

LEA COUNTY, NEW MEXICO

FINANCIAL STATEMENTS
with
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Year Ended June 30, 2012



JOHNSON, MILLER & CO.

*Certified Public Accountants
A Professional Corporation*

An Independent Member of BDO Seidman Alliance

LEA COUNTY, NEW MEXICO

FINANCIAL STATEMENTS
with
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Year Ended June 30, 2012

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LEA COUNTY, NEW MEXICO

OFFICIAL ROSTER
June 30, 2012

COUNTY COMMISSIONERS

Name	Title
Gregory Fulfer	Chairman
Michael Scot Whitehead	Vice-Chairman
Hector Ramirez	Member
Dale Dunlap	Member
Ron Black	Member

COUNTY OFFICIALS

Pat Chappelle	County Clerk
Donna Duncan	County Treasurer
Deanna Robinson	County Assessor
Mark Hargrove	Sheriff
Melba Hamby	Probate Judge
Sherri Bunch, CPA	Finance Director
Michael Gallagher	County Manager



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Hobbs, New Mexico
Midland, Texas
Odessa, Texas

Independent Auditors' Report

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
County Manager, Board of Commissioners and
Citizens of Lea County
Lovington, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Lea County, New Mexico (the County), as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County's non-major governmental and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2012, and the respective changes in financial position thereof, and the respective budgetary comparisons for the General and Indigent funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental and fiduciary fund of the County as of June 30, 2012, and the respective changes in financial position thereof and the respective budgetary comparisons for the major capital project funds, debt service funds, permanent funds, and all non-major 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 our report dated November 5, 2012 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 to 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
County Manager, Board of Commissioners and
Citizens of Lea County
Lovington, New Mexico

certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and budgetary comparisons. The accompanying Schedule of Changes in Assets and Liabilities for the Agency Funds is presented for the purpose of additional analysis as required by the New Mexico State Auditor and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the basic financial statements. The additional information listed as "other supplemental information" in the Table of Contents, including the Supplemental Schedule of Reconciliation of Tax Rolls, the County Treasurer's Property Tax Schedule, the Supplemental Schedule of Cash and Temporary Investment Accounts, and the Supplemental Schedule of Pledged Collateral, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the County. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Johnson, Miller & Co.

Hobbs, New Mexico
November 5, 2012

LEA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

The financial information contained herein is for the County of Lea (the County). The County provides security and public safety for its citizens, constructs and maintains roads, operates a detention facility, maintains and operates convenience facilities for solid waste disposal, maintains and operates a fairgrounds and rodeo arena, maintains and operates an event center and banquet facility, maintains and operates three airports, administers elections, assesses and collects property tax, and provides rural fire protection services. The County's main sources of revenue are from oil and gas production tax, property tax, grants, gross receipts tax and charges for services.

Lea County, as the contained financial information summarizes and supports, has invested aggressively in the community in the past years. The County Commission has expressed a desire to invest in assets that would benefit the citizens of the County as opposed to building cash reserves. This attitude has been carried out by improving local public safety facilities, road improvements and providing quality equipment. Improvements to local roadways, airport facilities, as well as recreational infrastructure also reflect this attitude. In the fiscal year ended June 30, 2012, infrastructure improvements of \$14.4 million were completed.

Economic development and diversification are of primary importance to Lea County and its citizens. The County plans to aggressively promote and pursue new industry, while supporting its current oil and gas economic base.

The financial statements contained herein are comprised of government-wide financial statements and fund financial statements.

Government-wide financial statements give a picture of the entire County's operations as a whole. These statements are prepared on the accrual basis of accounting, which recognizes revenues and expenses as they are earned and incurred. The government-wide financials include a statement of net assets and statement of activities as well as notes that support the assertions of these financial statements. The statement of net assets is a report that is as of a specific time (June 30, 2012); it shows assets, liabilities and the difference, net assets, as of that date. The statement of activities provides information for a specific period of time (the year ending June 30, 2012). This statement of activities provides the results (financially) of operations for this period of time, how much revenue was earned or dedicated, and the expenses incurred for the same period of time. Furthermore, all transfers between funds cancel each other out to prevent grossing-up of amounts on the presentation of the government-wide financial statements.

The fund financial statements are prepared on the modified accrual basis of accounting (except for proprietary and fiduciary funds), which means that revenue is recognized when it is measurable and obtainable; while expenses are recognized as they are incurred. Proprietary funds are accounted for on the accrual basis of accounting, as are fiduciary funds, with the exception of certain liabilities of defined benefit pension plans and certain post-employment healthcare plans. Funds are sometimes established by state statute and sometimes by the County in order to track certain segments of the County's operations. Fund financial statements allow the user to view the revenue available and where it is utilized for specific programs. These financial statements include a balance sheet and statement of revenues, expenditures and changes in fund balance.

There is also a reconciliation statement that reconciles net assets to the fund financial statements and a reconciliation statement of the changes in net assets for the respective financial statements. This reconciliation includes the items that are reported for the government-wide financial statements that are not required for the funds financial statements.

ASSETS:

Total assets, capital assets and restricted and unrestricted assets for the previous two years are scheduled below:

	<u>6/30/2012</u>	<u>6/30/2011</u>
Total assets	\$ 197,528,969	\$ 191,383,878
Capital assets	(118,842,350)	(111,263,703)
Restricted assets	<u>(1,443,125)</u>	<u>(1,443,125)</u>
Total unrestricted assets	<u>\$ 77,243,494</u>	<u>\$ 78,677,050</u>

The increase in capital assets is related to Lea County's focus on investing in the community. Lea County has invested in the community by improving county roads, runways, and public facilities. The decrease in total unrestricted assets is attributable to these expenditures for capital projects and infrastructure.

LIABILITIES:

Total current and long-term liabilities for the years ended June 30, 2012 and 2011 are shown in the schedule below:

	<u>6/30/2012</u>	<u>6/30/2011</u>
Current liabilities	\$ 5,041,889	\$ 5,808,503
Long-term liabilities	<u>10,974,267</u>	<u>11,633,808</u>
Total liabilities	<u>\$ 16,016,156</u>	<u>\$ 17,442,311</u>

The reduction in liabilities is due to the completion of several major projects in this fiscal year and the yearly payment against the long-term debt balance.

NET ASSETS:

The schedule below details the increase in net assets for the respective years ending June 30, 2012 and June 30, 2011:

	<u>6/30/2012</u>	<u>6/30/2011</u>
Beginning net assets	\$ 173,941,567	\$ 163,077,009
Restatement	-	779,670
Increase in net assets	<u>7,571,246</u>	<u>10,084,888</u>
Total net assets	<u>\$ 181,512,813</u>	<u>\$ 173,941,567</u>

The increase in net assets in the current year is due to the County's continued investment in capital projects and infrastructure.

NET ASSETS (continued):

Net assets for the years ended June 30, 2012 and 2011 are broken out as follows:

	<u>6/30/2012</u>	<u>6/30/2011</u>
Invested in capital assets, net of related debt	107,712,350	99,488,703
Restricted for:		
Fire districts	71,283	50,190
Debt service	3,758,457	1,968,800
Restricted permanent fund	1,353,125	1,353,125
Unrestricted	68,617,598	71,080,749
Total net assets	<u>\$ 181,512,813</u>	<u>\$ 173,941,567</u>

The increase in net assets is due to construction and improvements of county roads, improvements in public facilities, and investments in land. Lea County plans to continue investing in long-term infrastructure for the benefit of Lea County and its citizens.

REVENUES

The total revenues recognized by Lea County for the years ended June 30, 2012 and 2011 were \$59,660,321 and \$55,264,400, respectively. The schedule below shows revenue by major category.

	<u>6/30/2012</u>	<u>6/30/2011</u>
General revenue:		
Oil & gas production tax	\$ 24,202,546	\$ 20,182,688
Property tax	11,449,078	11,192,869
Public service tax	12,221,686	10,472,450
Miscellaneous taxes	387,795	391,583
Program revenue:		
Grants and reimbursements	3,744,514	3,530,307
Charges for services	7,654,702	9,494,503
Total revenues	<u>\$ 59,660,321</u>	<u>\$ 55,264,400</u>

The net increase in total revenues is due to increases in gross receipts tax revenue, as well as the continued stability of the oil and gas production tax revenues and property tax revenues. However, Lea County continues to take a conservative stance when budgeting for oil and gas production tax revenue.

EXPENSES:

The total expenses incurred by the County for the years ended June 30, 2012 and June 30, 2011 were \$52,007,024 and \$45,129,754, respectively. The schedule below shows expenses by function and change in net assets.

	<u>6/30/2012</u>	<u>6/30/2011</u>
Program expenses:		
General government	\$ 27,737,524	\$ 21,153,715
Public safety	13,958,529	13,849,426
Health, welfare and sanitation	5,064,828	5,534,408
Interest on long-term debt	527,968	549,843
Public works	846,127	968,431
Culture & recreation	3,872,048	3,073,931
Total expenses	\$ 52,007,024	\$ 45,129,754
Excess (deficiency) before special items	\$ 7,653,297	\$ 10,134,646
Special item: gain (loss) on disposal of asset	(82,051)	(49,758)
Change in net assets	\$ 7,571,246	\$ 10,084,888

DEBT:

The County issued gross receipts tax bonds to help finance the construction of a four-hundred and thirty-two bed detention facility. The total debt of the County at June 30, 2012 was \$11,130,000, of which \$ 10,460,000 was long-term (due beyond one year), and \$ 670,000 was due within one year. The notes to the financial statements include payoff information concerning these bonds.

FUND BALANCES:**6/30/2012**

General Fund:	The general fund balance decrease of (\$5,010,857) is due to investment of cash balance in capital projects and infrastructure.
Indigent Fund:	The indigent fund balance increase of \$82,689 is due to increased gross receipts tax revenues.
Debt Service Fund:	The debt service fund balance increase of \$1,789,657 is due to retention of cash in the fund in expectation of a bond refunding to take place in fiscal year ending 2013.
Special Revenue Funds:	The increase of \$3,785,002 is related to increased gross receipts tax revenues.

6/30/2011

General Fund:	The general fund balance decrease of (\$2,634,538) is due to investment of cash balance in capital projects and infrastructure.
Indigent Fund:	The indigent fund balance increase of \$617,714 is due to increased gross receipts tax revenue.
Debt Service Fund:	No significant changes in these fund balances.
Special Revenue Funds:	The increase of \$305,136 is related to increased gross receipts tax revenues.

BUDGET ANALYSIS:**6/30/2012**

There were approved budget revenue and expense increases and decreases after the initial approved budget for 2012. These increases and decreases were recognized throughout the budget year, approved by the commission and the Department of Finance and Administration and implemented at various times during the year. Overall increases in budgeted expenditures were due to long-range infrastructure planning.

GENERAL FUND	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Sales and miscellaneous taxes	\$ 24,642,824	\$ 36,022,732	\$ 11,379,908
Fees and fines	60,000	97,758	37,758
Licenses and permits	385,013	1,033,810	648,797
Intergovernmental	2,185,248	1,457,892	(727,356)
Charges for services	2,099,760	2,567,925	468,165
Investment earnings	484,056	457,051	(27,005)
Miscellaneous	3,855,549	3,256,484	(599,065)
Total Revenues	33,712,450	44,893,652	11,181,202
EXPENDITURES			
Current:			
General government	15,806,459	13,993,652	1,812,807
Public safety	12,921,225	11,707,495	1,213,730
Highways and roads	7,178,000	4,812,712	2,365,288
Economic development	1,467,452	1,043,095	424,357
Culture and recreation	3,879,964	3,173,387	706,577
Capital outlay	31,884,104	13,889,301	17,994,803
Total Expenditures	73,137,204	48,619,642	24,517,562
Excess (deficiency) of revenues over (under) expenditures	\$ (39,424,754)	\$ (3,725,990)	\$ 35,698,764

The positive variance of budgeted vs. actual for Total Revenues is the result of conservative budgeting of oil and gas production revenues. The positive variance for expenditures is the result of long-range capital projects budgeted but not expended in the current year.

CAPITAL ASSETS:

Lea County's investment in local communities continues to grow. The County purchased and constructed new capital assets in the fiscal year ended June 30, 2012. The following schedule provides a summary of the changes in capital assets:

	Balance 6/30/12	Balance 6/30/11
Depreciable assets		
Buildings	\$ 70,984,836	\$ 61,372,039
Other Improvements	2,885,146	2,828,940
Furniture & Equipment	19,437,545	18,338,268
Infrastructure	55,379,665	50,756,169
Vehicles	6,922,969	6,247,007
Total depreciable assets	155,610,161	139,542,423
Less accumulated depreciation:		
Buildings	15,501,498	13,625,275
Other Improvements	1,508,700	1,344,537
Furniture & Equipment	13,748,758	12,801,973
Infrastructure	11,709,035	10,791,236
Vehicles	4,523,656	4,220,941
Total accumulated depreciation	46,991,647	42,783,962
Net depreciable assets	108,618,514	96,758,461
Non-depreciable assets		
Land	9,930,117	6,110,373
Construction in Process	293,719	8,394,869
Total non-depreciable assets	10,223,836	14,505,242
Net capital assets	\$ 118,842,350	\$ 111,263,703

Net capital assets increased due to investment in roads, equipment, facilities and land.

FISCAL YEAR 2013:

Oil and gas production and equipment taxes are expected to decline during fiscal year ending June 30, 2013, but meet the estimated budget. Property taxes are expected to remain stable. Lea County will continue to budget conservatively for oil and gas production tax revenues.

Lea County will aggressively promote economic development and diversification during fiscal year ending June 30, 2013, recognizing that these two areas are of primary importance to the ongoing prosperity of the Lea County and its citizens.

SUMMARY:

The above information is a summary of what is supported with the remainder of the financial statements. We hope it is useful with the users' financial overview of our entity. More information may be obtained upon request at:

Administrative Services Department
100 North Main
Lovington, NM 88260

LEA COUNTY, NEW MEXICO

Statement of Net Assets June 30, 2012

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 62,933,864
Investments	6,100,145
Current property taxes receivable	419,262
Other receivables	946,254
Receivable from other governments	6,685,640
Non-current assets:	
Cash and cash equivalents - restricted	1,443,125
Bond issue costs	158,329
Capital assets:	
Land and improvements, not being depreciated	9,930,117
Construction in progress, not being depreciated	293,719
Infrastructure and infrastructure in progress	55,379,665
Buildings	70,984,836
Equipment and furniture	19,437,545
Vehicles	6,922,969
Other capital assets	2,885,146
Less: Accumulated depreciation	(46,991,647)
Total capital assets	118,842,350
Total Assets	\$ 197,528,969
LIABILITIES	
Accounts payable	\$ 1,807,561
Accrued payroll liabilities	636,776
Deferred revenues	1,719,139
Bond premium	68,964
Long-term liabilities	
Due within one year	
Bonds and contracts	670,000
Compensated absences	139,449
Due in more than one year	
Bonds and contracts	10,460,000
Compensated absences	514,267
Total Liabilities	16,016,156
NET ASSETS	
Invested in capital assets, net of related debt	107,712,350
Restricted for:	
Debt service	3,758,457
Fire districts	71,283
Restricted Permanent Fund	
Nonexpendable	1,353,125
Unrestricted	68,617,598
Total Net Assets	181,512,813
TOTAL LIABILITIES AND NET ASSETS	\$ 197,528,969

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Statement of Activities For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets - Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General government	\$ 27,737,524	\$ 7,402,991	\$ 2,104,366	\$ 414,682	\$ (17,815,485)
Public safety	13,958,529	10,184	829,244	-	(13,119,101)
Public works	846,127	241,527	62,493	308,475	(233,632)
Health, welfare and sanitation	5,064,828	-	10,000	-	(5,054,828)
Culture and recreation	3,872,048	-	15,254	-	(3,856,794)
Interest on long-term debt	527,968	-	-	-	(527,968)
Total Governmental Activities	\$ 52,007,024	\$ 7,654,702	\$ 3,021,357	\$ 723,157	\$ (40,607,808)
General revenues:					
Property taxes					11,449,078
Oil and gas taxes					24,202,546
Public service taxes					12,221,686
Miscellaneous taxes					387,795
Special item-loss on disposal of assets					(82,051)
Total general revenues, special items, and transfers					48,179,054
Change in net assets					7,571,246
Net assets - beginning of year					173,941,567
Net assets - end of year					\$ 181,512,813

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2012

	General Fund	Indigent	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 49,508,626	\$ 1,876,563	\$ 11,548,675	\$ 62,933,864
Investments	6,000,000	-	100,145	6,100,145
Due from other funds	-	-	90,010	90,010
Restricted cash	-	-	1,443,125	1,443,125
Current property taxes receivable	419,262	-	-	419,262
Other receivables	59,428	832,240	1,959,900	2,851,568
Receivable from other governments	4,780,326	-	-	4,780,326
TOTAL ASSETS	\$ 60,767,642	\$ 2,708,803	\$ 15,141,855	\$ 78,618,300
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 902,840	\$ 163,471	\$ 741,250	\$ 1,807,561
Accrued payroll liabilities	636,776	-	-	636,776
Due to other funds	10	-	90,000	90,010
Deferred revenue	1,993,635	-	695,060	2,688,695
TOTAL LIABILITIES	3,533,261	163,471	1,526,310	5,223,042
FUND BALANCES:				
Nonspendable	-	-	1,353,125	1,353,125
Restricted	-	-	10,086,995	10,086,995
Inventories	-	-	-	-
Encumbrances	-	-	-	-
Prepaid expenses	-	-	-	-
Committed	3,502,567	-	2,358,258	5,860,825
Assigned	35,462,997	2,545,332	-	38,008,329
Unassigned	18,268,817	-	(182,833)	18,085,984
TOTAL FUND BALANCES	57,234,381	2,545,332	13,615,545	73,395,258
TOTAL LIABILITIES AND FUND BALANCES	\$ 60,767,642	\$ 2,708,803	\$ 15,141,855	

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

Bond issue costs relate to long-term debt and, therefore are not reported in the funds.	158,329
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	118,842,350
Amounts due from other entities not considered available at year-end are not reported in the funds.	281,723
Certain other assets related to deferred revenues are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	687,833
Some long-term liabilities are not due and payable in the current period and are not included in the fund financial statement, but are reported in the government-wide statements.	(11,783,716)
Premiums on bonds payable relate to long-term debt and, therefore are not reported in the funds.	(68,964)

Net Assets of Governmental Activities in the Statement of Net Assets

\$ 181,512,813

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2012

	General Fund	Indigent	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property, sales, and miscellaneous taxes	\$ 35,549,453	\$ 4,958,010	\$ 6,279,265	\$ 46,786,728
Fees and fines	97,758	-	-	97,758
Licenses and permits	474,652	-	85,984	560,636
Intergovernmental:				
Federal	1,466,234	-	2,059,254	3,525,488
State	27,841	-	953,168	981,009
Charges for services	2,362,344	-	411,303	2,773,647
Investment earnings	370,735	1,678	9,417	381,830
Miscellaneous	3,280,947	451,997	331,336	4,064,280
Total Revenues	43,629,964	5,411,685	10,129,727	59,171,376
EXPENDITURES				
Current:				
General government	14,210,110	-	5,673,033	19,883,143
Public safety	11,751,149	-	21,376	11,772,525
Highway and roads	4,485,442	-	-	4,485,442
Health and sanitation	-	3,727,007	-	3,727,007
Culture and recreation	3,323,165	-	13,336	3,336,501
Economic development	1,024,010	-	-	1,024,010
Airport	-	-	722,490	722,490
Farm and range	-	-	128,000	128,000
Debt service:				
Principal	-	-	645,000	645,000
Interest and other charges	-	-	527,968	527,968
Capital outlay	13,051,629	1,989	1,008,838	14,062,456
Total Expenditures	47,845,505	3,728,996	8,740,041	60,314,542
Excess (deficiency) of revenues over (under) expenditures	(4,215,541)	1,682,689	1,389,686	(1,143,166)
OTHER FINANCING SOURCES (USES), INCLUDING TRANSFERS				
Transfers in	2,233,435	-	4,628,751	6,862,186
Transfers out	(3,028,751)	(1,600,000)	(2,233,435)	(6,862,186)
Total other financing sources (uses), including transfers	(795,316)	(1,600,000)	2,395,316	-
Net change in fund balances	(5,010,857)	82,689	3,785,002	(1,143,166)
Fund balances - beginning of year	62,245,238	2,462,643	9,830,543	74,538,424
Fund balances - end of year	\$ 57,234,381	\$ 2,545,332	\$ 13,615,545	\$ 73,395,258

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2012

Net change in fund balances - total governmental funds: \$ (1,143,166)

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlay exceeded depreciation in the current period. 7,685,162

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold. (106,514)

Governmental funds do not present revenues that are not "available to pay" current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.

Change in deferred taxes	42,654
Change in grants revenues	465,443

Governmental funds do not present bond premium amortization. In contrast, such revenues are reported in the Statement of Activities when earned. 5,305

Expenses related to amortization of bond issue costs are reported in the statement of activities. In contrast, these expenses do not require the use of current financial resources and are not reported as expenditures in governmental funds. (12,179)

Principal payment is not reported in the statement of activities. In contrast, this expense is reported as expenditures in governmental funds. 645,000

Expenses related to accrued compensation are reported in the statement of activities. In contrast, these expenses do not require the use of current financial resources and are not reported as expenditures in governmental funds. (10,459)

Change in net assets of governmental activities: \$ 7,571,246

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Statement of Revenues, Expenditures and Changes in Fund Balances Budget (non-GAAP Budgetary Basis) and Actual General Fund For the Year Ended June 30, 2012

Statement A-1

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Sales and miscellaneous taxes	\$ 24,642,824	\$ 24,642,824	\$ 36,022,732	\$ 11,379,908
Fees and fines	60,000	60,000	97,758	37,758
Licenses and permits	385,013	385,013	1,033,810	648,797
Intergovernmental	2,185,248	2,185,248	1,457,892	(727,356)
Charges for services	2,099,760	2,099,760	2,567,925	468,165
Investment earnings	484,056	484,056	457,051	(27,005)
Miscellaneous	3,855,549	3,855,549	3,256,484	(599,065)
Total Revenues	\$ 33,712,450	\$ 33,712,450	\$ 44,893,652	\$ 11,181,202
EXPENDITURES				
Current:				
General government	\$ 16,303,660	\$ 15,806,459	\$ 13,993,652	\$ 1,812,807
Public safety	12,952,325	12,921,225	11,707,495	1,213,730
Highways and roads	7,178,000	7,178,000	4,812,712	2,365,288
Economic development	1,478,452	1,467,452	1,043,095	424,357
Culture and recreation	3,867,664	3,879,964	3,173,387	706,577
Capital outlay	31,998,904	31,884,104	13,889,301	17,994,803
Total Expenditures	\$ 73,779,005	\$ 73,137,204	\$ 48,619,642	\$ 24,517,562
Excess (deficiency) of revenues over (under) expenditures	(40,066,555)	(39,424,754)	(3,725,990)	35,698,764
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	\$ 100	\$ 100	\$ 24,463	\$ (24,363)
Transfers in	2,979,801	2,233,435	2,233,435	-
Transfers out	(4,628,751)	(4,628,751)	(3,028,751)	(1,600,000)
Total other financing sources and (uses)	\$ (1,648,850)	\$ (2,395,216)	\$ (770,853)	\$ (1,624,363)
Prior year cash balance	60,437,287	60,437,287	-	-
Net change in fund balances	\$ 18,721,882	\$ 18,617,317	(4,496,843)	
RECONCILIATION TO GAAP BASIS:				
Change in taxes receivable			(56,595)	
Change in other receivables			(175,133)	
Change in due from other governments			(1,786,498)	
Change in accrued liabilities			(112,988)	
Change in accounts payable			1,534,854	
Change in deferred revenue			82,346	
Net change in fund balance			\$ (5,010,857)	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Statement of Revenues, Expenditures and Changes in Fund Balances Budget (non-GAAP Budgetary Basis) and Actual Indigent For the Year Ended June 30, 2012

Statement A-2

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Sales and miscellaneous taxes	\$ 3,190,000	\$ 3,190,000	\$ 4,917,364	\$ 1,727,364
Investment earnings	2,000	2,000	1,678	(322)
Miscellaneous	2,000	2,000	451,997	449,997
Total Revenues	\$ 3,194,000	\$ 3,194,000	\$ 5,371,039	\$ 2,177,039
EXPENDITURES				
Current:				
General government	\$ 525	\$ 525	\$ -	\$ 525
Health and sanitation	3,888,287	3,881,387	3,658,527	222,860
Capital Outlay	2,500	2,500	1,989	511
Total Expenditures	\$ 3,891,312	\$ 3,884,412	\$ 3,660,516	\$ 223,896
Excess (deficiency) of revenues over (under) expenditures	(697,312)	(690,412)	1,710,523	2,400,935
OTHER FINANCING SOURCES (USES)				
Transfers out			\$ (1,600,000)	\$ (1,600,000)
Total other financing sources and (uses)	\$ -	\$ -	\$ (1,600,000)	\$ (1,600,000)
SPECIAL ITEM				
Prior year cash balance	1,766,040	1,766,040	-	-
Net change in fund balances	\$ 1,068,728	\$ 1,075,628	110,523	
RECONCILIATION TO GAAP BASIS:				
Change in other receivables			40,646	
Change in accounts payable			(68,480)	
Net change in fund balance			\$ 82,689	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Statement of Fiduciary Assets and Liabilities Agency Funds June 30, 2012

ASSETS:

Cash and cash equivalents	\$ 7,705,530
Taxes receivable	864,822
Due from other governments	<u>93,042</u>

Total assets

\$ 8,663,394

LIABILITIES:

Taxes paid in advance	\$ 37,026
Deposits held in trust for others	7,741,775
Due to other taxing units/governments	864,822
Due to other governments	<u>19,771</u>

Total liabilities

\$ 8,663,394

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Reporting Entity*

Lea County (the County), New Mexico was created in accordance with Section 40-3-1 NMSA 1978 Compilation on September 25, 1916. The powers of the County are exercised by an elected Board of County Commissioners. During general elections in the State of New Mexico, a County Treasurer, County Clerk, Probate Judge, County Sheriff, County Assessor, and County Commissioners are elected. The County is operated by a County Manager, who is appointed by the County Commissioners.

The County assesses, collects, and distributes all property taxes, records property and legal documents, provides law enforcement services, health and social services, culture and recreation, tourist promotion and maintains County roads.

As of July 1, 2002, the County was required to implement Governmental Accounting Standards Board (GASB) 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*; GASB 35 – *Basic Financial Statements and Management's Discussion and Analysis for Public College and Universities*; GASB 37 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*; and GASB 38 – *Certain Financial Statement Note Disclosures*. This financial report provides an entity-wide perspective of the County's assets, liabilities, and net assets, revenue, expenses, changes in net assets, and cash flows. Presentation under GASB 34, 35, 37, 38, and 41 replaces the fund-group accounting perspective that was previously required. The County has completed the retrospective reporting of infrastructure as required by GASB.

The County has implemented Statements 39, 40, 41, and 42. GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* is an amendment of GASB Statement No. 14, which provides additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units. GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, an amendment of GASB Statement No. 3, applies to periods beginning after June 15, 2004. Lea County has also implemented GASB Statement No. 42, *Accounting and Financial Reporting for Impairments of Capital Assets and for Insurance Recoveries*. This Statement is effective for period beginning after December 15, 2004.

The County has implemented GASB Statements 45 and 47 in the fiscal year ended June 30, 2008. GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, addresses how state and local governments should account for and report their costs and obligations related to postemployment healthcare and other non-pension benefits, GASB Statement No. 47, *Accounting for Termination Benefits*, provides accounting and reporting guidance for state and local governments that offer benefits such as early retirement incentives or severance to employees that are involuntarily terminated. The most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

The County has adopted the requirements of GASB No.51, *Accounting and Financial Reporting for Intangible Asset*. This statement establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies in reporting of these types of assets. The statement requires that all intangible assets not specifically excluded by its scope and provisions be classified as capital assets.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. *Reporting Entity(continued)*

Lea County Fair Board

The Lea County Fair Board is appointed by the Lea County Commissioners. The Lea County Commissioners provide facilities for the annual fair and rodeo and the finances required over and above the resources provided by the fair and rodeo. The operations of the fairgrounds are incorporated into the general fund of the County and reported therein.

The County does not have any component units.

2. *Government-wide and fund financial statements*

The government-wide financial statements include the statement of net assets and the statement of activities. Government-wide statements report, except for County fiduciary funds, information on all of the activities of the County. The effect of interfund transfers and other internal activity has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues.

The statement of activities reflects 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. 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 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 in program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General Fund meets the criteria as a major governmental fund. Each major fund is reported in separate columns in the fund financial statements. Non-major funds include other Special Revenue, Capital Projects, Debt Service and Permanent funds. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for non-major funds are presented within Combining and Individual Fund Statements and Schedules.

3. *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. This measurement focus is also used for the fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, are revenue from the investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met. Derived tax revenues are recognized when the underlying exchange transaction takes place.

Revenues are classified as program revenues and general revenues. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, and grants not restricted to specific programs and investment earnings.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. *Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)*

Governmental fund-level financial statements are reported using 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue. Those revenues susceptible to accrual include interest revenues, franchise taxes, gross receipts taxes, charges for services, and grants from other governments. Property taxes are not considered available; thus, although they are accrued, they are also fully allowed for.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

Indirect expenses of the County are not allocated among functional activities on the statement of activities on the government-wide presentation. Instead, depreciation and other indirect expenses are reported as a part of general government, and interest on long-term debt is reported as a separate line item.

The government reports the following major governmental funds:

The General Fund is the general operating fund of the County and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, judicial, public welfare, health services and capital acquisition.

The Indigent Fund is used to account for the payment of indigent hospital costs. Financing is provided by gross receipts tax and is restricted to indigent claims as authorized by Section 27-5-5, NMSA 1978 and County policy.

Other fund types include fiduciary funds, which are considered as non-major funds. Non-major funds include special revenue funds, capital projects funds, debt service funds and permanent funds.

Fiduciary fund level financial statements include fiduciary funds, which are classified into private purpose trust and agency funds. The County has only agency funds which are used to account for assets held by the County as an agent for individuals, private organizations, other governments and other funds. Agency funds do not involve a formal trust agreement. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business type activities subject to this same limitation. The County has elected not to follow subsequent private sector guidance.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. *Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)*

The County has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The County has elected not to apply FASB pronouncements issued after the applicable date.

4. *Budgets*

Budgets are adopted on the cash basis, which is not in accordance with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue, capital projects, debt service and permanent funds. All annual appropriations lapse at the fiscal year-end.

The County Manager is responsible for preparing the budget from requests submitted by department directors. The preliminary budget is submitted to a budget committee for approval and then the comprehensive budget package is brought before the County Commissioners for approval by resolution. The proposed budget is then submitted by June 1 to the New Mexico Department of Finance and Administration Local Government Division (DFA) for approval. DFA certifies a preliminary budget by July 1 with final certification of the budget by the first Monday of September. The expenditure section of the budget, once adopted, is legally binding.

Increases or decreases in the budget of a fund or transfers of appropriations between funds must be presented to the County Commission for approval by resolution and must subsequently have DFA approval. Amendments made to the original budget are included in the budgetary comparison statements of this report, which reflect actual to budget. Budgets and amendments to the budgets for all funds are adopted in a legally permissible manner. The legal level of budgetary control is the fund level.

5. *Cash and Investments*

Cash includes amounts on demand deposits, as well as short-term investments with a maturity date within twelve months of the date acquired by the County.

In accordance with Section 6-10-17, NMSA, 1978 Compilation, the County is required to collateralize an amount equal to one-half of the public money in excess of insured funds at each financial institution. Deposits in overnight repurchase agreements are required to be covered by pledged collateral equal to 102% of the deposit. All of the County's depositories were in compliance with collateral requirements.

6. *Receivables and Payables*

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectible amounts.

Lending or borrowing between funds is reflected as "due to or due from" (current portion) or "advances to/from other funds" (non-current). 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. Interfund activity reflected in "due to or due from" is eliminated on the government-wide statements.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. *Advances to Other Funds*

Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

8. *Inventories*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and in the fund financial statements are offset by a reservation of fund balance which indicates they do not represent "available spendable resources." Immaterial amounts of inventory are not recorded by the County. Inventory items are expensed when purchased.

9. *Capital Assets*

Capital assets, which include land, buildings and improvements, equipment, software and infrastructure assets are reported in the government-wide financial statements. Capital assets such as equipment are defined, per Section 12-6-10 NMSA 1978, as assets with a cost of \$5,000 or more. Infrastructure assets include County-owned roads and bridges. Information technology equipment, including software, is capitalized in accordance with NMAC 2.20.1.9 C (5). Capital assets are recorded at historical costs if purchased or constructed. 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. Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	50
Buildings	25-40
Landfill	25
Roads	25
Equipment & Furniture	5-15
Vehicles	5-15
Computer Hardware	5

The County has retroactively reported all major general infrastructure assets in accordance with GASB 34.

10. *Compensated Absences*

A liability for unused vacation and sick time for all full-time employees is calculated and reported in the government-wide statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

- leave or compensation is attributable to services already rendered
- leave or compensation is not contingent on a specific event (such as illness).

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e., are due for payment). Compensated absences are accrued in the government-wide statements.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. *Compensated Absences (continued)*

The County's permanent, full-time employees accrue 3.75 hours of vacation per pay period (biweekly) from date of employment to five years of service, 4.75 hours per pay period from 6 years to 10 years of service, 5.75 hours per pay period from 11 years to 15 years of service, and 6.75 hours per pay period for 16 or greater years of continuous employment. Upon termination from County employment, an employee shall be entitled to payment of up to 240 hours of accrued but unused hours of vacation.

The County's permanent, full-time employees accrue sick leave at the rate of eight 3.75 hours per pay period (biweekly) from date of employment to ten years of service and 4.75 hours per pay period for 11 or greater years of continuous employment. Sick leave is paid to current employees if the employees are absent from work due to illness, injury or other situations requiring medical attention. An employee who involuntarily terminates employment of the County shall receive no compensation for accrued sick leave.

Amounts of accrued vacation leave are accrued in the government-wide financial statements.

11. *Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under the governmental activities statement of net assets. On new bond issues, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

12. *Net Assets*

Net assets are presented as invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Net assets invested in capital assets, net of related debt consist of 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. Restricted net assets have constraints placed on net asset use that are either externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. A further classification of restricted net assets exists for those assets included in permanent endowments or permanent fund principal amounts. These net assets are either classified as either expendable or nonexpendable. Nonexpendable net assets are those that are required to be retained in perpetuity. Unrestricted net assets consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

13. *Interfund Transactions*

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

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

13. *Interfund Transactions (continued)*

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

14. *Estimates*

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

15. *Restricted Assets*

Restricted assets are assets which have third-party limitations on their use. 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.

16. *Investments*

State statutes authorize the investment of County funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the County properly followed State investment requirements as of June 30, 2012.

17. *Fund Balance Classification*

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

1. Non-spendable Fund Balance

Non spendable fund balance shall mean the portion of the gross fund balance that is not expendable (such as inventories or fixed assets) or is legally marked for a specific use.

2. Restricted Fund Balance

Restricted fund balance shall include amounts constrained to a specific purpose by the provider, such as a grantor.

3. Committed Fund Balance

Committed fund balance shall mean that portion of the fund balance that is constrained to a specific purpose by the Lea County Board of Commissioners.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

17. Fund Balance Classification (Continued)

4. Assigned Fund Balance

Assigned fund balance shall mean that portion of the fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose by the Lea County Manager or designee. Such assignment may change and may never be budgeted, or may result in expenditures in future periods of time.

5. Unassigned Fund Balance

Unassigned fund balance shall include amounts available for any legal purpose. The unassigned fund balance shall be the difference between the total fund balance and the total of the non-spendable fund balance, restricted fund balance, committed fund balance and assigned fund balance.

Lea County would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

NOTE B - CASH AND CASH EQUIVALENTS

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

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

Excess 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.

At June 30, 2012, the carrying amount of the County's unrestricted deposits was \$62,933,864, excluding cash held as fiduciary of \$7,705,530 and restricted cash of \$1,443,125. Total cash and cash equivalents balance per the financial institutions of \$62,985,345 consisted of demand deposits and certificates of deposit. Of the demand deposits and certificates of deposit, \$3,733,183 was covered by federal depository insurance and \$50,024,850 was covered by collateral held in joint safekeeping by a third party.

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. The collateral pledged is listed on Schedule F-4 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the County. Time deposits, savings deposits and interest bearing accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from coverage of public unit demand deposits which are fully insured.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND CASH EQUIVALENTS (continued)

Deposit Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to them. The County does not have a deposit policy for custodial credit risk. As of June 30, 2012, \$50,024,850 of the County's bank balance of \$62,985,345 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the County's name; \$10,638,630 of the County's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

Interest Rate Risk – The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Quality Risk – State law limits investment in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The County has no investment policy that would further limit its investment choices.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer.

The County has no formal investment policy to limit its concentration of credit risk.

The County keeps excess cash in the State Treasurer Local Government Investment Pool (LGIP). At June 30, 2012, the County's LGIP balance was \$1,058.

All investments purchased for the LGIP must be high quality, with a credit rating of A or better to ensure the highest level of safety; U.S. Governments securities are rated AAAM and all commercial paper investments is A-1+. Also, the State Treasurer is required by law to have the overnight repurchase agreements secured by U.S. Government securities at 105%.

The investments are valued at fair value based on quoted market prices as of the valuation date.

The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The pool does not have unit shares. Per Section 6-10-10.1F, 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 local government investment pool is voluntary.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND CASH EQUIVALENTS (continued)

The LGIP is rated as AAAm by Standard & Poor's, and the fund's WAM is 52 days as of June 30, 2012.

The County utilizes pooled accounts for their funds. The general, special revenue and agency funds are all in one account and the capital projects and debt service funds are in their own accounts. Separate accounts also exist for the county clerk, sheriff, probate judge, inmate trust, detention bond, and metro agency related funds.

NOTE C – INVESTMENTS

New Mexico State Statutes authorize the County to invest in direct obligations of the United States or securities that are backed by the full faith and credit of the United States Government or agencies guaranteed by the U. S. Government. The County does not have an additional investment policy that further limits its investments. State statute also authorizes the County to invest in bonds or negotiable securities of the U. S., the State of New Mexico, or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at anytime within five years last preceding. The County does not have an additional investment policy that further limits its investments. At June 30, 2012 Lea County had long-term investments with Wells Fargo Bank of \$6,100,145. The \$6,100,145 in investments approximates the fair value. The investments at Wells Fargo were exposed to custodial credit risk as they are not FDIC insured.

NOTE D – PROPERTY TAXES

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, November 10th and April 10th. The taxes become delinquent in December of the year in which the tax bill was prepared and mailed, and in May of the following year.

Fund financial statements are kept on a modified accrual basis of accounting. Hence, accounting principles generally accepted in the United States of America require recognition of property taxes when they are considered both measurable and available for the fund financial statements. Therefore, the delinquent property taxes are not recorded as revenue in the fund financial statements until they become both "measurable" and "available" to finance expenditures of the fiscal period.

Government-wide financial statements are kept on a full accrual basis of accounting. Hence, accounting principles generally accepted in the United States of America require recognition of property taxes when the taxes are levied. The delinquent property taxes are recorded as revenue in the government-wide financial statements in the period of levy.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE E – OTHER RECEIVABLES

Other receivables at June 30, 2012 are considered to be fully collectible and are composed as follows:

	<u>Governmental Activities</u>
Other Receivables:	
Grants Receivable	886,826
Interest Receivable	<u>59,428</u>
Totals	<u>\$ 946,254</u>

NOTE F - DUE FROM OTHER GOVERNMENTS

The amounts due from other governments at June 30, 2012 are considered to be fully collectible and are composed of the following:

	<u>Governmental Activities</u>
New Mexico Taxation & Revenue	\$ 5,328,691
Lea County Solid Waste Authority	1,126,655
U.S. Marshall Service	190,622
Eddy County	37,384
Other	<u>2,288</u>
Totals	<u>\$ 6,685,640</u>

NOTE G - DUE FROM/TO OTHER FUNDS AND TRANSFERS

Due from/to other funds consists of monies which were transferred between governmental funds to support the Lea County Event Center and fund activities. The County expects these amounts to be repaid.

Individual fund interfund receivables and payable balances at June 30, 2012, were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund:		
Due to Hospital Records	\$ -	\$ 10
Special Revenue Fund:		
Due to Lea County Event Center Stipulation	-	90,000
Due from General Fund	10	-
Permanent Fund:		
Due from Lea County Event Center Permanent	90,000	-
Total	<u>\$ 90,010</u>	<u>\$ 90,010</u>

Transfers from the General Fund to Special Revenue funds are made to support the funds' activities. Revenues in excess of servicing the debt service requirement in the Gross Receipts Debt Service fund are transferred annually to the General Fund. In expectation of a bond refunding, Lea County has chosen to leave \$1,749,012 in the Debt Service Fund at June 30, 2012. If a bond refunding occurs, these funds will be available for that purpose. Should the refunding not take place in fiscal year ending 2013, the remaining funds will be transferred back to the General Fund at that time. Transfers of grant funds received by the General Fund are made as needed.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE G - DUE FROM/TO OTHER FUNDS AND TRANSFERS (continued)

Transfers for the year ended June 30, 2012 were as follows:

	<u>Governmental Activities</u>
Transfers Out:	
General Fund:	
To Farm and Range Special Revenue Fund	\$ (113,500)
To Recreation Special Revenue Fund	(172,959)
To Airport Fire District Special Revenue Fund	(96,642)
To Magistrate Court	(15,000)
To Airport Fund	(2,549,000)
To DWI Special Revenue Fund	(10,300)
To DWI Other Grants Special Revenue Fund	(28,850)
To Lea County Drug Task Force	(42,500)
Indigent Fund:	
To Sole Community Provider	(1,600,000)
From Non-Major Special Revenue Funds:	
To General Fund from HB198	(150)
To General Fund from DWI-Alcohol	(92,457)
To General Fund from US Department of Energy Grant	(21,970)
To General Fund from Lea County Drug Task Force	(42,948)
To General Fund from HIDTA Region VI Grant	(21,014)
To General Fund from LCDTF Jag Grant	(28,321)
To General Fund from LDWI Fund	(22,941)
To General Fund from CDWI Fund	(3,044)
To General Fund from Paving District	(590)
Non-Major Debt Service Funds:	
To General Fund from Gross Receipts Debt Reserve Debt Service Fund	(2,000,000)
Total Transfers Out	<u>(6,862,186)</u>
Transfers In:	
General Fund	
From Indigent Fund	150
From DWI-Alcohol Fund	92,457
From US Department of Energy Grant	21,970
From Lea County Drug Task Force	42,948
From HIDTA Region VI Grant	21,014
From LCDTF JAG Grant to General Fund	28,321
From LDWI Fund	22,941
From CDWI Fund	3,044
From Paving District	590
From Gross Receipts Debt Reserve Debt Service Fund	2,000,000
Non-Major Special Revenue Funds:	
From General Fund to Farm and Range Special Revenue Fund	113,500
From General Fund to Recreation Special Revenue Fund	172,959
From General Fund to Airport Fire District Special Revenue Fund	96,642
From General Fund to Magistrate Court	15,000
From General Fund to Airport Fund	2,549,000
From DWI Special Revenue Fund	10,300
From DWI Other Grants Special Revenue Fund	28,850
From General Fund to Lea County Drug Task Force	42,500
From Indigent Fund to Sole Community Provider	1,600,000
Total Transfers In	<u>6,862,186</u>
Total	<u>\$ -</u>

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE H - RISKS OF LOSS

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

The County is insured through the New Mexico Insurance Authority. The Authority acts as the common carrier for the State of New Mexico counties. The actuarial gains and losses were not available at the date of this report. The Pool pays for claims on certain risks of loss at different limits; however, amounts in excess of these limits are covered through an Excess Reinsurance Policy.

The County participates in the New Mexico County Insurance Authority Workers Compensation Pool. The pool is self-insured for workers' compensation claims up to \$300,000. Above that amount, the pool maintains an Excess Employers' Reinsurance Policy.

Insurance settlements have not exceeded insurance coverage for any of the past three fiscal years.

NOTE I - ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds and Permanent Funds.

LEA COUNTY, NEW MEXICO**NOTES TO FINANCIAL STATEMENTS****NOTE J - CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets follows:

	Balance 6/30/11	Additions	Deletions	Balance 6/30/12
Depreciable assets				
Buildings	\$ 61,372,039	\$ 9,800,885	\$ 188,088	\$ 70,984,836
Other Improvements	2,828,940	78,288	22,082	2,885,146
Furniture & Equipment	18,338,268	1,345,298	246,021	19,437,545
Infrastructure	50,756,169	4,623,496	-	55,379,665
Vehicles	6,247,007	919,688	243,726	6,922,969
Total depreciable assets	139,542,423	16,767,655	699,917	155,610,161
Less accumulated depreciation:				
Buildings	13,625,275	2,045,503	169,280	15,501,498
Other Improvements	1,344,537	184,037	19,874	1,508,700
Furniture & Equipment	12,801,973	1,138,700	191,915	13,748,758
Infrastructure	10,791,236	917,799	-	11,709,035
Vehicles	4,220,941	515,049	212,334	4,523,656
Total accumulated depreciation	42,783,962	4,801,088	593,403	46,991,647
Net depreciable assets	96,758,461	11,966,567	106,514	108,618,514
Non-depreciable assets				
Land	6,110,373	3,819,744	-	9,930,117
Construction in Process	8,394,869	293,719	8,394,869	293,719
Total non-depreciable assets	14,505,242	4,113,463	8,394,869	10,223,836
Net capital assets	\$ 111,263,703	\$ 16,080,030	\$ 8,501,383	\$ 118,842,350

*Depreciation expense was charged to functions as follows:

Governmental activities:

General	\$ 3,763,476
Public safety	566,306
Culture and recreation	471,306

Total governmental activities depreciation expense **\$ 4,801,088**

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE I - CHANGES IN CAPITAL ASSETS (continued)

In accordance with GASB 34, depreciation policies were adopted to include useful lives and classification by function.

NOTE K - LONG-TERM DEBT

Revenue Bonds

Bonds outstanding at June 30, 2012 consist of the following issue:

Gross Receipts Tax Revenue Bonds

Series: April 23, 2003

Original Issue: \$13,595,000

Principal: June 1

Interest: June 1 and December 1

Rates: 3.000% to 5.000%

The bonds are special and limited obligations of the County and are secured by and payable solely from the pledged gross receipts tax revenue. The Bond agreement requires the creation and maintenance of certain funds including a reserve fund with a required minimum of \$1,177,205. The County is in compliance with all significant requirements of the various bond covenants.

Long-term liability for the year ended June 30, 2012 was as follows:

	June 30, 2011	Additions	Reductions	June 30, 2012	Due Within One Year
Gross Receipts Revenue Bonds					
Series: April 23, 2003	\$ 11,775,000	\$ -	\$ 645,000	\$ 11,130,000	\$ 670,000
Compensated Absences (Note A)	643,257	299,086	288,627	653,716	139,449
Totals	\$ 12,418,257	\$ 299,086	\$ 933,627	\$ 11,783,716	\$ 809,449

The annual debt service requirements to maturity, including principal and interest for long-term debt as of June 30, 2012, are as follows:

Year Ending June 30,	Gross Receipts Bonds Series 2003		
	Interest	Principal	Total Payment
2013	503,780	670,000	1,173,780
2014	478,655	680,000	1,158,655
2015	451,455	710,000	1,161,455
2016	423,055	735,000	1,158,055
2017	388,143	770,000	1,158,143
2018-2022	1,390,672	4,400,000	5,790,672
2023-2025	311,855	3,165,000	3,476,855
Total	\$ 3,947,615	\$ 11,130,000	\$ 15,077,615

The County paid interest on long-term debt of \$527,968 during the fiscal year 2012.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE K- LONG-TERM DEBT (continued)

Specific years for payment of compensated absences payable are not determinable. The General Fund is typically used for liquidation of compensated absences.

NOTE L - PERA PENSION PLAN

Plan Description—Substantially all of the County's full-time employees participate in a public employee retirement system authorized under the Public Employee 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 benefits, disability benefits, survivor benefits and cost-of living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P. O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy—Plan members are required to contribute 9.15% of their gross salary, except for sheriff's deputies who are required to contribute 12.35% of their gross salary. The County is required to contribute 9.15% for employees other than sheriff's deputies and 18.5% for deputies. The contribution requirements of plan members and the County are established in State statute 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, 2012, 2011 and 2010 were \$1,468,393, \$1,587,403, and \$1,628,347, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE M - POST EMPLOYMENT BENEFITS

Plan Description—The 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 spouse and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMS 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for the 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

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE M – POST EMPLOYMENT BENEFITS (continued)

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. During fiscal year ended June 30, 2012, the statute required each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee is required to contribute .917% of their salary. In the fiscal years ending June 30, 2012 and June 30, 2013 the contribution rates for employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY13	2.000%	1.000%

Employers joining the program after January 1, 1998, are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

The County's contributions to the RHCA for the years June 30, 2012, 2011 and 2010 were \$252,681 \$245,248, and \$182,686, which equal the required contributions for each year.

NOTE N - DEFERRED COMPENSATION PLAN

The State of New Mexico offers state, local government and school district employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all State employees and those local government and school district employees whose employers have elected participation in the plan, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) held in trust for the participants in the plan.

There are employees that are making contributions to the Deferred Compensation Plan. Neither the County nor the State of New Mexico made any contributions to the Deferred Compensation Plan. All contributions withheld from participant's wages by the County have been paid to the New Mexico Employees' Retirement Association, which administers the plan.

NOTE O - CONTINGENT LIABILITIES

Grants and Agreements- Amounts received or receivable from grant agencies and others are subject to audit and adjustment, principally by the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor and others cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE O - CONTINGENT LIABILITIES (continued)

Economic Development Agreement – Lea County entered into an economic development agreement dated October 19, 2010, with the Economic Development Corporation of Lea County, Inc. (EDC) to unconditionally guaranty on behalf of EDC any and all amounts that EDC may be required to pay to the Air Carrier pursuant to the revenue guaranty or other provisions of the Air Services Contract, and subject to the limitation that the first \$250,000 due to Air Carrier under revenue guarantee provisions during the first twelve month period of Air Service shall not be guaranteed by the County.

The County has provided EDC with an irrevocable standby letter of credit for \$900,000 as guaranty for performance of this agreement and stand by letter of credit will remain in effect for the term of the Air Services Contract. No amounts were charged against letter of credit during fiscal year 2012.

Lea County contributed \$1,195,813 to EDC under the above described agreement for the fiscal year ended June 30, 2012.

NOTE P – CONDUIT DEBT

The County Issued Industrial Revenue Bonds (IRBs) totaling \$115,200,000 for projects as follows:

LES – the County issued \$4,200,000 in IRBs to provide funds to finance the acquisition, construction and installation of an expansion to the national enrichment facility project. Final maturity date of the bonds is January 22, 2034. The bonds are secured by a security agreement and a collateral pledge of the Lease to the Purchaser.

Intrepid Potash-New Mexico LLC – the County issued \$40,000,000 in IRBs to provide funds to finance the acquisition and construction of an industrial revenue bond manufacturing and processing facility to be used by Intrepid Potash-New Mexico. Final maturity date of the bonds is February 1, 2032. The bonds are secured by all tangible personal property located in Lea County, New Mexico used in connection with manufacturing and processing of potash including but not necessarily limited to all the costs of which are financed or reimbursed with the proceeds of the Lea County, New Mexico, Taxable Industrial Revenue Bond.

Wildcat Wind LLC - the County issued \$51,000,000 in IRBs in connection with a Wind Energy Generating Facility. Final maturity date of the bonds is March 1, 2032. The bonds are secured by all tangible personal property located in Lea County, New Mexico used in connection with wind generation of electricity but not necessarily limited to all personal property installed or located at the Project Site for use as part of the Project.

Jut Demonstration Inc – the County issued \$20,000,000 in IRBs to provide funds to finance the acquisition, construction and installation of an industrial development project. Final maturity date of the bonds is March 20, 2032. The bonds are secured by all the Debtor's right, title and interest in and to the Project Property and the Lease and Purchase Agreement.

The County has no liability for the IRBs in the event of default by the borrowers. Accordingly, the bonds are not reported as liabilities in the County's financial statements.

NOTE Q - JOINT POWERS AGREEMENTS

As of March 6, 1995, the County entered into a joint powers agreement with all municipalities in Lea County for the Lea County Solid Waste Authority (Authority). The agreement was renewed March 31, 1998. As a result of the joint venture, the County has agreed to a loan to the Authority for the construction of a solid waste disposal facility. The loan, bearing interest at 4.65% per annum, will be repaid from the net revenues of the Authority. Repayment terms are to be determined by the members of the Authority on an annual basis. The loan is secured by the gross revenue of the Authority and the real estate and solid waste disposal facility. The County is accounting for its activity (in the capacity of a fiscal agent) in the joint venture including the loan to the Authority (current balance - \$1,780,088) in the Authority's financial statements, as it is a separate entity from the County. The agreement cannot be terminated until the loan to the Authority is paid in full.

The County entered into a joint powers agreement with all municipalities in Lea County for the Lea County Water Users Association (Association) on September 23, 1997. The agreement automatically renews for an additional two years unless terminated by the Executive Board. The purpose of the agreement is to enact a water management plan for the citizens of Lea County. The County is designated the fiscal agent of the Association and

LEA COUNTY, NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

NOTE Q - JOINT POWERS AGREEMENTS (continued)

is responsible for 45.8% of the proposed funding needed for the Association. The County did not remit any funds to the Association in the fiscal year ended June 30, 2012.

The County along with the City of Hobbs formed a joint powers agreement regarding the cleanup and disposal of trash illegally dumped on approximately 222 acres of land belonging to the New Mexico State Land Office. The purpose of the agreement is to allocate financial responsibility of the costs to be incurred in connection with cleanup. The County's responsibility is to contract with the Lea County Solid Waste Authority, as necessary, for the services of hauling trash and debris.

Costs involved in the project are to be allocated, with the County responsible for paying 25%. The County must also invoice the party responsible for the illegal disposal, Occidental/Permian Limited Partnership ("Oxy"), for another 25% of the disposal costs. Expenditures for the County are not to exceed \$15,000 without prior written consent of all parties involved. The agreement became effective November 17, 2003, and either party to the agreement can terminate participation by providing thirty days written notice.

The County also established a joint powers agreement with the Hobbs Municipal School District, City of Hobbs, New Mexico Junior College, City of Lovington, Eunice Municipal School District, Tatum Municipal School District and Jai Municipal School District for the purpose of enabling the parties involved to benefit from substantial savings in the procurement of similar services, construction or tangible personal property. The agreement became effective November 17, 2003, and any party to the agreement can terminate participation by providing thirty days written notice. Any of the participating agencies may act as the Lead Agency whereby that agency shall contact the remaining participating agencies to determine if they are willing to participate in a bid or proposal for quote to be prepared by the Lead Agency.

On July 25, 2006, the County entered into a joint powers agreement with the Southeastern New Mexico Economic Development District/COG. The purpose of the agreement is to facilitate economic development in the region through planning, development, legislative, and strategizing services. The agreement is indefinite in term.

The County established a joint powers agreement with the Eddy-Lea Energy Alliance on July 29, 2006. The goal of this agreement is to evaluate a site for use by the Global Nuclear Energy Partnership and the United States Department of Energy. This is hoped to bring new, higher-wage jobs to the area and strengthen the economic base of the region. The agreement is perpetual, but may be terminated with the written consent of all voting members. The agreement shall terminate at the discretion of the contracting parties.

The County established a joint powers agreement with the City of Hobbs on January 4, 2010 to further the public interest and protect the safety, health and welfare of the people of Hobbs, New Mexico and Lea County, New Mexico and to define the role of the City and County in establishing a joint Emergency Communications Center, namely, the joint management and operations of an emergency communications district.

NOTE R – DEFICIT FUND BALANCES

At June 30, 2012, the funds listed below exhibited a deficit fund balance. This deficit will be financed through future revenues of the funds.

	Deficit Fund Balances
Airport Fire District	\$ 169
Other Grants	185,298
Total Deficit Fund Balance	\$ 185,467

NOTE S – SUBSEQUENT EVENTS

The entity has evaluated subsequent events through November 5, 2012, the date which the financial statements were available to be issued.

LEA COUNTY, NEW MEXICO

NON-MAJOR SPECIAL REVENUE FUNDS

Farm and Range Fund – To account for funds collected under the Taylor Grazing Act for the control of animals specified in Section 6-11-6 NMSA 1978.

Recreation Fund – To account for revenues from cigarette tax restricted for the maintenance of County parks as specified in Section 7-12-15 NMSA 1978.

County Clerk Recording and Filing – To account for equipment recording fees that shall be expensed for rent, purchase lease, or lease-purchase equipment associated with recording, filing, maintaining or reproducing documents in the County Clerk's office. The fund is authorized by Section 14-8-12.2, NMSA 1978.

All Fire District Funds – To account for the operations of the County's fire departments. Financing is provided by the State Fire Protection Fund and is restricted to fire protection use as authorized by Section A-53-4, NMSA 1978.

Lea County DWI Grant – To account for funds received from the state of New Mexico to be spent on the DWI program. The fund is authorized by Sections 11-6A-1 through 11-6A-6, NMSA 1978.

House Bill 198 Grant – To account for funds provided by the New Mexico Highway Department to be used for litter control and highway beautification. The fund was authorized by Section 67-14, NMSA 1978 and the New Mexico Litter Control and Beautification Act of 1985.

Correction Fees Fund – To account for funds from the state of New Mexico that are restricted to providing care for prisoners in the County detention facility. The fund is authorized by Section 33-3-5, NMSA 1978.

Paving Districts – To account for funds expended in engineering and construction of pavement on Piedras Drive, Baggett Drive and Sandcastle Subdivision. The County chose the Petition Method 4-55A-3(2) to create the District. The fund was authorized by Section 4-55A-1 to 4-55A-43, NMSA 1978.

Property Valuation Fund – To account for revenues provided by 2 percent of the property taxes received by the County to be used for appraisal programs presented by the County Assessor and approved by the majority of the County Commissioners. The fund is authorized by Section 7-38-38.1 NMSA 1978.

Hospital Records – To account for hospital operations. Financing is provided by miscellaneous sources and is restricted to hospital use. The fund was established in 1977 by action of the Lea County Commissioners after the hospitals were closed to continue collection on accounts receivable. This Fund is authorized by Section 7-20C, NMSA 1978.

Lea County Event Center Stipulation – To account for funds expended to complete construction of the Event Center and to receive interest from the non-expendable trust fund investments and use them to defray the cost of operating the Event Center. This fund was created as a result of the court ordered "stipulation for dismissal" in the litigation between certain plaintiffs and the Board of Commissioners of Lea County.

Emergency Medical Service Funds – To account for funds received from the state of New Mexico to be spent on emergency medical services equipment and operations for the Emergency Medical Services Departments as authorized by 24A-1, NMSA 1978.

LEA COUNTY, NEW MEXICO

NON-MAJOR SPECIAL REVENUE FUNDS (continued)

Law Enforcement Protection Fund – To account for the state funds received for law enforcement training and equipment as specified in Section 29-13-1, NMSA 1978.

Fire Excise Tax – To account for revenues provided by the imposition of an excise tax to one-fourth of one percent of gross receipts of businesses doing business in the County. The excise tax was approved by the electorate of the County on July 12, 1990, with the tax effective January 1, 1991. The funds are to be used to finance capital outlay costs of Lea County's independent fire districts. This fund is authorized by Sections 7-20E, NMSA 1978.

Jal CDBG Waterwaster – To account for revenues and expenditures under the Community Block Development Grant #86-C-NR-1-04-GA-091.

Convenience Centers – To account for revenues provided by one-eighth of one percent of County environmental services gross receipts tax imposed by County Ordinance #59.

Revolving Loan Fund – To account for the loan funds received under the 1986 Community Development Block Grant Program (CDBG) #86-C-NR-I-04-GA-091.

PRCA Steer Roping Fund – To account for the operations of the PRCA associated with the National Finals Steer Roping (NFSR) held at the Lea County Events Center. Lea County has entered into an agreement with the PRCA to hold the NFSR in Lea County for the years 2006, 2007, and 2008. This fund was created pursuant to the County's 2006 Agreement with the PRCA.

Lea County Drug Task Force (HIDTA) – Special revenue fund established by resolution to account for revenues and expenditures related to education and local enforcement of the drug program. This program is financed with federal grants aiming to ameliorate High Intensity Drug Trafficking Areas.

Magistrate Court Security – To account for activity related to security services for the Court, contracted by Lea County and the City of Hobbs. Initial funding was provided by Lea County and the City of Hobbs. Contract continuation is contingent upon sufficient appropriations and authorization being made by the County and the City.

Rural Law Enforcement – To account for revenues and expenditures related to activity under the Detention Centers Rural Operations Enhancement Program funded by the Department of Justice.

Other Grants – To account for grants and grant expenditures that are subject to tracking requirements, and authorized by various grant agreements.

Lea County Airports – Reactivated to account for revenues and expenses related to the operation of the Lea County Airport as per 49 CFR Section 18 – Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.

Community Sole Provider – To account for revenues and expenses related to indigent services sole provider.

County Fire Marshal -- To account for the revenue and expenses of the Office of the County Fire Marshal established per Lea County Resolution 11-JUN026R and funded by the New Mexico State Fire Marshal's Office.

LEA COUNTY, NEW MEXICO

Combining Balance Sheet
Non-major Special Revenue Funds
June 30, 2012

Statement B-1
Page 1 of 6

	Farm and Range	Recreation	County Clerk	Maljamar Fire District	Knowles Fire District
ASSETS					
Cash and cash equivalents	\$ 754	\$ 180,301	\$ 96,490	\$ 29,647	\$ 5,486
Investments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Other receivables	-	-	-	-	-
Total assets	\$ 754	\$ 180,301	\$ 96,490	\$ 29,647	\$ 5,486
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 6,806	\$ 70	\$ 427	\$ 1,418
Deferred revenue	-	-	-	-	-
Total liabilities	-	6,806	70	427	1,418
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	96,420	29,220	-
Committed	754	173,495	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	4,068
Total fund balances	754	173,495	96,420	29,220	4,068
Total liabilities and fund balances	\$ 754	\$ 180,301	\$ 96,490	\$ 29,647	\$ 5,486

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Combining Balance Sheet (continued)
Non-major Special Revenue Funds
June 30, 2012

Statement B-1
Page 2 of 6

	Airport Fire District	Monument Fire District	DWI	House Bill 198 Grant	Correction Fees
ASSETS					
Cash and cash equivalents	\$ 57	\$ 38,815	\$ 172,358	\$ 9,044	\$ 648,085
Investments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Other receivables	-	-	-	-	-
Total assets	\$ 57	\$ 38,815	\$ 172,358	\$ 9,044	\$ 648,085
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 226	\$ 651	\$ 623	\$ -	\$ 4,470
Deferred revenue	-	-	62,890	-	-
Total liabilities	226	651	63,513	-	4,470
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	(169)	38,164	-	9,044	643,615
Committed	-	-	108,845	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	(169)	38,164	108,845	9,044	643,615
Total liabilities and fund balances	\$ 57	\$ 38,815	\$ 172,358	\$ 9,044	\$ 648,085

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Combining Balance Sheet (continued)
Non-major Special Revenue Funds
June 30, 2012

Statement B-1
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	Paving District	Property Valuation	Hospital Records	Lea County Event Center Stipulation	Knowles EMS Grant
ASSETS					
Cash and cash equivalents	\$ -	\$ 527,711	\$ -	\$ 257,758	\$ 3,754
Investments	-	-	-	-	-
Due from other funds	-	-	10	90,000	-
Other receivables	-	-	-	-	-
Total assets	\$ -	\$ 527,711	\$ 10	\$ 347,758	\$ 3,754
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 465	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-
Total liabilities	-	465	-	-	-
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	527,246	-	347,758	3,754
Committed	-	-	10	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	-	527,246	10	347,758	3,754
Total liabilities and fund balances	\$ -	\$ 527,711	\$ 10	\$ 347,758	\$ 3,754

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Combining Balance Sheet (continued)
Non-major Special Revenue Funds
June 30, 2012

Statement B-1
Page 4 of 6

	Law Enforcement Project	Maljamar EMS Grant	Fire Excise Tax	Monument EMS Grant	Jal CDBG Wastewater
ASSETS					
Cash and cash equivalents	\$ 45,049	\$ 7,754	\$ 2,068,534	\$ 2,785	\$ 21,882
Investments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Other receivables	-	-	-	-	-
Total assets	\$ 45,049	\$ 7,754	\$ 2,068,534	\$ 2,785	\$ 21,882
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 325	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-
Total liabilities	325	-	-	-	-
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	44,724	7,754	2,068,534	-	-
Committed	-	-	-	2,785	21,882
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	44,724	7,754	2,068,534	2,785	21,882
Total liabilities and fund balances	\$ 45,049	\$ 7,754	\$ 2,068,534	\$ 2,785	\$ 21,882

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Combining Balance Sheet (continued)
Non-major Special Revenue Funds
June 30, 2012

Statement B-1
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	Convenience Centers	Revolving Loan Fund	PRCA Steer Roping	High Intensity Drug Trafficking Areas	Rural Law Enforcement
ASSETS					
Cash and cash equivalents	\$ 1,919,450	\$ 960	\$ 68,236	\$ 83,210	\$ 53,025
Investments	-	100,145	-	-	-
Due from other funds	-	-	-	-	-
Other receivables	240,834	-	-	605,103	-
Total assets	\$ 2,160,284	\$ 101,105	\$ 68,236	\$ 688,313	\$ 53,025
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 58,079	\$ -	\$ -	\$ 96,938	\$ -
Deferred revenue	-	-	-	350,447	-
Total liabilities	58,079	-	-	447,385	-
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	2,102,205	101,105	68,236	240,928	-
Committed	-	-	-	-	53,025
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	2,102,205	101,105	68,236	240,928	53,025
Total liabilities and fund balances	\$ 2,160,284	\$ 101,105	\$ 68,236	\$ 688,313	\$ 53,025

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Combining Balance Sheet (continued)
Non-major Special Revenue Funds
June 30, 2012

Statement B-1
Page 6 of 6

	Magistrate Court Security	Lea County Airports	Sole Community Provider	State Fire Allotment	Other Grants	Total Non- Major Special Revenue Funds
ASSETS						
Cash and cash equivalents	\$ 3,531	\$ 1,720,045	\$ 599,485	\$ 27,248	\$ 31,004	\$ 8,622,458
Investments	-	-	-	-	-	100,145
Due from other funds	-	-	-	-	-	90,010
Other receivables	-	83,209	-	-	198,514	1,127,660
Total assets	\$ 3,531	\$ 1,803,254	\$ 599,485	\$ 27,248	\$ 229,518	\$ 9,940,273
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ 28,743	\$ 325,707	\$ -	\$ 216,302	\$ 741,250
Deferred revenue	-	83,209	-	-	198,514	695,060
Total liabilities	-	111,952	325,707	-	414,816	1,436,310
Fund balances:						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	6,328,538
Committed	3,531	1,691,302	273,778	27,248	1,603	2,358,258
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	(186,901)	(182,833)
Total fund balances	3,531	1,691,302	273,778	27,248	(185,298)	8,503,963
Total liabilities and fund balances	\$ 3,531	\$ 1,803,254	\$ 599,485	\$ 27,248	\$ 229,518	\$ 9,940,273

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Special Revenue Funds
For the Year Ended June 30, 2012

Statement B-2
Page 1 of 6

	Farm and Range	Recreation	County Clerk	Maljamar Fire District	Knowles Fire District
REVENUES					
Property, sales, and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	85,984	-	-
Intergovernmental:					
Federal	15,254	-	-	-	-
State	-	-	-	49,326	49,326
Charges for services	-	-	-	-	-
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	15,254	-	85,984	49,326	49,326
EXPENDITURES					
Current:					
General government	-	-	3,288	40,996	44,538
Public safety	-	-	-	-	-
Culture and recreation	-	13,336	-	-	-
Airports	-	-	-	-	-
Farm and range	128,000	-	-	-	-
Capital outlay	-	8,677	44,205	-	-
Total expenditures	128,000	22,013	47,493	40,996	44,538
Excess (deficiency) of revenues over expenditures	(112,746)	(22,013)	38,491	8,330	4,788
OTHER FINANCING SOURCES (USES)					
Transfers in	113,500	172,959	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	113,500	172,959	-	-	-
Net change in fund balances	754	150,946	38,491	8,330	4,788
Fund balances - beginning of year	-	22,549	57,929	20,890	(720)
Fund balances - end of year	\$ 754	\$ 173,495	\$ 96,420	\$ 29,220	\$ 4,068

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
Non-major Special Revenue Funds
For the Year Ended June 30, 2012

Statement B-2
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	Airport Fire District	Monument Fire District	DWI	House Bill 198 Grant	Correction Fees
REVENUES					
Property, sales, and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal	-	-	-	-	-
State	-	60,325	561,384	-	176,223
Charges for services	-	-	-	-	-
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	83,254	-	-
Total revenues	-	60,325	644,638	-	176,223
EXPENDITURES					
Current:					
General government	96,822	52,170	538,184	-	126,816
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Airports	-	-	-	-	-
Farm and range	-	-	-	-	-
Capital outlay	-	-	-	-	89,199
Total expenditures	96,822	52,170	538,184	-	216,015
Excess (deficiency) of revenues over expenditures	(96,822)	8,155	106,454	-	(39,792)
OTHER FINANCING SOURCES (USES)					
Transfers in	96,642	-	39,150	-	-
Transfers out	-	-	(118,592)	-	-
Total other financing sources (uses)	96,642	-	(79,442)	-	-
Net change in fund balances	(180)	8,155	27,012	-	(39,792)
Fund balances - beginning of year	11	30,009	81,833	9,044	683,407
Fund balances - end of year	\$ (169)	\$ 38,164	\$ 108,845	\$ 9,044	\$ 643,615

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
 Non-major Special Revenue Funds
 For the Year Ended June 30, 2012

Statement B-2
 Page 3 of 6

	Paving District	Property Valuation	Hospital Records	Lea County Event Center Stipulation	Knowles EMS Grant
REVENUES					
Property, sales, and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal	-	-	-	-	-
State	-	-	-	-	5,138
Charges for services	-	253,952	-	-	-
Investment earnings	-	-	-	2,942	-
Miscellaneous	-	-	-	-	-
Total revenues	-	253,952	-	2,942	5,138
EXPENDITURES					
Current:					
General government	-	182,497	-	-	-
Public safety	-	-	-	-	1,979
Culture and recreation	-	-	-	-	-
Airports	-	-	-	-	-
Farm and range	-	-	-	-	-
Capital outlay	-	2,960	-	-	-
Total expenditures	-	185,457	-	-	1,979
Excess (deficiency) of revenues over expenditures	-	68,495	-	2,942	3,159
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(590)	-	-	-	-
Total other financing sources (uses)	(590)	-	-	-	-
Net change in fund balances	(590)	68,495	-	2,942	3,159
Fund balances - beginning of year	590	458,751	10	344,816	595
Fund balances - end of year	\$ -	\$ 527,246	\$ 10	\$ 347,758	\$ 3,754

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
 Non-major Special Revenue Funds
 For the Year Ended June 30, 2012

Statement B-2
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	Law Enforcement Project	Maljamar EMS Grant	Fire Excise Tax	Monument EMS Grant	Jal CDBG Wastewater
REVENUES					
Property, sales, and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal	-	-	-	-	-
State	46,400	-	-	5,046	-
Charges for services	-	-	-	-	-
Investment earnings	-	-	1,819	-	-
Miscellaneous	-	-	-	-	-
Total revenues	46,400	-	1,819	5,046	-
EXPENDITURES					
Current:					
General government	-	-	5	-	-
Public safety	16,669	467	-	2,261	-
Culture and recreation	-	-	-	-	-
Airports	-	-	-	-	-
Farm and range	-	-	-	-	-
Capital outlay	-	-	92,409	-	-
Total expenditures	16,669	467	92,414	2,261	-
Excess (deficiency) of revenues over expenditures	29,731	(467)	(90,595)	2,785	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	29,731	(467)	(90,595)	2,785	-
Fund balances - beginning of year	14,993	8,221	2,159,129	-	21,882
Fund balances - end of year	\$ 44,724	\$ 7,754	\$ 2,068,534	\$ 2,785	\$ 21,882

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
Non-major Special Revenue Funds
For the Year Ended June 30, 2012

Statement B-2
Page 5 of 6

	Convenience Centers	Revolving Loan Fund	PRCA Steer Roping	High Intensity Drug Trafficking Areas	Rural Law Enforcement
REVENUES					
Property, sales, and miscellaneous taxes	\$ 1,321,255	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal	-	-	-	1,420,511	53,025
State	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment earnings	-	-	-	41	-
Miscellaneous	-	-	-	65,572	-
Total revenues	1,321,255	-	-	1,486,124	53,025
EXPENDITURES					
Current:					
General government	1,366,647	-	-	1,147,548	-
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Airports	-	-	-	-	-
Farm and range	-	-	-	-	-
Capital outlay	61,444	-	-	78,570	-
Total expenditures	1,428,091	-	-	1,226,118	-
Excess (deficiency) of revenues over expenditures	(106,836)	-	-	260,006	53,025
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	42,500	-
Transfers out	-	-	-	(92,283)	-
Total other financing sources (uses)	-	-	-	(49,783)	-
Net change in fund balances	(106,836)	-	-	210,223	53,025
Fund balances - beginning of year	2,209,041	101,105	68,236	30,705	-
Fund balances - end of year	\$ 2,102,205	\$ 101,105	\$ 68,236	\$ 240,928	\$ 53,025

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
Non-major Special Revenue Funds
For the Year Ended June 30, 2012

Statement B-2
Page 6 of 6

	Magistrate Court Security	Lea County Airports	Sole Community Provider	State Fire Allotment	Other Grants	Total Non-Major Special Revenue Funds
REVENUES						
Property, sales, and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,321,255
Licenses and permits	-	-	-	-	-	85,984
Intergovernmental:						
Federal	15,000	222,010	-	49,326	284,128	2,059,254
State	-	-	-	-	-	953,168
Charges for services	-	157,351	-	-	-	411,303
Investment earnings	-	-	-	-	-	4,802
Miscellaneous	-	81,605	-	-	100,905	331,336
Total revenues	15,000	460,966	-	49,326	385,033	5,167,102
EXPENDITURES						
Current:						
General government	26,791	-	1,326,222	22,078	698,431	5,673,033
Public safety	-	-	-	-	-	21,376
Culture and recreation	-	-	-	-	-	13,336
Airports	-	722,490	-	-	-	722,490
Farm and range	-	-	-	-	-	128,000
Capital outlay	-	596,174	-	-	35,200	1,008,838
Total expenditures	26,791	1,318,664	1,326,222	22,078	733,631	7,567,073
Excess (deficiency) of revenues over expenditures	(11,791)	(857,698)	(1,326,222)	27,248	(348,598)	(2,399,971)
OTHER FINANCING SOURCES (USES)						
Transfers in	15,000	2,549,000	1,600,000	-	-	4,628,751
Transfers out	-	-	-	-	(21,970)	(233,435)
Total other financing sources (uses)	15,000	2,549,000	1,600,000	-	(21,970)	4,395,316
Net change in fund balances	3,209	1,691,302	273,778	27,248	(370,568)	1,995,345
Fund balances - beginning of year	322	-	-	-	185,270	6,508,618
Fund balances - end of year	\$ 3,531	\$ 1,691,302	\$ 273,778	\$ 27,248	\$ (185,298)	\$ 8,503,963

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Farm and Range
For the Year Ended June 30, 2012

Statement B-3

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 14,500	\$ 14,500	\$ 15,254	\$ 754
Total revenues	\$ 14,500	\$ 14,500	\$ 15,254	\$ 754
EXPENDITURES				
Farm and Range	\$ 128,000	\$ 128,000	\$ 128,000	\$ -
Total expenditures	\$ 128,000	\$ 128,000	\$ 128,000	\$ -
Excess (deficiency) of revenues over expenditures	(113,500)	(113,500)	(112,746)	754
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 113,500	\$ 113,500	\$ 113,500	\$ -
Total other financing sources and (uses)	\$ 113,500	\$ 113,500	\$ 113,500	\$ -
Prior year cash balance	-	-	-	-
Net change in fund balances	\$ -	\$ -	754	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ 754	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Recreation
For the Year Ended June 30, 2012****Statement B-4**

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Sales and miscellaneous taxes	\$ 25	\$ 25	\$ -	\$ (25)
Total revenues	\$ 25	\$ 25	\$ -	\$ (25)
EXPENDITURES				
Current:				
Culture and recreation	\$ 51,000	\$ 51,000	\$ 12,868	\$ 38,132
Capital Outlay	145,000	145,000	2,806	142,194
Total expenditures	\$ 196,000	\$ 196,000	\$ 15,674	\$ 180,326
Excess (deficiency) of revenues over expenditures	(195,975)	(195,975)	(15,674)	180,301
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 172,959	\$ 172,959	\$ 172,959	\$ -
Total other financing sources and (uses)	\$ 172,959	\$ 172,959	\$ 172,959	\$ -
Prior year cash balance	23,016	23,016	-	
Net change in fund balances	\$ -	\$ -	157,285	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			(6,339)	
Net change in fund balance			\$ 150,946	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
County Clerk
For the Year Ended June 30, 2012

Statement B-5

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Licenses and permits	\$ 60,000	\$ 60,000	\$ 85,984	\$ 25,984
Total revenues	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 85,984</u>	<u>\$ 25,984</u>
EXPENDITURES				
General government	\$ 14,100	\$ 14,100	\$ 3,350	\$ 10,750
Capital Outlay	60,000	60,000	44,205	15,795
Total expenditures	<u>\$ 74,100</u>	<u>\$ 74,100</u>	<u>\$ 47,555</u>	<u>\$ 26,545</u>
Excess (deficiency) of revenues over expenditures	<u>(14,100)</u>	<u>(14,100)</u>	<u>38,429</u>	<u>52,529</u>
Prior year cash balance	58,061	58,061	-	
Net change in fund balances	<u>\$ 43,961</u>	<u>\$ 43,961</u>	<u>38,429</u>	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			62	
Net change in fund balance			<u>\$ 38,491</u>	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Maljamar Fire District
For the Year Ended June 30, 2012

Statement B-6

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 51,000	\$ 51,000	\$ 49,326	\$ (1,674)
Total revenues	\$ 51,000	\$ 51,000	\$ 49,326	\$ (1,674)
EXPENDITURES				
General government	\$ 51,000	\$ 51,000	\$ 42,544	\$ 8,456
Total expenditures	\$ 51,000	\$ 51,000	\$ 42,544	\$ 8,456
Excess (deficiency) of revenues over expenditures	-	-	6,782	6,782
Prior year cash balance	22,865	22,865	-	
Net change in fund balances	\$ 22,865	\$ 22,865	6,782	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			1,548	
Net change in fund balance			\$ 8,330	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Knowles Fire District
For the Year Ended June 30, 2012

Statement B-7

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 51,000	\$ 51,000	\$ 49,325	\$ (1,675)
Total revenues	\$ 51,000	\$ 51,000	\$ 49,325	\$ (1,675)
EXPENDITURES				
General government	\$ 51,000	\$ 51,000	\$ 43,840	\$ 7,160
Total expenditures	\$ 51,000	\$ 51,000	\$ 43,840	\$ 7,160
Excess (deficiency) of revenues over expenditures	-	-	5,485	5,485
Prior year cash balance	1	1	-	
Net change in fund balances	\$ 1	\$ 1	5,485	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			(697)	
Net change in fund balance			\$ 4,788	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Airport Fire District
For the Year Ended June 30, 2012

Statement B-8

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 51,000	\$ 51,000	\$ -	\$ (51,000)
Total revenues	<u>\$ 51,000</u>	<u>\$ 51,000</u>	<u>\$ -</u>	<u>\$ (51,000)</u>
EXPENDITURES				
General government	\$ 121,252	\$ 121,252	\$ 96,596	\$ 24,656
Total expenditures	<u>\$ 121,252</u>	<u>\$ 121,252</u>	<u>\$ 96,596</u>	<u>\$ 24,656</u>
Excess (deficiency) of revenues over expenditures	<u>(70,252)</u>	<u>(70,252)</u>	<u>(96,596)</u>	<u>(26,344)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 96,642	\$ 96,642	\$ 96,642	\$ -
Total other financing sources and (uses)	<u>\$ 96,642</u>	<u>\$ 96,642</u>	<u>\$ 96,642</u>	<u>\$ -</u>
Prior year cash balance	11	11	-	
Net change in fund balances	<u>\$ 26,401</u>	<u>\$ 26,401</u>	46	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			(226)	
Net change in fund balance			<u>\$ (180)</u>	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Monument Fire District
For the Year Ended June 30, 2012****Statement B-9**

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 51,000	\$ 51,000	\$ 60,326	\$ 9,326
Total revenues	\$ 51,000	\$ 51,000	\$ 60,326	\$ 9,326
EXPENDITURES				
Current:				
General government	\$ 51,000	\$ 56,670	\$ 52,966	\$ 3,704
Capital Outlay	25,000	19,330	-	19,330
Total expenditures	\$ 76,000	\$ 76,000	\$ 52,966	\$ 23,034
Excess (deficiency) of revenues over expenditures	(25,000.00)	(25,000.00)	7,360.00	32,360.00
Prior year cash balance	31,456	31,456	-	
Net change in fund balances	\$ 6,456	\$ 6,456	7,360	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			795	
Net change in fund balance			\$ 8,155	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget (non-GAAP Budgetary Basis) and Actual DWI

Statement B-10

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 606,449	\$ 606,449	\$ 594,334	\$ (12,115)
Miscellaneous	65,000	65,000	83,254	18,254
Total revenues	\$ 671,449	\$ 671,449	\$ 677,588	\$ 6,139
EXPENDITURES				
Current:				
* General government	\$ 632,860	\$ 684,905	\$ 540,923	\$ 143,982
Total expenditures	\$ 632,860	\$ 684,905	\$ 540,923	\$ 143,982
Excess (deficiency) of revenues over expenditures	38,589	(13,456)	136,665	\$ 150,121
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 39,150	\$ 39,150	\$ 39,150	\$ -
Transfers out	(118,592)	(118,592)	(118,592)	-
Total other financing sources and (uses)	\$ 39,150.00	\$ (79,442.00)	\$ (79,442.00)	\$ -
Prior year cash balance	115,135	115,135	-	
Net change in fund balances	\$ 192,874	\$ 22,237	57,223	
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			(32,950)	
Change in accounts payable			2,739	
Net change in fund balance			\$ 27,012	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
House Bill 198 Grant
For the Year Ended June 30, 2012

Statement B-11

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
General government	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over expenditures	-	-	-	-
 Prior year cash balance	 9,044	 9,044	 -	
Net change in fund balances	\$ 9,044	\$ 9,044	-	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ -	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Correction Fees
For the Year Ended June 30, 2012****Statement B-12**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 140,000	\$ 140,000	\$ 176,223	\$ 36,223
Total revenues	\$ 140,000	\$ 140,000	\$ 176,223	\$ 36,223
EXPENDITURES				
Current:	-	-	-	-
General government	\$ 158,800	\$ 158,800	\$ 124,338	\$ 34,462
Capital Outlay	100,000	100,000	89,199	10,801
Total expenditures	\$ 258,800	\$ 258,800	\$ 213,537	\$ 45,263
Excess (deficiency) of revenues over expenditures	(118,800)	(118,800)	(37,314)	81,486
Prior year cash balance	685,399	685,399	-	
Net change in fund balances	\$ 566,599	\$ 566,599	(37,314)	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			(2,478)	
Net change in fund balance			\$ (39,792)	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Paving District
For the Year Ended June 30, 2012

Statement B-13

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:	-	-	-	-
General government	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	(590)	(590)	(590)	-
Total other financing sources and (uses)	(590)	(590)	(590)	-
Prior year cash balance	590	590	-	
Net change in fund balances	\$ -	\$ -	(590)	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ (590)	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Property Valuation
For the Year Ended June 30, 2012

Statement B-14

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Charges for services	\$ 200,000	\$ 200,000	\$ 253,952	\$ 53,952
Total revenues	\$ 200,000	\$ 200,000	\$ 253,952	\$ 53,952
EXPENDITURES				
General government	\$ 423,677	\$ 420,677	\$ 182,314	\$ 238,363
Capital Outlay	-	3,000	2,960	40
Total expenditures	\$ 423,677	\$ 423,677	\$ 185,274	\$ 238,403
Excess (deficiency) of revenues over expenditures	(223,677)	(223,677)	68,678	292,355
Prior year cash balance	459,033	459,033	-	
Net change in fund balances	\$ 235,356	\$ 235,356	68,678	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			(183)	
Net change in fund balance			\$ 68,495	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Lea County Event Center Stipulation
For the Year Ended June 30, 2012

Statement B-15

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Investment earnings	\$ 2,750	\$ 2,750	\$ 2,942	\$ 192
Total revenues	\$ 2,750	\$ 2,750	\$ 2,942	\$ 192
EXPENDITURES				
Current:				
General government	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over expenditures	2,750	2,750	2,942	192
Prior year cash balance	254,816	254,816	-	
Net change in fund balances	\$ 257,566	\$ 257,566	2,942	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ 2,942	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Knowles EMS Grant
For the Year Ended June 30, 2012

Statement B-16

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 5,000	\$ 5,000	\$ 5,138	\$ 138
Total revenues	\$ 5,000	\$ 5,000	\$ 5,138	\$ 138
EXPENDITURES				
Public safety	\$ 5,000	\$ 5,000	\$ 1,979	\$ 3,021
Total expenditures	\$ 5,000	\$ 5,000	\$ 1,979	\$ 3,021
Excess (deficiency) of revenues over expenditures	-	-	3,159	3,159
Prior year cash balance	595	595	-	
Net change in fund balances	\$ 595	\$ 595	3,159	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ 3,159	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Law Enforcement Project
For the Year Ended June 30, 2012

Statement B-17

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 48,600	\$ 48,600	\$ 46,400	\$ (2,200)
Total revenues	<u>\$ 48,600</u>	<u>\$ 48,600</u>	<u>\$ 46,400</u>	<u>\$ (2,200)</u>
EXPENDITURES				
General government	-	-	-	-
Public safety	\$ 63,593	\$ 63,593	\$ 16,344	\$ 47,249
Total expenditures	<u>\$ 63,593</u>	<u>\$ 63,593</u>	<u>\$ 16,344</u>	<u>\$ 47,249</u>
Excess (deficiency) of revenues over expenditures	<u>(14,993)</u>	<u>(14,993)</u>	<u>30,056</u>	<u>45,049</u>
Prior year cash balance	14,993	14,993	-	
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>30,056</u>	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			<u>(325)</u>	
Net change in fund balance			<u>\$ 29,731</u>	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Maljamar EMS Grant
For the Year Ended June 30, 2012

Statement B-18

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Public safety	\$ 5,000	\$ 5,000	\$ 467	\$ 4,533
Total expenditures	\$ 5,000	\$ 5,000	\$ 467	\$ 4,533
Excess (deficiency) of revenues over expenditures	(5,000)	(5,000)	(467)	4,533
Prior year cash balance	8,221	8,221	-	
Net change in fund balances	\$ 3,221	\$ 3,221	(467)	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			-	
Net change in fund balance			\$ (467)	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Fire Excise Tax
For the Year Ended June 30, 2012

Statement B-19

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Investment earnings	\$ 3,000	\$ 3,000	\$ 2,620	\$ (380)
Total revenues	\$ 3,000	\$ 3,000	\$ 2,620	\$ (380)
EXPENDITURES				
General government	\$ 3,000	\$ 3,000	\$ 5	\$ 2,995
Capital outlay	293,000	293,000	92,409	200,591
Total expenditures	\$ 296,000	\$ 296,000	\$ 92,414	\$ 203,586
Excess (deficiency) of revenues over expenditures	(293,000)	(293,000)	(89,794)	203,206
Prior year cash balance	2,158,328	2,158,328	-	
Net change in fund balances	\$ 1,865,328	\$ 1,865,328	(89,794)	
RECONCILIATION TO GAAP BASIS:				
Change in oher receivables			(801)	
Net change in fund balance			\$ (90,595)	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Monument EMS Grant
For the Year Ended June 30, 2012

Statement B-20

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 5,000	\$ 5,000	\$ 5,046	\$ 46
Miscellaneous	-	-	-	-
Total revenues	5,000	5,000	5,046	46
EXPENDITURES				
Public safety	5,000	5,000	2,261	2,739
Total expenditures	5,000	5,000	2,261	2,739
Excess (deficiency) of revenues over expenditures	-	-	2,785	2,785
Prior year cash balance	-	-	-	-
Net change in fund balances	\$ -	\$ -	2,785	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ 2,785	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Jal CDBG Wastewater
For the Year Ended June 30, 2012

Statement B-21

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
General government	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over expenditures	-	-	-	-
Prior year cash balance	21,882	21,882	-	
Net change in fund balances	\$ 21,882	\$ 21,882	-	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ -	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Convenience Centers
For the Year Ended June 30, 2012****Statement B-22**

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Sales and miscellaneous taxes	\$ 1,150,000	\$ 1,150,000	\$ 1,297,471	\$ 147,471
Total revenues	\$ 1,150,000	\$ 1,150,000	\$ 1,297,471	\$ 147,471
EXPENDITURES				
Current:				
General government	\$ 1,802,424	\$ 1,825,424	\$ 1,314,402	\$ 511,022
Capital Outlay	744,000	744,000	61,444	682,556
Total expenditures	\$ 2,546,424	\$ 2,569,424	\$ 1,375,846	\$ 1,193,578
Excess (deficiency) of revenues over expenditures	(1,396,424)	(1,419,424)	(78,375)	1,341,049
Prior year cash balance	1,997,825	1,997,825	-	
Net change in fund balances	\$ 601,401	\$ 578,401	(78,375)	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			(52,245)	
Change in other receivables			23,784	
Net change in fund balance			\$ (106,836)	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Revolving Loan Fund
For the Year Ended June 30, 2012

Statement B-23

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
General government	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over expenditures	-	-	-	-
Prior year cash balance	960	960	-	
Net change in fund balances	\$ 960	\$ 960	-	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ -	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
PRCA Steer Roping
For the Year Ended June 30, 2012

Statement B-24

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
Culture and recreation	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over expenditures	-	-	-	-
Prior year cash balance	68,236	68,236	-	
Net change in fund balances	\$ 68,236	\$ 68,236	-	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ -	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget (non-GAAP Budgetary Basis) and Actual Other Grants For the Year Ended June 30, 2012

Statement B-25

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 538,231	\$ 538,231	\$ 284,128	\$ (254,103)
Miscellaneous	169,500	169,500	100,905	(68,595)
Total revenues	\$ 707,731	\$ 707,731	\$ 385,033	\$ (322,698)
EXPENDITURES				
Current:				
General government	\$ 822,469	\$ 734,940	\$ 508,411	\$ 226,529
Capital Outlay	26,200	26,200	26,155	45
Total expenditures	\$ 848,669	\$ 761,140	\$ 534,566	\$ 226,574
Excess (deficiency) of revenues over expenditures	(140,938)	(53,409)	(149,533)	(96,124)
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (21,970)	\$ (21,970)	\$ (21,970)	\$ -
Total other financing sources and (uses)	\$ (21,970)	\$ (21,970)	\$ (21,970)	\$ -
Prior year cash balance	202,507	202,507	-	
Net change in fund balances	\$ 39,599	\$ 127,128	\$ (171,503)	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			(199,065)	
Net change in fund balance			\$ (370,568)	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
HIDTA Fund
For the Year Ended June 30, 2012

Statement B-26

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 1,165,855	\$ 1,165,855
Investment earnings	-	-	41	41
Miscellaneous	1,000	1,000	65,572	64,572
Total revenues	\$ 1,000	\$ 1,000	\$ 1,231,468	\$ 1,230,468
EXPENDITURES				
Current:				
General government	\$ 1,318,908	\$ 1,296,908	\$ 1,112,277	\$ 184,631
Capital Outlay	44,535	66,535	65,575	960
Total expenditures	\$ 1,363,443	\$ 1,363,443	\$ 1,177,852	\$ 185,591
Excess (deficiency) of revenues over expenditures	(1,362,443)	(1,362,443)	53,616	1,416,059
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 42,500	\$ 42,500	\$ 42,500	\$ -
Transfers out	(92,283)	(92,283)	(92,283)	-
Total other financing sources and (uses)	\$ (49,783)	\$ (49,783)	\$ (49,783)	\$ -
Prior year cash balance	79,377	79,377	-	
Net change in fund balances	\$ (1,332,849)	\$ (1,332,849)	3,833	
RECONCILIATION TO GAAP BASIS:				
Increase in deferred revenue			(183,720)	
Change in accounts payable			(48,266)	
Increase in other receivables			438,376	
Net change in fund balance			\$ 210,223	

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Magistrate Court Security
For the Year Ended June 30, 2012

Statement B-27

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Total revenues	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
EXPENDITURES				
Current:				
General government	\$ 30,000	\$ 30,000	\$ 26,791	\$ 3,209
Total expenditures	\$ 30,000	\$ 30,000	\$ 26,791	\$ 3,209
Excess (deficiency) of revenues over expenditures	(15,000)	(15,000)	(11,791)	3,209
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Total other financing sources and (uses)	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Prior year cash balance	322	322	-	
Net change in fund balances	\$ -	\$ -	3,209	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ 3,209	

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Rural Law Enforcement
For the Year Ended June 30, 2012

Statement B-28

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 53,025	\$ 53,025	\$ 53,025	\$ -
Total revenues	\$ 53,025	\$ 53,025	\$ 53,025	\$ -
EXPENDITURES				
Current:				
General government	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over expenditures	53,025	53,025	53,025	\$ -
Net change in fund balances	\$ 53,025	\$ 53,025	53,025	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ 53,025	

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Lea County Airports
For the Year Ended June 30, 2012

Statement B-29

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 625,887	\$ 625,887	\$ 222,010	\$ (403,877)
Charges for services	85,600	85,600	157,351	71,751
Miscellaneous	-	-	81,605	81,605
Total revenues	\$ 711,487	\$ 711,487	\$ 460,966	\$ (250,521)
EXPENDITURES				
Current:				
General government	\$ 1,122,300	\$ 1,120,650	\$ 709,719	\$ 410,931
Capital Outlay	2,137,656	2,139,306	580,202	1,559,104
Total expenditures	\$ 3,259,956	\$ 3,259,956	\$ 1,289,921	\$ 1,970,035
Excess (deficiency) of revenues over expenditures	(2,548,469)	(2,548,469)	(828,955)	1,719,514
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,549,000	\$ 2,549,000	\$ 2,549,000	\$ -
Total other financing sources and (uses)	\$ 2,549,000	\$ 2,549,000	\$ 2,549,000	\$ -
Net change in fund balances	\$ 531	\$ 531	1,720,045	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			(28,743)	
Net change in fund balance			\$ 1,691,302	

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Sole Community Provider
For the Year Ended June 30, 2012

Statement B-30

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
General government	\$ 1,600,000	\$ 1,600,000	\$ 1,000,515	\$ 599,485
Total expenditures	\$ 1,600,000	\$ 1,600,000	\$ 1,000,515	\$ 599,485
Excess (deficiency) of revenues over expenditures	(1,600,000)	(1,600,000)	(1,000,515)	599,485
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000	\$ -
Total other financing sources and (uses)	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000	\$ -
Net change in fund balances	\$ -	\$ -	599,485	
RECONCILIATION TO GAAP BASIS:				
Change in accounts payable			(325,707)	
Net change in fund balance			\$ 273,778	

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
State Fire Allotment
For the Year Ended June 30, 2012

Statement B-31

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 51,000	\$ 51,000	\$ 49,326	\$ (1,674)
Total revenues	\$ 51,000	\$ 51,000	\$ 49,326	\$ (1,674)
EXPENDITURES				
Current:				
General government	\$ 51,000	\$ 51,000	\$ 22,078	\$ 28,922
Total expenditures	\$ 51,000	\$ 51,000	\$ 22,078	\$ 28,922
Excess (deficiency) of revenues over expenditures	-	-	27,248	27,248
Net change in fund balances	\$ -	\$ -	27,248	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ 27,248	

LEA COUNTY, NEW MEXICO

DEBT SERVICE FUNDS

Detention Bond Reserve – To account for the required reserve amount per the bond agreement.

Gross Receipts Debt Service Fund – To account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources provided by gross receipts tax revenue bonds.

LEA COUNTY, NEW MEXICO

Combining Balance Sheet
Debt Service Funds
June 30, 2012

Statement C-1

	Detention Bond Reserve	Gross Receipts Debt Service	Total Non-Major Debt Service Funds
ASSETS			
Cash and cash equivalents	\$ 1,177,205	\$ 1,749,012	\$ 2,926,217
Other receivables	-	832,240	832,240
Total assets	\$ 1,177,205	\$ 2,581,252	\$ 3,758,457
LIABILITIES AND FUND BALANCES			
Liabilities:	\$ -	\$ -	\$ -
Total liabilities	-	-	-
Fund balances:			
Restricted	1,177,205	2,581,252	3,758,457
Total fund balances	1,177,205	2,581,252	3,758,457
Total liabilities and fund balances	\$ 1,177,205	\$ 2,581,252	\$ 3,758,457

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Debt Service Funds For the Year Ended June 30, 2012

Statement C-2

	Detention Bond Reserve	Gross Receipts Debt Service	Total Non-major Debt Service Funds
REVENUES			
Property, sales and miscellaneous taxes	\$ -	\$ 4,958,010	\$ 4,958,010
Investment earnings	-	4,615	4,615
Total revenues	\$ -	\$ 4,962,625	\$ 4,962,625
EXPENDITURES			
Current:			
Principal	\$ -	\$ 645,000	\$ 645,000
Interest and other charges	-	527,968	527,968
Total expenditures	\$ -	\$ 1,172,968	\$ 1,172,968
Excess (deficiency) of revenues over expenditures	-	3,789,657	3,789,657
OTHER FINANCING SOURCES (USES)			
Transfers out	\$ -	\$ (2,000,000)	\$ (2,000,000)
Total other financing sources (uses)	\$ -	\$ (2,000,000)	\$ (2,000,000)
Net change in fund balances	-	1,789,657	1,789,657
Fund balances - beginning of year	1,177,205	791,595	1,968,800
Fund balances - end of year	\$ 1,177,205	\$ 2,581,252	\$ 3,758,457

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Detention Bond Reserve
For the Year Ended June 30, 2012

Statement C-3

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
General government	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over expenditures	-	-	-	-
Prior year cash balance	1,177,205	1,177,205	-	
Net change in fund balances	\$ 1,177,205	\$ 1,177,205	-	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ -	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Gross Receipts Debt Service
For the Year Ended June 30, 2012****Statement C-4**

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Sales and miscellaneous taxes	\$ 3,190,000	\$ 3,190,000	\$ 4,917,364	\$ 1,727,364
Investment earnings	4,300	4,300	4,615	315
Total revenues	\$ 3,194,300	\$ 3,194,300	\$ 4,921,979	\$ 1,727,679
EXPENDITURES				
Current:				
Principal	\$ 645,000	\$ 645,000	\$ 645,000	\$ -
Interest and other charges	527,968	222,000	527,968	(305,968)
Total expenditures	\$ 1,172,968	\$ 867,000	\$ 1,172,968	\$ (305,968)
Excess (deficiency) of revenues over expenditures	2,021,332	2,327,300	3,749,011	1,421,711
OTHER FINANCING SOURCES (USES)				
Prior year cash balance	1	1	-	
Transfers out	(2,000,000)	(2,000,000)	(2,000,000)	-
Total other financing sources and (uses)	(1,999,999)	(1,999,999)	(2,000,000)	-
Net change in fund balances	\$ 21,333	\$ 327,301	1,749,011	
RECONCILIATION TO GAAP BASIS:				
Change in taxes receivable (excluding property tax)			40,646	
Net change in fund balance			\$ 1,789,657	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

PERMANENT FUND

Lea County Event Center Permanent Fund – To account for funds permanently restricted by a court-ordered stipulation agreement, subsequent to the completion of construction of the Lea County Event Center.

LEA COUNTY, NEW MEXICO

Combining Balance Sheet
Permanent Fund
June 30, 2012

Statement D-1

	Lea County Event Center Permanent
ASSETS	
Cash and cash equivalents	\$ 1,443,125
Total assets	\$ 1,443,125
LIABILITIES AND FUND BALANCES	
Liabilities:	
Due to other funds	\$ 90,000
Total liabilities	90,000
Fund balances:	
Restricted	1,353,125
Total fund balances	1,353,125
Total liabilities and fund balances	\$ 1,443,125

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Permanent Fund
For the Year Ended June 30, 2012

Statement D-2

	Lea County Event Center Permanent
REVENUES	\$ -
Total revenues	-
EXPENDITURES	-
Total expenditures	-
Excess (deficiency) of revenues over expenditures	-
Net change in fund balances	-
Fund balances - beginning of year	1,353,125
Fund balances - end of year	\$ 1,353,125

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (non-GAAP Budgetary Basis) and Actual
Permanent Fund
For the Year Ended June 30, 2012

Statement D-3

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Prior year cash balance	1,443,125	1,443,125	-	
Net change in fund balances	\$ 1,443,125	\$ 1,443,125	-	
RECONCILIATION TO GAAP BASIS:				
Net change in fund balance			\$ -	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

FIDUCIARY FUNDS

Agency Funds

County Treasurer's Office Suspense Fund – To account for protested tax assessments pursuant to Section 7-1-24 NMSA 1978.

County Treasurer's Office – To account for collection and payment to the County of taxes collected on its behalf.

County Clerk's Office – To account for collection and payment to the County of fees collected on its behalf.

County Probate Judge's Office – To account for the collection and payment to the County of fees collected on its behalf.

Detention Inmate Trust – To account for funds belonging to the inmates of the Detention Facility. The funds are used for incidental expenses of the inmates at their discretion and purchase of commissary inventory. Profits from sale of commissary inventory are used to provide equipment and supplies for inmates' benefit.

Lea County Solid Waste Authority (LCSWA) – To account for the fiscal agency responsibility of the County in the construction and operation of the LCSWA.

Lea County Water Users Association (LCWUA) – To account for the fiscal agency responsibility of the County in the collection of monies from various entities to pay for the consultation and attorney fees to conduct the water plan program.

Lea County Communications Authority (LCCA) – To account for the fiscal agency responsibility of the County to manage all revenues, maintain all accounts and receive and disburse all funds on behalf of the Authority.

Detention Bond Account – This account is used to hold the cash bonds of prisoners at the detention facility until the bonds are remitted to the appropriate agency.

LEA COUNTY, NEW MEXICOAgency Funds - Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2012Statement E-1
Page 1 of 4

	June 30, 2011	Additions	Deletions	June 30, 2012
COUNTY TREASURER'S OFFICE				
SUSPENSE FUND				
Assets				
Cash	\$ 13,434,423	\$ -	\$ 10,810,607	\$ 2,623,816
Total assets	\$ 13,434,423	\$ -	\$ 10,810,607	\$ 2,623,816
Liabilities				
Deposits held in trust for others	\$ 13,434,423	\$ -	\$ 10,810,607	\$ 2,623,816
Total liabilities	\$ 13,434,423	\$ -	\$ 10,810,607	\$ 2,623,816
COUNTY TREASURER'S OFFICE				
Assets				
Cash	\$ 2,057,968	\$ 68,435,524	\$ 68,147,966	\$ 2,345,526
Taxes receivable	989,371	9,715,785	9,840,334	864,822
Total assets	\$ 3,047,339	\$ 78,151,309	\$ 77,988,300	\$ 3,210,348
Liabilities				
Taxes paid in advance	\$ 43,053	\$ 55,010	\$ 61,037	\$ 37,026
Deposits held in trust for others	2,014,915	68,380,514	68,086,929	2,308,500
Due to other taxing units/governments	989,371	9,715,785	9,840,334	864,822
Total liabilities	\$ 3,047,339	\$ 78,151,309	\$ 77,988,300	\$ 3,210,348
COUNTY CLERK'S OFFICE				
Assets				
Cash	\$ 21,279	\$ 417,833	\$ 398,470	\$ 40,642
Total assets	\$ 21,279	\$ 417,833	\$ 398,470	\$ 40,642
Liabilities				
Deposits held in trust for others	\$ 21,279	\$ 417,833	\$ 398,470	\$ 40,642
Total liabilities	\$ 21,279	\$ 417,833	\$ 398,470	\$ 40,642

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICOAgency Funds - Combining Statement of Changes in Assets and Liabilities (continued)
For the Year Ended June 30, 2012

Page 2 of 4

	June 30, 2011	Additions	Deletions	June 30, 2012
COUNTY PROBATE JUDGE'S OFFICE				
Assets				
Cash	\$ 510	\$ 8,758	\$ 8,728	\$ 540
Total assets	\$ 510	\$ 8,758	\$ 8,728	\$ 540
Liabilities				
Deposits held in trust for others	\$ 510	\$ 8,758	\$ 8,728	\$ 540
Total liabilities	\$ 510	\$ 8,758	\$ 8,728	\$ 540
DETENTION INMATE TRUST				
Assets				
Cash	\$ 16,252	\$ 479,268	\$ 465,226	\$ 30,294
Total assets	\$ 16,252	\$ 479,268	\$ 465,226	\$ 30,294
Liabilities				
Deposits held in trust for others	\$ 16,252	\$ 479,268	\$ 465,226	\$ 30,294
Total liabilities	\$ 16,252	\$ 479,268	\$ 465,226	\$ 30,294
LEA COUNTY SOLID WASTE AUTHORITY				
Assets				
Cash	\$ 3,728,867	\$ 2,746,839	\$ 3,840,745	\$ 2,634,961
Due from other governments	-	8,121	-	8,121
Total assets	\$ 3,728,867	\$ 2,754,960	\$ 3,840,745	\$ 2,643,082
Liabilities				
Deposits held in trust for others	\$ 3,728,867	\$ 2,754,960	\$ 3,840,745	\$ 2,643,082
Total liabilities	\$ 3,728,867	\$ 2,754,960	\$ 3,840,745	\$ 2,643,082

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICOAgency Funds - Combining Statement of Changes in Assets and Liabilities (continued)
For the Year Ended June 30, 2012

Page 3 of 4

	June 30, 2011	Additions	Deletions	June 30, 2012
LEA COUNTY WATER USERS ASSOCIATION				
Assets				
Cash	\$ 41,203	\$ 2,760	\$ 17,242	\$ 26,721
Due from other governments	77,024	7,897	-	84,921
Total assets	\$ 118,227	\$ 10,657	\$ 17,242	\$ 111,642
Liabilities				
Due to others	\$ 19,771	\$ -	\$ -	\$ 19,771
Deposits held in trust for others	98,456	10,657	17,242	91,871
Total liabilities	\$ 118,227	\$ 10,657	\$ 17,242	\$ 111,642
LEA COUNTY COMMUNICATIONS AUTHORITY				
Assets				
Cash	\$ -	\$ 7,546,042	\$ 7,545,973	\$ 69
Total assets	\$ -	\$ 7,546,042	\$ 7,545,973	\$ 69
Liabilities				
Deposits held in trust for others	-	\$ 7,546,042	\$ 7,545,973	\$ 69
Total liabilities	\$ -	\$ 7,546,042	\$ 7,545,973	\$ 69
DETENTION BOND ACCOUNT				
Assets				
Cash	\$ 2,933	\$ 133,290	\$ 133,262	\$ 2,961
Total assets	\$ 2,933	\$ 133,290	\$ 133,262	\$ 2,961
Liabilities				
Deposits held in trust for others	\$ 2,933	\$ 133,290	\$ 133,262	\$ 2,961
Total liabilities	\$ 2,933	\$ 133,290	\$ 133,262	\$ 2,961

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

Agency Funds - Combining Statement of Changes in Assets and Liabilities (continued)
For the Year Ended June 30, 2012

Page 4 of 4

	June 30, 2011	Additions	Deletions	June 30, 2012
TOTALS				
Assets				
Cash	\$ 19,303,435	\$ 79,770,314	\$ 91,368,219	\$ 7,705,530
Taxes receivable	989,371	9,715,785	9,840,334	864,822
Due from other governments	77,024	16,018	-	93,042
Total assets	\$ 20,369,830	\$ 89,502,117	\$ 101,208,553	\$ 8,663,394
Liabilities				
Taxes paid in advance	\$ 43,053	\$ 55,010	\$ 61,037	\$ 37,026
Deposits held in trust for others	19,317,635	79,731,322	91,307,182	7,741,775
Due to other taxing units/governments	989,371	9,715,785	9,840,334	864,822
Due to others	19,771	-	-	19,771
Total liabilities	\$ 20,369,830	\$ 89,502,117	\$ 101,208,553	\$ 8,663,394

The accompanying notes are an integral part of these statements.

OTHER SUPPLEMENTAL INFORMATION

LEA COUNTY, NEW MEXICO**SUPPLEMENTAL SCHEDULE OF RECONCILIATION OF TAX ROLLS**
Year Ended June 30, 2012

Schedule F-1

Property taxes receivable, beginning of year	\$ 1,465,228
Changes to Tax Roll:	
Net taxes charged to treasurer for fiscal year 2012 (tax year 2011)	32,234,803
Adjustments:	
Increases in taxes receivables	829,079
Decrease in taxes receivables	<u>(13,225,388)</u>
Total receivables prior to collections	21,303,722
Collections for fiscal year ended June 30, 2012	<u>(20,019,638)</u>
Property taxes receivable, end of year	<u>\$ 1,284,084</u>

Property Taxes Receivable by years:

2003-2011	\$ 516,257
2012	<u>767,826</u>
Total Taxes Receivable	<u>\$ 1,284,084</u>
Less: Trust & Agency Taxes Receivable	<u>864,822</u>
Taxes receivable	<u>\$ 419,262</u>

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

COUNTY TREASURER'S PROPERTY TAX SCHEDULE Year Ended June 30, 2012

Schedule F-2

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
Lea County funds:											
General	\$ 8,863.27	\$ 8,525.06	\$ 10,677.45	\$ 10,781.80	\$ 11,980.07	\$ 15,564.85	\$ 17,577.16	\$ 19,018.73	\$ 74,647.85	\$ 241,625.26	\$ 419,262
New Mexico Junior College	\$ 5,216.83	\$ 5,022.16	\$ 5,098.49	\$ 5,160.00	\$ 5,749.06	\$ 7,430.11	\$ 8,643.92	\$ 9,546.11	\$ 37,106.55	\$ 121,026.93	\$ 210,000
Nor-Lea Hospital	\$ 167.82	\$ 179.11	\$ 261.60	\$ 276.31	\$ 559.94	\$ 362.30	\$ 378.20	\$ 1,186.80	\$ 10,506.32	\$ 28,722.97	\$ 42,601
Jal Hospital				\$ 22.62	\$ 22.97	\$ 62.79	\$ 104.03	\$ 157.20	\$ 542.92	\$ 2,261.32	\$ 3,174
Livestock									\$ 939.77	\$ 1,888.94	\$ 2,829
Eunice Hospital District			\$ 0.48	\$ 0.45	\$ 0.60	\$ 0.51	\$ 21.45	\$ 56.58	\$ 307.75	\$ 2,116.60	\$ 2,504
Municipalities:											
Lovington	\$ 230.68	\$ 244.85	\$ 247.85	\$ 262.98	\$ 342.29	\$ 344.93	\$ 367.54	\$ 849.83	\$ 4,334.95	\$ 16,498.94	\$ 23,725
Eunice			\$ 1.46	\$ 1.46	\$ 1.86	\$ 1.27	\$ 76.71	\$ 134.27	\$ 860.00	\$ 5,908.21	\$ 6,985
Hobbs	\$ 741.39	\$ 527.09	\$ 529.87	\$ 548.37	\$ 621.98	\$ 2,687.95	\$ 3,759.57	\$ 5,671.93	\$ 15,231.25	\$ 64,452.91	\$ 94,772
Jal				\$ 62.61	\$ 65.63	\$ 186.20	\$ 313.15	\$ 467.14	\$ 1,516.10	\$ 5,903.87	\$ 8,515
Tatum	\$ 0.43	\$ 0.44	\$ 0.44	\$ 0.44	\$ 0.44	\$ 1.44	\$ 1.12	\$ 34.34	\$ 439.43	\$ 1,619.30	\$ 2,098
State of New Mexico	\$ 1,164.99	\$ 1,520.17	\$ 1,045.41	\$ 1,271.55	\$ 1,486.55	\$ 1,841.33	\$ 2,310.04	\$ 2,486.91	\$ 12,872.32	\$ 38,371.47	\$ 64,371
Schools:											
Lovington	\$ 270.28	\$ 288.23	\$ 418.36	\$ 435.83	\$ 887.57	\$ 716.34	\$ 728.88	\$ 2,067.89	\$ 14,728.56	\$ 41,932.76	\$ 62,475
Eunice			\$ 0.86	\$ 0.86	\$ 1.15	\$ 1.15	\$ 46.64	\$ 130.91	\$ 1,616.74	\$ 9,857.15	\$ 11,655
Hobbs	\$ 9,135.98	\$ 9,539.98	\$ 8,445.88	\$ 7,821.36	\$ 7,917.21	\$ 10,747.54	\$ 13,198.76	\$ 14,272.44	\$ 52,557.16	\$ 170,906.02	\$ 304,542
Jal				\$ 22.38	\$ 22.60	\$ 62.47	\$ 103.36	\$ 156.16	\$ 536.06	\$ 2,318.52	\$ 3,222
Tatum	\$ 0.84	\$ 0.89	\$ 0.97	\$ 0.71	\$ 0.53	\$ 1.51	\$ 1.42	\$ 98.22	\$ 3,901.16	\$ 5,947.29	\$ 9,954
Nonrendered:					\$ 76.08	\$ 589.90		\$ 0.30	\$ 0.27		\$ 667
1% Assessor	\$ 207.82	\$ 210.33	\$ 218.46	\$ 217.23	\$ 241.54	\$ 329.13	\$ 393.83	\$ 472.64	\$ 1,975.09	\$ 6,468.03	\$ 10,734
Total taxes	\$ 26,000	\$ 26,058	\$ 26,948	\$ 26,887	\$ 29,978	\$ 40,932	\$ 48,026	\$ 56,808	\$ 234,620	\$ 767,826	\$ 1,284,084

The accompanying notes are an integral part of these statements.

Schedule F-3.

		Western		Pioneer		First American		New Mexico		
Account Type	Account Name	Lea County State Bank	Commerce Bank	Savings Bank	Wells Fargo	Bank	State Treasurer		Total	
Cash and Cash Equivalents										
Checking	Lea County Treasurer	\$ 192,129	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	192,129	
Checking	Lea County Clerk	40,642							40,642	
Checking	Lea County Probate Clerk	540							540	
Checking	Lea County Treasurer EFTPS	31,339							31,339	
Checking	Lea County Detention Facility	2,961							2,961	
CD	Lea County Treasurer	2,000,000							2,000,000	
CD	Lea County Treasurer	2,000,000							2,000,000	
CD	Lea County Treasurer	1,000,000							1,000,000	
CD	Lea County Treasurer	1,000,000							1,000,000	
CD	Lea County Treasurer	1,000,000							1,000,000	
CD	Lea County Treasurer	1,000,000							1,000,000	
CD	Lea County Treasurer	900,000							900,000	
CD	Lea County Treasurer	180,000							180,000	
CD	Lea County Treasurer					2,000,000			2,000,000	
CD	Lea County Treasurer					1,000,000			1,000,000	
CD	Lea County Treasurer					1,000,000			1,000,000	
CD	Lea County Treasurer					1,000,000			1,000,000	
CD	Lea County Treasurer					1,000,000			1,000,000	
CD	Lea County Treasurer					1,000,000			1,000,000	
CD	Lea County Treasurer					1,000,000			1,000,000	
CD	Lea County Treasurer					1,177,205			1,177,205	
CD	Lea County Treasurer			1,000,000					1,000,000	
CD	Lea County Treasurer			1,000,000					1,000,000	
CD	Lea County Treasurer			1,000,000					1,000,000	
CD	Lea County Treasurer			1,000,000					1,000,000	
CD	Lea County Treasurer			2,000,000					2,000,000	
Checking	Lea County Treasurer					2,021,862			2,021,862	
CD	Lea County Treasurer					1,000,000			1,000,000	
Checking	LCDC Inmate Trust Account					23,436			23,436	
Checking	LCDC Inmate Trust Account					6,858			6,858	
CD	Lea County Treasurer					1,443,125			1,443,125	
Saving	Wells Fargo Savings					24,532,342			24,532,342	
CD	Lea County Treasurer		1,000,000						1,000,000	
CD	Lea County Treasurer		1,000,000						1,000,000	
CD	Lea County Treasurer		2,000,000						2,000,000	
CD	Lea County Treasurer		500,000						500,000	
CD	Lea County Treasurer		2,000,000						2,000,000	
CD	Lea County Treasurer		500,000						500,000	
CD	Lea County Treasurer		850,000						850,000	
CD	Lea County Treasurer		1,000,000						1,000,000	
CD	Lea County Treasurer		500,000						500,000	
Checking	LCDTF-HIDTA Travel Fund		63						63	
Checking	LCDTF-State Forfeiture Fund		57,721						57,721	
Checking	LCDTF- Justice Forfeiture Fund		22,727						22,727	
Checking	Region VI Drug Enf C Counsel		1,351						1,351	
Checking	Region VI Drug Task Force		1,044						1,044	
LGIP	Lea County Treasurer						1.058		1.058	
Amounts on Deposit		\$ 9,347,611	\$ 9,432,906	\$ 6,000,000	\$ 29,027,623	\$ 9,177,205	\$ 1.058		62,986,403	
Cash and returned checks on hand		4,000	-	-	-	-	-	-	4,000	
Outstanding Items		30,449	-	-	9,061,667	-	-	-	9,092,116	
		\$ 9,382,060	\$ 9,432,906	\$ 6,000,000	\$ 38,089,290	\$ 9,177,205	\$ 1.058	\$	72,082,519	

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

SUPPLEMENTAL SCHEDULE OF PLEDGED COLLATERAL June 30, 2012

Schedule F-4

	Lea County State Bank Hobbs, NM	Western Commerce Bank Carlsbad, NM	Pioneer Savings Bank Hobbs, NM	Wells Fargo Bank Hobbs, NM	First American Bank Hobbs, NM	TOTAL
Total amount of deposits	\$ 9,347,611	\$ 9,432,906	\$ 6,000,000	\$ 29,027,623	\$ 9,177,205	\$ 62,985,345
Less: FDIC or FSLIC coverage	(517,611)	(413,416)	(250,000)	(2,302,156)	(250,000)	(3,733,183)
Total uninsured public funds	8,830,000	9,019,490	5,750,000	26,725,467	8,927,205	59,252,162
Total in Repurchase Agreements				10,947,554		10,947,554
Collateral requirement - 50%	4,414,999	4,509,745	2,875,000	7,888,957	4,463,603	24,152,303
Collateral Requirement for Repurchase Agreement - 102%				11,166,504		11,166,504
Pledged securities:						
Type of security and security number	CUSIP number	Maturity date				
* FHLMC #E01425	31294KSN6	8/1/2018	-	-	-	344,285
* GNMA #8434	36202KLP8	6/20/2024	-	-	-	104,210
* GNMA #8666	36202KTX3	7/20/2020	-	-	-	88,975
* GNMA #8996	36202K7H2	6/20/2022	-	-	-	110,205
* GNMA #780615A	36225AVG2	8/15/2027	-	-	-	73,843
* GNMA #80946	36225DBQ6	6/20/2034	-	-	-	186,475
* GNMA #80272	36225CJ56	4/20/2029	-	-	-	40,895
* FNMA #52597	313617NN8	7/1/2027	-	-	-	28,742
* FNMA #133456	31365PE53	5/1/2027	-	-	-	20,863
* FNMA #70002	31362SX75	4/1/2018	-	-	-	20,966
* FNMA #70619	31362TPC1	8/1/2029	-	-	-	24,156
* FNMA #888990	31410GUP6	1/1/2037	-	-	-	698,766
* FHLMC #G02198	3128LXNP1	5/1/2036	-	-	-	842,798
* FNMA #254758	31371K5T4	6/1/2013	-	-	-	21,207
* GNMA #008121	36202KAW5	1/20/2023	-	-	-	87,943
* FHLMC #420051	31346ABU8	11/1/2026	-	-	-	27,052
* GNMA #002564	36202CZ55	3/20/2028	-	-	-	31,386
* GNMA #008994	36202K7F6	6/20/2022	-	-	-	27,210
* FNMA #888407	31410GAG8	9/1/2036	-	-	-	797,037
* FHLMC #G05256	3128M7E51	3/1/2039	-	-	-	845,254
* FNMA #705683	31401D6U0	10/1/2033	-	-	-	134,938
✧ Corrales, NM 3.7%	22025PAW9	8/1/2016	135,324	-	-	135,324
✧ Ruidoso, NM 4.0%	781338GH5	8/1/2016	680,442	-	-	680,442
✧ Gadsden NM 3.75%	362550KP9	8/15/2016	1,104,940	-	-	1,104,940
✧ Los Lunas SD 3.5%	545562NE6	7/15/2017	778,430	-	-	778,430
✧ Belen SD 3.65 %	077581MN3	8/1/2018	878,048	-	-	878,048
✧ Bernalillo NM 4.0%	085279NK1	8/1/2019	791,049	-	-	791,049
✧ Bloomfield NM 5.0%	094077KP8	9/1/2020	836,010	-	-	836,010
✧ Ruidoso, NM 4.125%	781338HD3	8/1/2022	670,470	-	-	670,470
* FNMA-PTAH0969	3138A2CF4	1/12/2025	-	20,058	-	20,058
* FNMA-PTAJ4148	3138AVTE5	1/1/2026	-	4,438	-	4,438
* FNMA-PTAH3394	3138A4XY6	1/1/2041	-	31,885	-	31,885
* FNMA-PTAJ0192	3138ARGA6	1/9/2041	-	3,906	-	3,906
* FNMA-PTAH1560	3131A2WW5	1/1/2041	-	862,998	-	862,998
* FNMA-PTAH6783	3138A8RD0	1/3/2041	-	678,113	-	678,113
* FNMA-PTAH6438	3138A8EL6	1/2/2026	-	59,522	-	59,522
* FNMA-PTAH3574	3138A46L4	1/1/2041	-	952,279	-	952,279
* FNMA-PTAH6221	3138A74F2	1/3/2041	-	406,743	-	406,743
* FNMA-PTAH2340	3138A3S65	1/1/2041	-	23,623	-	23,623
* FNMA-PTMA1027	31418AD96	1/4/2042	-	823,350	-	823,350
* FNMA-PTJ16662	3128PVMK1	1/9/2026	-	1,988,938	-	1,988,938
* FNMA-PTMA0934	31418ABC1	1/11/2026	-	18,505,513	-	18,505,513
* FNMA-PT190405	31368HNNW9	1/10/2040	-	541,261	-	541,261
* FNMA-PTAH1264	3138A2MN6	1/1/2041	-	1,263,972	-	1,263,972
* FNMA-PTAH6993	3138A8XX9	1/2/2041	-	814,268	-	814,268
* FNMA-PTG04832	3128M6VZ8	1/10/2038	-	149,794	-	149,794
* FNMA-PTAI1163	3138AEJH7	1/4/2041	-	1,006,124	-	1,006,124

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

SUPPLEMENTAL SCHEDULE OF PLEDGED COLLATERAL (Continued)

Schedule F-4

June 30, 2012

			Lea County State Bank Hobbs, NM	Western Commerce Bank Carlsbad, NM	Pioneer Savings Bank Hobbs, NM	Wells Fargo Bank Hobbs, NM	First American Bank Hobbs, NM	TOTAL
* FHLMC #781086	781086/001	12/1/2033	-	-	1,394,043	-	-	1,394,043
* FHLMC #781721	781721/001	7/1/2034	-	-	1,128,749	-	-	1,128,749
* FHLMC #782804	782804/001	11/1/2034	-	-	231,256	-	-	231,256
* FHLMC #782847	782847/001	11/1/2034	-	-	265,207	-	-	265,207
* FHLMC #782928	782928/001	1/1/2035	-	-	149,457	-	-	149,457
* FHLMC #789868	789868/001	9/1/2032	-	-	108,771	-	-	108,771
* FNMA #805152	805152/001	1/1/2035	-	-	169,143	-	-	169,143
* FNMA #845529	845529/001	12/1/2035	-	-	349,707	-	-	349,707
* FHLMC #847032	847032/001	7/1/2032	-	-	73,885	-	-	73,885
* FNMA #920547	920547/001	9/1/2036	-	-	187,933	-	-	187,933
* FNMA #651556	651556/001	7/1/2032	-	-	176,064	-	-	176,064
* FNMA #759453	759453/001	1/1/2034	-	-	184,158	-	-	184,158
= GALLUP MCKINELY NM SD	364010NQ7	8/1/2015	-	-	-	-	270,773	270,773
= LAS VEGAS N NEX CITY SC	51778FCJ6	2/15/2017	-	-	-	-	554,035	554,035
= CHAVES CNTY NM	162634BM0	8/1/2017	-	-	-	-	529,589	529,589
= GALLUP MCKINELY CNTY	364010PD4	8/1/2017	-	-	-	-	343,392	343,392
= LEA CNTY NM PUBLIC SCH	521513BS9	1/15/2018	-	-	-	-	464,549	464,549
= ROOSEVELT CNTY NM GRC	776461AN5	6/1/2019	-	-	-	-	380,333	380,333
= CLOVIS NM UNI SD	189414GM1	8/1/2019	-	-	-	-	550,065	550,065
= LUNA CNTY NM	550340DP5	8/1/2019	-	-	-	-	1,087,020	1,087,020
= LOVINGTON NM	547473CK2	10/1/2019	-	-	-	-	1,106,300	1,106,300
= TEXICO NM	883005CH1	8/1/2021	-	-	-	-	190,114	190,114
= MBS GNMA I	3620AQXB4	2/15/2025	-	-	-	-	729,368	729,368
= NEW MEXICO ST FIN AUTH	64711NGR0	6/1/2028	-	-	-	-	584,940	584,940
= MBS GNMA II	36202EXW4	11/20/2038	-	-	-	-	247,295	247,295
Total pledged securities			5,874,713	4,557,206	4,418,373	28,136,785	7,037,773	50,024,850
Under (over) pledged			(1,459,714)	(47,461)	(1,543,373)	(9,081,324)	(2,574,171)	(14,706,043)
Uninsured and uncollateralized			\$ 2,955,287	\$ 4,462,284	\$ 1,331,627	\$ -	\$ 1,889,432	\$ 10,638,630

Name and Location
of Safekeeper:

* Federal Home Loan Bank
Dallas, TX

= First American Bank
Artesia, NM

☆ Lea County State Bank
Hobbs, NM

The accompanying notes are an integral part of these statements.

LEA COUNTY, NEW MEXICO

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2012

Schedule G-1

Federal Grantor/ Pass-Through Grantor	Program Title/ Grant Number	Federal CFDA Number	Expenditures	
Executive Office of the President Office of National Drug Control Policy	High Intensity Drug Trafficking Area Grant Grant #G11SN0017A	95.001	\$ 1,223,871	(1)
Federal Aviation Administration	Airport Master Plan	20.106	188,787	
Department of Homeland Security and Emergency Management	Emergency Operations Center Grant Program	97.052	174,447	
Department of Home Land Security	State Home Land Security Program	97067	78,302	
Department of Justice	Justice Assistance Grant "ARRA"	16.804	61,624	
Department of Interior	Taylor Grazing Act - Wildlife	15.237	48,000	
Department of Homeland Security	Criminal Alien Assistance Program	16.606	15,195	
Department of Justice	Justice Assistance Grant	16.807	7,456	
Department of Justice	Bulletproof Vest Partnership	16.607	3,295	
			<u>\$ 1,800,977</u>	

Note A: (1) Denotes Major Federal Financial Assistance Program

Note B: This schedule is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The accompanying notes are an integral part of these statements.



JOHNSON, MILLER & CO.

Certified Public Accountants

A Professional Corporation

An Independent Member Of BDO Seidman Alliance

**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**

Hobbs, New Mexico

Midland, Texas

Odessa, Texas

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
County Manager, Board of Commissioners and
Citizens of Lea County
Lovington, New Mexico

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds and related budgetary comparison presented as supplemental information of Lea County, New Mexico (the County), as of and for the year ended June 30, 2012, and have issued our report thereon dated November 5, 2012. 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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
County Manager, Board of Commissioners and
Citizens of Lea County
Lovington, New Mexico

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted a certain matter that is required to be reported under Government Auditing Standards December 2011 Revision paragraphs 5.12 and 5.15, and Section 12-6-5, NMSA 1978, which is described in the accompanying schedule of findings and questioned costs as finding 12-1.

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

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

Hobbs, New Mexico
November 5, 2012

Johnson, Miller & Co.



JOHNSON, MILLER & CO.

Certified Public Accountants

A Professional Corporation

An Independent Member Of BDO Seidman Alliance

Hobbs, New Mexico

Midland, Texas

Odessa, Texas

INDEPENDENT AUDITORS REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
County Manager, Board of Commissioners and
Citizens of Lea County
Lovington, New Mexico

Compliance

We have audited the compliance of Lea County, New Mexico (the County) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing an opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
County Manager, Board of Commissioners and
Citizens of Lea County
Lovington, New Mexico

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

Hobbs, New Mexico
November 5, 2012

Johnson, Miller & Co.

**State of New Mexico
Lea County
Schedule of Findings and Questioned Costs
Summary of Auditors' Results
June 30, 2012**

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Board of Commissioners
Lea County
Lea County, New Mexico

<u>ITEM</u>	<u>DESCRIPTION</u>
Type of report on financial statements	Unqualified opinion
Other Matters	One
Significant Deficiencies in Internal Control	None
Material Weaknesses in Internal Control	None
Noncompliance Material to the Financial Statements	No material noncompliance related to the financial statements noted.
Significant Deficiencies in Internal Control over Major Programs	None
Material Weaknesses in Internal Control over Major Programs	None
Type of Report on Compliance with Major Programs	Unqualified opinion
Audit Findings Required to be Reported under 510(a) of Circular A-133	None
Findings and Questioned Costs for Federal Awards	None
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$300,000
Low Risk Auditee Statements	The County is classified as a low-risk auditee in context of OMB-Circular A-133.

State of New Mexico
Lea County
Schedule of Findings and Questioned Costs
Summary of Auditors' Results
June 30, 2012
Major Federal Programs

High Intensity Drug Trafficking Area Program
Grant #G11SN0017A
CFDA#95.001

Pass Through Entity

Office of National Drug Control Policy

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Finding 12-1

Condition:	The County transferred \$1,600,000 from the Indigent Fund to the Sole Community Provider Fund. The transfer to the Sole Community Provider Fund should have been made out of the General Fund, the fund the transfer had been budgeted to come from in the DFA approved budget.
Criteria:	NMAC 2.2.2.10 requires that budgetary control be at the fund or legal level of control.
Effect:	Actual transfers exceeded budgeted transfers in the Indigent Fund.
Cause:	The County erroneously transferred funds from the Indigent Fund to the Sole Community Provider Fund instead of from the General Fund, where it was budgeted.
Recommendation:	We recommend the County's management review transfers and confirm they have been made out of appropriate funds.
Agency Response:	The County agrees the transfer from the Indigent Fund was made in error. To ensure that all future transfers of funds are done per the approved budget, a two-step review process will be effected for all fund transfers to verify that they are accurate. To further ensure that all fund transfers are done per the approved budget, all transfers of funds will require the review and approval of the County Manager and County Treasurer.

SCHEDULE OF STATUS OF PRIOR FINDINGS

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
County Manager, Board of Commissioners and
Citizens of LEA County
Lovington, New Mexico

PRIOR YEAR FINDINGS

None

FINANCIAL STATEMENT PRESENTATION

The financial statements were prepared from the original books and records of Lea County as of June 30, 2012 by Johnson, Miller & Co., Certified Public Accountants, A Professional Corporation.

LEA COUNTY, NEW MEXICO

OTHER DISCLOSURES Year Ended June 30, 2012

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
County Manager, Board of Commissioners and
Citizens of Lea County
Lovington, New Mexico

EXIT CONFERENCE

The contents of this report and its schedules were discussed on November 5, 2012. The following persons were in attendance.

County Officials

Michael Gallagher, County Manager

Sherri Bunch, Finance Director

Ron Black, County Commissioner

Auditors

Mary Hinds, CPA

Carmen Montoya, Senior Auditor

LEA COUNTY, NEW MEXICO

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
County Manager, Board of Commissioners and
Citizens of LEA County
Lovington, New Mexico

PASSED ADJUSTMENTS

The State Auditor's Rule 2.2.2.10 J (2) states that the auditor must present a list of passed adjustments to the agency management and governing board representatives, and a copy of the list must be attached to the audit report submitted to the State Auditor for review.

The following passed adjustments were identified during the audit for Lea County, New Mexico for the year ended June 30, 2012.

PERA	58,265	
FICA	48,713	
ACCRUED LIABILITES		106,978
PERA	29,940	
FICA	50,009	
HEALTH INSURANCE	12,094	
ACCRUED LIABILITES		92,043
INVESTMENTS	67,980	
INVESTMENT INCOME		67,980
PROPERTY TAX RECEIVABLE	181,144	
CURRENT TAXES		181,144