008

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	160,000	160,000	182,511	22,511
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>160,000</u>	<u>160,000</u>	<u>182,511</u>	<u>22,511</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	139,000	137,852	1,148
Debt service:				
Principal	92,336	109,421	108,944	477
Interest	-	-	-	-
<i>Total expenditures</i>	<u>92,336</u>	<u>248,421</u>	<u>246,796</u>	<u>1,625</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>67,664</u>	<u>(88,421)</u>	<u>(64,285)</u>	<u>24,136</u>
<i>Other financing sources (uses)</i>				
Designated cash	(67,664)	88,421	-	(88,421)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from issuance of long term debt	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(67,664)</u>	<u>88,421</u>	<u>-</u>	<u>(88,421)</u>
<i>Net change in fund balances</i>	-	-	(64,285)	(64,285)
<i>Fund balance - beginning of year</i>	-	-	236,487	236,487
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 172,202</u>	<u>\$ 172,202</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (64,285)
Adjustments to revenues for gross receipt tax accruals				(81)
No adjustments for expenditure accruals				(243,332)
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ (307,698)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-26

Valencia County

Fire GRT Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2008

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	160,000	160,000	182,511	22,511
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>160,000</u>	<u>160,000</u>	<u>182,511</u>	<u>22,511</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	98,000	183,816	183,815	1
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>98,000</u>	<u>183,816</u>	<u>183,815</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>62,000</u>	<u>(23,816)</u>	<u>(1,304)</u>	<u>22,512</u>
<i>Other financing sources (uses)</i>				
Designated cash	(62,000)	23,816	-	(23,816)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(62,000)</u>	<u>23,816</u>	<u>-</u>	<u>(23,816)</u>
<i>Net change in fund balances</i>	-	-	(1,304)	(1,304)
<i>Fund balance - beginning of year</i>	-	-	36,247	36,247
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,943</u>	<u>\$ 34,943</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (1,304)
Adjustments to revenues for gross receipt tax accruals				(81)
No adjustments for expenditure accruals				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ (1,385)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-27

Valencia County

Traffic Safety Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2008

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	57,752	50,249	42,165	(8,084)
<i>Total revenues</i>	<u>57,752</u>	<u>50,249</u>	<u>42,165</u>	<u>(8,084)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	45,699	81,662	46,790	34,872
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	4,550	35,543	13,098	22,445
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>50,249</u>	<u>117,205</u>	<u>59,888</u>	<u>57,317</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>7,503</u>	<u>(66,956)</u>	<u>(17,723)</u>	<u>49,233</u>
<i>Other financing sources (uses)</i>				
Designated cash	(7,503)	66,956	-	(66,956)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(7,503)</u>	<u>66,956</u>	<u>-</u>	<u>(66,956)</u>
<i>Net change in fund balances</i>	-	-	(17,723)	(17,723)
<i>Fund balance - beginning of year</i>	-	-	2,534	2,534
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,189)</u>	<u>\$ (15,189)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (17,723)
Adjustments to revenues for miscellaneous accruals				10,110
Adjustments to expenditures for public safety function accruals				29,686
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ 22,073</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-28

Valencia County

Homeland Security Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>3,500</u>	<u>3,500</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,500</u>	<u>\$ 3,500</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ -
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-29

Valencia County

Title III-B Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2008

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	42,540	42,540	43,423	883
Federal capital grants	-	-	-	-
State operating grants	18,476	18,476	17,450	(1,026)
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	5,578	219	(5,359)
Investment income	-	-	-	-
Miscellaneous	3,000	3,000	3,276	276
<i>Total revenues</i>	<u>64,016</u>	<u>69,594</u>	<u>64,368</u>	<u>(5,226)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	90,180	93,030	81,693	11,337
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>90,180</u>	<u>93,030</u>	<u>81,693</u>	<u>11,337</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(26,164)</u>	<u>(23,436)</u>	<u>(17,325)</u>	<u>6,111</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	(2,728)	-	2,728
Transfers in	26,164	26,164	34,500	8,336
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>26,164</u>	<u>23,436</u>	<u>34,500</u>	<u>11,064</u>
<i>Net change in fund balances</i>	-	-	17,175	17,175
<i>Fund balance - beginning of year</i>	-	-	(5,578)	(5,578)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,597</u>	<u>\$ 11,597</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 17,175
Adjustments to revenue for state and federal operating grants accrual				(2,064)
Adjustments to expenditures for culture and recreation function accruals				998
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ 16,109</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-30

Valencia County

Title III-E Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>25</u>	<u>25</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 25</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ -
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-31

Valencia County

Title C-1 Special Revenue Fund

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

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	67,082	67,082	67,710	628
Federal capital grants	-	-	-	-
State operating grants	8,943	8,943	9,286	343
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	8,659	-	(8,659)
Investment income	-	-	-	-
Miscellaneous	25,100	25,100	28,369	3,269
<i>Total revenues</i>	<u>101,125</u>	<u>109,784</u>	<u>105,365</u>	<u>(4,419)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	149,714	162,374	157,794	4,580
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>149,714</u>	<u>162,374</u>	<u>157,794</u>	<u>4,580</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(48,589)</u>	<u>(52,590)</u>	<u>(52,429)</u>	<u>161</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	4,001	-	(4,001)
Transfers in	48,589	48,589	57,500	8,911
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>48,589</u>	<u>52,590</u>	<u>57,500</u>	<u>4,910</u>
<i>Net change in fund balances</i>	-	-	5,071	5,071
<i>Fund balance - beginning of year</i>	-	-	(8,659)	(8,659)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,588)</u>	<u>\$ (3,588)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 5,071
Adjustments to revenues for state and federal operating grants accruals				(2,389)
Adjustments to expenditures for culture and recreation function accruals				294
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ 2,976</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-32

Valencia County

Title C-2 Special Revenue Fund

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

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	15,329	15,329	15,328	(1)
Federal capital grants	-	-	-	-
State operating grants	206,829	206,829	245,702	38,873
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	14,116	-	(14,116)
Investment income	-	-	-	-
Miscellaneous	25,100	25,100	40,767	15,667
<i>Total revenues</i>	<u>247,258</u>	<u>261,374</u>	<u>301,797</u>	<u>40,423</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	356,505	445,513	431,324	14,189
Health and welfare	-	-	-	-
Capital outlay	-	2,652	2,652	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>356,505</u>	<u>448,165</u>	<u>433,976</u>	<u>14,189</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(109,247)</u>	<u>(186,791)</u>	<u>(132,179)</u>	<u>54,612</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	77,544	-	(77,544)
Transfers in	109,247	109,247	138,000	28,753
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>109,247</u>	<u>186,791</u>	<u>138,000</u>	<u>(48,791)</u>
<i>Net change in fund balances</i>	-	-	5,821	5,821
<i>Fund balance - beginning of year</i>	-	-	(14,116)	(14,116)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,295)</u>	<u>\$ (8,295)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 5,821
No adjustments for revenue accruals				-
Adjustments to expenditures for culture and recreation accruals				438
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ 6,259</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-33

Valencia County

Cash in Lieu Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2008

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	44,992	44,992	47,106	2,114
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>44,992</u>	<u>44,992</u>	<u>47,106</u>	<u>2,114</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	44,992	52,610	52,607	3
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>44,992</u>	<u>52,610</u>	<u>52,607</u>	<u>3</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(7,618)</u>	<u>(5,501)</u>	<u>2,117</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	7,618	-	(7,618)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>7,618</u>	<u>-</u>	<u>(7,618)</u>
<i>Net change in fund balances</i>	-	-	(5,501)	(5,501)
<i>Fund balance - beginning of year</i>	-	-	785	785
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,716)</u>	<u>\$ (4,716)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (5,501)
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ (5,501)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-34

Valencia County

Bond/Judicial Renovation Capital Project Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	325,000	100,000	452,450	352,450
Miscellaneous	775,731	708,037	100	(707,937)
<i>Total revenues</i>	<u>1,100,731</u>	<u>808,037</u>	<u>452,550</u>	<u>(355,487)</u>
<i>Expenditures:</i>				
Current:				
General government	453,896	107,958	107,954	4
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	3,161,813	3,520,939	3,520,919	20
Debt service:				
Principal	775,731	775,731	775,731	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,391,440</u>	<u>4,404,628</u>	<u>4,404,604</u>	<u>24</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,290,709)</u>	<u>(3,596,591)</u>	<u>(3,952,054)</u>	<u>(355,463)</u>
<i>Other financing sources (uses)</i>				
Designated cash	3,290,709	3,596,591	-	(3,596,591)
Transfers in	-	-	775,731	775,731
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>3,290,709</u>	<u>3,596,591</u>	<u>775,731</u>	<u>(2,820,860)</u>
<i>Net change in fund balance</i>	-	-	(3,176,323)	(3,176,323)
<i>Fund balance - beginning of year</i>	-	-	3,554,163	3,554,163
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 377,840</u>	<u>\$ 377,840</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (3,176,323)
No adjustments for revenue accruals				-
Adjustments to expenditures for capital outlay accruals				775,936
Net change in fund balance (GAAP)				<u>\$ (2,400,387)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-35

Valencia County

Legislation Appropriation 02/03 Capital Project Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	16,944	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>16,944</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	8,613	8,613	5,435	3,178
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>8,613</u>	<u>8,613</u>	<u>5,435</u>	<u>3,178</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>8,331</u>	<u>(8,613)</u>	<u>(5,435)</u>	<u>3,178</u>
<i>Other financing sources (uses)</i>				
Designated cash	(8,331)	8,613	-	(8,613)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(8,331)</u>	<u>8,613</u>	<u>-</u>	<u>(8,613)</u>
<i>Net change in fund balance</i>	-	-	(5,435)	(5,435)
<i>Fund balance - beginning of year</i>	-	-	15,656	15,656
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,221</u>	<u>\$ 10,221</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (5,435)
Adjustments to revenues for state capital grants accruals				(10,221)
Adjustments to expenditures for capital outlay function accruals				5,435
Net change in fund balance (GAAP)				<u>\$ (10,221)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-36

Valencia County

Legislative Appropriation 03/04 Capital Project Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	89,277	89,277
State capital grants	207,049	227,048	-	(227,048)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>207,049</u>	<u>227,048</u>	<u>89,277</u>	<u>(137,771)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	79,552	80,700	1,106	79,594
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>79,552</u>	<u>80,700</u>	<u>1,106</u>	<u>79,594</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>127,497</u>	<u>146,348</u>	<u>88,171</u>	<u>(58,177)</u>
<i>Other financing sources (uses)</i>				
Designated cash	(127,497)	(146,348)	-	146,348
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(127,497)</u>	<u>(146,348)</u>	<u>-</u>	<u>146,348</u>
<i>Net change in fund balance</i>	-	-	88,171	88,171
<i>Fund balance - beginning of year</i>	-	-	(147,495)	(147,495)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (59,324)</u>	<u>\$ (59,324)</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 88,171
Adjustments to revenues for state capital grants accruals				(147,495)
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP)				<u>\$ (59,324)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-37

Valencia County

Legislative Appropriation 04/05 Capital Project Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	336,251	334,586	101,250	(233,336)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>336,251</u>	<u>334,586</u>	<u>101,250</u>	<u>(233,336)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	284,657	284,657	78,836	205,821
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>284,657</u>	<u>284,657</u>	<u>78,836</u>	<u>205,821</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>51,594</u>	<u>49,929</u>	<u>22,414</u>	<u>(27,515)</u>
<i>Other financing sources (uses)</i>				
Designated cash	(51,594)	(49,929)	-	49,929
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(51,594)</u>	<u>(49,929)</u>	<u>-</u>	<u>49,929</u>
<i>Net change in fund balance</i>	-	-	22,414	22,414
<i>Fund balance - beginning of year</i>	-	-	(49,929)	(49,929)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27,515)</u>	<u>\$ (27,515)</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 22,414
Adjustments to revenues for state capital grants accruals				(49,929)
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP)				<u>\$ (27,515)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-38

Valencia County

Tome Adelino Capital Project Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	2,184,074	2,399,438	1,898,937	(500,501)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>2,184,074</u>	<u>2,399,438</u>	<u>1,898,937</u>	<u>(500,501)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	140,000	140,000	-	140,000
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	1,844,300	1,844,300	1,724,405	119,895
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,984,300</u>	<u>1,984,300</u>	<u>1,724,405</u>	<u>259,895</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>199,774</u>	<u>415,138</u>	<u>174,532</u>	<u>(240,606)</u>
<i>Other financing sources (uses)</i>				
Designated cash	(199,774)	(415,138)	-	415,138
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(199,774)</u>	<u>(415,138)</u>	<u>-</u>	<u>415,138</u>
<i>Net change in fund balance</i>	-	-	174,532	174,532
<i>Fund balance - beginning of year</i>	-	-	(408,218)	(408,218)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (233,686)</u>	<u>\$ (233,686)</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 174,532
Adjustments to revenues for state capital grants accruals				(588,606)
Adjustments to expenditures for capital outlay accruals				180,388
Net change in fund balance (GAAP)				<u>\$ (233,686)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-39

Valencia County

Legislative Appropriation FY 06/07 Capital Project Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	4,503,870	3,630,545	1,283,590	(2,346,955)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>4,503,870</u>	<u>3,630,545</u>	<u>1,283,590</u>	<u>(2,346,955)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	3,658,527	3,658,527	1,466,648	2,191,879
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,658,527</u>	<u>3,658,527</u>	<u>1,466,648</u>	<u>2,191,879</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>845,343</u>	<u>(27,982)</u>	<u>(183,058)</u>	<u>(155,076)</u>
<i>Other financing sources (uses)</i>				
Designated cash	(845,343)	27,982	-	(27,982)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(845,343)</u>	<u>27,982</u>	<u>-</u>	<u>(27,982)</u>
<i>Net change in fund balance</i>	-	-	(183,058)	(183,058)
<i>Fund balance - beginning of year</i>	-	-	(373,189)	(373,189)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (556,247)</u>	<u>\$ (556,247)</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (183,058)
Adjustments to revenues for state capital grants accruals				(471,942)
Adjustments to expenditures for capital outlay function accruals				21,398
Net change in fund balance (GAAP)				<u>\$ (633,602)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-40

Valencia County

Legislative Appropriation 07/08 Capital Project Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	4,901,468	4,901,468	3,070,667	(1,830,801)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>4,901,468</u>	<u>4,901,468</u>	<u>3,070,667</u>	<u>(1,830,801)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	4,901,468	5,962,468	4,760,931	1,201,537
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,901,468</u>	<u>5,962,468</u>	<u>4,760,931</u>	<u>1,201,537</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(1,061,000)</u>	<u>(1,690,264)</u>	<u>(629,264)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	1,061,000	-	(1,061,000)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>1,061,000</u>	<u>-</u>	<u>(1,061,000)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(1,690,264)</u>	<u>(1,690,264)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,690,264)</u>	<u>\$ (1,690,264)</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (1,690,264)
Adjustments to revenue for state capital grants accruals				545,500
Adjustments to expenditures for capital outlay function accrual				(42,779)
Net change in fund balance (GAAP)				<u>\$ (1,187,543)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-41

Valencia County

Corrections GRT Capital Project Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	205,079	205,079
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>205,079</u>	<u>205,079</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>205,079</u>	<u>205,079</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	205,079	205,079
<i>Fund balance - beginning of year</i>	-	-	47	47
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,126</u>	<u>\$ 205,126</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 205,079
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP)				<u>\$ 205,079</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-42

Valencia County

El Cerro Pump Debt Service Fund

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

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	-	-	22,466	22,466
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>22,466</u>	<u>22,466</u>
<i>Expenditures</i>				
Current:				
General government	-	-	794	794
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>794</u>	<u>794</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>21,672</u>	<u>21,672</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	21,672	21,672
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>53,335</u>	<u>53,335</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,007</u>	<u>\$ 75,007</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 21,672
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP)				<u>\$ 21,672</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-43

Valencia County

Debt Service Fund

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

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	644,241	644,241	683,240	38,999
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	39,000	39,000	2,025,384	1,986,384
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>683,241</u>	<u>683,241</u>	<u>2,708,624</u>	<u>2,025,383</u>
<i>Expenditures</i>				
Current:				
General government	2,638	2,638	2,063	575
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	680,603	680,603	625,000	55,603
Interest	-	-	(6)	6
<i>Total expenditures</i>	<u>683,241</u>	<u>683,241</u>	<u>627,057</u>	<u>56,184</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>2,081,567</u>	<u>2,081,567</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	2,081,567	2,081,567
<i>Fund balance - beginning of year</i>	-	-	344,007	344,007
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,425,574</u>	<u>\$ 2,425,574</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 2,081,567
Adjustments for revenue accruals				(1,951,966)
Adjustments to expenditure accruals				(276,938)
Net change in fund balance (GAAP)				<u>\$ (147,337)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-44

Valencia County

Meadow Lake Fire Department Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	33,877	33,877
Miscellaneous	-	-	1	1
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>33,878</u>	<u>33,878</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>33,878</u>	<u>33,878</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	33,878	33,878
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>346,707</u>	<u>346,707</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 380,585</u>	<u>\$ 380,585</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 33,878
Adjustments for revenue accruals				-
Adjustments to expenditure accruals				-
Net change in fund balance (GAAP)				<u>\$ 33,878</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-45

Valencia County

Major County Debt Service Fund

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

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ 775,731	\$ 775,731	\$ 1,110,529	\$ 334,798
Gross receipt taxes	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
License and fees	-	-	-	-
Changes for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>775,731</u>	<u>775,731</u>	<u>1,110,529</u>	<u>334,798</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>775,731</u>	<u>775,731</u>	<u>1,110,529</u>	<u>334,798</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(775,731)	(775,731)	(775,731)	-
<i>Total other financing sources (uses)</i>	<u>(775,731)</u>	<u>(775,731)</u>	<u>(775,731)</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	334,798	334,798
<i>Fund balance - beginning of year</i>	-	-	898,862	898,862
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 1,233,660	\$ 1,233,660
Net change in fund balance (non-GAAP budgetary basis)				\$ 334,798
Adjustments to revenue for property tax accruals				(1,585)
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP)				<u>\$ 333,213</u>

The accompanying notes are an integral part of these financial statements

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Valencia County
Schedule of Collateral Pledged by Depository For Public Funds
June 30, 2008

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>
Bank of the West	*Southern Sandoval NM A FN 795813	8/1/2017 6/1/2034	843789DH8 31405QDS4
	FN 869872 FN #773832	4/1/2036 4/1/2034	31409FMV7 31404NVZ6
	*Dona Ana BRH Community College	8/1/2008	257578CM4
	*Southern Sandoval NM A FNMA	8/1/2020 4/28/2015	843789DL9 3136F9KK8
	*Southern Sandoval NM A University NM Gallup	8/1/2015 8/1/2022	843789DF2 914684CU7
	*Southern Sandoval NM A	8/1/2016	843789DG0
	*Southern Sandoval NM A	8/1/2012	843789DC9
	*Southern Sandoval NM A GN #428391	8/1/2011 3/15/2026	843789DB1 36207C2Y3
	FH #865392	12/1/2022	31348T7D8
	G2 #2305	10/20/2026	36202CR21
	FN #374721	4/1/2027	31377EG60
	FH #608650	8/1/2023	31354QTF6
	FH #420191	6/1/2030	31346AF83
	Regatta Funding LTD	7/1/2008	75885JAE0
	Total Bank of the West		
First Community Bank	FRH2772 KP	6/15/2022	31394XJL1
	Total First Community Bank		
MyBank	FHLB	11/14/2008	3133XHPU0
	FNMA	8/13/2009	3136F55H0
	Total MyBank		
NM Bank and Trust	FHLMC REM SER 1004	10/15/2030	
	FHLMC REMIC SER 2434	4/15/2030	
	Total Pledged Collateral		

* Par Value used for New Mexico Securities Pledged

Fair Market Value *Par Value June 30, 2008	Name and Location of Safekeeper
\$ 150,000	Wells Fargo - Minneapolis, Minnesota
48,313	Wells Fargo - Minneapolis, Minnesota
55,776	Wells Fargo - Minneapolis, Minnesota
27,641	Wells Fargo - Minneapolis, Minnesota
300,000	Wells Fargo - Minneapolis, Minnesota
155,000	Wells Fargo - Minneapolis, Minnesota
197,356	Wells Fargo - Minneapolis, Minnesota
200,000	Wells Fargo - Minneapolis, Minnesota
246,258	Wells Fargo - Minneapolis, Minnesota
250,000	Wells Fargo - Minneapolis, Minnesota
150,000	Wells Fargo - Minneapolis, Minnesota
350,000	Wells Fargo - Minneapolis, Minnesota
23,777	Wells Fargo - Minneapolis, Minnesota
29,895	Wells Fargo - Minneapolis, Minnesota
21,549	Wells Fargo - Minneapolis, Minnesota
51,418	Wells Fargo - Minneapolis, Minnesota
1,259	Wells Fargo - Minneapolis, Minnesota
40,126	Wells Fargo - Minneapolis, Minnesota
<u>3,250,353</u>	Wells Fargo - Minneapolis, Minnesota
<u>\$ 5,548,721</u>	
\$ 2,089,942	Federal Home Loan Bank - Dallas, TX
<u>2,089,942</u>	
\$ 252,632	Federal Home Loan Bank - Dallas, TX
761,468	Federal Home Loan Bank - Dallas, TX
<u>\$ 1,014,100</u>	
\$ 81,067	
108,362	
<u>\$ 189,429</u>	
<u>\$ 8,842,192</u>	

STATE OF NEW MEXICO
Valencia County
Schedule of Deposit and Investment Accounts
June 30, 2008

Bank Name	Acct. Type	Bank Balance
Deposits:		
Bank of the West		
Operational Checking Account	Checking	\$ 3,754,343
Payables Checking Account	Checking	-
Payroll Checking Account	Checking	-
Hospital	Checking	2,356,114
Certificate of Deposits	CD	769,917
Wells Fargo		
Adult Detention Inmate	Checking	68,326
Adult Detention Commissary	Checking	12,283
CDBG	Checking	39
Judicial Complex	Money Market	53,000
Judicial Complex Escrow	Money Market	136,011
Judicial Complex Retainage	Money Market	173,706
First Community Bank		
Elec Fed Tax Pymt System Account	Checking	2,626
Hospital	Money Market	2,287,316
NM Bank & Trust		
Certificate of Deposits	CD	569,916
MYBank		
Sheriff Oper/Federal	Checking	18,088
Certificate of Deposits	CD	2,000,000
Bank of Albuquerque		
Held for employees		85
US Treasury Money Market Mutual Fund	Mutual Fund	961,455
Subtotal Deposits		<u>13,163,225</u>
New Mexico State Treasurer		
LGIP	LGIP	<u>1,500,000</u>
Total deposits and investments per financials statements		<u>\$ 14,663,225</u>

Total cash and cash equivalents per Exhibit A-1
Total restricted cash and cash equivalents per Exhibit A-1
Total cash and cash equivalents per Exhibit D-1

Deposits in Transit	Outstanding Checks	Book Balance
\$ 159,520	\$ 38,492	\$ 3,875,371
-	815,383	(815,383)
-	-	-
-	-	2,356,114
-	-	769,917
-	-	68,326
-	-	12,283
-	-	39
-	-	53,000
-	-	136,011
-	-	173,706
-	-	2,626
-	-	2,287,316
-	-	569,916
-	-	18,088
-	-	2,000,000
-	-	85
-	-	961,455
<u>159,520</u>	<u>853,875</u>	<u>12,468,870</u>
<u>-</u>	<u>-</u>	<u>1,500,000</u>
<u>\$ 159,520</u>	<u>\$ 853,875</u>	<u>\$ 13,968,870</u>
		\$ 8,981,030
		961,455
		4,026,385
		<u>\$ 13,968,870</u>

STATE OF NEW MEXICO
Valencia County
Tax Roll Reconciliation-Changes in Property Taxes Receivable
June 30, 2008

Schedule III

Property taxes receivable, beginning of year	\$ 6,902,607
Changes to tax roll:	
Net tax charges to treasurer for fiscal year	31,891,815
Adjustments:	
Net increase in taxes receivable	122,763
Charge off of taxes receivable	<u>(273,977)</u>
Total receivable prior to collections	38,643,208
Collections for fiscal year ended June 30, 2008	<u>(30,567,475)</u>
Property taxes receivable at June 30, 2008	<u><u>\$ 8,075,733</u></u>
Property taxes are reported as follows:	
Governmental Funds:	
General Fund	\$ 2,909,541
Agency Funds	<u>3,993,066</u>
Total property taxes receivable	<u><u>\$ 6,902,607</u></u>
Property Taxes Receivable by years:	
1998	\$ 3,401,829
1999	1,590,929
2000	813,205
2001	555,062
2002	439,867
2003	337,950
2004	275,598
2005	251,508
2006	222,548
2007	<u>187,236</u>
	<u><u>\$ 8,075,732</u></u>

STATE OF NEW MEXICO
Valencia County
Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2008

Schedule IV

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
ASSETS				
Cash and cash equivalents	\$ 1,065,698	\$ 21,141,783	\$ 18,181,096	\$ 4,026,385
Taxes receivable	<u>3,993,066</u>	<u>22,164,374</u>	<u>21,314,607</u>	<u>4,842,833</u>
<i>Total assets</i>	<u><u>\$ 5,058,764</u></u>	<u><u>\$ 43,306,157</u></u>	<u><u>\$ 39,495,703</u></u>	<u><u>\$ 8,869,218</u></u>
 LIABILITIES				
Deposits held for others	\$ 1,065,698	\$ 21,141,783	\$ 18,181,096	\$ 4,026,385
Due to other taxing entities	<u>3,993,066</u>	<u>22,164,374</u>	<u>21,314,607</u>	<u>4,842,833</u>
<i>Total liabilities</i>	<u><u>\$ 5,058,764</u></u>	<u><u>\$ 43,306,157</u></u>	<u><u>\$ 39,495,703</u></u>	<u><u>\$ 8,869,218</u></u>

STATE OF NEW MEXICO
Valencia County
Schedule of Legislative Grants
For the Year Ended June 30, 2008

Project	Grant #	Expiration Date	Grant Amount
13th Jud Dist Courthouse Furnis/equip	11509	6/30/2011	\$ 1,150,000
Belen and Los Lunas Senior Centers Vehicles	13930	6/30/2009	58,568
Don Ramon Rd Improve	15824	6/30/2011	75,000
Franklin Rd Pave	12549	6/30/2011	58,000
Highland meadows Area Road Improve	14741	6/30/2011	50,000
Highland meadows Area Road Improve	14741	6/30/2011	55,000
Highland meadows Area Road Improve	16635	6/30/2011	100,000
Jarales Cmty Ctr & Sheriff substation renovation	7254	6/30/2011	270,000
Jarales Fire District Tanker Purchase	12546	6/30/2009	100,000
Kendrick Road Improve	12008	6/30/2011	75,000
Los Chavez Fire Dept Improve/Water tank purchase	7253	6/30/2011	50,000
Meadow lake cmty tr repair	7040	6/30/2011	100,000
Meadow lake fire station construct	7282	6/30/2011	100,000
Meadow lake rd improve	15191	6/30/2011	100,000
Meadow lake senior ctr code compliance	13972	6/30/2011	28,000
Meadow lake senior ctr code compliance	13972	6/30/2011	28,000
North Rio Del Oro Rd improve	15717	6/30/2011	20,000
Serafin road speed humps	14881	6/30/2011	16,000
Tome Dominguez Community Center	14602	6/30/2011	450,000
Valencia County Animal Control Fclty Renovate	14755	6/30/2011	400,000
Valencia Co Del Rio Senior Ctr code compliance	13957	6/30/2011	200,000
Valencia Co House Dist 7 Rds/Co Com Dist 4 Rds	15895	6/30/2011	50,000
Valencia Co Seniors Food Delivery Truck purchase	7041	6/30/2009	55,000
Valencia Co Sheriff's Dept Info tech	16097	6/30/2009	180,000
Valencia Co Sheriff's Dept vehicles	16362	6/30/2009	100,000
Valencia Co. Tierra Bonita compactor truck	7568	6/30/2009	10,000
			<u>\$ 3,878,568</u>

The County recognizes the expenditures and related revenues for these capital outlay projects as an reimbursement basis in accordance with GASB 33. Therefore, the remaining grant balance does not appear in the County's financials statements.

<u>Expenditures To</u> <u>Date</u>	<u>Remaining</u> <u>Grant Balance</u>
\$ 1,100,191	\$ 49,809
58,568	-
44,779	30,221
175	57,825
46,283	3,717
55,000	-
96,282	3,718
55,000	215,000
100,000	-
75,000	-
50,000	-
45,932	54,068
100,000	-
99,981	19
27,977	23
22,857	5,143
20,000	-
16,000	-
404,000	46,000
400,000	-
194,563	5,437
21,688	28,312
55,000	-
166,754	13,246
92,238	7,762
10,000	-
<u>\$ 3,358,268</u>	<u>\$ 520,300</u>

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COMPLIANCE SECTION

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

Hector Balderas
New Mexico State Auditor
The Office of Management and Budget
To the County Administrator and County Commissioners
Valencia County
Los Lunas, New Mexico

We have audited the financial statements of the governmental activities, each major fund, the budgetary comparisons for the General Fund, the County Indigent Claims Special Revenue Fund, and the aggregate remaining fund information of Valencia County, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 7, 2008. Our report is qualified because we were unable to verify capital assets, the related depreciation and the current year depreciation accrual. Further, we were unable to determine the effect, if any, on net assets and the change in net assets. We also have audited the financial statements of each of the County's nonmajor governmental funds and budgetary comparisons for the Bond/Judicial Renovation, Legislative Appropriation FY 07/08 Capital Projects Fund, the County Debt Service Fund, and the remaining nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008 as listed in the table of contents. 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 Valencia County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Valencia County's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by Valencia County's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. These are items FS 2007-10, FS 2007-13, FS 2007-14, FS 2007-15, FS 2007-16, FS 2007-17, FS 2007-18, and FS 2008-01.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items FS, 2007-10, FS 2007-14, FS 2007-15, FS 2007-16, FS 2007-17, and FS 2008-01 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Valencia County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses as items FS 2007-06, FS 2007-12, FS 2007-16, FS 2007-19, FS 2008-02, FS-2008-03, and FS 2008-04.

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

This report is intended solely for the information and use of the audit committee management, others within the organization, County Commission, the Office of the State Auditor, New Mexico Legislature, the New Mexico Department of Finance and Administration, 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.

Accounting & Consulting Group, L.L.P.

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
November 7, 2008

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FINANCIAL STATEMENT FINDINGS:

FS 2007-06 — Per Diem Underpaid and Overpaid

Criteria: According to State Statute 10-8-4 NMSA: Every public officer or employee shall receive \$.32 a mile for each mile travel in a privately owned vehicle. Per Section 2.42.2.8 (3) of NMAC, on the last day of travel when overnight lodging is no longer required, partial day reimbursement shall be made. To calculate the number of hours in the partial day, begin with the time the travel initially departed. Divide the number of hours traveled by 24. The hours remaining constitute the partial day, which shall be reimbursed as follows:

- a. for less than 2 hours, none;
- b. for 2 hours, but less than 6 hours, \$12.00;
- c. for 6 hours, but less than 12 hours, \$20.00;
- d. for 12 hours or more, \$30.00.

Per Section 2.42.2.10 of NMAC, upon written request accompanied by a travel voucher, agency heads may approve a public officer's or employee's request to be advanced up to 80% of per diem rates and mileage cost or for the actual cost of lodging and meals.

Condition: While performing test work for per diem and mileage reimbursement, we found two employees out of the ten tested were reimbursed for travel in a privately owned vehicle at a rate of \$0.35 when policy states the reimbursement is \$.32 for a total overpayment of \$2.04, one employee out of the ten tested was paid for a partial day in the amount of \$12.00 when the employee should have been paid \$20.00, this resulted in an underpayment of per diem in the amount of \$8.00, and one employee out of ten was given a travel advance for 100% of anticipated per diem instead of the approved 80% advance for anticipated travel costs for an overpayment of \$53.40.

Cause: The accounts payable clerk misunderstood the policy rules and regulations regarding what amounts should be paid to employees for partial days that were followed by an overnight stay.

Effect: The County paid employee's incorrect amounts.

Auditors' Recommendations: The County should follow the State Regulation described above in order to avoid non compliance.

Agency Response: County Finance staff will redesign the Travel Voucher to incorporate State and County travel policies and perform all calculated amounts to reduce or eliminate errors in rates and calculations. This will enable the Accounts Payable Clerk to consistently comply with State and County travel policies.

FS 2007-10 — Preparation of Financial Statements

Criteria: According to the American Institute of Certified Public Accountants' Statement on Auditing Standards No. 112, a system of internal control over financial reporting does not stop at the general ledger. Well designed systems include controls over financial statement preparation, including footnote disclosures.

Condition: The financial statements and related disclosures are not being prepared by the County.

Cause: The County's personnel do not have the time and have not been adequately trained in understanding the elements of external financial reporting including the preparation of financial statements and related footnote disclosures.

Effect: When sufficient controls over the preparation of financial statements and related disclosures are not designed, implemented and operating effectively, an entity's ability to prevent or detect a misstatement in its financial statements is limited.

Auditors' Recommendation: We recommend District management and personnel receive training on understanding the requirements of external financial reporting.

The training should include, but not be limited to:

- Selection of appropriate accounting policies:
 - Governmental Accounting Standards Board (GASB)
 - Generally Accepted Accounting Principles (specifically as applied to governmental units)
 - Financial Accounting Standards Board (FASB)
- Understanding the financial reporting entity
- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements
- Required supplementary information
 - Management's discussion and analysis
- Supplementary information required by the Office of the State Auditor

In addition, we recommend that the District develop and implement policies and procedures designed to prevent or detect possible misstatements in its financial statements and related footnote disclosures.

Agency's Response: The County has acquired the services of a Budget Analyst position whose duties include developing and implementing policies and procedures that provide the County with the capability to produce Financial Statements including footnote disclosures and supplementary information and schedules. And train current County employees to implement these procedures and compile the Financial Statements and supplementary information in the future.

FS 2007-12 — No Ten Year Property Tax Schedule

Criteria: Section 2.2.2.12D of NMAC requires the County audit report to include a schedule titled “County Treasurer’s Property Tax Schedule” that must show by property tax type and agency, the amount of taxes: levied; collected in the current year; collected to-date; distributed in the current year; distributed to date; the amount determined to be uncollectible in the current year; the uncollectible amount to-date; and the outstanding receivable balance at the end of the fiscal year.

Condition: The County does not have a report detailing property tax outstanding and still receivable for the past 10 years. This is information necessary to complete the County’s Treasurer’s Property Tax Schedule.

Cause: The County software has not been set up in a manner that will produce the required report.

Effect: The County is not in compliance with State Auditor Rule 2.2.2 12D. The County may not have adequate supporting documentation for older property taxes receivable and payable to agencies.

Auditors’ Recommendation: The County should accumulate the required information to be in compliance with the State Auditor Rule, and obtain adequate supporting documentation for older property taxes receivable and payable.

Agency’s response: The current outstanding tax listing that is run at the end of each month shows a listing by tax year of the outstanding taxes due and is broken down by residential, non-residential, livestock, non-rendition, administrative fee and Middle Rio Grande Conservancy. As of June, 2003 the it department has produced a report that shows the outstanding taxes broken down by year and entity. It lists the taxes outstanding by entity and for each tax year starting with 2001 to the current tax year. Any data before 2001 is not available because this report was not available before that. The Treasurer’s Office was given a copy of what the Ten Year Property Tax Schedule should look like from James Hartogensis, Senior Audit Manager of Hinkle & Landers, P.C. This report has taken a lot of work to gather all the required information to complete for the ten years required. We have been working on this report and are lacking a couple of years.

FS 2007-13 — Incomplete Trial Balance

Criteria: Generally accepted accounting principles and also Section 6-6-3 NMSA 1978 requires that every asset, liability, revenue, and expense has an appropriate account and will be properly recorded. A trial balance is the result of recording all transactions of the County. The County should be able to prepare a trial balance by fund at any time.

Condition: The County does not have a complete general ledger and cannot generate a complete trial balance. The County records cash transactions only. It was necessary for the auditors to use cash reconciliation report to book the entry necessary to balance the County funds by allocating the cash in the cash clearing accounts to the appropriate fund as indicated on the bank reconciliation report. It was also necessary to use supplemental reports to determine the accounts receivable, accounts payable, notes payable, and property assets of the County.

Cause: The County employees have not been trained in generally accepted accounting principles to enable them to convert the cash books to a modified accrual basis of accounting.

Effect: The lack of a complete general ledger that includes all transactions of the County results in a less efficient audit.

Auditors’ Recommendation: We recommend the County receive proper training and necessary updates in order to be able to produce a complete and accurate trial balance.

Agency’s Response: The County will create the asset, liability, and fund balance accounts necessary to facilitate the creation of a complete Trial Balance for each fund. The County’s financial software vendor has agreed to assist in the development and implementation of the new accounts and County staff is developing the procedures necessary to generate a complete Trial Balance for each fund. The resulting procedures and processes will be tested and verified to ensure accuracy and propriety prior to going live.

FS 2007-14 — Recording/Reconciliation of Cash

Criteria: Section 4-43-2 of NMSA 1978 requires that the county treasurer keep:

- Account of all money received and disbursed;
- Regular accounts of all checks and warrants drawn on the treasury and paid; and
- The books, papers and money pertaining to his/her office ready for inspection by the board of County Commissioners at all times.

Condition: During our testing of cash reconciliations, we discovered that the County's cash reconciliation was incorrectly prepared. There were 2 checks totaling \$86,230.10 that were incorrectly recorded on the list of outstanding items, and on the deposits in transit. There was an incorrect amount carried forward on the bank reconciliation as an outstanding item in the amount of \$25,410. There was also a deposit in transit that was not included as a reconciling item in the amount of \$2,770. There was also a bank account that was not included on the bank reconciliation at all in the amount of \$85.

Cause: The Treasurer's Office and the County Manager's Office balances were not reconciled to each other.

Effect: The effect of this inaccurate reconciliation is that there were incorrect balances in the account amounts in four separate funds. They were misstated by \$22,725.

Auditors' Recommendation: We recommend that the County Manager's office and Treasurer's office work together to ensure that they have the same reconciled balances for all bank accounts. We also recommend that the Treasurer's office maintain a separate reconciliation of each bank account and each fund in order to keep track of outstanding items that affect the reconciled balance.

Agency's Response: These transfers are done to cover the monthly expenses for the Judicial Complex and the Adult Detention Commissary accounts. The 2 checks in question were written in July by the Finance Department to reimburse the General Fund for expenditures from the Judicial Complex and the Adult Detention Commissary accounts. Since the checks were written to reimburse the General Fund for June expenditures, the Treasurer's Office recorded the checks in June. However, the Finance Department recorded the checks in July since they actually wrote the reimbursement checks in July. As noted in the finding, the net effect of the error was zero. The Treasurer's Office staff understands how the error occurred and will, in the future, record all checks received based on the date of receipt/deposit.

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FS 2007-15 — Negative Cash Balances

Criteria: Good accounting practice requires that an agency submit required documentation to receive reimbursement for expended grant funds as soon as possible after the grant expenditure is made. GASB 34 paragraph 112 requires that interfund loans should be recorded as interfund receivables in the lender fund and interfund payables in the borrower fund.

Condition: The County has several fund cash balances which are negative. These balances represent interfund loans from the General Fund which are for expenditures to be reimbursed from the funding source as the requests for reimbursement are completed. The following funds showed negative cash balances at June 30, 2008:

<u>Special Revenue Funds</u>		<u>Amount</u>
Fund 409	Legislative Appropriation 03/04	\$ 59,324
Fund 410	Legislative Appropriation 04/05	27,515
Fund 411	Legislative Appropriation 05/06	233,686
Fund 412	Legislative Appropriation 06/07	556,247
Fund 431	Legislative Appropriation 07/08	1,690,264
Fund 433	CDBG	66,046
Fund 439	G.R.E.A.T Grant	4,047
Fund 456	LLEBG	757
Fund 465	Traffic Safety	15,189
Fund 495	Title C-1	3,588
Fund 496	Title C-2	8,295
Fund 497	Cash In Lieu	<u>4,716</u>
Total		<u>\$ 2,669,674</u>

Cause: The prior Administrator in charge of reimbursement requests did not complete the required documentation for reimbursement for the grant expenditures. There was no independent follow-up to make sure that all of the funds that were expended were properly reimbursed. The County did not record the loans as receivables in the lender fund and as a payable in the borrower fund. .

Effect: Since funds have negative cash balances other funds are supporting expenditures which may be unallowable under state or federal grant agreements

Auditors' Recommendations: We recommend that: (1) cash balances be monitored on a monthly basis; (2) requests for grant reimbursements be submitted timely; and (3) interfund loans be recorded as interfund receivables in the lender fund and as interfund payables in the borrower fund.

Agency's Response: The County Finance Staff will setup "Due To" and "Due From" accounts in all of the "Reimbursable" Funds. At the end of the fiscal year an entry will be created to transfer the required Cash amount and a "Due To" entry prepared for the "Reimbursable" Funds and corresponding entry made in the "Due From" account in the General Fund. These entries will be reversed in the subsequent year to enable County staff to more readily monitor the status of the grant reimbursement requirements.

FS 2007-16 Capital Assets

Criteria: Section 2.20.1 of NMAC requires agencies to properly account for capital assets. The required capital asset accounting system is described in Section 2.20.1.8 of NMAC. Proper controls over the capital assets are described in section 2.20.1.15 of NMAC. The statutory annual inventory requirement is described in Section 2.20.1.16 of NMAC. The requirement to follow the applicable statutes when disposing of capital assets is described in Section 2.20.1.18 of NMAC.

Section 12-6-10 NMSA1978 requires that the agency's capital asset inventory list any item costing more than \$5,000, effective June 17, 2005. Per guidance from the State Auditor dated September 8, 2006, the older capital asset items that did not meet the new capitalization threshold were supposed to remain on the list until they are disposed of in accordance with applicable statutes.

Condition: The capital asset inventory system was not being reconciled. Ending capital assets balance at prior year end did not agree with current year beginning balance. Also, the inventory system is not being reconciled with the capital outlay expenditures as recorded in the budget reports as additions/deletions were occurring. All movable capital assets are not being accounted for with an inventory tagging system. No formal policy exists for capital asset disposal.

Cause: The County does not have personnel trained and knowledgeable in the maintenance and record keeping of capital assets for the County.

Effect: Without proper accounting for capital asset additions and deletions, the financial statements of the County may be misstated.

Auditors' Recommendation: We recommend that the County adopt the statutory \$5,000 capitalization limit and all assets purchased since June 17, 2005 with a cost exceeding \$5,000 be tagged and inventoried. We also recommend that the County follow the regulations and statutes described above under "Criteria."

Agency's Response: During the subsequent Fiscal Year, formal policies will be written where needed and procedures will be developed and documented that address, at a minimum, the following:

- Establishment of a capitalization limit of \$5,000 that coincides with the State of New Mexico.
- Require an annual physical inventory of assets that exceed \$5,000 and verify that all equipment is properly tagged
- Procedure to be followed for disposal of all capitalized assets
- Verify that the current year beginning asset balance matches the prior year ending asset balance
- On a Quarterly basis, run a check list that includes all checks that are equal to or exceed \$5,000 and match with a detail report for all Capital Accounts, all Legislative Appropriations funds, and any other Capital Projects fund.
- Add all Capital acquisitions to the Inventory and all Long Term or Capital Projects to Construction in Progress until complete. When construction projects are completed and final payment is made, they will be removed from Construction in Progress and entered into inventory as Buildings or Infrastructure so depreciation can begin.
- Get a list of additions and deletions to the Road Inventory from Public Works in order to include any donated infrastructure and make any deletions that may have occurred

Train Finance staff in accounting principals and practices involved in acquisition, deletion, and depreciation of Capital Assets.

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FS 2007-17 Property Tax Roll

Criteria: Per section 4-43-2, NMSA 1978 The County Treasurer shall keep account of all money received and disbursed. The "Tax Schedule Maintenance Report" is used to account for property taxes assessed, modified, and collected over the last 10 property tax years. This report serves taxing authorities to estimate future monies owed from taxes assessed but uncollected.

Condition: The "Tax Maintenance Report" in the Treasurer's report is not correct, therefore, uncollected property taxes are not accurately reported.

Cause: Addition and deletion amounts used in the report are taken solely from monthly reports generated by the County's computer system, and do not reflect the true totals for additions and deletions.

Effect: Additions and Deletions shown in the "Tax Maintenance Report" are incorrect and do not represent uncollected property taxes the County has assessed and not collected.

Auditors' Recommendation: We recommend that an appropriate reconciliation procedure take place to ensure the amounts shown in the report are correct. We also recommend that software updates be made so the County's computer system will properly account for all additions, deletions, and any other adjustments to property taxes.

Agency's Response: Treasurer's Office is going to track some Additions and Deletions transactions through the Triadic system to determine where the differences occur and develop a reconciliation procedure to eliminate any discrepancies. Once the cause of the error is determined then they can reconcile prior year's amounts to correctly reflect uncollected property taxes.

FS 2007-18 — Information Technology Controls

Criteria: Paragraph 4 of the State of New Mexico Statewide Policy S-STD-010-001 Backups Standard states that procedures shall be established and documented for performing backups, transporting media, and testing backup media, and recovering in the event of an interruption in the IT function.

Paragraph 4 of the State of New Mexico Statewide Policy S-STD009.001 IT Physical Security states that information systems, media storage areas, and related communication wiring and network devices shall be located in secure locations that are locked and restricted to access by authorized personnel only.

Condition: During our planning and risk assessment of IT general and specific controls we noted the following:

- Contingency plans have not been developed for alternative processing in the event of loss or interruption of the IT function; and p
- Adequate physical controls are not in place to ensure that access to computer facilities and equipment is restricted to authorized personnel only

Cause: The county has not had the personnel resources to prepare the IT contingency plan or the space and financial resources to secure the computer equipment.

Effect: An unexpected occurrence could compromise the IT function and the County may be unable to recover properly from the compromise. Unauthorized access to information, systems, applications, and networks could compromise IT operations and thereby the ability of the County to function properly. Theft/loss of IT equipment may potentially result in the unintentional disclosure of confidential information.

Auditor's Recommendations: The County should provide written instructions for reconstructing their IT systems from the stored materials. A plan is needed to address how the County would process required functions manually or with alternate automated systems in the event of a compromising event.

All IT hardware and equipment, including networking equipment such as switches, should be secured and restricted from employee access with the exception of authorized personnel with need to access.

Agency's Response: The IT department performs a daily, weekly and monthly backup strategy of all critical Windows based server systems their system states and user data. Daily Backups are also performed on the AS400 system. All of these tapes (daily, weekly and monthly) are currently stored in the lockable fire proof safe in the Treasurer's safe located across the street from the County offices. This strategy has been in place since before the last audit findings and was addressed in our response last year.

Physical as well as digital access to network devices has greatly improved in the past 12 months. All network switches and routers are now managed devices increasing security and digital access to these devices. To connect to these devices one must have a username and password whether attempting to connect physically or across the network. Two additional physical locations have been physically secured by rekeying the doors which they are behind and are now only accessible by IT staff. At this time only the switches in the Treasurer's department which is a locked office and only accessible by county staff and one in the office housing Juvenile Justice Director, Loss Management Director, Rural Addresser and the Abatement Officer are not physically secured. These Cisco and HP switches again are managed and would require a username and password to access them via a digital connection. Purchase Requisitions for locking cabinets have been written and sent to Purchasing which will eliminate physical access to 'ALL' network switches and routers within the next couple of months.

Connections to the former Rural Addresser's office have been severed. This former connection was the weakest link in the County's network and no longer exists. This was a major improvement in securing the county's network.

Remote connections have been added to Public Works, Animal Control and the Older American Program. At each of these remote locations Cisco network switches and routers are either behind locked doors or in locked cabinets. Access to the Older American Program equipment can only be accessed by obtaining a key from the OAP director or his staff. This location will also be secured by a locking network cabinet within the next couple of months. Public Works and Animal Control cabinets can only be accessed by the IT director or his staff. Once again these devices are not only physically but digitally secured through the requirement of a username and password.

I am proud to say that we have made considerable improvements to our network security in the past year.

The County does not have in place at this time a Disaster Recovery plan to deal with a major incident which would allow us to setup a secondary location should an extraordinary event of substantial proportions occur in a timely manner.

There is currently no co-location of data or hardware in place which would allow us to setup for business in a secondary offsite location. Such a plan would be truly extraordinary in scope and would cost the county well over \$80,000 in reoccurring annual expenses for a second AS400 as well as another \$70,000 in additional hardware servers and workstations and software alone. Additional communication expenses would also be incurred to establish T1 connections for the replication of data.

FS 2008-01 Deficiencies in Internal Control Structure Design, Operation, and Oversight

Criteria: *The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.*

Condition: The County does not have a comprehensive documented internal control structure. Due to this lack of documentation, management and staff are unsure about what internal control procedures and processes to follow, which internal controls are the most important for safeguarding the County's assets, and which internal controls could ensure that the County's accounting information is not misstated.

The SAS 112 Appendix lists the following circumstance as a possible control deficiency, significant deficiency, or material weakness, "inadequate documentation of the components of internal control." SAS 112 paragraph 19 states that ineffective oversight of the agency's financial reporting and internal control by those charged with governance should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

Cause: The County was unaware of the need to have a documented internal control system.

Effect: County Management and employees will not be able to prevent or detect misstatements on a timely basis while performing their normal course of assigned functions as long as the County does not have effectively designed and implemented internal controls.

Auditors' Recommendation: The County should ensure that a comprehensive internal control structure is designed, documented, and implemented. The body charged with governance should provide effective oversight of the internal control and financial reporting process.

Agency's Response: County Management and Staff will design, document, and maintain a written procedural guideline defining the appropriate tasks and the personnel responsible for completion of those tasks. Those tasks include, but are not limited to, such duties as reconciling Budgeted and Actual Revenues and Expenditures between Treasurer's Office and Finance, adding and deleting reconciling and depreciating Capital Assets, producing accurate and timely financial reports, and presenting the results of operations and financial status to the County Commission on a regular basis for their information and consideration.

FS 2008-02 — Stale Dated Checks

Criteria: Section 7-8A, NMSA 1978, and related regulations require that the County provide information about the payees and the related funds to Unclaimed Property Division of the New Mexico Taxation and Revenue Department for outstanding checks that were distributed but not cashed within one year.

Condition: The County has 46 stale dated checks on its bank reconciliations totaling \$193,671 that have been outstanding for more than a year. The County has not reported the payees or turned over the funds to the Unclaimed Property Division of the New Mexico Taxation and Revenue Department.

Cause: The County was unaware of the requirement to remit the stale dated check funds to the New Mexico Taxation and Revenue Department.

Effect: Carrying numerous bank reconciling items could result in a misstatement in the accounting records or related misappropriation of funds.

Auditors' Recommendations: The County should implement policies and procedures to ensure that the Unclaimed Property Division of the New Mexico Taxation and Revenue Department is properly notified regarding stale dated checks.

Agency's Response: These checks were overlooked and should not have remained outstanding on the bank reconciliation for over one year. Checks remaining unpaid for one year are to be canceled. All checks outstanding over one year have been canceled and removed from the bank reconciliation report. The Treasurer's Office will review the outstanding check lists each month and cancel all stale dated checks.

FS 2008-03 Unauthorized Withdrawal of Cash

Criteria: Good internal controls require key controls to be implemented and designed effectively. This is done to mitigate fraudulent acts in any areas.

Condition: During our audit examination and inquiry it was discovered a former employee of the County made two unauthorized withdrawals of cash from a CDBG bank account totaling \$1,100.

Cause: The County personnel responsible for this account never removed the former employee's name when employment ended; therefore the former employee was still recognized as an authorized check signer.

Effect: Lack of proper monitoring of bank accounts could cause assets to be misappropriated and cash balance to be incorrect which may lead to misstatements in the financial statements.

Auditors' Recommendations: We recommend a policy of regular review be implemented to review authorized check signers on all bank accounts to ensure only proper employees maintain this responsibility.

Agency's Response: A policy will be written and included in the County Policy and Procedure Manual, requiring an exit checklist be completed for all elected officials, managers, and directors. This checklist would include verification that they have been removed from signatory authority on all bank accounts.

FS 2008-04 Cash Deposit Under Collateralized

Criteria: Any bank designated a deposit of public money shall deliver pledged collateral with a value equal to one half the amount of the public money in excess of insurance, to a custodial bank and a joint safekeeping receipt issued by the custodial bank to the County (Section 6-10-17 NMSA 1978). Monitoring collateralization of the County's funds is essential in ensuring compliance with State of New Mexico Statutes.

Condition: During the year ended June 30, 2008, the County maintained and utilized deposits with financial institutions which were not covered by 50% of pledged collateral as required by State of New Mexico Statutes. As of June 30, 2008 the under collateralization at the institutions totaled \$77,710.

Cause: The County monitored the book balance in regards to collateralization requirement, when the bank balance should be monitored to ensure the District has proper collateralization per New Mexico State Statutes.

Effect: Lack of proper monitoring of pledged collateral could result in excessive loss of County's funds if the financial institution encounters financial difficulties.

Auditors' Recommendations: As part of a formal policy implemented by the County, an individual within the Treasurer's Department should be assigned the responsibilities of reviewing the monthly collateral reports, investigating differences, and resolving discrepancies.

Agency's response: According to personnel from New Mexico Bank & Trust, a new CD was opened in May 2008 and was not reported to the Securities Department. Therefore, they did not realize that the accounts were under collateralized. It has been corrected and we are now fully covered. The Treasurer's Office did not receive pledged collateral reports from New Mexico Bank & Trust to be able to monitor the collateralization. A request to receive this report has been made and will now be receiving the report on a monthly basis.

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STATUS OF PRIOR YEAR FINDINGS:

- FS 2007-01 — Segregation of Duties in Cash Management - Resolved
- FS 2007-02 — Reconciling Deposits to Daily Report Totals - Resolved
- FS 2007-03 — Annual Evaluations Not Present in Personnel Files - Resolved
- FS 2007-04 — No Bidding for Continuing Contracts - Resolved
- FS 2007-05 — Public Notice Not Found on Bid – Resolved
- FS 2007-06 — Per Diem Overpaid - Repeated and Modified
- FS 2007-07 — Reimbursed Actual Expenses without Receipts - Resolved
- FS 2007-08 — Anti-Donation Clause - Resolved
- FS 2007-09 — Allowing Negative Balances on Annual Leave for Employees - Resolved
- FS 2007-10 — Preparation of Financial Statements – Repeated and Modified
- FS 2007-11 — Unallowable Expenditures with County Credit Cards - Resolved
- FS 2007-12 — Property Tax Schedule – Repeated and Modified
- FS 2007-13 — Incomplete Trial Balances - Repeated
- FS 2007-14 — Recording/Reconciliation of Cash – Repeated and Modified
- FS 2007-15 — Negative Cash Balances - Repeated and Modified
- FS 2007-16 — Capital Assets – Repeated
- FS 2007-17 — Property Tax Roll – Repeated and Modified
- FS 2007-18 — Information Technology Controls – Repeated and Modified
- FS 2007-19 — Designated Cash Exceeded Beginning Cash Balance – Resolved

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STATE OF NEW MEXICO

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Other Disclosures

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OTHER DISCLOSURES

Exit Conference

An exit conference was conducted on November 7, 2008, with the following individuals:

Valencia County

Eric Zamora, County Manager
Pedro G. Rael, Commissioner
Wilma Abril, Finance Director
Dorothy Lovato, Deputy Treasurer
Kendra Kaneshiro, Bookkeeper
Lucy Gonzales, Bookkeeper
Larry Trussel, Budget Analyst
Kenneth Greigo, Business Manager

Accounting & Consulting Group, LLP

Ray Roberts, CPA, Partner
Lorie Lawlis, Staff II Accountant

Auditor Prepared Financial Statements

Although it would be preferred and desirable for The County to prepare its own GAAP-basis financial statements, it is felt that the County's personnel do not have the sufficient training or the time to prepare them. Therefore, the outside auditor, Accounting & Consulting Group, LLP, prepared the GAAP-basis financial statements and footnotes for inclusion in the annual audit report. These financial statements are the responsibility of management.